

Business Overview: Wholesaling Business

Net sales were significantly higher year on year, but earnings declined due to lower selling prices. In terms of business initiatives, steady progress is being made with strategic priorities.



Initiatives in the Fiscal Year Ended March 31, 2009

In the Wholesaling business, the Alfresa Group worked to bolster sales by focusing on developing new accounts and handling new products, and to further improve the transparency and efficiency of distribution in response to the urgent proposal made by the Conference for Improving Distribution of Pharmaceuticals organized by the Ministry of Health, Labour and Welfare of Japan.

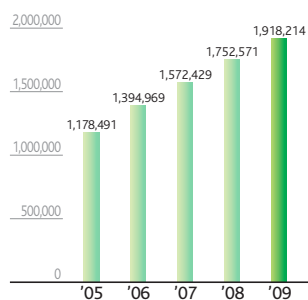
In addition, with a view to establishing a wholesaling business for self-medication products, the OTC drug wholesaling business of Meisho Co., Ltd. was integrated into CS YAKUHIN CO., LTD. in October 2008. In the same month, the Company, CS YAKUHIN CO., LTD., TOMITA Pharmaceutical Co., Ltd. and TOMITA Healthcare Co., Ltd. concluded a business partnership agreement in the OTC drug wholesaling business. Subsequently, these four companies signed a basic agreement concerning the transfer of some wholesaling operations for OTC drugs from TOMITA Healthcare Co., Ltd. to CS YAKUHIN CO., LTD., with the transfer scheduled for February 2010. In February 2009, the Company, NIPPON ACCESS, INC., CS YAKUHIN CO., LTD. and Alfresa Healthcare Communications Corporation concluded a business alliance agreement with Link & Communication Inc. for creating new businesses in the food and health field.

Furthermore, in initiatives to expand the use of the backbone information system throughout the Group, Alfresa Nikken Sangyo Corporation and SEIWA SANGYO CO., LTD. began jointly using the system in November 2008 and May 2009, respectively. In terms of measures to establish a Group-wide distribution system, the Group worked to reinforce the distribution system with the start of operations of the Shikoku Distribution Center in July 2008. This was followed in May 2009 by the start of operations of a Distribution Center at SEIWA SANGYO CO., LTD.

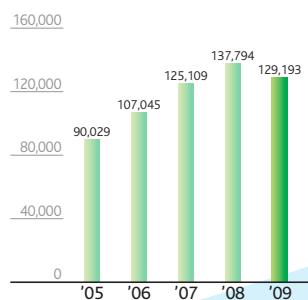
Net sales in the Wholesaling business increased 9.5% year on year to ¥1,918,214 million, due partly to the conversion of CS YAKUHIN CO., LTD. and RYUYAKU CO., LTD. into consolidated subsidiaries in October 2007. Excluding the impact of increases in consolidated subsidiaries, the organic sales growth rate was 4.0%, exceeding the average market growth rate.

Performance in the Wholesaling Business (Fiscal years ended March 31)

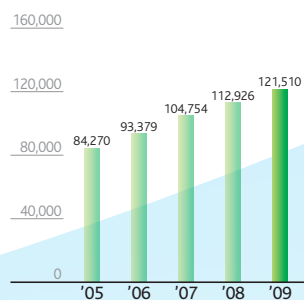
Net Sales
(¥ millions)



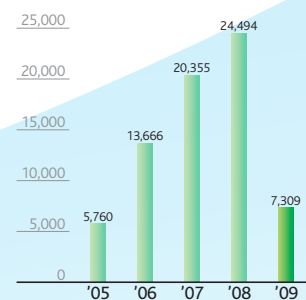
Gross Profit
(¥ millions)



SG&A Expenses
(¥ millions)



Operating Income
(¥ millions)



Forecast for the Fiscal Year Ending March 31, 2010

(Millions of Yen)

	Net Sales	Gross Profit	SG&A Expenses	Operating Income
2009	1,918,214	129,193	121,510	7,309
2010 (Forecast)	1,987,000	135,200	124,600	10,600

(Years ended/ending March 31)

In terms of earnings, the Wholesaling business saw performance weaken due to lower selling prices, despite pursuing higher management efficiency. The gross profit margin fell 1.1 percentage points from the previous fiscal year. However, the SG&A expenses ratio improved by 0.1 of a percentage point as a result of reducing costs and improving sales productivity. Operating income dropped sharply by 70.2% year on year to ¥7,309 million.

Outlook for the Fiscal Year Ending March 31, 2010

The ethical pharmaceuticals market is expected to continue growing at a moderate pace in the fiscal year ending March 31, 2010. In the Wholesaling business, the Group will work to address its top strategic priorities of securing appropriate profits, driving further expansion in the ethical pharmaceuticals wholesaling business, and reinforcing and expanding the wholesaling business for self-medication products. Furthermore, the Group will work to enhance value-added services for customers through such means as promoting marketing support systems, while striving to further raise operating efficiency and promote low-cost operations.

For the fiscal year ending March 31, 2010, the Wholesaling business is projecting net sales of ¥1,987,000 million, a 3.6% increase year on year, and operating income of ¥10,600 million, a 45.0% increase year on year.