Translation

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Summary of Consolidated Financial Statements for the Six Months Ended September 30, 2015 (Based on Japanese GAAP)

November 5, 2015

Company name: Alfresa Holdings Corporation
Stock exchange listing: Tokyo, 1st section
Stock code: 2784 URL http://www.alfresa.com/
Representative: Representative Director & President Denroku Ishiguro
Inquiries: Director, Senior Vice President & Executive Officer, Financial Planning, Public and Investor Relations, General Affairs Shunichi Miyake TEL +81-3-5219-5102
Scheduled date to file Quarterly Securities Report: November 12, 2015
Scheduled date to commence dividend payments: December 4, 2015
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2015 (from April 1, 2015 to September 30, 2015)

(1) Consolidated operating results (cumulative) Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2015	1,262,287	7.5	15,779	66.5	20,799	46.3	13,228	43.7
Six months ended September 30, 2014	1,173,994	(3.9)	9,478	(22.1)	14,218	(14.8)	9,204	(5.4)

Note: Comprehensive income: Six months ended September 30, 2015 ¥ 9,759 million yen [-43.5%]
Six months ended September 30, 2014 ¥17,265 million yen [91.0%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2015	59.31	–
Six months ended September 30, 2014	41.15	–

Note: The Company implemented a 4-for-1 stock split of its common stock as of October 1, 2014. Therefore, the earnings per share of common stock figures are calculated on the assumption that the stock split was implemented at the beginning of the previous consolidated fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2015	1,211,262	353,247	29.0
As of March 31, 2015	1,220,781	354,123	28.9

Reference: Owners' equity: As of September 30, 2015 ¥350,728 million As of March 31, 2015 ¥352,519 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2015	–	55.00	–	16.00	–
Year ending March 31, 2016	–	16.00			
Year ending March 31, 2016 (Forecast)			–	16.00	32.00

3. Forecast of consolidated financial results for the year ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	2,526,000	4.3	30,900	5.7	40,600	4.1	23,800	3.8	108.19

4. Notes

(1) Changes in significant subsidiaries during the six months ended September 30, 2015 (changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2015	235,017,600 shares	As of March 31, 2015	235,017,600 shares

Number of treasury shares at the end of the period

As of September 30, 2015	15,263,595 shares	As of March 31, 2015	11,348,043 shares

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2015	223,048,141 shares	Six months ended September 30, 2014	223,676,444 shares

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
Assets		
Current assets		
Cash and deposits	105,311	97,290
Trade notes and accounts receivable	597,779	603,939
Marketable securities	62,000	45,000
Merchandise and finished goods	128,935	129,637
Work in process	489	721
Raw materials and supplies	1,903	2,656
Others	55,803	58,477
Allowance for doubtful accounts	(283)	(315)
Total current assets	951,940	937,407
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	38,100	46,981
Land	63,850	65,352
Others, net	16,815	14,069
Total property, plant and equipment	118,766	126,403
Intangible assets		
Goodwill	5,192	8,040
Others	5,458	5,403
Total intangible assets	10,650	13,443
Investments and other assets		
Investment in securities	124,410	117,896
Others	18,824	20,271
Allowance for doubtful accounts	(3,811)	(4,159)
Total investments and other assets	139,424	134,007
Total non-current assets	268,841	273,854
Total assets	1,220,781	1,211,262

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
Liabilities		
Current liabilities		
Trade notes and accounts payable	784,954	783,378
Short-term debt	259	659
Income taxes payable	8,777	7,263
Reserve for bonuses	6,781	6,438
Others	18,799	14,367
Total current liabilities	819,571	812,108
Non-current liabilities		
Long-term debt	1,476	1,669
Net defined benefit liabilities	15,051	15,118
Others	30,558	29,118
Total non-current liabilities	47,086	45,906
Total liabilities	866,658	858,014
Net assets		
Shareholders' equity		
Paid-in capital	18,454	18,454
Capital surplus	103,799	103,794
Retained earnings	177,061	187,600
Treasury shares, at cost	(1,006)	(9,645)
Total shareholders' equity	298,308	300,203
Accumulated other comprehensive income		
Unrealized gain on securities, net of taxes	56,512	52,849
Deferred gain or loss on hedges	2	0
Unrealized gain or loss on revaluation of land	(4,211)	(4,198)
Foreign currency translation adjustment	205	221
Remeasurements of defined benefit plans, net of taxes	1,701	1,651
Total accumulated other comprehensive income	54,210	50,524
Non-controlling interests	1,603	2,519
Total net assets	354,123	353,247
Total liabilities and net assets	1,220,781	1,211,262

Six-month consolidated statements of income and comprehensive income
Consolidated statements of income

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Net sales	1,173,994	1,262,287
Cost of sales	1,096,397	1,172,086
Reversal of allowance for returned unsold goods	715	777
Allowance for returned unsold goods	711	718
Gross profit	77,600	90,259
Selling, general and administrative expenses	68,121	74,480
Operating income	9,478	15,779
Non-operating income		
Interest income	100	110
Dividend income	1,053	1,272
Information fees received	2,816	2,917
Equity in earnings of affiliates	51	20
Others	977	958
Total non-operating income	4,999	5,279
Non-operating expenses		
Interest expenses	64	62
Allowance for doubtful accounts	8	–
Expenses for real estate rent	62	81
Voluntary product recall related expenses	53	–
Others	71	114
Total non-operating expenses	259	259
Ordinary income	14,218	20,799
Extraordinary income		
Gain on sales of non-current assets	16	9
Gain on sales of investment securities	117	170
Total extraordinary income	133	179
Extraordinary losses		
Loss on sales of non-current assets	47	79
Loss on disposal of non-current assets	121	105
Loss on impairment of non-current assets	165	200
Loss on revaluation of investment securities	2	97
Provision for loss on business of subsidiaries and affiliates	172	–
Others	26	–
Total extraordinary losses	536	482
Income before income taxes and minority interests	13,816	20,496
Income, residential and enterprise taxes	6,735	6,956
Income taxes adjustments	(2,128)	117
Total income taxes	4,606	7,074
Net income	9,209	13,422
Attributable to:		
Owners of parent	9,204	13,228
Non-controlling interests	5	193

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Other comprehensive income		
Unrealized gain on securities	8,057	(3,661)
Deferred gain or loss on hedges, net of taxes	(0)	(2)
Unrealized gain or loss on revaluation of land	–	5
Foreign currency translation adjustment	(29)	16
Remeasurements of defined benefit plans, net of tax	24	(21)
Share of other comprehensive income of associates accounted for using equity method	3	(0)
Total other comprehensive income	8,055	(3,662)
Comprehensive income	17,265	9,759
Attributable to:		
Owners of parent	17,260	9,551
Non-controlling interests	5	207

Six- month consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	13,816	20,496
Depreciation	4,092	4,381
Loss on impairment of non-current assets	165	200
Amortization of goodwill	570	806
Increase (decrease) in allowance for doubtful accounts	(280)	372
Increase (decrease) in reserve for bonuses	(1,230)	(342)
Increase (decrease) in reserve for bonus to directors and auditors	(178)	(153)
Increase (decrease) in allowance for directors' retirement benefits	26	(73)
Increase (decrease) in net defined benefit liability	(298)	(423)
Interest and dividend income	(1,154)	(1,382)
Interest expenses	64	62
Loss (gain) on sales of non-current assets	30	70
Loss on disposal of non-current assets	121	105
Loss (gain) on sales of investment securities	(117)	(170)
Loss (gain) on revaluation of investment securities	2	97
Decrease (increase) in trade notes and accounts receivable	38,121	(4,874)
Decrease (increase) in inventories	8,757	(229)
Increase (decrease) in trade notes and accounts payable	(50,057)	(5,546)
Others, net	4,218	(6,121)
Subtotal	16,671	7,276
Interest and dividend received	1,143	1,370
Interest paid	(64)	(63)
Payments for business reorganization expenses of affiliates	(40)	(178)
Payments for merger expenses	–	(92)
Income taxes paid	(1,986)	(8,451)
Net cash provided by (used in) operating activities	15,723	(139)

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Cash flows from investing activities		
Payments into time deposits	(544)	(237)
Proceeds from maturity of time deposits	236	792
Proceeds from sales of marketable securities	–	5,000
Payment for purchase of property, plant and equipment	(8,730)	(5,032)
Proceeds from sales of property, plant and equipment	110	124
Payment for purchase of intangible assets	(470)	(908)
Payment for acquisition of long-term prepaid expenses	(9)	(107)
Payment for purchase of investment securities	(1,525)	(392)
Proceeds from sales of investment securities	315	212
Payments for loans provided	(89)	(35)
Proceed from collection of loans	76	76
Proceeds from decrease in investment in subsidiaries and affiliates	–	75
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(7,004)
Others, net	(29)	–
Net cash used in investing activities	(10,659)	(7,437)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	–	(300)
Proceeds from long-term debt	447	200
Repayments of long-term debt	(440)	(186)
Repayments of lease obligations	(1,118)	(1,018)
Payment for purchase of treasury shares	(8)	(8,638)
Proceeds from sales of treasury shares	0	0
Purchase of treasury shares of subsidiaries	–	(11)
Cash dividends paid	(3,043)	(3,578)
Dividends paid to non-controlling interests	–	(13)
Net cash used in financing activities	(4,162)	(13,546)
Effect of exchange rate change on cash and cash equivalents	(17)	9
Net increase (decrease) in cash and cash equivalents	884	(21,113)
Cash and cash equivalents at beginning of period	138,819	160,265
Increase in cash and cash equivalents from newly consolidated subsidiary	–	1,618
Increase in cash and cash equivalents resulting from merger	–	0
Cash and cash equivalents at end of period	139,703	140,771