

Consolidated Financial Statement for First Quarter of the Fiscal Year ending March 2004

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Stock Exchange Listings: Tokyo, Nagoya, Sapporo
Stock Code: 9987

Matters concerning the preparation of the consolidated business results for the first quarter of the fiscal year ending March 31, 2004 are highlighted as follows:

1. Difference in accounting method from that of the previous fiscal year:
 - a. Inventories are calculated based on book value.
 - b. Simplified methods are used for items having little financial impact.
2. Changes relevant to scope of consolidation and application of the equity method include one newly consolidated subsidiary company.

Business results for the first quarter of the fiscal year ending March 31, 2004

(April 1 – June 30, 2003)

(Fractions less than ¥1 million have been omitted.)

	Net sales		Operating income		Ordinary income		Net income	
	¥ million	% change	¥ million	% change	¥ million	% change	¥ million	% change
1Q ended June 30, 2003	277,412		4,009		6,124		3,331	
1Q ended June 30, 2002								
Year ended March 31, 2003	1,060,210		18,938		27,343		16,004	

	Net income per share Basic	Net income per share Diluted
	¥	¥
1Q ended June 30, 2003	45.96	45.11
1Q ended June 30, 2002		
Year ended March 31, 2003	221.49	216.96

Note: Figures and percent changes of comparable period of previous year are not available, as this is the first time the Company is announcing quarterly results.

Operational results:

Japan's pharmaceutical industry was stagnant in the first quarter of fiscal year ending March 2004 due to revisions to National Health Insurance Law in April 2003. Patients are now required to pay out-of-pocket for 30% of the total medical fees for a treatment.

Suzuken announced the acquisition of a Chugoku-based pharmaceutical wholesaler, Sanki Corporation, via a share exchange, and the Company also agreed to acquire Ando Chemical Works Co., Ltd. which is headquartered in Gifu Prefecture. Moreover, Suzuken concluded a comprehensive business partnership agreement with Shikoku-based ASTIS Co., Ltd. As a result, Suzuken has significantly expanded its business base.

Suzuken also streamlined its marketing organization in order to enable our sales infrastructure to respond more quickly to its customer needs.

Net sales for the first quarter were ¥277,412 million, 4.6% below our forecast. Although the sales increased due to the merger with Ohmori Co., Ltd., the industry growth was 3 percentage points below our estimate.

Operating income was ¥4,009 million, 23.8% above the forecast, due to Company-wide efforts to reduce selling, general and administrative costs. Ordinary income was ¥6,124 million, 14.9% above the forecast, and net income was ¥3,331 million, 16.1% above the forecast.

Net sales by business segment

	Six months ended June 30, 2003 (Forecast)	Six months ended June 30, 2003 (Actual)	Difference (Actual – Estimate)	Actual Sales as a % of Forecasted Sales
	¥ million	¥ million	¥ million	%
Pharmaceutical Distribution	285,360	271,977	(13,382)	95.3
Pharmaceutical manufacturing	10,450	10,334	(115)	98.9
Other healthcare related services	3,610	3,631	21	100.6
Sub total	299,420	285,944	(13,475)	95.5
Elimination/Corporate	(8,590)	(8,531)	58	99.3
Total	290,830	277,412	(13,417)	95.4

Pharmaceutical Distribution:

There were sales increases in the Company's two largest markets, Tokyo and Osaka, due to the merger with Ohmori Co., Ltd. Despite these results, net sales for the Company as a whole were ¥271,977 million, 4.7% below the forecast due to the offset from sales decreases after revisions in National Healthcare Insurance increased patients' out-of-pocket payments to 30% from 20%.

Pharmaceutical Manufacturing:

Nutritional and medical foods continued to have strong sales; however the pharmaceutical manufacturing business finished below expectations. As a result, net sales were ¥10,334 million, 1.1% below the forecast.

Other Healthcare-Related Services:

Net sales of other healthcare-related services were ¥3,631 million, 0.6% above the forecast due to strong sales at dispensing pharmacies along with the acceleration in the separation of prescribing and dispensing functions.

Forecast for the fiscal year ending March 31, 2004 (April 1, 2003 – March 31, 2004)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	¥million	¥million	¥million	¥million	¥
Six months ending Sept. 30, 2003	590,000	6,900	11,400	6,300	86.91
Year ending March 31, 2004	1,244,300	18,900	28,200	15,900	212.01

Note: Net income per share for the fiscal year ending March 31, 2004 is calculated considering the merger with Ando Chemical Works Co., Ltd. and Sanki Corporation as of October 1, 2003.

The forecasts made public at the beginning of the fiscal year stand without any modification due to uncertainties regarding industry growth and our strong income growth.

The financial estimates are based on information available as of August 5, 2003, and certain assumptions regarding uncertain factors which may impact the Company's business results in the future. Actual results could differ significantly from the above estimates due to subsequent changes in circumstances.

Highlights of Consolidated Profit and Loss Statement

(Fractions less than ¥1 million have been omitted.)

	1Q Forecast April 1 – June 30, 2003		1Q Actual April 1 – June 30, 2003		Forecast - Actual		Previous year- Actual April 1, 2002 – March 31, 2003	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Net sales	290,830	100	277,412	100.0	(13,417)	95.4	1,060,210	100.0
Cost of sales	262,510	90.3	249,401	89.9	(13,108)	95.0	944,707	89.1
Gross profit	28,320	9.7	28,010	10.1	(309)	98.9	115,503	10.9
Reversal of sales returns	630	0.2	630	0.2	-	100.0	597	0.1
Provision for sales returns	630	0.2	630	0.2	-	100.0	633	0.1
Gross profit after adjustment	28,320	9.7	28,010	10.1	(309)	98.9	115,467	10.9
Selling, general and administrative expenses	25,080	8.6	24,000	8.6	(1,079)	95.7	96,529	9.1
Operating income	3,240	1.1	4,009	1.5	769	123.8	18,938	1.8
Non-operating income:	2,130	0.7	2,183	0.7	53	102.5	8,958	0.8
Interests and dividends	110		116		6		506	
Purchase discounts	1,200		1,141		(58)		4,853	
Commission for supplying sales data	640		638		(1)		2,422	
Other	180		286		106		1,175	
Non-operating expenses:	40	0.0	68	0.0	28	171.6	553	0.0
Interest expenses	-		6		6		41	
Other	40		61		21		511	
Ordinary income	5,330	1.8	6,124	2.2	794	114.9	27,343	2.6
Extraordinary gain:	-	-	11	0.0	11	-	12,980	1.2
Gain on sales of fixed assets	-		-		-		233	
Gain on sales of Investment Securities	-		8		8		311	
Gain on release of Future responsibility for contributory national pension plan	-		-		-		12,360	
Other	-		3		3		74	
Extraordinary loss:	-	-	70	0.0	70	-	11,014	1.0
Loss on sales and disposal of fixed assets	-		31		31		2,640	
Loss on write-down of fixed assets	-		37		37		865	
Special retirement Pay	-		-		-		4,088	
Loss on termination of non-contributor pension plan	-		-		-		2,654	
Other	-		2		2		765	
Income before income taxes and minority interests	5,330	1.8	6,065	2.2	735	113.8	29,310	2.8
Income taxes	2,423	0.8	2,681	1.0	258	110.7	13,114	1.3
Minority interests	37	0.0	52	0.0	15	141.2	191	0.0
Net income	2,870	1.0	3,331	1.2	461	116.1	16,004	1.5

Highlights of Non-Consolidated Profit and Loss Statement

(Fractions less than ¥1 million have been omitted.)

	1Q Forecast April 1 – June 30, 2003		1Q Actual April 1 – June 30, 2003		Forecast - Actual		Previous year- Actual April 1, 2002 – March 31, 2003	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Net sales	281,100	100.0	268,581	100.0	(12,518)	95.5	1,022,503	100.0
Cost of sales	259,020	92.1	246,805	91.9	(12,214)	95.3	931,946	91.1
Gross profit	22,080	7.9	21,775	8.1	(304)	98.6	90,557	8.9
Reversal of sales returns	612	0.2	612	0.2	-	100.0	576	0.1
Provision for sales returns	612	0.2	612	0.2	-	100.0	612	0.1
Gross profit after adjustment	22,080	7.9	21,775	8.1	(304)	98.6	90,521	8.9
Selling, general and administrative expenses	19,850	7.1	19,039	7.1	(810)	95.9	75,199	7.4
Operating income	2,230	0.8	2,736	1.0	506	122.7	15,322	1.5
Non-operating income:	2,230	0.8	2,301	0.9	71	103.2	8,935	0.9
Interests and dividends	230		208		(21)		274	
Purchase discounts	1,200		1,140		(59)		4,853	
Commission for supplying sales data	630		621		(8)		2,351	
Other	170		330		160		1,457	
Non-operating expenses:	40	0.0	59	0.0	19	148.4	494	0.1
Interest expenses	-		0		0		15	
Other	4-		59		19		479	
Ordinary income	4,420	1.6	4,978	1.9	558	112.6	23,763	2.3
Extraordinary gain:	-		8	0.0	8	-	10,384	1.0
Gain on sales of fixed assets	-		-		-		231	
Gain on sales of Investment Securities	-		8		8		297	
Gain on release of Future responsibility for contributory national pension plan	-		-		-		9,794	
Other	-		-		-		61	
Extraordinary loss:	-	-	81	0.1	81	-	9,703	0.9
Loss on sales and disposal of fixed assets	-		43		43		2,610	
Loss on write-down of fixed assets	-		37		37		850	
Special retirement Pay	-		-		-		4,088	
Loss on termination of non-contributor pension plan	-		-		-		1,537	
Other	-		-		-		616	
Income before income taxes and minority interests	4,420	1.6	4,905	1.8	485	111.0	24,444	2.4
Income taxes	1,900	0.7	2,110	0.8	210	111.1	10,780	1.1
Net income	2,520	0.9	2,795	1.0	275	110.9	13,663	1.3