

November 12, 2004

MEDICEO Holdings Co., Ltd.

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## Notice of Revisions to Full-Year Forecast

November 12, 2004 – MEDICEO Holdings Co., Ltd. (“MEDICEO Holdings”) has revised the consolidated forecast for the fiscal year ending March 31, 2005 announced on May 13, 2004 upon the release of the financial statements for the fiscal year ended March 31, 2004, and the nonconsolidated forecast for the fiscal year ending March 31, 2005, announced on July 28, 2004 upon the release of the summary report of financial position and business results for the first quarter of the fiscal year ending March 31, 2005.

### 1. Revisions to the Forecasts for the Fiscal Year Ending March 31, 2005

#### (1) Consolidated

(Millions of Yen; %)

	Net Sales	Ordinary Income	Net Income
Initial Forecast (A)	1,689,000	30,200	17,700
<b>Revised Forecast (B)</b>	<b>1,656,000</b>	<b>21,100</b>	<b>5,300</b>
Amount of Change (B-A)	(33,000)	(9,100)	(12,400)
Percentage Change (%)	(2.0)	(30.1)	(70.1)
Actual Results for Year Ended March 31, 2004	1,283,925	19,312	7,878

#### (2) Nonconsolidated

(Millions of Yen; %)

	Net Sales	Ordinary Income	Net Income
Initial Forecast (A)	1,351,500	9,000	3,700
<b>Revised Forecast (B)</b>	<b>1,331,000</b>	<b>8,000</b>	<b>3,700</b>
Amount of Change (B-A)	(20,500)	(1,000)	-
Percentage Change (%)	(1.5)	(11.1)	-
Actual Results for Year Ended March 31, 2004	1,218,355	13,819	6,359

## **2. Reasons for the Revisions (Announced May 13, 2004 and July 28, 2004)**

The environment surrounding the pharmaceutical distribution industry is expected to become increasingly challenging due to factors including administrative reforms of the healthcare system, the establishment of independent administrative bodies for national hospitals and the changing purchasing patterns of healthcare institutions.

Against this background, on October 1, 2004 KURAYA SANSEIDO Inc. became an operating holding company through a corporate separation, and changed its name to MEDICEO Holdings Co., Ltd. On the same day, a new KURAYA SANSEIDO Inc. took over the wholesale distribution of pharmaceutical and other products.

With this operating holding company at its core, the MEDICEO Group will continue to increase the efficiency of its operations by improving the quality of basic functions, and consolidating management resources, and will raise corporate value through stabilization of appropriate profits and enhancement of regional sales activities. In addition, the Group will make all efforts to achieve the targets of its medium-term consolidated management plan.

In addition to efforts to cut the cost of sales ratio through means including expansion of the proportion of lump-sum purchasing, MEDICEO Holdings is also working to cut costs by integrating its core business systems and improving administrative work.

A lower than expected contribution from sales of new drugs and slower growth in the ethical drugs market than initially forecast is expected to impact full-year performance, although the reduction in sales prices was moderate. One-time losses associated with revision of the retirement benefit systems of certain consolidated subsidiaries and one-time expenses generated by the corporate separation are expected. As a result, MEDICEO Holdings revises its forecasts of consolidated results (announced May 13) and nonconsolidated results (announced July 28) to project a 29.0 percent year-on-year increase in consolidated net sales to ¥1,656,000 million, a 9.3 percent increase in consolidated ordinary income to ¥21,100 million and a 32.7 percent decrease in net income to ¥5,300 million. On a nonconsolidated bases, MEDICEO Holdings also forecasts a 9.2 percent increase in net sales to ¥1,331,000 million, a 42.1 percent decrease in ordinary income to ¥8,000 million and a 41.8 percent decrease in net income to ¥3,700 million.

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