

November 18, 2005

Company Name: KYORIN Pharmaceutical Co., Ltd.
Representative: Ikuo Ogihara, Representative
Director and President
(Code: 4560 TSE First Section)
Inquiries: Yoh Ito
Corporate Officer, Director of
Finance & Accounting
Telephone: +81-(0)3-3293-3420

**Notice of Group Reorganization in association with Transition to Holding-Company
Structure through Share Exchange**

We announce that at the meeting of the Board of Directors held on November 18, 2005, KYORIN Pharmaceutical Co., Ltd. (“Kyorin-Pharm”) passed a resolution to become, as of March 10, 2006, a wholly owned subsidiary, through a share exchange, of APRI Co., Ltd. (“APRI,” which plans to change its trade name to KYORIN Co., Ltd. on January 18, 2006) and Kyorin-Pharm signed the share exchange agreement with APRI as of November 18, 2005.

In connection with the transition to a holding-company structure through the share exchange, we will reorganize our businesses of group companies under the structure where KYORIN Co., Ltd. (“New Kyorin”) will be a pure holding company.

1 Purposes of the Share Exchange (Purposes of Group Reorganization in association with Transition to Holding-Company Structure)

(1) Background and Purposes

While in recent years increasingly more measures are being taken to restrain expenses for medical treatment and drugs in Japanese pharmaceutical industry, which our group companies work in, research and development expenses have soared as a result of global competition for creating new drugs. Also, the competitive environment continues to intensify daily with fierce rivalry from and the increasing strength of foreign-affiliated corporations as well as the growing trend of M&As among Japanese pharmaceutical companies.

As a result of these changes to the industry and the situation Kyorin-Pharm has been placed in, Kyorin-Pharm launched its new mid-term business plan, the “Kyorin MIC-’09 Plans,” this fiscal year of 2005 under its new corporate image: “A distinguished and integrated healthcare company based on reliableness with the core business in drug creation.” Under the plan, Kyorin-Pharm intends to focus more on drug creation, while also working to boost the competitiveness of our pharmaceutical business and to establish novel businesses in order to provide a foundation to support its pharmaceutical business, which is a high-risk, high-return business and requires a long term drug creation business.

In an effort to complete this mid-term plan, the Kyorin group will undertake a share exchange that will result in Kyorin-Pharm becoming a wholly owned subsidiary of APRI

(which plans to change its trade name to KYORIN Co., Ltd. on January 18, 2006) and the Kyorin group changing to a holding company structure. Further, by reorganizing the group's units, the Kyorin group will build a system of management that will be able to make the "distinguished and integrated healthcare company" a reality, positioning itself solidly as a global drug creator. The Kyorin group will seek to boost the competitiveness of its pharmaceutical business and aim to develop novel businesses and to strengthen its business foundation.

New Kyorin, which will become a pure holding company through the share exchange, will take on the role, as the controlling company, as being responsible for the business strategies of the overall group. By effectively allocating and utilizing its managerial resources, New Kyorin will draw out the strengths of the entire group and endeavor to boost the group's consolidated results.

After the transition to becoming a holding company through the share exchange, we plan to undertake reorganization among Kyorin-Pharm (which is responsible for the group's core business of drug creation and its pharmaceutical business) and the subsidiaries in their respective business categories (such as the generic medications business and the health care business) by August 2006, in order to effectively and smoothly manage our group companies under its new holding-company structure.

New Kyorin plans to apply for listing of its shares on the First Section of the Tokyo Stock Exchange due to the share exchange. While the listing date will be decided in accordance with the rules and regulations of the Tokyo Stock Exchange, it is expected that such date will be March 10, 2006, which is the date of the share exchange. And because Kyorin-Pharm, whose shares are currently listed on the Tokyo Stock Exchange, will become a wholly owned subsidiary of New Kyorin, the Kyorin-Pharm shares are scheduled to be delisted from the Tokyo Stock Exchange on March 6, 2006.

(2) Outline of the Group Reorganization

We plan to make New Kyorin a pure holding company and to carry out the reorganization of the group in accordance with the following steps.

<Step 1>

On March 10, 2006, we will complete a share exchange by which Kyorin-Pharm will become a wholly owned subsidiary of its largest shareholder, APRI (which plans to change its trade name to KYORIN Co., Ltd. on January 18, 2006), and New Kyorin will own 100% of the shares of Kyorin-Pharm. Upon this share exchange, Kyorin-Pharm's shares will be delisted on March 6, 2006, and New Kyorin's shares will in turn be listed on the First Section of the Tokyo Stock Exchange on March 10, 2006.

APRI is an asset management company for Kyorin-Pharm's founding family, which currently holds 14.13% of Kyorin-Pharm's shares, and is not conducting any other business activities. We decided to adopt the scheme described above because the share exchange with APRI (whereby APRI will become a 100% owner of Kyorin-Pharm) will lead to greater transparency in the company's shareholders.

<Step 2>

By around August 2006, we plan to reorganize by a corporate spin-off each of our businesses, such as the drug creation and pharmaceutical business, which are our group core business, the generic medicines business and the health care business.

Please also refer to the attached chart of the Group Reorganization Plan for an outline of the group reorganization.

2 Terms of the Share Exchange

(1) Schedule of the Share Exchange

November 18, 2005	Execution of the Share Exchange Agreement (Kyorin-Pharm and APRI)
December 4, 2005	Record date for Kyorin-Pharm's Extraordinary General Meeting of Shareholders
December 20, 2005	Effective date of APRI's share split
January 18, 2006	Extraordinary General Meeting of Shareholders to approve the Share Exchange Agreement (Kyorin-Pharm and APRI)
March 10, 2006	Effective date of share exchange

(2) Share Exchange Ratio

	APRI (100% parent company)	Kyorin-Pharm (wholly owned subsidiary)
Share Exchange Ratio	1	1

Notes 1. Exchange ratio of shares

Kyorin-Pharm shareholders will receive one APRI share for each Kyorin-Pharm share, except that APRI will not receive any new shares in exchange for the Kyorin-Pharm shares that it holds.

2. Calculation basis for share exchange ratio

In calculating the share exchange ratio, the parties consulted with each other and determined the ratio with reference to the calculations prepared by Beqone Solution Co., Ltd.

The share exchange ratio was calculated on the basis of the ratio between the per-share price of APRI shares and Kyorin-Pharm shares.

3. Results, method, and basis of calculations by the third party

Beqone Solution Co., Ltd. used market price method in evaluating the shares of Kyorin-Pharm.

In evaluating APRI shares, Beqone Solution Co., Ltd. used the adjusted net asset value method because (i) APRI is a privately held company and

therefore there is no market price, (ii) it does not run any principal business (real business), and (iii) most of APRI's assets are Kyorin-Pharm's shares. In calculating the adjusted net asset value, Beqone Solution Co., Ltd. calculated the market value of Kyorin-Pharm shares on the basis of their unit price, which was determined by using the market price method. In calculating APRI's adjusted net asset value, Beqone Solution Co., Ltd. took into account the allocation of new shares to a third party, whose resolution was passed on November 14, 2005 (for 2,040 shares of common stock; 1,297,472,640 yen in total; 636,016 yen of the issue price per share).

4. Number of APRI shares to be issued upon share exchange

74,268,150 shares of common stock (which excludes the number of Kyorin-Pharm's treasury stock the resolution of whose cancellation was passed by the Board of Directors at its meeting held on November 18, 2005) minus Kyorin-Pharm's 12,204,248 shares (14.13%) owned by APRI.

Date of delivery of share certificates (scheduled): early May 2006
Starting date for calculation of dividends: July 1, 2005

5. Share split of APRI shares

APRI plans to execute a share split on December 20, 2005, with each share being divided into 428.87 shares. The share exchange ratio described above is based on the number of outstanding APRI shares after this share split.

6. Cancellation of treasury stock

Kyorin-Pharm resolved at the meeting of the Board of Directors held on November 18, 2005 that as of November 29, 2005 it plans to cancel 12,078,096 shares of treasury stock it currently holds (the shares to be cancelled representing 13.98% of the total number of Kyorin-Pharm's outstanding shares). The share exchange ratio described above is based on the number of Kyorin-Pharm shares outstanding after this cancellation of its treasury stock.

(3) Cash Distribution upon Share Exchange

There will be no cash distribution upon the share exchange.

3. Summary of Parties to Share Exchange

(1) Trade Name	APRI Co., Ltd. (*1) (100% parent company)	KYORIN Pharmaceutical Co., Ltd. (wholly owned subsidiary)
(2) Principal Business	Asset management and administration	Manufacture, sale and purchase of pharmaceutical products and related general healthcare business
(3) Date of Incorporation	October 31, 1958	December 4, 1940

(4) Representative	Hiroko Ogihara, Representative Director	Ikuo Ogihara, Representative Director and President		
(5) Location of Principal Office	Chiyoda-ku, Tokyo	Chiyoda-ku, Tokyo		
(6) Paid-in Capital	13 million yen (*2) (as of June 30, 2005)	4,317 million yen (as of September 30, 2005)		
(7) Number of Authorized Shares	26,723 shares (*2 and *3) (as of June 30, 2005)	86,346,246 shares (as of September 30, 2005)		
(8) Shareholder’s Equity	1,811 million yen (*2) (as of June 30, 2005)	89,516 million yen (as of September 30, 2005)		
(9) Total Assets	3,124 million yen (*2) (as of June 30, 2005)	107,014 million yen (as of September 30, 2005)		
(10) Fiscal Year End	June 30 (*4)	March 31		
(11) Number of Employees	0 (as of June 30, 2005)	1,633 (as of September 30, 2005)		
(12) Major Customers	N/A	Suzuken Co., Ltd. Alfresa Corporation and others		
(13) Major Shareholders and Shareholding Ratios	Yoshiko Ogihara	25.5%	APRI Co., Ltd.	14.1%
	Hiroko Ogihara	22.2%	Kyorin Pharmaceutical Co., Ltd.	13.9%
	Ikuo Ogihara	12.7%	Minoru Ogihara	8.8%
	Keiko Sakurai	5.9%	Apricot Co., Ltd.	5.7%
	Chizuko Ogihara	5.9%	Japan Trustee Services Bank, Ltd.	4.1%
	(as of June 30, 2005)		(as of September 30, 2005)	
(14) Main Financing Banks	Mizuho Bank, Ltd.	Mizuho Bank, Ltd.		

- 1 APRI plans to change its trade name into KYORIN Co., Ltd. on January 18, 2006.
- 2 APRI's capital increase through allocation of new shares to third party, whose resolution was passed on November 14, 2005 (2,040 shares of common stock; 1,297,472,640 yen in total; an issue price per share of 636,016 yen), will be accounted for as 648,736,320 yen of paid-in capital and 648,736,320 yen of capital reserve.
- 3 APRI passed a resolution to execute a share split (whereby each share will be divided into 428.87 shares) at the meeting of the Board of Directors held on November 18, 2005, and that share split will be effective as of December 20, 2005. The number of APRI shares outstanding will be 12,335,587.81 shares after the effective dates of the allocation of new shares and share split described in paragraph 2 above.
- 4 APRI plans to change its year-end to March 31 at the Extraordinary General Meeting of Shareholders to be held on January 18, 2006.

(15) Relationship between the Parties

Capital	APRI Co., Ltd. is a major shareholder of KYORIN Pharmaceutical Co., Ltd.
Personnel	N/A
Business	N/A

(16) Financial Results for the Three Latest Fiscal Years

(Unit: million yen)

	APRI Co., Ltd.			KYORIN Pharmaceutical Co., Ltd. (Non-consolidated)		
End of Fiscal Year	June 30, 2003	June 30, 2004	June 30, 2005	March 31, 2003	March 31, 2004	March 31, 2005
Sales	204	230	83	67,293	63,589	64,938
Operating Profit	42	132	75	12,364	8,799	5,911
Recurring Profit	340	212	172	12,241	8,376	5,723
Net Income	312	6,914	259	3,633	5,512	1,615
Net Income per Share	11,091.94 yen	248,213.30 yen	9,505.89 yen	41.63 yen	66.59 yen	21.19 yen
Dividends per Share	5,000.00 yen	9,000.00 yen	4,000.00 yen	17.50 yen	18.00 yen	18.00 yen
Shareholder's Equity per Share	247,417.07 yen	491,261.49 yen	67,762.66 yen	1,209.54 yen	1,217.09 yen	1,195.26 yen

Note: The business of APRI was spun off and transferred to Apricot Co., Ltd., on December 1, 2004, by way of a corporate spin off where the shares of a transferee corporation are issued to the shareholders of the transferor corporation.

4. Situation after the Share Exchange (the 100% Parent Company)

- (1) Trade Name: KYORIN Co., Ltd. (planned)
- (2) Business: Controlling, administering and supporting companies that conduct various businesses by holding the shares of those companies
- (3) Location of Principal Office:
5, Kanda Surugadai 2-chome, Chiyoda-ku, Tokyo
- (4) Representative: Ikuo Ogihara, Representative Director and President
- (5) Paid-in Capital: 700 million yen
- (6) Effect on Financial Results:

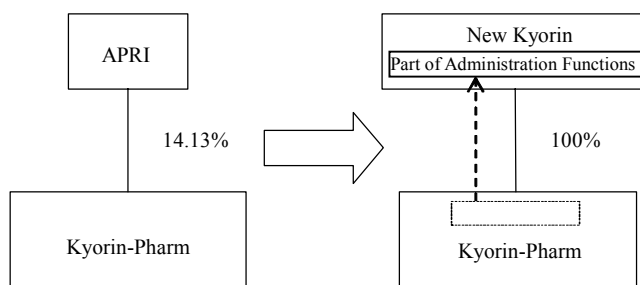
Due to this share exchange, Kyorin-Pharm will become a wholly owned subsidiary of New Kyorin. Thereafter, all of the financial results of Kyorin-Pharm, such as sales and operating profits, will be consolidated into those of New Kyorin. The effect on March 2006 financial results arising from this share exchange will be minor. The forecast of March 2007 financial results (both individual and consolidated) will be announced as soon as it is finalized.

- End -

Chart: Group Reorganization Plan

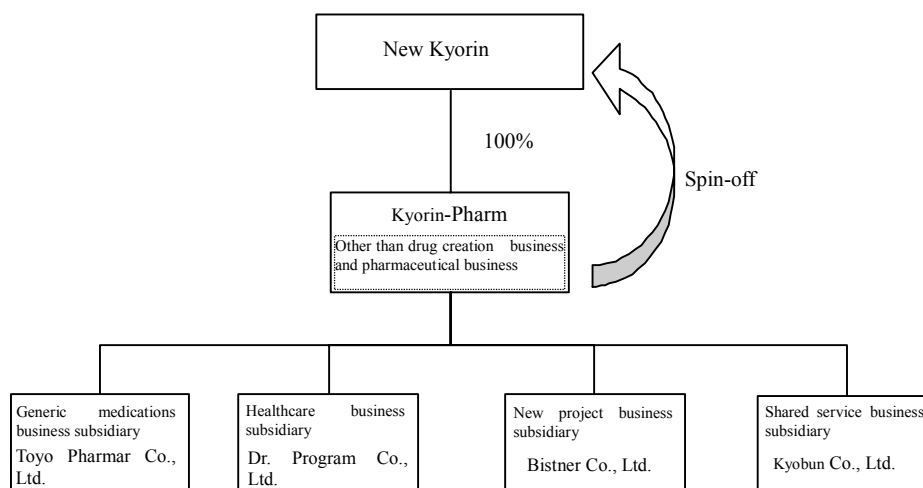
Step 1

Share exchange between Kyorin-Pharm (wholly owned subsidiary) and New Kyorin (100% parent company)



Step 2

Reorganization of group companies through corporate spin off (planned)



After Completion of Step 1 and Step 2

