

Interim Results Briefing (Consolidated)

Corporate Name: Alfresa Holdings Corporation

Listing: Tokyo Stock Exchange and Osaka Securities Exchange

Code No.: 2784

Location of Head Office: Tokyo

(URL: <http://www.alfresa.com>)

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Board of Directors' Meeting on Interim Closing of Accounts: November 11, 2004

U.S. Accounting Standards: Not applied.

1. Consolidated performance for the first half of fiscal 2004 (April 1, 2004 - September 30, 2004)

(1) Consolidated operating results

Note: Amounts below one million yen are disregarded.

	Net sales		Operating income		Ordinary profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
September, 2004 (Interim)	567,944	8.6	3,579	(36.1)	5,627	(21.1)
September, 2003 (Interim)	522,774	-	5,602	-	7,129	-
March, 2004	1,066,577		12,402		15,266	

	Net income		Earnings per share		Diluted earnings per share	
	Millions of yen	%	Yen		Yen	
September, 2004 (Interim)	3,080	(18.2)	90.41		-	
September, 2003 (Interim)	3,766	-	114.80		-	
March, 2004	6,489		194.85		-	

- Notes: (1) Profit or loss on equity method investments Sep. 2004: ¥- Million Sep. 2003: ¥13 Million Mar. 2004: ¥27 Million
(2) Average number of shares outstanding during the period (consolidated) Sep. 2004: 34,073,311 Sep. 2003: 32,804,847 Mar. 2004: 33,029,395
(3) Change in accounting method None
(4) Percentage of net sales, operating income, ordinary profit and net income show the change from the previous year.

(2) Consolidated financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
September, 2004 (Interim)	573,763	112,775	19.6	3,279.47
September, 2003 (Interim)	498,052	101,550	20.4	3,096.65
March, 2004	513,188	108,409	21.1	3,207.01

Note: Number of shares outstanding at end of the period (consolidated) Sep. 2004: 34,388,337 Sep. 2003: 32,793,696 Mar. 2004: 33,787,009

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
September, 2004 (Interim)	(3,887)	(3,246)	(1,049)	50,641
September, 2003 (Interim)	(7,676)	(1,324)	(374)	45,574
March, 2004	2,297	(760)	1,428	57,900

(4) Scope of consolidation / application of equity method accounting:

Number of consolidated subsidiaries: 9 Number of unconsolidated subsidiaries based on the equity method: - Number of affiliates based on the equity method: -

(5) Change in scope of consolidation / application of equity method accounting:

Consolidation: (New) 3 (Exclusion) - Equity method: (New) - (Exclusion) 1

2. Consolidated performance forecast for the year ending March 31, 2005 (April 1, 2004 - March 31, 2005)

	Net sales	Ordinary profit	Net income
	Millions of yen	Millions of yen	Millions of yen
March, 2005	1,173,000	8,600	1,700

Reference: Projected earnings per share for March 2005: ¥49.44

*The above-mentioned prognoses are based on currently available information, and thus include many uncertain factors. Actual results may differ from those forecasts depending on changes in the business conditions.

1. Current Status of the Group

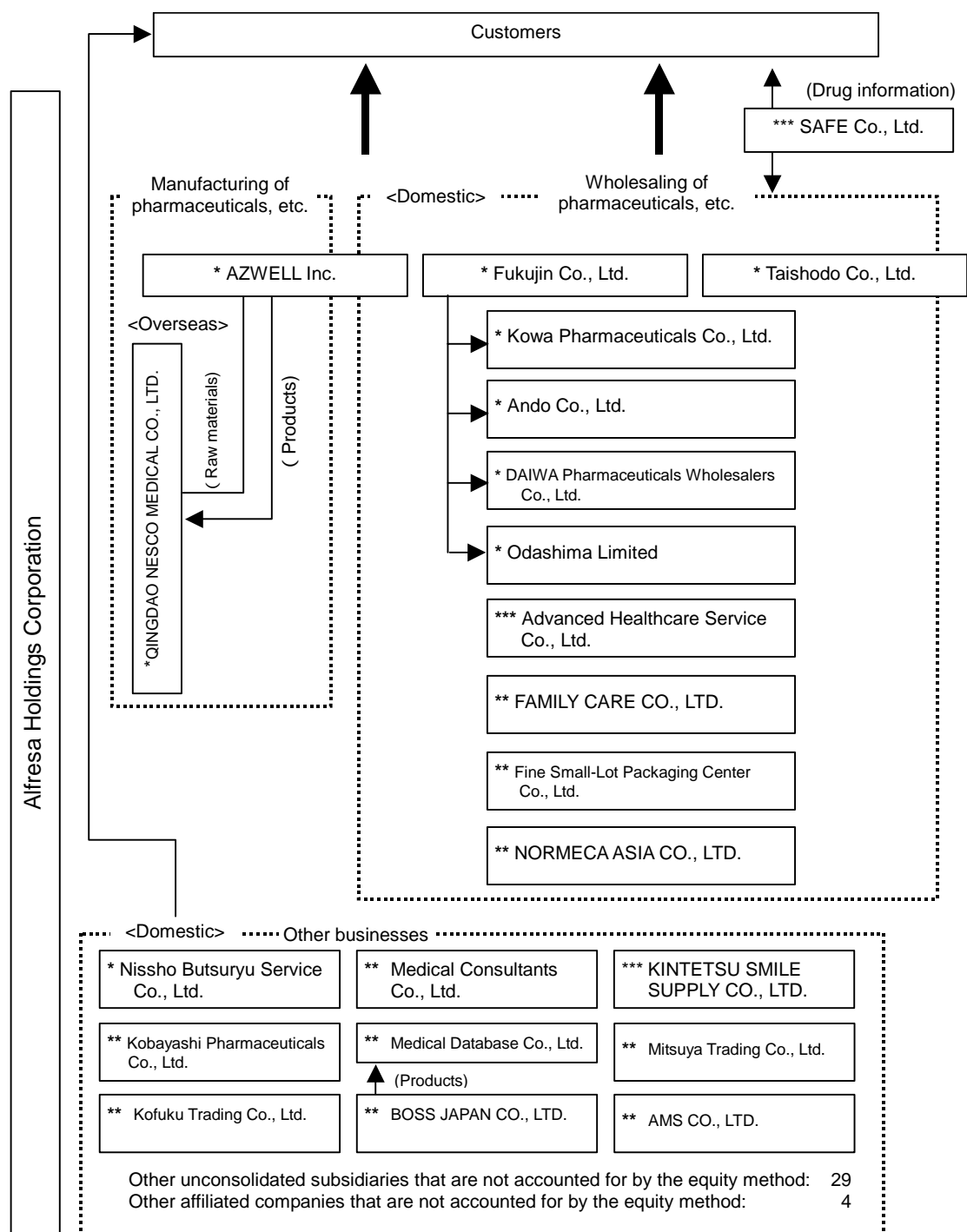
The Company has its basic role to formulate the management visions of the entire group and establish the management plan based on the visions as well as continuously enhance the corporate value by effectively utilizing management resources of the group.

The corporate group mainly consists of AZWELL Inc. and Fukujin Co., Ltd., and engages primarily in wholesaling and manufacturing of pharmaceuticals, diagnostic reagents and medical devices/equipment, etc.

The description of business and the relationship relating to the relevant business between the group companies and affiliates are as follows.

Classification of business	Company name	Main line of business
Wholesaling of pharmaceuticals, etc.	AZWELL Inc.	Ethical drugs, diagnostic reagents, over-the-counter drugs, medical devices/materials
	Fukujin Co., Ltd.	Ethical drugs, diagnostic reagents, medical devices/materials
	Taishodo Co., Ltd.	Ethical drugs, diagnostic reagents, over-the-counter drugs, medical devices/materials
	Kowa Pharmaceuticals Co., Ltd.	Ethical drugs, diagnostic reagents, over-the-counter drugs, medical devices/materials
	Ando Co., Ltd.	Ethical drugs, diagnostic reagents, over-the-counter drugs, medical devices/materials
	DAIWA Pharmaceutical Wholesalers Co., Ltd.	Ethical drugs, diagnostic reagents, medical devices/materials
	Odashima Limited	Ethical drugs, diagnostic reagents, medical devices/materials
	Advanced Healthcare Service Co., Ltd.	Over-the-counter drugs
	Fine Small-Lot Packaging Center Co., Ltd.	Ethical drugs
	FAMILY CARE CO., LTD.	Others (health foods, etc.)
	NORMECA ASIA CO., LTD.	Others (wholesaling of emergency and disaster supplies)
Manufacturing of pharmaceuticals, etc.	AZWELL Inc.	Ethical Drugs, diagnostic reagents, medical devices/equipment and others (pharmaceutical raw materials, etc.)
	QINGDAO NESCO MEDICAL CO., LTD.	Medical devices/equipment
Other businesses	Nissho Butsuryu Service Co., Ltd.	Transportation business, warehouse business, insurance agency
	SAFE Co., Ltd.	Information services relating to pharmaceuticals, etc.
	AMS CO., LTD.	Insurance agency, real estate management, sale of daily necessity and miscellaneous goods, etc., staffing service
	Mitsuya Trading Co., Ltd.	Insurance agency
	Kofuku Trading Co., Ltd.	Insurance agency, sale of stamps
	Medical Database Co., Ltd.	Sale of medical-related software
	BOSS JAPAN CO., LTD.	Production and sale of medical-related software
	Medical Consultants Co., Ltd.	Management consulting for medical business
	KINTETSU SMILE SUPPLY CO., LTD.	Rental service of nursing care equipment, etc.
	Kobayashi Pharmaceuticals Co., Ltd. and others	Management of prescription pharmacies, import and sale of pharmaceutical bulk powder, etc.

The relationship of the Company and main affiliated companies is as follows:



→ mark means business relation. Parenthesis means main contents of business.

* Consolidated subsidiaries

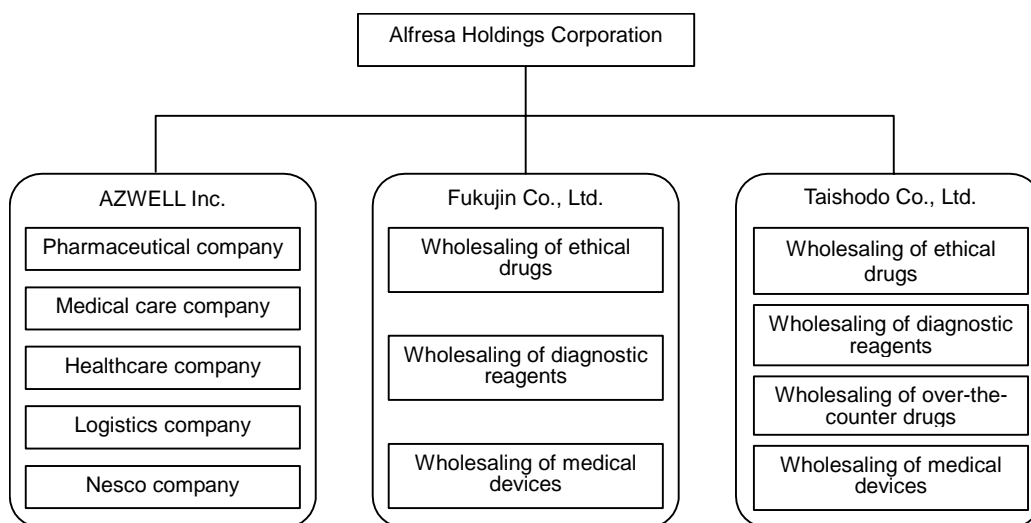
** Unconsolidated subsidiaries that are not accounted for by the equity method

*** Affiliated companies that are not accounted for by the equity method

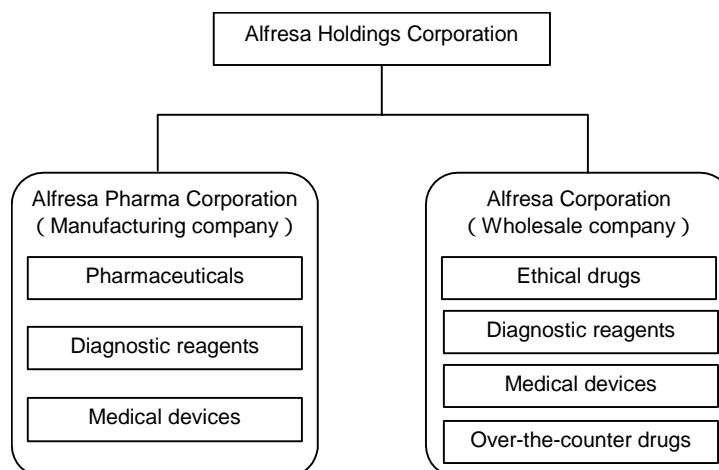
Note 1. AZWELL Inc., Fukujin Co., Ltd. and Taishodo Co., Ltd. are wholly owned subsidiaries of the Company.

2. The Alfresa group has reorganized AZWELL Inc., Fukujin Co., Ltd. and Taishodo Co., Ltd. into companies by business area as of October 1, 2004, for the second phase of the management integration.

Status as of September 30, 2004



Status as of October 1, 2004



Status of Consolidated Subsidiaries

Name	Address	Capital (in million yen)	Main line of business	Ratio of voting rights (%)	Relationship with the company
AZWELL Inc. *	Chuo-ku, Osaka	8,470	Wholesaling of pharmaceuticals, etc.	100.0	It has concluded a basic contract with the company relating to management services. Interlocking director: 2
Fukujin Co., Ltd. *	Chiyoda-ku, Tokyo	2,338	Wholesaling of pharmaceuticals, etc.	100.0	It has concluded a basic contract with the company relating to management services. Interlocking director: 3
Taishodo Co., Ltd.	Kumagaya, Saitama Prefecture	28	Wholesaling of pharmaceuticals, etc.	100.0	It is responsible for Saitama Prefecture in the group. Interlocking director: None
Kowa Pharmaceuticals Co., Ltd.	Koriyama, Fukushima Prefecture	104	Wholesaling of pharmaceuticals, etc.	62.7 (62.7)	It is responsible for Tohoku region in the group. Interlocking director: 1
Ando Co., Ltd.	Takasaki, Gunma Prefecture	300	Wholesaling of pharmaceuticals, etc.	50.9 (50.9)	It is responsible for Gunma Prefecture in the group. Interlocking director: 1
DAIWA Pharmaceutical Wholesalers Co., Ltd.	Matsuyama, Ehime Prefecture	60	Wholesaling of pharmaceuticals, etc.	86.8 (86.8)	It is responsible for Ehime Prefecture in the group. Interlocking director: 1
Odashima Limited	Hanamaki, Iwate Prefecture	30	Wholesaling of pharmaceuticals, etc.	54.7 (54.7)	It is responsible for Tohoku region in the group. Interlocking director: 1
Nissho Butsuryu Service Co., Ltd.	Chuo-ku, Osaka	70	Other businesses (transportation, warehouse business, etc.)	84.2 (84.2)	It conducts transportation business for commercial products of AZWELL Inc. and warehouse/building renting Interlocking director: None
QINGDAO NESCO MEDICAL CO., LTD.	Shandong, Qingdao, China	300	Manufacturing of pharmaceuticals, etc. (manufacturing and sale of medical devices/equipment)	100.0 (100.0)	It supplies raw materials to AZWELL Inc. Interlocking director: None

Note 1. In the column of “Main line of business” segments by business type are stated.

2. Asterisk mark means specified subsidiaries.

3. Ratio of voting rights owned by subsidiaries of the Company is indicated within the parenthesis, which is included in the total ratio.

2. Management Policies

(1) Basic management policies

The Alfresa group is developing a broad range of businesses as an entity which is dedicated to people's health with its group mission "to become a business group that create innovative value and earns the trust of society by contributing to the health of people mainly in the field of medical care." Also, based on our "*Healthcare Consortium*" concept for providing comprehensive healthcare services, we would like to contribute to the health and well-being of the people.

(2) Basic policies on profit share

Recognizing the importance of profit sharing with all the shareholders, the Alfresa group endeavors to stabilize and enhance its dividend level, while securing the internal reserves necessary to enhance the corporate management base. We will use internal reserves to enhance our financial standing and leverage it to create the basis for future business expansion.

(3) Target management benchmark

The Alfresa group compiled a medium-term management plan for a period from October 1, 2003 to March 31, 2006 with a consolidated sales target of 1,155.8 billion yen, a net income ratio of 1.1%, and an ROE of 9.7% for the fiscal year ending March 31, 2006. However, as corporate membership in the Alfresa group has been growing, we are currently reviewing the medium-term management plan for the three fiscal years from April 1, 2005 to March 31, 2008. Our consolidated net sales target for the final year (March 2008) is 2 trillion yen.

(4) Medium to long term management strategies

Since its establishment on September 29, 2003, the Alfresa group has endeavored toward the reorganization of its business on October 1, 2004, through ambitious preparations for the operational integration, including the integration of marketing and IT systems, development of various systems such as human resources, while giving due consideration to the internal harmony and a unified corporate identity as important challenges.

The Alfresa group is striving to implement the medium-term plan based on the following basic strategies geared to make it the top corporate group in the industry.

Expansion of networks

We aim at expanding our market territories, the number of customers and our business operations.

In the expansion of market territories, we will proactively engage in business cooperation, acquisitions, etc. seeking to construct nationwide networks for the group so we can respond to significant changes in the industry such as joint procurement by national hospitals and extensive deployment of large drugstore chains.

In the expansion of the number of customers, we aim to become a corporate group which can respond to various healthcare needs by cultivating relationship with many domestic and overseas companies including pharmaceutical manufacturers, in response to the recent rekindling of interest in not only overall medical but also nursing care and self-medication.

In the expansion of our business operations, we will achieve positive business developments while considering profitability in order to materialize our "*Healthcare Consortium*" concept and contribute to the health of people mainly in the field of medical care.

Pursuit of synergy effects

We consider that the pursuit of synergy effects is one of our important management issues arising from the expansion of our group. In order to obtain synergy effects, we are endeavoring to pursue not only economies of scale but also efficiency and prompt response, and establish an organization where networks will effectively function within the group centered on the Company. We will enhance the added value we offer as a corporate group by integrating various information, goods and services of the individual group members to respond to the diverse needs of customers appropriately.

Business selection and concentration

We strive to meet expectations of the general public and stakeholders by flexibly and promptly responding to the changes in the business environment and utilizing management resources effectively and efficiently for what the market needs, thereby maximizing our corporate value.

Regarding pharmaceuticals wholesaling, we will firmly establish nationwide sales networks through group expansion and enhance this core business.

The Alfresa group seeks to expand its pharmaceuticals manufacturing business, as a business that requires strengthening, by effectively allocating management resources.

Promotion of low-cost management

The Alfresa group strives to reduce costs and enhance productivity by integrating overlapping branch and sales offices of AZWELL Inc., Fukujin Co., Ltd. and Taishodo Co., Ltd. primarily in the Tokyo metropolitan area, and effectively utilizing distribution centers.

(5) Issues to be addressed

On October 1, 2004, AZWELL Inc., Fukujin Co., Ltd. and Taishodo Co., Ltd. were reorganized into Alfresa Corporation (pharmaceuticals wholesale company; Head office: Tokyo) and Alfresa Pharma Corporation (pharmaceuticals manufacturing company; Head office: Osaka). Since September last year, we established the Management Integration Committee, where we have discussed the issues for the reorganization by business sector including integration of marketing systems, information systems, etc. and thereby diligently prepared for the integration so that we can make a perfect start.

The issues to be addressed from now on are full-fledged operation of new organizations, construction of information systems and enhancement of profitability.

Full-fledged operation of new organizations

In order to achieve synergy effects of integration earlier, we consider that early and full-fledged operations of new organizations after the reorganization are important. We will firmly establish the most suitable organizations/systems, including unified marketing structure and logistics, human resources system, etc. Also, we consider that not only integration of organizations/systems but also a good mutual understanding of employees and a unified corporate identity are important issues. Accordingly, we will promote the establishment of a new corporate organization, system and culture as Alfresa.

Construction of information systems

As for the integration of the information systems scheduled to coincide with the business reorganization in October this year, we have decided to review the timing and method in order to realize a smooth system transition. We are currently reviewing how to construct the most appropriate information system for the Alfresa group.

Enhancement of profitability

As seen in the fact that joint procurement by medical institutions and the increasing purchasing power of large chain prescription pharmacies, we are facing a tough business climate due to slackening profits through declining sales prices as well as intensifying competition in pharmaceuticals wholesaling industry. Under such circumstances, Alfresa Corporation is trying to enhance profitability by achieving synergy effects of integration such as concentrated procurement and full-line dealing with manufacturers. Also, we are seeking candidates for voluntary retirement to reduce personnel expenses. As the gross margins are declining, we aim to improve profitability early by reducing SG&A expenses and firmly securing our management base, so that we can stay competitive even in the difficult business climate of our industry.

(6) Basic policy on corporate governance and related measures

Basic policy on corporate governance

In managing the business activities of its subsidiaries, the Company regards corporate governance as one of the most important corporate management issues. We are endeavoring to increase the corporate value from the shareholders' perspective by enhancing the efficiency and transparency of the group's management.

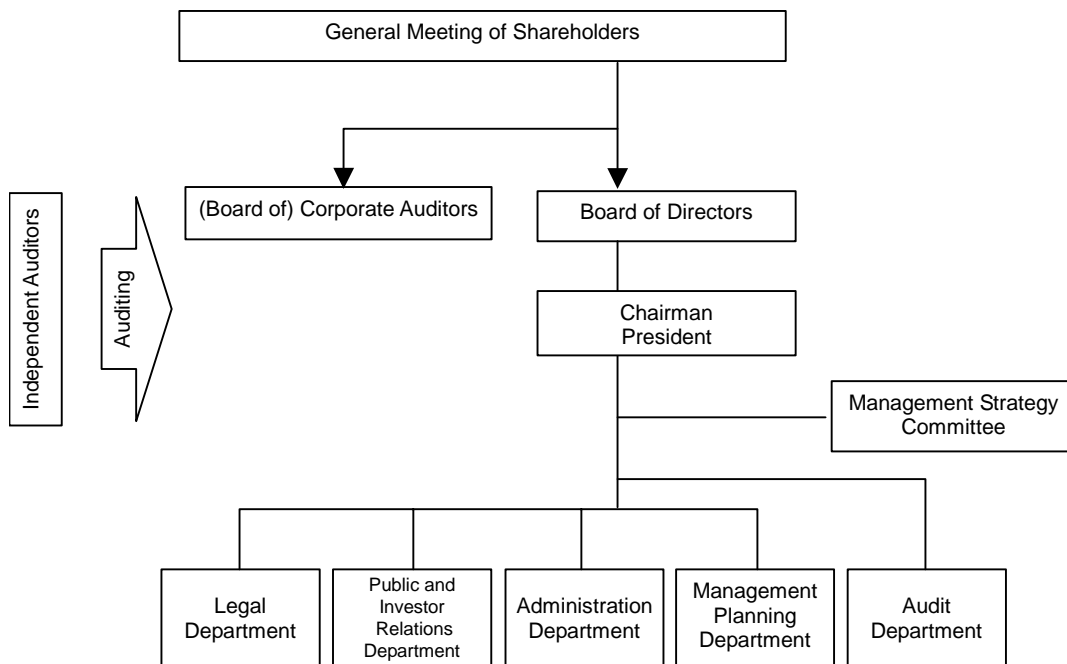
Measures for corporate governance

The Company formulates management visions and missions of the entire group, and makes management plans based on these as a pure holding company. It is the basic function for the Company to continuously increase corporate value by effectively utilizing the group's management resources. Additionally, it manages the group operations based on the basic agreement for its management guidelines.

The Company adopts an auditing system with four corporate auditors, including two external auditors with whom no specific conflicts of interest exist. A total of four directors are appointed. Furthermore, the Company has introduced the executive officer system in order to encourage the prompt business execution and the clarification of executive accountability.

For its accounting audit, the Company contracted an auditing firm KPMG AZSA & Co.

The following chart shows the scheme of business execution and auditing of the Company as of October 1, 2004.



The Company has established Legal Department and Audit Department as from October 1, 2004, to ensure corporate activities attaching importance to compliance, thereby enhancing the compliance system and improving the risk management system.

3. Business Results and Financial Position

(1) Business results

Japan's economy has continued on a recovery track during the first half of this fiscal year owing to improved corporate profits through increasing exports and overall production as well as moderate increases in consumer spending.

Despite the NHI drug price revision implemented in April this year making official drug prices decline by 4.2%, sales of pharmaceuticals have shown moderate growth, partly because sales of blockbuster medicines launched in the past several years have continued to be favorable to us and so forth. On the other hand, the pharmaceutical market has become difficult during the first half of this fiscal year in terms of profits, because pressure for reducing prices in relation to NHI price revision is increasing in delivery price negotiations with our customers such as medical institutions and prescription pharmacies.

Toward the integration of operations in October this year, the Alfresa group has proceeded with preparations for the consolidation of the marketing structure and various corporate systems such as human resources, in order to obtain early integration benefits and meet the expectations of business partners including customers and pharmaceutical manufacturers.

In the pharmaceuticals wholesaling business, the Alfresa group has endeavored to increase sales through a unified group identity as seen in joint sales promotion activities centered on AZWELL Inc. and Fukujin Co., Ltd. predating the integration, as well as the reduction of SG&A expenses. However, as sales prices decline in the intense competition among wholesalers in addition to the tough price negotiations with customers, both sales and profits are being squeezed and resulted in figures not up to expectations. As a result, the Company posted net sales of 559,527 million yen and an operating income of 3,317 million yen in the first half of this fiscal year.

In the pharmaceuticals manufacturing business, Oraspor Dry Syrup (oral cephem antibiotic) and Incremin Syrup (therapeutic agent for iron-deficiency anemia) and other three products, for which the Company received a distributorship in the previous fiscal term, have contributed to the increase in sales. Further contributing factor was the expansion of sales outlets within the Alfresa group, especially Fukujin Co., Ltd., as synergy effects of integration. As a result, the Company posted net sales of 10,322 million yen and an operating income of 308 million yen in the first half of this fiscal year. Incidentally, the amount of net sales includes inter-segmental sales amounting to 2,093 million yen.

Moreover, the Alfresa group is proactively expanding its scale to become the No.1 group in the industry. As of April 1, 2004, the Company acquired DAIWA Pharmaceutical Wholesalers Co., Ltd. (Matsuyama, Ehime Prefecture) and Odashima Limited (Hanamaki, Iwate Prefecture) as subsidiaries, both of which Fukujin Co., Ltd. had business alliances with. As of July 1, 2004, the Company concluded an exchange of shares with Taishodo Co., Ltd. (Kumagaya, Saitama Prefecture), which also had business ties with Fukujin Co., Ltd., to make it a wholly owned subsidiary of the Company.

As a result, the Alfresa group posted the following consolidated business results in the first half of this fiscal year: net sales of 567,944 million yen (up 8.6%, year on year), operating income of 3,579 million yen (down 36.1%, year on year), ordinary profit of 5,627 million yen (down 21.1%, year on year) and net income of 3,080 million yen (down 18.2%, year on year).

On September 3, 2004, Fukujin Co., Ltd. concluded a business alliance with SEIWA SANGYO CO., LTD. (Hiroshima, Hiroshima Prefecture), and on September 16, 2004, Fukujin Co., Ltd. reached a basic agreement to acquire the pharmaceuticals wholesaling business of Matsuda Medical Co., Ltd. (Agawa-gun, Kochi Prefecture), effective February 1, 2005. Further, the Company has reached a basic agreement with PIP-Tokyo Co., Ltd. to establish a joint venture company for SPD* business and wholesale of medical materials. Through such initiatives, the Alfresa group has been striving to expand its service areas and differentiate services.

*SPD (Supply Processing and Distribution): Concept to enhance rationalization, promote efficiency and improve the management system by consolidating everything from procurement to distribution/consumption for the entire range of goods for hospitals. As medical institutions are required to operate more efficiently, they are increasingly outsourcing the product management. Under such circumstances, SPD has attracted attention as a new business.

(2) Financial position

(i) Cash flows in the first half of this fiscal year

Cash and cash equivalents (hereinafter referred to as “net cash”) in the first half of this fiscal year decreased by 8,180 million yen (down 12.5%) from the end of the previous fiscal term to 50,641 million yen by the end of the first half of this fiscal year. Despite an increase in inventories of 11,979 million yen, expenditures for purchase of tangible fixed assets of 1,276 million yen and disbursements for intangible fixed assets of 1,714 million yen, there was also interim net income before taxes of 5,425 million yen, a decrease in accounts receivable of 2,797 million yen, as well as an increase in accounts payable of 4,231 million yen, etc.

- Cash flows from operating activities

Net cash used in operating activities was 3,887 million yen (down 49.4%, year on year) in the first half of this fiscal year. This was primarily owing to the fact that, despite an interim net income before taxes of 5,425 million yen, a decrease in accounts receivable of 2,797 million yen and an increase in accounts payable of 4,231 million yen, there were an increase in inventories of 11,979 million yen for stock in order to reduce restructuring related risks.

- Cash flows from investing activities

Net cash used in investing activities was 3,246 million yen (up 145.1%, year on year) primarily due to disbursements for the purchase of tangible fixed assets of 1,276 million yen, disbursements for the purchase of intangible fixed assets of 1,714 million yen, etc.

- Cash flows from financing activities

Net cash used in financing activities was 1,049 million yen (up 179.9%, year on year). This is mainly attributable to the fact that, despite income from long-term loans of 200 million yen, there were disbursements for repayment of long-term loans of 490 million yen and dividends payments of 843 million yen, etc.

(ii) Trend of cash flow index (consolidated)

	First half of this fiscal year	Previous fiscal year
Shareholders' equity ratio (%)	19.6	21.1
Shareholders' equity ratio on market-value basis (%)	23.1	37.9
Number of years for debt redemption	-	1.3
Interest coverage ratio (%)	-	69.6

Note 1. Shareholders' equity ratio: Shareholders' equity/Total assets

2. Shareholders' equity ratio on market-value basis: Total market value of shares/Total assets

3. Number of years for debt redemption: Interest-bearing debt/Operating cash flow

4. Interest coverage ratio: Operating cash flow/Interest payments

5. All figures are calculated using financial figures on a consolidated basis.

6. Total market value of shares is calculated using the following formula:

Closing stock price at end of the period x Number of shares outstanding at end of the period (after deducting treasury stocks)

7. Interest-bearing debt means all debts on which interest is being paid, out of debts accounted for on the interim consolidated balance sheet.

8. Interest payments indicate interest amounts paid on the interim consolidated statement of cash flows.

9. Number of years for debt redemption and interest coverage ratio are not stated where they are negative.

(3) Forecast for the fiscal year ending March 31, 2005

In the second half of this fiscal year, it seems that the pharmaceutical wholesaling industry will continue to face the difficult business climate as demands for lower delivery prices from customers go on. As for negotiations for delivery prices, competitions among wholesalers has been intensifying due to stronger purchasing power of medical institutions through joint procurement and selection of wholesalers that they deal with, resulting in the decline in gross margin.

As for the forecast for the fiscal year ending March 31, 2005, although we will ensure to continue negotiations for mutually reasonable prices, both sales and profit are expected to remain under pressure as the price squeeze continues. Also, Alfresa Corporation has decided to seek voluntary retirees in order to reduce personnel expenses. In this context, the Company estimates extraordinary losses for 4,100 million yen in the fiscal year ending March 31, 2005.

From the above, the Company forecasts consolidated net sales of 1,173 billion yen, ordinary profit of 8.6 billion yen and net income of 1.7 billion yen for the entire fiscal year.

We are striving to improve profitability as soon as possible by expanding sales through full utilization of the unified marketing structure of the Alfresa Corporation, obtaining synergy effects from integration for profitability through fully concentrated joint procurement, as well as seeking to reduce SG&A expenses such as the reduction of personnel expenses.

Note: The description relating to the forecast for the entire fiscal year stated in this data is based on assessments of information currently available to the Company and the Alfresa group, and thus it contains risks and uncertainties. Please be informed that there is a possibility that the actual results may differ from the forecasts stated herein due to various factors, such as the economic situation, market trends, etc. surrounding the Company and the Alfresa group.

4. Interim Consolidated Financial Statements
(1) Interim Consolidated Balance Sheet

Item	As of the end of previous interim period (September 30, 2003)		As of the end of current interim period (September 30, 2004)		As of the end of previous fiscal year (March 31, 2004)	
	Millions of Yen	Percentage (%)	Millions of Yen	Percentage (%)	Millions of Yen	Percentage (%)
(Assets)						
I Current assets						
1. Cash and deposits	36,522		42,990		45,642	
2. Trade notes and accounts receivable	288,716		320,527		290,020	
3. Securities	10,490		9,828		13,609	
4. Inventories	51,804		70,554		52,251	
5. Miscellaneous receivables	21,935		26,034		23,083	
6. Others	3,522		4,670		3,405	
Allowance for doubtful accounts	(764)		(1,046)		(734)	
Total current assets	412,227	82.8	473,560	82.5	427,277	83.3
II Fixed assets						
1. Tangible fixed assets						
(1) Buildings and structures	17,607		19,982		16,689	
(2) Land	30,415		31,748		27,416	
(3) Others	3,086		3,894		2,898	
Total tangible fixed assets	51,109	10.2	55,625	9.7	47,004	9.1
2. Intangible fixed assets	2,034	0.4	3,691	0.7	2,123	0.4
3. Investments and other assets						
(1) Investment in securities	15,417		18,383		17,570	
(2) Others	20,486		25,639		22,290	
Allowance for doubtful accounts	(3,222)		(3,137)		(3,078)	
Total investments and other assets	32,680	6.6	40,885	7.1	36,782	7.2
Total fixed assets	85,825	17.2	100,202	17.5	85,911	16.7
Total	498,052	100.0	573,763	100.0	513,188	100.0

Item	As of the end of previous interim period (September 30, 2003)		As of the end of current interim period (September 30, 2004)		As of the end of previous fiscal year (March 31, 2004)	
	Millions of Yen	Percentage (%)	Millions of Yen	Percentage (%)	Millions of Yen	Percentage (%)
(Liabilities)						
I Current liabilities						
1. Trade notes and accounts payable	357,824		412,717		366,302	
2. Short-term debt	3,646		5,731		2,863	
3. Allowances	4,182		4,823		4,598	
4. Others	8,555		8,175		8,314	
Total current liabilities	374,209	75.2	431,448	75.2	382,078	74.5
II Non-current liabilities						
1. Bonds	-		600		-	
2. Long-term debt	-		433		-	
3. Allowance for employees' retirement benefits	16,798		19,948		17,335	
4. Allowance for directors' retirement benefits	1,038		308		1,074	
5. Allowance for loss on debt guarantee	575		659		503	
6. Allowance for loss on restructuring of business	234		-		-	
7. Consolidation-related adjustments	58		1,178		-	
8. Others	343		2,081		254	
Total non-current liabilities	19,049	3.8	25,209	4.4	19,168	3.7
Total liabilities	393,259	79.0	456,657	79.6	401,246	78.2
(Minority interests)						
Minority interests	3,242	0.6	4,329	0.8	3,532	0.7
(Shareholders' equity)						
I Paid-in capital	3,380	0.7	3,450	0.6	3,380	0.6
II Additional paid-in capital	17,803	3.6	21,356	3.7	18,623	3.6
III Retained earnings	81,358	16.3	86,008	15.0	84,048	16.4
IV Shortfall on land revaluation	(3,235)	(0.6)	(2,976)	(0.5)	(3,201)	(0.6)
V Unrealized gain on available-for-sale securities	4,325	0.8	5,410	0.9	5,628	1.1
VI Foreign currency translation adjustments	24	0.0	(7)	(0.0)	(11)	(0.0)
VII Treasury stock, at cost	(2,106)	(0.4)	(466)	(0.1)	(58)	(0.0)
Total shareholders' equity	101,550	20.4	112,775	19.6	108,409	21.1
Total	498,052	100.0	573,763	100.0	513,188	100.0

(2) Interim Consolidated Income Statement

Item	Six months ended Sep. 30, 2003			Six months ended Sep. 30, 2004			Fiscal year ended March 31, 2004		
	Millions of Yen	Percentage (%)	Millions of Yen	Percentage (%)	Millions of Yen	Percentage (%)			
I Net sales	522,774	100.0	567,944	100.0	1,066,577	100.0			
II Cost of sales	477,151	91.3	520,055	91.6	972,173	91.1			
Total deduction	45,622	8.7	47,888	8.4	94,404	8.9			
Reversal of allowance for returned unsold goods	613	0.1	614	0.1	613	0.1			
Allowance for returned unsold goods	504	0.1	666	0.1	582	0.1			
Gross profit	45,731	8.7	47,835	8.4	94,435	8.9			
III Selling, general and administrative expenses	40,128	7.6	44,256	7.8	82,032	7.7			
Operating income	5,602	1.1	3,579	0.6	12,402	1.2			
IV Non-operating income									
1. Interest income	56		61		125				
2. Dividend income	102		179		171				
3. Information fees received	1,085		1,244		2,215				
4. Depreciation of consolidation-related adjustments	58		145		116				
5. Equity in earnings of unconsolidated subsidiaries and affiliates	13		-		27				
6. Others	328	1,645	0.3	647	2,278	0.4	854	3,512	0.3
V Non-operating expenses									
1. Interest expenses	17		28		33				
2. Organizational inauguration expenses	49		-		49				
3. Commission fees	16		41		41				
4. Additional retirement benefits	-		53		-				
5. Allowance for doubtful accounts	-		-		260				
6. Others	35	118	0.0	107	230	0.0	263	648	0.1
Ordinary profit		7,129	1.4		5,627	1.0		15,266	1.4
VI Extraordinary income									
1. Gain on sale of fixed assets	147		-		147				
2. Reversal of allowance for doubtful accounts	157		211		139				
3. Reversal of allowance for directors' retirement benefits	93		-		93				
4. Reversal of allowance for loss on debt guarantee	-		-		70				
5. Gain on sale of securities	-	397	0.0	-	211	0.0	161	610	0.1
VII Extraordinary loss									
1. Loss on sale of fixed assets	333		-		1,138				
2. Loss on disposal of fixed assets	72		82		223				
3. Unrealized loss on securities	19		-		-				
4. Unrealized loss on membership rights	54		-		-				
5. Loss on impairment of fixed assets	-		122		1,956				
6. Integration expenses	-	480	0.1	207	412	0.1	-	3,318	0.3
Income before income taxes		7,047	1.3		5,425	0.9		12,558	1.2
Corporate, residential and enterprise taxes	2,907		2,474		6,960				
Corporate tax adjustments	250	3,158	0.6	(319)	2,155	0.4	(1,289)	5,671	0.6
Minority interests in net income		122	0.0		190	0.0		397	0.0
Net income		3,766	0.7		3,080	0.5		6,489	0.6

(3) Interim Consolidated Statement of Retained Earnings

	Six months ended September 30, 2003		Six months ended September 30, 2004		Fiscal year ended March 31, 2004	
Item	Millions of Yen		Millions of Yen		Millions of Yen	
(Capital surplus)						
I Beginning balance		17,803		18,623		17,803
II Increase in capital surplus						
1. Increase due to stock exchange	-		2,732		-	
2. Gain on disposal of treasury stock	-	-	-	2,732	820	820
III Ending balance		17,803		21,356		18,623
(Retained earnings)						
I Beginning balance		78,384		84,048		78,384
II Increase in retained earnings						
1. Net income	3,766		3,080		6,489	
2. Increase due to exclusion from equity method	-		6		-	
3. Reversal of gain on land revaluation	2	3,768	-	3,087	-	6,489
III Decrease in retained earnings						
1. Dividends	741		844		741	
2. Directors' bonuses	52		56		52	
3. Reversal of gain on land revaluation	-	793	225	1,126	32	825
IV Ending balance		81,358		86,008		84,048

(4) Interim Consolidated Statement of Cash Flows

	Six months ended September 30, 2003	Six months ended September 30, 2004	Fiscal year ended March 31, 2004
Item	Millions of Yen	Millions of Yen	Millions of Yen
I Cash flows from operating activities			
1. Income before income taxes	7,047	5,425	12,558
2. Depreciation	1,151	1,225	2,414
3. Decrease in allowance for doubtful accounts	(313)	(723)	(487)
4. Decrease in allowance for bonuses	(349)	(306)	(14)
5. Increase in allowance for employees' retirement benefits	20	194	556
6. Decrease in allowance for directors' retirement benefits	(114)	(1,055)	(78)
7. Decrease in allowance for loss on business restructuring	(347)	-	(581)
8. Interest and dividends income	(159)	(240)	(297)
9. Interest expenses	17	28	33
10. Depreciation of consolidation-related adjustments	(58)	(145)	(116)
11. Loss on impairment of fixed assets	-	122	1,956
12. Gain on sale of securities	-	-	(161)
13. Gain on sale of fixed assets	(147)	-	(147)
14. Loss on disposal of fixed assets	406	82	1,362
15. Decrease in unpaid employees' retirement benefits	(1,566)	-	(2,176)
16. Decrease (increase) in trade notes and accounts receivable	(6,884)	2,797	(8,436)
17. Increase in inventories	(764)	(11,979)	(1,211)
18. Decrease (increase) in miscellaneous receivables	3,087	(221)	2,946
19. Increase (decrease) in trade notes and accounts payable	(1,198)	4,231	7,216
20. Others	(877)	(435)	(1,463)
Subtotal	(1,049)	(1,001)	13,872
21. Interest and dividends received	192	234	332
22. Interest paid	(18)	(25)	(33)
23. Income taxes paid	(6,801)	(3,095)	(11,873)
Net cash provided by (used in) operating activities	(7,676)	(3,887)	2,297

	Six months ended September 30, 2003	Six months ended September 30, 2004	Fiscal year ended March 31, 2004
Item	Millions of Yen	Millions of Yen	Millions of Yen
II Cash flows from investing activities			
1. Increase in time deposits	(1,116)	(433)	(1,179)
2. Proceeds from maturity of time deposits	110	200	260
3. Payments for purchase of tangible fixed assets	(346)	(1,276)	(780)
4. Proceeds from sale of tangible fixed assets	358	37	1,030
5. Payments for purchase of intangible fixed assets	(389)	(1,714)	(611)
6. Payment for purchase of securities	(86)	(40)	(163)
7. Proceeds from sale of securities	26	164	346
8. Payments for loans provided	(6)	(151)	(95)
9. Proceeds from collection of loans	145	198	348
10. Proceeds from liquidation of affiliates	106	87	106
11. Others	(126)	(317)	(22)
Net cash used in investing activities	(1,324)	(3,246)	(760)
III Cash flows from financing activities			
1. Net increase (decrease) in short-term debt	580	151	(90)
2. Repayments of long-term debt	(193)	(490)	(356)
3. Proceeds from long-term loans	-	200	-
4. Cash payments for share transfer	-	-	(820)
5. Payments for purchase of treasury stock	(2)	(38)	(60)
6. Proceeds from sale of treasury stock	-	-	3,515
7. Cash dividends paid	(741)	(843)	(741)
8. Cash dividends paid to minority shareholders	(18)	(27)	(18)
Net cash provided by (used in) financing activities	(374)	(1,049)	1,428
IV Translation difference of cash and cash equivalents	0	2	(15)
V Increase (decrease) in cash and cash equivalents	(9,375)	(8,180)	2,950
VI Beginning balance of cash and cash equivalents	54,950	57,900	54,950
VII Increase in cash and cash equivalents due to stock exchange	-	921	-
VIII Ending balance of cash and cash equivalents	45,574	50,641	57,900