

Summary of Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2007

These financial statements have been prepared for reference only in accordance with accounting principles and practices generally accepted in Japan. July 28, 2006

Mediceo Paltac Holdings Co., Ltd.

(URL <http://www.mediceo-paltac.co.jp>)

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Stock exchange listing: Tokyo (First Section)

Code number: 7459

1. Preparation of Quarterly Financial Information

(1) Use of simplified accounting method: Yes

a. Accounting standard for inventories

Inventories are stated as the amount of inventories on the company's books, based on inventories in the interim period. Actual inventories are not stated.

b. Accounting standard for income taxes

Income taxes are stated according to the estimated tax rate for the fiscal year based on the effective statutory tax rate.

c. Simplified procedures are used for certain other amounts that have an insignificant effect on consolidated results.

(2) Differences with accounting methods used in most recent consolidated fiscal year: Yes

Business segment information has been reclassified from the first quarter of the fiscal year ending March 31, 2007.

(3) Changes in scope of consolidation and application of equity method: No

Consolidation: (New) None (Eliminated) None

Equity method: (New) None (Eliminated) None

2. Results for First Quarter of the Fiscal Year Ending March 31, 2007 (April 1, 2006 - June 30, 2006)

(1) Progress of Operating Results (Consolidated)

(Rounded down to the nearest million yen)

	Net sales (¥ million)	Year-on-year change (%)	Operating income (¥ million)	Year-on- year change (%)	Ordinary income (¥ million)	Year-on- year change (%)
Three months ended 6/30/06	540,099	26.6	9,286	476.9	12,540	157.2
Three months ended 6/30/05	426,662	3.0	1,609	(60.3)	4,874	(30.0)
(Ref.) Year ended 3/31/06	1,921,713		20,608		32,736	

	Net income (¥ million)	Year-on-year change (%)	Earnings per share (¥)	Earnings per share (diluted) (¥)
Three months ended 6/30/06	7,569	152.1	32.89	32.62
Three months ended 6/30/05	3,002	(28.6)	16.12	15.29
(Ref.) Year ended 3/31/06	20,842		97.64	94.22

Note: Year-on-year change for net sales, operating income, etc. is based on the same period of previous fiscal year.

Qualitative Information on Progress of Business Results (Consolidated)

In the first quarter of fiscal 2007, the three months ended June 30, 2006, increased consumer spending and capital investment and a widening improvement in the employment situation contributed to an overall recovery in the Japanese economy.

The Mediceo Paltac Group launched the Business Innovation Committee on April 1, 2006 in order to realize stable long-term growth. Specifically, this committee is aimed at creating a new business model for the prescription pharmaceutical business. In addition, the Group continued to promote measures to reduce costs and generate synergy with PALTAC CORPORATION (Chuo-ku, Osaka), which became a wholly owned subsidiary of the Company through management integration on October 1, 2005.

For the first quarter, consolidated net sales were ¥540,099 million (a 26.6 percent increase compared with the first quarter of the previous year), ordinary income was ¥12,540 million (a 157.2 percent increase) and net income was ¥7,569 million (a 152.1 percent increase).

A summary of results by principal business segments follows below.

Prescription Pharmaceutical Wholesale Business

Sales of prescription pharmaceuticals were weak, reflecting the effect of the 6.7 percent average reduction of National Health Insurance (NHI) drug prices on April 1, 2006. In addition, the Mediceo Paltac Group adjusted its selling prices along with the reduction of NHI drug prices, and worked to negotiate selling prices with a focus on securing reasonable profits. As a result, sales of the Prescription Pharmaceutical Wholesale Business were ¥411,862 million.

Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business

Sales of cosmetics and daily necessities remained steady, centered on sales to drugstores. However, sales of over-the-counter (OTC) pharmaceuticals were weak due to sluggish sales of seasonal products in the Tokyo-Nagoya-Osaka corridor, a major market. As a result, sales of the Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale business were ¥126,888 million.

On October 1, 2005, PALTAC CORPORATION, a wholly owned subsidiary of Mediceo Paltac Holdings Co., Ltd., merged with ALCOS Co., Ltd. (Shime-machi, Kasuya-gun, Fukuoka), a Kyushu-based wholesaler of OTC pharmaceuticals that is also a wholly owned subsidiary, with PALTAC CORPORATION as the surviving company. The Mediceo Paltac Group also plans to integrate its OTC pharmaceutical wholesale business into PALTAC CORPORATION.

Note: Business segment sales include intersegment sales.

(2) Changes in Financial Position (Consolidated)

	Total assets (¥ million)	Net assets (¥ million)	Net worth ratio (%)	Net assets per share (¥)
Three months ended 6/30/06	1,008,804	246,904	24.5	1,071.98
Three months ended 6/30/05	848,133	170,848	20.1	916.93
(Ref.) Year ended 3/31/06	993,491	242,413	24.4	1,051.97

(3) Consolidated Cash Flows

	Cash flows from operating activities (¥ million)	Cash flows from investing activities (¥ million)	Cash flows from financing activities (¥ million)	Cash and cash equivalents at end of period (¥ million)
Three months ended 6/30/06	(12,400)	(3,824)	119	128,325
Three months ended 6/30/05	1,931	(2,319)	(858)	117,875
(Ref.) Year ended 3/31/06	41,795	4,366	(22,375)	142,908

Qualitative Information on Changes in Financial Position (Consolidated)

In the first quarter, on a consolidated basis, net cash used in operating activities was ¥12,400 million, net cash used in investing activities was ¥3,824 million and net cash provided by financing activities was ¥119 million. As a result, cash and cash equivalents (hereinafter referred to as “funds”) decreased ¥14,582 million (10.2 percent) from the end of the previous fiscal year to ¥128,325 million.

Cash Flows from Operating Activities

The decrease in funds from operating activities was ¥12,400 million. Factors increasing funds included ¥12,178 million in income before income taxes and minority interests and ¥8,636 million increase in notes and accounts payable. Factors decreasing funds were ¥1,258 million for amortization of consolidation difference, a ¥9,855 million increase in notes and accounts receivable, a ¥10,971 million increase in inventories and ¥7,566 million in cash paid for income taxes.

Cash Flows from Investing Activities

The decrease in funds from investing activities was ¥3,824 million. The main component of the decrease was ¥3,376 million in payment for purchase of property, plant and equipment of RDC China (provisional name) and other sites.

Cash Flows from Financing Activities

The increase in funds from financing activities was ¥119 million. The principal factor increasing funds was a ¥2,198 million net increase in short-term bank loans and long-term debt, and the principal factor decreasing funds was ¥2,070 million in cash dividends paid.

3. Projected Consolidated Results for Fiscal 2007 (April 1, 2006 – March 31, 2007)

(1) Interim Period (April 1, 2006 - September 30, 2006)

(Millions of yen; %)

	Net sales	Ordinary income	Net income
Previous forecast (A)	1,087,000	17,800	5,900
Revised forecast (B)	1,087,000	17,800	6,700
Amount of change (B-A)	—	—	800
Percentage change (%)	—	—	13.6
Results for the interim period of the fiscal year ended March 31, 2006	850,974	11,420	9,031

(2) Full Year (April 1, 2006 – March 31, 2007)

(Millions of yen; %)

	Net sales	Ordinary income	Net income
Previous forecast (A)	2,192,000	36,000	16,400
Revised forecast (B)	2,192,000	36,000	17,200
Amount of change (B-A)	—	—	800
Percentage change (%)	—	—	4.9
Results for the fiscal year ended March 31, 2006	1,921,713	32,736	20,842

Reference: Estimated net income per share (fiscal 2007): ¥74.68

Note: Projections of results are prepared on the basis of information available to management on the date of announcement.

Various factors could cause actual results to differ from the projected figures.

Qualitative Information on Projected Results

In the consolidated performance forecast for the year ending March 31, 2007, announced on May 12, 2006, Mediceo Paltac had projected a total payment of ¥5,000 million in additional retirement benefits on a consolidated basis to be paid on September 30, 2006 due to the voluntary early retirement program. However, because the number of applicants was lower than expected, the total amount to be paid will be ¥3,961 million, a decrease of ¥1,039 million.

Given the results of the other of early retirement, the Mediceo Paltac Group will reduce outsourcing expenses by making further efforts to place the right employees in the right jobs. This is aimed at reducing selling, general and administrative expenses, which include personnel expenses, for the second half of the fiscal year and thereafter.

In addition, Mediceo Paltac implemented transfers of employees among its wholly owned subsidiaries, with September 30 as the payment date, and expects to incur an extraordinary loss of about ¥2,400 million on a consolidated basis from the one-time transfer payment to the 850 employees subject to these transfers.

Subsequently, based on the implementation period of business transfers to and from its subsidiaries, which were announced earlier, Mediceo Paltac has reconsidered the transfer implementation dates of individual companies and confirmed the agreement of each individual affected by the transfers.

As a result, Mediceo Paltac expects to incur an extraordinary loss of approximately ¥1,300 million on payments to about 460 employees at the end of the interim period, and an additional extraordinary loss of approximately ¥800 million on payments to about 350 employees scheduled for transfers at the end of the fiscal year.

In accordance with the reasons given above, Mediceo Paltac revised the interim and full-year consolidated performance forecasts announced on May 12, 2006.

These revisions will have no effect on the non-consolidated interim and full-year performance forecasts announced on May 12, 2006.

Mediceo Paltac has also adjusted its forecast for net income per share because of the increase in total shares outstanding with the conversion of convertible bonds during the first quarter.

(Attachment)

Summary of Quarterly Consolidated Financial Statements

1. Quarterly Consolidated Balance Sheets (Summary)

(Millions of yen, rounded down to the nearest million; %)

	As of June 30, 2006		As of March 31, 2006		Increase (Decrease)		(Ref.) As of June 30, 2005	
ASSETS	1,008,804	100.0%	993,491	100.0%	15,312	1.5%	848,133	100.0%
Current assets	788,775	78.2	774,082	77.9	14,693	1.9	672,952	79.3
Cash on hand and in bank	129,745		144,268		(14,522)		119,123	
Notes and accounts receivable – trade	504,310		489,442		14,867		438,866	
Inventories	108,427		96,675		11,752		76,986	
Accounts receivable	40,113		37,791		2,321		33,712	
Other current assets	11,761		11,363		397		7,983	
Allowance for doubtful accounts	(5,582)		(5,459)		(123)		(3,719)	
Fixed assets	220,028	21.8	219,409	22.1	619	0.3	175,181	20.7
Tangible fixed assets:	153,628	15.2	151,267	15.2	2,360	1.6	122,458	14.5
Buildings and structures	63,645		63,558		87		49,945	
Land	72,645		72,196		449		62,689	
Other tangible fixed assets	17,336		15,512		1,823		9,823	
Intangible fixed assets	5,878	0.6	6,139	0.6	(261)	(4.3)	6,081	0.7
Investments and other assets	60,522	6.0	62,001	6.3	(1,479)	(2.4)	46,640	5.5
Investment securities	46,694		47,950		(1,256)		31,959	
Other	18,093		18,447		(353)		19,671	
Allowance for doubtful accounts	(4,265)		(4,396)		130		(4,990)	
Total assets	1,008,804	100.0	993,491	100.0	15,312	1.5	848,133	100.0

	As of June 30, 2006		As of March 31, 2006		Increase (Decrease)		(Ref.) As of June 30, 2005	
LIABILITIES	761,899	75.5	751,077	75.6	10,821	1.4	677,280	79.9
Current liabilities:	713,636	70.7	701,270	70.6	12,366	1.8	615,709	72.6
Notes and accounts payable – trade	645,611		631,285		14,326		587,110	
Short-term bank loans	32,532		30,896		1,635		6,085	
Reserve for bonuses	6,113		8,020		(1,907)		4,673	
Allowance for losses on sales returns	993		961		31		710	
Other current liabilities	28,385		30,106		(1,720)		17,129	
Long-term liabilities:	48,263	4.8	49,807	5.0	(1,544)	(3.1)	61,571	7.3
Convertible bonds	1,586		1,867		(281)		9,200	
Long-term debt	8,139		5,636		2,502		582	
Employees' retirement benefits	17,582		17,068		514		14,503	
Officers' retirement benefits	—		492		(492)		—	
Consolidation difference	10,490		11,749		(1,258)		26,787	
Other long-term liabilities	10,465		12,994		(2,528)		10,498	
MINORITY INTERESTS	—	—	—	—	—	—	4	0.0
Minority interests	—	—	—	—	—	—	4	0.0
SHAREHOLDERS' EQUITY	—	—	242,413	24.4	—	—	170,848	20.1
Common stock	—	—	21,479	2.2	—	—	17,813	2.1
Capital surplus	—	—	131,328	13.2	—	—	64,217	7.6
Retained earnings	—	—	115,948	11.7	—	—	104,049	12.2
Revaluation surplus	—	—	(18,750)	(1.9)	—	—	(19,533)	(2.3)
Unrealized gain on certain investment securities	—	—	11,317	1.1	—	—	6,341	0.7
Treasury stock, at cost	—	—	(18,909)	(1.9)	—	—	(2,039)	(0.2)
Total liabilities, minority interests and shareholders' equity	—	—	993,491	100.0	—	—	848,133	100.0
NET ASSETS	246,904	24.5	—	—	—	—	—	—
Shareholders' equity	254,311	25.2	—	—	—	—	—	—
Common stock	21,620	2.2	—	—	—	—	—	—
Capital surplus	131,468	13.0	—	—	—	—	—	—
Retained earnings	120,142	11.9	—	—	—	—	—	—
Treasury stock, at cost	(18,918)	(1.9)	—	—	—	—	—	—
Valuation, foreign currency and other adjustments	(7,407)	(0.7)	—	—	—	—	—	—
Unrealized gain on certain investment securities	10,872	1.1	—	—	—	—	—	—
Revaluation surplus	(18,279)	(1.8)	—	—	—	—	—	—
Total liabilities and net assets	1,008,804	100.0	—	—	—	—	—	—

2. Quarterly Consolidated Statements of Income (Summary)

(Millions of yen, rounded down to the nearest million; %)

	Three months ended June 30, 2006		Three months ended June 30, 2005		Increase (Decrease)		(Ref.) Year ended March 31, 2006	
Net sales	540,099	100.0%	426,662	100.0%	113,437	26.6%	1,921,713	100.0%
Cost of sales	491,205	90.9	393,228	92.2	97,977	24.9	1,760,112	91.6
Provision for losses on sales returns	—	—	—	—	—	—	(1)	(0.0)
Gross profit	48,894	9.1	33,434	7.8	15,460	46.2	161,603	8.4
Selling, general and administrative expenses	39,608	7.4	31,824	7.4	7,783	24.5	140,995	7.3
Operating income	9,286	1.7	1,609	0.4	7,676	476.9	20,608	1.1
Non-operating income:	3,682	0.7	3,412	0.8	270	7.9	13,535	0.7
Interest and dividend income	521		253		268		737	
Research fee income	1,124		1,115		9		4,472	
Amortization of consolidation difference	1,258		1,667		(409)		5,567	
Other non-operating income	777		375		402		2,757	
Non-operating expenses:	428	0.1	146	0.1	281	191.7	1,407	0.1
Interest expense	87		22		64		234	
Other non-operating expenses	340		124		216		1,172	
Ordinary income	12,540	2.3	4,874	1.1	7,665	157.2	32,736	1.7
Extraordinary gains:	43	0.0	361	0.1	(318)	(88.0)	2,709	0.2
Gain on sales of fixed assets	37		20		16		1,105	
Gain on revision of retirement benefit system	—		341		(341)		363	
Other extraordinary gains	6		0		6		1,240	
Extraordinary losses:	405	0.1	947	0.2	(541)	(57.2)	5,337	0.3
Loss on sale and disposal of fixed assets	83		197		(114)		1,543	
Sales office consolidation expenses	56		84		(28)		431	
Loss on impairment of fixed assets	223		663		(439)		2,109	
Other extraordinary losses	42		2		40		1,253	
Income before income taxes and minority interests	12,178	2.2	4,289	1.0	7,889	183.9	30,108	1.6
Income taxes	4,609	0.8	1,287	0.3	3,322	258.1	9,265	0.5
Gain in minority interests	—	—	0	0.0	(0)	—	0	0.0
Net income	7,569	1.4	3,002	0.7	4,567	152.1	20,842	1.1

3. Quarterly Consolidated Statements of Changes in Shareholders' Equity, Etc. (Summary)
Three months ended June 30, 2006

(Millions of yen, rounded down to the nearest million)

	Shareholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at March 31, 2006	21,479	131,328	115,948	(18,909)	249,846
Changes during the three months ended June 30, 2006					
Issuance of new stock	140	140			280
Cash dividends paid			(2,070)		(2,070)
Net income			7,569		7,569
Purchase of treasury stock				(9)	(9)
Reverse of revaluation surplus			(274)		(274)
Bonuses to directors and corporate auditors			(424)		(424)
Decrease from mergers/separations of consolidated subsidiaries			(606)		(606)
Net first quarter change in items other than shareholders' equity					—
Total changes during the three months ended June 30, 2006	140	140	4,193	(9)	4,465
Balance at June 30, 2006	21,620	131,468	120,142	(18,918)	254,311

(Millions of yen, rounded down to the nearest million)

	Valuation, Foreign Currency and Other Adjustments			Total Net Assets
	Unrealized Gain on Certain Investment Securities	Revaluation Surplus	Total Valuation, Foreign Currency and Other Adjustments	
Balance at March 31, 2006	11,317	(18,750)	(7,432)	242,413
Changes during the three months ended June 30, 2006				
Issuance of new stock			—	280
Cash dividends paid			—	(2,070)
Net income			—	7,569
Purchase of treasury stock			—	(9)
Reverse of revaluation surplus			—	(274)
Bonuses to directors and corporate auditors			—	(424)
Decrease from mergers/separations of consolidated subsidiaries			—	(606)
Net first quarter change in items other than shareholders' equity	(445)	470	25	25
Total changes during the three months ended June 30, 2006	(445)	470	25	4,491
Balance at June 30, 2006	10,872	(18,279)	(7,407)	246,904

4. Quarterly Consolidated Statements of Cash Flows (Summary)

(Millions of yen, rounded down to the nearest million)

	Three months ended June 30, 2006	Three months ended June 30, 2005	(Ref.) Year ended March 31, 2006
Cash flows from operating activities			
Income before income taxes and minority interests	12,178	4,289	30,108
Depreciation and amortization	2,377	1,895	9,125
Loss on impairment of fixed assets	223	663	2,109
Amortization of consolidation difference	(1,258)	(1,667)	(5,567)
Increase (decrease) in employees' retirement benefits – net	124	(1,602)	(1,921)
Increase (decrease) in officers' retirement benefits	(492)	—	84
Decrease in accrued employees' bonuses	(1,966)	(2,186)	(68)
Increase (decrease) in allowance for doubtful accounts	(325)	172	(1,283)
Decrease in allowance for losses on sales returns	—	—	(1)
Decrease (increase) in notes and accounts receivable – trade	(9,855)	(1,400)	10,799
Decrease (increase) in inventories	(10,971)	1,308	3,355
Increase (decrease) in notes and accounts payable	8,636	2,843	(2,286)
Others	(3,958)	(1,754)	539
Subtotal	(5,288)	2,559	44,993
Cash paid for income taxes	(7,566)	(861)	(3,699)
Others	454	233	501
Net cash (used in) provided by operating activities	(12,400)	1,931	41,795
Cash flows from investing activities			
Payments for purchase of property, plant and equipment	(3,376)	(2,828)	(9,063)
Proceeds from sale of property, plant and equipment	374	221	3,862
Proceeds from acquisition of shares of subsidiaries in connection with changes in the scope of consolidation	—	—	10,628
Other, net	(822)	286	(1,061)
Net cash (used in) provided by investing activities	(3,824)	(2,319)	4,366
Cash flows from financing activities			
Increase (decrease) in short-term bank loans – net	(1,079)	395	(1,033)
Proceeds from long-term debt	5,000	—	1,500
Repayment of long-term debt	(1,722)	(134)	(3,113)
Repayment of convertible bonds	(0)	(0)	(0)
Purchase of treasury stock	(9)	(2)	(16,873)
Cash dividends paid	(2,070)	(1,113)	(2,246)
Cash dividends paid by subsidiaries paid due to stock swaps	—	—	(604)
Cash dividends paid to minority shareholders	—	(3)	(3)
Net cash provided by (used in) financing activities	119	(858)	(22,375)
Net increase (decrease) in cash and cash equivalents	(16,105)	(1,245)	23,786
Cash and cash equivalents at beginning of period	142,908	119,121	119,121
Decrease in cash and cash equivalents due to change in scope of consolidation	1,522	—	—
Cash and cash equivalents at end of period	128,325	117,875	142,908

5. Segment Information

(1) Business Segment Information

First Quarter of the Fiscal Year Ending March 31, 2007 (April 1, 2006 – June 30, 2006)

(Millions of yen)

	Prescription Pharmaceutical Wholesale Business	Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business	Related Business	Total	Eliminations and Corporate	Consolidation
Net sales:						
(1) Sales to outside customers	411,844	126,877	1,377	540,099	—	540,099
(2) Inter-segment sales and transfer	17	11	0	29	(29)	—
Total	411,862	126,888	1,378	540,129	(29)	540,099
Operating expenses	403,468	126,626	1,366	531,461	(647)	530,813
Operating income	8,394	262	11	8,668	618	9,286

Notes: 1. Business Classification Method

Businesses are classified with regard to similarities in product type and grouping, and markets.

2. Changes in Business Classification

Previously, the healthcare business was included in the “Wholesale Distribution of Pharmaceutical and Other Products Business.” In consideration of the successive integration of the healthcare business into PALTAC CORPORATION, the former “Wholesale Distribution of Pharmaceutical and Other Products Business,” “Wholesale Distribution of Cosmetics and Daily Necessities Business” and “Medical-related Business” have been reclassified into the “Prescription Pharmaceutical Wholesale Business,” “Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business” and “Related Business,” and the healthcare business is included in the “Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business.”

As a result of the change, in the “Prescription Pharmaceutical Wholesale Business,” net sales decreased ¥17,007 million, operating expenses decreased ¥17,898 million and operating income increased ¥891 million. In addition, the “Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business” changed by the same amount, with a ¥17,007 million increase in net sales, a ¥17,898 million increase in operating expenses and an ¥891 million decrease in operating income.

3. Details of Business Classifications

Business Classification	Details
Wholesale Prescription Pharmaceutical Business	Wholesale distribution of prescription pharmaceuticals, medical equipment and other products
Cosmetics, Daily Necessities and OTC Pharmaceutical Business	Wholesale distribution of cosmetics, daily necessities, soaps, detergents, over-the-counter drugs, and other products
Related Business	Sales of industrial chemicals, food additives and other products

First Quarter of the Fiscal Year Ended March 31, 2006 (April 1, 2005 – June 30, 2005)

Business segment information is not disclosed because the net sales, operating income and assets of the wholesale distribution of pharmaceutical and other products business account for more than 90 percent of the total net sales, operating income and assets of all segments.

Fiscal Year Ended March 31, 2006 (April, 2005 – March 31, 2006)

(Millions of yen)

	Wholesale Distribution of Pharmaceutical and Other Products Business	Wholesale Distribution of Cosmetics and Daily Necessities Business	Medical- Related Business	Total	Eliminations and Corporate	Consolidation
Net sales:						
(1) Sales to outside customers	1,714,493	196,422	10,797	1,921,713	—	1,921,713
(2) Inter-segment sales and transfer	274	—	659	933	(933)	—
Total	1,714,767	196,422	11,456	1,922,646	(933)	1,921,713
Operating expenses	1,699,795	193,454	11,199	1,904,449	(3,343)	1,901,105
Operating income	14,972	2,967	257	18,197	2,410	20,608

Notes: 1. Business Classification Method

Businesses are classified with regard to similarities in product type and grouping, and markets.

2. Details of Business Classifications

Business Classification	Details
Wholesale Distribution of Pharmaceutical and Other Products Business	Wholesale distribution of prescription pharmaceuticals, over-the-counter drugs, medical equipment and other products
Wholesale Distribution of Cosmetics and Daily Necessities Business	Wholesale distribution of cosmetics, daily necessities, soaps, detergents and other products
Medical-Related Business	Sales of health foods, industrial chemicals, food additives and other products

(2) Geographic segment information

Current first quarter (April 1, 2006 – June 30, 2006), previous first quarter (April 1, 2005 – June 30, 2005) and previous fiscal year (April 1, 2005 – March 31, 2006)

Geographic segment information is not disclosed because the company has no consolidated subsidiaries or offices in countries or regions outside Japan.

(3) Overseas sales

Current first quarter (April 1, 2006 – June 30, 2006) and previous fiscal year (April 1, 2005 – March 31, 2006)

Overseas sales information is not disclosed because overseas sales account for less than 10 percent of total consolidated net sales.

Previous first quarter (April 1, 2005 – June 30, 2005)

None

6. Production, Orders and Sales

(1) Sales

(Millions of yen, rounded down to the nearest million)

	Three months ended June 30, 2006		Three months ended June 30, 2005		Year ended March 31, 2006	
Prescription pharmaceuticals	373,189	69.1%	368,052	86.3%	1,482,185	77.1%
Medical equipment, tools and clinical materials	24,377	4.5	24,127	5.7	100,224	5.2
Diagnostic reagents	8,352	1.5	8,294	1.9	35,578	1.8
Others	5,925	1.1	5,543	1.3	24,120	1.3
Prescription Pharmaceutical Wholesale Business	411,844	76.2	406,018	95.2	1,642,108	85.4
Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business	126,877	23.5	18,347	4.3	268,806	14.0
Related Business	1,377	0.3	2,296	0.5	10,797	0.6
Total	540,099	100.0	426,662	100.0	1,921,713	100.0

Notes: 1. The above amounts do not include consumption tax.

2. Amounts for the three months ended June 30, 2005 and the year ended March 31, 2006 have been restated to conform to the business segments newly presented from the three months ended June 30, 2006.

3. Intersegment sales have been eliminated.

(2) Purchases

(Millions of yen, rounded down to the nearest million)

	Three months ended June 30, 2006		Three months ended June 30, 2005		Year ended March 31, 2006	
Prescription pharmaceuticals	349,337	69.6%	339,085	86.6%	1,359,095	77.4%
Medical equipment, tools and clinical materials	22,287	4.4	21,488	5.5	92,233	5.2
Diagnostic reagents	7,629	1.5	7,549	1.9	34,985	2.0
Others	4,135	0.8	3,623	0.9	16,874	1.0
Prescription Pharmaceutical Wholesale Business	383,390	76.3	371,746	94.9	1,503,188	85.6
Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business	117,460	23.4	17,876	4.5	244,274	13.9
Related Business	1,294	0.3	2,232	0.6	8,734	0.5
Total	502,145	100.0	391,855	100.0	1,756,197	100.0

Notes: 1. The above amounts do not include consumption tax.

2. Amounts for the three months ended June 30, 2005 and the year ended March 31, 2006 have been restated to conform to the business segments newly presented from the three months ended June 30, 2006.

3. Intersegment sales have been eliminated.

7. Other

None

Summary of Unconsolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2007

These financial statements have been prepared for reference only in accordance with accounting principles and practices generally accepted in Japan. July 28, 2006

Mediceo Paltac Holdings Co., Ltd.

(URL <http://www.mediceo-paltac.co.jp>)

Representative: Sadatake Kumakura, President and CEO

Contact: Kikuo Miki, Senior Managing Executive Officer
and Manager of Corporate Communication Office

Phone: +81-3-3517-5171

Stock exchange listing: Tokyo (First Section)

Code number: 7459

1. Preparation of Quarterly Financial Information

(1) Use of simplified accounting method: Yes

a. Accounting standard for inventories

Inventories are stated as the amount of inventories on the company's books, based on inventories in the interim period. Actual inventories are not stated.

b. Accounting standard for income taxes

Income taxes are stated according to the estimated tax rate for the fiscal year based on the effective statutory tax rate.

c. Simplified procedures are used for certain other amounts that have an insignificant effect on unconsolidated results.

(2) Differences with accounting methods used in most recent consolidated fiscal year: No

2. Results for First Quarter of the Fiscal Year Ending March 31, 2007 (April 1, 2006 – June 30, 2006)

(1) Progress of Operating Results (Unconsolidated)

(Rounded down to the nearest million yen)

	Net sales (¥ million)	Year-on-year change (%)	Operating income (¥ million)	Year-on- year change (%)	Ordinary income (¥ million)	Year-on- year change (%)
Three months ended 6/30/06	373,088	(0.4)	757	13.0	4,936	115.7
Three months ended 6/30/05	374,761	20.1	670	(67.2)	2,288	(21.0)
(Ref.) Year ended 3/31/06	1,512,189		2,555		8,083	

	Net income (¥ million)	Year-on-year change (%)	Earnings per share (¥)	Earnings per share (diluted) (¥)
Three months ended 6/30/06	4,013	246.5	17.44	17.29
Three months ended 6/30/05	1,158	(30.5)	6.22	5.90
(Ref.) Year ended 3/31/06	4,917		22.87	22.15

Note: Year-on-year change for net sales, operating income, etc. is based on the same period of previous fiscal year.

3. Projected Unconsolidated Results for Fiscal 2007 (April 1, 2006 - March 31, 2007)

	Net sales (¥ million)	Ordinary income (¥ million)	Net income (¥ million)	Annual dividends per share (¥)		
				Interim	Year-end	
Interim 2007	774,000	6,100	4,400	7.50	—	—
Fiscal 2007	1,543,000	10,500	7,300	—	7.50	15.00

Reference: Estimated net income per share (fiscal 2007): ¥31.69

Note: Projections of results are prepared on the basis of information available to management on the date of announcement. Various factors could cause actual results to differ from the projected figures.

Qualitative Information on Projected Results

There is no change from the projected unconsolidated results announced on May 12, 2006.

Net income per share is revised because the number of shares issued and outstanding increased in connection with the conversion of convertible bonds during the first quarter.

(Attachment)

Summary of Quarterly Unconsolidated Financial Statements

1. Quarterly Unconsolidated Balance Sheets (Summary)

(Millions of yen, rounded down to the nearest million; %)

	As of June 30, 2006		As of March 31, 2006		Increase (Decrease)		(Ref.) As of June 30, 2005	
ASSETS	847,804	100.0%	848,569	100.0%	(764)	(0.1)%	777,220	100.0%
Current assets	611,581	72.1	610,859	72.0	722	0.1	597,709	76.9
Cash on hand and in bank	33,806		41,095		(7,289)		36,636	
Trade notes receivable	78		95		(17)		98	
Trade accounts receivable	497,965		508,755		(10,790)		495,750	
Inventories	55,194		38,474		16,719		40,978	
Accounts receivable	22,916		21,189		1,727		22,902	
Other current assets	1,620		1,248		371		1,344	
Fixed assets	236,223	27.9	237,709	28.0	(1,486)	(0.6)	179,510	23.1
Tangible fixed assets:	45,782	5.4	46,688	5.5	(905)	(1.9)	50,572	6.5
Buildings	22,202		22,618		(415)		24,533	
Land	16,894		16,999		(105)		18,309	
Other tangible fixed assets	6,686		7,070		(384)		7,728	
Intangible fixed assets	4,304	0.5	4,437	0.5	(132)	(3.0)	4,871	0.6
Investments and other assets	186,136	22.0	186,583	22.0	(447)	(0.2)	124,067	16.0
Affiliated companies	166,477		166,487		(10)		109,206	
Other	19,751		20,189		(437)		14,962	
Allowance for doubtful accounts	(93)		(93)		—		(101)	
Total assets	847,804	100.0	848,569	100.0	(764)	(0.1)	777,220	100.0

	As of June 30, 2006		As of March 31, 2006		Increase (Decrease)		(Ref.) As of June 30, 2005	
LIABILITIES	595,910	70.3	598,884	70.6	(2,974)	(0.5)	580,903	74.7
Current liabilities:	589,471	69.5	591,922	69.8	(2,451)	(0.4)	567,844	73.0
Notes	10,771		11,698		(927)		11,938	
Accounts payable – trade	552,278		541,798		10,479		538,550	
Deposits from affiliates	10,000		5,000		5,000		—	
Reserve for bonuses	350		649		(298)		381	
Other current liabilities	16,071		32,776		(16,705)		16,974	
Long-term liabilities:	6,438	0.8	6,962	0.8	(523)	(7.5)	13,058	1.7
Convertible bonds	1,586		1,867		(281)		9,200	
Other long-term liabilities	4,852		5,095		(242)		3,858	
SHAREHOLDERS' EQUITY	—	—	249,684	29.4	—	—	196,317	25.3
Common stock	—	—	21,479	2.5	—	—	17,813	2.3
Capital surplus	—	—	165,065	19.4	—	—	103,619	13.3
Additional paid-in capital	—		162,453		—		101,006	
Other capital surplus	—		2,612		—		2,612	
Retained earnings	—	—	93,929	11.1	—	—	91,727	11.8
Legal reserve	—		1,795		—		1,795	
Voluntary reserves	—		86,150		—		86,150	
Unallocated profit for the period	—		5,983		—		3,781	
Revaluation surplus	—	—	(17,927)	(2.1)	—	—	(18,752)	(2.4)
Unrealized gain on securities	—	—	6,647	0.8	—	—	4,506	0.6
Treasury stock, at cost	—	—	(19,510)	(2.3)	—	—	(2,596)	(0.3)
Total liabilities and shareholders' equity	—	—	848,569	100.0	—	—	777,220	100.0
Net assets	251,894	29.7	—	—	—	—	—	—
Shareholders' equity	262,755	31.0	—	—	—	—	—	—
Common stock	21,620	2.5	—	—	—	—	—	—
Capital surplus	165,206	19.5	—	—	—	—	—	—
Retained earnings	95,448	11.3	—	—	—	—	—	—
Treasury stock, at cost	(19,519)	(2.3)	—	—	—	—	—	—
Valuation, foreign currency and other adjustments	(10,861)	(1.3)	—	—	—	—	—	—
Unrealized gain on certain investment securities	6,582	0.8	—	—	—	—	—	—
Revaluation surplus	(17,443)	(2.1)	—	—	—	—	—	—
Total liabilities and net assets	847,804	100.0	—	—	—	—	—	—

2. Quarterly Unconsolidated Statements of Income (Summary)

(Millions of yen, rounded down to the nearest million; %)

	Three months ended June 30, 2006		Three months ended June 30, 2005		Increase (Decrease)		(Ref.) Year ended March 31, 2006	
Net sales	373,088	100.0%	374,761	100.0%	(1,672)	(0.4)%	1,512,189	100.0%
Cost of sales	365,520	98.0	367,654	98.1	(2,133)	(0.6)	1,484,021	98.1
Gross profit	7,568	2.0	7,107	1.9	460	6.5	28,167	1.9
Selling, general and administrative expenses	6,811	1.8	6,437	1.7	373	5.8	25,611	1.7
Operating income	757	0.2	670	0.2	87	13.0	2,555	0.2
Non-operating income:	4,343	1.1	1,773	0.4	2,570	144.9	6,293	0.4
Interest and dividend income	2,979		439		2,540		872	
Research fee income	1,025		930		94		3,655	
Other non-operating income	338		403		(65)		1,765	
Non-operating expenses:	164	0.0	154	0.0	9	6.2	765	0.1
Interest expense	7		1		5		44	
Other non-operating expenses	157		153		3		720	
Ordinary income	4,936	1.3	2,288	0.6	2,647	115.7	8,083	0.5
Extraordinary gains:	19	0.0	—	—	19	—	1,632	0.1
Gain on sales of fixed assets	19		—		19		1,070	
Other extraordinary gains	—		—		—		561	
Extraordinary losses:	166	0.0	576	0.2	(410)	(71.2)	1,988	0.1
Loss on sale and disposal of fixed assets	3		78		(75)		178	
Loss on impairment of fixed assets	162		498		(335)		1,182	
Other extraordinary losses	—		—		—		626	
Income before income taxes and minority interests	4,790	1.3	1,712	0.4	3,078	179.8	7,727	0.5
Income taxes	777	0.2	554	0.1	223	40.3	2,809	0.2
Net income	4,013	1.1	1,158	0.3	2,855	246.5	4,917	0.3
Unappropriated retained earnings carried forward	—		2,652		—		2,652	
Disposition of revaluation surplus	—		(28)		—		(453)	
Interim dividends	—		—		—		1,132	
Unappropriated profits	—		3,781		—		5,983	

3. Quarterly Unconsolidated Statements of Changes in Shareholders' Equity, Etc. (Summary)
 Three months ended June 30, 2006

(Millions of yen, rounded down to the nearest million)

	Shareholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at March 31, 2006	21,479	165,065	93,929	(19,510)	260,964
Changes during the three months ended June 30, 2006					
Issuance of new stock	140	140			280
Cash dividends paid			(2,070)		(2,070)
Net income			4,013		4,013
Purchase of treasury stock				(9)	(9)
Reverse of revaluation surplus			(286)		(286)
Bonuses to directors and corporate auditors			(137)		(137)
Net first quarter change in items other than shareholders' equity					—
Total changes during the three months ended June 30, 2006	140	140	1,519	(9)	1,791
Balance at June 30, 2006	21,620	165,206	95,448	(19,519)	262,755

(Millions of yen, rounded down to the nearest million)

	Valuation, Foreign Currency and Other Adjustments			Total Net Assets
	Unrealized Gain on Certain Investment Securities	Revaluation Surplus	Total Valuation, Foreign Currency and Other Adjustments	
Balance at March 31, 2006	6,647	(17,927)	(11,280)	249,684
Changes during the three months ended June 30, 2006				
Issuance of new stock			—	280
Cash dividends paid			—	(2,070)
Net income			—	4,013
Purchase of treasury stock			—	(9)
Reverse of revaluation surplus			—	(286)
Bonuses to directors and corporate auditors			—	(137)
Net first quarter change in items other than shareholders' equity	(64)	483	419	419
Total changes during the three months ended June 30, 2006	(64)	483	419	2,210
Balance at June 30, 2006	6,582	(17,443)	(10,861)	251,894