

February 13, 2004  
Kuraya Sanseido Inc.  
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## **Partial Transfer of Diagnostic Reagent Sales Business to Wholly Owned Subsidiary**

February 13, 2004 – The Board of Directors of Kuraya Sanseido Inc. (“Kuraya Sanseido”) today resolved to transfer business related to the sale of diagnostic reagents in Kyoto and Shiga prefectures to its wholly owned subsidiary IZUTSU PHARMACEUTICAL CO., LTD., effective April 1, 2004. The two companies also signed a business transfer agreement. Details are as follows.

### 1. Reasons for the Partial Transfer of Business

IZUTSU PHARMACEUTICAL CO., LTD. conducts business related to the wholesale of ethical drugs in Kyoto and Shiga prefectures as a wholly owned subsidiary of Kuraya Sanseido.

Wholesale of over-the-counter pharmaceuticals and sales of diagnostic reagents in the area is currently conducted by Kuraya Sanseido. Because the main customers for diagnostic reagents in the area are often the same medical institutions that are customers for pharmaceutical products, Kuraya Sanseido has decided to transfer business related to the sale of diagnostic reagents in Kyoto and Shiga prefectures to IZUTSU PHARMACEUTICAL CO., LTD. on April 1, 2004, to promote more efficient sales activities for both companies.

### 2. Details of the Partial Transfer of Business

#### (1) Area to be transferred

Business related to the sale of diagnostic reagents in Kyoto and Shiga prefectures

#### (2) Business results of division to be transferred (Net sales for year ended March 31, 2003)

Kyoto	¥930 million
Shiga	¥125 million
Total	¥1,055 million

3. Overview of IZUTSU PHARMACEUTICAL CO., LTD. (as of January 31, 2004)

- (1) Corporate name: IZUTSU PHARMACEUTICAL CO., LTD.  
(2) Principal business: Wholesale of ethical drugs  
(3) Established: October 3, 1950  
(4) Head office: 5, Nioumon-cho, Karasuma Higashi Iru, Nijyodori, Nakagyo-ku,  
Kyoto  
(5) Representative: Hiroaki Shimaji, President and Representative Director  
(6) Paid-in-capital: ¥118 million  
(7) Number of employees: 368  
(8) Breakdown of major shareholders and percentage of shares owned:

Shareholder name	Number of shares	Percentage of total shares outstanding
Kuraya Sanseido Inc.	2,220,000	100.0%

4. Schedule

- February 13, 2004 Board of Directors meeting  
February 13, 2004 Signing of business transfer agreement  
April 1, 2004 Effective date of business transfer

5. Outlook

The business transfer will have a negligible effect on non-consolidated results and no effect on consolidated results for the next fiscal year and beyond.

Note: Diagnostic reagents are defined as in vitro diagnostics used in applications such as urinalysis, hematological, biochemical, immunological and bacteriological testing. They do not normally include X-ray contrast agents and other in vivo diagnostics.

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