

Summary of Consolidated Financial Statements for the Third Quarter of the Fiscal Year Ending March 31, 2005

These financial statements have been prepared for reference only in accordance with accounting principles and practices generally accepted in Japan. January 28, 2005

MEDICEO Holdings Co., Ltd.

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Stock exchange listing: Tokyo (First Section)

Code number: 7459

1. Preparation of Quarterly Financial Information

(1) Use of simplified accounting method: Yes

a. Accounting standard for inventories

Inventories are stated as the amount of inventories on the company's books, based on inventories in the interim period. Actual inventories are not stated.

b. Accounting standard for income taxes

Income taxes are stated according to the estimated tax rate for the fiscal year based on the effective statutory tax rate.

c. Simplified procedures are used for certain other amounts that have an insignificant effect on consolidated results.

(2) Differences with accounting methods used in most recent consolidated fiscal year: Yes

Valuation method for inventories: Valuation of inventories, which was previously done at cost using the first-in-first-out method, has been changed mainly to valuation at cost using the moving average method starting from the interim period.

The effect of this change on profit and loss for the third quarter is immaterial.

(3) Changes in scope of consolidation and application of equity method: Yes

Consolidation: (New) Five (Eliminated) One

Equity method: (New) None (Eliminated) None

2. Results for Third Quarter of the Fiscal Year Ending March 31, 2005 (April 1, 2004 - December 31, 2004)

(1) Progress of Operating Results (Consolidated)

(Rounded down to the nearest million yen)

	Net sales (¥ million)	Year-on-year change (%)	Operating income (¥ million)	Year-on- year change (%)	Ordinary income (¥ million)	Year-on- year change (%)
Nine months ended 12/31/04	1,259,273	28.1	9,205	(17.7)	18,471	31.7
Nine months ended 12/31/03	983,419	—	11,180	—	14,027	—
(Ref.) Year ended 3/31/04	1,283,925		15,354		19,312	

	Net income (¥ million)	Year-on-year change (%)	Earnings per share (¥)	Earnings per share (diluted) (¥)
Nine months ended 12/31/04	11,289	102.7	60.99	57.53
Nine months ended 12/31/03	5,570	—	40.70	35.58
(Ref.) Year ended 3/31/04	7,878		55.19	48.65

Note: Year-on-year change for net sales, operating income etc. is based on the same period of previous fiscal year.

Qualitative Information on Progress of Business Results (Consolidated)

In the Japanese economy during the first three quarters of the current fiscal year, capital investment increased and employment trended toward improvement. However, the economic recovery slowed down due to factors including weakening in the growth of consumer spending.

In the pharmaceutical industry, National Health Insurance (NHI) drug prices were revised in April 2004, and subsequently market prices declined. As a result of these and other factors, the overall market is assumed to be near zero growth.

In these conditions, using the company separation system, KURAYA SANSEIDO Inc. changed its name to MEDICEO Holdings Co., Ltd. and started as an operating holding company. The new KURAYA SANSEIDO Inc. took over sales operations of the pharmaceutical wholesale business, and is conducting business as before.

In the third quarter, the MEDICEO Group continued to promote consistent marketing policies. In addition, the MEDICEO Group worked to reduce cost of sales through measures including expansion of joint purchasing, and also reduced costs through integration of core business systems and improvement of business operations.

As a result, for the first three quarters, consolidated net sales were ¥1,259,273 million, an increase of 28.1 percent compared with the same period in the previous year. Consolidated ordinary income was ¥18,471 million, an increase of 31.7 percent compared with the same period in the previous year, and consolidated net income was ¥11,289 million, an increase of 102.7 percent compared with the same period in the previous year.

(2) Changes in Financial Position (Consolidated)

	Total assets (¥ million)	Shareholders' equity (¥ million)	Shareholders' equity/ total assets [%]	Shareholders' equity per share (¥)
Nine months ended 12/31/04	891,652	170,129	19.1	917.38
Nine months ended 12/31/03	675,821	120,988	17.9	872.23
(Ref.) Year ended 3/31/04	626,626	128,987	20.6	893.84

(3) Consolidated Cash Flows

	Cash flows from operating activities (¥ million)	Cash flows from investing activities (¥ million)	Cash flows from financing activities (¥ million)	Cash and cash equivalents at end of period (¥ million)
Nine months ended 12/31/04	17,648	31,061	(4,512)	114,253
Nine months ended 12/31/03	692	(3,078)	(3,419)	62,570
(Ref.) Year ended 3/31/04	13,247	(4,240)	(7,270)	70,112

Qualitative Information on Changes in Financial Position (Consolidated)

During the first three quarters, net cash provided by operating activities was ¥17,648 million, net cash provided by investing activities was ¥31,061 million, and net cash used in financing activities was ¥4,512 million. As a result, cash and cash equivalents (hereinafter referred to as "funds") at December 31, 2004 increased ¥44,141 million (63.0 percent) from the end of the previous fiscal year to ¥114,253 million.

Cash Flows from Operating Activities

The increase in funds from operating activities was ¥17,648 million. Income before income taxes and minority interests was ¥16,774 million and increase in notes and accounts payable was ¥83,252 million, but adjustment of consolidation difference was ¥4,990 million, total decrease in allowances was ¥6,409 million, increase in notes and accounts receivable—trade and increase in inventories totaled ¥60,399 million, and cash paid for income taxes was ¥7,491 million.

Cash Flows from Investing Activities

The increase in funds from investing activities was ¥31,061 million. Funds from investing activities mainly consisted of ¥6,805 million in payments for purchase of the SAITAMA DISTRIBUTION CENTER and other property, plant and equipment, proceeds of ¥4,203 million from the sale of property,

plant and equipment, and ¥35,258 million in proceeds from acquisition of shares of subsidiaries in connection with changes in the scope of consolidation.

Cash Flows from Financing Activities

The decrease in funds from financing activities was ¥4,512 million. The main components were a ¥530 million net decrease in short-term bank loans, expenditure of ¥577 million for repayment of long-term debt, expenditure of ¥1,102 million for purchase of treasury stock, and ¥2,390 million in cash dividends paid.

3. Projected Consolidated Results for Fiscal 2005 (April 1, 2004 - March 31, 2005)

	Net sales (¥ million)	Ordinary income (¥ million)	Net income (¥ million)
Fiscal 2005	1,656,000	21,100	5,300

Reference: Estimated net income per share (fiscal 2005): ¥28.58

Note: Projections of results are prepared on the basis of information available to management on the date of announcement. Various factors could cause actual results to differ from the projected figures.

Qualitative Information in Projected Results

In regard to the forecast of consolidated results, there are no changes in the figures announced on November 12, 2004, because the Company expects income taxes due to the reversal of deferred tax assets.

Deferred tax assets are determined by an examination at the end of the period.

Net income per share is revised because the number of shares issued and outstanding decreased in connection with the purchase of treasury stock during the third quarter.

(Attachment)

Summary of Quarterly Consolidated Financial Statements

1. Quarterly Consolidated Balance Sheets (Summary)

(Millions of yen, rounded down to the nearest million; %)

	As of December 31, 2004		As of December 31, 2003		Increase (Decrease)		(Ref.) As of March 31, 2004	
ASSETS	891,652	100.0%	675,821	100.0%	215,830	31.9%	626,626	100.0%
Current assets	710,875	79.7	538,306	79.7	172,569	32.1	487,645	77.8
Cash on hand and in bank	116,075		64,324		51,750		70,645	
Notes and accounts receivable – trade	459,510		375,127		84,382		338,035	
Inventories	94,496		68,314		26,182		52,954	
Accounts receivable	36,819		29,272		7,547		23,169	
Other current assets	7,987		4,981		3,006		5,732	
Allowance for doubtful accounts	(4,015)		(3,714)		(300)		(2,891)	
Fixed assets	180,776	20.3	137,515	20.3	43,260	31.5	138,980	22.2
Tangible fixed assets:	123,324	13.9	93,215	13.8	30,109	32.3	93,739	15.0
Buildings and structures	49,133		38,351		10,782		38,333	
Land	62,815		47,192		15,623		46,805	
Other tangible fixed assets	11,375		7,671		3,703		8,600	
Intangible fixed assets	6,399	0.7	7,198	1.0	(799)	(11.1)	7,294	1.2
Consolidation difference	—		1,333		(1,333)		1,155	
Other intangible fixed assets	6,399		5,865		533		6,138	
Investments and other assets	51,052	5.7	37,101	5.5	13,951	37.6	37,946	6.0
Investment securities	30,097		13,428		16,669		15,003	
Other	26,785		29,170		(2,385)		28,732	
Allowance for doubtful accounts	(5,830)		(5,498)		(332)		(5,789)	
Total assets	891,652	100.0	675,821	100.0	215,830	31.9	626,626	100.0
LIABILITIES	720,757	80.8	554,206	82.0	166,551	30.1	496,946	79.3
Current liabilities:	654,607	73.4	513,782	76.0	140,825	27.4	462,988	73.9
Notes and accounts payable – trade	625,372		488,996		136,376		433,696	
Short-term bank loans	9,984		11,829		(1,845)		8,074	
Reserve for bonuses	3,574		2,601		972		6,026	
Allowance for losses on sales returns	778		683		95		699	
Other current liabilities	14,896		9,670		5,225		14,492	
Long-term liabilities:	66,150	7.4	40,424	6.0	25,726	63.6	33,958	5.4
Convertible bonds	9,370		19,323		(9,953)		14,459	
Long-term debt	422		826		(404)		741	
Employees' retirement benefits	14,808		17,396		(2,587)		9,956	
Officers' retirement benefits	—		1,805		(1,805)		1,854	
Allowance for losses on debt guarantees	—		74		(74)		74	
Consolidation difference	30,342		—		30,342		—	
Other long-term liabilities	11,207		997		10,209		6,872	
MINORITY INTERESTS	764	0.1	626	0.1	137	22.0	691	0.1
Minority interests	764	0.1	626	0.1	137	22.0	691	0.1
SHAREHOLDERS' EQUITY	170,129	19.1	120,988	17.9	49,141	40.6	128,987	20.6
Common stock	17,728	2.0	12,751	1.9	4,976	39.0	15,183	2.4
Capital surplus	67,560	7.5	27,632	4.1	39,927	144.5	30,064	4.8
Retained earnings	101,524	11.4	91,042	13.5	10,482	11.5	93,308	14.9
Revaluation surplus	(19,462)	(2.1)	(11,499)	(1.7)	(7,963)	—	(11,462)	(1.8)
Unrealized gain on certain investment securities	5,448	0.6	3,500	0.5	1,948	55.7	4,341	0.7
Treasury stock, at cost	(2,669)	(0.3)	(2,438)	(0.4)	(230)	—	(2,448)	(0.4)
Total liabilities, minority interests and shareholders' equity	891,652	100.0	675,821	100.0	215,830	31.9	626,626	100.0

2. Quarterly Consolidated Statements of Operations (Summary)

(Millions of yen, rounded down to the nearest million; %)

	Nine months ended December 31, 2004		Nine months ended December 31, 2003		Increase (Decrease)		(Ref.) Year ended March 31, 2004	
Net sales	1,259,273	100.0%	983,419	100.0%	275,853	28.1%	1,283,925	100.0%
Cost of sales	1,154,285	91.7	896,206	91.1	258,079	28.8	1,167,126	90.9
Provision for losses on sales returns	(18)	0.0	(21)	0.0	2	—	(5)	(0.0)
Gross profit	105,006	8.3	87,235	8.9	17,771	20.4	116,805	9.1
Selling, general and administrative expenses	95,801	7.6	76,055	7.8	19,745	26.0	101,450	7.9
Operating income	9,205	0.7	11,180	1.1	(1,974)	(17.7)	15,354	1.2
Non-operating income:	10,351	0.9	3,598	0.4	6,752	187.7	5,001	0.4
Interest and dividend income	419		189		230		217	
Research fee income	3,243		2,264		978		3,201	
Amortization of consolidation difference	4,990		—		4,990		—	
Other non-operating income	1,698		1,145		553		1,583	
Non-operating expenses:	1085	0.1	751	0.1	333	44.4	1,044	0.1
Interest expense	167		212		(45)		306	
Other non-operating expenses	918		539		378		737	
Ordinary income	18,471	1.5	14,027	1.4	4,444	31.7	19,312	1.5
Extraordinary gains:	1,830	0.1	176	0.0	1,653	936.8	231	0.0
Gain on sales of fixed assets	1,669		12		1,656		27	
Gain on transfer of business	—		160		(160)		160	
Other extraordinary gains	161		4		156		44	
Extraordinary losses:	3,527	0.3	3,351	0.3	176	5.3	4,450	0.3
Loss on sale and disposal of fixed assets	687		417		270		703	
Special retirement benefits	753		1,305		(552)		1,362	
Sales office consolidation expenses	1,040		1,310		(270)		1,476	
Loss on revision of retirement benefit system	591		—		591		566	
Other extraordinary losses	455		317		137		341	
Income before income taxes and minority interests	16,774	1.3	10,852	1.1	5,921	54.6	15,093	1.2
Income taxes	5,388	0.4	4,985	0.5	402	8.1	6,858	0.6
Gain in minority interests	96	0.0	296	0.0	(200)	(67.6)	356	0.0
Net income	11,289	0.9	5,570	0.6	5,719	102.7	7,878	0.6

3. Quarterly Consolidated Statements of Retained Earnings

(Millions of yen, rounded down to the nearest million)

	Nine months ended December 31, 2004	Nine months ended December 31, 2003	(Ref.) Year ended March 31, 2004
CAPITAL SURPLUS			
Capital surplus, beginning of period	30,064	25,919	25,919
Increase in capital surplus	37,495	1,712	4,144
Increase due to share exchange	34,151	—	—
Increase due to conversion of convertible bonds	2,544	0	2,432
Gain on retirement of treasury stock	800	1,712	1,712
Capital surplus, end of period	67,560	27,632	30,064
RETAINED EARNINGS			
Retained earnings, beginning of period	93,308	87,874	87,874
Increase in retained earnings	11,289	5,570	7,878
Net income	11,289	5,570	7,878
Decrease in retained earnings	3,073	2,402	2,445
Cash dividends paid	2,380	1,644	1,644
Bonuses to directors and statutory auditors	357	151	151
[Bonuses to statutory auditors]	[22]	[6]	[6]
Decrease in retained earnings due to exclusion from consolidation	0	—	—
Reverse of revaluation surplus	335	606	649
Retained earnings, end of period	101,524	91,042	93,308

4. Quarterly Consolidated Statements of Cash Flows (Summary)

(Millions of yen, rounded down to the nearest million)

	Nine months ended December 31, 2004	Nine months ended December 31, 2003	(Ref.) Year ended March 31, 2004
Cash flows from operating activities			
Income before income taxes and minority interests	16,774	10,852	15,093
Depreciation and amortization	5,639	4,204	5,709
Amortization of consolidation difference	(4,990)	548	726
Increase (decrease) in employees' retirement benefits – net	1,085	976	(6,463)
Increase (decrease) in officers' retirement benefits	(2,397)	(22)	26
Decrease in accrued employees' bonuses	(3,934)	(4,412)	(988)
Increase (decrease) in allowance for doubtful accounts	(1,069)	88	(442)
Decrease in allowance for returns	(18)	(21)	(5)
Reversal of allowance for losses on debt guarantees	(74)	(217)	(217)
Decrease (increase) in notes and accounts receivable – trade	(34,439)	(35,289)	1,463
Decrease (increase) in inventories	(25,959)	(12,431)	2,928
Increase (decrease) in notes and accounts payable	83,252	43,344	(11,955)
Others	(8,234)	3,262	17,695
Subtotal	25,632	(10,882)	23,569
Cash paid for income taxes	(7,491)	(8,868)	(8,873)
Others	(493)	(1,320)	(1,448)
Net cash provided by operating activities	17,648	692	13,247
Cash flows from investing activities			
Payments for purchase of property, plant and equipment	(6,805)	(3,179)	(4,974)
Proceeds from sale of property, plant and equipment	4,203	967	1,294
Receipt from acquisition of shares of subsidiaries in connection with changes in the scope of consolidation	35,258	—	—
Other, net	(1,594)	(865)	(560)
Net cash provided by (used in) investing activities	31,061	(3,078)	(4,240)
Cash flows from financing activities			
Decrease in short-term bank loans – net	(530)	(1,250)	(4,960)
Proceeds from long-term debt	90	300	400
Repayment of long-term debt	(577)	(798)	(1,029)
Repayment of convertible bonds	(0)	(0)	(0)
Purchase of treasury stock	(1,102)	(4)	(14)
Cash dividends paid	(1,981)	(1,644)	(1,644)
Cash dividends paid to minority shareholders	(408)	(21)	(21)
Net cash used in financing activities	(4,512)	(3,419)	(7,270)
Effect of exchange rate change on cash and cash equivalents	—	(0)	(0)
Net increase (decrease) in cash and cash equivalents	44,196	(5,805)	1,736
Cash and cash equivalents at beginning of period	70,112	68,375	68,375
Decrease in cash and cash equivalents due to change in scope of consolidation	(55)	—	—
Cash and cash equivalents at end of period	114,253	62,570	70,112

5. Segment Information

(1) Business segment information

Current third quarter (April 1, 2004 – December 31, 2004), previous third quarter (April 1, 2003 – December 31, 2003) and previous fiscal year (April 1, 2003 – March 31, 2004)

Business segment information is not disclosed because the net sales, operating income and assets of the pharmaceutical wholesale distribution business account for more than 90 percent of the total net sales, operating income and assets of all segments.

(2) Geographic segment information

Current third quarter (April 1, 2004 – December 31, 2004), previous third quarter (April 1, 2003 – December 31, 2003) and previous fiscal year (April 1, 2003 – March 31, 2004)

Geographic segment information is not disclosed because the company has no consolidated subsidiaries or offices in countries or regions outside Japan.

(3) Overseas sales

Current third quarter (April 1, 2004 – December 31, 2004), previous third quarter (April 1, 2003 – December 31, 2003) and previous fiscal year (April 1, 2003 – March 31, 2004)

None

6. Production, Orders and Sales

(1) Sales

(Millions of yen, rounded down to the nearest million)

	Nine months ended December 31, 2004		Nine months ended December 31, 2003		Year ended March 31, 2004	
Ethical drugs	1,083,874	86.1%	857,540	87.2%	1,120,711	87.3%
Over-the-counter drugs	47,256	3.7	38,749	3.9	48,729	3.8
Medical equipment, tools and clinical materials	75,057	6.0	45,610	4.6	61,413	4.8
Reagents	23,300	1.8	22,043	2.3	29,117	2.3
Others	29,783	2.4	19,475	2.0	23,954	1.8
Total	1,259,273	100.0	983,419	100.0	1,283,925	100.0

(2) Purchases

(Millions of yen, rounded down to the nearest million)

	Nine months ended December 31, 2004		Nine months ended December 31, 2003		Year ended March 31, 2004	
Ethical drugs	1,019,465	86.4%	793,270	87.4%	1,018,254	87.5%
Over-the-counter drugs	43,714	3.7	34,954	3.8	43,095	3.7
Medical equipment, tools and clinical materials	68,094	5.8	40,620	4.5	54,538	4.7
Reagents	21,820	1.9	21,108	2.3	26,607	2.3
Others	26,275	2.2	17,960	2.0	20,778	1.8
Total	1,179,368	100.0	907,914	100.0	1,163,274	100.0

7. Other

None

Summary of Unconsolidated Financial Statements for the Third Quarter of the Fiscal Year Ending March 31, 2005

These financial statements have been prepared for reference only in accordance with accounting principles and practices generally accepted in Japan.

January 28, 2005

MEDICEO Holdings Co., Ltd.

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Corporate Communication Section Head

Phone: +81-3-3517-5171

Stock exchange listing: Tokyo (First Section)

Code number: 7459

1. Preparation of Quarterly Financial Information

(1) Use of simplified accounting method: Yes

a. Accounting standard for inventories

Inventories are stated as the amount of inventories on the company's books, based on inventories in the previous fiscal year. Actual inventories are not stated.

b. Accounting standard for income taxes

Income taxes are stated according to the estimated tax rate for the fiscal year based on the effective statutory tax rate.

c. Simplified procedures are used for certain other amounts that have an insignificant effect on unconsolidated results.

(2) Differences with accounting methods used in most recent consolidated fiscal year: Yes

Valuation method for inventories:

Valuation of inventories, which was previously done at cost using the first-in-first-out method, has been changed to valuation at cost using the moving average method starting from the interim period.

The effect of this change on profit and loss for the third quarter is immaterial.

2. Results for Third Quarter of the Fiscal Year Ending March 31, 2005 (April 1, 2004 - December 31, 2004)

(1) Progress of Operating Results (Unconsolidated)

(Rounded down to the nearest million yen)

	Net sales (¥ million)	Year-on-year change (%)	Operating income (¥ million)	Year-on- year change (%)	Ordinary income (¥ million)	Year-on- year change (%)
Nine months ended 12/31/04	1,007,248	7.5	4,047	(48.2)	7,790	(23.5)
Nine months ended 12/31/03	936,870	—	7,810	—	10,182	—
(Ref.) Year ended 3/31/04	1,218,355		10,542		13,819	

	Net income (¥ million)	Year-on-year change (%)	Earnings per share (¥)	Earnings per share (diluted) (¥)
Nine months ended 12/31/04	4,641	2.1	25.07	23.73
Nine months ended 12/31/03	4,547	—	33.23	29.11
(Ref.) Year ended 3/31/04	6,359		44.71	39.52

Note: Year-on-year change for net sales, operating income etc. is based on the same period of the previous fiscal year.

3. Projected Unconsolidated Results for Fiscal 2005 (April 1, 2004 - March 31, 2005)

	Net sales (¥ million)	Ordinary income (¥ million)	Net income (¥ million)	Annual dividends per share (¥)	
				Year-end	
Fiscal 2005	1,331,000	8,000	3,700	6.00	12.00

Reference: Estimated net income per share (fiscal 2005): ¥19.95

Note: Projections of results are prepared on the basis of information available to management on the date of announcement. Various factors could cause actual results to differ from the projected figures.

Qualitative Information in Projected Results

There is no change from the projected unconsolidated results announced on November 12, 2004.

Net income per share is revised because the number of shares issued and outstanding decreased in connection with the purchase of treasury stock during the third quarter.

(Attachment)

Summary of Quarterly Unconsolidated Financial Statements

1. Quarterly Unconsolidated Balance Sheets (Summary)

(Millions of yen, rounded down to the nearest million; %)

	As of		As of		Increase/		(Ref.) As of	
	December 31, 2004	100.0%	December 31, 2003	100.0%	decrease		March 31, 2004	100.0%
ASSETS	708,917	100.0%	645,446	100.0%	63,470	9.8%	598,329	100.0%
Current assets	528,277	74.5	519,071	80.4	9,205	1.8	470,141	78.6
Cash on hand and in bank	18,889		52,344		(33,455)		57,962	
Trade notes receivable	208		20,883		(20,675)		17,889	
Trade accounts receivable	430,891		361,594		69,296		325,613	
Inventories	52,228		53,597		(1,368)		42,153	
Accounts receivable	24,999		27,897		(2,898)		23,410	
Other current assets	1,063		3,887		(2,824)		3,918	
Allowance for doubtful accounts	(3)		(1,134)		1,130		(806)	
Fixed assets	180,639	25.5	126,375	19.6	54,264	42.9	128,187	21.4
Tangible fixed assets:	50,968	7.2	77,417	12.0	(26,448)	(34.2)	77,847	13.0
Buildings	23,439		31,697		(8,258)		31,560	
Land	18,545		37,456		(18,911)		37,120	
Other tangible fixed assets	8,984		8,262		721		9,166	
Intangible fixed assets	5,064	0.7	5,615	0.9	(550)	(9.8)	5,879	1.0
Investments and other assets:	124,606	17.6	43,342	6.7	81,263	187.5	44,460	7.4
Equity in subsidiaries and affiliates	106,949		12,853		94,095		12,974	
Other	17,746		33,329		(15,583)		34,174	
Allowance for doubtful accounts	(89)		(2,840)		2,751		(2,687)	
Total assets	708,917	100.0	645,446	100.0	63,470	9.8	598,329	100.0
LIABILITIES	511,676	72.2	525,566	81.4	(13,889)	(2.6)	471,122	78.7
Current liabilities:	498,061	70.3	492,889	76.4	5,172	1.0	444,784	74.3
Trade notes payable	11,363		12,348		(985)		11,547	
Trade accounts payable	482,557		464,061		18,496		412,424	
Short-term bank loans	—		14		(14)		—	
Reserve for bonuses	334		2,051		(1,717)		4,872	
Allowance for losses on sales returns	43		535		(491)		547	
Other current liabilities	3,761		13,878		(10,116)		15,391	
Long-term liabilities:	13,615	1.9	32,677	5.0	(19,061)	(58.3)	26,338	4.4
Convertible bonds	9,370		19,323		(9,953)		14,459	
Employees' retirement benefits	—		11,352		(11,352)		3,928	
Officers' retirement bonuses	—		1,277		(1,277)		1,313	
Other long-term liabilities	4,245		723		3,521		6,637	
SHAREHOLDERS' EQUITY	197,240	27.8	119,880	18.6	77,359	64.5	127,206	21.3
Common stock	17,728	2.5	12,751	2.0	4,976	39.0	15,183	2.5
Capital surplus	103,434	14.6	27,632	4.3	75,801	274.3	30,064	5.0
Additional paid-in capital	100,921		25,919		75,001		28,351	
Other capital surplus	2,512		1,712		800		1,712	
Retained earnings	93,914	13.2	90,052	14.0	3,861	4.3	91,804	15.4
Legal reserve	1,795		1,795		—		1,795	
Voluntary reserves	86,394		83,081		3,312		83,081	
Unallocated profit for the period	5,724		5,176		548		6,927	
Revaluation surplus	(18,780)	(2.6)	(11,415)	(1.8)	(7,365)	—	(11,354)	(1.9)
Unrealized gain on securities	4,171	0.6	3,297	0.5	873	26.5	3,956	0.7
Treasury stock	(3,227)	(0.5)	(2,438)	(0.4)	(788)	—	(2,448)	(0.4)
Total liabilities and shareholders' equity	708,917	100.0	645,446	100.0	63,470	9.8	598,329	100.0

2. Quarterly Unconsolidated Statements of Operations (Summary)

(Millions of yen, rounded down to the nearest million; %)

	Nine months ended December 31, 2004		Nine months ended December 31, 2003		Increase/ decrease		(Ref.) Year ended March 31, 2004	
Net sales	1,007,248	100.0%	936,870	100.0%	70,377	7.5%	1,218,355	100.0%
Cost of sales	958,255	95.1	870,921	93.0	87,333	10.0	1,129,932	92.7
Provision for losses on sales returns	(3)	(0.0)	(23)	(0.0)	19	—	(11)	(0.0)
Gross profit	48,996	4.9	65,972	7.0	(16,975)	(25.7)	88,434	7.3
Selling, general and administrative expenses	44,949	4.5	58,161	6.2	(13,212)	(22.7)	77,891	6.4
Operating income	4,047	0.4	7,810	0.8	(3,763)	(48.2)	10,542	0.9
Non-operating income:	4,369	0.4	2,997	0.3	1,371	45.7	4,157	0.3
Interest and dividend income	539		181		358		216	
Research fee income	2,263		1,756		506		2,467	
Other non-operating income	1,566		1,059		506		1,473	
Non-operating expenses:	626	0.0	626	0.0	(0)	(0.0)	881	0.1
Interest expense	34		33		1		42	
Bond interest expense	42		86		(44)		152	
Other non-operating expenses	549		506		42		686	
Ordinary income	7,790	0.8	10,182	1.1	(2,392)	(23.5)	13,819	1.1
Extraordinary gains:	2,178	0.2	1,211	0.1	967	79.8	1,455	0.1
Gain on sale of fixed assets	1,573		11		1,562		11	
Gain on transfer of business	350		1,080		(730)		1,080	
Other extraordinary gains	255		120		134		364	
Extraordinary losses:	2,084	0.2	3,286	0.3	(1,201)	(36.6)	4,306	0.3
Loss on sale and disposal of fixed assets	232		409		(176)		677	
Special retirement benefits	595		1,305		(709)		1,305	
Office consolidation expenses	963		1,208		(245)		1,374	
Corporate separation expenses	271		—		271		—	
Loss on revision of retirement benefit system	—		—		—		566	
Other extraordinary losses	21		362		(341)		381	
Income before income taxes	7,884	0.8	8,107	0.9	(223)	(2.8)	10,968	0.9
Income taxes	3,243	0.3	3,560	0.4	(317)	(8.9)	4,609	0.4
Net income	4,641	0.5	4,547	0.5	94	2.1	6,359	0.5
Profit brought forward from the previous term	2,562		2,059		502		2,059	
Disposition of land revaluation surplus	(359)		(597)		238		(658)	
Interim dividends	1,119		832		287		832	
Unappropriated retained earnings at the end of the period	5,724		5,176		548		6,927	