

# Consolidated Financial Statement for the Third Quarter of Fiscal 2003

February 9, 2004

## 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: Yoshiaki Bessho, President and CEO

Contact: Kenichi Matsuoka, Director, Accounting Department

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

### 1. Matters concerning the preparation of the consolidated business results for the third 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 the scope of consolidation and the application of the equity method include 17 newly consolidated subsidiary companies and exclude two companies.

### 2. Results for the third quarter of Fiscal 2003 (April 1, 2003 – December 31, 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
3Q ended December 31, 2003	898,605	-	15,256	-	22,362	-
3Q ended December 31, 2002	-	-	-	-	-	-
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	¥	¥
3Q ended December 31, 2003	13,589	-	185.30	181.96
3Q ended December 31, 2002	-	-	-	-
Year ended March 31, 2003	16,004		221.49	216.96

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

#### Operational results:

Although there was a positive effect from our aging society and high sales of new drugs, Japan's pharmaceutical industry was stagnant in the third quarter of fiscal year ending March 2004 due to revisions to the National Health Insurance Law in April 2003. Patients are now required to pay 30% of their total medical expenses out-of-pocket, which has impacted consumption patterns.

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 transferred all its shares of the automobile repair and leasing company Suzuken Seibi Co., Ltd. and construction subsidiary Suzuken Kensetsu Co., Ltd. to other companies in order to enhance efficiency.

Net sales for the third quarter were ¥8,986 million, 0.1% above our forecast. In order to maintain reasonable gross margins, Suzuken focused on setting appropriate business terms between our customers. As a result, gross margin exceeded 0.12 point above the forecast and operating income has grown to ¥15,256 million, 6.7% above our forecast. Ordinary income was ¥22,362 million, 6.0% above the forecast and net income was ¥13,589 million, 11.9% above the forecast.

### Net sales by business segment

	Nine months ended December 31, 2003 (Forecast)	Nine months ended December 31, 2003 (Actual)	Difference (Actual - Estimate)	Actual Sales as a % of Forecasted Sales
	¥ million	¥ million	¥ million	%
Pharmaceutical Distribution	878,900	880,668	1,768	100.2
Pharmaceutical manufacturing	32,700	32,239	(460)	98.6
Other healthcare related services	11,650	11,781	131	101.1
<b>Subtotal</b>	<b>923,250</b>	<b>924,689</b>	<b>1,439</b>	<b>100.2</b>
<b>Elimination/Corporate</b>	<b>(25,850)</b>	<b>(26,084)</b>	<b>(234)</b>	<b>100.9</b>
<b>Total</b>	<b>897,400</b>	<b>898,605</b>	<b>1,205</b>	<b>100.1</b>

### 3. Projected Results for Fiscal Year 2003 (April 1, 2003 – March 31, 2004)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	¥ million	¥ million	¥ million	¥ million	¥
Fiscal Year ending March 31, 2004	1,205,000	19,600	28,900	16,900	228.42

### Qualitative Information for Projected Results

Projected net sales, operating income, and ordinary income stand without any modification due to our strong growth. Projected net income has been amended to ¥16,900 million from ¥16,500 million due to gains from sales of subsidiaries' shares.

*The financial estimates are based on information available as of February 9, 2004 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 Statement of Income

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

	Third Quarter Forecast April 1 – December 31, 2003		Third Quarter Actual April 1 – December 31, 2003		Forecast - Actual		Previous year- Actual April 1, 2002 – March 31, 2003	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
<b>Net sales</b>	897,400	100.0	898,605	100.0	1,205	100.1	1,060,210	100.0
<b>Cost of sales</b>	806,030	89.8	806,007	89.7	(22)	100.0	944,707	89.1
<b>Gross profit</b>	91,370	10.2	92,597	10.3	1,227	101.3	115,503	10.9
Reversal of sales returns	650	0.1	645	0.1	(4)	99.3	597	0.1
Provision for sales returns	550	0.1	564	0.1	14	102.6	633	0.1
<b>Gross profit after adjustment</b>	91,470	10.2	92,678	10.3	1,208	101.3	115,467	10.9
<b>Selling, general and administrative expenses</b>	77,170	8.6	77,422	8.6	252	100.3	96,529	9.1
<b>Operating income</b>	14,300	1.6	15,256	1.7	956	106.7	18,938	1.8
<b>Non-operating income:</b>	7,020	0.8	7,387	0.8	367	105.2	8,958	0.8
Interests and dividends	300		360		60		506	
Purchase discounts	3,910		4,171		261		4,853	
Commission for supplying sales data	1,980		1,998		18		2,422	
Other	830		855		25		1,175	
<b>Non-operating expenses:</b>	220	0.0	280	0.0	60	127.7	553	0.0
Interest expenses	10		20		10		41	
Other	210		260		50		511	
<b>Ordinary income</b>	21,100	2.4	22,362	2.5	1,262	106.0	27,343	2.6
<b>Extraordinary gain:</b>	1,150	0.1	2,655	0.3	1,505	230.9	12,980	1.2
Gain on sales of fixed assets	-		0		0		233	
Gain on sales of investment securities	-		1,537		1,537		311	
Gain on release of future responsibility for contributory national pension plan	-		-		-		12,360	
Gain on sales of subsidiaries' shares	1,000		1,083		83		-	
Other	150		33		(116)		74	
<b>Extraordinary loss:</b>	280	0.1	625	0.1	345	223.5	11,014	1.0
Loss on sales and disposal of fixed assets	280		392		112		2,640	
Loss on write-down of fixed assets	-		49		49		865	
Special retirement pay	-		-		-		4,088	
Loss on termination of non-contributory pension plan	-		-		-		2,654	
Other	-		183		183		765	
<b>Income before income taxes and minority interests</b>	21,970	2.4	24,391	2.7	2,421	111.0	29,310	2.8
<b>Income taxes</b>	9,670	1.0	10,557	1.2	887	109.2	13,114	1.3
<b>Minority interests</b>	160	0.0	244	0.0	84	152.6	191	0.0
<b>Net income</b>	12,140	1.4	13,589	1.5	1,449	111.9	16,004	1.5

## Highlights of Non-Consolidated Statement of Income

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

	Third Quarter Forecast April 1 – December 31, 2003		Third Quarter Actual April 1 – December 31, 2003		Forecast - Actual		Previous year- Actual April 1, 2002 – March 31, 2003	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
<b>Net sales</b>	846,100	100.0	853,416	100.0	7,316	100.9	1,022,503	100.0
<b>Cost of sales</b>	776,620	91.8	782,634	91.7	6,014	100.8	931,946	91.1
<b>Gross profit</b>	69,480	8.2	70,782	8.3	1,302	101.9	90,557	8.9
Reversal of sales returns	630	0.1	624	0.1	(5)	99.1	576	0.1
Provision for sales returns	550	0.1	547	0.1	(2)	99.6	612	0.1
<b>Gross profit after adjustment</b>	69,560	8.2	70,859	8.3	1,299	101.9	90,521	8.9
<b>Selling, general and administrative expenses</b>	59,560	7.0	59,853	7.0	293	100.5	75,199	7.4
<b>Operating income</b>	10,000	1.2	11,005	1.3	1,005	110.1	15,322	1.5
<b>Non-operating income:</b>	7,010	0.8	7,310	0.8	300	104.3	8,935	0.9
Interests and dividends	250		311		61		274	
Purchase discounts	3,910		4,131		221		4,853	
Commission for supplying sales data	1,880		1,893		13		2,351	
Other	970		974		4		1,457	
<b>Non-operating expenses:</b>	160	0.0	294	0.0	134	184.3	494	0.1
Interest expenses	-		2		2		15	
Other	160		292		132		479	
<b>Ordinary income</b>	16,850	2.0	18,022	2.1	1,172	107.0	23,763	2.3
<b>Extraordinary gain:</b>	1,070	0.1	1,074	0.1	4	100.4	10,384	1.0
Gain on sales of fixed assets	-		0		0		231	
Gain on sales of investment securities	70		55		(14)		297	
Gain on release of future responsibility for contributory national pension plan	-		-		-		9,794	
Gain on sales of subsidiaries' shares	1,000		1,018		18		-	
Other	-		-		-		61	
<b>Extraordinary loss:</b>	240	0.0	421	0.0	181	175.8	9,703	0.9
Loss on sales and disposal of fixed assets	230		382		152		2,610	
Loss on write-down of fixed assets	10		36		26		850	
Special retirement pay	-		-		-		4,088	
Loss on termination of non-contributory pension plan	-		-		-		1,537	
Other	-		3		3		616	
<b>Income before income taxes and minority interests</b>	17,680	2.1	18,674	2.2	994	105.6	24,444	2.4
<b>Income taxes</b>	7,480	0.9	7,700	0.9	220	103.0	10,780	1.1
<b>Net income</b>	10,200	1.2	10,974	1.3	774	107.6	13,663	1.3

## Highlights of Consolidated Statement of Income

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

	1Q Actual April 1 – June 30, 2003		2Q Actual July 1 – September 30, 2003		3Q Actual October 1 – December 31, 2003		4Q Forecast January 1 – March 31, 2004		Forecast April 1, 2003 – March 31, 2004	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥ million	%
<b>Net sales</b>	277,412	100.0	280,727	100.0	340,465	100.0	306,394	100.0	1,205,000	100.0
<b>Cost of sales</b>	249,401	89.9	250,474	89.2	306,131	89.9	275,292	89.9	1,081,300	89.7
<b>Gross profit</b>	28,010	10.1	30,253	10.8	34,333	10.1	31,102	10.1	123,700	10.3
Provision for sales returns	-	-	(80)	(0.0)	-	-	(19)	(0.0)	(100)	(0.0)
<b>Gross profit after adjustment</b>	28,010	10.1	30,334	10.8	34,333	10.1	31,121	10.1	123,800	10.3
<b>Selling, general and administrative expenses</b>	24,000	8.6	25,433	9.1	27,987	8.2	26,777	8.7	104,200	8.7
<b>Operating income</b>	4,009	1.5	4,900	1.7	6,345	1.9	4,343	1.4	19,600	1.6
<b>Non-operating income</b>	2,183	0.7	2,560	0.9	2,642	0.7	2,312	0.7	9,700	0.8
<b>Non-operating expenses</b>	68	0.0	86	0.0	125	0.0	119	0.0	400	0.0
<b>Ordinary income</b>	6,124	2.2	7,375	2.6	8,862	2.6	6,537	2.1	28,900	2.4
<b>Extraordinary gain</b>	11	0.0	1,137	0.4	1,506	0.4	74	0.0	2,730	0.2
<b>Extraordinary loss</b>	70	0.0	203	0.1	351	0.1	864	0.2	1,490	0.1
<b>Income before income taxes and minority interests</b>	6,065	2.2	8,308	2.9	10,017	2.9	5,748	1.9	30,140	2.5
<b>Income taxes</b>	2,681	1.0	3,260	1.1	4,615	1.4	2,482	0.8	13,040	1.1
<b>Minority interests</b>	52	0.0	39	0.0	152	0.0	(44)	(0.0)	200	0.0
<b>Net income</b>	3,331	1.2	5,008	1.8	5,249	1.5	3,310	1.1	16,900	1.4

## Highlights of Non-Consolidated Statement of Income

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

	1Q Actual April 1 – June 30, 2003		2Q Actual July 1 – September 30, 2003		3Q Actual October 1 – December 31, 2003		4Q Forecast January 1 – March 31, 2004		Forecast April 1, 2003 – March 31, 2004	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥million	%
<b>Net sales</b>	268,581	100.0	271,547	100.0	313,288	100.0	272,483	100.0	1,125,900	100.0
<b>Cost of sales</b>	246,805	91.9	247,718	91.2	288,109	92.0	248,545	91.2	1,031,180	91.6
<b>Gross profit</b>	21,775	8.1	23,828	8.8	25,178	8.0	23,937	8.8	94,720	8.4
Provision for sales returns	-	-	(76)	(0.0)	-	-	(23)	(0.0)	(100)	(0.0)
<b>Gross profit after adjustment</b>	21,775	8.1	23,904	8.8	25,178	8.0	23,960	8.8	94,820	8.4
<b>Selling, general and administrative expenses</b>	19,039	7.1	19,912	7.3	20,901	6.6	19,616	7.2	79,470	7.1
<b>Operating income</b>	2,736	1.0	3,992	1.5	4,276	1.4	4,344	1.6	15,350	1.3
<b>Non-operating income</b>	2,301	0.9	2,513	0.9	2,496	0.8	2,239	0.8	9,550	0.9
<b>Non-operating expenses</b>	59	0.0	95	0.0	139	0.1	6	0.0	300	0.0
<b>Ordinary income</b>	4,978	1.9	6,409	2.4	6,634	2.1	6,577	2.4	24,600	2.2
<b>Extraordinary gain</b>	8	0.0	1,062	0.4	3	0.0	5	0.0	1,080	0.1
<b>Extraordinary loss</b>	81	0.1	155	0.1	185	0.1	418	0.1	840	0.1
<b>Income before income taxes and minority interests</b>	4,905	1.8	7,317	2.7	6,452	2.0	6,165	2.3	24,840	2.2
<b>Income taxes</b>	2,110	0.8	2,642	1.0	2,948	0.9	2,639	1.0	10,340	0.9
<b>Net income</b>	2,795	1.0	4,675	1.7	3,503	1.1	3,525	1.3	14,500	1.3