Translation

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Summary of Consolidated Financial Statements for the Second Quarter Ended September 30, 2017 [Prepared on the basis of Japan's Generally Accepted Accounting Standard (GAAP)]

November 6, 2017

Corporate name : Alfresa Holdings Corporation
Stock exchange listing : The 1st section of Tokyo Stock Exchange
Stock code : 2784 URL : http://www.alfresa.com/
Representative : Taizo Kubo, Representative Director & President
Contact person : Soichi Nemoto, General Manager, Financial Planning Department, Public and Investor Relations Office
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Scheduled date for filing Quarterly Securities Report : November 10, 2017
Scheduled dividend payment date : December 5, 2017
Supplementary explanatory materials : Yes
Financial results meeting : Yes (for institutional investors and analysts)

(Rounded down to the nearest million yen)

1. Summary of consolidated financial results for the second quarter of the fiscal year (April 1, 2017 - September 30, 2017)

(1) Consolidated operating results (cumulative)

(Percentages indicate changes over the same period in the previous fiscal year)

	Net sales		Operating income		Ordinary profit		Profit attributable to owners of parent	
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%
Six months ended September 30, 2017	1,279,924	1.7	14,364	20.3	19,047	11.3	12,933	3.7
Six months ended September 30, 2016	1,259,138	(0.2)	11,942	(24.3)	17,112	(17.7)	12,467	(5.8)

Note : Comprehensive income : Six months ended September 30, 2017 ¥ 14,085 million [17.0%]
Six months ended September 30, 2016 ¥ 12,037 million [23.3%]

	Earnings per share of common stock	
	Basic	Diluted
	Yen	Yen
Six months ended September 30, 2017	59.69	—
Six months ended September 30, 2016	57.54	—

(2) Consolidated financial position

	Total assets	Net assets	Owners' equity ratio
	¥ Million	¥ Million	%
As of September 30, 2017	1,291,245	403,193	31.1
As of March 31, 2017	1,255,922	393,550	31.2

Reference : Owners' equity : As of September 30, 2017 ¥ 402,139 million As of March 31, 2017 ¥ 392,334 million

2. Dividends per share of common stock

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2016	—	17.00	—	19.00	36.00
FY2017	—	19.00			
FY2017 (Forecast)			—	19.00	38.00

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

(Percentages indicate changes over the same period in the previous fiscal year)

	Net sales		Operating income		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%	Yen
FY2017	2,595,000	1.7	34,200	2.9	44,600	2.2	29,900	(3.2)	137.99

*** Notes**

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

(2) Adoption of special accounting method for preparing quarterly consolidated financial statements : None

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

i. Change in accounting policy due to amendment of accounting standard : None

ii. Change in accounting policy due to reasons other than i. : None

iii. Change in accounting estimates : None

iv. Restatement : None

(4) Number of outstanding shares of common stock

i. Number of shares outstanding (including treasury stock) at end of period :

As of September 30, 2017 235,017,600 shares

As of March 31, 2017 235,017,600 shares

ii. Number of treasury stock at end of period :

As of September 30, 2017 18,340,165 shares

As of March 31, 2017 18,339,053 shares

iii. Average number of outstanding shares during the period :

6M FY2017 216,678,003 shares

6M FY2016 216,679,709 shares

*Quarterly financial results reports are not required to be reviewed.

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

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

Six-month consolidated financial statements

FY2017 consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
(Assets)		
Current assets		
Cash and deposits	164,430	182,870
Trade notes and accounts receivable	601,962	615,222
Marketable securities	4,000	4,000
Merchandise and finished goods	127,540	130,437
Work in process	1,268	1,316
Raw materials and supplies	3,294	3,500
Other	60,776	61,069
Allowance for doubtful accounts	(399)	(425)
Total current assets	962,872	997,992
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	51,359	51,240
Land	64,577	64,155
Other (net)	17,259	17,894
Total property, plant and equipment	133,196	133,291
Intangible assets		
Goodwill	6,308	5,538
Other	7,492	7,292
Total intangible assets	13,800	12,830
Investments and other assets		
Investment in securities	128,720	129,991
Other	21,199	21,051
Allowance for doubtful accounts	(3,867)	(3,911)
Total investments and other assets	146,052	147,131
Total non-current assets	293,049	293,253
Total assets	1,255,922	1,291,245

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
(Liabilities)		
Current liabilities		
Trade notes and accounts payable	784,538	807,706
Short-term debt	549	569
Income taxes payable	4,654	6,481
Allowance for employees' bonuses	7,309	6,603
Other	17,524	18,481
Total current liabilities	814,576	839,842
Non-current liabilities		
Long-term debt due after one year	1,286	1,248
Net defined benefit liability	14,731	14,729
Other	31,776	32,231
Total non-current liabilities	47,795	48,209
Total liabilities	862,372	888,051
(Net assets)		
Shareholders' equity		
Common stock	18,454	18,454
Capital surplus	101,936	101,782
Retained earnings	229,115	237,932
Less treasury stock, at cost	(16,020)	(16,022)
Total shareholders' equity	333,486	342,145
Accumulated other comprehensive income		
Unrealized gains on available-for-sales securities, net of taxes	62,479	63,511
Unrealized losses on deferred hedge	(3)	(1)
Revaluation reserve for land	(3,948)	(3,948)
Foreign currency translation adjustments	114	105
Remeasurements of defined benefit plans, net of taxes	205	326
Total accumulated other comprehensive income	58,847	59,993
Non-controlling interests	1,215	1,054
Total net assets	393,550	403,193
Total liabilities and net assets	1,255,922	1,291,245

FY2017 six-month consolidated statements of income and comprehensive income (six months ended September 30)

(Millions of yen)

	FY2016 6M (April 1, 2016 - September 30, 2016)	FY2017 6M (April 1, 2017 - September 30, 2017)
Net sales	1,259,138	1,279,924
Cost of sales	1,172,441	1,190,465
Total deduction	86,697	89,459
Reversal of allowance for returned unsold goods	822	704
Allowance for returned unsold goods	673	627
Gross profit	86,846	89,536
Selling, general and administrative expenses	74,904	75,171
Operating income	11,942	14,364
Other income		
Interest income	65	52
Dividend income	1,324	1,388
Information fees	2,916	2,969
Equity earnings of affiliates	57	－
Other	1,080	827
Total other income	5,445	5,237
Other expenses		
Interest expenses	54	47
Equity in losses of affiliates	－	330
Expenses for rental property	70	65
Other	149	111
Total other expenses	275	555
Ordinary profit	17,112	19,047
Extraordinary profit		
Gain on sales of property, plant and equipment	2,204	207
Gain on sales of securities	22	2
Compensation income	159	12
Total extraordinary profit	2,387	223
Extraordinary loss		
Loss on product recalls	－	183
Loss on sales of property, plant and equipment	28	30
Loss on disposal of property, plant and equipment	172	66
Loss on impairment of non-current assets	300	0
Loss on sales of subsidiaries and affiliates' stocks	138	－
Write-down of securities	1	71
Merger expenses	290	－
Extra retirement payment	59	－
Other	－	11
Total extraordinary loss	990	364
Profit before income taxes	18,508	18,906
Income taxes		
Current	7,810	5,867
Deferred	(1,840)	99
Total income taxes	5,969	5,967
Profit	12,539	12,938
Attributable to :		
Owners of parent	12,467	12,933
Non-controlling interests	72	5

(Millions of yen)

	FY2016 6M (April 1, 2016 - September 30, 2016)	FY2017 6M (April 1, 2017 - September 30, 2017)
Other comprehensive income		
Unrealized gains on available-for-sales securities, net of taxes	(489)	1,033
Unrealized gains (losses) on deferred hedges	13	1
Foreign currency translation adjustments	(103)	(9)
Remeasurements of defined benefit plans, net of taxes	78	117
Share of other comprehensive income of entities accounted for using equity method	(1)	3
Total other comprehensive income	(501)	1,146
Comprehensive income	12,037	14,085
Attributable to :		
Owners of parent	11,937	14,078
Non-controlling interests	100	6

FY2017 six-month consolidated statements of cash flows (six months ended september 30)

(Millions of yen)

	FY2016 6M (April 1, 2016 - September 30, 2016)	FY2017 6M (April 1, 2017 - September 30, 2017)
Cash flows from operating activities		
Profit before income taxes	18,508	18,906
Depreciation and amortization	4,646	4,596
Loss on impairment of non-current assets	300	0
Amortization of goodwill	933	962
Increase (decrease) in allowance for doubtful accounts	(190)	68
Decrease in allowance for employees' bonuses	(1,627)	(705)
Decrease in allowance for bonuses to directors and corporate auditors	(225)	(225)
Decrease in directors' retirement benefits	(62)	―
Increase (decrease) in net defined benefit liabilities	(97)	34
Interest and dividend income	(1,390)	(1,440)
Interest expenses	54	47
Gain on sales of property, plant and equipment	(2,176)	(177)
Loss on disposal of property, plant and equipment	172	66
(Gain) loss on sales of securities	(22)	9
Write-down of securities	1	71
(Increase) decrease in trade notes and accounts receivable	35,565	(13,209)
Increase in inventories	(1,119)	(3,151)
Increase (decrease) in trade notes and accounts payable	(32,893)	23,167
Others, net	775	(307)
Subtotal	21,153	28,714
Interest and dividend received	1,397	1,446
Interest paid	(54)	(46)
Proceeds from compensation income	159	12
Extra retirement payment	(59)	(61)
Payments for merger expenses	(101)	―
Income taxes paid	(11,916)	(3,425)
Net cash provided by operating activities	10,578	26,640

(Millions of yen)

	FY2016 6M (April 1, 2016 - September 30, 2016)	FY2017 6M (April 1, 2017 - September 30, 2017)
Cash flows from investing activities		
Payments into time deposits	(103)	(112)
Proceeds from maturity of time deposits	100	469
Payments for purchase of property, plant and equipment	(5,864)	(3,638)
Proceeds from sales of property, plant and equipment	3,572	733
Payments for purchase of intangible assets	(1,754)	(1,049)
Payments for acquisition of long-term prepaid expenses	(23)	(32)
Payments for purchase of investment securities	(279)	(613)
Proceeds from sales of investment securities	893	1,530
Advances of loans receivable	(118)	(78)
Repayments of loans receivable	79	241
Purchase of shares of subsidiaries and affiliates	(138)	―
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(6,459)	―
Others, net	(112)	(45)
Net cash used in investing activities	(10,206)	(2,595)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	220	(20)
Proceeds from long-term debt	200	200
Repayments of long-term debt	(234)	(142)
Repayments of lease liabilities	(1,003)	(846)
Payments for purchase of treasury stock	(1)	(2)
Proceeds from sales of treasury stock	0	0
Purchase of treasury stock of subsidiaries	(2)	―
Cash dividends paid	(3,683)	(4,116)
Dividends paid to non-controlling interests	(15)	(8)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	―	(314)
Net cash used in financing activities	(4,519)	(5,251)
Foreign currency translation gain (loss) on cash and cash equivalents	(55)	3
Net increase (decrease) in cash and cash equivalents	(4,203)	18,797
Cash and cash equivalents at beginning of the year	158,462	167,554
Cash and cash equivalents at end of the year	154,258	186,351