

March 15, 2005

MEDICEO Holdings Co., Ltd.

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**Notice on Reporting of Valuation Loss on
Shares of Affiliated Company (Subsidiary)**

March 15, 2005 – MEDICEO Holdings Co., Ltd. (“MEDICEO Holdings”) will book a loss on valuation of shares of an affiliated company that affects the outlook for non-consolidated results for the fiscal year ending March 31, 2005. Details follow below.

1. Background of the Valuation Loss on Affiliated Company Shares

SENSHU YAKUHIN CO., LTD., a wholly owned consolidated subsidiary of MEDICEO Holdings, plans to make a paid-in capital increase of ¥4.0 billion through an allotment of shares to MEDICEO Holdings, with a payment date and effective date of March 24, 2005. At a Board of Directors meeting held today, MEDICEO Holdings approved payment of the full amount of the capital increase.

Next, in view of this subsidiary’s performance to date and its performance outlook, its shares will be revalued after the capital increase. As a result, MEDICEO Holdings will book a ¥2,366 million loss on valuation on shares in an affiliated company for the year ending March 31, 2005.

Although this stock valuation loss affects the forecast for non-consolidated results for the fiscal year ending March 31, 2005, it has no effect on the forecast for consolidated results because this company is already a wholly owned subsidiary in the consolidated accounts of MEDICEO Holdings.

