

**Consolidated Financial Statements for the Third Quarter
of the Fiscal Year Ending March 31, 2005**

Corporate Name: Alfresa Holdings Corporation (Code No.: 2784)

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

Listing: 1st sections of Tokyo Stock Exchange and Osaka Securities Exchange

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1. Matters related to the preparation of quarterly financial information

(1) Simplified accounting method is applied.

The figure for inventories were not actually counted at the end of the third quarter, but are based on the book inventory method, considering the actual inventories counted at the end of the second quarter. In addition, simplified procedures were partially used for other insignificant amounts.

(2) There are no changes in accounting method from the most recent consolidated fiscal year.

(3) There are changes in the scope of consolidation and the application of equity method accounting:

Consolidation (new): 4 companies (Exclusion): 1 company

Equity method (new): - (Exclusion): 1 company

2. Consolidated performance for the third quarter of the fiscal year ending

March 31, 2005 (April 1, 2004 – December 31, 2004)

(1) Consolidated operating results

(Amounts below one million yen are omitted.)

	Net sales		Operating income		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
9 months (December 31, 2004)	898,094	9.8	4,932	(49.6)	7,944	(34.4)	4,242	(33.5)
9 months (December 31, 2003)	817,742	-	9,794	-	12,116	-	6,380	-
[Ref.] Fiscal year ended March 2004	1,066,577		12,402		15,266		6,489	

	Earnings per share	Diluted earnings per share
	Yen	Yen
9 months (December 31, 2004)	124.48	-
9 months (December 31, 2003)	194.52	-
[Ref.] Fiscal year ended March 2004	194.85	-

Note: Percentage of net sales, operating income, ordinary profit and net income show the change from the same period of the previous year.

Qualitative information on the consolidated operating results

The ethical drug market for the third quarter experienced a low growth rate of about 1.3% shown in the April to December aggregated figure, and the profit aspect remained in a difficult phase. This is attributable to the reduced NHI drug price standards of 4.2% (implemented in April 2004) and the tougher contract price negotiations with customers including medical institutions and prescription pharmacies.

In this situation, on October 1, 2004, our wholly owned subsidiaries AZWELL Inc., Fukujin Co., Ltd, and Taishodo Co., Ltd. were reorganized by business line into Alfresa Corporation engaging in wholesaling of pharmaceuticals and Alfresa Pharma Corporation engaging in manufacturing of pharmaceuticals. The new companies are now operating their respective businesses.

For the third quarter, our Group has emphasized profit ensuring as the most crucial issue, making efforts to maintain the same level of contract price, strengthen various sales measures, reduce the cost of sales by joint purchase and undertake the initiative for low costs. In last December, 265 employees responded to the solicitation for early retirement by Alfresa Corporation, and the company plans to record extraordinary losses of about 31 million yen for early retirement severance in the fourth quarter. In addition, Alfresa PIP-Tokyo Corporation was established on December 1, 2004 to do SPD business and wholesaling of medical materials as a joint venture of PIP-Tokyo Co., Ltd. and Alfresa Holdings Corporation, and is currently in preparation for starting its full operation in April 2005.

By mentioned above, the Alfresa Group recorded consolidated net sales of 898,094 million yen (up 9.8%, year on year), operating income of 4,932 million yen (down 49.6%, year on year), ordinary profit of 7,944 million yen (down 34.4%, year on year) and net income of 4,242 million yen (down 33.5%, year on year) for the third quarter of the current year.

(2) Consolidated financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
9 months (December 31, 2004)	610,002	111,689	18.3	3,301.48
9 months (December 31, 2003)	547,301	104,564	19.1	3,188.97
[Ref.] Fiscal year ended March 2004	513,188	108,409	21.1	3,207.01

Consolidated cash flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
9 months (December 31, 2004)	(15,781)	(3,520)	(4,856)	34,661
9 months (December 31, 2003)	(10,039)	(1,414)	(1,927)	41,579
[Ref.] Fiscal year ended March 2004	2,297	(760)	1,428	57,900

Qualitative information on consolidated financial position

Compared to the end of the previous fiscal year, the consolidated financial position for the third quarter was as follows:

Assets

Assets increased by 96,813 million yen. This was mainly on account of the increase of 63,551 million yen in trade notes and accounts receivable, the increase of 25,494 million yen in inventories and the increase of 11,840 million yen in miscellaneous receivables.

Liabilities

Liabilities increased by 92,913 million yen. This was mainly due to the increase of 85,709 million yen in trade notes and accounts payable, the increase of 1,802 million yen in short-term debts and the increase of 3,027 million yen in allowance for employees' retirement benefits.

Shareholders' equity

Shareholders' equity increased by 3,279 million yen. This was mainly attributable to the increase of 70 million yen in paid-in capital as a result of the stock exchange with Taishodo Co., Ltd., conducted on July 1, 2004, the increase of 2,732 million yen in additional paid-in capital, the increase of 2,259 million yen in retained earnings in addition to the increase of 2,440 million yen in treasury stock (decrease in shareholders' equity).

Cash and cash equivalents (net cash) at end of the third quarter were 34,661 million yen, down 23,239 million yen from the end of the previous consolidated financial year.

Cash flows in different activities for the nine months were as follows:

Cash flow from operating activities

Net cash used in operating activities was 15,781 million yen, as income before income taxes totaled 7,411 million yen and trade notes and accounts payable increased by 43,497 million yen, while trade notes and accounts receivable increased by 34,837 million yen, inventories increased by 19,170 million yen and miscellaneous receivables increased by 9,106 million yen.

Cash flows from investing activities

Net cash used in investing activities was 3,520 million yen. This is mainly attributable to the payments of 1,674 million yen for the purchase of tangible fixed assets and of 1,977 million yen for the purchase of intangible fixed assets.

Cash flows from financing activities

Net cash used in financing activities was 4,856 million yen. This is mainly attributable to the payments of 2,070 million yen for the purchase of treasury stock and dividends payments of 1,706 million yen.

Reference

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

(Millions of yen)

	Net sales	Ordinary profit	Net income
Year ending March 31, 2005	1,173,000	8,600	1,700

Reference: Estimated earnings per share: ¥50.25

Qualitative information on performance forecast

During the third quarter, although net income exceeded the full-year forecast, the Company plans to post extraordinary loss for early retirement severance and loss arising from the liquidation of affiliate companies for the fourth quarter. Accordingly, performance forecasts announced on November 11, 2004 have not been changed.

The estimated earnings per share for this fiscal year has been adjusted because of reduced number of outstanding stocks following the acquisition of the treasury stock.

Note: The above-mentioned outlook for the fiscal year ending March 31, 2005 reflects the judgment by Alfresa Holdings Corporation and group companies on the basis of currently available information, and thus it contains risks and uncertainties. It should be noted that the actual results may differ from those described above depending on various factors, including the economic situation and market trends that affects the Company and group companies.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

Item	As of the end of current 3Q (Dec. 31, 2004)		As of the end of previous 3Q (Dec. 31, 2003)		Change		(Ref.) As of the end of previous FY (March 31, 2004)	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
(Assets)								
Current assets	506,284	83.0	459,965	84.0	46,319	10.1	427,277	83.3
Cash and deposits	34,132		33,378				45,642	
Trade notes and accounts receivable	353,571		321,387				290,020	
Securities	2,129		9,526				13,609	
Inventories	77,745		67,370				52,251	
Deferred tax assets	2,936		2,071				2,615	
Miscellaneous receivables	34,923		24,397				23,083	
Others	1,675		2,603				789	
Allowance for doubtful accounts	(830)		(769)				(734)	
Fixed assets	103,717	17.0	87,336	16.0	16,381	18.8	85,911	16.7
Tangible fixed assets	55,273	9.1	50,825	9.3	4,448	8.8	47,004	9.1
Buildings and structures	19,694		17,356				16,689	
Machinery, equipment and vehicles	1,505		1,745				1,653	
Tools and fixtures	1,237		1,280				1,242	
Land	31,765		30,415				27,416	
Construction in progress	1,070		27				2	
Intangible fixed assets	3,745	0.6	2,009	0.4	1,736	86.4	2,123	0.4
Investments and other assets	44,698	7.3	34,501	6.3	10,196	29.6	36,782	7.2
Investment in securities	19,465		16,190				17,570	
Long-term loans	1,453		1,743				1,064	
Deferred tax assets	6,699		5,428				5,975	
Deferred tax assets on land revaluation	2,050		2,223				2,200	
Others	19,093		11,925				13,050	
Allowance for doubtful accounts	(4,064)		(3,009)				(3,078)	
Total	610,002	100.0	547,301	100.0	62,700	11.5	513,188	100.0

Item	As of the end of current 3Q (Dec. 31, 2004)		As of the end of previous 3Q (Dec. 31, 2003)		Change		(Ref.) As of the end of previous FY (March 31, 2004)	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
(Liabilities)	494,160	81.0	439,392	80.3	54,768	12.5	401,246	78.2
Current liabilities	469,325	76.9	420,056	76.8	49,268	11.7	382,078	74.5
Trade notes and accounts payable	452,011		407,947				366,302	
Short-term debt	4,665		2,944				2,863	
Corporate bonds redeemed within a year	748		-				-	
Income taxes payable	1,082		1,603				3,532	
Accrued bonuses	2,272		1,599				3,983	
Allowance for sales rebates	64		48				33	
Allowance for loss on sales returns	798		550				582	
Others	7,682		5,362				4,782	
Non-current liabilities	24,835	4.1	19,336	3.5	5,499	28.4	19,168	3.7
Bonds	100		-				-	
Long-term debt	440		100				-	
Allowance for employees' retirement benefits	20,362		17,101				17,335	
Allowance for directors' retirement benefits	321		1,054				1,074	
Allowance for loss on debt guarantee	659		578				503	
Allowance for loss on restructuring of business	-		232				-	
Deferred tax liabilities	1,492		-				-	
Consolidation-related adjustments	1,216		29				-	
Others	242		240				254	
(Minority interests)	4,152	0.7	3,345	0.6	807	24.1	3,532	0.7
Minority interests	4,152	0.7	3,345	0.6	807	24.1	3,532	0.7
(Shareholders' equity)	111,689	18.3	104,564	19.1	7,124	6.8	108,409	21.1
Paid-in capital	3,450	0.6	3,380	0.6	70	2.1	3,380	0.6
Additional paid-in capital	21,356	3.5	17,803	3.3	3,552	20.0	18,623	3.6
Retained earnings	86,307	14.1	83,973	15.3	2,334	2.8	84,048	16.4
Shortfall on land revaluation	(2,976)	(0.5)	(3,235)	(0.6)	259	(8.0)	(3,201)	(0.6)
Unrealized gain on available-for-sale securities	6,047	1.0	4,778	0.9	1,269	26.6	5,628	1.1
Foreign currency translation adjustments	1	0.0	0	0.0	0	45.2	(11)	(0.0)
Treasury stock, at cost	(2498)	(0.4)	(2,136)	(0.4)	(362)	17.0	(58)	(0.0)
Total	610,002	100.0	547,301	100.0	62,700	11.5	513,188	100.0

(2) Quarterly Consolidated Income Statements

Item	Nine months ended Dec. 31, 2004		Nine months ended Dec. 31, 2003		Change		(Ref.) Year ended March 31, 2004	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
(Net sales)								
Net sales	898,094	100.0	817,742	100.0	80,352	9.8	1,066,577	100.0
(Cost of sales)								
Cost of sales	825,029	91.9	747,315	91.4	77,714	10.4	972,173	91.1
Reversal of allowance for returned unsold goods	681		613				613	
Allowance for returned unsold goods	826		550				582	
Gross profit	72,920	8.1	70,489	8.6	2,431	3.4	94,435	8.9
Selling, general and administrative expenses	67,988	7.6	60,694	7.4	7,294	12.0	82,032	7.7
Operating income	4,932	0.5	9,794	1.2	(4,862)	(49.6)	12,402	1.2
Non-operating income	3,348	0.4	2,508	0.3	840	33.5	3,512	0.3
Interest income	77		79				125	
Dividend income	254		169				171	
Information fees received	1,921		1,677				2,215	
Depreciation of consolidation-related adjustments	216		87				116	
Equity in earnings of unconsolidated subsidiaries and affiliates	-		24				27	
Others	878		470				854	
Non-operating expenses	335	0.0	187	0.0	148	79.4	648	0.1
Interest expenses	48		25				33	
Organizational inauguration expenses	-		49				49	
Commission fees	44		35				41	
Allowance for doubtful accounts	-		-				260	
Additional retirement benefits	70		-				-	
Others	172		75				263	
Ordinary profit	7,944	0.9	12,116	1.5	(4,171)	(34.4)	15,266	1.4
Extraordinary income	-	-	446	0.0	(446)	(100.0)	610	0.1
Gain on sale of fixed assets	-		147				147	
Reversal of allowance for doubtful accounts	-		205				139	
Reversal of allowance for directors' retirement benefits	-		93				93	
Reversal of allowance for loss on debt guarantee	-		-				70	
Gain on sale of securities	-		-				161	
Extraordinary loss	533	0.1	541	0.1	(8)	(1.5)	3,318	0.3
Loss on sale of fixed assets	-		334				1,138	
Loss on disposal of fixed assets	130		113				223	
Unrealized loss on securities	-		11				-	
Loss on sale of securities	-		29				-	
Unrealized loss on membership rights	-		51				-	
Loss on impairment of fixed assets	122		-				1,956	
Integration expenses	280		-				-	
Income before income taxes	7,411	0.8	12,021	1.4	(4,609)	(38.3)	12,558	1.2
Corporate, residential and enterprise taxes	3,614	0.4	5,035	0.6	(1,421)	(28.2)	6,960	0.7
Corporate tax adjustments	(725)	(0.1)	383	0.0	(1,109)	(289.1)	(1,289)	(0.1)
Minority interests in net income	280	0.0	220	0.0	59	26.8	397	0.0
Net income	4,242	0.5	6,380	0.8	(2,137)	(33.5)	6,489	0.6

(3) Quarterly Consolidated Statements of Retained Earnings

	Nine months ended Dec. 31, 2004	Nine months ended Dec. 31, 2003	(Ref.) Year ended March 31, 2004
Item	Millions of Yen	Millions of Yen	Millions of Yen
Capital surplus			
Beginning balance	18,623	17,803	17,803
Increase in capital surplus	2,732	-	820
(Increase due to stock exchange)	2732	-	-
(Gain on disposal of treasury stock)	-	-	820
Ending balance	21,356	17,803	18,623
Retained earnings			
Beginning balance	84,048	78,384	78,384
Increase in retained earnings	4,249	6,382	6,489
(Net income)	4,242	6,380	6,489
(Increase due to exclusion from equity method)	6	-	-
Decrease in retained earnings	1,989	793	825
(Dividends)	1,707	741	741
(Directors' bonuses)	56	52	52
(Reversal of gain on land revaluation)	225	-	32
Ending balance	86,307	83,973	84,048

(4) Quarterly Consolidated Statements of Cash Flows

	Nine months ended Dec. 31, 2004	Nine months ended Dec. 31, 2003	(Ref.) Year ended March 31, 2004
Item	Millions of Yen	Millions of Yen	Millions of Yen
I Cash flows from operating activities			
Income before income taxes	7,411	12,021	12,558
Depreciation	1,932	1,769	2,414
Decrease in allowance for doubtful accounts	(12)	(521)	(487)
Increase in allowance for employees' retirement benefits	608	322	556
Decrease in allowance for directors' retirement benefits	(1,042)	(98)	(78)
Decrease in allowance for bonuses	(2,117)	(1,457)	(14)
Decrease in allowance for loss on business restructuring	-	(349)	(581)
Interest and dividends income	(331)	(257)	(297)
Interest expenses	48	25	33
Depreciation of consolidation-related adjustments	(216)	(87)	(116)
Loss on impairment of fixed assets	122	-	1,956
Gain on sale of securities	-	-	(161)
Gain on sale of fixed assets	-	(147)	(147)
Loss on sale and disposal of fixed assets	130	448	1,362
Decrease in unpaid employees' retirement benefits	-	(2,420)	(2,176)
Increase in trade notes and accounts receivable	(34,837)	(39,310)	(8,436)
Increase in inventories	(19,170)	(16,345)	(1,211)
Decrease (increase) in miscellaneous receivables	(9,106)	(14)	2,946
Increase in trade notes and accounts payable	43,497	48,840	7,216
Others	2,916	(849)	(1,463)
Subtotal	(10,167)	1,566	13,872
Interest and dividends received	319	259	332
Interest paid	(43)	(25)	(33)
Income taxes paid	(5,890)	(11,840)	(11,873)
Net cash provided by (used in) operating activities	(15,781)	(10,039)	2,297

	Nine months ended Dec. 31, 2004	Nine months ended Dec. 31, 2003	(Ref.) Year ended March 31, 2004
Item	Millions of Yen	Millions of Yen	Millions of Yen
II Cash flows from investing activities			
Increase in time deposits	(433)	(1,097)	(1,179)
Proceeds from maturity of time deposits	776	210	260
Payments for purchase of tangible fixed assets	(1,674)	(587)	(780)
Proceeds from sale of tangible fixed assets	39	382	1,030
Payments for purchase of intangible fixed assets	(1,977)	(418)	(611)
Payments for purchase of securities	(40)	-	(163)
Proceeds from sale of securities	164	-	346
Payments for loans provided	(233)	(38)	(95)
Proceeds from collection of loans	272	227	348
Proceeds from liquidation of affiliates	87	106	106
Others	(501)	(199)	(22)
Net cash used in investing activities	(3,520)	(1,414)	(760)
III Cash flows from financing activities			
Net increase (decrease) in short-term debt	(648)	(40)	(90)
Proceeds from long-term loans	300	-	-
Repayments of long-term debt	(602)	(274)	(356)
Payments of corporate bond redemption	(100)	-	-
Cash payments for share transfer	-	(820)	(820)
Payments for purchase of treasury stock	(2,070)	(32)	(60)
Proceeds from sale of treasury stock	-	-	3,515
Cash dividends paid	(1,706)	(741)	(741)
Cash dividends paid to minority shareholders	(27)	(18)	(18)
Net cash provided by (used in) financing activities	(4,856)	(1,927)	1,428
IV Translation difference of cash and cash equivalents	(2)	10	(15)
V Increase (decrease) in cash and cash equivalents	(24,160)	(13,370)	2,950
VI Beginning balance of cash and cash equivalents	57,900	54,950	54,950
VII Increase in cash and cash equivalents due to stock exchange	921	-	-
VIII Ending balance of cash and cash equivalents	34,661	41,579	57,900