

March 30, 2004

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Start of Operations at Health Care HIGASHINIPPON DISTRIBUTION CENTER

March 30, 2004 - Operations at the Health Care HIGASHINIPPON DISTRIBUTION CENTER (Kazo, Saitama), the new distribution center for the Tokyo metropolitan area handling over-the-counter drugs, quasi-drugs, health foods and other health care products, will begin on April 19, 2004, following completion of construction on April 5, 2004. Details are as follows.

1. Reason for construction

Against the backdrop of increasing use of non-prescription medicines in recent years, KURAYA SANSEIDO Inc. has been implementing measures to further expand its health care business, enhance the mix of products handled and provide high-level logistics functions.

As the main distribution center for health care products centered on the Tokyo metropolitan area, the new Health Care HIGASHINIPPON DISTRIBUTION CENTER has a full lineup of not only pharmaceuticals but health foods and other products. The center will provide a stable supply of products to its customers, starting with large-scale retailers. By introducing the latest equipment for sorting and shipping by category (over-the-counter drugs, quasi-drugs, health foods, etc.) for more efficient operations, the Health Care HIGASHINIPPON DISTRIBUTION CENTER will be able to meet the needs of its customers, which are expected to further expand in scale and diversity.

Upon completion, the Health Care HIGASHINIPPON DISTRIBUTION CENTER will take over the functions of the current Health Care Nerima Distribution Center (Nerima-ku, Tokyo).

2. Overview

- 1) Company name: Health Care HIGASHINIPPON DISTRIBUTION CENTER
- 2) Address: 5-1, Okuwa 1-chome, Kazo-shi, Saitama, Japan
- 3) Lot area: 23,695 square meters
- 4) Building area: 9,175 square meters
- 5) Total floor space: 17,967 square meters
- 6) Parking capacity: 25 trucks, 170 passenger vehicles
- 7) Structure type: Two-story, steel-frame

3. Features of the Health Care HIGASHINIPPON DISTRIBUTION CENTER

- 1) Flexible response to changes in volume and high accuracy unloading enabled through adoption of volume unloading and small item sorters.
- 2) Flexible response to diversifying customer needs enabled through the adoption of cutting-edge equipment that permits sorting and unloading by category.
- 3) High-level product management enabled through implementation of a bar code system, used from loading to unloading.

4. Construction Costs

Total costs including construction and systems: ¥2.6 billion

(The building plot in Kazo, Saitama, including the land for the SAITAMA DISTRIBUTION CENTER for prescription pharmaceuticals currently under construction, was purchased in September 1996 for ¥3.1 billion.)

5. Coverage Area

All regions in eastern Japan, centered on the Tokyo metropolitan area.

6. Processing Capacity

Annual business on the level of ¥50 billion

7. Start of Operations

April 19, 2004