

Interim Results Briefing (Consolidated)

Corporate Name: Alfresa Holdings Corporation

Listing: Tokyo Stock Exchange and Osaka Securities Exchange

Code No.: 2784

Location of Head Office: Tokyo

(URL: <http://www.alfresa.com>)

Representative: Kunio Fukujin, President

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Board of Directors' Meeting on Interim Closing of Accounts Convened: November 19, 2003

U.S. Accounting Standards: Not applied.

1. Consolidated Performance for the first half of fiscal 2003 (April 1, 2003 - September 30, 2003)

(1) Consolidated operating results

Note: Amounts below one million yen are disregarded.

	Net Sales		Operating Income		Ordinary Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
September, 2003 (Interim)	522,774	(-)	5,602	(-)	7,129	(-)
September, 2002 (Interim)	-	(-)	-	(-)	-	(-)
March, 2003	-	-	-	-	-	-

	Net Income		Net Income per Share		Diluted Earnings per Share	
	Millions of yen	%	Yen	Yen	Yen	Yen
September, 2003 (Interim)	3,766	(-)	114.80	-	-	-
September, 2002 (Interim)	-	(-)	-	-	-	-
March, 2003	-	-	-	-	-	-

- Notes: (1) Profit or Loss on equity method investments
 Sep. 2003: ¥13 Million Sep. 2002: ¥ -- Million Mar. 2003: ¥ -- Million
- (2) Average number of shares outstanding during the period (Consolidated)
 Sep. 2003: 32,804,847 Sep. 2002: - Mar. 2003: -
- (3) Change in Accounting Method: None
- (4) Percentage of Net Sales, Operating Income, Ordinary Income and Net Income show the change (increase or decrease) from the previous year.

(2) Consolidated Financial Situation

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	Millions of yen	Millions of yen	%	Yen
September, 2003 (Interim)	498,052	101,550	20.4	3,096.65
September, 2002 (Interim)	-	-	-	-
March, 2003	-	-	-	-

Note: Number of outstanding shares at the end of the period (Consolidated)
 Sep. 2003: 32,793,696 Sep. 2002: - Mar. 2003: -

(3) Consolidated Cash Flow

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at the End of Fiscal Year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
September, 2003 (Interim)	(7,676)	(1,324)	(374)	45,574
September, 2002 (Interim)	-	-	-	-
March, 2003	-	-	-	-

(4) Scope of consolidation / application of equity method accounting:

Number of consolidated subsidiaries: 6 Number of unconsolidated subsidiaries based on the equity method: - Number of affiliates based on the equity method: 1

(5) Change in scope of consolidation / application of equity method accounting:

Consolidation: (New) - (Exclusion) - Equity method: (New) - (Exclusion) -

2. Forecast for the year ending March, 2004 (April 1, 2003 - March 31, 2004)

	Net Sales	Ordinary Profit	Net Income
	Millions of yen	Millions of yen	Millions of yen
March, 2004	1,066,000	13,850	5,400

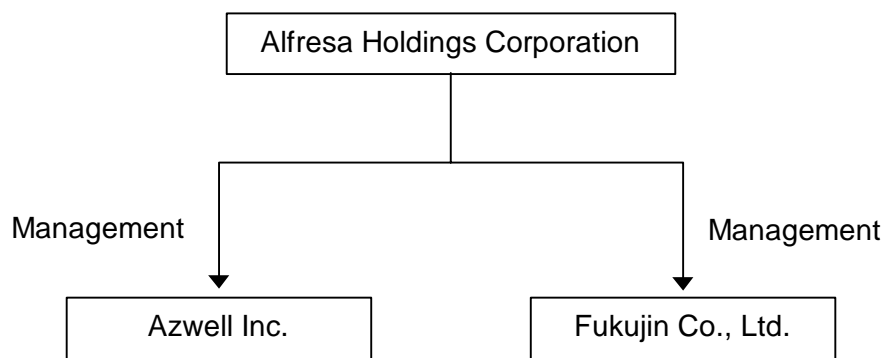
Reference: Projected Net Income per share for fiscal 2003: ¥164.67

* The above-mentioned prognoses are based on currently available information, and thus include many uncertain factors. Actual results may differ from those forecasts depending on changes in the business conditions. For projections described above, please refer to the attached materials.

1. Current Status of the Group

The Alfresa Holdings Corporation group consists of Azwell Inc. and Fukujin Co., Ltd., and is engaged primarily in wholesaling, production and marketing of pharmaceuticals, diagnostic reagents and medical equipment.

The relationship between Alfresa Holdings and its main subsidiaries is as follows:



- Notes:
1. Azwell Inc. and Fukujin Co., Ltd. are both wholly-owned subsidiaries of Alfresa Holdings Corporation.
 2. For detailed information about the Azwell and Fukujin groups, please refer to materials attached to the two companies' interim results (*Kessan-tanshin*) as announced.

2. Management Strategies

(1) Basic management policies

On September 29, 2003, Azwell Inc. and Fukujin Co., Ltd. established the holding company Alfresa Holdings Corporation through a transfer of shares, with Azwell and Fukujin under its control as wholly-owned subsidiaries. Thus, the Alfresa group was created.

The Alfresa group, as an entity engaged in promoting health, will engage in wide-ranging operations in the medical sector. In doing so, we will stick to our management principle: “to create new values and become a group that wins public confidence, through an extensive contribution to improving the health of people mainly in the medical sector.” We will also help people lead a healthy and happy life, under the concept of *Healthcare Consortium*, which is intended to provide comprehensive healthcare services.

(2) Basic policies on profit share

Recognizing the importance of providing a dividend to shareholders, the Company will endeavor to stabilize and improve the dividend payout, while securing internal reserves to strengthen the management base. Internal reserves will be used to enhance our financial standing and consolidate the basis for expanding operations in the future.

(3) Target management benchmark

The Alfresa group has compiled a mid-term business plan that lasts from October 1, 2003 through March 31, 2006, aiming to achieve net sales of ¥1,155.8 billion, net income ratio of 1.1% and an ROE of 9.7%.

(4) Management strategies for the medium to long term

The prescription medicine market is facing extremely difficult times, due to cuts in national medicare spending as a result of the reform of Japan’s health-care system. However, the market is expected to continue growing moderately, because of a possible rise in medical expenditures reflecting the aging of the population and development of new genome-based drugs. In the pharmaceuticals wholesaling sector, however, a further reorganization of corporations is projected, resulting in the market to be controlled by fewer companies, and the scope of operations to become more diversified. To effectively cope with this situation, we need to promote structural and financial efficiency throughout our management.

Under such circumstances, Azwell Inc. and Fukujin Co., Ltd. integrated operations on September 29, 2003 in order to promptly respond to changes in the corporate environment and maximize our corporate value through an effective and efficient use of management resources.

For the mid-term business plan for October 1, 2003 to March 31, 2006, we have developed four basic strategies: (i) expansion of our networks; (ii) pursuit of synergy effect; (iii) corporate selection and concentration; and (iv) promotion of low-cost management. Essentially, the strategies involve:

(i) Expansion of our networks

This strategy entails:

(a) Expanding marketing territories

The Alfresa group is strengthening its presence in Tokyo, Nagoya and Osaka, while expanding its sales areas nationwide.

(b) Increasing the number of business partners

The group will establish business relationships with not only pharmaceutical firms but also many other corporations at home and abroad, seeking to form a corporate group that can meet various health needs.

(c) Boosting operations

The group will do its utmost to form a *Healthcare Consortium*, through which it will contribute to the entire medical world.

(ii) Pursuit of synergy effect

The Alfresa group seeks to integrate varied information, goods and services from every group firm, while precisely identifying the diverse needs of customers, so that it can offer clients promptly and appropriately what they want. By doing so, it will raise the added value as a corporate group.

(iii) Corporate selection and concentration

The Alfresa group strives to flexibly and promptly respond to changes in business climate, utilize management resources effectively and efficiently for what the market needs, and maximize the corporate value. Through these moves, it will live up to expectations of the society and stakeholders.

(iv) Promotion of low-cost management

The Alfresa group will reduce costs and improve productivity, by consolidating overlapping branches and other offices of Azwell and Fukujin primarily in the Tokyo Metropolitan area, and more efficiently using distribution centers. Superfluous workers resulting from such reorganization will be assigned to newly added territories and business fields, with the aim at effectively using personnel resources and strengthening every business sector.

(5)Issues to contend with

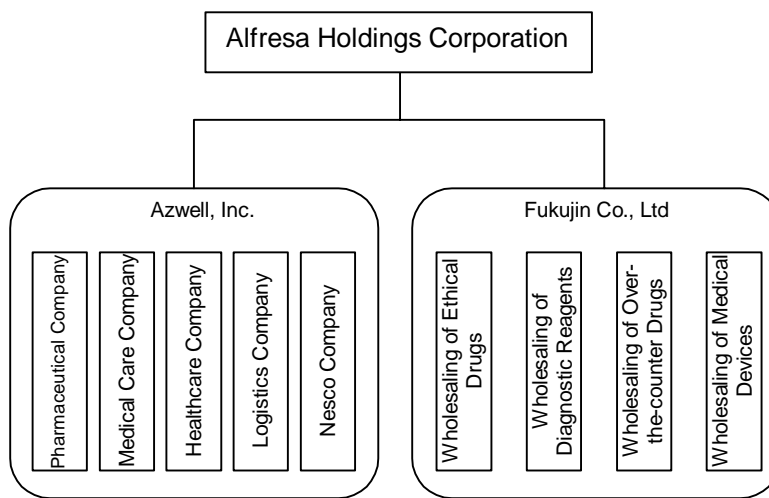
We think that the first year following the foundation of Alfresa Holdings is a preparatory period for establishing a new corporate group, while maintaining the two companies' individuality and autonomy. During the period, the strategy for each business sector will be united. As the second step of management integration, the Alfresa group in October 2004 will reorganize all operations by business sector to form a powerful and efficient management system matched to the particular characteristics of each business sector.

As part of its realignment efforts, the Alfresa group reached a basic agreement on Oct. 14, 2003 with Taishodo Co., Ltd. (Headquarters: Kumagaya, Saitama Prefecture; President: Kentaro Iwasaki) to integrate operations. Under the accord, Taishodo's operations will be incorporated into the group as part of the second step of its management integration.

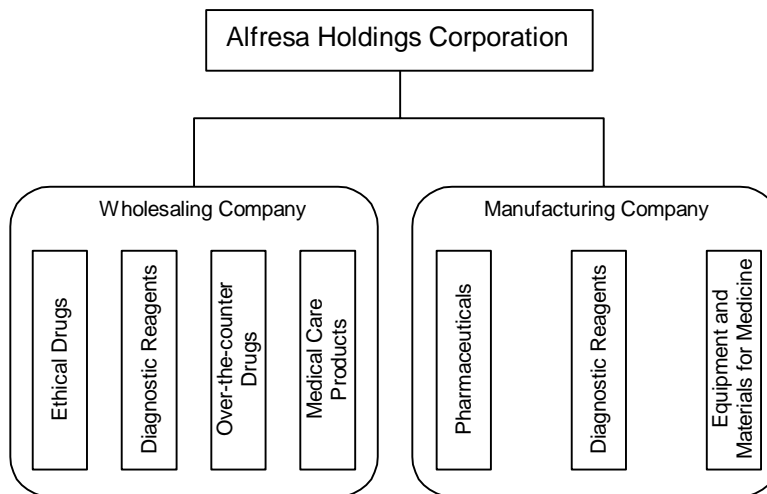
The management integration schedule is as follows:

<Management Integration Schedule>

[Phase I] Transfer of shares
(September 29, 2003 through September 2004)



[Phase II] Reorganization of Subsidiaries
(From October 2004)



(6) Basic policy on corporate governance and related measures

<Basic policy on corporate governance>

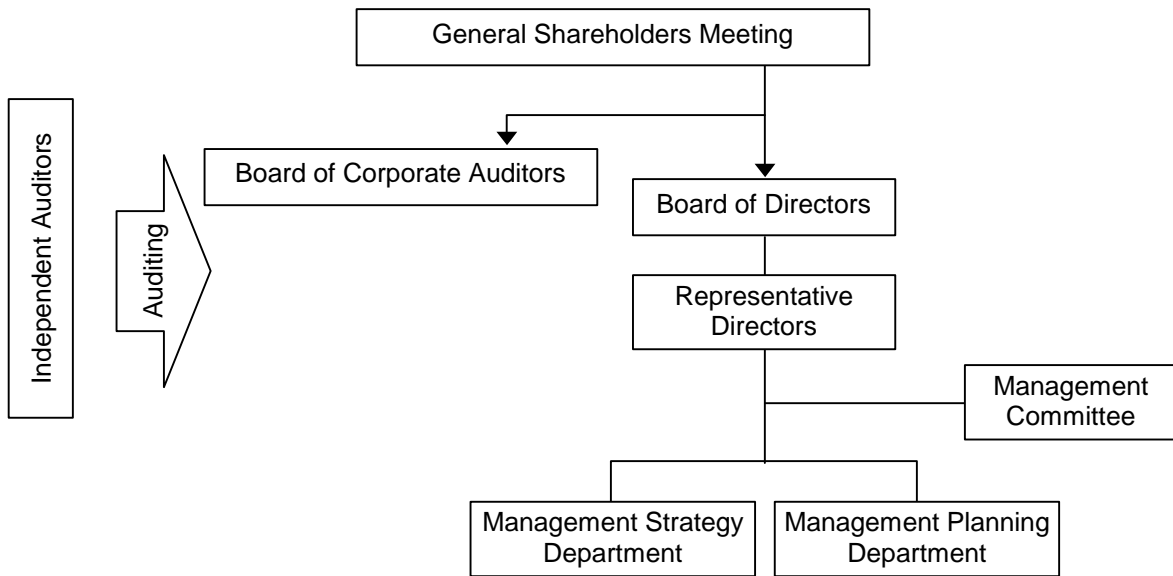
Alfresa Holdings regards corporate governance to be one of the most important issues in controlling and supervising its subsidiaries' business activities. It will strive to increase the corporate value for the shareholders, by making the group's management processes more efficient and transparent.

<Measures for corporate governance>

As a pure holding company, Alfresa Holdings will encompass the management visions and missions of the entire group, and incorporate them into the business plans. Given that its basic role is to raise corporate value through an effective use of the group's management resources, the Company will manage its group-wide operations based on a master contract for management guidelines.

The Company adopts an auditor system, with two of four auditors being external ones, and there are no conflicts of interest between the Company and the external auditors. A total of four directors are nominated.

The Company entrusts auditing firm Asahi & Co. with auditing of corporate accounts.



3. Business Results and Financial Conditions

(1) Overview of the interim results

[1] Earnings results of the first half under review

On September 29, 2003, the Company was established as a holding company, with Azwell Inc. and Fukujin Co., Ltd. as wholly-owned subsidiaries, through a transfer of shares. Accordingly, the Company's consolidated results for the first half of fiscal 2003 represent the total consolidated earnings numbers of Azwell and Fukujin and the non-consolidated results of Alfresa Holdings for the period between September 29 and 30.

As a result, the Company posted consolidated net sales of ¥522,774 million in the first half of the year ending March 31, 2004. Operating income was ¥5,602 million, with an ordinary profit of ¥7,129 million and net income of ¥3,766 million.

[2] Cash flows for the interim period

In the six-month period under review, income before income taxes and minority interests amounted to ¥7,047 million and miscellaneous receivables decreased by ¥3,087 million. However, trade notes and accounts receivable increased by ¥6,884 million and payment of income taxes amounted to ¥6,801 million. As a result, cash and cash equivalents (hereinafter referred to "cash holdings") stood at ¥45,574 million at the end of the first half (through September 2003) on a consolidated basis, down ¥9,375 million from the beginning of the interim period.

(2) Earnings outlook for fiscal 2003

For the entire year through March 2004, Alfresa Holdings expects consolidated net sales of ¥1,066,000 million and ordinary profit of ¥13,850 million. In a bid to further improve its financial standing, the Company will move the schedule for disposing losses on land and other business assets that are burdened with unrealized losses, following earlier application of asset impairment accounting rule to the end of the current fiscal year. As a result, net income is expected to be ¥5,400 million.

Note: The above-mentioned outlook for the entire fiscal year reflects the judgment by Alfresa Holdings and group firms on the basis of currently available information, and thus it contains risks and uncertainties. It should be noted that the actual results may differ from those described above depending on various factors, including the economic situation and market trends that affect the Company and group firms as well as market trends.

4. Interim Consolidated Financial Statements

(1) Interim Consolidated Balance Sheet

Item	As of the end of interim period (September 30, 2003)	
	Millions of Yen	Percentage (%)
(Assets)		
I Current assets:		
1. Cash and deposits	36,522	
2. Trade notes and accounts receivable	288,716	
3. Securities	10,490	
4. Inventories	51,804	
5. Miscellaneous receivables	21,935	
6. Others	3,522	
Allowance for doubtful accounts	(764)	
Total current assets	412,227	82.8
II Fixed assets		
1. Tangible fixed assets		
(1) Buildings and structures	17,607	
(2) Land	30,415	
(3) Others	3,086	
Total tangible fixed assets	51,109	10.2
2. Intangible fixed assets	2,034	0.4
3. Investments and other assets		
(1) Investment in securities	15,417	
(2) Others	20,486	
Allowance for doubtful accounts	(3,222)	
Total investments and other assets	32,680	6.6
Total fixed assets	85,825	17.2
Total	498,052	100.0

Item	As of the end of interim period (September 30, 2003)	
	Millions of Yen	Percentage (%)
(Liabilities)		
I Current liabilities		
1. Notes and accounts payable, trade	357,824	
2. Short-term debt	3,646	
3. Allowance	4,182	
4. Others	8,555	
Total current liabilities	374,209	75.2
II Non-current liabilities		
1. Allowance for employees' retirement benefits	16,798	
2. Allowance for directors' retirement benefits	1,038	
3. Allowance for losses on debt guarantee	575	
4. Allowance for losses on restructuring of business	234	
5. Consolidation-related adjustments	58	
6. Others	343	
Total non-current liabilities	19,049	3.8
Total liabilities	393,259	79.0
(Minority interests)		
Minority interests	3,242	0.6
(Shareholder' equity)		
I Paid-in capital	3,380	0.7
II Additional paid-in capital	17,803	3.6
III Retained earnings	81,358	16.3
IV Land revaluation surplus	(3,235)	(0.6)
V Unrealized gains on available-for-sale securities	4,325	0.8
VI Foreign currency translation adjustments	24	0.0
VII Treasury stock, at cost	(2,106)	(0.4)
Total shareholders' equity	101,550	20.4
Total	498,052	100.0

(2) Interim Consolidated Income Statement

Item	Six-month ended September 30, 2003		
	Millions of Yen		Percentage (%)
I Net sales		522,774	100.0
II Cost of sales		477,151	91.3
Total deduction		45,622	8.7
Reversal of allowance for returned unsold goods		613	0.1
Allowance for returned unsold goods		504	0.1
Gross profit		45,731	8.7
III Selling, general and administrative expenses		40,128	7.6
Operating income		5,602	1.1
IV Non-operating income			
1. Interest income	56		
2. Dividend income	102		
3. Information fees received	1,085		
4. Depreciation of consolidation-related adjustments	58		
5. Equity in earnings of unconsolidated subsidiaries and affiliates	13		
6. Others	328	1,645	0.3
V Non-operating expenses			
1. Interest expenses	17		
2. Amortization of organizational inauguration expenses	49		
3. Commission fees	16		
4. Others	35	118	0.0
Ordinary profit		7,129	1.4
VI Extraordinary income			
1. Gain on sale of fixed assets	147		
2. Reversal of allowance for doubtful accounts	157		
3. Reversal of allowance for directors' retirement benefits	93	397	0.0
VII Extraordinary loss			
1. Loss on sales of fixed assets	333		
2. Loss on disposal of fixed assets	72		
3. Unrealized loss on securities	19		
4. Unrealized loss on membership rights	54	480	0.1
Income before income taxes		7,047	1.3
Corporate, residential and enterprise taxes	2,907		
Corporate tax adjustments	250	3,158	0.6
Minority interests in net income		122	0.0
Net income		3,766	0.7

(3) Interim Consolidated Statement of Retained Earnings

	Six-month ended September 30, 2003	
Item	Millions of Yen	
(Capital surplus)		
I Beginning balance		17,803
II Ending balance		17,803
(Retained earnings)		
I Beginning balance		78,384
II Increase in retained earnings		
1. Net income	3,766	
2. Transfer from land revaluation surplus	2	3,768
III Decrease in retained earnings		
1. Dividends	741	
2. Directors' bonuses	52	793
IV Ending balance		81,358

(4) Interim Consolidated Statement of Cash Flows

	Six-month ended September 30, 2003
Item	Millions of Yen
I Cash flows from operating activities	
1. Income before income taxes	7,047
2. Depreciation	1,151
3. Decrease in allowance for doubtful accounts	(313)
4. Decrease in allowance for bonuses	(349)
5. Decrease in allowance for loss on business restructuring	(347)
6. Interest and dividends income	(159)
7. Interest expense	17
8. Gains on sales of fixed assets	(147)
9. Loss on disposal of fixed assets	406
10. Decrease in unpaid employees' retirement benefits	(1,566)
11. Increase in trade notes and accounts receivable	(6,884)
12. Increase in inventories	(764)
13. Decrease in miscellaneous receivables	3,087
14. Decrease in trade notes and accounts payable	(1,198)
15. Others	(1,029)
Subtotal	(1,049)
16. Interest and dividends received	192
17. Interest paid	(18)
18. Income taxes paid	(6,801)
Net cash used in operating activities	(7,676)

	Six-month ended September 30, 2003
Item	Millions of Yen
II Cash flows from investing activities	
1. Increase in time deposits	(1,116)
2. Proceeds from maturity of time deposits	110
3. Payments for purchase of tangible fixed assets	(346)
4. Proceeds from sale of tangible fixed assets	358
5. Payments for purchase of intangible fixed assets	(389)
6. Proceeds from liquidation of affiliates	106
7. Others	(47)
Net cash used in investing activities	(1,324)
III Cash flows from financing activities	
1. Increase in short-term bank loans	580
2. Repayments of long-term debt	(193)
3. Cash dividends paid	(741)
4. Cash dividends paid to minority shareholders	(18)
5. Others	(2)
Net cash used in financing activities	(374)
IV Translation gains on cash and cash equivalents	0
V Decrease in cash and cash equivalents	(9,375)
VI Beginning balance of cash and cash equivalents	54,950
VII Ending balance of cash and cash equivalents	45,574