

Summary of Consolidated Financial Results for the Third Quarter of Fiscal 2008



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Name of Listed Company: Toho Pharmaceutical Co., Ltd. Listed: Tokyo Stock Exchange
 Code Number: 8129 URL <http://www.tohoyk.co.jp>
 Corporate Representative: (Name) Norio Hamada; (Job Title) President and CEO
 Contact Representative: (Name) Toru Sasaki; (Job Title) General Manager of Finance and Accounting
 TEL (03) 4330-3735

(Amounts are truncated to the nearest million yen)

1. Consolidated Results of Operations during the Third Quarter of Fiscal 2008 (from April 1, 2007 to December 31, 2007)

(1) Consolidated Results of Operations

(Percentages indicate changes over the same quarter of the previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income for Third Quarter	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Third Quarter of Fiscal 2008	614,991	(4.3)	8,424	(7.8)	11,187	(5.7)	6,712	(11.3)
Third Quarter of Fiscal 2007	589,895	(9.6)	7,817	(65.3)	10,579	(56.1)	6,030	(97.6)
Fiscal 2007	773,436		9,335		13,104		7,218	

	Net Income per Share	Net Income per Share - Diluted
	Yen	Yen
Third Quarter of Fiscal 2008	118.83	108.66
Third Quarter of Fiscal 2007	104.88	95.94
Fiscal 2007	125.82	115.10

(2) Consolidated Financial Position

	Total Assets	Net assets	Shareholders' Equity Ratio	Net assets per Share
	Million Yen	Million Yen	%	Yen
Third Quarter of Fiscal 2008	420,983	80,212	17.6	1,321.37
Third Quarter of Fiscal 2007	418,194	76,453	16.8	1,232.75
Fiscal 2007	396,447	76,790	17.9	1,247.22

(3) Consolidated Cash Position

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Period
	Million Yen	Million Yen	Million Yen	Million Yen
Third Quarter of Fiscal 2008	△11,127	△7,851	△2,797	21,653
Third Quarter of Fiscal 2007	16,700	△4,334	△8,552	38,831
Fiscal 2007	24,273	△6,182	△9,678	43,429

2. Projected Consolidated Results of Operations during Fiscal Year 2008

(from April 1, 2007 to March 31, 2008) [Reference]

(Percentages indicate changes over the previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Full Year	805,000	(4.1)	10,000	(7.1)	14,000	(6.8)	8,300	(15.0)	147.80

3. Others

- (1) Changes in significant subsidiary relationships (changes in particular subsidiary relationships that shifted the scope of consolidation) during the period under review : None
- (2) Simplified methods of accounting : Adopted
- (3) Accounting policies compared with the most recently completed fiscal year : None

(Note) For a detailed description, refer to page three under “4. Others” in “Qualitative Information, Financial Statements and Others”.

(Reference) Overview of Non-Consolidated Results of Operations

1. Non-Consolidated Results of Operations during the Third Quarter of Fiscal Year 2008 (from April 1, 2007 to December 31, 2007)

(1) Non-Consolidated Results of Operations

	Net Sales		Operating Income		Ordinary Income		Net Income for Third Quarter	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Third Quarter of Fiscal 2008	593,858	(6.9)	4,629	(4.8)	6,435	(7.5)	3,853	(30.1)
Third Quarter of Fiscal 2007	555,738	(6.7)	4,415	(40.3)	5,985	(37.5)	2,961	(29.4)
Fiscal 2007	729,380		5,070		7,181		3,932	

	Net Income per Share	Net Income per Share - Diluted
	Yen	Yen
Third Quarter of Fiscal 2008	68.20	62.37
Third Quarter of Fiscal 2007	51.48	47.09
Fiscal 2007	68.51	62.68

(2) Non-Consolidated Financial Position

	Total Assets	Net assets	Shareholders' Equity Ratio	Net assets per Share
	Million Yen	Million Yen	%	Yen
Third Quarter of Fiscal 2008	387,333	62,777	16.2	1,120.71
Third Quarter of Fiscal 2007	386,558	61,630	15.9	1,081.41
Fiscal 2007	370,235	62,396	16.8	1,094.72

2. Projected Non-Consolidated Results of Operations during Fiscal Year 2008 (from April 1, 2007 to March 31, 2008) [Reference]

(Percentages indicate changes over the previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Full Year	776,500	(6.5)	5,540	(9.3)	7,720	(7.5)	5,200	(32.2)	92.58

* Explanation of Appropriate Use of Performance Projections and Other Items Requiring Special Description

Projected results of operations are based on information available as of the date of announcement, and actual results of operations may differ from the projections depending on a variety of factors that may subsequently occur.

[Qualitative Information, Financial Statements and Related Items]

1. Qualitative Information on Consolidated Results of Operations

In the second year since the last revision of National Health Insurance drug prices, the pharmaceutical wholesaling industry posted growth of 3.0% in third quarter sales, versus growth of 1.8% in first-half sales, on a year-on-year basis (according to a survey by Crecon Research & Consulting Inc.).

The Company's results of operations benefited from our firmer and wider reputation for proposal-based marketing utilizing proprietary customer support systems, as in the first half. This, combined with increased supplies to the members of the Kyoso Mirai Group, resulted in sales revenues increasing 4.3% year-on-year, outpacing the industry average.

The Company's earnings results reflected our focus on non-price competitiveness and emphasis on profitability, with operating income up 7.8% year-on-year, which we pursued via proposal-based marketing to normalize business practices and to develop high value added operations.

As a result of these, the Company's results of operations during the third quarter under review showed consolidated net sales of 614,991 million yen (up 4.3% year-on-year), consolidated ordinary income of 11,187 million yen (up 5.7% year-on-year), and consolidated net income of 6,712 million yen (up 11.3% year-on-year). Continuing with the trend in the first half, these results marked an all-time record for any third quarter period.

In reinforcing the Toho Pharmaceutical Group of consolidated companies, Mori Pharmaceutical, with whom we had announced a business alliance on September 13, 2007, became a wholly owned subsidiary of the Company as of January 1, 2008. Honma Toho and Koyo, which were already consolidated subsidiaries of the Company, are scheduled to become wholly owned subsidiaries of the Company as of February 1, 2008.

2. Qualitative Information on Consolidated Financial Position

• Changes in Consolidated Financial Position

The changes in the Company's financial position during the third fiscal quarter under review since the end of the preceding fiscal year are discussed below:

Total assets were up by 24,539 million yen to 420,986 million yen. The major factors included an increase of 32,074 million yen in trade notes and accounts receivable and an increase of 6,406 million yen in inventories as well as a decrease of 20,296 million yen in cash and deposits.

Total liabilities were up by 21,118 million yen to 340,774 million yen. Among the major factors were an increase of 26,579 million yen in trade notes and accounts payable.

Total net assets were up by 3,422 million yen to 80,212 million yen. Among the major factors were an increase of 5,798 million yen in retained earnings.

• Consolidated Cash Flows during Third Fiscal Quarter

Consolidated cash and cash equivalents (hereinafter referred to as "cash") during the third quarter of the current fiscal year were down by 21,776 million yen, compared with the end of the preceding year. Accordingly, the consolidated cash balance at the end of the third quarter came to 21,653 million yen.

The three categories of cash flow during the third fiscal quarter under review, as well as the factors that caused them, are discussed below:

(Cash Flows from Operating Activities)

Operating activities generated a net cash decrease of 11,127 million yen. This primarily reflected an increase in trade receivables of 31,625 million yen, an increase in inventories of 6,270 million yen, an increase in purchase rebates receivable of 2,853 million yen, and income tax and other payments of 5,230 million yen. Meanwhile, income before tax and other adjustments contributed 11,281 million yen, and trade payables increased by 26,229 million yen.

(Cash Flows from Investing Activities)

Investing activities generated a net cash decrease of 7,851 million yen. This primarily reflected disbursements of 1,692 million yen for acquiring tangible fixed assets, of 1,772 million yen for acquiring investment securities, and of 5,000 million yen for acquiring stock in associated companies.

(Cash Flows from Financing Activities)

Financing activities generated a net cash decrease of 2,797 million yen. This primarily reflected disbursements of 1,898 million yen for repurchasing stock in the Company and of 802 million yen for paying cash dividends.

3. Qualitative Information on Projected Consolidated Results of Operations

The Company's projected full-year results of operations during the current fiscal year remain the same as announced on November 8, 2007.

The projected net income per share is corrected for inclusion of 199,843 shares and 968,522 shares to be issued and allocated (substitutionally from the treasury) as the Company swaps shares with Honma Toho and Koyo, respectively, as of February 1, 2008.

4. Others

(1) Adoption of Simplified Accounting Methods

① Accounting for inventories / Inventory amounts are stated on an as-booked basis

② Accounting for income taxes / Based on pro forma annual effective tax rate

③ Certain other items are accounted for using simplified procedures, provided they are insignificant in relative value

(2) Changes in Accounting Policies Compared with Most Recently Completed Fiscal Year

Effective with the fiscal year, the Company's business operations in Segmental Information according to Types of Business are reclassified and renamed.

5. (Summary) Quarterly Consolidated Financial Statements

(1) (Summary) Quarterly Consolidated Balance Sheets of the third Quarter

(Millions of yen, %)

Account	Third Quarter Of Fiscal 2007	Third Quarter Of Fiscal 2008	Increase (Decrease)		(Reference) Fiscal 2007
	Amount	Amount	Amount	%	Amount
(Assets)					
I Current assets					
1. Cash on hand and on deposit	37,815	22,153			42,449
2. Notes and accounts receivable	213,734	227,129			195,055
3. Marketable securities	1,996	498			1,996
4. Inventories	55,354	53,567			47,161
5. Deferred tax assets	1,630	1,530			1,517
6. Purchase rebates receivable	11,223	14,307			11,454
7. Others	10,059	10,775			9,668
Allowance for doubtful receivables	-422	-410			-428
Total current assets	331,391	329,551	-1,840	-0.6	308,874
II Fixed assets					
1. Property, plant and equipment					
(1) Buildings and structures	14,486	14,626			14,432
(2) Land	29,231	28,986			29,042
(3) Others	1,613	1,548			1,404
Total property, plant and equipment	45,331	45,161			44,879
2. Intangible fixed assets					
(1) Goodwill	4,493	5,370			4,088
(2) Others	2,528	2,716			2,979
Total Intangible fixed assets	7,022	8,087			7,068
3. Investments and other assets					
(1) Investments in securities	29,548	32,841			30,075
(2) Deferred income taxes	70	188			179
(3) Others	5,665	6,088			6,347
Allowance for doubtful receivables	- 836	-934			-977
Total investments and other assets	34,448	38,183			35,624
Total fixed assets	86,803	91,432	4,629	5.3	87,572
Total assets	418,194	420,983	2,789	0.7	396,447

(Millions of yen, %)

Account	Third Quarter of Fiscal 2007	Third Quarter of Fiscal 2008	Increase (Decrease)		(Reference) Fiscal 2007
	Amount	Amount	Amount	%	Amount
(Liabilities)					
I Current liabilities					
1. Notes and accounts payable	293,740	296,312			269,733
2. Short-term loans payable	5,782	5,998			5,160
3. Income taxes payable	2,823	2,495			3,130
4. Accrued expenses	1,333	1,237			1,500
5. Accrued bonuses	1,209	1,162			2,365
6. Directors' bonuses	48	56			92
7. Reserve for sales returns	340	310			307
8. Others	4,028	4,404			5,428
Total current liabilities	309,305	311,979	2,674	0.9	287,720
II Long-term liabilities					
1. Bonds payable	9,600	9,900			9,600
2. Long-term debt	600	382			238
3. Deferred tax liabilities	9,585	8,227			9,504
4. Accrued retirement benefits for employees	3,011	2,035			3,006
5. Accrued retirement benefits for directors and corporate auditors	231	—			—
6. Negative goodwill	4,037	2,774			—
7. Deferred tax liabilities due to revaluation	1,417	1,309			1,414
8. Others	3,951	4,163			4,466
Total long-term liabilities	32,435	28,792	-3,643	-11.2	31,936
Total liabilities	341,741	340,771	-970	-0.3	319,656
(Net assets)					
I Shareholder's equity					
1. Common stock	10,599	10,599			10,599
2. Capital surplus	23,606	23,597			23,597
3. Retained earnings	40,221	47,160			41,362
4. Treasury stock	-3,480	-5,380			□3,481
Total shareholder's capital	70,947	75,977	5,030	7.1	72,078
II Evaluation, conversion balance					
1. Unrealized gains on available-for-sale securities	4,086	2,607			3,732
2. Unrealized gains on revaluation of land	-4,808	-4,637			-4,762
Total valuation and translation differences	-722	-2,030	-1,308	181.0	-1,030
III Equity warrants	13	46	33	240.0	21
IV Minority interests	6,214	6,218	4	0.1	5,720
Total net assets	76,453	80,212	3,759	4.9	76,790
Total liabilities and net assets	418,194	420,983	2,789	0.7	396,447

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

(Millions of yen, %)

Account	Third Quarter of Fiscal 2007	Third Quarter of Fiscal 2008	Increase (Decrease)		(Reference) Fiscal 2007
	Amount	Amount	Amount	%	Amount
I Net sales	589,895	614,991	25,096	4.3	773,436
II Cost of sales	541,786	565,101	23,315	4.3	709,811
Gross income	48,109	49,890	1,781	3.7	63,624
Reversal of reserve for sales returns	27	2			5
Gross income after reserve for sales returns	48,082	49,887	1,805	3.8	63,629
III Selling, general and administrative expenses	40,264	41,462	1,198	3.0	54,294
Operating income	7,817	8,424	607	7.8	9,335
IV Non-operating income					
1. Interest income	63	101			95
2. Dividend income	263	322			269
3. Fee income from provision of information	1,224	1,358			1,733
4. Amortization of negative goodwill	995	932			1,325
5. Equity in earnings of investments	56	50			105
6. Miscellaneous income	627	576			862
Total non-operating income	3,231	3,341	110	3.4	4,391
V Non-operating expenses					
1. Interest expenses	72	76			91
2. Loss before deduction of temporary consumption tax payment	325	396			322
3. Miscellaneous losses	70	105			208
Total non-operating expenses	469	578	109	23.3	622
Ordinary income	10,579	11,187	608	5.7	13,104
VI Extraordinary gains					
1. Gains on sales of fixed assets	35	255			52
2. Gains on sales of investment securities	57	15			54
3. Gains on sales of stocks of affiliate companies	181	—			181
4. Gains due to switchover to defined contribution pension program	—	259			—
5. Others	21	39			68
Total extraordinary gains	295	569	274	92.8	549
VII Extraordinary losses					
1. Loss on disposal of fixed assets	325	204			601
2. Loss on sale of investment securities	0	—			0
3. Loss on revaluation of investment securities	—	3			—
4. Loss on sale of golf club memberships	3	2			4
5. Director's retirement benefits	—	35			309
6. Loss due to switchover to defined contribution pension program	96	—			96
7. Impairment loss	11	225			485
8. Others	10	4			358
Total extraordinary losses	447	476	29	6.5	1,856
Income before income taxes	10,427	11,281	854	8.2	11,797
Adjustments for income taxes	4,030	4,112	82	2.0	4,454
Minority interests	366	457	91	24.8	124
Net income	6,030	6,712	682	11.3	7,218

(3) (Summary) Quarterly Consolidated Statement of Changes in Shareholders' Equity
 Previous Third Fiscal Quarter (Third Quarter of Fiscal Year 2007)

	Shareholder's Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholder's Equity
Balance on March 31, 2006 (million yen)	10,399	14,282	35,184	-1,268	58,598
Changes during this quarter					
New stock issued for swapping stocks		9,124		-40	9,083
Increase reflecting exercises of stock acquisition rights embedded in bonds	200	199			400
Surplus distributed to shareholders			-862		-862
Bonuses to directors and corporate auditors			-51		-51
Net income			6,030		6,030
Company stock reacquired				-2,167	-2,167
Decrease due to increase in consolidated subsidiaries			-0	-3	-3
Transfer from land revaluation excess			-80		-80
Change (net increase or decrease) in non-shareholders' equity items during quarter					
Total changes during quarter (million yen)	200	9323	5,036	-2,211	12,349
Balance at December 31, 2006 (million yen)	10,599	23,606	40,221	-3,480	70,947

	Valuation and translation differences			Equity warrants	Minority interests	Total net assets
	Unrealized gains on available-for-sale securities	Unrealized gains on revaluation of land	Total valuation and translation differences			
Balance on March 31, 2006 (million yen)	3,207	-4,889	-1,682	-	5,804	62,720
Changes during this quarter						
New stock issued for swapping stocks						9,083
Increase reflecting exercises of stock acquisition rights embedded in bonds						400
Surplus distributed to shareholders						-862
Bonuses to directors and corporate auditors						-51
Net income						6,030
Company stock reacquired						-2,167
Decrease due to increase in consolidated subsidiaries						-3
Transfer from land revaluation excess						-80
Change (net increase or decrease) in non-shareholders' equity items during quarter	879	80	959	13	410	1,383
Total changes during quarter (million yen)	879	80	959	13	410	13,732
Balance at December 31, 2006 (million yen)	4,086	-4,808	-722	13	6,214	76,453

Third Fiscal Quarter under Review (Third Quarter of Fiscal Year 2008)

	Shareholder's Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholder's Equity
Balance on March 31, 2007 (million yen)	10,599	23,597	41,362	-3,481	72,078
Changes during this quarter					
Surplus distributed to shareholders			-789		-789
Net income			6,712		6,712
Company stock reacquired				-1,898	-1,898
Transfer from land revaluation excess			-124		-124
Change (net increase or decrease) in non-shareholders' equity items during quarter					
Total changes during quarter (million yen)			5,797	-1,898	3,899
Balance at December 31, 2007 (million yen)	10,599	23,597	47,160	-5,380	75,977

	Valuation and translation differences			Equity warrants	Minority interests	Total net assets
	Unrealized gains on available-for-sale securities	Unrealized gains on revaluation of land	Total valuation and translation differences			
Balance on March 31, 2007 (million yen)	3,732	-4,762	-1,030	21	5,720	76,790
Changes during this quarter						
Surplus distributed to shareholders						-789
Net income						6,712
Company stock reacquired						-1,898
Transfer from land revaluation excess						-124
Change (net increase or decrease) in non-shareholders' equity items during quarter	-1,124	124	-1,000	24	498	-477
Total changes during quarter (million yen)	-1,124	124	-1,000	24	498	3,421
Balance at December 31, 2007 (million yen)	2,607	-4,637	-2,030	46	6,218	80,212

(Reference) Previous Fiscal Year (Fiscal Year 2007)

	Shareholder's Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholder's Equity
Balance on March 31, 2006 (million yen)	10,399	14,282	35,184	-1,268	58,598
Changes during fiscal year					
New stock issued for swapping stocks		9,083			9,083
Increase reflecting exercises of stock acquisition rights embedded in bonds	200	199			400
Surplus distributed to shareholders			-862		-862
Bonuses to directors and corporate auditors			-51		-51
Net income			7,218		7,218
Company stock reacquired				-2,209	-2,209
Company stock disposed of		31			31
Decrease due to increase in consolidated subsidiaries			-0	-3	-3
Transfer from land revaluation excess			-126		-126
Change (net increase or decrease) in non-shareholders' equity items					
Total changes (Million Yen)	200	9,315	6,177	-2,212	13,480
Balance at March 31, 2007 (million yen)	10,599	23,597	41,362	-3,481	72,078

	Valuation and translation differences			Equity warrants	Minority interests	Total net assets
	Unrealized gains on available-for-sale securities	Unrealized gains on revaluation of land	Total valuation and translation differences			
Balance on March 31, 2006 (million yen)	3,207	-4,889	-1,682	—	5,804	62,720
Changes during fiscal year						
New stock issued for swapping stocks						9,083
Increase reflecting exercises of stock acquisition rights embedded in bonds						400
Surplus distributed to shareholders						-862
Bonuses to directors and corporate auditors						-51
Net income						7,218
Company stock reacquired						-2,209
Company stock disposed of						31
Decrease due to increase in consolidated subsidiaries						-3
Transfer from land revaluation excess						-126
Change (net increase or decrease) in non-shareholders' equity items	525	126	652	21	-83	590
Total changes (Million Yen)	525	126	652	21	-83	14,070
Balance at March 31, 2007 (million yen)	3,732	-4,762	-1,030	21	5,720	76,790

(4) (Summary) Consolidated Statements of Cash Flows

(Millions of yen)

	Third Quarter of Fiscal 2007 (From April 1, 2006 To December 31, 2006)	Third Quarter of Fiscal 2008 (From April 1, 2007 To December 31, 2007)	(Reference) (Fiscal 2007)
Classification	Amount	Amount	Amount
I Cash flows from operating activities			
Income before income taxes	10,427	11,281	11,797
Depreciation	1,474	1,534	2,000
Loss on impairment	11	225	485
Amortization of goodwill	749	652	992
Amortization of negative goodwill	-995	-932	-1,325
Equity in earnings of investments	-56	-50	-105
Decrease in accrued employees' retirement benefits	-592	-970	-597
Decrease in accrued directors' retirement benefits	-830	—	-192
Increase (decrease) in reserve for sales returns	27	2	-5
Increase (decrease) in accrued bonuses	-1,105	-1,213	50
Increase (decrease) in accrued director's bonuses	48	-36	92
Increase (decrease) in allowance for doubtful receivables	-62	-61	84
Decrease (increase) in trade receivables	-17,807	-31,625	624
Decrease (increase) in inventories	-8,162	-6,270	30
Decrease (increase) in purchase rebates receivable	695	-2,853	465
Increase in other assets	-1,046	-1,040	-916
Increase in trade payables	35,867	26,229	11,861
Increase in other liabilities	2,139	205	2,017
Decrease in accrued consumption taxes	-647	-789	-260
Payment of directors' bonuses	-61	—	-61
Others	-1,628	-1,734	-1,673
Subtotal	18,444	-7,447	25,363
Payment of income taxes	-3,594	-5,230	-3,528
Others	1,850	1,550	2,438
Net cash provided by operating activities	16,700	-11,127	24,273
II Cash flows from investing activities			
Payment for addition to time deposits	-1,011	-172	-1,590
Proceeds from refunds of time deposits	1,153	191	1,097
Payment for acquisition of tangible fixed assets	-1,417	-1,692	-1,808
Payment for disposal of property, plant and equipment	—	-98	—
Proceeds from sale of tangible fixed assets	128	772	179
Payment for acquisition of goodwill	—	-120	—
Payment for acquisition of software	-95	-74	-187
Payment for acquisition of investment securities	-167	-1,772	-782
Proceed from sale of investment securities	84	27	78
Payment for acquisition of stocks in subsidiaries accompanied by changes in consolidation	-1,841	-1,524	-1,841
Payment for acquisition of stocks in subsidiaries	-131	-48	-408
Proceed from sale of stocks in subsidiaries	—	5	—
Payment for acquisition of stocks in affiliates	—	-3,428	—
Proceed from sale of stocks in affiliates	177	—	177
Payment for acquisition of other investments	-467	-102	-473
Proceeds from sale of other investments	350	155	540
Payment for extension of loans	-1,066	-150	-1,200
Proceeds from collection of loans	204	233	278
Others	-235	-53	-241
Net cash provided by (used in) investing activities	-4,334	-7,851	-6,182

	Third Quarter of Fiscal 2007 (From April 1, 2006 To December 31, 2006)	Third Quarter of Fiscal 2008 (From April 1, 2007 To December 31, 2007)	(Reference) (Fiscal 2007)
Classification	Amount	Amount	Amount
III Cash flows from financing activities			
Net decrease in short-term loans payable	- 4,300	842	-4,558
Proceeds from long-term debt	—	100	—
Payment for repayment of long-term debt	-797	-553	-1,524
Payment for acquisition of own stock	-2,167	-1,898	-2,169
Payment for satisfaction of finance lease liabilities	-409	-484	-549
Payment of cash dividends	-862	-789	-862
Payment of cash dividends to minority shareholders	-14	-12	-14
Net cash provided by financing activities	-8,552	-2,797	-9,678
IV Increase (decrease) in cash and cash equivalents	3,813	-21,776	8,412
V Cash and cash equivalents at beginning of year	34,124	43,429	34,124
VI Increase in cash and cash equivalents due to business mergers	—	—	13
VII Increase in cash and cash equivalents due to stock swapping	879	—	879
VIII Cash and cash equivalents at end of first quarter	38,831	21,653	43,429

(5) Segmental Information

[Segmental Information according to Types of Business]

Third Quarter of Fiscal 2007 (from April 1, 2006 to December 31, 2006)

(Millions of yen)

	Pharmaceutical	Information Processing	CRO and SMO	Total	Eliminations or corporate	Consolidated
Net sales						
(1) Net sales to external customers	589,156	51	688	589,895	—	589,895
(2) Inter-segment internal net sales or transfers	66	670	—	736	(736)	—
Total	589,222	721	688	590,632	(736)	589,895
Operating expense	580,729	685	806	582,221	(143)	582,078
Operating income	8,492	35	-117	8,411	(593)	7,817

Third Quarter of Fiscal 2008 (from April 1, 2007 to December 31, 2007)

	Pharmaceutical Wholesaling	Dispensing Pharmacy (million yen)	Information Processing	CRO and SMO	Total	Eliminations or corporate	Consolidated
Net sales							
(1) Net sales to external customers	603,356	11,121	28	485	614,991	—	614,991
(2) Inter-segment internal net sales or transfers	4,098	—	625	—	4,724	(4,724)	—
Total	607,455	11,121	654	485	619,716	(4,724)	614,991
Operating expense	599,046	10,471	606	620	610,745	(4,178)	606,567
Operating income	8,408	649	47	-135	8,970	(546)	8,424

(Reference) Fiscal of Fiscal 2007 (from April 1, 2006 to March 31, 2007)

	Pharmaceutical	Information Processing	CRO and SMO	Total	Eliminations or corporate	Consolidated
Net sales						
(1) Net sales to external customers	772,385	89	960	773,436	—	773,436
(2) Inter-segment internal net sales or transfers	103	882	—	986	(986)	—
Total	772,489	972	960	774,422	(986)	773,436
Operating expense	762,335	918	1,042	764,296	(195)	764,101
Operating income	10,153	53	-81	10,126	(791)	9,335

Reclassification and Renaming of Business Operations

In past years, the Company's dispensing pharmacy operations were classified into the segment called Pharmaceutical. Since the Company has expanded and enhanced dispensing pharmacy operations, however, both their net sales and operating income have grown to levels considered to be significant, so these operations are reclassified effective with the current fiscal year.

This reclassification involves the renaming of Pharmaceutical to Pharmaceutical Wholesaling.

Under the same classification system that applies to the third quarter under review, the third-quarter and full-year Segmental Information according to Types of Business during the preceding fiscal year is restated as follows:

Third Quarter of Fiscal 2007 (from April 1, 2006 to December 31, 2006)

(Millions of yen)

	Pharmaceutical wholesaling	Dispensing pharmacies	Information processing	CRO and SMO	Total	Eliminations or corporate	Consolidated
Net sales							
(1) Net sales to external customers	580,089	9,066	51	688	589,895	—	589,895
(2) Inter-segment internal net sales or transfers	3,309	—	670	—	3,980	(3,980)	—
Total	583,399	9,066	721	688	593,876	(3,980)	589,895
Operating expense	575,161	8,811	685	806	585,465	(3,386)	582,078
Operating income	8,237	255	35	-117	8,411	(593)	7,817

(Reference) Fiscal of Fiscal 2007 (from April 1, 2006 to March 31, 2007)

(Millions of yen)

	Pharmaceutical wholesaling	Dispensing pharmacies	Information processing	CRO and SMO	Total	Eliminations or corporate	Consolidated
Net sales							
(1) Net sales to external customers	760,140	12,245	89	960	773,436	—	773,436
(2) Inter-segment internal net sales or transfers	4,281	—	882	—	5,164	(5,164)	—
Total	764,422	12,245	972	960	778,600	(5,164)	773,436
Operating expense	754,713	11,800	918	1,042	768,474	(4,373)	764,101
Operating income	9,708	445	53	-81	10,126	(791)	9,335

[Segmental Information according to Geographical Locations]

Previous third fiscal quarter (Third quarter of fiscal year 2007)

This disclosure is not applicable, because all the Group's consolidated subsidiaries are located in Japan

Third fiscal quarter under review (Third quarter of fiscal year 2008)

This disclosure is not applicable, because all the Group's consolidated subsidiaries are located in Japan.

(Reference) Previous fiscal year (Fiscal year 2007)

This disclosure is not applicable, because all the Group's consolidated subsidiaries are located in Japan.

[Overseas Sales]

Previous third fiscal quarter (Third quarter of fiscal year 2007)

This disclosure is not applicable, because the Group generates no sales outside Japan.

Third fiscal quarter under review (Third quarter of fiscal year 2008)

This disclosure is not applicable, because the Group generates no sales outside Japan.

(Reference) Previous fiscal year (Fiscal year 2007)

This disclosure is not applicable, because the Group generates no sales outside Japan.

(6) State of Purchasing and Selling

(1) Historical purchases

Business segment	Third Quarter of Fiscal 2007 (From April 1, 2006 To December 31, 2006)		Third Quarter of Fiscal 2008 (From April 1, 2007 To December 31, 2007)		(Reference) Fiscal 2007	
	Amount (Million Yen)	Share (%)	Amount (Million Yen)	Share (%)	Amount (Million Yen)	Share (%)
Pharmaceutical wholesaling	546,254	99.4	567,196	99.3	705,080	99.4
Dispensing pharmacies	3,307	0.6	3,952	0.7	4,251	0.6
Information processing	28	0.0	11	0.0	46	0.0
Total	549,590	100.0	571,160	100.0	709,378	100.0

(Note) 1. As the Company's operations are reclassified effective with the third quarter (Fiscal 2008) under review, the third - quarter and full-year results during the preceding year have been restated to conform to the same business segmentation that applies to the first quarter under review.

2. Inter-segment transactions are stated in net terms for elimination.

(2) Historical sales

Business segment	Third Quarter of Fiscal 2007 (From April 1, 2006 To December 31, 2006)		Third Quarter of Fiscal 2008 (From April 1, 2007 To December 31, 2007)		(Reference) Fiscal 2007	
	Amount (Million Yen)	Share (%)	Amount (Million Yen)	Share (%)	Amount (Million Yen)	Share (%)
Pharmaceutical wholesaling	580,089	98.4	603,356	98.1	760,140	98.3
Dispensing pharmacies	9,066	1.5	11,121	1.8	12,245	1.6
Information processing	51	0.0	28	0.0	89	0.0
CRO and SMO	688	0.1	485	0.1	960	0.1
Total	589,895	100.0	614,991	100.0	773,436	100.0

(Note) 1. As the Company's operations are reclassified effective with the third quarter (Fiscal 2008) under review, the third - quarter and full-year results during the preceding year have been restated to conform to the same business segmentation that applies to the first quarter under review.

2. Inter-segment transactions are stated in net terms for elimination.

6. (Summary) Quarterly Financial Statements

(1) (Summary) Balance Sheets

(Millions of yen, %)

Account	Third Quarter of Fiscal 2007	Third Quarter of Fiscal 2008	Increase (Decrease)		(Reference) Fiscal 2007
	Account	Account	Account	%	Account
(Assets)					
I. Current assets					
1. Cash on hand and on deposit	29,017	15,351			34,988
2. Notes receivable	2,420	1,774			2,013
3. Accounts receivable	228,160	239,284			204,330
4. Inventories	43,364	42,649			37,964
5. Purchase rebates receivable	7,310	9,668			10,908
6. Others	9,993	8,674			11,976
Allowance for doubtful receivables	-176	-117			-109
Total current assets	320,090	317,386	-2,804	-0.9	302,073
II Fixed assets					
1. Property, plant and equipment					
(1) Buildings	9,984	9,519			9,917
(2) Land	14,180	13,896			14,215
(3) Others	1,313	1,050			1,168
Total property, plant and equipment	25,478	24,466			25,301
2. Intangible fixed assets	2,605	2,523			2,984
3. Investments and other assets					
(1) Equity shares in associated companies	22,917	26,671			23,194
(2) Others	16,015	16,929			17,261
Allowance for doubtful receivables	-548	-544			-579
Total investments and other assets	38,383	43,056			39,876
Total fixed assets	66,467	70,047	3,580	5.4	68,162
Total assets	386,558	387,333	775	0.2	370,235

Account	Third Quarter of Fiscal 2007	Third Quarter of Fiscal 2008	Increase (Decrease)		(Reference) Fiscal 2007
	Amount	Amount	Amount	%	Amount
(Liabilities)					
I Current liabilities					
1. Notes payable	1,445	738			945
2. Accounts payable	287,977	291,711			265,375
3. Short-term loans payable	928	403			603
4. Income taxes payable	1,414	1,666			1,334
5. Accrued bonuses	585	554			1,111
6. Director's bonuses	27	27			36
7. Reserve for sales return	219	201			192
8. Others	15,230	13,712			21,126
Total current liabilities	307,828	309,014	1,186	0.4	290,725
II Long-term liabilities					
1. Bonds payable	9,600	9,600			9,600
2. Long-term debt	358	8			33
3. Deferred tax liabilities	2,353	1,531			2,332
4. Deferred tax liabilities due to revaluation	1,417	1,309			1,414
5. Accrued retirement benefits for employees	950	880			991
6. Others	2,435	2,211			2,742
Total long-term liabilities	17,099	15,541	-1,558	-9.1	17,114
Total liabilities	324,928	324,556	-372	-0.1	307,839
(Net assets)					
I Shareholders' equity					
1. Common stock	10,599	10,599			10,599
2. Capital surplus	26,206	26,206			26,206
3. Retained earnings	29,763	33,627			30,688
4. Common stock for treasury	-3,506	-5,406			-3,507
Total shareholder's equity	63,063	65,027	1,964	3.1	63,986
II Evaluation and conversion difference, etc					
1. Unrealized gains on available-for-sale securities	3,338	2,318			3,126
2. Unrealized gains on revaluation of land	-4,786	-4,614			-4,739
Total evaluation and conversion difference, etc	-1,447	-2,296	-849	58.7	-1,612
III Equity warrants	13	46	33	240.0	21
Total net assets	61,630	62,777	1,147	1.9	62,396
Total liabilities and net assets	386,558	387,333	775	0.2	370,235

(2) (Summary) Statements of Income

(Millions of yen, %)

Account	Third Quarter of Fiscal 2007	Third Quarter of Fiscal 2008	Increase (Decrease)		(Reference) Fiscal 2007
	Amount	Amount	Amount	%	Amount
I Net sales	555,738	593,858	38,120	6.9	729,380
II Cost of sales	530,995	567,018	36,023	6.8	696,716
Gross income	24,742	26,840	2,098	8.5	32,663
Reversal of reserve for sales returns	22	9			5
Gross income after reserve for sales returns	24,720	26,831	2,111	8.5	32,668
III Selling, general and administrative expenses	20,304	22,201	1,897	9.3	27,598
Operating income	4,415	4,629	214	4.8	5,070
IV Non-operating income	1,668	1,964	296	17.7	2,236
V Non-operating expenses	98	158	60	60.9	125
Ordinary income	5,985	6,435	450	7.5	7,181
VI Extraordinary gains	189	265	76	40.2	206
VII Extraordinary losses	882	425	-457	-51.7	1,202
Income before income taxes	5,292	6,275	983	18.6	6,186
Income taxes	2,330	2,421	91	3.9	2,253
Net income	2,961	3,853	892	30.1	3,932