

Summary of Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2009

July 31, 2008

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

Mediceo Paltac Holdings Co., Ltd.

Code number: 7459

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Stock exchange listing: Tokyo, First Section

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1. Consolidated Results for the First Quarter of the Fiscal Year Ending March 31, 2009 (April 1, 2008 to June 30, 2008)

(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 (%)
Three months ended June 30, 2008	617,581	—	7,807	—	11,921	—
Three months ended June 30, 2007	557,857	3.3	6,527	(29.7)	10,278	(18.0)

	Net income (¥ million)	Year-on-year change (%)	Earnings per share (¥)	Earnings per share (diluted) (¥)
Three months ended June 30, 2008	6,683	—	28.02	27.89
Three months ended June 30, 2007	6,247	(17.5)	27.00	26.83

(2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Net worth ratio (%)	Net assets per share (¥)
As of June 30, 2008	1,135,607	296,988	26.2	1,243.99
As of March 31, 2008	1,104,833	290,692	26.3	1,219.50

(Reference) Net worth: As of June 30, 2008: ¥296,971 million; As of March 31, 2008: ¥290,668 million

2. Cash Dividends

	Dividends per share (¥)				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Full year
Year ended March 31, 2008	—	7.50	—	10.50	18.00
Year ending March 31, 2009	—	—	—	—	—
Year ending March 31, 2009 (est.)	—	11.00	—	11.00	22.00

Note: Revisions to projected dividends during the three months ended June 30, 2008: No

3. Projected Consolidated Results for the Fiscal Year Ending March 31, 2009 (April 1, 2008 - March 31, 2009)

(Percentages represent change compared to the previous cumulative 2nd quarter or fiscal year, as applicable)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Cumulative 2nd quarter	1,242,000	—	17,100	—	24,300	—	14,500	—	60.76
Full year	2,494,000	10.6	31,600	13.1	46,200	8.4	27,900	0.4	116.89

Note: Revisions to projected consolidated results during the three months ended June 30, 2008: No

* There is no change from the projected consolidated results announced on May 14, 2008.

Projected earnings per share have been amended to reflect an increase in shares issued and outstanding due to the conversion of convertible bonds in the first quarter.

4. Others

- (1) Changes in the state of material subsidiaries during the period (changes in specified subsidiaries attendant with change in scope of consolidation): Yes
New: — Eliminated: 1 company (Company name: KOBASHOU.CO., LTD.)
(For details, see “4. Other” of “Qualitative Information and Financial Statements, etc.” on pages 4-5.)
- (2) Use of simplified accounting methods or special accounting methods for preparation of quarterly financial statements: Yes
(For details, see “4. Other” of “Qualitative Information and Financial Statements, etc.” on pages 4-5.)
- (3) Changes in principles, procedures, and methods of presentation, etc., related to the preparation of quarterly consolidated financial statements (changes in material items that form the basis for the preparation and presentation of the preparation of quarterly consolidated financial statements)
(a) Changes related to revisions in accounting principles: Yes
(b) Other changes aside from those in(a) above: Yes
(For details, see “4. Other” of “Qualitative Information and Financial Statements, etc.” on pages 4-5.)
- (4) Number of shares issued (common stock)
(a) Number of shares at the end of the period (including treasury stock)
Three months ended June 30, 2008: 243,673,011 Year ended March 31, 2008: 243,246,169
(b) Number of treasury shares at the end of the period:
Three months ended June 30, 2008: 4,948,339 Year ended March 31, 2008: 4,896,330
(c) Average number of shares outstanding (cumulative with earlier quarters):
Three months ended June 30, 2008: 238,538,526 Three months ended June 30, 2007: 231,416,915

Cautionary Remarks Regarding Proper Use of Projected Results and Other Items

1. The projected results for the fiscal year ending March 31, 2009 contained in this document are based on information currently available to the Company and certain assumptions it considers reasonable. Due to various factors, actual results may differ materially from the forecast. For cautionary remarks and other assumptions concerning use of the projected results, see “3. Qualitative Information on Projected Consolidated Results” of “Qualitative Information and Financial Statements, etc.” on page 4.
2. Effective from the fiscal year ending March 31, 2009, the Company applies the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12) and its Implementation Guidance, “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14). Quarterly consolidated financial statements have been prepared in accordance with the “Regulation for Quarterly Consolidated Financial Reporting.”

Qualitative Information and Financial Statements, etc.

1. Qualitative Information on Consolidated Business Results

(1) Business Results

In the Japanese economy during the first quarter of fiscal 2009, or the three months ended June 30, 2008, consumer spending and capital investment were flat and the economic recovery came to a standstill. In addition, there are concerns that the subprime mortgage crisis, rising crude oil and other prices and other factors could have a further impact.

In these economic conditions, the Mediceo Paltac Group (Mediceo Paltac Holdings Co., Ltd. and its consolidated subsidiaries) carried out business innovations aimed at establishing a new, customer-oriented business model that is highly responsive to changes in the market environment and customer needs.

For the first quarter, consolidated net sales were ¥617,581 million (a 10.7 percent increase compared with the first quarter of the previous year), operating income was ¥7,807 million (a 19.6 percent increase), ordinary income was ¥11,921 million (an 16.0 percent increase) and net income was ¥6,683 million (a 7.0 percent increase).

A summary of results by principal business segments follows below.

Prescription Pharmaceutical Wholesale Business

Sales of prescription pharmaceuticals were affected by the decline in market prices due to the 5.2 percent average reduction in National Health Insurance (NHI) drug prices on April 1, 2008. Another factor presumed to have impacted sales is that patients refrained from checkups due to concerns about increased insurance costs associated with the implementation of a new medical insurance system for those over 75 years of age and rising commodity prices. However, all companies in the Mediceo Paltac Group focused on measures to strengthen sales centered on new products and lifestyle disease medications, which led to steady sales growth.

As a result, sales of the Prescription Pharmaceutical Wholesale Business were ¥437,041 million (a 3.4 percent increase compared with the first quarter of the previous year).

Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business

Despite a challenging environment for sales of cosmetics, daily necessities and over-the-counter pharmaceuticals due to a decline in consumer sentiment stemming from soaring prices of crude oil and other items, this business posted solid sales as the Mediceo Paltac Group strengthened services and networks supported by customers. In addition, on April 1, 2008, PALTAC KS CORPORATION (name changed from PALTAC CORPORATION on April 1, 2008) merged with KOBASHOU.CO., LTD., a wholly owned subsidiary of Mediceo Paltac, and acquired all of the stock of EIKO CO., LTD. (Wakayama, Wakayama Prefecture), making it a wholly owned subsidiary.

As a result, sales of the Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale business were ¥179,439 million (a 34.0 percent increase compared with the first quarter of the previous year).

Related Business

Sales of food additives were steady despite difficulty in passing on the higher supply costs associated with higher crude oil and other prices to selling prices. On the other hand, sales of industrial chemicals declined slightly due to prolonged inventory adjustments in the semiconductor industry.

As a result, sales of related business were ¥1,494 million (a 2.1 percent decrease compared with the first quarter of the previous year).

Note: Business segment sales include intersegment sales.

2. Qualitative Information on Consolidated Financial Position

(1) Assets, Liabilities and Net Assets

Total assets as of June 30, 2008 were ¥1,135,607 million, an increase of ¥30,774 million from the end of the previous fiscal year. This was mainly due to increases of ¥16,789 million in notes and accounts receivable, trade and ¥6,854 million in merchandise.

Liabilities totaled ¥838,619 million, an increase of ¥24,478 million from the end of the previous fiscal year. This was mainly due to an increase of ¥24,990 million in notes and accounts payable, trade.

Net assets were ¥296,988 billion, an increase of ¥6,296 million from the end of the previous fiscal year. This was mainly due to a ¥4,282 million increase in retained earnings.

(2) Cash Flows

On a consolidated basis in the first quarter, net cash provided by operating activities was ¥6,442 million, net cash used in investing activities was ¥7,167 million, and net cash used in financing activities was ¥5,105 million. As a result, cash at the end of the period decreased ¥5,830 million (4.0 percent) from the end of the previous fiscal year to ¥140,514 million.

Cash Flows from Operating Activities

The increase in cash from operating activities was ¥6,442 million (a decrease of ¥15,370 million was recorded in the same period of the previous year). Main factors were income before income taxes and minority interests totaling ¥11,341 million and an increase in notes and accounts payable, trade of ¥24,170 million. On the other hand, there were increases of ¥15,524 million in notes and accounts receivable, trade and ¥6,387 million in inventories, in addition to ¥9,028 million in cash paid for income taxes.

Cash Flows from Investing Activities

The decrease in cash from investing activities was ¥7,167 million (a decrease of ¥2,193 million was recorded in the same period of the previous year). The main factor was ¥2,540 million in payments for purchases of property and equipment including new RDC Hokkaido (tentative name) and ¥3,626 million in payments for purchase of investment securities.

Cash Flows from Financing Activities

The decrease in cash from financing activities was ¥5,105 million (a decrease of ¥3,724 million was recorded in the same quarter of the previous year). Main factors were a net decrease in short-term bank loans and long-term debt totaling ¥1,865 million and cash dividends paid to shareholders totaling ¥2,502 million.

3. Qualitative Information on Projected Consolidated Results

The Mediceo Paltac Group (Mediceo Paltac Holdings Co., Ltd. and its consolidated subsidiaries) is currently carrying out business innovations aimed at establishing a new, customer-oriented business model that is highly responsive to changes in the market environment and customer needs. The Group has formulated a concrete vision that it aims to realize in five years through these innovations. At the same time, to realize that vision, the Group has drawn up a medium-term management plan that provides policies and targets for the three years from April 2008. The Mediceo Paltac Group will implement these innovations in order to deepen and expand business that adapt to change.

Net sales and income are both generally progressing in line with the initial forecast, and there is currently no change from the projected consolidated results announced on May 14, 2008.

4. Other

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries due to changes in the scope of consolidation)

On April 1, 2008, PALTAC CORPORATION, a consolidated subsidiary of Mediceo Paltac, merged KOBASHOU.CO., LTD. (“Kobashou”), a specified subsidiary of Mediceo Paltac. Because Kobashou was the non-surviving company in this merger, it is no longer deemed a specified subsidiary. Prior to the merger, and on the same date, Kobashou merged its subsidiaries KS-HOKKAIDO CO., LTD. , KS-TOUHOKU CO., LTD., KS-TOUKAI CO., LTD. and SEIEI CO., LTD., with Kobashou as the surviving company.

On the same date, PALTAC CORPORATION changed its company name to PALTAC KS CORPORATION.

(2) Use of Simplified Accounting Methods and Accounting Methods Specific to Preparation of the Quarterly Consolidated Financial Statements

(a) Use of simplified accounting methods

Valuation of inventories:

Inventories at the end of this quarterly accounting period are calculated using a reasonable method based inventories at the end of the previous fiscal year instead of an actual physical inventory.

Calculation of estimated loss on ordinary receivables:

For the loss ratio for the first quarter ended June 30, 2008, the Company calculates the estimated loss using the loss ratio at the end of the previous fiscal year, as no significant changes have been recognized in the amount calculated at the end of the previous fiscal year.

Calculation of income taxes, deferred tax assets and deferred tax liabilities:

Calculation of the amount of income tax payments omits items that increase or reduce tax and items that are tax credits if the amounts are insignificant.

The future projections of operating results and tax planning used in the previous fiscal year are used in judging the recoverability of deferred tax assets, as the Company has recognized no significant changes in the operating environment or in the occurrence of temporary differences since the end of the previous fiscal year.

(b) Accounting methods specific to preparation of the quarterly consolidated financial statements:
None applicable

(3) Changes in accounting principles, procedures and presentation methods pertaining to preparation of the quarterly consolidated financial statements

(a) Application of accounting standards for quarterly financial reporting

The Company applies ASBJ Statement No. 12, "Accounting Standard for Quarterly Financial Reporting," and ASBJ Guidance No. 14, "Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No.14 issued on March14, 2007) effective from the fiscal year ending March 31, 2009. The consolidated financial statements are prepared in accordance with "Regulations for Quarterly Consolidated Financial Statements."

(b) Application of Accounting Standards for Lease Transactions

Prior to April 1, 2008, finance lease transactions which do not transfer ownership of the leased assets were accounted for in the same manner as operating leases. The "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13 issued on June 17, 1993 and revised on March 31, 2007) and "Guidance on Accounting Standard for Lease Transactions (ASBJ Guidance No. 16 issued on January 18, 1994 and revised on March 30, 2007) are permitted to be adopted starting from the quarterly consolidated financial statements for fiscal years beginning on or after April 1, 2008. Accordingly, the Company has adopted the revised accounting standard and guidance starting from the first quarter of the fiscal year ending March 31, 2009, and all finance lease transactions are capitalized. In addition, leased assets related to finance leases that do not transfer ownership are depreciated on a straight-line basis with the lease period as the useful life and no residual value.

The effect of this change on the consolidated statements of income is not material.

Additional information:

Under the revised Corporation Tax Law, the Company has extended the useful lives primarily of machinery and equipment in fixed assets starting from the first quarter of the fiscal year ending March 31, 2009.

The effect of this change on the consolidated statements of income is not material.

5. Summary of Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

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

	As of June 30, 2008	As of March 31, 2008
ASSETS	1,135,607	1,104,833
Current assets	880,658	862,425
Cash	145,772	151,570
Notes and accounts receivable — trade	564,465	547,676
Merchandise	111,565	104,710
Other current assets	60,707	60,909
Allowance for doubtful accounts	(1,852)	(2,442)
Fixed assets	254,949	242,408
Property and equipment	166,618	159,303
Buildings and structures (net)	63,115	63,594
Land	79,914	79,969
Other tangible fixed assets (net)	23,588	15,739
Intangible assets	13,860	13,889
Goodwill	8,225	9,064
Other intangible	5,635	4,825
Investments and other assets	74,470	69,214
Other assets	76,576	71,610
Allowance for doubtful accounts	(2,106)	(2,395)
Total assets	1,135,607	1,104,833

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

	As of June 30, 2008	As of March 31, 2008
LIABILITIES	838,619	814,141
Current liabilities	786,512	769,034
Notes and accounts payable — trade	713,721	688,730
Short-term bank loans	27,954	29,688
Convertible bonds due within one year	809	1,200
Long-term debt due within one year	3,699	3,693
Income taxes payable	5,175	8,407
Provision for employees' bonuses	6,282	8,686
Allowance for losses on sales returns	825	964
Other current liabilities	28,044	27,663
Long-term liabilities	52,106	45,107
Bonds	220	—
Long-term debt	6,498	5,251
Employees' severance and retirement benefits	16,683	16,487
Negative goodwill	5,228	6,977
Other long-term liabilities	23,475	16,390
NET ASSETS	296,988	290,692
Shareholders' equity	306,298	301,720
Common stock	22,008	21,813
Capital surplus	134,235	134,039
Retained earnings	157,815	153,533
Treasury stock, at cost	(7,760)	(7,665)
Valuation and translation adjustments	(9,327)	(11,051)
Unrealized gains on securities, net of taxes	8,598	6,772
Land revaluation differences, net of taxes	(17,926)	(17,824)
Minority interests	17	23
Total liabilities and total net assets	1,135,607	1,104,833

(2) Quarterly Consolidated Statements of Income
(Consolidated First Quarter Cumulative Period)

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

	Three months ended June 30, 2008
Net sales	617,581
Cost of sales	565,732
Gross profit	51,849
Reversal of allowance for losses on sales returns	964
Provision for losses on sales returns	825
Net gross profit	51,988
Selling, general and administrative expenses:	
Wages and salaries	16,393
Welfare expenses	2,415
Provision for bonuses	4,415
Employees' severance and retirement benefit expenses	1,686
Shipping and delivery expenses	4,008
Rental expenses	1,479
Depreciation and amortization	2,693
Provision for doubtful accounts	138
Amortization of goodwill	841
Other	10,109
Total selling, general and administrative expenses	44,180
Operating income	7,807
Non-operating income:	
Interest income	33
Dividend income	509
Research fee income	1,357
Real estate rental income	420
Amortization of negative goodwill	1,913
Other non-operating income	350
Total non-operating income	4,585
Non-operating expenses:	
Interest expenses	197
Real estate rental expenses	250
Other non-operating expenses	23
Total non-operating expenses	471
Ordinary income	11,921
Extraordinary gains:	
Gain on sale of fixed assets	5
Reversal of allowance for doubtful accounts	964
Other extraordinary gains	3
Total extraordinary gains	973
Extraordinary losses:	
Loss on sale and disposal of fixed assets	206
Loss on impairment of fixed assets	1,322
Other extraordinary losses	25
Total extraordinary losses	1,554
Income before income taxes and minority interests	11,341
Current income taxes	5,539
Deferred income taxes	(876)
Total income taxes	4,663
Minority loss (gain)	(5)
Net income	6,683

(3) Quarterly Consolidated Statements of Cash Flows (Summary)

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

	Three months ended June 30, 2008
Cash flows from operating activities	
Income before income taxes and minority interests	11,341
Depreciation and amortization	2,844
Loss on impairment of fixed assets	1,322
Amortization of goodwill	841
Amortization of negative goodwill	(1,913)
Increase (decrease) in employees' severance and retirement benefits	145
Increase (decrease) in allowance for employees' bonuses	(2,418)
Increase (decrease) in allowance for doubtful accounts	(890)
Decrease (increase) in notes and accounts receivable – trade	(15,524)
Increase in inventories	(6,387)
Increase in notes and accounts payable– trade	24,170
Others	1,523
Subtotal	15,053
Interest and dividends received	537
Interest expenses paid	(120)
Income taxes paid	(9,028)
Net cash provided by operating activities	6,442
Cash flows from investing activities	
Payments for purchase of property and equipment	(2,540)
Proceeds from sale of property and equipment	186
Payments for purchase of investment securities	(3,626)
Payments for acquisition of investment in subsidiaries	(98)
Payments for business transfer	(308)
Other, net	(779)
Net cash used in investing activities	(7,167)
Cash flows from financing activities	
Increase (decrease) in short-term bank loans – net	(2,583)
Repayment of leases	(642)
Proceeds from long-term debt	2,000
Repayment of long-term debt	(1,281)
Repayment of convertible bonds	(0)
Purchase of treasury stock	(95)
Cash dividends paid to shareholders	(2,502)
Net cash used in financing activities	(5,105)
Net increase (decrease) in cash and cash equivalents	(5,830)
Cash and cash equivalents at beginning of period	146,345
Cash and cash equivalents at end of period	140,514

Effective from the fiscal year ending March 31, 2009, the Company applies the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12) and its Implementation Guidance, “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14). Quarterly consolidated financial statements have been prepared in accordance with the “Regulation for Quarterly Consolidated Financial Reporting.”

(4) Notes Regarding Assumptions of Going Concern

None applicable

(5) Segment Information

a. Business Segment Information

First Three Months of the Fiscal Year Ending March 31, 2009 (April 1, 2008 – June 30, 2008)

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

	Prescription Pharmaceutica l Wholesale Business	Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business	Related Business	Total	Eliminations and Corporate	Consolidated
Net sales:						
(1) Sales to outside customers	436,818	179,268	1,494	617,581	—	617,581
(2) Inter-segment sales and transfer	223	171	0	394	(394)	—
Total	437,041	179,439	1,494	617,975	(394)	617,581
Operating income	6,288	1,487	16	7,792	15	7,807

Notes: 1. Method of business classification

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

2. Description of business segments

Business segment	Description
Prescription Pharmaceutical Wholesale Business	Wholesale distribution of prescription pharmaceuticals, medical equipment, etc.
Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business	Wholesale distribution of cosmetics, daily necessities, soaps, detergents, over-the-counter pharmaceuticals, etc.
Related Business	Sales of industrial chemicals, food additives, etc.

b. Geographic Segment Information

Current first quarter (April 1, 2008 – June 30, 2008)

Geographic segment information is not disclosed because the Company has no consolidated subsidiaries or significant branch offices outside Japan.

c. Overseas Sales

Current first quarter (April 1, 2008 – June 30, 2008)

Overseas sales information is omitted because overseas sales account for less than 10 percent of total consolidated net sales.

(6) Notes in the Event of Significant Changes in Shareholders' Equity

None applicable

(Reference)

Consolidated Financial Statements for the First Quarter of the Fiscal Year Ended March 31, 2008

(1) Quarterly Consolidated Statements of Income (Summary)

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

	Three months ended June 30, 2007
Net sales	557,857
Cost of sales	510,918
Gross profit	46,939
Selling, general and administrative expenses	40,411
Operating income	6,527
Non-operating income:	4,146
Interest and dividend income	425
Research fee income	1,255
Amortization of negative goodwill	1,749
Other non-operating income	716
Non-operating expenses:	396
Interest expenses	122
Other non-operating expenses	273
Ordinary income	10,278
Extraordinary gains:	256
Gain on sale of fixed assets	117
Gain on revision of employees' retirement benefit system	135
Other extraordinary gains	3
Extraordinary losses:	273
Loss on sale and disposal of fixed assets	136
Loss on impairment of fixed assets	46
Restructuring costs of business establishments	0
Loss on elimination of cross-held shares	87
Other extraordinary losses	3
Income before income taxes and minority interests	10,260
Income taxes	4,012
Net income	6,247

(2) Quarterly Consolidated Statements of Cash Flows (Summary)

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

	Three months ended June 30, 2007
Cash flows from operating activities	
Income before income taxes and minority interests	10,260
Depreciation and amortization	2,425
Loss on impairment of fixed assets	46
Amortization of goodwill (negative goodwill)	(1,095)
Increase (decrease) in employees' severance and retirement benefits	(2,139)
Decrease in allowance for employees' bonuses	(1,794)
Decrease in allowance for doubtful accounts	(702)
Decrease (increase) in notes and accounts receivable – trade	(22,105)
Increase in inventories	(3,998)
Increase in notes and accounts payable – trade	8,921
Others	(994)
Subtotal	(11,177)
Additional payment for retirement benefits	(566)
Interest expenses paid	(4,009)
Others	383
Net cash used in operating activities	(15,370)
Cash flows from investing activities	
Payments for purchase of property and equipment	(2,136)
Proceeds from sale of property and equipment	333
Payments for purchase of investment securities	(217)
Other, net	(172)
Net cash used in investing activities	(2,193)
Cash flows from financing activities	
Increase (decrease) in short-term bank loans – net	(698)
Repayment of long-term debt	(1,285)
Repayment of convertible bonds	(0)
Purchase of treasury stock	(5)
Cash dividends paid to shareholders	(1,735)
Net cash used in financing activities	(3,724)
Net decrease in cash and cash equivalents	(21,288)
Cash and cash equivalents at beginning of period	142,439
Decrease in cash and cash equivalents due to change in scope of consolidation	108
Cash and cash equivalents at end of period	121,259

(3) Segment Information

a. Business Segment Information

First Three Months of the Fiscal Year Ended March 31, 2008 (April 1, 2007 – June 30, 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	422,537	133,793	1,526	557,857	—	557,857
(2) Inter-segment sales and transfer	297	153	0	451	(451)	—
Total	422,835	133,947	1,526	558,309	(451)	557,857
Operating expenses	417,560	132,749	1,511	551,822	(491)	551,330
Operating income	5,274	1,197	15	6,487	40	6,527

Notes: 1. Method of business classification

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

2. Description of business segments

Business segment	Description
Prescription Pharmaceutical Wholesale Business	Wholesale distribution of prescription pharmaceuticals, medical equipment, etc.
Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business	Wholesale distribution of cosmetics, daily necessities, soaps, detergents, over- the-counter pharmaceuticals, etc.
Related Business	Sales of industrial chemicals, food additives, etc.

b. Geographic Segment Information

Current first quarter (April 1, 2007 – June 30, 2007)

Geographic segment information is not disclosed because the Company has no consolidated subsidiaries or significant branch offices outside Japan.

c. Overseas Sales

Current first quarter (April 1, 2007 – June 30, 2007)

Overseas sales information is omitted because overseas sales account for less than 10 percent of total consolidated net sales.