

Summary of Consolidated Financial Statements for the Third Quarter of the Fiscal Year Ending March 31, 2008

These financial statements have been prepared for reference only in accordance with accounting principles and practices generally accepted in Japan. January 30, 2008

Mediceo Paltac Holdings Co., Ltd.
 (URL <http://www.mediceo-paltac.co.jp>)
 Representative: Sadatake Kumakura, President and CEO
 Contact: Kunie Yamazaki,
 Manager of Corporate Communication Office
 Phone: +81-3-3517-5171

Stock exchange listing: Tokyo (First Section)
 Code number: 7459

1. Consolidated Results for the Third Quarter of the Fiscal Year Ending March 31, 2008 (April 1, 2007 - December 31, 2007)

(1) Sales and Income (Percentages represent change compared with the corresponding period of the previous fiscal year.)

	Net sales (¥ million)	Year-on- year change (%)	Operating income (¥ million)	Year-on- year change (%)	Ordinary income (¥ million)	Year-on- year change (%)
Nine months ended 12/31/07	1,726,541	4.1	21,676	(11.9)	32,869	(8.2)
Nine months ended 12/31/06	1,658,343	16.0	24,605	79.3	35,807	56.4
Fiscal year ended 03/31/07	2,166,762	—	27,776	—	41,574	—

	Net income (¥ million)	Year-on- year change (%)	Earnings per share (¥)	Earnings per share (diluted) (¥)
Nine months ended 12/31/07	20,205	17.7	87.29	86.78
Nine months ended 12/31/06	17,164	6.2	74.53	73.99
Fiscal year ended 03/31/07	19,105	—	82.86	82.29

(2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Net worth ratio (%)	Net assets per share (¥)
As of 12/31/07	1,100,243	275,408	25.0	1,189.57
As of 12/31/06	1,091,179	257,311	23.6	1,116.15
As of 03/31/07	1,032,931	261,111	25.3	1,128.39

(3) 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)
Nine months ended 12/31/07	(16,168)	(12,746)	(4,636)	109,396
Nine months ended 12/31/06	(14,644)	(11,915)	505	118,376
Fiscal year ended 03/31/07	19,836	(20,137)	(1,690)	142,439

2. Dividends

	Dividends per share (¥)		
	Interim	Year-end	Full-year
Year ended March 31, 2007	7.50	7.50	15.00
Year ending March 31, 2008	7.50	—	18.00
Year ending March 31, 2008 (est.)	—	10.50	

3. Projected Results for the Fiscal Year Ending March 31, 2008 (April 1, 2007 - March 31, 2008) [Reference]

(Percentages represent change compared with the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Fiscal 2008	2,234,000	3.1	25,200	(9.3)	39,000	(6.2)	23,500	23.0	100.78

4. Other

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries due to changes in the scope of consolidation): No
- (2) Use of simplified of accounting methods: Yes
- (3) Changes in consolidated accounting methods from the most recent fiscal year: Yes

Note: For details, see “4. Other” of “Qualitative Information and Financial Statements, etc. on pages 5 and 6.

(Reference) Summary of Unconsolidated Results

1. Unconsolidated Results for the Third Quarter of the Fiscal Year Ending March 31, 2008

(April 1, 2007 – December 31, 2007)

(1) Sales and Income (Percentages represent change compared with the corresponding period of the previous fiscal year.)

	Net sales (¥ million)	Year-on- year change (%)	Operating income (¥ million)	Year-on- year change (%)	Ordinary income (¥ million)	Year-on- year change (%)
Nine months ended 12/31/07	1,198,072	3.9	2,210	15.2	10,868	9.2
Nine months ended 12/31/06	1,153,384	(1.1)	1,918	(11.4)	9,955	52.8
Fiscal year ended 03/31/07	1,503,798	—	2,418	—	11,691	—

	Net income (¥ million)	Year-on-year change (%)	Earnings per share (¥)	Earnings per share (diluted) (¥)
Nine months ended 12/31/07	8,330	15.7	35.99	35.79
Nine months ended 12/31/06	7,201	59.2	31.27	31.05
Fiscal year ended 03/31/07	7,401	—	32.10	31.90

(2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Net worth ratio (%)	Net assets per share (¥)
As of 07/12/31	910,499	260,946	28.7	1,127.10
As of 06/12/31	896,401	254,658	28.4	1,104.64
As of 07/03/31	855,512	256,796	30.0	1,109.74

2. Projected Unconsolidated Results for the Fiscal Year Ending March 31, 2008

(April 1, 2007 – March 31, 2008)

(Percentages represent change compared with the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Fiscal 2008	1,546,000	2.8	1,500	(38.0)	10,900	(6.8)	7,800	5.4	33.45

Cautionary Remarks Regarding Forward-Looking Statements and Other Special Items

Statements made in this document with respect to Mediceo Paltac's plans, strategies, beliefs and other statements that are not historical facts are forward-looking statements based on the assumptions and beliefs of the Company's management in light of the information currently available to it and involve risks and uncertainties which may affect the Company's future performance. Please refer to page 5 of the attached materials for items concerning the projected results.

Qualitative Information and Financial Statements, etc.

1. Qualitative Information on Consolidated Business Results

During the nine months ended December 31, 2007, the Japanese economy maintained upward momentum with a moderate increase in capital investment, as consumer spending was generally flat and employment conditions improved steadily. However, there were concerns that factors including the subprime loan problem and high crude oil prices could impact the Japanese economy.

Based on a review by the Business Innovation Committee, the Mediceo Paltac Group implemented reforms centered on three fundamental strategies – competitive strategy, value strategy and internal operations strategy – with the aim of building a new, customer-oriented business model.

In addition, Mediceo Paltac Holdings and its wholly owned subsidiary PALTAC CORPORATION reached an agreement with Kobayashi Pharmaceutical Co., Ltd. (Chuo-ku, Osaka) and its subsidiary KOBASHOU CO., LTD. (Chuo-ku, Tokyo) on management integration between Paltac and Kobashou. Kobashou became a wholly owned subsidiary of Mediceo Paltac Holdings through a simple exchange of shares as of January 1, 2008. The four companies also agreed on a merger between Paltac and Kobashou as of April 1, 2008, with Paltac as the surviving company and Kobashou as the dissolving company.

This is aimed at making the Mediceo Paltac Group a next-generation multi-channel wholesaler with customer-oriented wholesale functions.

As a result, for the nine-month period, consolidated net sales totaled ¥1,726,541 million (a 4.1 percent increase compared with the same period of the previous year), operating income was ¥21,676 million (an 11.9 percent decrease), ordinary income was ¥32,869 million (an 8.2 percent decrease) and net income was ¥20,205 million (a 17.7 percent increase).

Results by business segment were as follows.

- Prescription Pharmaceutical Wholesale Business

Despite lower selling prices, sales of prescription pharmaceuticals were solid due to factors including the Group's efforts to tailor sales approaches to customer needs and to conduct more aggressive sales of new products and lifestyle disease drugs. In addition, the Group strengthened relationships with customers through unique approaches including holding training and seminars for customers and providing information tools for dispensing pharmacies.

As a result, sales of the Prescription Pharmaceutical Wholesale Business totaled ¥1,308,585 million (a 4.0 percent increase compared with the same period of the previous year).

- Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business

Sales of cosmetics, daily necessities and OTC pharmaceuticals continued to increase steadily. The Group focused on creating ongoing mechanisms and making proactive capital investments aimed at maximizing customer satisfaction and minimizing distribution costs in order to meet needs in line with customer changes such as nationwide expansion and the shift to chain stores.

As a result, sales of the Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business were ¥414,387 million (a 4.5 percent increase compared with the same period of the previous year).

- Related Business

Sales of industrial chemicals were steady as conditions rebounded in the semiconductor industry and capital investment demand also increased.

As a result, sales of the Related Business segment were ¥4,791 million (a 7.3 percent increase compared with the same period of the previous year).

Note: Sales of business segments include intersegment sales.

2. Analysis of Financial Position

(1) Assets, Liabilities and Net Assets

As of December 31, 2007, total assets were ¥1,100,243 million, an increase of ¥67,312 million from the end of the previous fiscal year. The principal factors were a ¥71,549 million increase in notes and accounts receivable — trade, a ¥21,933 million increase in inventories and a ¥8,660 million increase in land, despite a ¥36,062 million decrease in cash.

Liabilities totaled ¥824,835 million, an increase of ¥53,016 million from the end of the previous fiscal year. The principal factors were a ¥62,043 million increase in notes and account payable—trade, although provision for employees' bonuses decreased ¥3,870 million and negative goodwill decreased ¥5,249 million.

Net assets were ¥275,408 million, an increase of ¥14,296 million from the end of the previous fiscal year. The principal factor was a ¥16,142 million increase in retained earnings.

(2) Cash Flows

In the nine months ended December 31, 2007, on a consolidated basis, net cash used in operating activities was ¥16,168 million, net cash used in investing activities was ¥12,746 million, and net cash used in financing activities was ¥4,636 million. The increase from the merger of the Company and consolidated subsidiaries was ¥508 million. As a result, cash and cash equivalents at the end of the nine-month period decreased ¥33,042 million (23.2 percent) from the end of the previous fiscal year, to ¥109,396 million.

- Cash Flows from Operating Activities

The decrease in net cash from operating activities was ¥16,168 million (in the same period of the previous year the decrease was ¥14,644 million). While the Company had income before income taxes and minority interests of ¥32,901 million and an increase in notes and accounts payable – trade of ¥61,706 million, the main factors decreasing cash were an increase of ¥70,190 million in notes and accounts receivable – trade and ¥8,771 million in income taxes paid.

- Cash Flows from Investing Activities

The decrease in net cash from investing activities was ¥12,746 million (in the same period of the previous year the decrease was ¥11,915 million). The decrease mainly resulted from ¥13,488 million in payments for purchase of property and equipment, including land for Kanagawa ALC.

- Cash Flows from Financing Activities

The decrease in net cash from financing activities was ¥4,636 million (in the same period of the previous year the increase was ¥505 million). The main components were a ¥1,150 million net increase in borrowings and ¥3,471 million in cash dividends paid.

3. Qualitative Information on Projected Consolidated Results

Net sales and operating income are generally in line with the initial forecast and there is currently no change from the projected consolidated results announced on May 14, 2007.

The Company has made an upward revision to the year-end dividend forecast for the current fiscal year. The Company now plans a dividend of ¥10.50 per share, for total dividends of ¥18.00 per share for the fiscal year, including the interim dividend.

4. Other

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries due to changes in the scope of consolidation): No
- (2) Use of simplified accounting methods: Yes
 - Accounting standard for calculating inventories: Actual inventories at end of period are not calculated. Instead, a book amount based on actual inventories at the end of the previous period is used.
 - Accounting standard for calculating income taxes: Income taxes are calculated using an estimated annual tax rate based on the effective tax rate.
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- (3) Changes in consolidated accounting methods from the most recent fiscal year
 - Due to revisions to the Corporation Tax Law, for depreciation of tangible fixed assets acquired after April 1, 2007, the Company has changed to a calculation method based on the revised Corporation Tax Law. This change has no material impact on profit and loss.

5. Quarterly Consolidated Financial Statements (Summary)

(1) Third-Quarter Consolidated Balance Sheets (Summary)

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

	As of		As of		Increase		As of	
	December 31, 2007		March 31, 2007		(Decrease)		December 31, 2006	
ASSETS	1,100,243	100.0%	1,032,931	100.0%	67,312	6.5%	1,091,179	100.0%
Current assets	863,605	78.5	795,807	77.0	67,797	8.5	854,685	78.3
Cash	111,611		147,674		(36,062)		119,611	
Notes and accounts receivable – trade	564,397		492,847		71,549		541,978	
Marketable securities	3,000		—		3,000		—	
Inventories	128,152		106,218		21,933		135,422	
Accounts receivable	49,122		41,787		7,334		47,125	
Other current assets	10,094		10,064		30		16,185	
Allowance for doubtful accounts	(2,773)		(2,784)		10		(5,637)	
Fixed assets	236,637	21.5	237,123	23.0	(485)	(0.2)	236,494	21.7
Property and equipment	156,460	14.2	151,520	14.7	4,940	3.3	151,649	13.9
Buildings and structures	63,195		65,499		(2,303)		63,109	
Land	78,999		70,338		8,660		70,996	
Other tangible fixed assets	14,265		15,682		(1,417)		17,544	
Intangible fixed assets	10,917	1.0	13,493	1.3	(2,576)	(19.1)	14,329	1.3
Goodwill	6,609		8,567		(1,957)		9,221	
Other intangible fixed assets	4,308		4,926		(618)		5,108	
Investments and other assets	69,259	6.3	72,108	7.0	(2,849)	(4.0)	70,515	6.5
Investment securities	52,519		56,950		(4,431)		54,772	
Other assets	19,776		19,286		489		19,810	
Allowance for doubtful accounts	(3,035)		(4,128)		1,092		(4,067)	
Total assets	1,100,243	100.0	1,032,931	100.0	67,312	6.5	1,091,179	100.0

	As of December 31, 2007		As of March 31, 2007		Increase (Decrease)		As of December 31, 2006	
LIABILITIES	824,835	75.0%	771,819	74.7%	53,016	6.9%	833,867	76.4%
Current liabilities	775,648	70.5	716,061	69.3	59,586	8.3	778,030	71.3
Notes and accounts payable – trade	708,372		646,329		62,043		706,436	
Short-term bank loans	34,593		36,250		(1,656)		37,217	
Bonds due within one year	1,225		—		1,225		—	
Reserve for bonuses	4,012		7,882		(3,870)		3,850	
Allowance for losses on sales returns	787		909		(121)		971	
Other current liabilities	26,657		24,689		1,967		29,554	
Long-term liabilities	49,187	4.5	55,757	5.4	(6,570)	(11.8)	55,837	5.1
Convertible bonds	—		1,340		(1,340)		1,388	
Long-term debt	5,908		4,468		1,440		5,583	
Reserve for employees' retirement benefits	16,254		17,267		(1,012)		17,810	
Negative goodwill	8,729		13,978		(5,249)		16,203	
Other long-term liabilities	18,294		18,704		(409)		14,852	
NET ASSETS	275,408	25.0	261,111	25.3	14,296	5.5	257,311	23.6
Shareholders' equity	282,328	25.6	266,084	25.8	16,244	6.1	262,161	24.0
Common stock	21,800	2.0	21,743	2.1	57	0.3	21,719	2.0
Capital surplus	132,936	12.1	132,878	12.9	57	0.0	131,567	12.0
Retained earnings	145,903	13.2	129,760	12.6	16,142	12.4	127,808	11.7
Treasury stock, at cost	(18,311)	(1.7)	(18,297)	(1.8)	(13)	—	(18,933)	(1.7)
Valuation and translation adjustments	(6,920)	(0.6)	(4,972)	(0.5)	(1,947)	—	(4,849)	(0.4)
Unrealized gains on securities, net of taxes	10,137	0.9	13,099	1.3	(2,961)	(22.6)	13,089	1.2
Land revaluation differences, net of taxes	(17,058)	(1.5)	(18,071)	(1.8)	1,013	—	(17,939)	(1.6)
Total liabilities and total net assets	1,100,243	100.0	1,032,931	100.0	67,312	6.5	1,091,179	100.0

(2) Third-Quarter Consolidated Statements of Income (Summary)

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

	Nine months ended December 31, 2007		Nine months ended December 31, 2006		Increase (Decrease)		Year ended March 31, 2007	
Net sales	1,726,541	100.0%	1,658,343	100.0%	68,198	4.1%	2,166,762	100.0%
Cost of sales	1,583,528	91.7	1,513,147	91.2	70,380	4.7	1,978,611	91.3
Difference on provision for allowance for losses on sales returns	(121)	(0.0)	(22)	(0.0)	(99)	—	(83)	(0.0)
Gross profit	143,135	8.3	145,217	8.8	(2,082)	(1.4)	188,235	8.7
Selling, general and administrative expenses	121,458	7.0	120,612	7.3	846	0.7	160,459	7.4
Operating income	21,676	1.3	24,605	1.5	(2,928)	(11.9)	27,776	1.3
Non-operating income:	12,542	0.7	12,519	0.8	22	0.2	15,532	0.7
Interest and dividend income	1,208		1,144		63		1,265	
Research fee income	3,983		3,796		187		5,076	
Amortization of negative goodwill	5,249		4,898		350		6,067	
Other non-operating income	2,102		2,680		(578)		3,122	
Non-operating expenses:	1,349	0.1	1,318	0.1	31	2.4	1,734	0.1
Interest expense	409		298		111		417	
Other non-operating expenses	939		1,019		(79)		1,316	
Ordinary income	32,869	1.9	35,807	2.2	(2,937)	(8.2)	41,574	1.9
Extraordinary gains:	879	0.1	487	0.0	392	80.5	3,144	0.2
Gain on sale of fixed assets	428		279		149		365	
Gain on sale of equity in affiliates	5		21		(15)		21	
Reversal of allowance for doubtful accounts	260		—		260		2,574	
Gain on revision of employees' retirement benefit system	138		—		138		—	
Gain on cancellation of shares due to absorption of a subsidiary	43		—		43		—	
Other extraordinary gains	3		187		(183)		183	
Extraordinary losses:	848	0.1	8,929	0.5	(8,080)	(90.5)	10,379	0.5
Loss on sale and disposal of fixed assets	430		433		(3)		729	
Loss on impairment of fixed assets	75		2,391		(2,316)		2,767	
Special retirement benefits	55		5,181		(5,125)		5,750	
Restructuring costs of business establishments	40		300		(259)		455	
Loss on cancellation of shares due to absorption of a subsidiary	174		—		174		—	
Other extraordinary losses	72		622		(550)		676	
Income before income taxes and minority interests	32,901	1.9	27,365	1.7	5,536	20.2	34,339	1.6
Income taxes	12,696	0.7	10,200	0.7	2,495	24.5	15,233	0.7
Net income	20,205	1.2	17,164	1.0	3,040	17.7	19,105	0.9

(3) Third-Quarter Consolidated Statements of Changes in Net Assets

Nine months ended December 31, 2007

(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, 2007	21,743	132,878	129,760	(18,297)	266,084
Changes during the nine months ended December 31, 2007					
Issuance of new stock	57	57			114
Dividends from retained earnings			(3,471)		(3,471)
Net income			20,205		20,205
Acquisition of treasury stock				(13)	(13)
Disposal of treasury stock		0		0	0
Reverse of land revaluation surplus			(590)		(590)
Net change of items other than shareholders' equity during the period					
Total changes during the nine months ended December 31, 2007	57	57	16,142	(13)	16,244
Balance at December 31, 2007	21,800	132,936	145,903	(18,311)	282,328

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

	Valuation and Translation Adjustments			Total Net Assets
	Unrealized Gains on Securities, Net of Taxes	Land Revaluation Differences, Net of Taxes	Total Valuation and Translation Adjustments	
Balance at March 31, 2007	13,099	(18,071)	(4,972)	261,111
Changes during the nine months ended December 31, 2007				
Issuance of new stock				114
Dividends from retained earnings				(3,471)
Net income				20,205
Acquisition of treasury stock				(13)
Disposal of treasury stock				0
Reverse of land revaluation surplus				(590)
Net change of items other than shareholders' equity during the period	(2,961)	1,013	(1,947)	(1,947)
Total changes during the nine months ended December 31, 2007	(2,961)	1,013	(1,947)	14,296
Balance at December 31, 2007	10,137	(17,058)	(6,920)	275,408

Nine months ended December 31, 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 nine months ended December 31, 2006					
Issuance of new stock	239	239			478
Dividends from retained earnings*			(2,070)		(2,070)
Dividends from retained earnings			(1,728)		(1,728)
Bonuses to directors and corporate auditors*			(434)		(434)
Merger/separation of consolidated subsidiaries			(606)		(606)
Net income			17,164		17,164
Acquisition of treasury stock				(24)	(24)
Reversal of land revaluation surplus			(465)		(465)
Net change of items other than shareholders' equity during the period					
Total changes during the nine months ended December 31, 2006	239	239	11,860	(24)	12,315
Balance at December 31, 2006	21,719	131,567	127,808	(18,933)	262,161

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

	Valuation and Translation Adjustments			Total Net Assets
	Unrealized Gains on Securities, Net of Taxes	Land Revaluation Differences, Net of Taxes	Total Valuation and Translation Adjustments	
Balance at March 31, 2006	11,317	(18,750)	(7,432)	242,413
Changes during the nine months ended December 31, 2006				
Issuance of new stock				478
Dividends from retained earnings*				(2,070)
Dividends from retained earnings				(1,728)
Bonuses to directors and corporate auditors*				(434)
Merger/separation of consolidated subsidiaries				(606)
Net income				17,164
Acquisition of treasury stock				(24)
Reversal of land revaluation surplus				(465)
Net change of items other than shareholders' equity during the period	1,771	811	2,583	2,583
Total changes during the nine months ended December 31, 2006	1,771	811	2,583	14,898
Balance at December 31, 2006	13,089	(17,939)	(4,849)	257,311

* Item for appropriation of retained earnings at June 2006 ordinary general meeting of shareholders.

Year ended March 31, 2007

(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 year					
Issuance of new stock	263	263			526
Dividends from retained earnings*			(2,070)		(2,070)
Dividends from retained earnings			(1,728)		(1,728)
Bonuses to directors and corporate auditors*			(434)		(434)
Increase (decrease) from merger / separation of consolidated subsidiaries			(606)		(606)
Net income			19,105		19,105
Acquisition of treasury stock				(138)	(138)
Disposal of treasury stock		1,287		750	2,037
Reversal of land revaluation differences			(454)		(454)
Net change of items other than shareholders' equity during the year					
Net change during the year	263	1,550	13,812	611	16,238
Balance at March 31, 2007	21,743	132,878	129,760	(18,297)	266,084

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

	Valuation and Translation Adjustments			Total Net Assets
	Unrealized Gains on Securities, Net of Taxes	Land Revaluation Differences, Net of Taxes	Total Valuation and Translation Adjustments	
Balance at March 31, 2006	11,317	(18,750)	(7,432)	242,413
Changes during the year				
Issuance of new stock				526
Dividends from retained earnings*				(2,070)
Dividends from retained earnings				(1,728)
Bonuses to directors and corporate auditors*				(434)
Increase (decrease) from merger / separation of consolidated subsidiaries				(606)
Net income				19,105
Acquisition of treasury stock				(138)
Disposal of treasury stock				2,037
Reversal of land revaluation differences				(454)
Net change of items other than shareholders' equity during the year	1,781	678	2,460	2,460
Net change during the year	1,781	678	2,460	18,698
Balance at March 31, 2007	13,099	(18,071)	(4,972)	261,111

* Item for appropriation of retained earnings at June 2006 ordinary general meeting of shareholders.

(4) Third-Quarter Consolidated Statements of Cash Flows

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

	Nine months ended December 31, 2007	Nine months ended December 31, 2006	Year ended March 31, 2007
Cash flows from operating activities			
Income before income taxes and minority interests	32,901	27,365	34,339
Depreciation and amortization	7,508	7,109	9,663
Loss on impairment of fixed assets	75	2,391	2,767
Amortization of goodwill (negative goodwill)	(3,291)	(2,936)	(3,451)
Decrease in employees' severance and retirement benefits – net	(2,649)	(2,340)	(3,721)
Decrease in allowance for retirement benefits for directors and corporate auditors	—	(492)	(492)
Decrease in reserve for employees' bonuses	(3,896)	(4,228)	(197)
Decrease in allowance for doubtful accounts	(1,113)	(468)	(3,260)
Decrease in allowance for losses on sales returns	(121)	(22)	(83)
Additional retirement benefits for employees	55	5,181	5,750
Decrease (increase) in notes and accounts receivable – trade	(70,190)	(47,176)	2,069
Increase in inventories	(21,700)	(37,974)	(8,770)
Increase in notes and accounts payable	61,706	68,762	8,974
Other	(6,938)	(12,235)	(5,987)
Subtotal	(7,655)	2,935	37,599
Additional payment for retirement benefits	(622)	(5,181)	(5,183)
Income taxes paid	(8,771)	(13,319)	(13,430)
Others	881	920	851
Net cash (used in) provided by operating activities	(16,168)	(14,644)	19,836
Cash flows from investing activities			
Payments for purchase of property and equipment	(13,488)	(8,767)	(12,235)
Proceeds from sale of property and equipment	3,564	2,177	3,194
Payments for purchase of investment securities	(2,010)	(2,468)	(4,150)
Payments for acquisition of subsidiary stock	(58)	(4,089)	(3,975)
Other	(753)	1,230	(2,970)
Net cash (used in) provided by investing activities	(12,746)	(11,915)	(20,137)
Cash flows from financing activities			
Increase (decrease) in short-term bank loans – net	(1,853)	4,364	3,615
Proceeds from long-term debt	5,000	5,000	5,000
Repayment of long-term debt	(4,297)	(5,036)	(6,369)
Redemption of convertible bonds	(0)	(0)	(0)
Purchase of treasury stock	(13)	(24)	(138)
Proceeds from sale of treasury stock	0	—	—
Cash dividends paid	(3,471)	(3,798)	(3,798)
Net cash provided by (used in) financing activities	(4,636)	505	(1,690)
Net decrease in cash and cash equivalents	(33,550)	(26,054)	(1,991)
Cash and cash equivalents at beginning of period	142,439	142,908	142,908
Increase in cash and cash equivalents due to merger	141	—	—
Decrease in cash and cash equivalents due to merger of consolidated subsidiaries	366	1,522	1,522
Cash and cash equivalents at end of period	109,396	118,376	142,439

(5) Segment Information

(1) Business Segment Information

Third Quarter of the Fiscal Year Ending March 31, 2008 (April 1, 2007 – December 31, 2007)

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

	Prescription Pharmaceutical Wholesale Business	Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business	Related Business	Total	Eliminations and Corporate	Consolidated
Net sales:						
(1) Sales to outside customers	1,307,881	413,870	4,790	1,726,541	—	1,726,541
(2) Intersegment sales and transfers	704	517	1	1,223	(1,223)	—
Total	1,308,585	414,387	4,791	1,727,764	(1,223)	1,726,541
Operating expenses	1,292,681	408,735	4,726	1,706,144	(1,279)	1,704,865
Operating income	15,903	5,651	64	21,620	56	21,676

Third Quarter of the Fiscal Year Ending March 31, 2007 (April 1, 2006 – December 31, 2006)

	Prescription Pharmaceutical Wholesale Business	Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business	Related Business	Total	Eliminations and Corporate	Consolidated
Net sales:						
(1) Sales to outside customers	1,257,701	396,176	4,465	1,658,343	—	1,658,343
(2) Intersegment sales and transfers	669	208	1	879	(879)	—
Total	1,258,370	396,385	4,467	1,659,222	(879)	1,658,343
Operating expenses	1,237,449	393,004	4,423	1,634,876	(1,138)	1,633,737
Operating income	20,920	3,381	44	24,346	258	24,605

Fiscal Year Ended March 31, 2007 (April 1, 2006 – March 31, 2007)

	Prescription Pharmaceutical Wholesale Business	Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business	Related Business	Total	Eliminations and Corporate	Consolidated
I Net sales						
(1) Sales to outside customers	1,646,047	514,753	5,962	2,166,762	—	2,166,762
(2) Intersegment sales and transfers	1,103	350	2	1,455	(1,455)	—
Total	1,647,151	515,103	5,964	2,168,218	(1,455)	2,166,762
Operating expenses	1,623,870	511,163	5,900	2,140,934	(1,948)	2,138,986
Operating income	23,280	3,939	63	27,283	492	27,776

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
Prescription Pharmaceutical Wholesale Business	Wholesale distribution of prescription pharmaceuticals, medical equipment and other products
Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale 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

(2) Geographic Segment Information

Current third quarter (April 1, 2007 – December 31, 2007), previous third quarter (April 1, 2006 – December 31, 2006) and previous fiscal year (April 1, 2006 – March 31, 2007)

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 third quarter (April 1, 2007 – December 31, 2007), previous third quarter (April 1, 2006 – December 31, 2006) and previous fiscal year (April 1, 2006 – March 31, 2007)

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

6. Quarterly Unconsolidated Financial Statements (Summary)

(1) Third-Quarter Unconsolidated Balance Sheets (Summary)

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

	As of December 31, 2007		As of March 31, 2007		Increase (Decrease)		As of December 31, 2006	
ASSETS	910,499	100.0%	855,512	100.0%	54,986	6.4%	896,401	100.0%
Current assets	668,388	73.4	614,246	71.8	54,142	8.8	657,237	73.3
Cash	19,336		34,571		(15,234)		23,074	
Trade notes receivable	85		129		(44)		75	
Trade accounts receivable	552,015		504,101		47,914		529,650	
Inventories	66,895		52,493		14,402		74,234	
Accounts receivable	26,203		22,135		4,067		29,126	
Other current assets	3,852		814		3,037		1,076	
Fixed assets	242,110	26.6	241,266	28.2	843	0.3	239,164	26.7
Tangible fixed assets:	45,450	5.0	43,949	5.1	1,501	3.4	44,182	4.9
Buildings	18,976		21,028		(2,051)		21,329	
Land	21,452		16,706		4,745		16,743	
Other tangible fixed assets	5,021		6,214		(1,193)		6,109	
Intangible fixed assets	3,465	0.4	3,962	0.5	(497)	(12.5)	4,125	0.5
Investments and other assets	193,194	21.2	193,354	22.6	(160)	(0.1)	190,856	21.3
Equity in subsidiaries and affiliates	170,559		170,494		65		168,436	
Other assets	22,643		22,979		(336)		22,552	
Allowance for doubtful accounts	(9)		(119)		110		(132)	
Total assets	910,499	100.0	855,512	100.0	54,986	6.4	896,401	100.0

	As of December 31, 2007		As of March 31, 2007		Increase (Decrease)		As of December 31, 2006	
LIABILITIES	649,553	71.3%	598,716	70.0%	50,836	8.5%	641,742	71.6%
Current liabilities:	643,673	70.7	590,572	69.0	53,100	9.0	634,082	70.7
Trade notes payable	7,019		7,967		(948)		8,950	
Trade accounts payable	601,777		545,242		56,534		596,048	
Bonds due within one year	1,225		—		1,225		—	
Deposits from affiliates	15,013		15,000		13		12,000	
Reserve for bonuses	352		677		(324)		345	
Other current liabilities	18,285		21,684		(3,399)		16,737	
Long-term liabilities:	5,880	0.6	8,144	1.0	(2,264)	(27.8)	7,660	0.9
Convertible bonds	—		1,340		(1,340)		1,388	
Other long-term liabilities	5,880		6,804		(924)		6,272	
NET ASSETS	260,946	28.7	256,796	30.0	4,149	1.6	254,658	28.4
Shareholders' equity	270,739	29.8	266,374	31.1	4,364	1.6	264,203	29.5
Common stock	21,800	2.4	21,743	2.5	57	0.3	21,719	2.4
Capital surplus	166,073	18.3	166,016	19.4	57	0.0	165,305	18.5
Retained earnings	101,176	11.1	96,913	11.3	4,263	4.4	96,713	10.8
Treasury stock	(18,311)	(2.0)	(18,297)	(2.1)	(13)	—	(19,534)	(2.2)
Valuation and translation adjustments	(9,793)	(1.1)	(9,578)	(1.1)	(214)	—	(9,544)	(1.1)
Unrealized gains on available-for- sale securities, net of taxes	6,288	0.7	7,521	0.9	(1,232)	(16.4)	7,555	0.8
Land revaluation differences, net of taxes	(16,082)	(1.8)	(17,099)	(2.0)	1,017	—	(17,099)	(1.9)
Total liabilities and total net assets	910,499	100.0	855,512	100.0	54,986	6.4	896,401	100.0

(2) Third-Quarter Unconsolidated Statements of Income (Summary)

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

	Nine months ended December 31, 2007		Nine months ended December 31, 2006		Increase (Decrease)		Year ended March 31, 2007	
Net sales	1,198,072	100.0%	1,153,384	100.0%	44,687	3.9%	1,503,798	100.0%
Cost of sales	1,174,362	98.0	1,130,646	98.0	43,715	3.9	1,473,399	98.0
Gross profit	23,709	2.0	22,738	2.0	971	4.3	30,398	2.0
Selling, general and administrative expenses	21,499	1.8	20,819	1.8	679	3.3	27,979	1.8
Operating income	2,210	0.2	1,918	0.2	292	15.2	2,418	0.2
Non-operating income:	9,273	0.8	8,640	0.8	632	7.3	10,185	0.7
Interest and dividend income	4,713		4,215		498		4,244	
Research fee income	3,422		3,188		234		4,255	
Other non-operating income	1,137		1,236		(99)		1,685	
Non-operating expenses:	615	0.1	602	0.1	12	2.1	912	0.1
Interest expense	102		26		76		46	
Bond interest expenses	5		6		(1)		12	
Other non-operating expenses	506		569		(62)		853	
Ordinary income	10,868	0.9	9,955	0.9	912	9.2	11,691	0.8
Extraordinary gains:	326	0.0	31	0.0	295	945.1	32	0.0
Gain on sale of fixed assets	277		20		256		20	
Gain on cancellation of shares due to absorption of a subsidiary	46		—		46		—	
Other extraordinary gains	2		10		(8)		12	0.1
Extraordinary losses:	147	0.0	585	0.1	(438)	(74.8)	643	
Loss on sale and disposal of fixed assets	146		109		37		150	
Loss on impairment of fixed assets	—		475		(475)		475	
Other extraordinary losses	1		1		(0)		17	
Income before income taxes and minority interests	11,047	0.9	9,401	0.8	1,646	17.5	11,080	0.7
Income taxes	2,717	0.2	2,200	0.2	517	23.5	3,679	0.2
Net income	8,330	0.7	7,201	0.6	1,129	15.7	7,401	0.5

(3) Third-Quarter Unconsolidated Statements of Changes in Net Assets (Summary)

Nine months ended December 31, 2007

(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, 2007	21,743	166,016	96,913	(18,297)	266,374
Changes during the nine months ended December 31, 2007					
Issuance of new stock	57	57			114
Dividends from retained earnings			(3,471)		(3,471)
Net income			8,330		8,330
Acquisition of treasury stock				(13)	(13)
Reverse of land revaluation surplus			(595)		(595)
Net change of items other than shareholders' equity during the period					
Total changes during the nine months ended December 31, 2007	57	57	4,263	(13)	4,364
Balance at December 31, 2007	21,800	166,073	101,176	(18,311)	270,739

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

	Valuation and Translation Adjustments			Total Net Assets
	Unrealized Gains on Securities, Net of Taxes	Land Revaluation Differences, Net of Taxes	Total Valuation and Translation Adjustments	
Balance at March 31, 2007	7,521	(17,099)	(9,578)	256,796
Changes during the nine months ended December 31, 2007				
Issuance of new stock				114
Dividends from retained earnings				(3,471)
Net income				8,330
Acquisition of treasury stock				(13)
Reverse of land revaluation surplus				(595)
Net change of items other than shareholders' equity during the period	(1,232)	1,017	(214)	(214)
Total changes during the nine months ended December 31, 2007	(1,232)	1,017	(214)	4,149
Balance at December 31, 2007	6,288	(16,082)	(9,793)	260,946

Nine months ended December 31, 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 nine months ended December 31, 2006					
Issuance of new stock	239	239			478
Dividends from retained earnings*			(2,070)		(2,070)
Dividends from retained earnings			(1,728)		(1,728)
Bonuses to directors and corporate auditors*			(137)		(137)
Net income			7,201		7,201
Acquisition of treasury stock				(24)	(24)
Reversal of land revaluation surplus			(481)		(481)
Net change of items other than shareholders' equity during the period					
Total changes during the nine months ended December 31, 2006	239	239	2,784	(24)	3,238
Balance at December 31, 2006	21,719	165,305	96,713	(19,534)	264,203

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

	Valuation and Translation Adjustments			Total Net Assets
	Unrealized Gains on Securities, Net of Taxes	Land Revaluation Differences, Net of Taxes	Total Valuation and Translation Adjustments	
Balance at March 31, 2006	6,647	(17,927)	(11,280)	249,684
Changes during the nine months ended December 31, 2006				
Issuance of new stock				478
Dividends from retained earnings*				(2,070)
Dividends from retained earnings				(1,728)
Bonuses to directors and corporate auditors*				(137)
Net income				7,201
Acquisition of treasury stock				(24)
Reversal of land revaluation surplus				(481)
Net change of items other than shareholders' equity during the period	908	827	1,735	1,735
Total changes during the nine months ended December 31, 2006	908	827	1,735	4,974
Balance at December 31, 2006	7,555	(17,099)	(9,544)	254,658

* Item for appropriation of retained earnings at June 2006 ordinary general meeting of shareholders.

Year ended March 31, 2007

(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 year					
Issuance of new stock	263	263			526
Dividends from retained earnings*			(2,070)		(2,070)
Dividends from retained earnings			(1,728)		(1,728)
Bonuses to directors and corporate auditors*			(137)		(137)
Net income			7,401		7,401
Acquisition of treasury stock				(138)	(138)
Disposal of treasury stock		686		1,350	2,037
Reverse of land revaluation surplus			(481)		(481)
Net change of items other than shareholders' equity during the year					
Total changes during the year	263	950	2,983	1,212	5,410
Balance at March 31, 2007	21,743	166,016	96,913	(18,297)	266,374

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

	Valuation and Translation Adjustments			Total Net Assets
	Unrealized Gains on Securities, Net of Taxes	Land Revaluation Differences, Net of Taxes	Total Valuation and Translation Adjustments	
Balance at March 31, 2006	6,647	(17,927)	(11,280)	249,684
Changes during the year				
Issuance of new stock				526
Dividends from retained earnings*				(2,070)
Dividends from retained earnings				(1,728)
Bonuses to directors and corporate auditors*				(137)
Net income				7,401
Acquisition of treasury stock				(138)
Disposal of treasury stock				2,037
Reverse of land revaluation surplus				(481)
Net change of items other than shareholders' equity during the year	874	827	1,701	1,701
Total changes during the year	874	827	1,701	7,112
Balance at March 31, 2007	7,521	(17,099)	(9,578)	256,796

* Item for appropriation of retained earnings at June 2006 ordinary general meeting of shareholders.