

CONSOLIDATED STATEMENTS OF INCOME

Sawai Pharmaceutical Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2008, 2007 and 2006

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2008	2007	2006	2008
Net Sales	¥ 37,631	¥ 34,317	¥ 26,616	\$ 375,559
Cost of Sales	20,130	17,357	13,265	200,898
Gross Profit	17,501	16,960	13,351	174,661
Selling, General and Administrative Expenses	13,453	12,267	9,052	134,262
Operating Income	4,048	4,693	4,299	40,399
Other Income (Expenses):				
Interest and dividend income	17	17	10	170
Interest expense	(192)	(116)	(68)	(1,916)
Gain on real estate in trust beneficial interest	—	—	48	—
Gain on sale of real estate in trust beneficial interest	—	—	57	—
Loss on disposal of inventories	(508)	(236)	(218)	(5,070)
Commission for commitment line setup	—	—	(77)	—
Gain on receipt of fixed assets (Note 11)	—	—	675	—
Gain on reversal of provision for employees' retirement benefits	—	—	297	—
Gain on transfer of product's approval	—	—	100	—
Gain on transfer of products' distributorship	—	109	—	—
Loss on transfer of shareholders' interest (Note 12)	—	—	(63)	—
Loss due to impairment (Note 13)	—	(297)	(27)	—
Loss on disposal of buildings and structures	(25)	(62)	(36)	(250)
Gain on sale of fixed assets, net	(3)	0	(1)	(30)
Amortization of share issue expense	—	(55)	—	—
Repayment of cancellation of insurance for directors	—	85	—	—
Reserve for sales rebates for the previous period	(207)	—	—	(2,066)
Loss on devaluation of investments in securities	(50)	—	—	(499)
Reversal of allowance for doubtful receivables	21	0	16	210
Amortization of negative goodwill	12	5	—	120
Other, net	16	23	32	160
	(919)	(527)	744	(9,171)
Income Before Income Taxes And Minority Interests	3,129	4,166	5,043	31,228
Provision for Income Taxes:				
Current	1,380	1,737	(1,830)	13,773
Deferred	(164)	(29)	(203)	(1,637)
Minority Interests	174	198	—	1,737
Net Income	¥ 1,739	¥ 2,260	¥ 3,010	\$ 17,355
		Yen		U.S. dollars (Note 1)
Per Share of Common Stock:				
Net income—basic	¥ 110.73	¥ 157.67	¥ 217.08	\$ 1.11
Net income—diluted	—	—	—	—
Dividends	55.00	55.00	50.00	0.55

The accompanying notes to the consolidated financial statements are an integral part of these statements.