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(Code number 2784)
June 5, 2017

To Shareholders with Voting Rights:

Taizo Kubo
Representative Director & President
Alfresa Holdings Corporation
1-1-3, Otemachi, Chiyoda-ku, Tokyo, Japan

NOTICE OF
THE 14TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 14th Ordinary General Meeting of Shareholders of Alfresa Holdings Corporation (the "Company"). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights either by indicating your vote for or against the proposal on the enclosed Voting Rights Exercise Form and returning it or by accessing the website for voting rights exercise described on the Voting Rights Exercise Form and exercising via the electromagnetic method such as via the Internet, etc. Please review the following Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by 5:00 p.m. on Monday, June 26, 2017 (JST).

1. **Date and Time:** 10:00 a.m., Tuesday, June 27, 2017 (JST)

2. **Place:** Fuji room, 4th Floor, Hotel Grand Arc Hanzomon
1-1, Hayabusa-cho, Chiyoda-ku, Tokyo, Japan

3. **Meeting Agenda:**

Matters to be reported:
1. The Business Report, Consolidated Financial Statements, and Audit Reports of the Independent Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements for the Company's 14th Fiscal Year (April 1, 2016 - March 31, 2017)
2. Non-consolidated Financial Statements for the Company's 14th Fiscal Year (April 1, 2016 - March 31, 2017)

Proposals to be resolved:

Proposal 1: Partial Amendments to the Articles of Incorporation
Proposal 2: Election of Eleven (11) Directors
Proposal 3: Election of Two (2) Audit & Supervisory Board Members
Proposal 4: Election of One (1) Substitute Audit & Supervisory Board Member

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Announcement on Exercise of Voting Rights:

If attending the meeting in person:

Date and Time: 10:00 a.m., Tuesday, June 27, 2017 (JST) (Reception starts at 9:00 a.m.)

Please submit the Voting Rights Exercise Form at the reception desk. (You do not need to sign or seal.)
If you will be attending the meeting by proxy, please have the proxy submit a power of attorney and the Voting Rights Exercise Form to the venue. (Provision of the Company's Articles of Incorporation limit proxies to other shareholders with voting rights.)
In order to conserve resources, please also bring this notice with you to the meeting venue.

If not attending the meeting in person:

Exercising your rights by mail:

Voting Deadline: 5:00 p.m., Monday, June 26, 2017 (JST)

Please mark your vote for or against the proposals on the Voting Rights Exercise Form and send it by mail without postage stamps.
Please ensure that the mail is received by the voting deadline.
If there is no indication of your vote for or against a proposal, it shall be deemed as an indication of approval.

Exercising your rights via the Internet (please refer below for the details):

Voting Deadline: 5:00 p.m., Monday, June 26, 2017 (JST)

Please access the designated website (http://www.evote.jp), and enter your votes for or against the proposals by the voting deadline.

Multiple voting

* If you exercise your voting rights by two different methods, that is, via the Internet as well as by mailing your Voting Rights Exercise Form, your voting results via the Internet shall be deemed valid.
* If you exercise your voting rights via the Internet more than once, only your final vote shall be deemed valid. Moreover, if you exercise your voting rights more than once, using a computer, a smartphone or a mobile phone, only your final vote shall be deemed valid.

Charges to be incurred in relation to accessing the voting rights exercise site

Charges to be incurred in relation to accessing the voting rights exercise site (Internet connection charge, etc.) shall be borne by the shareholders. Similarly, mobile phone charges such as packet transmission charges, etc. shall be borne by the shareholders.

[Platform for Electronic Exercise of Voting Rights]
If nominee shareholders such as trust & custody services banks, etc. (including standing proxies) make prior application to use Electronic Voting Platform for Foreign and Institutional Investors operated by ICJ, Inc. established by Tokyo Stock Exchange, Inc., etc., such shareholders may use the said platform as an electromagnetic method for exercising voting rights at the General Meetings of Shareholders of the Company in addition to the exercise of voting rights via the Internet pursuant to the above.

Contact for inquiries in relation to systems, etc.
Stock Transfer Agency Division (Help Desk), Mitsubishi UFJ Trust and Banking Corporation
Phone: 0120-173-027 (9:00 a.m. to 9:00 p.m. (JST), toll free)

(Attached document)

Business Report

(From April 1, 2016 to March 31, 2017)

1. The current state of the corporate group

(1) Business conditions

1) Development and performance of the business

During the fiscal year ended March 31, 2017, the Japanese economy continued a moderate recovery trend amid continued improvement in the employment situation and income environment, etc. despite the risk of changes in overseas economies and financial and capital markets.

The Alfresa Group announced "16-18 Mid-term Management Plan—*Break Through to Tomorrow*" in May 2016 and worked to "Unite the Group to strengthen businesses," "Expand the health and medical-related business domains" and "Transform business models ahead of changes in the environment" as set out in our Group management policies (Challenge 3), focusing efforts on the sustainable growth of our corporate value.

For the fiscal year ended March 31, 2017, net sales were ¥2,551,801 million, down 1.0% year on year, operating income decreased by 26.6% year on year to ¥33,228 million, ordinary profit decreased by 21.4% year on year to ¥43,628 million and profit attributable to owners of parent was down 11.7% year on year to ¥30,893 million.

The results for each business segment for the fiscal year ended March 31, 2017 are as follows.

(i) Financial results of the Ethical Pharmaceuticals Wholesaling Business

The market for ethical pharmaceuticals for the fiscal year ended March 31, 2017 saw negative growth, declining by 3.8% compared to the previous fiscal year as a whole (estimates by CRECON Research & Consulting Inc.), impacted by the drop in the Japan's National Health Insurance (NHI) drug prices including the exception of market expansion re-pricing in April 2016, the decrease in long-listed drugs due to the switch to generic drugs, and demand for drugs for treating hepatitis C running its course, etc. Under these conditions, in the Ethical Pharmaceuticals Wholesaling Business segment, the Alfresa Group engaged in priority measures by segment as set out in the 16-18 Mid-term Management Plan to "Advance marketing reform & distribution reform," "Pursue optimization for the Alfresa Group" and, as the industry's highest common priority issue, to "Advance distribution reforms." As the number-one wholesaler of ethical pharmaceuticals, we worked to further strengthen the business foundation ahead of upcoming changes in the environment.

Alfresa Corporation (head office: Chiyoda-ku, Tokyo), the Company's consolidated subsidiary, integrated the ethical pharmaceuticals wholesaling business in the Kyushu areas of TS Alfresa Corporation (head office: Nishi-ku, Hiroshima), the Company's consolidated subsidiary, in July 2016 and merged CS YAKUHIN CO., LTD. (head office: Naka-ku, Nagoya), the Company's consolidated subsidiary operating in the Tokai region, in October 2016. By effectively and efficiently utilizing our management resources, we will work to further strengthen the sales base closely tied to the local community.

On the distribution front, following the launch of operations of the Osaka Distribution Center (Location: Kita-ku, Osaka) in 2015, Alfresa Corporation began operations of the Kyoto Pharmaceutical Center (Location: Fushimi-ku, Kyoto) in May 2016. Both centers are located in the hearts of Osaka and Kyoto, where many medical institutions are concentrated. The centers will contribute to local healthcare as core facilities for safe and reliable pharmaceutical distribution closely tied to the local community.

In growth fields, in addition to stepping up initiatives for medical-related products such as medical devices, equipment and diagnostic reagents, we strengthened the alliance among the Alfresa Group, which has the largest ethical pharmaceutical distribution network in Japan, TOMITA Pharmaceutical Co., Ltd. (head office: Chuo-ku, Kumamoto) and Moroo Co., Ltd. (head office: Chuo-ku, Sapporo), with Specialty Medical Distribution Corporation (head office: Chiyoda-ku, Tokyo), which was established to conduct business of distributing drugs and medical devices, etc. for rare diseases, as a contact point. Through this, we realized one of the highest coverage ratios in Japan in distribution of specialty drugs to enhance our responsiveness to patients, medical institutions, and pharmaceutical manufacturers and other customers nationwide who require specialty drugs.

Performance for this segment for the fiscal year ended March 31, 2017 consisted of net sales of ¥2,251,434 million (1.7% decrease year on year) and operating income of ¥27,928 million (31.9% decrease year on year). Net sales include intersegment sales of ¥11,940 million (0.7% increase year on year).

(ii) Financial results of the Self-Medication Products Wholesaling Business

In the Self-Medication Products Wholesaling Business segment, we worked to "Further reinforce business foundations" and "Strengthen value-added marketing activities" set as priority measures by segment in the 16-18 Mid-term Management Plan. In addition to thoroughly reducing costs through distribution reforms advanced on a company-wide basis, we held solutions-oriented business meetings to propose new added value to regular customers and expanded the lineup of highly profitable exclusive products. As a result of the increase in the Group's share and other factors, we were able to secure stable profit during the fiscal year ended March 31, 2017.

Performance for this segment for the fiscal year ended March 31, 2017 consisted of net sales of ¥251,355 million (2.6% increase year on year) and operating income of ¥2,127 million (66.0% increase year on year). Net sales include intersegment sales of ¥1,407 million (80.9% increase year on year).

(iii) Financial results of the Manufacturing Business

In the Manufacturing Business segment, we made efforts to "Advance contractedmanufacturing and active pharmaceutical ingredients business," "Expand product lineup and reinforce sales capabilities" and "Expand Overseas Business" set as priority measures by segment in the 16-18 Mid-term Management Plan.

In April 2016, Sannova Co., Ltd. (head office: Ota, Gunma Prefecture), which is engaged in the contracted manufacturing business, became a consolidated subsidiary of the Company. The Alfresa Group made group-wide efforts to step up activities to gain new contracts for contracted manufacture and promoted cost reductions for contracted manufacture. In the active pharmaceutical ingredients business, we worked to introduce new production facilities and develop new products.

In July 2016, Alfresa Pharma Corporation (head office: Chuo-ku, Osaka), the Company's consolidated subsidiary, launched sales of Sabril® 500mg powder, an antiepilepsy drug developed jointly with Sanofi K.K. (head office: Shinjuku-ku, Tokyo). In addition, in February 2017, Alfresa Pharma Corporation launched sales of "AA01", a fully automated feces/urine analyzer jointly developed with ARKRAY, Inc. (head office: Chukyo-ku, Kyoto).

Furthermore, in order to cope with growing demand for surgical sutures, etc. in the Chinese market, Alfresa Pharma Corporation completed construction of a new plant building within the premises of QINGDAO NESCO MEDICAL CO., LTD. (head office: Qingdao, Shandong, China), a subsidiary of Alfresa Pharma Corporation, in November 2016.

Performance for this segment for the fiscal year ended March 31, 2017 consisted of net sales of ¥41,419 million (31.3% increase year on year) and operating income of ¥2,595 million (44.0% increase year on year). Net sales include intersegment sales of ¥9,328 million (1.6% decrease year on year).

(iv) Financial results of Medical-Related Business

Dispensing pharmacy business subsidiaries of the Medical-Related Business faced challenging circumstances due to the impact, etc. of revisions to NHI drug prices and dispensing fee of April 2016. Under these circumstances, to "Address business model transformation" which was specified as a priority measure by segment in the 16-18 Mid-term Management Plan, we pushed ahead with initiatives for family pharmacies as well as promoted cooperation within the group with a view to enhancing added value and improving operational efficiency.

Performance for this segment for the fiscal year ended March 31, 2017 consisted of net sales of ¥30,267 million (3.4% decrease year on year) and operating income of ¥533 million (52.1% decrease year on year).

2) Capital expenditure

Capital expenditure for the Alfresa Group for the fiscal year ended March 31, 2017 totaled ¥14,268 million. The main expenditures were for construction expenses for distribution centers at subsidiaries and new establishment and renovation etc. of business sites.

3) Fund procurement

There was no matter requiring disclosure regarding fund procurement for the fiscal year ended March 31, 2017.

4) Business transfers, absorption-type splits or incorporation-type splits

On July 1, 2016, all of the ethical pharmaceuticals wholesaling business in the Kyushu area of TS Alfresa Corporation, the Company's consolidated subsidiary, was transferred to Alfresa Corporation, the Company's consolidated subsidiary.

5) Transfers of other companies' businesses to the corporate group

There was no matter requiring disclosure regarding transfers of other companies' businesses to the corporate group for the fiscal year ended March 31, 2017.

6) Succession to rights and obligations regarding businesses of other judicial persons, etc. due to an absorption-type merger or an absorption-type split

Alfresa Corporation and Alfresa Nikken Sangyo Corporation, the Company's consolidated subsidiary, executed an

absorption-type merger on April 1, 2016, with Alfresa Corporation as the surviving company and Alfresa Nikken Sangyo Corporation as the absorbed company. In addition, Alfresa Corporation and CS YAKUHIN CO., LTD., the Company's consolidated subsidiary, executed an absorption-type merger on October 1, 2016, with Alfresa Corporation as the surviving company and CS YAKUHIN CO., LTD. as the absorbed company.

7) Acquisition or disposal of stocks, other equity interests or stock acquisition rights, etc. in other companies

On April 1, 2016, the Company acquired all shares of Sannova Co., Ltd., which conducts business of manufacturing and sale of pharmaceuticals, and made the company into a consolidated subsidiary. In addition, in March 2017, the Company acquired an additional 1,500 shares of common stock in Nihon Apoch CO., LTD., the Company's consolidated subsidiary, resulting in ownership interest of 96.0%.

(2) Assets and profits and losses

Categories		The 11th fiscal year (FY2013)	The 12th fiscal year (FY2014)	The 13th fiscal year (FY2015)	The 14th fiscal year (FY2016)
Net sales	(Millions of Yen)	2,504,504	2,421,162	2,576,405	2,551,801
Ordinary profit	(Millions of Yen)	44,561	38,985	55,489	43,628
Profit attributable to owners of parent	(Millions of Yen)	25,566	22,922	34,975	30,893
Net income per share	(Yen)	115.51	102.48	158.99	142.58
Total assets	(Millions of Yen)	1,169,546	1,220,781	1,253,494	1,255,922
Net assets	(Millions of Yen)	305,436	354,123	368,727	393,550

(Notes) 1. Net income per share is calculated using the average number of shares outstanding during the fiscal year. The average number of shares outstanding during the fiscal year is calculated by the number of shares after deducting the number of treasury stock.

2. The Company implemented a four-for-one stock split of its common stock on October 1, 2014. Net income per share has been calculated on the assumption that this stock split was implemented at the beginning of the fiscal year ended March 31, 2013 (the 11th fiscal year).

(3) Status of the parent company and principal subsidiaries

1) Status of the parent company

Not applicable

2) Status of principal subsidiaries

Company name	Common stock (Millions of Yen)	Voting rights ratio (%)	Main business
Alfresa Corporation	4,000	100.0	Ethical Pharmaceuticals Wholesaling Business
Shikoku Alfresa Corporation	161	100.0	Ethical Pharmaceuticals Wholesaling Business
TS Alfresa Corporation	1,144	100.0	Ethical Pharmaceuticals Wholesaling Business
Meisho Co., Ltd.	395	100.0	Ethical Pharmaceuticals Wholesaling Business
Odashima Limited	30	100.0	Ethical Pharmaceuticals Wholesaling Business
RYUYAKU CO., LTD.	44	100.0	Ethical Pharmaceuticals Wholesaling Business
Kowa Pharmaceuticals Co., Ltd.	104	100.0	Ethical Pharmaceuticals Wholesaling Business
Alfresa Medical Service Corporation	450	100.0	Medical Materials Wholesaling and Supply Processing and Distribution (SPD) Business
Alfresa Healthcare Corporation	499	100.0	Self-Medication Products Wholesaling Business
Mogi Pharmaceutical Co., Ltd.	10	100.0 (100.0)	Self-Medication Products Wholesaling Business
Alfresa Pharma Corporation	1,000	100.0	Manufacturing Business
QINGDAO NESCO MEDICAL CO., LTD.	300 (Registered capital)	100.0 (100.0)	Manufacturing Business
Alfresa Fine Chemical Corporation	400	100.0 (100.0)	Manufacturing Business
Sannova Co., Ltd.	300	100.0	Manufacturing Business
Apollo Medical Holdings Inc.	403	68.2 (0.6)	Management of Dispensing Pharmacy
Nihon Apoch CO., LTD.	270	96.0	Management of Dispensing Pharmacy
Alfresa System Corporation	150	51.0	Operation, Maintenance and Development of Information System

(Note) Figures in parentheses ( ) in the voting rights ratio column represent the percentage of voting rights held by subsidiaries of the Company.

3) Status of specified wholly-owned subsidiaries as of the end of the fiscal year

Company name	Address	Total carrying amount (Millions of Yen)	Amount of total assets of the Company (Millions of Yen)
Alfresa Corporation	7, Kanda-Mitoshirocho, Chiyoda-ku, Tokyo	92,033	242,202

(Note) The registered address of the head office of Alfresa Corporation is 1-12-1, Uchikanda, Chiyoda-ku, Tokyo.

(4) Challenges to be addressed

The Alfresa Group supports the pharmaceuticals supply chain, Japan's social infrastructure, through each business domain of manufacturing, wholesaling and dispensing pharmacy, and contributes to stably supplying the necessary pharmaceuticals when and where they are needed. The slogan "We create and deliver a fresh life for all," from the Alfresa Group's principle of "Our Philosophy," recognizes the social responsibilities of a company. As a means of making this slogan a reality, we have established "Our Vision," which is that "We aim to become a Healthcare Consortium that provides products and services in every health-related field" in the same principle.

In order to realize the Alfresa Group's principles, we will engage in the 16-18 Mid-term Management Plan with our Group management policies (Challenge 3) of "Unite the Group to strengthen businesses," "Expand the health and medical-related business domains" and "Transform business models ahead of changes in the environment," focusing efforts on the sustainable growth of our corporate value.

In the Ethical Pharmaceuticals Wholesaling Business segment, we engage in "Advance marketing reform & distribution reform," "Pursue optimization for the Alfresa Group" and "Advance distribution reforms" as priority measures.

In the Self-Medication Products Wholesaling Business segment, "Further reinforce business foundations" and "Strengthen value-added marketing activities" are stated as priority measures.

In the Manufacturing Business segment, we make efforts to "Advance reliable, safe, and sincere manufacturing," "Advance consigned manufacturing and active pharmaceutical ingredients business," "Expand product lineup and reinforce sales capabilities" and "Expand Overseas Business" as priority measures.

In the Medical-related Business segment, as initiatives to reinforce the business foundation of the dispensing pharmacy business, we will more thoroughly "Boost earnings ability" and "Address business model transformation" which are priority measures under the 16-18 Mid-term Management Plan.

(5) Main business (as of March 31, 2017)

The Company, as a holding company, is engaged in management, etc. of its subsidiaries and affiliated companies. Its subsidiaries and affiliated companies operate in wholesaling, manufacturing and marketing as well as import and export, etc. of pharmaceuticals, diagnostic reagents and medical devices and equipment, management of dispensing pharmacy and other incidental business activities.

(6) Principal business sites and plants (as of March 31, 2017)

The Company	Head office	1-1-3, Otemachi, Chiyoda-ku, Tokyo
Alfresa Corporation	Head office	7, Kanda-Mitoshirocho, Chiyoda-ku, Tokyo
Shikoku Alfresa Corporation	Head office	1255-10, Fuke Kou, Kokubunjicho, Takamatsu, Kagawa Prefecture
TS Alfresa Corporation	Head office	1-2-19, Shoko Center, Nishi-ku, Hiroshima, Hiroshima Prefecture
Meisho Co., Ltd.	Head office	Ha 1, Muryoji-machi, Kanazawa, Ishikawa Prefecture
Odashima Limited	Head office	2-18, Kuko-minami, Hanamaki, Iwate Prefecture
RYUYAKU CO., LTD.	Head office	5-6-5, Makiminato, Urasoe-shi, Okinawa Prefecture
Kowa Pharmaceuticals Co., Ltd.	Head office	1-46-1, Kikutamachi Oroshi, Koriyama, Fukushima Prefecture
Alfresa Medical Service Corporation	Head office	1-12-1, Uchikanda, Chiyoda-ku, Tokyo
Alfresa Healthcare Corporation	Head office	3-11-5, Nihonbashi-Honcho, Chuo-ku, Tokyo
Mogi Pharmaceutical Co., Ltd.	Head office	3-9-7, Nihonbashi-Honcho, Chuo-ku, Tokyo
Alfresa Pharma Corporation	Head office	2-2-9, Koku-machi, Chuo-ku, Osaka
	Plant	Shouocho, Katsuta-gun, Okayama Prefecture; Noda, Chiba Prefecture
Alfresa Fine Chemical Corporation	Head office Plant	1-10-1, Mukaihama, Akita, Akita Prefecture
Sannova Co., Ltd.	Head office Plant	3038-2, Seradacho, Ota-shi, Gunma Prefecture
Apollo Medical Holdings Inc.	Head office	2-45-8, Minamiotsuka,Toshima-ku,Tokyo
Nihon Apoch CO., LTD.	Head office	6-20, Wakitahoncho, Kawagoe, Saitama Prefecture
Alfresa System Corporation	Head office	1-1-3, Otemachi, Chiyoda-ku, Tokyo

(Note) The registered address of the head office of Alfresa Corporation is 1-12-1, Uchikanda, Chiyoda-ku, Tokyo.

(7) Status of employees (as of March 31, 2017)

1) Status of employees of the corporate group

Business segment	Number of employees	Changes from the end of the previous fiscal year
Ethical Pharmaceuticals Wholesaling Business	9,333 (2,157)	Decrease of 351 (Decrease of 61)
Self-Medication Products Wholesaling Business	424 (21)	Decrease of 5 (Decrease of 5)
Manufacturing Business	1,139 (280)	Increase of 323 (Increase of 59)
Medical-Related Business	833 (319)	Increase of 60 (Increase of 20)
All group companies (common)	96 (7)	Increase of 10 (Increase of 3)
Total	11,825 (2,784)	Increase of 37 (Increase of 16)

(Note) The number of employees represents the number of employed workers, and the number of temporary workers is shown in the parentheses ( ).

2) Status of employees of the Company

Number of employees	Changes from the end of the previous fiscal year	Average age	Average service years
45	Increase of 7	46.9 years old	8.9 years

(Notes) 1. The number of employees shown above does not include two Executive Officers.
2. For employees of the Company who are seconded from Alfresa Corporation, the average service years includes their service years while at respective companies.

(8) Main source of borrowings (as of March 31, 2017)

Not applicable

(9) Other significant matters regarding the current state of the corporate group

Not applicable

2. The current state of the Company

(1) Status of shares (as of March 31, 2017)

1) Total number of authorized shares 540,000,000 shares
2) Total number of shares issued 235,017,600 shares
3) Number of shareholders 11,082
4) Major shareholders (top ten shareholders)

Name	Number of shares held (Thousands)	Percentage of ownership (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	7,860	3.63
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,760	3.12
Alfresa Holdings Employees Shareholders' Association	5,974	2.76
Eisai Co., Ltd.	4,602	2.12
Japan Trustee Services Bank, Ltd. (Trust Account 5)	4,289	1.98
Trust & Custody Services Bank, Ltd. as trustee for DAIICHI SANKYO COMPANY, LIMITED Retirement Benefit Trust Account re-entrusted by Mizuho Trust & Banking Co., Ltd.	3,908	1.80
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	3,775	1.74
DAIICHI SANKYO COMPANY, LIMITED	3,202	1.48
Japan Trustee Services Bank, Ltd. (Trust Account 1)	3,194	1.47
Japan Trustee Services Bank, Ltd. (Trust Account 2)	3,143	1.45

(Notes) 1. The Company holds treasury stocks of 18,339,053 shares, but is excluded from the above major shareholders.
2. The percentage of ownership is calculated after deducting treasury stocks.
3. Shares owned by Trust & Custody Services Bank, Ltd. as trustee for DAIICHI SANKYO COMPANY, LIMITED Retirement Benefit Trust Account re-entrusted by Mizuho Trust & Banking Co., Ltd. are shares of the Company owned by DAIICHI SANKYO COMPANY, LIMITED, which were entrusted to Mizuho Trust & Banking Co., Ltd. and re-entrusted to Trust & Custody Services Bank, Ltd. The voting rights attached to these shares are to be exercised upon instructions of the DAIICHI SANKYO COMPANY, LIMITED.

(2) Status of corporate officers

1) Status of Directors and Audit & Supervisory Board Members (as of March 31, 2017)

Positions at the Company	Name	Responsibilities	Significant concurrent positions held
Representative Director & Chairman	Denroku Ishiguro		Representative Director & Chairman of Sannova Co., Ltd.
Representative Director & Deputy Chairman	Hiroyuki Kanome		Representative Director & Chairman of Alfresa Corporation
Representative Director & President	Taizo Kubo		
Director, Deputy President	Shunichi Miyake	Internal Control, Financial Planning, General Affairs	
Director, Senior Vice President & Executive Officer	Yasuki Izumi	Group Business & Affiliate Control	
Director, Vice President & Executive Officer	Ryuji Arakawa	Business Development	
Director	Shozo Hasebe		Representative Director & Chairman of Alfresa Healthcare Corporation
Director	Tsuneo Shinohara		Representative Director, Deputy President of Nihon Apoch CO., LTD.
Director	Koichi Masunaga		Representative Director & President of Alfresa Corporation
Director	Kazuko Kimura	Chairman, Nomination and Remuneration Committee for Directors and Executive Officers	Ph.D., Professor, Drug Management and Policy, Institute of Medical, Pharmaceutical and Health Sciences, Kanazawa University
Director	Kimiko Terai	Chairman, Corporate Governance Committee	Ph.D., Professor, Faculty of Economics, Keio University
Audit & Supervisory Board Member (Standing)	Kenji Kuwayama		
Audit & Supervisory Board Member	Yuji Noguchi		Certified Public Accountant
Audit & Supervisory Board Member	Seisui Kamigaki		Attorney at law Outside Audit & Supervisory Board Member of Mitsubishi Shokuhin Co., Ltd., Outside Director (Audit and Supervisory Committee Member) of YONDOSHI HOLDINGS INC., Outside Director of Universal Entertainment Corporation

(Notes)
1. Directors Kazuko Kimura and Kimiko Terai are Outside Directors.
2. Audit & Supervisory Board Members Yuji Noguchi and Seisui Kamigaki are Outside Audit & Supervisory Board Members.
3. Audit & Supervisory Board Member Yuji Noguchi is a certified public accountant and has considerable knowledge in finance and accounting.
4. The Company has registered Directors Kazuko Kimura and Kimiko Terai and Audit & Supervisory Board Member Yuji Noguchi as independent officers as provided for under the provisions of Tokyo Stock Exchange, Inc.
5. Principal positions held concurrently by Directors and Audit & Supervisory Board Members for the fiscal year ended March 31, 2017, other than those described in "Significant concurrent positions held" are as follows:
   (1) Representative Director & Chairman Denroku Ishiguro serves concurrently as Director at RYUYAKU CO., LTD. and Alfresa Fine Chemical Corporation.

(2) Representative Director & Deputy Chairman Hiroyuki Kanome serves concurrently as Director at Alfresa Pharma Corporation, Meisho Co., Ltd. and Odashima Limited.
(3) Representative Director & President Taizo Kubo serves concurrently as Director at Alfresa Corporation and Alfresa Pharma Corporation.
(4) Director Shunichi Miyake serves concurrently as Director at Apollo Medical Holdings Inc. and as Audit & Supervisory Board Member at Nihon Apoch CO., LTD.
(5) Director Yasuki Izumi serves concurrently as Director at TS Alfresa Corporation, Kowa Pharmaceuticals Co., Ltd. and Alfresa System Corporation.
(6) Audit & Supervisory Board Member Kenji Kuwayama serves concurrently as Audit & Supervisory Board Member at Meisho Co., Ltd., Kowa Pharmaceuticals Co., Ltd. and Sannova Co., Ltd.

2) The outline of the liability limitation agreement
Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with each Outside Director and Outside Audit & Supervisory Board Member to limit their liability for damages as provided for by Article 423, Paragraph 1 of said Act. The amount of limitation of liability for damages under the agreement is the amount provided for by Article 425, Paragraph 1 of said Act.

3) Total amount of remuneration, etc. to Directors and Audit & Supervisory Board Members

Categories	Number of persons paid	Amount of remuneration (Millions of Yen)
Directors (of which, Outside Directors)	14 (2)	388 (16)
Audit & Supervisory Board Members (of which, Outside Audit & Supervisory Board Members)	4 (3)	43 (20)
Total	18	432

(Notes) 1. The amount of remuneration to Directors does not include salaries for services rendered as employees by Directors who also serve as employees.
2. The maximum aggregate amount of remuneration to Directors (not including salaries for services rendered as employees by Directors who also serve as employees) was set at ¥600 million per year by a resolution of the 3rd Ordinary General Meeting of Shareholders held on June 29, 2006.
3. The maximum aggregate amount of remuneration to Audit & Supervisory Board Members was set at ¥120 million per year by a resolution of the 3rd Ordinary General Meeting of Shareholders held on June 29, 2006.
4. The amount of remuneration includes provision for directors' bonuses for the fiscal year ended March 31, 2016 of ¥77 million (for six Directors).
5. The above includes three Directors and one Outside Audit & Supervisory Board Member who retired upon expiration of their term of office at the conclusion of the 13th Ordinary General Meeting of Shareholders held on June 28, 2016.

4) Matters concerning outside officers

(i)Relationship between the Company and significant organizations where officers concurrently hold positions

(A) Director Kazuko Kimura served as Professor of Kanazawa University (retired at the end of March 2017). The Company pays part of expenses incurred for the joint research with Kanazawa University as consignment research expenses. In addition, a consolidated subsidiary of the Company sells ethical pharmaceuticals, etc. to Kanazawa University Hospital as one of the wholesalers, but the transaction value accounts for only a small percentage of consolidated net sales of the Company. Moreover, she has no conflict with the Independence Standards for Outside Directors, etc. established by the Company, and there is no fact that the relevant transaction partner is involved in the business management of the Group companies.

(B) Director Kimiko Terai currently serves as Professor of Keio University. A consolidated subsidiary of the Company sells ethical pharmaceuticals, etc. to Keio University Hospital as one of the wholesalers and provides logistics management service within the hospital, but the transaction value accounts for only a small percentage of consolidated net sales of the Company. Moreover, she has no conflict with the Independence Standards for Outside Directors, etc. established by the Company, and there is no fact that the relevant transaction partner is involved in the business management of the Group companies.

(C) Audit & Supervisory Board Member Yuji Noguchi had worked for Asahi Shinwa & Co., which is currently KPMG AZSA LLC, the Company's Independent Auditor; however, as it has been more than 20 years since his resignation, there is no influence on the Company on the ground that he belonged to the Independent Auditor in the past. Moreover, there is no property paid to him other than remuneration as Audit & Supervisory Board Member.

(ii) Principal activities during the fiscal year ended March 31, 2017

(A) Director Kazuko Kimura attended all 18 meetings of the Board of Directors held during the fiscal year ended March 31, 2017. She delivered opinions from a broad perspective mainly based on her deep insights and extensive experiences concerning pharmaceuticals, etc., and provided advice and recommendations to ensure the adequacy and appropriateness of decision-making of the Board of Directors when necessary.

(B) Director Kimiko Terai attended all 18 meetings of the Board of Directors held during the fiscal year ended March 31, 2017. She delivered opinions mainly from the perspective of a professional in economics and business administration, and provided advice and recommendations to ensure the adequacy and appropriateness of decision-making of the Board of Directors when necessary.

(C) Audit & Supervisory Board Member Yuji Noguchi attended all 18 meetings of the Board of Directors and all 18 meetings of the Audit & Supervisory Board held during the fiscal year ended March 31, 2017. He delivered opinions mainly from the perspective of a professional in finance and accounting, etc. as a certified public accountant, and provided advice and recommendations to ensure the adequacy and appropriateness of decision-making of the Board of Directors when necessary.

(D) Audit & Supervisory Board Member Seisui Kamigaki attended all 18 meetings of the Board of Directors and all 18 meetings of the Audit & Supervisory Board held during the fiscal year ended March 31, 2017. He delivered opinions mainly from the perspective of legal compliance as an attorney at law, and provided advice and recommendations to ensure the adequacy and appropriateness of decision-making of the Board of Directors when necessary.

(3) Independent Auditor

1) Name KPMG AZSA LLC

2) Amount of remuneration, etc.

	Amount paid (Millions of Yen)
Amount of remuneration, etc. of the Independent Auditor for the fiscal year ended March 31, 2017	114
Total amount of money and other property benefits payable to the Independent Auditor by the Company and its subsidiaries	247

(Notes) 1. The Audit & Supervisory Board of the Company conducted necessary verification of the content of the audit plan of the Independent Auditor, the assessment and analysis of the audit performance in the previous fiscal year, the status of performing duties of accounting audits, and the appropriateness of the basis of calculation for remuneration estimates, and consented to the amount of remuneration of the Independent Auditor.

2. Under the audit agreement between the Company and its Independent Auditor, there is no clear distinction between the fees for audit based on the Companies Act and the fees for audit based on the Financial Instruments and Exchange Act. Accordingly, the amount of remuneration, etc. of the Independent Auditor for the fiscal year ended March 31, 2017 shown above is the total of these audit fees.

3) Details of non-audit services

The Company entrusts the Independent Auditor with provision of services other than those provided for in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit services), including financial investigation, etc., and pays compensation for such services.

4) Policy in deciding the dismissal or non-reappointment of the Independent Auditor

In the event that the Independent Auditor falls under any of the items prescribed in Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board of the Company considers dismissal of the Independent Auditor. If dismissal is deemed appropriate, the Independent Auditor is dismissed upon consent of all of the Audit & Supervisory Board Members. The Audit & Supervisory Board of the Company also examines the performance of duties by the Independent Auditor and audit system, etc. of the Company. If a change of the Independent Auditor is deemed necessary, the Audit & Supervisory Board determines the details of the agenda item concerning non-reappointment of the Independent Auditor and notifies to that effect to the Board of Directors of the Company. The Board of Directors of the Company submits said agenda item to the General Meeting of Shareholders.

(4) Framework for ensuring the appropriate conduct of the Group's business and the status of operation

1) Framework for ensuring the appropriate conduct of the Group's business

The Company made the following decisions on the framework for ensuring that Directors' duties are performed in compliance with relevant laws and regulations and with the Articles of Incorporation and other framework for ensuring the appropriate conduct of the Group's business.

Based on the Companies Act and the Ordinance for Enforcement of the Companies Act, the Company puts in place the following framework for ensuring the appropriate conduct of its business and businesses of the corporate group consisting of the Company and its subsidiaries.

(i) Framework for ensuring that Directors' duties are performed in compliance with relevant laws and regulations and with the Articles of Incorporation

(A) In line with the Alfresa Group's principles, the Company shall establish compliance guidelines and internal regulations, putting in place a structure that complies with relevant laws and regulations and with the Articles of Incorporation.

(B) Important matters pertaining to management of the Group companies shall be reviewed in keeping with the basic policy and procedures by the Executive Committee, and shall be decided upon by the Board of Directors or the Executive Committee.

(C) In accordance with the Financial Instruments and Exchange Act and relevant laws and regulations, the Company shall endeavor to maintain sound and transparent management, and work to ensure the reliability of its financial reporting and the effectiveness of its internal controls, and enhance accuracy.

(D) The Company shall appoint outside Directors, ensuring the objectivity and neutrality of its management supervisory function.

(E) Audit & Supervisory Board Members shall attend important meetings of the Board of Directors, Executive Committee and other Company organs, and shall audit the legality and appropriateness of Directors' performance of duties and decision-making.

(ii) Framework for the storage and management of information concerning Directors' performance of duties

The Company properly stores and manages documents concerning Directors' performance of duties and other information, such as documents concerning general meetings of shareholders, Board of Directors' meetings, the Executive Committee, and requests for managerial approval, based on laws and regulations and the Company's internal regulations.

(iii) Regulations and other frameworks for managing risk of loss

(A) The Company shall formulate internal regulations and put in place a risk management framework to ensure business continuity and stable business development, responding appropriately to the various business risks, including those associated with business investment, compliance and information management.

(B) During emergencies, the risk management framework shall be put in motion, and appropriate action taken in response to the particular nature and type of risk involved.

(iv) Framework for ensuring the Directors' duties are performed in an efficient manner

(A) Based on the Group's medium-term management plan and fiscal year plans, the Company shall track each Group company's progress with their businesses, while implementing initiatives to achieve targets.

(B) The executive officer system ensures a clear separation between Directors' duties and executive officers' business execution functions.

(C) The Board of Directors and the Executive Committee shall meet regularly to rapidly and properly make decisions.

(D) The Company shall update internal regulations, clarify the separation of duties and job authority etc., and put in place a timely and appropriate reporting system.

(v) Framework for ensuring that employees' duties are performed in compliance with relevant laws and regulations and with the Company's Articles of Incorporation

(A) In line with the Group's principles, the Alfresa Group shall formulate Compliance Guidelines and internal regulations, and establish rules for maintaining higher ethical standards and sincerity in all activities.

(B) The Group shall rigorously enforce compliance with and understanding of laws, regulations and guidelines by implementing training and educational programs for its employees, and conduct timely and appropriate reporting and notification within the Group.

(C) The Company shall establish Compliance Consultation Offices, and endeavor to secure information while protecting the rights of informants.

(D) The Audit Department shall conduct internal audits regarding the status of compliance with relevant laws and the Company's internal regulations, etc.

(vi) Framework for ensuring the appropriateness of operations at the corporate group comprising the Company and its subsidiaries

(A) Framework for reporting to the Company concerning performance of duties by Directors, etc. of the Company's subsidiaries

(a) The Company shall manage operations of each Group company based on the Group company's operating bylaws and put in place a reporting system regarding important matters.

(b) The Company shall work to build mutual ties and improve information sharing among Group companies through its various committees and through personnel exchanges within the Group.

(B) Regulations and other frameworks for managing risk of loss at the Company's subsidiaries

The Company shall put in place and work to strengthen the Group's information management and risk management frameworks.

(C) Framework for ensuring the duties of Directors, etc. are performed in an efficient manner at the Company's subsidiaries

(a) Based on the Alfresa Group's medium-term management plan and fiscal year plans, the Company shall manage and verify the progress of Group companies in meeting their targets.

(b) With the objective of streamlining Group management, the Company shall hold meetings of its Group Management Committee, Business Strategy Committee, and other committees by department, role, or function, regularly or as required, to confer or deliberate on matters concerning Group management.

(D) Framework for ensuring that the duties are performed in compliance with relevant laws and regulations and with the Articles of Incorporation by Directors, etc. and employees of the Company's subsidiaries

(a) The Company shall endeavor to propagate the Alfresa Group principles, establishing Compliance Guidelines and internal regulations, and putting in place a framework that complies with relevant laws and regulations and with the Articles of Incorporation.

(b) The Group shall put in place a more easily accessible internal reporting system by establishing Compliance Consulting Offices at Group companies, as well as a Group-wide Compliance Consulting Office.

(c) The Audit Department shall work with the internal audit departments at each Group company, and shall work to enhance the Group's audit function.

(vii) Items regarding employees who assist with the duties of the Audit & Supervisory Board Members

The Company shall establish an Audit & Supervisory Board Office in order to assist the Audit & Supervisory Board Members in performing their duties.

(viii) Items regarding independence of Audit & Supervisory Board Member assistants from Directors

Transfers of employees assigned to the Audit & Supervisory Board Office shall take place upon consideration of the opinions of the Audit & Supervisory Board Members.

(ix) Items regarding assurance of the effectiveness of instructions given by Audit & Supervisory Board Members to assistants

Employees assigned to the Audit & Supervisory Board Office will engage full time in assisting with the duties of the Audit & Supervisory Board Members and the Company will not give directions and orders to the employees.

(x) Framework for reporting to Audit & Supervisory Board Members

(A) Framework for enabling Directors and employees to report to the Audit & Supervisory Board Members

(a) The Company shall work to compile documents for Audit & Supervisory Board Members to examine, to ensure a system whereby they can gather information needed for auditing in a timely and appropriate manner.

(b) In addition to matters set forth by relevant laws and regulation, Directors and employees shall promptly report events which could have a critical impact on management to the Audit & Supervisory Board Members.

(c) The Company shall endeavor to ensure that Audit & Supervisory Board Members have the opportunity to attend meetings where their presence has been deemed necessary.

(d) Any request from an Audit & Supervisory Board Member for a hearing shall be responded to promptly.

(e) The details of reports submitted to Compliance Consulting Offices shall be reported to Audit & Supervisory Board Members regularly or when necessary.

(B) Framework for enabling Directors, etc. and employees of subsidiaries of the Company, or persons who received reports from such people to report to Audit & Supervisory Board Members

The details of reports submitted to the Group-wide Compliance Consulting Office shall be reported to Audit & Supervisory Board Members regularly or when necessary.

(xi) Framework for ensuring that a person who made a report stipulated in the preceding paragraph will not be treated unfavorably on the grounds of making such a report

The Company shall establish a strict information management system concerning a person who made a report to Audit & Supervisory Board Members and the details of such report.

(xii) Items regarding the policy on procedures for making an advance payment or reimbursement on expenses incurred by Audit & Supervisory Board Members in association with performance of their duties and processing of other expenses and obligations incurred in association with performance of said duties

A certain amount of budget shall be secured to disburse expenses, etc. incurred by Audit & Supervisory Board Members in performing their duties.

(xiii) Other frameworks for ensuring that audits performed by the Audit & Supervisory Board Members can be conducted effectively

(A) In light of the significance and utility of audits performed by Audit & Supervisory Board Members, Audit & Supervisory Board Members and all officers and employees shall exchange views as needed.

(B) The Audit & Supervisory Board Members and the Audit Department shall meet periodically to exchange opinions, while securing conferences and other opportunities to meet with Audit & Supervisory Board Members of Group companies, and strive to strengthen cooperation among one another.

2) Overview of the status of operation of the framework for ensuring the appropriate conduct of the Group's business

(i) Compliance framework

(A) In line with the Alfresa Group's principles, the Company has established Compliance Guidelines and is working to thoroughly enforce compliance through the Group Compliance Committee, training, and other means.

(B) The status of operation of the Compliance Consultation Offices established at the Company and each Group company is reported to the Group Compliance Committee, Directors, and Audit & Supervisory Board Members etc. regularly or when necessary.

(C) As for the internal control for financial reporting, basic plans and policies, progress status as well as the results of the assessment of the effectiveness etc. are reported to the Board of Directors when necessary.

(ii) Risk management framework

(A) In order to deliberate investment projects at the Group, a meeting of the Business Investment Committee is held when necessary, and proposals are submitted to the Board of Directors or the Executive Committee in accordance with the regulations.

(B) The Group has formulated a Business Continuity Plan (BCP) and various disaster manuals, with the aim of putting in place a system to enable prompt and stable supply of pharmaceuticals, etc. in the event of a large-scale disaster. In addition, through the Risk Management Promotion Committee, the Company is working to reinforce the risk management framework within the Group.

(C) For promoting measures for information security, the information security framework for the whole Group has been established, and the training and monitoring of operation thereof are carried out in accordance with the group-wide standards.

(iii) Management of the Group companies

(A) Based on the Group company's operating bylaws, important matters regarding the Group companies are submitted to the Board of Directors or Executive Committee for deliberation.

(B) Based on the Alfresa Group's medium-term management plan and fiscal year plans, the Company manages the progress and reports regularly to the Executive Committee or the Board of Directors. In addition, the Company holds meetings of its Group Management Committee, Business Strategy Committee, and other committees by role, or function, on a regular basis.

(iv) Performance of duties by Directors

(A) The Company properly manages documents concerning Directors' performance of duties based on laws and regulations and the Company's internal regulations.

(B) With the executive officer system, a separation between Directors' duties and executive officers' business execution functions is clarified to ensure the efficient decision-making.

(C) The Company held 18 meetings of the Board of Directors, determined prescribed important matters, received reports on the performance of duties by Directors and conducted supervision. In addition, the Company held 15 meetings of the Executive Committee to deliberate and make decision on other important matters. At the meetings of the Board of Directors, etc., thorough discussions were held on important decision-making and reporting matters concerning the Company and each Group company, including business trend and investment projects, based on the business analysis materials and materials from professional fields, whereby the management oversight function is exercised.

(v) Performance of duties by Audit & Supervisory Board Members

(A) In accordance with the Audit & Supervisory Board regulations and standards for audits by Audit & Supervisory

Board Members etc., Audit & Supervisory Board Members prepare audit plans, divide audit tasks, attend the meetings of the Board of Directors and other important meetings, and state opinions as needed.

(B) Audit & Supervisory Board Members inspect important documents, such as documents of requests for managerial approval, request Directors and employees for explanation as necessary, and provide guidance.

(C) Audit & Supervisory Board meetings are held on a regular basis or when needed, to report and discuss audit activities as well as exchange information, with the aim of enhancing the effectiveness and efficiency of audits.

(D) Audit & Supervisory Board Members have meetings with the Company's management including Representative Director & President, exchange opinions and share information with Audit & Supervisory Board Members etc. of the Group companies as appropriate, and a meeting of the Group-wide Audit & Supervisory Board Committee is held semiannually.

(E) Audit & Supervisory Board Members monitor and confirm the independence and expertise of the Independent Auditor, while ensuring sufficient collaboration through verification of audit plans and receipt of audit and quarterly review results etc.

(F) With the aim of enhancing the effectiveness and efficiency of audits, Audit & Supervisory Board Members work closely with the Audit Department through exchanging information and other ways on a regular basis or as needed.

(5) Policy concerning decision on cash dividends from retained earnings, etc.

The Company considers return of profits to shareholders as one of its priority policies. As for dividend for the fiscal year ended March 31, 2017, as formulated in the "16-18 Mid-term Management Plan—*Break Through to Tomorrow*" the Company's basic policy calls for a consolidated dividend on equity (DOE) ratio of 2% or more, comprehensively considering factors such as strengthening of financial position, stability of management bases and future business development, based on its consolidated financial results.

Based on this, the Company decided to pay a year-end dividend of ¥19 per share, for a full-year dividend of ¥36 per share including an interim dividend paid of ¥17 per share.

(Note) Amounts presented in this business report are rounded down to the nearest million yen.

Consolidated Balance Sheet

(As of March 31, 2017)

(Millions of Yen)

Account title	Amount	Account title	Amount
(Assets)		**(Liabilities)**	
Current assets	**¥962,872**	**Current liabilities**	**¥814,576**
Cash and deposits	164,430	Trade notes and accounts payable	784,538
Trade notes and accounts receivable	601,962	Short-term debt	549
Marketable securities	4,000	Lease obligations	1,476
Merchandise and finished goods	127,540	Income taxes payable	4,654
Work in process	1,268	Reserve for bonuses	7,309
Raw materials and supplies	3,294	Reserve for bonuses to directors and corporate auditors	370
Deferred tax assets	6,226	Allowance for sales rebates	61
Purchase rebates receivable	52,814	Allowance for sales returns	704
Others	1,735	Others	14,912
Allowance for doubtful accounts	(399)	**Non-current liabilities**	**47,795**
Non-current assets	**293,049**	Long-term debt	1,286
Property, plant and equipment	**133,196**	Lease obligations	3,244
Buildings and structures	51,359	Deferred tax liabilities	26,088
Machinery, equipment and vehicles	9,555	Deferred tax liabilities for land revaluation	446
Tools and fixtures	2,589	Provision for loss on guarantee	61
Land	64,577	Net defined benefit liabilities	14,731
Leased assets	3,673	Asset retirement obligations	782
Construction in progress	1,441	Others	1,153
Intangible assets	**13,800**	**Total liabilities**	**862,372**
Goodwill	6,308	**(Net assets)**	
Leased assets	618	**Shareholders' equity**	**333,486**
Others	6,874	Paid-in capital	18,454
Investments and other assets	**146,052**	Capital surplus	101,936
Investment securities	128,720	Retained earnings	229,115
Long-term loans	2,404	Treasury stock, at cost	(16,020)
Deferred tax assets	842	**Accumulated other comprehensive income**	**58,847**
Net defined benefit assets	3,375	Unrealized gains on available-for-sale securities, net of taxes	62,479
Others	14,577	Unrealized gains on deferred hedge	(3)
Allowance for doubtful accounts	(3,867)	Revaluation reserve for land	(3,948)
		Foreign currency translation adjustments	114
		Remeasurements of defined benefit plans , net of taxes	205
		Non-controlling interests	**1,215**
		Total net assets	**393,550**
Total assets	**¥1,255,922**	**Total liabilities and net assets**	**¥1,255,922**

Consolidated Statements of Income

(From April 1, 2016 to March 31, 2017)

(Millions of Yen)

Account title	Amount	
Net sales		**¥2,551,801**
Cost of sales		**2,369,354**
Reversal of allowance for returned unsold goods	822	
Allowance for returned unsold goods	704	118
Total deduction		**182,565**
Selling, general and administrative expenses		**149,336**
Operating income		**33,228**
Other income		
Interest income	116	
Dividend income	2,461	
Information fees received	5,947	
Others	2,385	10,912
Other expenses		
Interest expenses	104	
Commission fees	12	
Equity in net loss of affiliates	18	
Expense for rental property	133	
Others	243	512
Ordinary profit		**43,628**
Extraordinary profit		
Gain on sales of non-current assets	3,259	
Gain on sales of investment securities	209	
Compensation income	159	3,627
Extraordinary loss		
Loss on sale of shares of subsidiaries and affiliates	138	
Loss on sale of non-current assets	63	
Loss on disposal of property, plant and equipment	272	
Loss on impairment of non-current assets	1,575	
Loss on devaluation of investment securities	2	
Merger expenses	298	
Extra retirement payments	194	
Others	25	2,571
Income before income taxes and non-controlling interests		**44,684**
Current	12,705	
Deferred	896	13,602
Profit		**31,082**
Attributable to non-controlling interests :		188
Attributable to owners of parent		**¥30,893**

Consolidated Statements of Changes in Net Assets

(From April 1, 2016 to March 31, 2017)

(Millions of Yen)

	Shareholders' equity				
	Paid-in capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance - previously stated	¥18,454	¥103,121	¥205,784	¥(16,017)	¥311,342
Changes during the fiscal year					
Cash dividends from retained earnings			(7,367)		(7,367)
Profit attributable to owners of parent			30,893		30,893
Treasury stock acquired				(3)	(3)
Disposal of treasury stock		0		0	0
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)
Others		(0)			(0)
Changes in items other than shareholders' equity during the fiscal year (net)					
Total changes during the fiscal year	–	(1,184)	23,331	(3)	22,143
Ending balance	¥18,454	¥101,936	¥229,115	¥(16,020)	¥333,486

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Unrealized gains on securities, net of taxes	Deferred gains or losses on hedges, net of taxes	Unrealized gain or loss on revaluation of land	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income		
Beginning balance - previously stated	¥59,546	¥(13)	¥(4,143)	¥175	¥(364)	¥55,199	¥2,185	¥368,727
Changes during the fiscal year								
Cash dividends from retained earnings								(7,367)
Profit attributable to owners of parent								30,893
Treasury stock acquired								(3)
Disposal of treasury stock								0
Change in treasury shares of parent arising from transactions with non-controlling shareholders								(1,184)
Reversal of revaluation reserve for land								(194)
Others								(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 changes during the fiscal year	2,932	9	194	(60)	570	3,648	(969)	24,822
Ending balance	¥62,479	¥(3)	¥(3,948)	¥114	¥205	¥58,847	¥1,215	¥393,550

Notes to Consolidated Financial Statements

1. Notes on important matters forming the basis of preparation of consolidated financial statements, etc.

(1) Matters concerning the scope of consolidation

1) Consolidated subsidiaries

(A) The number of consolidated subsidiaries: 17 companies

(B) Names of principal consolidated subsidiaries: Alfresa Corporation
Alfresa Pharma Corporation
Sannova Co., Ltd. has been included in the scope of consolidation from the fiscal year ended March 31, 2017. This is because Sannova Co., Ltd. became a wholly-owned subsidiary of the Company by the acquisition of shares. Alfresa Nikken Sangyo Corporation and CS YAKUHIN CO., LTD., which were the Company's consolidated subsidiary, have been excluded from the scope of consolidation due to the extinction by an absorption-type merger, with Alfresa Corporation as the surviving company.

2) Non-consolidated subsidiaries

(A) Names of principal non-consolidated subsidiaries:
Alfresa Shinohara Chemicals Corporation

(B) The reason for the exclusion from the scope of consolidation:
The non-consolidated subsidiaries are all small in scale, and none of their total assets, net sales, net income or loss (an amount proportional to the ownership) and retained earnings (an amount proportional to the ownership), etc., have a material effect on the consolidated financial statements.

(2) Matters concerning the application of the equity method

1) Non-consolidated subsidiaries and affiliated companies accounted for by the equity method:

(A) The number of non-consolidated subsidiaries and affiliated companies accounted for by the equity method:
1 company

(B) Name of principal company, etc.: HANSHIN Dispensing Pharmacy Holdings Co., Ltd.

2) Non-consolidated subsidiaries and affiliated companies not accounted for by the equity method

(A) Names of principal companies, etc.: Alfresa Shinohara Chemicals Corporation

(B) The reason for not applying the equity method: The principal non-consolidated subsidiaries and affiliated companies not accounted for by the equity method are all small in scale and immaterial as a whole, and exclusion thereof from the scope of application of the equity method has a minimal effect on the consolidated financial statements, in view of their net income or loss (an amount proportional to the ownership) and retained earnings (an amount proportional to the ownership), etc. Therefore, they are not accounted for by the equity method.

(3) Matters concerning the fiscal year, etc., of consolidated subsidiaries

The fiscal year of consolidated domestic subsidiaries ends on the consolidated closing date of March 31. The fiscal year of consolidated overseas subsidiaries ends on December 31, and their financial statements as of December 31 are used for the purpose of preparation of consolidated financial statements. Significant transactions occurring from January 1 to March 31 are adjusted in the consolidated financial statements.

(4) Matters related to accounting standards

1) Valuation standards and method of significant assets

(A) Valuation standards and method of securities

Available-for-sale securities

(a) Securities with fair values: Stated at fair values based on market prices, etc., at the end of the fiscal year (all valuation differences are reported as a component of net assets while cost of disposal is calculated by the moving-average method)

(b) Securities without fair values: Stated at cost as determined by using moving-average method

(B) Valuation standards and method of inventories

(a) Consolidated domestic subsidiaries

Merchandise and finished goods, work in process, raw materials and supplies: Stated at cost as determined principally by using gross average method (Balance sheet amounts are calculated by writing down the book value of assets based on a decline in profitability)

(b) Consolidated overseas subsidiaries

Finished goods, work in process, raw materials: Stated at cost as determined by using moving-average method (Balance sheet amounts are calculated by writing down the book value of assets based on a decline in profitability)

(C) Valuation standards and method of derivatives

- Derivatives: Stated at fair values

2) Depreciation method for significant depreciable assets

(A) Property, plant and equipment (except for leased assets): Depreciation is computed using the straight-line method. The useful life is mainly as follows:

Buildings and structures: 2 to 60 years
Machinery, equipment and vehicles: 2 to 23 years
Tools and fixtures: 2 to 34 years

(B) Intangible assets (except for leased assets)

(a) Software for internal use: The straight-line method is used on the basis of the internal usable period of five years.

(b) Other intangible assets: The straight-line method

(C) Leased assets

(a) Leased assets concerning finance lease transactions involving transfer of ownership:
The identical depreciation method applied on self-owned non-current assets is used.

(b) Leased assets concerning finance lease transactions without involving transfer of ownership:
Subject to depreciation by the straight-line method over the lease period assuming residual value at nil.
Of finance lease transactions without involving transfer of ownership, lease transactions which commenced on or before March 31, 2008 are subject to the same accounting treatment as applied to normal lease transactions.

(D) Long-term prepaid expenses: Subject to amortization by the straight-line method over the period in which benefits of the expenditure are extended.

3) Accounting standards for major reserves

(A) Allowance for doubtful accounts: The allowance for potential losses of unrecoverable trade receivables, loans receivable and others is provided based on the historical default rate for outstanding receivables in general and the amounts deemed necessary in consideration of the recoverability in individual cases for specific receivables with higher possibility of default.

(B) Allowance for bonuses: The allowance for bonuses is provided for the estimated amounts, which the Company and its consolidated domestic subsidiaries are obligated to pay to employees after the fiscal year-end, based on services provided during the current year.

(C) Allowance for bonuses to directors and audit & supervisory board members: The allowance for bonuses to directors and audit & supervisory board members is provided for the estimated amounts which the Company and its consolidated domestic subsidiaries are obligated to pay to directors and audit & supervisory board members after the fiscal year-end, based on services provided during the current year.

(D) Allowance for sales rebates: The allowance for sales rebates is provided for future payment of sales rebates for accounts receivable at fiscal year-end based upon actual rebates experienced in the past at certain consolidated subsidiaries.

(E) Allowance for returned unsold goods: The allowance for returned unsold goods is provided based upon the estimated loss from future sales returns at certain consolidated subsidiaries.

(F) Allowance for loss on debt guarantee: Allowance for loss on debt guarantee is provided in an estimated amount based on the financial position and solvency of parties guaranteed by certain consolidated subsidiaries.

4) Significant hedge accounting method

(A) Hedge accounting method: Deferred hedge accounting is applied.
Meanwhile, certain transactions for hedging risks of fluctuations of foreign exchange are subject to the appropriation treatment where they meet the requirements for such treatment.

(B) Hedging instruments and hedged items:
Hedging instruments: Foreign currency forward contracts
Hedged items: Accounts receivable and accounts payable denominated in foreign currencies

(C) Hedging policy: Hedging is carried out within the scope of normal transactions for the sole purpose of avoiding prospective risks of fluctuations of foreign exchange in the market.

(D) Evaluation method of the effectiveness of hedging activities: Evaluation of effectiveness of foreign currency forward contracts is omitted as they are all based on the prospective purchase schedule with high possibility of fulfillment of the contracts.

5) Other significant matters for the preparation of consolidated financial statements

(A) Accounting treatment method of retirement benefits

Net defined benefit liabilities are provided for the payment of employees' retirement benefits by recording the amount of retirement benefit obligations less plan assets based on the estimated amount at the end of the fiscal year. Actuarial gains and losses are amortized over a certain period (5 to 10 years) within the average remaining service period of the employees at the time when the actuarial gains and losses are incurred in each fiscal year, commencing from the following fiscal year of the year incurred in equal annual installments calculated by using the straight-line method. Prior service costs are amortized using the straight-line method over a certain period (10 to 13 years) within the average remaining service period of the employees. Unrecognized actuarial gains and losses as well as unrecognized prior service costs are adjusted for tax effects, and recorded as remeasurements of defined benefit plans in accumulated other comprehensive income under net assets.

(B) Standards for translation of assets and liabilities denominated in foreign currencies

Monetary claims and obligations denominated in foreign currencies are translated into Japanese yen at the year-end spot exchange rates, and translation adjustments are recorded as gains or losses. Assets and liabilities of consolidated overseas subsidiaries are translated into Japanese yen at the spot exchange rate on the year-end closing date, while income and expenses are translated into Japanese yen at the average exchange

rate for the fiscal year, and translation adjustments are included in foreign currency translation adjustments under net assets.

(C) Amortization of goodwill

Goodwill is amortized regularly using the straight-line method over a period benefited therefrom but not exceeding 20 years.

(D) Accounting treatment of consumption tax, etc.

The tax exclusion method is applied.

2. Notes on the changes in accounting policies

Previously, the Company primarily used the declining-balance method in the depreciation of property, plant and equipment (except for leased assets). However, effective from the fiscal year ended March 31, 2017, the Company has changed the depreciation method to the straight-line method.

In establishing the "16–18 Mid-term Management Plan—*Break Through to Tomorrow*," the Company reviewed its depreciation method of property, plant and equipment, and concluded that the straight-line method was better suited to reflect the actual usage of the property, plant and equipment of the Alfresa Group, which is responsible for the stable supply of pharmaceuticals.

As a result of this change, operating income, ordinary profit, and income before income taxes for the fiscal year ended March 31, 2017 increased by ¥1,465 million, respectively, compared to the previous method.

3. Notes on consolidated balance sheet

(1) Assets pledged as collateral and secured liabilities

1) Assets pledged as collateral

	(Millions of Yen)
Cash and deposits	¥129
Merchandise and finished goods	78
Buildings and structures	1,416
Land	1,813
Investment in securities	7,238
Other (Investments and other assets)	116
Total	¥10,793

2) Secured liabilities

	(Millions of Yen)
Trade notes and accounts payable	¥10,634
Short-term debt	209
Long-term debt	846
Total	¥11,690

(2) Accumulated depreciation of property, plant and equipment ¥79,473 million

(3) Guarantee obligations

The Company provides guarantees to the following affiliates with respect to their borrowings, etc., from financial institutions.

	(Millions of Yen)
Specialty Medical Distribution Corporation	¥1,008
Y.K. Kofuku Shoji	421
K.K. Hiroshima Chuo Yakkyoku	188
Other	1
Total	¥1,619

(4) Reduced amount of entry for property, plant and equipment due to the receipt of state subsidy, etc.

	(Millions of Yen)
Buildings and structures	¥379
Machinery, equipment and vehicles	180
Land	270
Other (Intangible assets)	45
Total	¥876

(5) Land revaluation

In accordance with the Law of Land Revaluation (Law No. 34 of March 31, 1998) and amendments thereto of March 31, 2001, certain consolidated subsidiaries conducted a revaluation of their land for business use. Accordingly, the amount of revaluation difference less "revaluation of deferred tax liabilities" was recorded as "unrealized gain or loss on revaluation of land" under net assets.

1) Revaluation method

Land revaluation is conducted by the calculation method based on property tax valuation stipulated under Article 2, Item 3 of Ordinance for Enforcement of the Law of Land Revaluation (Ordinance No. 119 of March 31, 1998).

2) Date of land revaluation March 31, 2002

3) Difference between the fair value of the revaluated land at year end and its book value after the revaluation ¥(2,480) million

4. Notes on consolidated statements of changes in net assets

(1) Matters concerning the number of stock issued

Type of shares	Number of shares as of April 1, 2016	Increase during the fiscal year	Decrease during the fiscal year	Number of shares as of March 31, 2017
Common stock	235,017 thousand shares	– thousand shares	– thousand shares	235,017 thousand shares

(2) Matters concerning the number of treasury stock

Type of shares	Number of shares as of April 1, 2016	Increase during the fiscal year	Decrease during the fiscal year	Number of shares as of March 31, 2017
Common stock	18,337 thousand shares	1 thousand shares	0 thousand shares	18,339 thousand shares

(3) Matters concerning dividends of surplus

1) Dividends paid, etc.

Resolution	Type of shares	Total dividends	Dividend per share	Record date	Effective date
Board of Directors' meeting held on May 11, 2016	Common stock	¥3,683 million	¥17	March 31, 2016	June 10, 2016
Board of Directors' meeting held on November 4, 2016	Common stock	¥3,683 million	¥17	September 30, 2016	December 5, 2016

2) Dividends with the record date in the current year and the effective date in the following year

Resolution	Type of shares	Source of dividends	Total dividends	Dividend per share	Record date	Effective date
Board of Directors' meeting held on May 12, 2017	Common stock	Retained earnings	¥4,116 million	¥19	March 31, 2017	June 6, 2017

5. Notes on financial instruments

(1) Matters concerning the current state of financial instruments

1) Policies for financial instruments

The Group finances necessary funds mainly by bank loans according to the capital investment plan. Temporary excess funds are operated by highly stable financial instruments such as short-term bank deposits etc, and the Companies finance short-term operating capital by bank loans. Derivative transactions are only utilized to hedge the following risks and it is our policy not to enter into derivative transactions for speculative purpose.

2) Details of financial instruments and their risks

Operating receivables such as trade notes and accounts receivable, and monetary claims such as purchase rebates receivable are exposed to credit risk of customers. Some of the operating receivables are dominated in foreign currencies and they are exposed to foreign currency fluctuation risk.

Marketable securities mainly consist of highly secure negotiable deposits.

Investment securities mainly consist of securities of companies in which a business relationship has been established, or securities of companies in which a business and capital tie-up has been formed. These are exposed to market fluctuation risk.

Long-term loans mainly consist of construction assistance fund receivable at each business location and they are exposed to credit risk.

Operating payables such as trade notes and accounts payable are due within one year. Some of the operating payables relating to imports of raw materials etc. are dominated in foreign currencies and are exposed to foreign currency fluctuation risk.

Long-term debt and finance lease obligations are mainly used for the purpose of financing capital investments. A part of these are exposed to interest fluctuation risk.

Regarding derivative transactions, the Group utilizes foreign currency forward contracts to hedge foreign currency fluctuation risk of operating receivables and payables dominated in foreign currencies.

3) Risk management of financial instruments

(A) Credit risk management (risk of default by the counterparties etc.)

Consolidated subsidiaries of the Company follow sales management rules, monitor the customers' credit conditions periodically and manage the due date and balance per customer with respect to operating receivables and long-term loans. They keep track of the adverse financial conditions of our customers in the early stage to mitigate the bad debt.

(B) Market risk management (risk of foreign currency fluctuations and interests etc.)

Regarding the operating receivables and payables dominated in foreign currencies, some of the consolidated subsidiaries principally utilize foreign currency forward contracts to hedge future foreign currency fluctuation risk. Order and management of foreign currency forward contracts is based on the trade operation rules, and it is performed and reported by actual demand basis.

For investment securities, the Company regularly reviews the fair value and issuers' financial condition and readjusts their portfolio on an ongoing basis considering the business relationship with counterparties.

(C) Liquidity risk management associated with financing (risk of default at the due dates)

The Company operates group cash management system (hereinafter "CMS") as a genuine holding company, optimizes Company-wide financing and operating of funds, and prepares for liquidity risk by setting the commitment line.

The departments in charge at consolidated subsidiaries of the Company prepare and update the cash management plan appropriately based on the reports from each department and manage liquidity risk by maintaining liquidity.

4) Supplemental information on fair value of financial instruments

In addition to the values based on market prices, fair values of financial instruments include values which are reasonably calculated in case market prices do not exist. As the calculation of those values adopts certain assumptions, those values may vary in case different assumptions are applied.

(2) Fair values of financial instruments

Book values and fair values of financial instruments on the consolidated balance sheet at March 31, 2017 are as follows:

(Millions of Yen)

	Book value (*)	Fair value (*)	Difference
1) Cash and deposits	¥164,430	¥164,430	¥–
2) Trade notes and accounts receivable	601,962	601,962	–
3) Purchase rebates receivable	52,814	52,814	–
4) Marketable securities and investment securities	124,029	124,029	–
5) Trade notes and accounts payable	[784,538]	[784,538]	–
6) Derivative transactions	[2]	[2]	–

(*) Those posted in liabilities are shown in brackets.

(Note 1) Matters related to the valuation method for financial instruments and securities and derivative transactions

1) Cash and deposits, 2) Trade notes and accounts receivable, 3) Purchase rebates receivable

The book value is deemed as the fair value since they are scheduled to be settled in a short period of time.

4) Marketable securities and investment securities

Fair value of stocks is based on the price on share exchanges and that of bonds is based on the price on bond markets or price presented by the counterparty financial institutions. Regarding negotiable deposits, the book value is deemed as the fair value since they are scheduled to be settled in a short period of time.

5) Trade notes and accounts payable

The book value is deemed as the fair value since they are scheduled to be settled in a short period of time.

6) Derivative transactions

Derivative transactions are foreign currency forward contracts, and the price quoted by the counterparty financial institutions is stated. Foreign currency forward contracts which are subject to the appropriation treatment are accounted for together with the accounts receivable or accounts payable designated as a hedged item. Thus, their fair value is included in the aforementioned fair value of 2) Trade notes and accounts receivable or 5) Trade notes and accounts payable.

(Note 2) Book value of financial instruments that have extreme difficulty in determining fair value

(Millions of Yen)

Category	Book value
Unlisted securities	¥8,690

The above stocks do not have market value and thus their fair values are not disclosed, as it is extremely difficult to determine the fair value.

(Note 3) Fair values of long-term loans, short-term debt, lease obligations (current liabilities), long-term debt, and lease obligations (non-current liabilities) are immaterial, and thus are not stated herein.

(3) The redemption schedule for monetary claims and securities with maturity after March 31, 2017

(Millions of Yen)

	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
1) Cash and deposits	¥164,430	¥–	¥–	¥–
2) Trade notes and accounts receivable	601,962	–	–	–
3) Purchase rebates receivable	52,814	–	–	–
4) Marketable securities and investment securities				
Available-for-sale securities with maturities				
(A) Bonds (corporate bonds)	50	310	370	200
(B) Negotiable deposit	4,000	–	–	–
Total	¥823,257	¥310	¥370	¥200

6. Notes on investment and rental properties

The total amount of rental properties is immaterial and thus information on investment and rental properties is not stated herein.

7. Notes on per share information

(1) Net assets per share ¥1,810.68

(2) Net income per share ¥142.58

8. Notes on significant subsequent event

Not applicable

9. Additional information

Effective from the fiscal year ended March 31, 2017, the Company has adopted the "Revised Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016).

(Note) Amounts presented in consolidated balance sheet, consolidated statements of income, consolidated statements of changes in net assets and notes to consolidated financial statements are rounded down to the nearest million yen.

Non-consolidated Balance Sheet

(As of March 31, 2017)

(Millions of Yen)

Account title	Amount	Account title	Amount
(Assets)		**(Liabilities)**	
Current assets	**¥28,376**	**Current liabilities**	**¥11,627**
Cash and deposits	7,954	Accounts payable - other	96
Marketable securities	4,000	Income taxes payable	96
Prepaid expenses	1	Accrued consumption taxes	25
Deferred tax assets	36	Deposits received from subsidiaries and affiliates	11,285
Loans receivable from subsidiaries and affiliates	11,460	Reserve for employees' bonuses	29
Income taxes receivable	3,710	Reserve for bonuses to directors and corporate auditors	77
Others	1,212	Others	16
		Non-current liabilities	**1,189**
Non-current assets	**213,826**	Deferred tax liabilities	1,189
Property, plant and equipment	**27**	**Total liabilities**	**12,816**
Buildings	19	**(Net assets)**	
Furniture and fixtures	7	**Shareholders' equity**	**226,692**
Intangible assets	**8**	**Common stock**	**18,454**
Software	8	**Capital surplus**	**175,428**
Investments and other assets	**213,790**	Legal capital surplus	58,542
Investment in securities	8,222	Other capital surplus	116,885
Shares of subsidiaries and affiliates	195,628	**Retained earnings**	**57,656**
Investments in capital of subsidiaries and affiliates	234	Other retained earnings	57,656
Long-term loans receivable from subsidiaries and affiliates	9,499	Retained earnings brought forward	57,656
Long-term prepaid expenses	6	**Treasury stock, at cost**	**(24,846)**
Guarantee deposits	199	**Valuation and translation adjustments**	**2,692**
		Unrealized gain on available-for-sale securities,net of taxes	**2,692**
		Total net assets	**229,385**
Total assets	**¥242,202**	**Total liabilities and net assets**	**¥242,202**

Non-consolidated Statements of Income

(From April 1, 2016 to March 31, 2017)

(Millions of Yen)

Account title	Amount	
Operating revenue		
Dividend income	¥18,325	
Group management income	1,746	20,071
Operating expenses		
General and administrative expenses		1,766
Operating income		**18,304**
Other income		
Interest income	83	
Interest on securities	11	
Dividend income	173	
Others	1	269
Other expenses		
Interest expenses	4	
Commission fee	12	
Others	0	17
Ordinary profit		**18,557**
Extraordinary loss		
Loss on disposal of property, plant and equipment	0	
Loss on sales of investment securities	18	
Others	18	36
Income before income taxes and non-controlling interests		**18,520**
Current	88	
Deferred	0	89
Profit		**¥18,431**

Non-consolidated Statements of Changes in Net Assets

(From April 1, 2016 to March 31, 2017)

(Millions of Yen)

	Shareholders' equity								Valuation and translation adjustments		Total net assets
	Paid-in Capital	Capital surplus			Retained earnings		Treasury stock	Total shareholders' equity	Unrealized gains on securities, net of taxes	Total valuation and translation adjustments	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings					
Beginning balance - previously stated	¥18,454	¥58,542	¥116,885	¥175,428	¥46,592	¥46,592	¥(24,843)	¥215,631	¥2,110	¥2,110	¥217,742
Changes during the fiscal year											
Cash dividends from retained earnings					(7,367)	(7,367)		(7,367)			(7,367)
Profit					18,431	18,431		18,431			18,431
Treasury stock acquired							(3)	(3)			(3)
Disposal of treasury stock			0	0			0	0			0
Changes in items other than shareholders' equity during the fiscal year (net)									582	582	582
Total changes during the fiscal year	–	–	0	0	11,064	11,064	(3)	11,061	582	582	11,643
Ending balance	¥18,454	¥58,542	¥116,885	¥175,428	¥57,656	¥57,656	¥(24,846)	¥226,692	¥2,692	¥2,692	¥229,385

Notes to Non-consolidated Financial Statements

1. Notes to matters concerning significant accounting policies

(1) Valuation standards and method of securities

1) Shares of subsidiaries and affiliates: Stated at cost as determined by using moving-average method

2) Available-for-sale securities

(A) Securities with fair values: Stated at fair values based on market prices, etc., at the end of the fiscal year (all valuation differences are reported as a component of net assets while cost of disposal is calculated by the moving-average method)

(B) Securities without fair values: Stated at cost as determined by using moving-average method

(2) Depreciation method for non-current assets

1) Property, plant and equipment: Depreciation is computed using the straight-line method. The useful life is mainly as follows:

Buildings: 8 to 18 years

Furniture and fixtures: 5 to 15 years

2) Intangible assets: The straight-line method is used on the basis of the usable period of five years.

(3) Accounting standards for reserves

1) Allowance for bonuses: The allowance for bonuses is provided for the estimated amounts, which the Company is obligated to pay to employees after the fiscal year-end, based on services provided during the current year.

2) Allowance for bonuses to directors and audit & supervisory board members: The allowance for bonuses to directors and audit & supervisory board members is provided for the estimated amounts which the Company is obligated to pay to directors and audit & supervisory board members after the fiscal year-end, based on services provided during the current year.

(4) Other matters forming the basis of preparation of non-consolidated financial statements

Accounting treatment of consumption tax, etc.: The tax exclusion method is applied for the accounting treatment of consumption tax and local consumption tax.

2. Notes on the changes in accounting policies

Previously, the Company primarily used the declining-balance method in the depreciation of property, plant and equipment (except for leased assets). However, effective from the fiscal year ended March 31, 2017, the Company has changed the depreciation method to the straight-line method.

In establishing the "16–18 Mid-term Management Plan—*Break Through to Tomorrow*," the Company reviewed its depreciation method of property, plant and equipment, and concluded that the straight-line method was better suited to reflect the actual usage of the property, plant and equipment of the Alfresa Group, which is responsible for the stable supply of pharmaceuticals.

The impact of this change is immaterial.

3. Notes on non-consolidated balance sheet

(1) Accumulated depreciation of property, plant and equipment ¥98 million

(2) Monetary claims and obligations with respect to subsidiaries and affiliates are as follows.

1) Short-term monetary claims ¥11,461 million

2) Long-term monetary claims ¥9,499 million

3) Short-term monetary obligations ¥11,302 million

4. Notes on non-consolidated statements of income

Amount of transactions with subsidiaries and affiliates

(1) Operating revenue (Dividend income) ¥18,325 million

(2) Operating revenue (Group management income) ¥1,746 million

(3) Operating expenses ¥22 million

(4) Amount of transactions other than operating transactions ¥87 million

5. Notes on non-consolidated statements of changes in net assets

Matters concerning the number of treasury stock

Type of shares	Number of shares as of April 1, 2016	Increase during the fiscal year	Decrease during the fiscal year	Number of shares as of March 31, 2017
Common stock	18,337 thousand shares	1 thousand shares	0 thousand shares	18,339 thousand shares

6. Notes on tax effect accounting

(1) Breakdown of deferred tax assets and deferred tax liabilities by major reason

(Millions of Yen)

1) Deferred tax assets	
Disallowed accrued enterprise tax	¥24
Disallowed allowance for bonuses	9
Disallowed loss on valuation of shares of subsidiaries and affiliates	1,569
Disallowed loss on valuation of investments in capital of subsidiaries and affiliates	152
Disallowed loss on devaluation of investment securities	10
Other	12
Subtotal of deferred tax assets	1,779
Valuation allowance	(1,740)
Total deferred tax assets	38
2) Deferred tax liabilities	
Unrealized gains on securities	1,173
Other	18
Total deferred tax liabilities	1,191
Net deferred tax liabilities	¥(1,152)

(2) Breakdown of major items that caused significant differences between the statutory tax rate and the Company's effective tax rate after the application of the tax effect accounting

Statutory tax rate	30.9%
(Adjustments)	
Permanently non-deductible expenses such as entertainment expenses	0.0%
Permanently non-taxable revenues such as dividend income	(30.6)%
Non-deductible bonuses to directors and audit & supervisory board members	0.1%
Inhabitant tax per capita basis	0.0%
Other	0.0%
Effective tax rate after the application of the tax effect accounting	0.5%

7. Notes on related party transactions

Subsidiaries and affiliated companies, etc.

Type	Name of company, etc.	Amount of capital or amount of contribution (Millions of Yen)	Description of business	Ratio of ownership of voting rights, etc. (%)	Relationship with related parties	Description of transactions	Amounts of transactions (Millions of Yen)	Account title	Balance at end of the fiscal year (Millions of Yen)
Subsidiaries	Alfresa Corporation	4,000	Ethical pharmaceuticals wholesaling	100.0	Conclusion of group management contracts Concurrent positions held by officers	Dividends (Note 1)	13,575	–	
						Group management income (Note 2)	1,189	–	
						Funds received (Note 3)	50,190	–	
						Payment of interests (Note 3)	3	Other (Current liabilities)	0
	Alfresa Pharma Corporation	1,000	Pharmaceutical manufacturing	100.0	Conclusion of group management contracts Concurrent positions held by officers	Funds received (Note 3)	262	Deposits received from subsidiaries and affiliates	709
						Payment of interests (Note 3)	0	Other (Current liabilities)	0
						Funds loaned (Note 3)	7,760	Loans receivable from subsidiaries and affiliates	7,537
						Receipt of interests (Note 3)	50	Other (Current assets)	0
	Alfresa Healthcare Corporation	499	Self-medication products wholesaling	100.0	Conclusion of group management contracts Concurrent positions held by officers	Funds loaned (Note 3)	6,823	Loans receivable from subsidiaries and affiliates	9,000
						Receipt of interests (Note 3)	9	Other (Current assets)	0
	Alfresa Medical Service Corporation	450	Ethical pharmaceuticals wholesaling	100.0	Conclusion of group management contracts Concurrent positions held by officers	Funds received (Note 3)	2,813	Deposits received from subsidiaries and affiliates	5,363
						Payment of interests (Note 3)	0	Other (Current liabilities)	0
	Meisho Co., Ltd.	395	Ethical pharmaceuticals wholesaling	100.0	Conclusion of group management contracts Concurrent positions held by officers	Funds received (Note 3)	2,444	Deposits received from subsidiaries and affiliates	2,211
						Payment of interests (Note 3)	0	Other (Current liabilities)	0
	Alfresa System Corporation	150	Operation, maintenance and development of information system	51.0	Conclusion of group management contracts Concurrent positions held by officers	Funds received (Note 3)	13	–	
						Payment of interests (Note 3)	0	–	
						Funds loaned (Note 3)	4,752	Loans receivable from subsidiaries and affiliates	4,402
						Receipt of interests (Note 3)	19	–	

Terms of transactions and policies etc. for the determination thereof

(Note 1) Dividends are determined subject to consultations based on the amount calculated in consideration of the net income of subsidiaries, or dividends paid by the Group.

(Note 2) Regarding group management income, the Company, as a holding company, receives from each consolidated subsidiary an appropriate amount that covers the Company's management expenses.

(Note 3) Funds received and loaned are related to CMS, and payment and receipt of interests are reasonably determined in consideration of market interest rates. Amounts of transactions are stated at the average balance of deposits and loans during the fiscal year ended March 31, 2017.

(Note 4) Amounts of transactions are presented exclusive of consumption tax, etc.

8. Notes on per share information

(1) Net assets per share	¥1,058.64
(2) Net income per share	¥85.06

9. Additional information

Effective from the fiscal year ended March 31, 2017, the Company has adopted the "Revised Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016).

(Note) Amounts presented in non-consolidated balance sheet, non-consolidated statements of income, non-consolidated statements of changes in net assets and notes to non-consolidated financial statements are rounded down to the nearest million yen.

Audit Report of the Accounting Audit Concerning Consolidated Financial Statements

Independent Auditor's Report

May 11, 2017

To the Board of Directors of Alfresa Holdings Corporation

KPMG AZSA LLC

Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Hiroshi Tawara	[Seal]
Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Hiroaki Hashimoto	[Seal]
Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Takashi Watanabe	[Seal]

We have audited the consolidated financial statements of Alfresa Holdings Corporation for the consolidated fiscal year from April 1, 2016 to March 31, 2017, which comprise the consolidated balance sheet as at March 31, 2017, the consolidated statements of income and consolidated statements of changes in net assets for the year then ended, and notes to consolidated financial statements in accordance with the provisions of Article 444, Paragraph 4 of the Companies Act of Japan.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for the establishment and operation of such internal control as management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits from an independent standpoint. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The audit procedures selected and applied depend on our judgment based on the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies applied by management, the methods of their application and the reasonableness of accounting estimates made by management, as well as examining the overall presentation of the consolidated financial statements.
We have judged that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the corporate group comprises Alfresa Holdings Corporation and its consolidated subsidiaries as at March 31, 2017, and their financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Interest
There are no interests between Alfresa Holdings Corporation and KPMG AZSA LLC or its engagement partners that should be disclosed pursuant to the provisions of the Certified Public Accountants Act.

Audit Report of the Accounting Audit Concerning Non-consolidated Financial Statements

Independent Auditor's Report

May 11, 2017

To the Board of Directors of Alfresa Holdings Corporation

KPMG AZSA LLC

Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Hiroshi Tawara	[Seal]
Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Hiroaki Hashimoto	[Seal]
Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Takashi Watanabe	[Seal]

We have audited the non-consolidated financial statements of Alfresa Holdings Corporation for the 14th fiscal year from April 1, 2016 to March 31, 2017, which comprise the non-consolidated balance sheet as at March 31, 2017, the non-consolidated statements of income and non-consolidated statements of changes in net assets for the year then ended, notes to non-consolidated financial statements and supplementary schedules in accordance with the provisions of Article 436, Paragraph 2, Item 1 of the Companies Act of Japan.

Management's Responsibility for the Non-consolidated Financial Statements, etc.
Management is responsible for the preparation and fair presentation of these non-consolidated financial statements and supplementary schedules in accordance with accounting principles generally accepted in Japan, and for the establishment and operation of such internal control as management determines is necessary to enable the preparation and fair presentation of non-consolidated financial statements and supplementary schedules that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these non-consolidated financial statements and supplementary schedules based on our audits from an independent standpoint. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements and supplementary schedules are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and supplementary schedules. The audit procedures selected and applied depend on our judgment based on the assessment of the risks of material misstatement of the non-consolidated financial statements and supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation and fair presentation of the non-consolidated financial statements and supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies applied by management, the methods of their application and the reasonableness of accounting estimates made by management, as well as examining the overall presentation of the non-consolidated financial statements and supplementary schedules.
We have judged that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion
In our opinion, the non-consolidated financial statements and supplementary schedules present fairly, in all material respects, the financial position as at March 31, 2017 and the financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Interest
There are no interests between Alfresa Holdings Corporation and KPMG AZSA LLC or its engagement partners that should be disclosed pursuant to the provisions of the Certified Public Accountants Act.

Audit Report of the Audit & Supervisory Board

Audit Report

The Audit & Supervisory Board prepared the audit report as stated hereunder, as a unanimous opinion of all Audit & Supervisory Board Members, with respect to the Directors' performance of duties during the 14th fiscal year from April 1, 2016 to March 31, 2017, following deliberations based on audit reports prepared by respective Audit & Supervisory Board Members.

1. The Method and Content of Audits by Audit & Supervisory Board Members and the Audit & Supervisory Board

(1) The Audit & Supervisory Board established audit policies, assignment of duties, audit plans, etc., for the fiscal year ended March 31, 2017, and set out priority tasks, namely the status of operation of the internal control system and compliance with laws relating to personnel and labor. The Audit & Supervisory Board received reports from each Audit & Supervisory Board Member on the implementation status of audits and their results, and also received reports and requested explanations as appropriate from Directors, etc., and the Independent Auditor on the execution status of respective duties.

(2) Each Audit & Supervisory Board Member, based on the standards of audits by Audit & Supervisory Board Members, which were established by the Audit & Supervisory Board, communicated with Directors, Executive Officers, the Audit Department and other employees, etc., in an effort to collect information and develop an appropriate audit environment in accordance with the audit policies, assignment of duties and plans of audits, etc., and conducted the audit in the following manner.

1) The Audit & Supervisory Board Members attended meetings of the Board of Directors and other important meetings, received reports from Directors and employees, etc., concerning the execution of their duties, and requested explanations as necessary. The Audit & Supervisory Board Members reviewed important documents concerning decision-making, etc., and investigated the condition of businesses and the financial standing at the Company. As for subsidiaries, we made efforts to ensure communication as well as exchange of information with Directors and Audit & Supervisory Board Members, etc., of the subsidiaries, and received business reports as appropriate therefrom.

2) In addition, with respect to the content of resolutions of the Board of Directors regarding the development of the framework for ensuring that Directors' duties are performed in compliance with relevant laws and regulations and with the Articles of Incorporation stated in the business report and other systems stipulated under Article 100, Paragraph 1 and 3 of the Ordinance for Enforcement of the Companies Act, which are necessary to ensure the adequacy of businesses of the corporate group consisting of a stock corporation and its subsidiaries, as well as the systems actually in place based on such resolutions (internal control systems), we received regular reports and requested explanations as appropriate from Directors and employees, etc., on the status of development and operation of such systems, and expressed opinions on respective matters. Furthermore, as for the internal control for financial reporting, we received reports and requested explanations as appropriate from Directors, etc., and KPMG AZSA LLC, on the assessment of such internal control as well as the status of audits thereon.

3) We monitored and verified whether the Independent Auditor maintained an independent position and executed appropriate audits. In addition, we received reports from the Independent Auditor on the execution of its duties and requested explanations as necessary. Furthermore, we were informed by the Independent Auditor that "systems to ensure the appropriate execution of duties" (matters set out under each item of Article 131 of the Ordinance on Accounting of Companies) are in place in compliance with the "Quality Control Standards for Audit" (Business Accounting Council, October 28, 2005), etc., and requested explanations as appropriate therefrom.

Based on the methods described above, we reviewed the business report and its supplementary schedules, non-consolidated financial statements (the non-consolidated balance sheet, non-consolidated statements of income, non-consolidated statements of changes in net assets and notes to non-consolidated financial statements) and supplementary schedules, as well as consolidated financial statements (the consolidated balance sheet, consolidated statements of income, consolidated statements of changes in net assets and notes to consolidated financial statements) for the fiscal year ended March 31, 2017.

2. The Result of Audits

(1) The Result of Audits of the Business Report and Other Documents

1) In our opinion, the business report and its supplementary schedules fairly represent the condition of the Company in compliance with laws and regulations as well as the Articles of Incorporation.

2) We have determined that there were neither any misconducts with respect to the Directors' performance of duties, nor any material facts concerning violations of laws and regulations or the Articles of Incorporation.

3) We have determined that the content of resolutions of the Board of Directors regarding the internal control systems is appropriate. In addition, we have determined that there are no matters that should be highlighted either in the contents of the business report regarding the internal control systems, or on the Directors' performance of duties, including the matters related to the internal control for financial reporting.

(2) The Result of Audits of the Non-consolidated Financial Statements and Supplementary Schedules

In our opinion, the method and result of audits performed by the Independent Auditor, KPMG AZSA LLC, are appropriate.

(3) The Result of Audits of the Consolidated Financial Statements

In our opinion, the method and result of audits performed by the Independent Auditor, KPMG AZSA LLC, are appropriate.

May 12, 2017

Alfresa Holdings Corporation

Audit & Supervisory Board

Audit & Supervisory Board Member (Standing)	Kenji Kuwayama	[Seal]
Audit & Supervisory Board Member (Outside)	Yuji Noguchi	[Seal]
Audit & Supervisory Board Member (Outside)	Seisui Kamigaki	[Seal]

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Partial Amendments to the Articles of Incorporation

1. Reason for the amendments

In order to prepare future expansion in businesses of companies which are controlled and managed by the Company, we would like to propose partial amendments to Article 2 (Purpose) of the current Articles of Incorporation.

2. Details of the revision

The details of the proposed amendments are as follows:

(Amended parts are underlined)

Current Articles of Incorporation	Proposed amendments
(Purpose) Article 2 The purposes of the Company shall be to control and manage the business activities of companies that operate the following businesses, through the holding of their shares: 1 Manufacturing, import and export, and marketing of pharmaceuticals, quasi-drugs, cosmetics, poisonous substances, deleterious substances, industrial chemicals, chemicals, antiepidemic medicines, medicinal materials, Chinese herbal and crude drugs, diagnostic reagents, animal health products, quasi-drugs for animal health, agricultural chemicals, feed, feed additives, fertilizers, food, food additives, alcoholic beverages, high pressure gas, rubber products and chemical products 2 – 51 (Provision omitted) **(Newly established)**	(Purpose) Article 2 The purposes of the Company shall be to control and manage the business activities of companies that operate the following businesses, through the holding of their shares: 1 Manufacturing, import and export, and marketing of pharmaceuticals, **regenerative medicine products**, quasi-drugs, cosmetics, poisonous substances, deleterious substances, industrial chemicals, chemicals, antiepidemic medicines, medicinal materials, Chinese herbal and crude drugs, diagnostic reagents, animal health products, quasi-drugs for animal health, agricultural chemicals, feed, feed additives, fertilizers, food, food additives, alcoholic beverages, high pressure gas, rubber products and chemical products 2 – 51 (Same as current) 52 **All other lawful businesses**

Proposal 2: Election of Eleven (11) Directors

The terms of office of all Directors (eleven (11) Directors) will expire at the conclusion of this General Meeting of Shareholders. Accordingly, we would like to propose the election of eleven (11) Directors.

The candidates are as follows:

No.		Name	Current position and responsibilities in the Company	
1	[Reelected]	Denroku Ishiguro	Position:	Representative Director & Chairman
			Responsibilities:	-
2	[Reelected]	Hiroyuki Kanome	Position:	Representative Director & Deputy Chairman
			Responsibilities:	-
3	[Reelected]	Taizo Kubo	Position:	Representative Director & President
			Responsibilities:	-
4	[Reelected]	Shunichi Miyake	Position:	Director, Deputy President
			Responsibilities:	Assistant to the President, Internal Control, Financial Planning, General Affairs
5	[Reelected]	Koichi Masunaga	Position:	Director, Deputy President
			Responsibilities:	Assistant to the President, Wholesaling Business
6	[Reelected]	Yasuki Izumi	Position:	Director, Senior Vice President & Executive Officer
			Responsibilities:	Group Business & Affiliate Control
7	[Reelected]	Ryuji Arakawa	Position:	Director, Vice President & Executive Officer
			Responsibilities:	Business Development
8	[Newly elected]	Hisashi Katsuki	Position:	-
			Responsibilities:	-
9	[Reelected] [Outside Director] [Independent Director]	Kimiko Terai	Position:	Director
			Responsibilities:	Chairman, Corporate Governance Committee
10	[Newly elected] [Outside Director] [Independent Director]	Yoichiro Yatsurugi	Position:	
			Responsibilities:	
11	[Newly elected] [Outside Director] [Independent Director]	Shiho Konno	Position:	
			Responsibilities:	

<table>
<tr><th>No.</th><th>Name</th><th>Career summary, position and responsibilities in the Company,
significant concurrent positions and note related to candidate for directors</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="2">1</td><td>Denroku Ishiguro

[Reelected]

Date of birth:
May 4, 1951

Attendance of Board of Directors' meetings:
100% (18 out of 18 meetings)</td><td>December 1979 Joined Meiki Co., Ltd. (currently Meisho Co., Ltd.)
December 1989 Representative Director & President of Meiki Co., Ltd.
April 1998 Representative Director & Deputy President of Kasamatsu Meiki Co., Ltd. (currently Meisho Co., Ltd.)
December 2000 Representative Director & President of Kasamatsu Meiki Co., Ltd.
June 2005 Director of the Company
April 2006 Representative Director of Meisho Co., Ltd.
July 2006 Director, Vice President & Executive Officer of the Company, responsible for Business Strategies
April 2007 Director, Senior Vice President & Executive Officer of the Company, responsible for Business Strategies
June 2007 Representative Director & President of Alfresa Corporation
April 2008 Director, Deputy President, Assistant to the President of the Company
April 2009 Representative Director & President of the Company
April 2016 Representative Director & Chairman of Sannova Co., Ltd. (present)
April 2016 Representative Director & Chairman of the Company (present)
[Significant concurrent position]
Representative Director & Chairman of Sannova Co., Ltd.
[Note related to candidate for Director]
No conflict of special interest exists between the candidate and the Company.</td><td>1,900</td></tr>
<tr><td colspan="3">[Reasons for election as candidate for Director]
Mr. Denroku Ishiguro has shown solid performance and results as the Company's Representative Director in our efforts to realize the Healthcare Consortium vision through two medium-term management plans: 10-12 Medium-term Management Plan and 13-15 Medium Term Management Plan. He has been elected as a candidate for Director because he can be expected to capitalize on his wealth of experience and knowledge at the Board of Directors, to continue to strengthen the effectiveness of the Board of Directors' decision-making and supervisory functions.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name</th><th>Career summary, position and responsibilities in the Company,
significant concurrent positions and note related to candidate for directors</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="2">2</td><td>Hiroyuki Kanome

[Reelected]

Date of birth:
January 1, 1951

Attendance of Board of Directors' meetings:
94.4% (17 out of 18 meetings)</td><td>April 1972 Joined Fukujin Co., Ltd. (currently Alfresa Corporation)
June 1998 Director of Fukujin Co., Ltd.
June 2000 Managing Director of Fukujin Co., Ltd.
June 2002 Director, Vice President & Executive Officer of Fukujin Co., Ltd.
June 2003 Director, Senior Vice President & Executive Officer of Fukujin Co., Ltd.
June 2006 Director, Deputy President of Alfresa Corporation
June 2008 Representative Director & Deputy President of Alfresa Corporation
April 2009 Representative Director & President of Alfresa Corporation
June 2009 Director, Deputy President, Assistant to the President of the Company, Group Sales Promotion
July 2011 Director, Deputy President, Assistant to the President of the Company, Pharmaceutical Business Promotion
June 2012 Representative Director & Deputy President, Assistant to the President of the Company, Pharmaceutical Wholesaling Business
April 2016 Representative Director & Chairman of Alfresa Corporation (present)
April 2016 Representative Director & Deputy Chairman of the Company (present)
[Significant concurrent position]
Representative Director & Chairman of Alfresa Corporation
[Note related to candidate for Director]
No conflict of special interest exists between the candidate and the Company.</td><td>112,100</td></tr>
<tr><td colspan="3">[Reasons for election as candidate for Director]
Mr. Hiroyuki Kanome, as the Company's Representative Director, has played a leading role as a driving force in the Alfresa Group as a whole in the push to complete the distribution reforms that are the highest-priority challenge for the Ethical Pharmaceuticals Wholesaling Business. Additionally, having served as Representative Director of Alfresa Corporation, he is deeply familiar with the general operations of the Company and its operating companies. He has been elected as a candidate for Director because he can be expected to capitalize on his wealth of experience and knowledge at the Board of Directors, to continue to strengthen the effectiveness of the Board of Directors' decision-making and supervisory functions.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name</th><th>Career summary, position and responsibilities in the Company,
significant concurrent positions and note related to candidate for directors</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="2">3</td><td>Taizo Kubo

[Reelected]

Date of birth:
August 11, 1955

Attendance of Board of Directors' meetings:
100% (18 out of 18 meetings)</td><td>March 1979 Joined Fukujin Co., Ltd. (currently Alfresa Corporation)
June 2000 Director of Fukujin Co., Ltd., General Manager of Sales Planning Department
June 2002 Director, Vice President & Executive Officer of Fukujin Co., Ltd.
April 2006 Vice President & Executive Officer of the Company, Group Administration and Affiliate Control, Internal Control
June 2006 Director, Vice President & Executive Officer of the Company, Group Administration and Affiliate Control, Internal Control
April 2008 Director, Senior Vice President & Executive Officer of the Company, Group Administration and Affiliate Control, Internal Control
April 2009 Representative Director & President of Shikoku Alfresa Corporation
June 2012 Director of the Company
April 2013 Director, Senior Vice President & Executive Officer of the Company, Group Business & Affiliate Control, Group Information System
June 2015 Director, Deputy President, Assistant to the President of the Company, Group Business & Affiliate Control, Group Information System, Hospital & Dispensing Pharmacy
April 2016 Representative Director & President of the Company (present)
[Significant concurrent position]
None
[Note related to candidate for Director]
No conflict of special interest exists between the candidate and the Company.</td><td>75,600</td></tr>
<tr><td colspan="3">[Reasons for election as candidate for Director]
Mr. Taizo Kubo has played a central role as the Representative Director to achieve the "16-18 Mid-term Management Plan—Break Through to Tomorrow," based on his wealth of experience in the Company and its operating companies. Additionally, he has shown leadership in the effort to realize the Healthcare Consortium vision in accordance with the Alfresa Group Corporate Principles. He has been elected as a candidate for Director because he can be expected to capitalize on his wealth of experience and knowledge at the Board of Directors, to continue to strengthen the effectiveness of the Board of Directors' decision-making and supervisory functions.</td></tr>
</table>

No.	Name	Career summary, position and responsibilities in the Company, significant concurrent positions and note related to candidate for directors	Number of shares of the Company held
4	Shunichi Miyake [Reelected] Date of birth: February 1, 1954 Attendance of Board of Directors' meetings: 100% (18 out of 18 meetings)	April 1976 Joined Nippon Shoji Kaisha, Ltd. (currently Alfresa Pharma Corporation) April 2003 Executive Officer of AZWELL Inc. (currently Alfresa Pharma Corporation) October 2004 Executive Officer of Alfresa Corporation April 2006 Executive Officer of the Company, General Manager of Financial Planning Department, Office Manager of Public and Investor Relations Office April 2008 Vice President & Executive Officer of the Company, Financial Planning, Public and Investor Relations, General Manager of Financial Planning Department April 2009 Vice President & Executive Officer of the Company, Financial Planning, Public and Investor Relations, General Manager of Financial Planning Department, Office Manager of Public and Investor Relations Office June 2010 Director, Vice President & Executive Officer of the Company, Financial Planning, Public and Investor Relations, General Manager of Financial Planning Department, Office Manager of Public and Investor Relations Office April 2012 Director, Vice President & Executive Officer of the Company, Financial Planning, Public and Investor Relations July 2012 Director, Vice President & Executive Officer of the Company, Financial Planning, Public and Investor Relations, General Manager of General Affairs Department April 2013 Director, Senior Vice President & Executive Officer of the Company, Financial Planning, Public and Investor Relations, General Manager of General Affairs Department July 2014 Director, Senior Vice President & Executive Officer of the Company, Financial Planning, Public and Investor Relations, General Affairs April 2016 Director, Senior Vice President & Executive Officer of the Company, Financial Planning and General Affairs June 2016 Director, Deputy President of the Company, Internal Control, Financial Planning, General Affairs April 2017 Director, Deputy President, Assistant to the President of the Company, Internal Control, Financial Planning, General Affairs (present) [Significant concurrent position] None [Note related to candidate for Director] No conflict of special interest exists between the candidate and the Company.	15,820
	[Reasons for election as candidate for Director] As Director in charge of Internal Control, Financial Planning and General Affairs, Mr. Shunichi Miyake has played a leading role in the creation of consolidated financial statements and other documents, based on his appropriate knowledge of finance and accounting. He also has a wealth of experience and a proven track record that includes a central position in Public and Investor Relations activities. He has been elected as a candidate for Director because he can be expected to capitalize on his wealth of experience and knowledge at the Board of Directors, to continue to strengthen the effectiveness of the Board of Directors' decision-making and supervisory functions.		

<table>
<tr><th>No.</th><th>Name</th><th>Career summary, position and responsibilities in the Company,
significant concurrent positions and note related to candidate for directors</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="2">5</td><td>Koichi Masunaga

[Reelected]

Date of birth:
May 16, 1955

Attendance of Board of Directors' meetings:
100% (13 out of 13 meetings)</td><td>March 1978 Joined Fukujin Co., Ltd. (currently Alfresa Corporation)
June 2002 Executive Officer of Fukujin Co., Ltd.
September 2003 Executive Officer of the Company, General Manager of Management Strategy Department
April 2006 Executive Officer of the Company, General Manager of Group Administration and Affiliate Control Department
July 2006 Executive Officer of Alfresa Corporation
October 2008 Vice President & Executive Officer of Alfresa Corporation
June 2010 Director, Vice President & Executive Officer of Alfresa Corporation
April 2013 Director, Senior Vice President & Executive Officer of Alfresa Corporation
April 2016 Representative Director & President of Alfresa Corporation (present)
June 2016 Director of the Company
April 2017 Director, Deputy President, Assistant to the President of the Company, Wholesaling Business (present)
[Significant concurrent position]
Representative Director & President of Alfresa Corporation
[Note related to candidate for Director]
No conflict of special interest exists between the candidate and the Company.</td><td>37,500</td></tr>
<tr><td colspan="3">[Reasons for election as candidate for Director]
Mr. Koichi Masunaga has played a central role in the Group as Representative Director of our key subsidiary Alfresa Corporation, and he has a wealth of experience and a proven track record in the Wholesaling Business. He has been elected as a candidate for Director because he can be expected to capitalize on his wealth of experience and knowledge at the Board of Directors, to strengthen the effectiveness of the Board of Directors' decision-making and supervisory functions.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name</th><th colspan="2">Career summary, position and responsibilities in the Company,
significant concurrent positions and note related to candidate for directors</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="2">6</td><td>Yasuki Izumi

[Reelected]

Date of birth:
January 28, 1956

Attendance of Board of Directors' meetings:
100% (18 out of 18 meetings)</td><td>April 1978
October 2006
April 2010
June 2012
October 2012
April 2013
April 2014
June 2014
April 2015
April 2016
June 2016
October 2016</td><td>Joined Nippon Shoji Kaisha, Ltd. (currently Alfresa Pharma Corporation)
General Manager of Group Administration and Affiliate Control Department of the Company
Executive Officer of the Company, General Manager of Group Administration and Affiliate Control Department and General Affairs Department
Executive Officer of the Company, Group Business & Affiliate Control, General Manager of Business Development Department
Vice President & Executive Officer of the Company, Group Business & Affiliate Control, General Manager of Business Development Department
Vice President & Executive Officer of the Company, Business Development, General Manager of Business Development Department
Vice President & Executive Officer of the Company, Business Development, International Business, General Manager of Business Development Department
Director, Vice President & Executive Officer of the Company, Business Development, International Business, General Manager of Business Development Department
Director, Vice President & Executive Officer of the Company, Business Development, International Business
Director, Vice President & Executive Officer of the Company, Group Business & Affiliate Control, Business Development
Director, Senior Vice President & Executive Officer of the Company, Group Business & Affiliate Control, Business Development
Director, Senior Vice President & Executive Officer of the Company, Group Business & Affiliate Control (present)
[Significant concurrent position]
None
[Note related to candidate for Director]
No conflict of special interest exists between the candidate and the Company.</td><td>11,080</td></tr>
<tr><td colspan="4">[Reasons for election as candidate for Director]
As Director in charge of Group Business & Affiliate Control, Mr. Yasuki Izumi has played a central role in realizing group synergies such as planning and promoting collaboration among our businesses. He also has a wealth of experience and a proven track record through his careers responsible for Business Development and International Business. He has been elected as a candidate for Director because he can be expected to capitalize on his wealth of experience and knowledge at the Board of Directors, to continue to strengthen the effectiveness of the Board of Directors' decision-making and supervisory functions.</td></tr>
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<table>
<tr><th>No.</th><th>Name</th><th>Career summary, position and responsibilities in the Company,
significant concurrent positions and note related to candidate for directors</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="2">7</td><td>Ryuji Arakawa

[Reelected]

Date of birth:
March 5, 1963

Attendance of Board of Directors' meetings:
100% (13 out of 13 meetings)</td><td>April 1987 Joined Yamanouchi Pharmaceutical Co., Ltd. (currently Astellas Pharma Inc.)
April 1999 Joined CS YAKUHIN CO., LTD.
June 2000 Director of CS YAKUHIN CO., LTD.
June 2005 Managing Director of CS YAKUHIN CO., LTD.
June 2007 Senior Managing Director of CS YAKUHIN CO., LTD.
June 2007 Director of the Company
June 2008 Director, Senior Vice President & Executive Officer of CS YAKUHIN CO., LTD.
April 2009 Representative Director & President of CS YAKUHIN CO., LTD.
June 2016 Director of the Company
October 2016 Director, Vice President & Executive Officer of the Company, Business Development (present)
[Significant concurrent position]
None
[Note related to candidate for Director]
No conflict of special interest exists between the candidate and the Company.</td><td>62,220</td></tr>
<tr><td colspan="3">[Reasons for election as candidate for Director]
Mr. Ryuji Arakawa has played a central role in expanding our business domains and developing our international business with a focus on Asia as Director in charge of Business Development. He also has a wealth of experience and a proven track record through his experience as Representative Directors of operating companies. He has been elected as a candidate for Director because he can be expected to capitalize on his wealth of experience and knowledge at the Board of Directors, to strengthen the effectiveness of the Board of Directors' decision-making and supervisory functions.</td></tr>
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<table>
<tr><th>No.</th><th>Name</th><th>Career summary, position and responsibilities in the Company,
significant concurrent positions and note related to candidate for directors</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="2">8</td><td>Hisashi Katsuki

[Newly elected]

Date of birth:
August 9, 1956

Attendance of Board of Directors' meetings:
—</td><td>October 1984 Joined Pigeon Corporation
December 2001 Managing Executive Officer of Pigeon Corporation
April 2004 Director of Pigeon Corporation
June 2009 Representative Director & President of TAMPEI NAKATA CO., LTD. (currently Alfresa Healthcare Corporation)
October 2011 Representative Director & President of Alfresa Healthcare Corporation (present)
October 2014 Representative Director & Chairman of Mogi Pharmaceutical Co., Ltd. (present)
[Significant concurrent position]
Representative Director & President of Alfresa Healthcare Corporation
Representative Director & Chairman of Mogi Pharmaceutical Co., Ltd.
[Note related to candidate for Director]
No conflict of special interest exists between the candidate and the Company.</td><td>13,392</td></tr>
<tr><td colspan="3">[Reasons for election as candidate for Director]
Mr. Hisashi Katsuki has served as Representative Director of Alfresa Healthcare Corporation, which is our subsidiary that plays a core role in Self-Medication Products Wholesaling Business, and he is deeply familiar with the general operations of operating companies. He has been elected as a candidate for Director because he can be expected to capitalize on his wealth of experience and knowledge at the Board of Directors, to strengthen the effectiveness of the Board of Directors' decision-making and supervisory functions.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name</th><th colspan="2">Career summary, position and responsibilities in the Company,
significant concurrent positions and note related to candidate for outside directors</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="2">9</td><td>Kimiko Terai

[Reelected]
[Outside Director]
[Independent Director]

Date of birth:
July 31, 1962

Attendance of Board of Directors' meetings:
100% (18 out of 18 meetings)</td><td colspan="2">April 2002 Ph.D., Assosiate Professor, Faculty of Business Administration, Hosei University
April 2007 Ph.D., Visiting Researcher, University of California, Irvine
April 2008 Ph.D., Professor, Faculty of Business Administration, Hosei University
April 2012 Ph.D., Professor, Faculty of Economics, Keio University (present)
April 2012 Ph.D., Adjunct Professor, Faculty of Business Administration, Hosei University
April 2013 Ph.D., Adjunct Professor, Keio Law School
June 2015 Director of the Company (present)
[Significant concurrent positions]
Ph.D., Professor, Faculty of Economics, Keio University
[Note related to candidate for Outside Director]
No conflict of special interest exists between the candidate and the Company.</td><td>—</td></tr>
<tr><td colspan="4">[Reasons for election as candidate for Outside Director]
In addition to her high-level insight and wide experiences as an economist, Dr. Kimiko Terai is an academic expert specialized in the financial field including social security system. We therefore consider that she will continue to provide her opinions from a broad perspective to reflect on the management of the Company based on her professional knowledge and experiences. Although she has never assumed positions of business management other than outside officer, because of the above reasons, we believe that she is capable of executing her duties properly as Outside Director.</td></tr>
</table>

Notes: 1. Dr. Kimiko Terai meets the "Independence Standards for Outside Directors, etc." of the Company as a candidate for Outside Director.
2. The Company has designated Dr. Kimiko Terai as an independent director as prescribed by Tokyo Stock Exchange, Inc. and submitted a notification of the appointment to the same Exchange.
3. The term of Dr. Kimiko Terai's office as Outside Director will be two years at the conclusion of this General Meeting of Shareholders.
4. The Company stipulated in Article 30 of its current Articles of Incorporation that the Company may enter into an agreement with non-executive directors to limit their liability for damages arising from negligence in the performance of their duties in order for the non-executive directors to fulfill the roles expected of them. Based on this, Dr. Kimiko Terai has entered into the liability limitation agreement with the Company, and the maximum amount of liability for damages pursuant to the agreement is the amount prescribed in Article 425, Paragraph 1 of the Companies Act. If the reappointment of Dr. Kimiko Terai is approved, the liability limitation agreement described above is planned to be continued.

<table>
<tr><th>No.</th><th>Name</th><th>Career summary, position and responsibilities in the Company,
significant concurrent positions and note related to candidate for outside directors</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="2">10</td><td>Yoichiro Yatsurugi

[Newly elected]
[Outside Director]
[Independent Director]

Date of birth:
May 3, 1955

Attendance of Board of Directors' meetings:
—</td><td>April 1978 Joined IBM Japan, Ltd.
June 1999 President of AT&T Global Network Services Japan LLC
May 2001 Chairman of AT&T Global Network Services Japan LLC and President of AT&T Asia Pacific
April 2004 Executive Vice President of JAPAN TELECOM CO., LTD (currently SoftBank Corp.)
January 2005 President and CEO of WILLCOM, Inc. (currently SoftBank Corp.)
April 2007 Representative Director, Executive Vice President of SAP Japan Co., Ltd.
September 2007 Representative Director and President of SAP Japan Co., Ltd.
February 2010 Executive Counsel of Works Applications Co., Ltd.
December 2011 Representative Director and President of Igreque, Inc.
December 2015 Director, Executive Counsel of Works Applications Co., Ltd. (present)
January 2016 Director of Igreque, Inc. (present)
[Significant concurrent positions]
Director, Executive Counsel of Works Applications Co., Ltd.
Director of Igreque, Inc.
[Note related to candidate for Outside Director]
No conflict of special interest exists between the candidate and the Company.</td><td>—</td></tr>
<tr><td colspan="3">[Reasons for election as candidate for Outside Director]
Mr. Yoichiro Yatsurugi has a wealth of experience, a proven track record and a high level of insight through his years of experience as an executive at multiple companies. He also has a high level of IT expertise. Therefore, he has been elected as a candidate for Outside Director because we believe that he will provide opinions from a broad perspective, based on his wealth of experience and professional knowledge, and apply them in the management of the Company.</td></tr>
</table>

Notes: 1. Mr. Yoichiro Yatsurugi meets the "Independence Standards for Outside Directors, etc." of the Company as a newly elected candidate for Outside Director.

2. If the appointment of Mr. Yoichiro Yatsurugi is approved, the Company plans to designate him as an independent director as prescribed by Tokyo Stock Exchange, Inc. and submit a notification of the appointment to the same Exchange.

3. The Company stipulated in Article 30 of its current Articles of Incorporation that the Company may enter into an agreement with non-executive directors to limit their liability for damages arising from negligence in the performance of their duties in order for the non-executive directors to fulfill the roles expected of them. Based on this, Mr. Yoichiro Yatsurugi will enter into the liability limitation agreement with the Company if his appointment is approved. The maximum amount of liability for damages pursuant to the agreement is the amount prescribed in Article 425, Paragraph 1 of the Companies Act.

<table>
<tr><th>No.</th><th>Name</th><th>Career summary, position and responsibilities in the Company,
significant concurrent positions and note related to candidate for outside directors</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="2">11</td><td>Shiho Konno

[Newly elected]
[Outside Director]
[Independent Director]

Date of birth:
June 28, 1963

Attendance of Board of Directors' meetings:
—</td><td>April 1991 Registered as an attorney at law (Daiichi Tokyo Bar Association)
June 2005 Auditor of Yahoo Japan Corporation
March 2008 Auditor of Advanced Softmaterials Inc.
April 2009 Professor of Waseda Law School, Waseda University
April 2014 Member, Committee on Realization of a Gender-Equal Society of Japan Federation of Bar Associations (present)
August 2014 Auditor of Japan Corporate Governance Network (present)
March 2015 Established Shiho Konno Habataki Law Office (present)
June 2015 Outside Director of Watami Co., Ltd. (present)
June 2016 Outside Director of Kakaku.com, Inc. (present)
[Significant concurrent positions]
Attorney at law
Outside Director of Watami Co., Ltd.
Outside Director of Kakaku.com, Inc.
[Note related to candidate for Outside Director]
No conflict of special interest exists between the candidate and the Company.</td><td>—</td></tr>
<tr><td colspan="3">[Reasons for election as candidate for Outside Director]
In addition to her high-level of expertise as attorney at law, Ms. Shiho Konno has broad knowledge including in the area of corporate governance. Therefore, she has been elected as a candidate for Outside Director because we believe that she will provide opinions from a broad perspective based on her professional knowledge and experience, and apply them in the management of the Company. Although she has never assumed positions of business management other than as an outside officer, because of the above reasons, we believe that she is capable of executing her duties as Outside Director.</td></tr>
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Notes: 1. Ms. Shiho Konno meets the "Independence Standards for Outside Directors, etc." of the Company as a newly elected candidate for Outside Director.

2. If the appointment of Ms. Shiho Konno is approved, the Company plans to designate her as an independent director as prescribed by Tokyo Stock Exchange, Inc. and submit a notification of the appointment to the same Exchange.

3. The Company stipulated in Article 30 of its current Articles of Incorporation that the Company may enter into an agreement with non-executive directors to limit their liability for damages arising from negligence in the performance of their duties in order for the non-executive directors to fulfill the roles expected of them. Based on this, Ms. Shiho Konno will enter into the liability limitation agreement with the Company if her appointment is approved. The maximum amount of liability for damages pursuant to the agreement is the amount prescribed in Article 425, Paragraph 1 of the Companies Act.

Proposal 3: Election of Two (2) Audit & Supervisory Board Members

Of the three (3) current Audit & Supervisory Board Members, the terms of Mr. Seisui Kamigaki's office will expire at the conclusion of this General Meeting of Shareholders. Accordingly, we would like to propose the election of two (2) Audit & Supervisory Board Members.

The Audit & Supervisory Board has previously given its approval to this proposal.

The candidates are as follows:

No.	Name	Career summary and position in the Company, significant concurrent positions and note related to candidate for outside Audit & Supervisory Board Member	Number of shares of the Company held
1	Seisui Kamigaki [Reelected] [Outside Audit & Supervisory Board Member] [Independent Auditor] Date of birth: July 1, 1945 Attendance of Board of Directors' meetings: 100% (18 out of 18 meetings) Attendance of Audit & Supervisory Board's meetings: 100% (18 out of 18 meetings)	April 1973 Prosecutor of Tokyo District Public Prosecutors Office October 2000 Chief Prosecutor of Naha District Public Prosecutors Office September 2003 Director-General, General Affairs Department, Supreme Public Prosecutors Office December 2004 Chief Prosecutor of Chiba District Public Prosecutors Office August 2005 Chief Prosecutor of Yokohama District Public Prosecutors Office July 2007 Commissioner of Japan Fair Trade Commission July 2012 Attorney at law of Hibiya Sogo Law Offices (present) June 2013 Audit & Supervisory Board Member of the Company (present) June 2013 Outside Audit & Supervisory Board Member of Mitsubishi Shokuhin Co., Ltd (present) May 2015 Outside Director (Audit and Supervisory Committee Member) of YONDOSHI HOLDINGS INC. (present) June 2015 Outside Director of Universal Entertainment Corporation (present) [Significant concurrent positions] Attorney at law Outside Audit & Supervisory Board Member of Mitsubishi Shokuhin Co., Ltd Outside Director (Audit and Supervisory Committee Member) of YONDOSHI HOLDINGS INC. Outside Director of Universal Entertainment Corporation [Note related to candidate for Outside Audit & Supervisory Board Member] No conflict of special interest exists between the candidate and the Company.	200
	[Reasons for election as candidate for Outside Audit & Supervisory Board Member] Mr. Seisui Kamigaki has been elected as a candidate for Outside Audit & Supervisory Board Member because we believe that he will continue to apply his high level of expertise in and broad insight into general legal affairs and corporate compliance, which he gained through positions including prosecutor and commissioner of Japan Fair Trade Commission, to the audit system of the Company. Although he has never assumed positions of business management other than as an outside officer, because of the above reasons, we believe that he is capable of executing his duties as Outside Audit & Supervisory Board Member.		

Notes: 1. Mr. Seisui Kamigaki meets the "Independence Standards for Outside Directors, etc." of the Company as a candidate for Outside Audit & Supervisory Board Member.

2. If the appointment of Mr. Seisui Kamigaki is approved, the Company plans to designate him as an independent auditor as prescribed by Tokyo Stock Exchange, Inc. and submit a notification of the appointment to the same Exchange.

3. The term of Mr. Seisui Kamigaki's office as Outside Audit & Supervisory Board Member will be four years at the conclusion of this General Meeting of Shareholders.

4. The Company stipulated in Article 40 of its current Articles of Incorporation that the Company may enter into an agreement with Audit & Supervisory Board Members to limit their liability for damages arising from negligence in the performance of their duties in order for the Audit & Supervisory Board Members to fulfill the roles expected of them. Based on this, Mr. Seisui Kamigaki has entered into the liability limitation agreement with the Company, and the maximum amount of liability for damages pursuant to the agreement is the amount prescribed in Article 425, Paragraph 1 of the Companies Act. If the reappointment of Mr. Seisui Kamigaki is approved, the liability limitation agreement described above is planned to be continued.

No.	Name	Career summary and position in the Company, significant concurrent positions and note related to candidate for outside Audit & Supervisory Board Member	Number of shares of the Company held
2	Yoshitaka Kato [Newly elected] [Outside Audit & Supervisory Board Member] [Independent Auditor] Date of birth: August 17, 1959 Attendance of Board of Directors' meetings: — Attendance of Audit & Supervisory Board's meetings: —	October 1983 Joined Pricewaterhouse (currently PricewaterhouseCoopers Aarata LLC) October 1990 Joined Fidelity Investments Management (Japan) Limited (currently FIL Investments (Japan) Limited) May 1994 Joined Yamada Accounting Office (currently Yamada & Partners Certified Public Tax Accountants' Co.) November 1999 Partner of YUSEI Audit & Co. March 2002 Managing partner of YUSEI Audit & Co. January 2010 CEO of YUSEI Advisory Co., Ltd. January 2017 Chairman, Partner of YUSEI Audit & Co. (present) [Significant concurrent positions] Chairman, Partner of YUSEI Audit & Co. [Note related to candidate for Outside Audit & Supervisory Board Member] No conflict of special interest exists between the candidate and the Company.	—
	[Reasons for election as candidate for Outside Audit & Supervisory Board Member] Mr. Yoshitaka Kato has high level of expertise in the areas of finance and accounting as a certified public accountant. He has been elected as a candidate for Outside Audit & Supervisory Board Member, because we believe that he will provide opinions from an objective and neutral perspective as an accounting expert, and apply them to the audit system of the Company.		

Notes: 1. Mr. Yoshitaka Kato meets the "Independence Standards for Outside Directors, etc." of the Company as a newly elected candidate for Outside Audit & Supervisory Board Member.

2. If the appointment of Mr. Yoshitaka Kato is approved, the Company plans to designate him as an independent auditor as prescribed by Tokyo Stock Exchange, Inc. and submit a notification of the appointment to the same Exchange.

3. The Company stipulated in Article 40 of its current Articles of Incorporation that the Company may enter into an agreement with Audit & Supervisory Board Members to limit their liability for damages arising from negligence in the performance of their duties in order for the Audit & Supervisory Board Members to fulfill the roles expected of them. Based on this, Mr. Yoshitaka Kato will enter into the liability limitation agreement with the Company if his appointment is approved. The maximum amount of liability for damages pursuant to the agreement is the amount prescribed in Article 425, Paragraph 1 of the Companies Act.

Proposal 4: Election of One (1) Substitute Audit & Supervisory Board Member

The Company requests the election of one (1) Substitute Audit & Supervisory Board Member, in accordance with Article 329, Paragraph 3 of the Companies Act, in order to prepare for the event of an unexpected shortfall in the number of Audit & Supervisory Board Members prescribed in laws and regulations. The Company proposes that Mr. Yuji Ueda be elected as a candidate for substitute Audit & Supervisory Board Member for Audit & Supervisory Board Member (Standing) Kenji Kuwayama.

The Audit & Supervisory Board has previously given its approval to this proposal.

The candidate for Substitute Audit & Supervisory Board Member is as follows:

Name	Career summary, position in the Company, significant concurrent positions and note related to candidate for Audit & Supervisory Board Member	Number of shares of the Company held
Yuji Ueda Date of birth: April 1, 1961	April 1983 Joined DAIWA Pharmaceutical Wholesalers Co., Ltd. (currently Shikoku Alfresa Corporation) April 2003 Executive Officer of DAIWA Pharmaceutical Wholesalers Co., Ltd. October 2005 Executive Officer of Shikoku Alfresa Corporation April 2007 General Manager In Charge of Group Administration and Affiliate Control Department of the Company April 2011 General Manager of Business Administration Department and General Manager In Charge of Group Administration and Affiliate Control Department of the Company July 2012 General Manager of Group Administration and Affiliate Control Department of the Company April 2013 General Manager of Audit Department of the Company July 2014 General Manager of Business Administration Department and General Affairs Department of the Company April 2015 Executive Officer of the Company, General Manager of Business Administration Department and General Affairs Department October 2016 Executive Officer of the Company, General Manager of General Affairs Department April 2017 Executive Officer of the Company, General Manager of Internal Control & Legal Department (present) [Significant concurrent positions] None [Note related to candidate for Audit & Supervisory Board Member] No conflict of special interest exists between the candidate and the Company.	6,400

[Reasons for election as candidate for Substitute Audit & Supervisory Board Member]
Mr. Yuji Ueda has served in positions of the Company and its operating companies including General Manager of Group Administration and Affiliate Control Department, General Affairs Department and Audit Department, and he is deeply familiar with the general operations of the Company and its operating companies. He has been elected as a candidate substitute for Audit & Supervisory Board Member (Standing) because we believe that he will provide opinions based on his wealth of experience and insight, and apply them to the audit system of the Company.

Note: When Mr. Yuji Ueda takes his office as an Audit & Supervisory Board Member, the Company plans to enter into a liability limitation agreement to limit his liability for damages arising from negligence in the performance of the duties stipulated in Article 40 of the current Articles of Incorporation, to the maximum amount prescribed in Article 425, Paragraph 1 of the Companies Act.