

Consolidated Financial Statement for the Interim Period of Fiscal 2003

November 17, 2003

SUZUKEN CO., LTD.

8, Higashi Kataha-machi
Higashi-ku, Nagoya 461-8791 Japan
Tel: +81(52)961-2331
URL: [http:// www.suzuken.co.jp](http://www.suzuken.co.jp)
Representative: Yoshiki Bessho, President and CEO
Contact: Kenichi Matsuoka, Director, Accounting Department

Stock Exchange Listings: Tokyo, Nagoya, Sapporo
Stock Code: 9987
Board of Directors meeting: November 17, 2003
Use of U.S. accounting standards: No

1. Results for the Interim Period of Fiscal 2003 (April 1, 2003 - September 30, 2003)

(1) Consolidated Results of Operations

(Fractions less than ¥ million have been omitted.)

	Net sales		Operating income		Ordinary income	
	¥ million	% change	¥ million	% change	¥ million	% change
Interim period of fiscal 2003	558,139	15.0	8,910	5.8	13,499	7.9
Interim period of fiscal 2002	485,227	3.5	8,419	158.0	12,514	81.8
Year ended March 31, 2003	1,060,210		18,938		27,343	

	Net income		Net income per share Basic	Net income per share Diluted
	¥ million	% change	¥	¥
Interim period of fiscal 2003	8,339	(16.4)	115.05	112.92
Interim period of fiscal 2002	9,981	179.3	141.15	138.10
Year ended March 31, 2003	16,004		221.49	216.96

- Notes:
- Equity in earnings of associated companies: ¥(1) million in the current interim period
¥(2) million in the previous interim period
¥18 million for FYE March 31, 2003
 - Average number of shares outstanding (Consolidated): 72,489,385 shares in the current interim period
70,710,821 shares in the previous interim period
71,591,546 shares in the FYE March 31, 2003
 - No change was made in accounting policies during the current period.
 - Change (%) for net sales, operating income, ordinary income and net income is based on the previous interim period.

(2) Consolidated Financial Position

	Total assets	Shareholders' Equity	Shareholders' equity/ Total assets	Shareholders' equity per share
	¥ million	¥ million	%	¥
September 30, 2003	624,725	195,930	31.4	2,702.45
September 30, 2002	550,272	173,245	31.5	2,450.04
March 31, 2003	623,552	186,898	30.0	2,576.57

- Note: Number of shares outstanding at end of period: 72,501,065 shares at the end of the current interim period.
70,711,417 shares at the end of the previous interim period
72,480,310 shares at the end of the FYE March 31, 2003

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	¥ million	¥ million	¥ million	¥ million
Interim period of fiscal 2003	12,006	(4,836)	(1,405)	89,340
Interim period of fiscal 2002	(27,399)	1,779	(1,504)	65,157
Year ended March 31, 2003	(3,604)	5,641	(14,919)	83,578

(4) Scope of consolidation and application of the equity method

Consolidated subsidiaries: 23 companies
Non-consolidated subsidiaries accounted for by the equity method: None
Associated companies accounted for by the equity method: 2 companies

(5) Changes in scope of consolidation and application of the equity method

Consolidation: (Newly consolidated subsidiary) 1 company (Excluded subsidiaries) 2 companies
Equity methods: None

2. Projected Results for Fiscal 2003 (April 1, 2003 – March 31, 2004)

	Net sales	Ordinary income	Net income
	¥ million	¥ million	¥ million
Fiscal Year ending March 31, 2004	1,205,000	28,900	16,500

Reference: Estimated net income per share (EPS) for the year ending March 31, 2004: ¥221.74

The financial estimates are based on information available as of November 17, 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.

1. Comments on interim results

During the six-month period ending September 30, 2003, corporate investment and the securities market showed some recovery. However, consumer spending remained flat, and high unemployment persisted. The overall economy continues to be unpredictable.

In spite of higher sales of new drugs and the continued growth of the elderly population, Japan's ethical pharmaceutical market grew by only 1% during the last six months. This is due to the large demand for pharmaceuticals that occurred during the same interim period last year as a result of the deregulation of the allowable duration of prescriptions. In addition, fewer patients have visited hospitals during this interim period because revisions to National Health Insurance Law in April 2003 now require patients to pay more of their health care expenditures out-of-pocket.

During the last decade, the number of pharmaceutical wholesaling companies decreased from 331 to 149 (as of October 2003) due to accelerated consolidation. The market shares of large companies have been growing, and three companies with sales over 1 trillion yen dominate the market.

In response to the current environment, for the past two years Suzuken has been focusing on setting appropriate selling prices as well as on improving the terms of our contracts with customers.

In May 2003, Suzuken introduced a sales support system that employs PCs equipped for wireless communication in order to strengthen the Company's marketing infrastructure. This system greatly improves the efficiency of sales activities by giving sales people easy access to data on customers and other useful information. Sales people can therefore meet each customer's need more quickly and accurately.

Suzuken transferred all the shares of its automobile repair subsidiary, Suzuken Seibi Co., Ltd., and its construction subsidiary, Suzuken Seibi Co., Ltd., in order to improve the overall efficiency of the Suzuken group.

We switched our tax qualified retirement benefit system to a defined-contribution system, a so-called "Japanese 401k," in September 2002. We obtained approval to transfer the substitutional portion of welfare pension funds and also established a cash-balance pension system in September 2003. Pension obligations have declined as a result.

During the period, we established our first presence in Shikoku through an alliance with ASTIS Co., Ltd. Only five prefectures remain outside of our service network.

Consolidated sales increased ¥72,912 million to ¥558,139 million compared with the same period in the previous year. The main reason for the increase is the sales growth from the merger with Ohmori Co., Ltd.

Operating income also increased ¥490 million to ¥8,910 million from the same period in the previous year, reflecting a ¥6,126 million increase in gross profit as a result of sales growth from the Ohmori merger. Selling, general and administrative expenses increased by ¥5,636 million, which was a lower increase than expected.

Ordinary income increased ¥985 million to ¥13,499 million from the same period in the

previous year, reflecting a ¥45 million increase in purchase discounts and a ¥154 million increase in commissions for supplying sales data.

In extraordinary gains, ¥12,360 million was posted as a gain on the exemption from future payment obligations into public pension funds.

In extraordinary losses, ¥4,007 million was posted as a special retirement payment, and ¥2,495 million was posted as a loss on the termination of our non-contributory pension plan.

As a result, net income decreased ¥1,641 million to ¥8,339 million.

2. Sales results by segment

Pharmaceutical Distribution

Sales in this segment increased by 15.6% to ¥545,773 million, mainly due to increases from the merger with Ohmori Co., Ltd. together with growth in the pharmacy market. Operating income increased by 27.0% to ¥7,156 million.

Pharmaceutical Manufacturing

Sales in the manufacturing segment decreased by 16.0% to ¥7,351 million, mainly due the decrease in contract sales, which offset the increase in sales of and test strips used with diabetic glucose monitors and health foods. Operating income decreased by 42.5% to ¥1,446 million.

Other Healthcare-Related Services

Sales in this segment increased by 18.2% to ¥5,014 million, primarily due to increases in sales in the dispensing pharmacy market. Operating income increased by 13.0% to ¥114 million.

Note: The above figures do not include inter-segment sales.

Sales results by operational area are not disclosed, as results from consolidated subsidiaries and operations outside of Japan are negligible.

3. Outlook for the coming fiscal year

Suzuken will strengthen its information infrastructure to quickly fulfill our customers' various needs as well as pharmaceutical manufacturers' needs by analyzing information gathered through sales activities. Moreover, we will reinforce training and study programs to enable sales people to be better able to provide solutions and to collaborate with our clinic and hospital customers to deliver better healthcare.

Suzuken acquired Ando Chemical Works Co., Ltd. which has its main business area in the Tokai region (the central region of Japan). Suzuken also consolidated Sanki Corporation as one of our group companies which has its main business area in Chugoku region (the eastern end of the main island of Japan). One of our subsidiaries, Suzuken Okinawa Co., Ltd. concluded a comprehensive business partnership agreement with Okinawa Yakuhin Co., Ltd. Suzuken will continue to focus on strengthening sales alliances. At the same time, Suzuken has consolidated distribution facilities and started construction of a middle-sized distribution center to cover the Kanto region (Tokyo and surrounding regions).

Our planned sales for the fiscal year ending March, 2004 are ¥1,205 billion, 13.7% higher than the previous year. Planned ordinary income for the same period is ¥28.9 billion (5.7% higher than the previous year). Finally, planned net income for the fiscal year ending in March 2004 is ¥16.5 billion (3.1% higher than the previous year).

Consolidated Balance Sheets

(Figures less than ¥1 million are rounded down)

ASSETS:	Current Interim Period September 30, 2003		Previous Interim Period September 30, 2002		Previous year March 31, 2003	
	¥ million	%	¥ million	%	¥ million	%
Current Assets:	500,388	80.1	431,583	78.4	503,777	80.8
Cash on hand and in banks, and time deposits	88,340		65,157		83,078	
Trade notes and accounts receivable	298,420		261,877		299,982	
Marketable securities	9		179		548	
Inventories	80,984		76,531		84,205	
Deferred tax assets	7,390		7,429		6,971	
Purchase rebates receivable	22,209		20,820		27,770	
Other current assets	9,411		5,624		7,623	
Allowance for doubtful accounts	(6,379)		(6,036)		(6,404)	
Fixed Assets:	124,337	19.9	118,689	21.6	119,775	19.2
Property and Equipment:	67,004	10.7	62,258	11.3	68,817	11.0
Buildings and structures	27,389		25,034		27,085	
Machinery and vehicles	1,746		3,467		3,446	
Tools, furniture and fixtures	1,582		1,863		1,718	
Land	35,690		31,717		36,386	
Construction in progress	596		175		179	
Intangible Fixed Assets:	7,050	1.1	8,193	1.5	7,142	1.2
Investments and Other Assets:	50,282	8.1	48,237	8.8	43,816	7.0
Investment securities	32,519		29,785		24,878	
Long-term loans	575		804		732	
Deferred tax assets	169		667		689	
Deferred tax assets for land revaluation	-		559		-	
Prepaid pension expenses	9,741		10,088		9,986	
Others	8,920		7,748		9,343	
Allowance for doubtful accounts	(1,643)		(1,415)		(1,815)	
Total	624,725	100.0	550,272	100.0	623,552	100.0

LIABILITIES:	Current Interim Period September 30, 2003		Previous Interim Period September 30, 2002		Previous year March 31, 2003	
	¥ million	%	¥ million	%	¥ million	%
Current Liabilities:	417,596	66.9	360,527	65.5	421,571	67.6
Trade notes and accounts payable	393,168		344,149		402,542	
Short-term bank loans	294		722		651	
Bonds due within one year	100		-		100	
Convertible bonds redeemable within one year	4,163		-		-	
Income taxes payable	5,839		4,022		2,527	
Reserves for sales returns	552		485		633	
Accrued bonuses	6,955		5,981		7,264	
Other current liabilities	6,523		5,168		7,852	
Long-term Liabilities:	8,943	1.4	14,353	2.6	12,963	2.1
Bonds	-		100		-	
Convertible bonds	-		4,594		4,310	
Long-term borrowings	459		1,174		870	
Deferred tax liabilities	3,810		3,766		2,704	
Deferred tax liabilities from revaluations	120		-		171	
Liability of employees' retirement benefits	3,843		3,811		3,935	
Liability for directors' and corporate auditors' retirement benefits	607		813		868	
Other long-term liabilities	101		93		102	
Total Liabilities	426,539	68.3	374,881	68.1	434,535	69.7
MINORITY INTERESTS	2,255	0.3	2,145	0.4	2,119	0.3
SHAREHOLDERS' EQUITY:						
Common stock	13,129	2.1	13,123	2.4	13,129	2.1
Additional paid-in capital	26,177	4.2	20,734	3.8	26,159	4.2
Retained earnings	168,861	27.0	157,405	28.6	162,718	26.1
Land revaluation difference	(4,270)	(0.7)	(4,530)	(0.8)	(5,377)	(0.8)
Net unrealized gain on available-for-sale securities	4,308	0.7	2,981	0.5	2,591	0.4
Foreign currency translation adjustments	(9)	(0.0)	(9)	(0.0)	(9)	(0.0)
Treasury stock, at cost	(12,267)	(1.9)	(16,459)	(3.0)	(12,314)	(2.0)
Total Shareholders' Equity	195,930	31.4	173,245	31.5	186,898	30.0
Total	624,725	100.0	550,272	100.0	623,552	100.0

Consolidated Statements of Income

(Figures less than ¥1 million are rounded down)

	Current Interim Period September 30, 2003		Previous Interim Period September 30, 2002		Previous year March 31, 2003	
	¥ million	%	¥ million	%	¥ million	%
Net Sales	588,139	100.0	485,227	100.0	1,060,210	100.0
Cost of sales	499,876	89.6	433,024	89.2	944,707	89.1
Gross Profit	58,263	10.4	52,202	10.8	115,503	10.9
Reversal of sales returns	633	0.1	501	0.1	597	0.1
Provision for sales returns	552	0.1	485	0.1	633	0.1
Gross Profit after Adjustment	58,344	10.4	52,218	10.8	115,467	10.9
Selling, General and Administrative Expenses	49,434	8.8	43,798	9.0	96,529	9.1
Operating Income	8,910	1.6	8,419	1.8	18,938	1.8
Non-operating Income:	4,723	0.8	4,190	0.8	8,958	0.8
Interest	99		188		348	
Dividends	101		98		158	
Purchase discounts	2,660		2,254		4,853	
Commission for supplying sales data	1,286		1,131		2,422	
Other	575		518		1,175	
Non-operating Expenses:	133	0.0	96	0.0	553	0.0
Interest expenses	10		17		41	
Real estate rental expenses	5		10		12	
Loss on termination of lease contracts	15		3		256	
Other	101		64		243	
Ordinary Income	13,499	2.4	12,514	2.6	27,343	2.6
Extraordinary Gain:	1,148	0.2	12,648	2.6	12,980	1.2
Gain on sales of fixed assets	-		201		233	
Gain on sales of investment securities	51		16		311	
Gain on release of future responsibility for contributory national pension plan	-		12,360		12,360	
Gain on sales of subsidiaries share	1,083		-		-	
Other	12		70		74	
Extraordinary Loss:	274	0.0	7,097	1.5	11,014	1.0
Loss on sales and disposal of fixed assets	222		126		2,640	
Special retirement pay	-		4,007		4,088	
Loss on termination of non-contributory pension plan	-		2,495		2,654	
Other	51		467		1,630	
Income before Income Taxes and Minority Interests	14,374	2.6	18,065	3.7	29,310	2.8
Income Taxes:						
Current	5,972	1.1	3,919	0.8	5,749	0.6
Deferred	(30)	(0.0)	3,930	0.8	7,365	0.7
Minority interests	91	0.0	234	0.0	191	0.0
Net Income	8,339	1.5	9,981	2.1	16,004	1.5

Consolidated Statements of Cash Flows

(Figures less than ¥1 million are rounded down)

	Current Interim Period September 30, 2003	Previous Interim Period September 30, 2002	Previous year March 31, 2003
	¥ million	¥ million	¥ million
I. Operating Activities:			
Income before income taxes and minority interests	14,374	18,065	29,310
Depreciation	2,631	2,478	5,258
Provision for (reversal of) allowance for doubtful accounts	(193)	(88)	213
Decrease in liability for employees' retirement benefits	257	(3,458)	(3,390)
Provision for other allowance	(589)	240	941
Interest and dividend income	(201)	(286)	(506)
Interest expenses	10	17	41
Gain on sales of fixed assets	-	(201)	(233)
Gain on sales of investment securities	(51)	(16)	(311)
Profit on sales of subsidiaries stocks	(1,083)	-	-
Gain on release of future responsibility for contributory national pension plan	-	(12,360)	(12,360)
Loss on sales and disposal of fixed assets	222	126	2,640
Write-down of investment securities	8	161	865
Special retirement pay	-	4,007	4,088
Loss on termination of non-contributory pension plan	-	2,495	2,654
Decrease (increase) in trade receivables	1,390	1,472	15,643
Increase in inventories	3,012	(7,308)	(1,665)
Decrease (increase) in purchase rebates receivable	5,561	3,624	1,525
Decrease in trade payables	(8,721)	(25,910)	(29,882)
Other	(2,153)	(1,714)	(6,498)
Subtotal	14,474	(18,652)	8,332
Interest and dividend income received	204	293	513
Interest expenses paid	(11)	(17)	(40)
Special retirement pay paid	-	(4,007)	(4,045)
Income tax paid	(2,660)	(5,015)	(8,363)
Net cash provided by (used in) operating activities	12,006	(27,399)	(3,604)
II. Investing Activities:			
Disbursements for time deposits	-	-	(15)
Proceeds from time deposits	-	2	92
Proceeds from sales of marketable securities	38	200	416
Purchases of property and equipment	(2,107)	(2,109)	(2,978)
Proceeds from sales of property and equipment	498	2,532	3,026
Acquisition of intangible fixed assets	(717)	(781)	(1,889)
Purchase of investment securities	(5,033)	(2,230)	(3,278)
Proceeds from sales of investment securities	302	4,105	9,349
Additional acquisitions of consolidated subsidiary stocks	(43)	-	-
Proceeds from sales of subsidiaries' stock, resulting in change in scope of consolidation	1,774	-	-
Disbursements for loans	(29)	(8)	(9)
Proceeds from collections of loans	94	114	233
Other, net	385	(46)	693
Net Cash used in (provided by) investing activities	(4,836)	1,779	5,641
III. Financing Activities:			
Decrease in short-term borrowings, net	-	-	(12,007)
Repayments of long-term borrowings	(377)	(493)	(867)
Redemption of convertible bonds	(75)	(293)	(532)
Acquisition of treasury stocks	(7)	(8)	(24)
Dividends paid	(941)	(706)	(1,484)
Dividends paid to minority shareholders	(3)	(3)	(3)
Net cash used in financing activities	(1,405)	(1,504)	(14,919)
IV. Foreign Currency Translation Adjustments on Cash and Cash Equivalents	(1)	(7)	(7)
V. Net Decrease in Cash and Cash Equivalents	5,762	(27,132)	(12,889)
VI. Cash and Cash Equivalents, Beginning of Period	83,578	92,290	92,290
VII. Cash and Cash equivalents increased due to merger	-	-	4,177
VIII. Cash and Cash Equivalents, End of Period	89,340	65,157	83,578