

October 28, 2003

Kuraya Sanseido Inc.
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Partial Transfer of Business to YAMAHIRO Inc.

October 28, 2003 – The Board of Directors of Kuraya Sanseido Inc. (“Kuraya Sanseido”) today resolved to transfer its business related to the wholesale of ethical drugs in Nagano Prefecture to wholly owned subsidiary YAMAHIRO Inc. (“Yamahiro”). The companies today signed a business transfer agreement, which will take effect on April 1, 2004.

As of April 1, 2004, Yamahiro is scheduled to change its corporate name to YAMAHIRO KURAYA SANSEIDO Inc. and to move its head office to 2, Ryutsudanchi-kita, Tatomi-cho, Nakakoma-gun, Yamanashi Prefecture (current location of the head sales office of Yamahiro).

1. Reasons for the Transfer of Business

Yamahiro conducts business activities related to the wholesale of ethical drugs in Yamanashi Prefecture, as a wholly owned subsidiary of Kuraya Sanseido.

Kuraya Sanseido decided to transfer its business related to the wholesale of ethical drugs in Nagano Prefecture to Yamahiro in order to further enhance its sales activities and make effective use of Yamahiro’s distribution and information functions in the Koshin area. Both companies will cooperate as group companies to enhance and strengthen their management base.

2. Details of the Transfer of Business

(1) Content of business transferred

Business related to the wholesale of ethical drugs in Nagano Prefecture

(2) Business results of division to be transferred

Net Sales in Nagano Prefecture (March 31, 2003) ¥19,009 million

3. Overview of YAMAHIRO Inc. (as of October 28, 2003)

- (1) Corporate name: YAMAHIRO Inc.
 (2) Principal business: Wholesale of pharmaceutical products, etc.
 (3) Head office: 1-23, Iida 1-chome, Kofu-shi, Yamanashi
 (4) Head sales office: 2, Ryutsudanchi-kita, Tatomi-cho ,
 Nakakoma-gun, Yamanashi
 (5) Representative: Yasumasa Hirose, President and Representative Director
 (6) Paid-in capital: ¥57,744 thousand (as of September 30, 2003)
 (7) Number of employees: 73 (as of September 30, 2003)
 (8) Breakdown of major shareholders and percentage of shares owned:

Shareholder name	Number of shares	Percentage of total shares outstanding
Kuraya Sanseido Inc.	42,578	100.0%

4. Schedule

October 28, 2003	Kuraya Sanseido Board of Directors meeting
October 28, 2003	Signing of business transfer agreement
April 1, 2004	Effective date of transfer (scheduled)

5. Outlook

In the next fiscal year and thereafter, the effect of the business transfer on Kuraya Sanseido's non-consolidated results will be immaterial. The transfer will have no effect on consolidated results.

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Reference: Current sales bases (ethical drugs) of both companies in the Koshin area

	Yamanashi	Nagano
YAMAHIRO Inc.	Head Sales Office (Tatomi-cho)	None
Kuraya Sanseido Inc.	None	Nagano Sales Office (Nagano-shi) Ueda Sales Office (Ueda-shi) Matsumoto Sales Office (Matsumoto-shi) Ina Sales Office (Minamiminowa-mura) Iida Sales Office (Iida-shi)