Translation

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Summary of Consolidated Financial Statements for the Year Ended March 31, 2017 [Prepared on the basis of Japan's Generally Accepted Accounting Standard (GAAP)]

May 12, 2017

Corporate name : Alfresa Holdings Corporation
Stock exchange listing : The 1st section of Tokyo Stock Exchange
Stock code : 2784 URL : http://www.alfresa.com/
Representative : Taizo Kubo, Representative Director & President
Contact person : Soichi Nemoto, General Manager, Financial Planning Department, Public and Investor Relations Office
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Scheduled date for Annual General Meeting of Shareholders : June 27, 2017
Scheduled dividend payment date : June 6, 2017
Scheduled date for filing the Annual Securities Report : June 27, 2017
Supplementary explanatory materials : Yes
Financial results meeting : Yes (for institutional investors and analysts)

(Rounded down to the nearest million yen)

1. Summary of consolidated financial results for FY2016 (April 1, 2016 - March 31, 2017)

(1) Consolidated operating results (Percentages indicate changes from the previous fiscal year)

	Net sales		Operating income		Ordinary profit		Profit attributable to owners of parent	
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%
FY2016	2,551,801	(1.0)	33,228	(26.6)	43,628	(21.4)	30,893	(11.7)
FY2015	2,576,405	6.4	45,289	54.9	55,489	42.3	34,975	52.6

Note: Comprehensive income : FY2016 ¥ 34,568 million [(4.9) %] FY2015 ¥ 36,343 million [(26.1) %]

	Earnings per share of common stock		Return on equity	Ratio of ordinary profit to total assets	Ratio of operating income to net sales
	Basic	Diluted			
	Yen	Yen	%	%	%
FY2016	142.58	—	8.1	3.5	1.3
FY2015	158.99	—	9.7	4.5	1.8

Reference: Equity in net earnings (losses) of affiliates : FY2016 ¥ (18) million FY 2015 ¥ (171) million

(2) Consolidated financial position

	Total assets	Net assets	Owners' equity ratio	Net assets per share
	¥ Million	¥ Million	%	Yen
As of March 31, 2017	1,255,922	393,550	31.2	1,810.68
As of March 31, 2016	1,253,494	368,727	29.2	1,691.63

Reference: Owners' equity : As of March 31, 2017 ¥ 392,334 million As of March 31, 2016 ¥ 366,542 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Ending balance of cash and cash equivalents
	¥ Million	¥ Million	¥ Million	¥ Million
FY2016	34,342	(13,409)	(11,807)	167,554
FY2015	37,836	(15,245)	(25,996)	158,462

2. Dividends per share of common stock

	Dividends per share					Total amount of dividends	Dividend payout ratio	Dividend on equity
	1Q	2Q	3Q	Year-end	Full-year			
	Yen	Yen	Yen	Yen	Yen	¥ Million	%	%
FY2015	—	16.00	—	17.00	33.00	7,199	20.8	2.0
FY2016	—	17.00	—	19.00	36.00	7,800	25.2	2.1
FY2017 (Forecast)	—	19.00	—	19.00	38.00		—	

3. Consolidated performance forecast for FY2017 (April 1, 2017 - March 31, 2018)

(Percentages indicate changes from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%	Yen
1H FY2017	1,277,000	1.4	12,300	3.0	17,500	2.3	11,700	(6.2)	54.00
FY2017	2,595,000	1.7	34,200	2.9	44,600	2.2	29,900	(3.2)	137.99

*Notes

(1) Changes in principal subsidiaries during the period
(those changes in specified subsidiaries accompanying change in scope of consolidation) : None

(2) Changes in accounting policy, changes in accounting estimates, and restatement

i. Change in accounting policy due to amendment of accounting standard : None
ii. Change in accounting policy due to reasons other than i. : Yes
iii. Change in accounting estimates : None
iv. Restatement : None

(3) Number of outstanding shares of common stock

i. Number of shares outstanding (including treasury stock) at end of period:
As of March 31, 2017 235,017,600 shares
As of March 31, 2016 235,017,600 shares

ii. Number of treasury stock at end of period:
As of March 31, 2017 18,339,053 shares
As of March 31, 2016 18,337,555 shares

iii. Average number of outstanding shares during the period:
FY2016 216,679,400 shares
FY2015 219,983,977 shares

Summary of non-consolidated financial results for FY2016 (April 1, 2016 - March 31, 2017)

1. Non-consolidated operating results

(Percentages indicate changes from the previous fiscal year)

	Net sales		Operating income		Ordinary profit		Profit	
	¥ Million	%	¥ Million	%	¥ Million	%	¥Million	%
FY2016	20,071	44.9	18,304	49.8	18,557	50.5	18,431	49.5
FY2015	13,848	(9.9)	12,216	(11.3)	12,329	(12.2)	12,328	(11.5)

	Earnings per share of common stock	
	Basic	Diluted
	Yen	Yen
FY2016	85.06	―
FY2015	56.04	―

2. Non-consolidated financial position

	Total assets	Net assets	Owners' equity ratio	Net assets per share
	¥ Million	¥ Million	%	Yen
As of March 31, 2017	242,202	229,385	94.7	1,058.64
As of March 31, 2016	230,144	217,742	94.6	1,004.90

Reference: Owners' equity : As of March 31, 2017 ¥ 229,385 million As of March 31, 2016 ¥ 217,742 million

*These financial statements are not subject to audit procedure.

*Disclaimer regarding the Appropriate Use of Performance Forecasts and Other Notes

The forward-looking statements such as performance forecasts contained herein are forecasts based on information currently possessed by the Company and are based on certain assumptions deemed to be reasonable. Actual performance may differ substantially from these forecasts due to various factors.

Consolidated Financial Statements

Consolidated balance sheets

(Millions of yen)

	Year-end FY2015 (As of March 31, 2016)	Year-end FY2016 (As of March 31, 2017)
(Assets)		
Current assets		
Cash and deposits	118,174	164,430
Trade notes and accounts receivable	612,182	601,962
Marketable securities	42,000	4,000
Merchandise and finished goods	129,816	127,540
Work in process	572	1,268
Raw materials and supplies	2,882	3,294
Deferred tax assets	6,558	6,226
Other receivables	51,483	52,814
Other	1,809	1,735
Allowance for doubtful accounts	(343)	(399)
Total current assets	965,135	962,872
Non-current assets		
Property, plant and equipment		
Buildings and structures	103,066	102,713
Less accumulated depreciation	(52,932)	(51,353)
Buildings and structures (net)	50,133	51,359
Machinery, equipment and vehicles	19,897	22,303
Less accumulated depreciation	(12,480)	(12,747)
Machinery, equipment and vehicles (net)	7,417	9,555
Tools and fixtures	11,845	11,566
Less accumulated depreciation	(9,519)	(8,976)
Tools and fixtures (net)	2,325	2,589
Land	64,727	64,577
Leased assets	9,883	10,068
Less accumulated depreciation	(5,812)	(6,395)
Leased assets (net)	4,070	3,673
Construction in progress	1,815	1,441
Total property, plant and equipment	130,489	133,196
Intangible assets		
Goodwill	7,337	6,308
Leased assets	593	618
Other	7,022	6,874
Total intangible assets	14,952	13,800
Investments and other assets		
Investment in securities	125,409	128,720
Long-term loans receivables	2,269	2,404
Deferred tax assets	986	842
Net defined benefit assets	2,958	3,375
Other	16,299	14,577
Allowance for doubtful accounts	(5,006)	(3,867)
Total investments and other assets	142,917	146,052
Total non-current assets	288,359	293,049
Total assets	1,253,494	1,255,922

(Millions of yen)

	Year-end FY2015 (As of March 31, 2016)	Year-end FY2016 (As of March 31, 2017)
(Liabilities)		
Current liabilities		
Trade notes and accounts payable	795,006	784,538
Short-term debt	679	549
Long-term lease liabilities due within one year	1,775	1,476
Income taxes payable	12,628	4,654
Allowance for employees' bonuses	7,887	7,309
Allowance for bonuses to directors and corporate auditors	372	370
Allowance for sales rebates	43	61
Allowance for sales returns	822	704
Other	16,296	14,912
Total current liabilities	835,512	814,576
Non-current liabilities		
Long-term debt due after one year	1,309	1,286
Long-term lease liabilities	3,347	3,244
Deferred tax liabilities	24,093	26,088
Deferred tax liabilities for land revaluation	446	446
Provision for loss on guarantee	87	61
Directors' and corporate auditors' retirement benefits	62	—
Net defined benefit liabilities	17,762	14,731
Asset retirement obligations	698	782
Other	1,446	1,153
Total non-current liabilities	49,254	47,795
Total liabilities	884,766	862,372
(Net assets)		
Shareholders' equity		
Common stock	18,454	18,454
Capital surplus	103,121	101,936
Retained earnings	205,784	229,115
Less treasury stock, at cost	(16,017)	(16,020)
Total shareholders' equity	311,342	333,486
Accumulated other comprehensive income		
Unrealized gains on available-for-sale securities, net of taxes	59,546	62,479
Unrealized gains (losses) on deferred hedge	(13)	(3)
Revaluation reserve for land	(4,143)	(3,948)
Foreign currency translation adjustments	175	114
Remeasurements of defined benefit plans, net of taxes	(364)	205
Total accumulated other comprehensive income	55,199	58,847
Non-controlling interests	2,185	1,215
Total net assets	368,727	393,550
Total liabilities and net assets	1,253,494	1,255,922

Consolidated statements of income and comprehensive income

(Millions of yen)

	FY2015 (April 1, 2015 - March 31, 2016)	FY2016 (April 1, 2016 - March 31, 2017)
Net sales	2,576,405	2,551,801
Cost of sales	2,379,166	2,369,354
Total deduction	197,239	182,446
Reversal of allowance for returned unsold goods	777	822
Allowance for returned unsold goods	822	704
Gross profit	197,194	182,565
Selling, general and administrative expenses	151,905	149,336
Operating income	45,289	33,228
Other income		
Interest income	205	116
Dividend income	2,390	2,461
Information fees	5,962	5,947
Other, net	2,386	2,385
Total other income	10,944	10,912
Other expenses		
Interest expenses	121	104
Commission fees	170	12
Provision of allowance for doubtful accounts	17	－
Equity in losses of affiliates	171	18
Expense for rental property	160	133
Other, net	102	243
Total other expenses	744	512
Ordinary profit	55,489	43,628
Extraordinary profit		
Gain on sales of property, plant and equipment	177	3,259
Gain on sale of securities	259	209
Compensation income	82	159
Total extraordinary profit	519	3,627
Extraordinary loss		
Loss on sales of shares of subsidiaries and associates	－	138
Loss on sale of property, plant and equipment	265	63
Loss on disposal of property, plant and equipment	433	272
Loss on impairment of non-current assets	883	1,575
Write-down of securities	127	2
Merger expenses	139	298
Extra retirement payments	15	194
Other, net	47	25
Total extraordinary loss	1,913	2,571
Profit before income taxes	54,094	44,684
Income taxes		
Current	18,572	12,705
Deferred	141	896
Total income taxes	18,714	13,602
Profit	35,380	31,082
Attributable to:		
Owners of parent	34,975	30,893
Non-controlling interests	405	188

(Millions of yen)

	FY2015 (April 1, 2015 - March 31, 2016)	FY2016 (April 1, 2016 - March 31, 2017)
Other comprehensive income		
Unrealized gains on available-for-sale securities, net of taxes	3,032	2,935
Unrealized gains (losses) on deferred hedge	(15)	11
Revaluation reserve for land	29	―
Foreign currency translation adjustments	(29)	(60)
Remeasurements of defined benefit plan, net of taxes	(2,061)	601
Share of other comprehensive income of entities accounted for using equity method	8	(1)
Total other comprehensive income	962	3,486
Comprehensive income	36,343	34,568
Attributable to:		
Owners of parent	35,942	34,346
Non-controlling interests	400	222

Full-year consolidated statements of changes in net assets

FY2015 (April 1, 2015 - March 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Net assets at April 1, 2015	18,454	103,799	177,061	(1,006)	298,308
Changes during the fiscal year					
Cash dividends paid at ¥32.00 per share			(7,094)		(7,094)
Profit attributable to owners of parent			34,975		34,975
Ttreasury stock acquired				(15,010)	(15,010)
Sale of treasury stock		0		0	0
Change of scope of consolidation			879		879
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(678)			(678)
Reversal of revaluation reserve for land			(37)		(37)
Other			0		0
Changes in items other than shareholders' equity during the fiscal year (net)					
Total	ー	(678)	28,722	(15,010)	13,033
Net assets at March 31, 2016	18,454	103,121	205,784	(16,017)	311,342

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Unrealized gains on available -for-sale securities, net of taxes	Unrealized gains (losses) on deferred hedge	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Net assets at April 1, 2015	56,512	2	(4,211)	205	1,701	54,210	1,603	354,123
Changes during the fiscal year								
Cash dividends paid at ¥32.00 per share								(7,094)
Profit attributable to owners of parent								34,975
Ttreasury stock acquired								(15,010)
Sale of treasury stock								0
Change of scope of consolidation								879
Change in treasury shares of parent arising from transactions with non-controlling shareholders								(678)
Reversal of revaluation reserve for land								(37)
Other								0
Changes in items other than shareholders' equity during the fiscal year (net)	3,034	(15)	67	(29)	(2,066)	988	581	1,570
Total	3,034	(15)	67	(29)	(2,066)	988	581	14,604
Net assets at March 31, 2016	59,546	(13)	(4,143)	175	(364)	55,199	2,185	368,727

FY2016 (April 1, 2016 - March 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Net assets at April 1, 2016	18,454	103,121	205,784	(16,017)	311,342
Changes during the fiscal year					
Cash dividends paid at ¥34.00 per share			(7,367)		(7,367)
Profit attributable to owners of parent			30,893		30,893
Ttreasury stock acquired				(3)	(3)
Sale of treasury stock		0		0	0
Change of scope of consolidation					—
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(1,184)			(1,184)
Reversal of revaluation reserve for land			(194)		(194)
Other		(0)			(0)
Changes in items other than shareholders' equity during the fiscal year (net)					
Total	—	(1,184)	23,331	(3)	22,143
Net assets at March 31, 2017	18,454	101,936	229,115	(16,020)	333,486

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Unrealized gains on available -for-sale securities, net of taxes	Unrealized gains (losses) on deferred hedge	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Net assets at April 1, 2016	59,546	(13)	(4,143)	175	(364)	55,199	2,185	368,727
Changes during the fiscal year								
Cash dividends paid at ¥34.00 per share								(7,367)
Profit attributable to owners of parent								30,893
Ttreasury stock acquired								(3)
Sale of treasury stock								0
Change of scope of consolidation								—
Change in treasury shares of parent arising from transactions with non-controlling shareholders								(1,184)
Reversal of revaluation reserve for land								(194)
Other								(0)
Changes in items other than shareholders' equity during the fiscal year (net)	2,932	9	194	(60)	570	3,648	(969)	2,678
Total	2,932	9	194	(60)	570	3,648	(969)	24,822
Net assets at March 31, 2017	62,479	(3)	(3,948)	114	205	58,847	1,215	393,550

Consolidated statements of cash flows

(Millions of yen)

	FY2015 (April 1, 2015 - March 31, 2016)	FY2016 (April 1, 2016 - March 31, 2017)
Cash flows from operating activities		
Profit before income taxes	54,094	44,684
Depreciation and amortization	9,218	9,151
Loss on impairment of non-current assets	883	1,575
Amortization of goodwill	1,632	1,866
Increase (decrease) in allowance for doubtful accounts	1,247	(1,082)
Increase (decrease) in allowance for employees' bonuses	1,106	(820)
Increase (decrease) in allowance for bonuses to directors and corporate auditors	89	(2)
Decrease in directors' retirement benefits	(68)	(62)
Decrease in net defined benefit liabilities	(901)	(3,428)
Interest and dividend income	(2,595)	(2,578)
Interest expenses	121	104
Loss (gain) on sale of property, plant and equipment	88	(3,195)
Loss on disposal of property, plant and equipment	433	272
Gain on sale of securities	(252)	(186)
Write-down of securities	127	6
Compensation income	(82)	(159)
Merger expenses	139	298
Extra retirement payments	15	194
(Increase) decrease in trade notes and accounts receivable	(14,850)	12,985
(Increase) decrease in inventories	(484)	2,785
Increase in other receivables	(3,307)	(168)
Increase (decrease) in trade notes and accounts payable	6,080	(10,997)
Other, net	(1,970)	2,099
Subtotal	50,764	53,343
Interest and dividends received	2,598	2,585
Interest paid	(122)	(103)
Proceeds from compensation income	82	159
Extra retirement payments	(15)	(133)
Payments for business restructuring expenses of subsidiaries and affiliates	(178)	―
Payments for merger expenses	(155)	(307)
Income taxes paid	(15,137)	(21,200)
Net cash provided by (used in) operating activities	37,836	34,342

(Millions of yen)

	FY2015 (April 1, 2015 - March 31, 2016)	FY2016 (April 1, 2016 - March 31, 2017)
Cash flows from investing activities		
Payments into time deposits	(738)	(177)
Proceeds from maturity of time deposits	1,077	996
Proceeds from sale of securities	5,000	―
Payments for purchase of property, plant and equipment	(10,557)	(10,648)
Proceeds from sale of property, plant and equipment	938	6,150
Payments for purchase of intangible assets	(3,686)	(2,960)
Payments for acquisition of long-term prepaid expenses	(217)	(78)
Payments for purchase of investment securities	(483)	(1,186)
Proceeds from sale of investment securities	540	1,125
Advance of loans receivable	(179)	(449)
Repayments of loans receivable	201	442
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(7,004)	(6,459)
Other, net	(137)	(165)
Net cash used in investing activities	(15,245)	(13,409)
Cash flows from financing activities		
Net increase (decrease) in short-term debt	(410)	70
Proceeds from long-term debt	200	400
Repayments of long-term debt	(471)	(623)
Repayments of lease liabilities	(2,005)	(1,908)
Payments for purchase of treasury stock	(15,010)	(3)
Proceeds from sales of treasury stock	0	0
Purchase of treasury stock of subsidiaries	(11)	(2)
Cash dividends paid	(7,094)	(7,367)
Dividends paid to non-controlling interests	(13)	(15)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,179)	(2,358)
Net cash used in financing activities	(25,996)	(11,807)
Foreign currency translation loss on cash and cash equivalents	(16)	(32)
Net increase (decrease) in cash and cash equivalents	(3,422)	9,092
Cash and cash equivalents at beginning of the year	160,265	158,462
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 the year	158,462	167,554