

Summary of Consolidated Financial Results for the 9 months ended 31st December 2004 (FY2004/2005)

Company name: Sosei Co. Ltd.
 Stock code: 4565
 Stock Exchange listing: Tokyo Stock Exchange, Mothers Market
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1. Results of Operations

(1) Financial results for the nine months ended 31st December 2004

(April 1, 2004 – December 31, 2004)

(Unit: million yen)

	Previous 9 months ended 31 Dec	Current 9 months ended 31 Dec YTD 3Q	Yon Y change (%)	Previous fiscal year
Net sales	-	31	-	226
Operating income	-	(1,358)	-	(910)
Ordinary income	-	(1,476)	-	(947)
Net income	-	(1,413)	-	(912)
Total assets	-	10,268	-	1,131
Shareholders' equity	-	10,102	-	1,062

(2) Net sales by segment

(Unit: million yen)

	Previous 9 months ended 31 Dec YTD 3Q		Current 9 months ended 31 Dec YTD 3Q		Y on Y change (%)	Previous fiscal year	
	Amount	%	Amount	%		Amount	%
Pharmaceutical business	-	-	-	-	-	200	88.1
Other business	-	-	31	100.0	-	26	11.9
Total	-	-	31	100.0	-	226	100.0

Notes: 1. Amounts rounded down to million yen.

2. The consolidated financial statements for the 9 months to 31st December 2003 (FY2003/2004) are not presented since the company started preparing quarterly consolidated financial statements effective from the current fiscal year.

3. The consolidated financial statements for the nine months ended 31st December 2004, (FY2004/2005) have been through auditing process by our auditor Tohmatsu & Co. in accordance with "Attachment to handling of regulations related to the timely disclosure etc. of corporate information of issuer of listed securities: standards related to declaration of intent of quarterly financial reports."

2. Financial Results for the nine months ended 31st December 2004(FY2004/2005) (April 1, 2004 – December 31, 2004)

(1) Results of operations

The global pharmaceutical industry is expanding, led by a growing demand for drugs for the circulatory and nervous systems, particularly in the North American market. However, Japan lacks significant domestic drivers of demand for drugs, which means that Japan's pharmaceutical manufacturers must look to overseas markets for growth. Overseas pharmaceutical firms are rapidly revising their business strategies in response to a fast changing operating environment. They are strengthening their business foundations, initiating merger and acquisition, lowering prices, boosting sales of generic drugs, strengthening their marketing organizations and stepping up R&D.

The Sosei Group—the parent company, consolidated subsidiary and equity-method affiliate—recognizes enhancing its product pipeline as a major medium-term management issue to ensure steady growth.

In the drug development business, the company focuses on three approaches to secure new compounds: (1) In-licensing compounds, already marketed or at the late-stages of development from the US and the EU; (2) Drug Reprofiting Platform® (DRP®), a program to identify new indications for existing medicines and compounds; and (3) New Molecular Entity (NME) research programs, collaborations with academia and biotech companies around the world to facilitate access at the early stage to highly innovative lead compounds and technologies. As a result of these measures, Sosei now has eight compounds in its product pipeline. By proceeding with development of these eight compounds and introducing new compounds, the company intends to expand its product pipeline.

In the period to 31st December 2004, Sosei licensed SON-216 via DRP® and made steady progress with compounds at various stages of development program; it carried out bioequivalence studies on SOT-375, phase I clinical studies on SOU-001, and pre-clinical studies and basic research on other compounds.

As a result of these activities, consolidated net sales in the nine months to 31st December 2004 were 31 million yen, with an operating loss of 1,358 million yen, an ordinary loss of 1,476 million yen and a net loss of 1,413 million yen. Selling, general and administrative expenses totaled 1,380 million yen, of which 870 million yen was R&D expenses.

Product pipeline

R&D code	Indication	Origin of product	R&D stage as of 31 st Dec. 2004
SOT-375	Prostate cancer	In-licensing	Preparations for Filing
SOH-075	Emergency contraception	In-licensing	Preparations for clinical study in Japan
SOT-107	Intractable brain tumors	In-licensing	Filing for orphan drug designation
SOU-001	Stress urinary incontinence	DRP®	Preparations for phase II clinical study
SON-216	ADHD	DRP®	Preparations for phase I clinical study
SOA-132	Allergies	DRP®	Pre-clinical study
SOA-002	Allergies (antibody)	NME collaborative R&D	Preparations for pre-clinical study
SOT-095	Tumor (telomerase inhibitor)	NME collaborative R&D	Preparations for pre-clinical study

(2) Cash flow position

There was a net increase of 9,085 million yen in cash and cash equivalents to 10,084 million yen at the end of the third quarter. A summary of cash flows is given below:

Net cash used in operating activities was 1,289 million yen. There was a loss before income taxes of 1,408 million yen because of R&D expenses and general and administrative expenses required for ongoing R&D activities.

Net cash used in investment activities was 13 million yen.

Net cash provided by financing activities was 10,394 million yen, raised in the initial public offering.

3. Forecast for the Year Ending March 2005 (FY2004/2005)

(April 1, 2004 – March 31, 2005)

In the last quarter of the fiscal year, the Company will continue to concentrate on expanding its product pipeline, and to conduct clinical studies, pre-clinical studies and basic research into products already under development. At the same time, new products for development will be identified, based on a careful examination of market trends and advances in medical technologies. The primary objective is to further increase corporate value by raising the number of products in the pipeline.

For the full fiscal year, the Company plans to record 200 million yen in sales from milestone sales associated with the application for final approval of SOT-375 and 50 million yen in sales from the technology transfer business of subsidiary Sosei Consulting Co. Ltd. The 4th Quarter R&D activities will include the following items: application for approval of SOT-375; designation of SOT-107 as an orphan drug; Phase II clinical studies for SOU-001; and the introduction of new products for development and other research projects. On the strength of these activities, the Company projects net sales of 250 million yen, R&D expenses of 1,400 million yen, a full year ordinary loss of 2,050 million yen and a net loss of 2,000 million yen for the fiscal year.

In addition, Sosei Consulting Co. Ltd. changed its name to SC Consulting Co. Ltd. effective January 1, 2005.

Forward-looking statements in this report are based on information available to management at the time this report was prepared. As such, they carry risks and uncertainties. Actual results and events may differ significantly from the forecast. Investors are advised not to rely solely on business forecasts in this report for making investment decisions. The company plans to continue to release quarterly financial results. Forecasts of business results will also be revised as and when considered necessary, in accordance with disclosure rules.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: thousand yen)

Account	Note	As of December 31, 2004		As of March 31, 2004	
		Amount	%	Amount	%
Assets					
I Current assets					
1. Cash and deposits		4,584,185		999,222	
2. Trade account receivable		8,052		4,172	
3. Securities		5,500,082		-	
4. Others		41,107		39,195	
Allowance for doubtful accounts		-		(155)	
Total current assets		10,133,428	98.7	1,042,433	92.2
II Fixed assets					
1. Tangible fixed assets	*	33,205		24,903	
2. Intangible fixed assets		2,153		773	
3. Investment and other assets		99,593		62,998	
Total fixed assets		134,952	1.3	88,675	7.8
Total assets		10,268,380	100.0	1,131,109	100.0
Liabilities					
I Current liabilities					
		164,929	1.6	67,919	6.0
II Long-term liabilities					
		615	0.0	467	0.0
Total liabilities		165,544	1.6	68,387	6.0
Shareholders' equity					
I Common stock					
		5,842,025	56.9	1,662,150	147.0
II Capital surplus					
		7,921,725	77.2	1,648,400	145.7
III Retained surplus					
		(3,661,809)	(35.7)	(2,248,509)	(198.8)
IV Unrealized holdings gains on other securities					
		896	0.0	681	0.1
Total shareholders' equity		10,102,836	98.4	1,062,722	94.0
Total liabilities and shareholders' equity		10,268,380	100.0	1,131,109	100.0

(2) Consolidated Income Statements

(Unit: thousand yen)

Account	Note	April 1, 2004 – December 31, 2004			April 1, 2003 – March 31, 2004		
		Amount		%	Amount		
I Net sales			31,685	100.0		226,990	100.0
II Cost of sales			9,743	30.8		12,373	5.4
Gross profits			21,941	69.2		214,616	94.6
III Selling, general and administrative expenses	*		1,380,859	4,358.0		1,124,940	495.6
Operating loss			1,358,917	(4,288.8)		910,323	(401.0)
IV Non-operating income							
1. Interest income		899			-		
2. Commission income		440			12,270		
3. Insurance reimbursement		1,966			-		
4. Others		576	3,882	12.3	600	12,870	5.7
V Non-operating expenses							
1. New stock issue expenses		58,366			7,825		
2. Initial public offering expenses		26,244			-		
3. Equity in earnings/losses of non-consolidated subsidiaries		29,884			40,286		
4. Others		7,054	121,549	383.6	1,495	49,607	21.9
Ordinary loss			1,476,584	(4,660.1)		947,060	(417.2)
VI Extraordinary income							
1. Reversal of allowance for doubtful accounts		155			-		
2. Prior year value-added tax refund		-			6,866		
3. Gain on changes in equity interest in subsidiaries and affiliates		67,951	68,107	214.9	38,459	45,326	20.0
VII Extraordinary loss							
1. Loss on sales of fixed assets	*	126			-		
2. Loss on moving of head office		-	126	0.4	9,645	9,645	4.3
Loss before income taxes			1,408,603	(4,445.6)		911,379	(401.5)
Income taxes			4,696	14.8		1,533	0.7
Net loss			1,413,300	(4,460.4)		912,913	(402.2)

(3) Consolidated Surplus Statements

(Unit: thousand yen)

Account	Note	April 1, 2004 – December 31, 2004		April 1, 2003 – March 31, 2004	
		Amount		Amount	
Capital surplus					
I Capital surplus, beginning of period			1,648,400		845,150
II Increase in capital surplus					
Capital increase through new stock issue		6,273,325	6,273,325	803,250	803,250
III Capital surplus, end of period			7,921,725		1,648,400
Retained surplus					
I Retained surplus, beginning of period			(2,248,509)		(1,345,185)
II Increase in retained surplus					
Increase in retained surplus due to inclusion of additional equity-method affiliate		-	-	9,588	9,588
III Decrease in retained surplus					
Net loss		1,413,300	1,413,300	912,913	912,913
IV Retained surplus, end of period			(3,661,809)		(2,248,509)

(4) Consolidated Cash Flows Statements

(Unit: thousand yen)

		April 1, 2004 – December 31, 2004	April 1, 2003 – March 31, 2004
Accounts	Note	Amount	Amount
I Cash flows from operating activities			
Loss before income taxes		(1,408,603)	(911,379)
Depreciation		5,805	6,256
Decrease in allowance for doubtful accounts		(155)	(144)
New stock issue expenses		58,366	7,825
Equity in earnings/losses of non-consolidated subsidiaries		29,884	40,286
Gain on changes in equity interest in subsidiaries and affiliates		(67,951)	(38,459)
Loss on sales of fixed assets		126	-
Decrease (increase) in trade receivable		(3,880)	517
Decrease in accounts receivable-other		21,271	7,193
Increase in accounts payables-other		70,031	36,640
Increase in accrued income taxes		21,677	-
Others		(15,258)	(2,145)
Subtotal		(1,288,685)	(853,409)
Interest received		899	91
Income taxes paid		(1,742)	(1,235)
Net cash provided by (used in) operating activities		(1,289,528)	(854,553)
II Cash flows from investing activities			
Payment for purchase of tangible fixed assets		(15,939)	(14,827)
Proceeds from sales of tangible fixed assets		324	-
Others		1,834	(13,598)
Net cash provided by (used in) investing activities		(13,780)	(28,426)
III Cash flows from financing activities			
Proceeds from a new stock issue		10,394,833	1,598,674
Net cash provided by (used in) financing activities		10,394,833	1,598,674
IV Effect of exchange rate changes on cash and cash equivalents		(6,478)	(357)
V Increase in cash and cash equivalents		9,085,045	715,337
VI Cash and cash equivalents, beginning of period		999,222	283,884
VII Cash and cash equivalents, end of period	*	10,084,268	999,222

Basis of Preparation of Consolidated Financial Statements

Item	April 1, 2004 – December 31, 2004	April 1, 2003 – March 31, 2004
1. Basis of consolidation	Consolidated subsidiary: 1 Sosei Consulting Co. Ltd.	Same as on the left.
2. Application of the equity method accounting	Affiliates accounted for by the equity method of accounting: 1 Stem Cell Sciences KK	Same as on the left.
3. Quarter (fiscal year) end of consolidated subsidiaries	The consolidated subsidiary's quarter ends on the closing date for consolidated financial statements.	The consolidated subsidiary's fiscal year ends on the closing date for consolidated financial statements.
4. Accounting standards	<p>(1) Valuation criteria and methods for principal assets</p> <p>1) Securities Other securities Other securities with market quotations Other securities with market quotations are carried at fair value on the consolidated quarter balance sheet date. (Unrealized holding gain or loss is included directly in shareholders' equity. Cost of securities sold is determined primarily by the moving-average method.) Other securities without market quotations Securities without market quotations are stated at cost, cost being determined by the moving-average method.</p> <p>(2) Depreciation and amortization method for principal assets</p> <p>1) Tangible fixed assets Depreciation of tangible fixed assets is computed by the declining-balance method. Useful life of principal assets is as follows: Buildings: 10-15 years Tool, furniture and fixtures: 4-10 years</p> <p>2) Intangible fixed assets Amortization of intangible fixed assets is computed by the straight-line method. The development costs of software intended for internal use are amortized over an expected useful life of five years by the straight-line method.</p>	<p>(1) Valuation criteria and methods for principal assets</p> <p>1) Securities Other securities Other securities with market quotations Other securities with market quotations are carried at fair value on the consolidated fiscal year balance sheet date. (Unrealized holding gain or loss is included directly in shareholders' equity. Cost of securities sold is determined primarily by the moving-average method.) Other securities without market quotations Same as on the left.</p> <p>(2) Depreciation and amortization method for principal assets</p> <p>1) Tangible fixed assets Same as on the left.</p> <p>2) Intangible fixed assets Same as on the left.</p>

Item	April 1, 2004 – December 31, 2004	April 1, 2003 – March 31, 2004
	<p>(3) Recognition of major reserves To prepare for credit losses on accounts receivable, allowances equal to the estimated amount of uncollectible receivables are provided for general receivables based on the historical write-off ratio, and bad receivables based on a case-by-case determination of collectibility.</p> <p>(4) Translation of principal foreign currency-denominated assets and liabilities Foreign currency-denominated monetary assets and liabilities are translated into yen at the spot exchange rate in effect on the consolidated quarter balance sheet date. Translation gain or loss is accounted as profit or loss.</p> <p>(5) Other significant accounting policies 1) Consumption taxes All amounts stated are exclusive of consumption taxes.</p> <p>2) Deferred assets New stock issue expenses are charged to income as accrued. The spread method, in which the underwriter underwrites a new stock issue at the underwriting price (744,000 yen in this case) and sells the shares to the public at the offering price (800,000 yen in this case), was used for the new share issues (14,050 shares effective July 29, 2004) through public offering. In this method, the difference (786,800 thousand yen) between the offering price and the underwriting price represents the underwriting commission. This expense would have been accounted as new stock issue expenses if the conventional method in which the underwriter offers new shares to the public at the underwriting price had been used. The effect of this change was to reduce the sum of common stock and capital surplus, new stock issue expenses, ordinary loss and loss before income taxes by 786,800 thousand yen each, compared to the amounts that would have been reported if the previous method had been applied consistently.</p>	<p>(3) Recognition of major reserves Same as on the left.</p> <p>(4) Translation of principal foreign currency-denominated assets and liabilities Foreign currency-denominated monetary assets and liabilities are translated into yen at the spot exchange rate in effect on the consolidated balance sheet date. Translation gain or loss is accounted as profit or loss.</p> <p>(5) Other significant accounting policies 1) Consumption taxes Same as on the left.</p> <p>2) Deferred assets New stock issue expenses are charged to income as accrued. The spread method, in which the underwriter underwrites a new stock issue at the underwriting price (450,000 yen in this case) and sells the shares to the public at the offering price (500,000 yen in this case), was used for the new share issues (3,550 shares effective July 25, 2003 and November 30, 2003) through private placements. In this method, the difference (177,500 thousand yen) between the offering price and the underwriting price represents the underwriting commission. This expense would have been accounted as new stock issue expenses if the conventional method in which the underwriter offers new shares to the public at the underwriting price had been used. The effect of this change was to reduce the sum of common stock and capital surplus, new stock issue expenses, ordinary loss and loss before income taxes by 177,500 thousand yen each, compared to the amounts that would have been reported if the previous method had been applied consistently.</p>

Item	April 1, 2004 – December 31, 2004	April 1, 2003 – March 31, 2004
5. Scope of cash and cash equivalents on consolidated cash flows statements	For the purpose of consolidated cash flows statements, cash and cash equivalents consists of vault cash, deposits that can be withdrawn on demand, and short-term investments, with original maturities of three months or less, that are readily convertible to known amounts of cash and present insignificant risk of change in value.	Same as on the left.

Notes to Consolidated Financial Statements

Notes of consolidated balance sheets

(Unit: thousand yen)

As of December 31, 2004	As of March 31, 2004
* Accumulated depreciation of tangible fixed assets: 20,985	* Accumulated depreciation of tangible fixed assets: 17,112

Notes of consolidated income statements

(Unit: thousand yen)

As of December 31, 2004	As of March 31, 2004								
* Major components of selling, general and administrative expenses	* Major components of selling, general and administrative expenses								
<table> <tr> <td>R&D expenses</td> <td>870,763</td> </tr> </table>	R&D expenses	870,763	<table> <tr> <td>Salaries and wages</td> <td>118,660</td> </tr> <tr> <td>R&D expenses</td> <td>606,385</td> </tr> </table>	Salaries and wages	118,660	R&D expenses	606,385		
R&D expenses	870,763								
Salaries and wages	118,660								
R&D expenses	606,385								
R&D expenses are as reported above. Significant components of R&D expenses are as follows:	R&D expenses are as reported above. Significant components of R&D expenses are as follows:								
<table> <tr> <td>Personnel expenses</td> <td>141,469</td> </tr> <tr> <td>Trust expenses</td> <td>670,326</td> </tr> </table>	Personnel expenses	141,469	Trust expenses	670,326	<table> <tr> <td>Personnel expenses</td> <td>91,132</td> </tr> <tr> <td>Trust expenses</td> <td>515,253</td> </tr> </table>	Personnel expenses	91,132	Trust expenses	515,253
Personnel expenses	141,469								
Trust expenses	670,326								
Personnel expenses	91,132								
Trust expenses	515,253								
* Significant components of loss on sales of fixed assets are as follows:									
<table> <tr> <td>Equipment, furniture and fixtures</td> <td>126</td> </tr> </table>	Equipment, furniture and fixtures	126							
Equipment, furniture and fixtures	126								

Notes of consolidated cash flows statements

(Unit: thousand yen)

April 1, 2004 – December 31, 2004	April 1, 2003 – March 31, 2004										
* Reconciliation of consolidated balance sheets items to cash and cash equivalents at end of quarter period in the consolidated cash flows statement	* Reconciliation of consolidated balance sheets items to cash and cash equivalents at end of fiscal year in the consolidated cash flows statement										
(As of December 31, 2004)	(As of March 31, 2004)										
<table> <tr> <td>Cash and deposits</td> <td>4,584,185</td> </tr> <tr> <td>Securities</td> <td><u>5,500,082</u></td> </tr> <tr> <td>Cash and cash equivalents</td> <td><u>10,084,268</u></td> </tr> </table>	Cash and deposits	4,584,185	Securities	<u>5,500,082</u>	Cash and cash equivalents	<u>10,084,268</u>	<table> <tr> <td>Cash and deposits</td> <td><u>999,222</u></td> </tr> <tr> <td>Cash and cash equivalents</td> <td><u>999,222</u></td> </tr> </table>	Cash and deposits	<u>999,222</u>	Cash and cash equivalents	<u>999,222</u>
Cash and deposits	4,584,185										
Securities	<u>5,500,082</u>										
Cash and cash equivalents	<u>10,084,268</u>										
Cash and deposits	<u>999,222</u>										
Cash and cash equivalents	<u>999,222</u>										

Leases

April 1, 2004 – December 31, 2004	April 1, 2003 – March 31, 2004
No reportable information. The Company has no outstanding lease commitments.	Same as on the left.

Securities

As at 31st December 2004

1. Other securities with market quotations

(Unit: thousand yen)

Type	As of December 31, 2004		
	Acquisition cost	Carrying value	Unrealized gain (loss)
(1) Stocks	801	2,312	1,511
(2) Bonds			
Government and local bonds	-	-	-
Corporate bond	-	-	-
Other bonds	-	-	-
(3) Others	-	-	-
Total	801	2,312	1,511

2. Securities without market quotations

(Unit: thousand yen)

	As of December 31, 2004	
	Carrying value	
Other securities		
Unlisted stock (excluding OTC stock)		63,328
Free financial fund		5,500,082

Previous fiscal year (as of March 31, 2004)

1. Other securities with market quotations

(Unit: thousand yen)

Type	As of March 31, 2004		
	Acquisition cost	Carrying value	Unrealized gain (loss)
(1) Stocks	801	1,950	1,149
(2) Bonds			
Government and local bonds	-	-	-
Corporate bond	-	-	-
Other bonds	-	-	-
(3) Others	-	-	-
Total	801	1,950	1,149

2. Securities without market quotations

(Unit: thousand yen)

	As of March 31, 2004	
	Carrying value	
Other securities		
Unlisted stock (excluding OTC stock)		25,261

Derivatives

April 1, 2004 – December 31, 2004	April 1, 2003 – March 31, 2004
No reportable information. The Company does not hold or issue derivative instruments.	Same as on the left.

Segment information

a. Business segment information For nine months ended 31st December 2004 (April 1, 2004 – December 31, 2004)

(Unit: thousand yen)

	Pharmaceutical business	Others business	Total	Eliminations or corporate	Consolidated
Net sales					
(1) Sales - outside customers	-	31,685	31,685	-	31,685
(2) Sales and transfers - inter-segment	-	1,800	1,800	(1,800)	-
Total	-	33,485	33,485	(1,800)	31,685
Operating expenses	1,371,190	22,922	1,394,113	(3,510)	1,390,603
Operating income (loss)	(1,371,190)	10,563	(1,360,627)	1,710	(1,358,917)

Notes: 1. Products and services are categorized into operating segments on the basis of similarities between product and service lines and markets.

2. Major products and categories in each operating segment are as follows:

(1) Pharmaceutical business: Pharmaceuticals

(2) Other business: Transfer of pharmaceutical-related technologies, publication of medical journals

3. Operating expenses included in eliminations or corporate: None

4. Although pharmaceuticals are the Company's core business the share of the Pharmaceuticals Business is less than 50% of the total segment sales mainly because most of the Company's drugs are still in the R&D stage. The principle activity in the Others category is transfer of pharmaceutical-related technologies, with sales totaling 30,507 thousand yen and representing 91.1% of the total sales of all segments.

Previous fiscal year (April 1, 2003 – March 31, 2004)

(Unit: thousand yen)

	Pharmaceutical business	Others business	Total	Eliminations or corporate	Consolidated
Net sales					
(1) Sales - outside customers	200,000	26,990	226,990	-	226,990
(2) Sales and transfers - inter-segment	-	6,000	6,000	(6,000)	-
Total	200,000	32,990	232,990	(6,000)	226,990
Operating expenses	1,117,707	28,562	1,146,269	(8,956)	1,137,313
Operating income (loss)	(917,707)	4,428	(913,279)	2,956	(910,323)

Notes: 1. Products and services are categorized into operating segments on the basis of similarities between product and service lines and markets.

2. Major products and categories in each operating segment are as follows:

(1) Pharmaceutical business: Pharmaceuticals

(2) Other business: Transfer of pharmaceutical-related technologies, publication of medical journals

3. Operating expenses included in eliminations or corporate: None

b. Geographic segment information

For nine months ended 31st December 2004 (April 1, 2004 – December 31, 2004)

No information on geographic segments has been presented because the Company and its consolidated subsidiaries have conducted 90% of their sales in Japan and over 90% of the Company's consolidated total assets were located in Japan.

Previous fiscal year (April 1, 2003 – March 31, 2004)

No information on geographic segments has been presented because the Company and its consolidated subsidiaries have conducted 90% of their sales in Japan and over 90% of the Company's consolidated total assets were located in Japan.

c. Overseas sales

For nine months ended 31st December 2004(April 1, 2004 – December 31, 2004)

(Unit: thousand yen)

	Europe	North America	Others	Total
I Overseas sales	20,654	4,111	1,561	26,326
II Net sales	-	-	-	31,685
III Share of overseas sales in total consolidated net sales	65.2%	13.0%	4.9%	83.1%

Notes: 1: Geographic area segments are based on geographical proximity.

2: Principal countries and regions included in each geographic segment are as follows:

(1) Europe: U.K., Germany and France

(2) North America: U.S.

3: Overseas sales comprise sales of the Company and its consolidated subsidiaries in countries and regions other than Japan.

Previous fiscal year (April 1, 2003 – March 31, 2004)

(Unit: thousand yen)

	Europe	North America	Others	Total
I Overseas sales	13,650	6,253	1,429	21,332
II Net sales	-	-	-	226,990
III Share of overseas sales in total consolidated net sales	6.0%	2.8%	0.6%	9.4%

Notes: 1: Geographic area segments are based on geographical proximity.

2: Principal countries and regions included in each geographic segment are as follows:

(1) Europe: U.K., Germany and France

(2) North America: U.S.

3: Overseas sales comprise sales of the Company and its consolidated subsidiaries in countries and regions other than Japan.

Per share information

April 1, 2004 – December 31, 2004		April 1, 2003 – March 31, 2004	
Shareholders' equity per share	165,025.09 yen	Shareholders' equity per share	22,529.61 yen
Net loss per share	25,631.04 yen	Net loss per share	22,357.44 yen
Net income per share (diluted) is not presented since the company posted a net loss.		Net income per share (diluted) is not presented since the company posted a net loss. The Company split its common shares 5-for-1 on January 9, 2004.	

Note: The following is a reconciliation of basic net loss per share to net income per share (diluted).

(Unit: thousand yen)

April 1, 2004 – December 31, 2004		April 1, 2003 – March 31, 2004	
Net loss	1,413,300	Net loss	912,913
Net loss not available to common shareholders	-	Net loss not available to common shareholders	-
Net loss available to common stocks	1,413,300	Net loss available to common stocks	912,913
Average number of shares outstanding	55,140 shares	Average number of shares outstanding	40,832 shares
Summary of potential stock not included in the calculation of "Net income per share (diluted)" since there was no dilutive effect	Stock Option 3 issues (Balance of shares issuable under stock acquisition rights: 4,400 shares) Stock Option 6 issues (stock acquisition rights: 3,465)	Summary of potential stock not included in the calculation of "Net income per share (diluted)" since there was no dilutive effect	Stock Option No. 1 (Balance of shares issuable under stock acquisition rights: 2,690 shares) Stock Option No. 2 (Balance of shares issuable under stock acquisition rights: 350 shares) Stock Option No. 3 (Balance of shares issuable under stock acquisition rights: 1,360 shares) Stock Option 4 issues (stock acquisition rights: 1,920)

Subsequent events

April 1, 2004 – December 31, 2004	April 1, 2003 – March 31, 2004
No reportable information.	Same as on the left.

* This financial report is solely a translation of summary of Japanese 3Q Report, which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer English translation.