

Consolidated Financial Statements for the Year Ended March 31, 2009

Corporate Name: Alfresa Holdings Corporation

Code: 2784, 1st sections of Tokyo Stock Exchange and Osaka Securities Exchange

URL: <http://www.alfresa.com/>

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Scheduled date for General Meeting of Shareholders: June 25, 2009

Scheduled dividend payment start date: June 10, 2009

Scheduled date for filing Securities Report: June 25, 2009

Note: Rounded down to the nearest million yen

1. Consolidated performance for the year ended March 31, 2009 (April 1, 2008 - March 31, 2009)

(1) Consolidated operating results Percentages indicate changes over the same period in the previous fiscal year.

	Net sales		Operating income		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2009	1,934,868	9.3	8,783	(65.4)	15,985	(50.0)	5,565	(65.6)
Year ended March 31, 2008	1,769,454	11.3	25,354	15.3	31,970	15.9	16,177	35.5

	Earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2009	133.28	–	3.1	1.8	0.5
Year ended March 31, 2008	396.49	–	9.6	4.0	1.4

Reference: Profit or loss on equity method investments Year ended March 31, 2009 ¥ – million Year ended March 31, 2008 ¥ – million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2009	884,249	185,724	20.3	4,306.05
Year ended March 31, 2008	848,259	186,136	21.3	4,324.57

Reference: Shareholders' equity Year ended March 31, 2009 ¥179,822 million Year ended March 31, 2008 ¥180,615 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Ending balance of cash and cash equivalents
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2009	32,963	(16,507)	(1,810)	94,803
Year ended March 31, 2008	(8,246)	(5,592)	(2,741)	80,195

2. Cash dividends

Record date	Cash dividend per share					Total cash dividends (Annual)	Dividend payout ratio (Consolidated)	Dividend on equity (Consolidated)
	End of 1 st quarter	End of 2 nd quarter	End of 3 rd quarter	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
Year ended March 31, 2008	–	41.00	–	42.00	83.00	3,407	20.9	2.0
Year ended March 31, 2009	–	45.00	–	42.00	87.00	3,646	65.3	2.0
Year ending March 31, 2010 (Forecast)	–	44.00	–	44.00	88.00		39.9	

3. Consolidated performance forecast for the year ending March 31, 2010 (April 1, 2009 - March 31, 2010)

(Percentages indicate changes from previous fiscal year for the full year and from previous six months for the six months ending September 30, 2009)

	Net sales		Operating income		Ordinary profit		Net income		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2009	985,000	4.0	3,300	(55.4)	6,850	(36.5)	2,900	(40.1)	69.44
Year ending March 31, 2010	2,005,000	3.6	12,000	36.6	19,300	20.7	9,200	65.3	220.30

4. Others

(1) Significant change to subsidiaries during the period (those changes accompanying change in scope of consolidation):
No.

New: – (Company name:) Excluded: – (Company name:)

(2) Change to accounting policy, procedure, and method of presentation for preparing consolidated financial statements:

i. Change due to amendment of accounting standard: Yes

ii. Change due to reasons other than i.: No

(3) Outstanding shares (common shares):

	Year ended March 31, 2009	Year ended March 31, 2008
i. Shares outstanding at year-end (including treasury stock)	42,326,223 shares	42,326,223 shares
ii. Treasury stock at year-end	565,755 shares	561,155 shares

Reference: Summary of non-consolidated performance

Non-consolidated performance for the year ended March 31, 2009 (April 1, 2008 - March 31, 2009)

(1) Non-consolidated operating results

Percentages indicate changes over the same period in the previous fiscal year.

	Operating revenues		Operating income		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2009	13,501	24.1	12,034	25.0	12,113	25.6	13,215	38.2
Year ended March 31, 2008	10,883	32.4	9,627	35.9	9,645	36.8	9,564	56.9

	Earnings per share	Diluted earnings per share
	Yen	Yen
Year ended March 31, 2009	314.56	–
Year ended March 31, 2008	233.06	–

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2009	168,894	164,826	97.6	3,946.95
Year ended March 31, 2008	160,628	156,409	97.4	3,718.84

Reference: Shareholders' equity Year ended March 31, 2009 ¥164,826 million Year ended March 31, 2008 ¥156,409 million

*Disclaimer regarding appropriate use of forecasts and related points of note

The above-mentioned forecasts are based on currently available information, and thus include many uncertain factors. Actual performance and other factors may differ from these forecasts depending on changes in the business conditions.

1. Business Results

(1) Analysis of business results

Business results for the year ended March 31, 2009

During the consolidated fiscal year under review, Japan's economy was affected by the global economic downturn stemming from the financial crisis, which was triggered by the subprime mortgage debacle of the United States. Owing to this, production, mainly in export-related industries, decreased precipitously and the employment and income picture deteriorated conspicuously. These adverse conditions led to a sluggish stock market and a decline in consumer spending.

With respect to the ethical pharmaceutical market, the market grew about 2% during this fiscal year due to the aging of the population and the launch of new pharmaceutical products, among other things, in spite of a downward revision of the NHI drug prices by an average of 5.2% which took effect on April 1, 2008. In this environment, the Alfresa Group actively pursued the strategy of "Expansion of the wholesaling business of pharmaceuticals, etc. and pursuit of group synergy effects," "Solidifying the business base of the manufacturing of pharmaceuticals, etc.," "Realization of Healthcare Consortium," and "Enhancement of the group management base and strengthening of the administration system" as the second year of the three-year medium-term management plan "07-09 Medium-term Management Plan — Advancement and Expansion." Specifically, in the over-the-counter (OTC) drug wholesaling business, in June 2008 the Company acquired shares (ownership stake of 6.5%) in TAMPEI NAKATA CO., LTD. (head office: Chuo-ku, Osaka) with whom the Company forged a capital and business alliance in February 2008. Following this move, the four companies consisting of the Company, CS YAKUHIN CO., LTD. (head office: Naka-ku, Nagoya), a subsidiary of the Company, TOMITA Pharmaceutical Co., Ltd. (head office: Kumamoto, Kumamoto Prefecture), and TOMITA Healthcare Co., Ltd. (head office: Kumamoto, Kumamoto Prefecture), a subsidiary of TOMITA Pharmaceutical Co., Ltd., concluded a business partnership agreement in October 2008. In the same month, the OTC drug wholesaling operations of Meisho Co., Ltd. (head office: Kanazawa, Ishikawa Prefecture), a subsidiary of the Company, were integrated into CS YAKUHIN CO., LTD., which functions as the core of the Alfresa Group's business in this field.

Also, as a group initiative regarding the backbone information system, which started operation in May 2007, joint use of the system commenced at Alfresa Nikken Sangyo Corporation (head office: Gifu, Gifu Prefecture) in November 2008. And as part of an effort to establish a group logistics system, Shikoku Alfresa Corporation (head office: Takamatsu, Kagawa Prefecture) started operation of a distribution center as the Shikoku logistics base in July 2008. In addition, SEIWA SANGYO CO., LTD. (head office: Nishi-ku, Hiroshima) started construction of a distribution center (Onomichi, Hiroshima Prefecture) as the Chugoku logistics base in March 2008 and started operation of the center in May 2009. Through these initiatives, the Alfresa Group strengthened its logistics system.

In September 2008 the Company and MEDICAL SYSTEM NETWORK Co., Ltd. (head office: Chuo-ku, Sapporo), which is engaged in the dispensing pharmacy and other businesses, forged a business partnership in the fields of dispensing pharmacy and ethical pharmaceuticals distribution for the purpose of enhancing each other's corporate value. At the same time, the Company acquired shares (ownership stake of 9.8%) in Pharmaholdings Co., Ltd. (head office: Chuo-ku, Sapporo), a subsidiary of MEDICAL SYSTEM NETWORK Co., Ltd. and a dispensing pharmacy holding company.

In October 2008, the Company and Mediceo Paltac Holdings Co., Ltd. (head office: Chuo-ku, Tokyo) reached a basic agreement to merge on an equal footing effective April 1, 2009. However, the period of review by the Japan Fair Trade Commission was expected to extend beyond the merger date originally planned by the two companies. For this reason, the companies concluded that it would be difficult to realize the merger effects at an early date and they would be exposed to a huge profit risk amid adverse changes in the economic environment. Based on this judgment, the two companies dissolved the basic agreement on the merger at their respective

board of directors meetings held on January 9, 2009.

As a result, the Group posted consolidated net sales of ¥1,934,868 million (up 9.3% from the previous year), operating income of ¥8,783 million (down 65.4%), ordinary profit of ¥15,985 million (down 50.0%), and net income of ¥5,565 million (down 65.6%),

An outline of performance by segment for the fiscal year under review is as follows.

In the Wholesaling Business, CS YAKUHIN CO., LTD. and RYUYAKU CO., LTD. (head office: Urasoe, Okinawa Prefecture) became consolidated subsidiaries on October 1, 2007, and efforts were made to further augment sales by focusing energies on developing new accounts and handling new products. As a result, consolidated net sales increased significantly from the previous year. Meanwhile, on the profit front, although we pursued management efficiency through ongoing initiatives aimed at further reducing costs, the effects of the “early agreement” on the transaction price following the proposal made at the Conference for Improving Distribution of Pharmaceuticals, and the difficulty in price negotiations with medical institutions given their business environment, resulted in lower sales prices and a sharp decline in profit.

As a result, net sales for the wholesaling business amounted to ¥1,918,213 million (up 9.5% from the previous year) and operating income was ¥7,308 million (down 70.2%). Net sales included inter-segment sales of ¥3 million (down 9.5%).

In the manufacturing business, we endeavored to enhance the product lineup through the launch of NOBELBAR for the treatment of neonatal seizures and status epilepticus and the transfer of Pemilaston, an allergy therapeutic agent. We also made efforts to reduce manufacturing costs and other expenses. Moreover, we started construction of the second formulation building, which conforms to international GMP requirements, in the Okayama Pharmaceutical Plant (Shuo, Katsuta-gun, Okayama Prefecture) in January 2009, with a view to enhancing production capacity. Construction of the building is due to be completed in October 2009.

As a result of these efforts, net sales for the manufacturing business came to ¥24,840 million yen (up 0.6% from the previous year) and operating income amounted to ¥1,099 million (up 74.5%). Net sales included inter-segment sales of ¥8,182 million (up 4.7%).

The achievement of the target management benchmarks for the final year presented in the three-year (from April 2007 to March 2010) medium-term management plan “07-09 Medium-term Management Plan — Advancement and Expansion” in the second year (fiscal year under review) is as follows.

	ROE (return on equity)	ROA (return on assets)	Equity ratio
Target for year ending March 31, 2010 (final year of medium-term management plan)	9% or more	2% or more	23% or more
Result for year ended March 31, 2009 (second year of medium-term management plan (current fiscal year))	3.1%	0.6%	20.3%

Forecast for the year ending March 31, 2010

(Millions of yen)

	Net sales	Operating income	Ordinary profit	Net income	Earnings per share (Yen)
Year ending March 31, 2010	2,005,000	12,000	19,300	9,200	220.30
Year ended March 31, 2009	1,934,868	8,783	15,985	5,565	133.28
Rate of change (%)	3.6	36.6	20.7	65.3	—

We expect the ethical pharmaceutical market to continue growing at a moderate pace due to the aging of the population and the launch of new pharmaceutical products, among other things.

In this environment, the Alfresa Group will pursue business operations more actively in the year ending March 31, 2010, the final year of the three-year medium-term management plan “07-09 Medium-term Management Plan — Advancement and Expansion.”

In the wholesaling business, we will engage in the vital issues of securing appropriate profit, further expanding the ethical pharmaceutical wholesaling business, and reinforcing and expanding the self-medication wholesaling business. Furthermore, we will enhance value-added services to customers through the promotion of sales support systems, such as “alf-web,” which has online web order functions and community functions at medical institutions. Also, through the further enhancement of operational efficiency and low-cost management, we anticipate net sales of ¥1,987 billion (up 3.6% from the fiscal year under review) and operating income of ¥9.9 billion (up 35.5%) in the year ending March 31, 2010.

In the manufacturing business, we will promote the sale of NOBELBAR for the treatment of neonatal seizures and status epilepticus and Pemilaston, an allergy therapeutic agent. At the same time, we will expand the product line, augment contract manufacturing capacity by enhancing pharmaceutical manufacturing facilities, and expand indications for Modiodal, a narcolepsy treatment. As a result of these efforts, we anticipate net sales of ¥26,500 million (up 6.7% from the fiscal year under review) and operating income of ¥1,400 million (up 27.3%) in the year ending March 31, 2010.

Based on these forecasts, our outlook for consolidated results in the year ending March 31, 2010 calls for net sales of ¥2,005 billion (up 3.6% from the fiscal year under review), operating income of ¥12 billion (up 36.6%), ordinary profit of ¥19.3 billion (up 20.7%), and net income of ¥9.2 billion (up 65.3%).

(2) Analysis of financial position

Analysis of assets, liabilities, and net assets for the fiscal year ended March 31, 2009

At the end of the consolidated fiscal year under review, total assets increased ¥35,989 million from the end of the previous consolidated fiscal year to ¥884,249 million. The main factors behind this increase are as described below.

Current assets grew ¥32,310 million from the end of the previous year to ¥734,521 million. This was mainly attributable to a ¥13,628 million increase in cash and deposits and a ¥18,299 million rise in trade notes and accounts receivable accompanying sales growth.

Fixed assets were up ¥3,679 million from the end of the previous year to ¥149,728 million. This mainly owed to a ¥3,845 million decrease in investment securities due to a decline in the market price and a ¥2,146 million contraction in goodwill because of amortization in spite of a ¥8,614 million rise in tangible fixed assets stemming from the acquisition of land and buildings for distribution centers.

Meanwhile, liabilities expanded ¥36,401 million from the end of the previous year to ¥698,524 million primarily due to the following factors.

Current liabilities expanded ¥38,216 million from the end of the previous year to ¥669,746 million. This mainly owed to a ¥38,364 million increase in trade notes and accounts payable.

Non-current liabilities fell ¥1,815 million from the end of the previous year to ¥28,778 million. This was chiefly attributable to a ¥6,786 million decrease in allowance for employees' retirement benefits following the introduction of the defined contribution pension plan for a portion of the retirement benefits plan in spite of a ¥2,096 million increase in long-term debt.

Net assets were down ¥411 million to ¥185,724 million. This was primarily due to a ¥3,633 million decrease from dividends of surplus and a ¥3,134 million decline in unrealized gain on securities in spite of a ¥5,565 million rise from net income.

Analysis of cash flows for the fiscal year ended March 31, 2009

As of the end of the consolidated fiscal year under review, cash and cash equivalents (hereinafter "Net Cash") amounted to ¥94,803 million, up ¥14,608 million compared with the end of the previous fiscal year. The status of cash flows and the factors behind for the consolidated fiscal year under review are as described below.

Cash flows from operating activities

Net Cash provided by operating activities was ¥32,963 million (a ¥41,209 million increase from the previous year). Although income before income taxes amounted to ¥10,981 million, the depreciation cost stood at ¥5,242 million, and trade notes and accounts payable increased ¥38,364 million, trade notes and accounts receivable increased ¥18,531 million and income taxes of ¥7,880 million were paid.

Cash flows from investing activities

Net Cash used in investing activities was ¥16,507 million (a ¥10,915 million increase from the previous year). This amount was mainly used for payments of ¥11,547 million for the purchase of tangible fixed assets, payments of ¥3,006 million for the purchase of investment securities, and payments of ¥1,908 million for the acquisition of long-term prepaid expenses.

Cash flows from financing activities

Net Cash used in financing activities was ¥1,810 million (a ¥931 million decrease from the previous year). Although proceeds from long-term loans amounted to ¥2,600 million yen, ¥3,633 million in cash dividends were paid.

Cash flow indicator trends

	Year ended March 31, 2007	Year ended March 31, 2008	Year ended March 31, 2009
Equity ratio (%)	20.5	21.3	20.3
Ratio of market capitalization to total assets (%)	38.8	38.6	16.9
Debt repayment period (years)	0.0	–	0.2
Interest coverage ratio (times)	1,037.1	–	336.6

- Notes:
1. Equity ratio: Shareholders' equity / Total assets
 2. Ratio of market capitalization to total assets: Market capitalization / Total assets
 3. Debt repayment period: Interest-bearing debt / Operating cash flow
 4. Interest coverage ratio: Operating cash flow / Interest payments
 5. All figures are from financial statements calculated on a consolidated basis.
 6. Market capitalization is calculated by multiplying the term-end closing price by the term-end number of outstanding shares (excluding treasury stock).
 7. Interest-bearing debt indicates the total debt, appearing on the consolidated balance sheets, on which interest is being paid.
 8. Interest payments indicate the amount of interest paid appearing on the consolidated statements of cash flows.
 9. The debt repayment period and interest coverage ratio are not shown if they are negative.

(3) Fundamental policy on the distribution of profits and dividend payment for current term and next term

The Company has positioned the distribution of profits to shareholders as a key management policy. The Company determines the amount of profits distributed to shareholders based on consolidated financial results while comprehensively taking into consideration matters, such as the stability of the management foundation and future business operations. In doing so, the Company targets an annual dividend on equity ratio of 2% or more.

In line with the Corporation Law which went into effect in May 2006, the Articles of Incorporation were revised after receiving approval at the Company's General Meeting of Shareholders held in June 2006 to move the authority of determining the dividends of surplus from the General Meeting of Shareholders to the Board of Directors.

Based on the aforesaid fundamental policy, the Company plans to provide a term-end cash dividend of ¥42 per share, which combined with the interim cash dividend of ¥45 per share, is a full-term cash dividend of ¥87 per share.

For the next term, the Company plans to follow the same policy and aims to provide an interim cash dividend and a term-end cash dividend of ¥44 each and a full-term cash dividend of ¥88.

(4) Business risks

Matters that may materially affect investors' judgment are as follows. Matters concerning the future mentioned herein were determined by the Group as of the end of the consolidated fiscal year under review.

(1) Business Environment

Japan's ethical pharmaceuticals market, where the Group mainly conducts business, is significantly influenced by Japan's National Health Insurance system and medical policies. As such, the Group's results may be directly affected by official actions, such as NHI drug price revisions. Furthermore, in the event that drastic reforms are made to Japan's medical system, there could be a material effect on the Group's results. Presently, Japan's national medical expenditures are following an upward trend due to an aging population and rising incidences of lifestyle-related diseases. However, because of declining funding sources for payments made by the medical insurance system, medical system reforms are being implemented with a view to reducing expenditures. These reforms include the introduction of comprehensive payments of medical service fees, as well as reviews of co-payment percentages and the NHI drug price scheme. Furthermore, the separation of drug dispensing from medical practice has been changing the mix of

customers to whom the Group sells products, replacing clinics and hospitals with a rising percentage of dispensing pharmacies. Moreover, there are concerns about a decline in selling prices following the transformation of national hospitals into independent administrative institutions and changing purchase methods used by medical institutions. These trends may affect the Group's results. The Group will be responding to these trends by molding its chain of operations, ranging from procurement to the collection of trade receivables, into a form that better suits present circumstances.

(2) NHI Drug Price Revisions

Prices of ethical pharmaceuticals, the Group's core products, are set by notification of the Minister of Health, Labour and Welfare. These official prices set by the Japanese government thus represent "NHI drug prices." Functioning effectively as an upper limit on selling prices, these drug prices are revised downward roughly once every two years to reflect actual prices determined in the marketplace and trends in demand. As such, NHI drug price revisions may have an effect on the Group's results.

(3) Changes in Laws and Other Regulations

The Group's main business is the wholesale, and manufacture and marketing of ethical pharmaceuticals. In accordance with Japan's Pharmaceutical Affairs Law and other regulations, the Group is required to register licenses and permits and obtain relevant designations as well as various other approvals and permits concerning the development, manufacturing and import of ethical pharmaceuticals. The Group's results may be affected depending on the situation of permits granted by the competent authorities.

(4) Risks relating to Manufacturing Business

In the manufacturing business, the Group undertakes the development, manufacture and sale of pharmaceuticals, etc. Regarding product development, it is not always the case that all products can be put on sale. In some cases, the Group may have no choice but to give up development before completion and may not be able to introduce products from other companies also. Furthermore, although we make sure that all processes from the development to manufacture of products are safe and reliable, products may be recalled or sale may be suspended due to unforeseen side effects of products or the contamination of product contents. Also, there is the risk that lawsuits will be filed as a result of this. In such cases, the Group's results may be affected by these risks.

(5) System Trouble

The Group's business activities heavily rely on computer network systems. The suspension of system functions due to disasters and accidents will significantly hinder business activities centered on marketing and distribution. This may have an effect on the Group's results.

(6) Overseas Transactions

Part of the production network of the Group's manufacturing business is in China, and export- and import-based product transactions can be affected by political tensions and sharp exchange rate fluctuations. These factors may have an impact on the Group's results.

2. Current Status of the Group

The information above is not provided because there are no material changes to "Line of business" and "Status of the consolidated subsidiaries" described in the recent Securities Report (submitted on June 25, 2008).

3. Management Policies

(1) Basic management policies, (2) target management benchmarks, and (3) medium- to long-term management strategies and issues to address

The information above is not provided because there are no material changes to the information disclosed in the Consolidated Financial Statements for the Fiscal Year Ended March 31, 2008 (released on May 12, 2008). The said consolidated financial statements can be viewed at the following websites.

(The Company's website)

<http://www.alfresa.com/>

(Website of the Tokyo Stock Exchange (search page for information on listed companies))

<http://www.tse.or.jp/listing/compsearch/index.html>

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of the end of previous fiscal year (March 31, 2008)	As of the end of current fiscal year (March 31, 2009)
(Assets)		
Current assets		
Cash and deposits	73,299	86,928
Trade notes and accounts receivable	468,210	486,509
Securities	10,048	10,057
Inventories	94,705	–
Merchandise and finished goods	–	90,242
Work in process	–	107
Raw materials and supplies	–	1,153
Deferred tax assets	4,161	6,687
Purchase rebates receivable	50,821	51,785
Others	2,033	2,000
Allowance for doubtful accounts	(1,068)	(951)
Total current assets	702,211	734,521
Fixed assets		
Tangible fixed assets		
Buildings and structures	66,940	69,716
Accumulated depreciation	(40,271)	(42,031)
Buildings and structures (net)	26,668	27,685
Machinery, equipment and vehicles	8,224	8,143
Accumulated depreciation	(6,818)	(6,916)
Machinery, equipment and vehicles (net)	1,405	1,227
Tools and fixtures	8,864	8,939
Accumulated depreciation	(7,303)	(7,502)
Tools and fixtures (net)	1,560	1,436
Land	41,242	45,503
Leased assets	–	1,181
Accumulated depreciation	–	(120)
Leased assets (net)	–	1,060
Construction in progress	1,652	4,231
Total tangible fixed assets	72,529	81,144
Intangible fixed assets		
Goodwill	7,326	5,180
Leased assets	–	864
Others	1,775	1,719
Total intangible fixed assets	9,102	7,763
Investments and other assets		
Investment in securities	33,929	30,084
Long-term loans	4,103	4,338
Deferred tax assets	6,413	7,276
Others	25,467	24,478
Allowance for doubtful accounts	(5,497)	(5,357)
Total investments and other assets	64,416	60,819
Total fixed assets	146,048	149,728
Total assets	848,259	884,249

(Millions of yen)

	As of the end of previous fiscal year (March 31, 2008)	As of the end of current fiscal year (March 31, 2009)
(Liabilities)		
Current liabilities		
Trade notes and accounts payable	610,103	648,467
Short-term debt	2,536	2,578
Lease obligations	–	457
Income taxes payable	3,182	2,292
Deferred tax liabilities	11	–
Reserve for bonuses	6,143	5,840
Reserve for bonuses to directors and auditors	250	140
Allowance for sales rebates	78	90
Allowance for loss on sales returns	927	902
Allowance for loss on transfer of business	327	–
Others	7,969	8,977
Total current liabilities	631,530	669,746
Non-current liabilities		
Long-term debt	900	2,996
Lease obligations	–	1,592
Deferred tax liabilities	2,398	980
Deferred tax liabilities on land revaluation	852	852
Allowance for employees' retirement benefits	23,262	16,476
Allowance for loss on debt guarantee	331	272
Allowance for directors' retirement benefits	1,544	1,521
Others	1,304	4,086
Total non-current liabilities	30,593	28,778
Total liabilities	662,123	698,524
(Net assets)		
Shareholders' equity		
Paid-in capital	4,230	4,230
Capital surplus	65,912	66,422
Retained earnings	112,002	113,925
Treasury stock, at cost	(2,159)	(2,192)
Total shareholders' equity	179,985	182,385
Valuation and translation adjustments		
Unrealized gain on securities	6,289	3,154
Gain or loss on deferred hedge	1	10
Unrealized gain or loss on revaluation of land	(5,730)	(5,720)
Foreign currency translation adjustments	70	(7)
Total valuation and translation adjustments	630	(2,562)
Minority interests	5,520	5,901
Total net assets	186,136	185,724
Total liabilities and net assets	848,259	884,249

(2) Consolidated Income Statements

(Millions of yen)

	Previous fiscal year (April 1, 2007 - March 31, 2008)	Current fiscal year (April 1, 2008 - March 31, 2009)
Net sales	1,769,454	1,934,868
Cost of sales	1,622,210	1,795,995
Total deduction	147,243	138,872
Reversal of allowance for returned unsold goods	857	927
Allowance for returned unsold goods	927	902
Gross profit	147,174	138,897
Selling, general and administrative expenses	121,819	130,114
Operating income	25,354	8,783
Non-operating income		
Interest income	277	349
Dividend income	737	889
Information fees received	3,990	4,505
Others	1,823	1,743
Total non-operating income	6,828	7,487
Non-operating expenses		
Interest expenses	52	103
Commission fees	33	22
Others	126	160
Total non-operating expenses	212	286
Ordinary profit	31,970	15,985
Extraordinary income		
Gain on sale of fixed assets	557	–
Gain on sale of investment securities	199	164
Reversal of allowance for loss on debt guarantee	41	58
Gain on revision of retirement benefits system	–	760
Gain on transfer of business	175	–
Return on welfare mutual aid premiums	104	–
Total extraordinary income	1,077	983

(Millions of yen)

	Previous fiscal year (April 1, 2007 - March 31, 2008)	Current fiscal year (April 1, 2008 - March 31, 2009)
Extraordinary loss		
Loss on sale of fixed assets	49	10
Loss on disposal of fixed assets	484	192
Loss on impairment of fixed assets	86	721
Loss on devaluation of investment securities	80	1,289
Loss on devaluation of inventories	–	2,154
Amortization of goodwill	–	190
Special retirement benefits	–	396
Expenses for system transition	–	599
Expenses related to merger	–	431
Loss on changes in equity	903	–
Transferred employees' additional retirement benefits	419	–
Casualty loss	26	–
Total extraordinary loss	2,049	5,987
Income before income taxes	30,998	10,981
Income, residential and enterprise taxes	10,584	7,387
Income tax adjustments	3,479	(2,483)
Total income taxes	14,063	4,904
Minority interests in net income	757	511
Net income	16,177	5,565

(3) Consolidated Statements of Changes in Shareholders' Equity

(Millions of yen)

	Previous fiscal year (April 1, 2007 - March 31, 2008)	Current fiscal year (April 1, 2008 - March 31, 2009)
Shareholders' equity		
Paid-in capital		
Balance as of March 31, 2008	4,020	4,230
Changes during the fiscal year		
Increase due to stock exchange	210	–
Total changes during the fiscal year	210	–
Balance as of March 31, 2009	4,230	4,230
Capital surplus		
Balance as of March 31, 2008	49,793	65,912
Changes during fiscal the year		
Disposal of treasury stock	2	0
Increase due to stock exchange	16,117	–
Acquisition by parent company of parent company shares held by consolidated subsidiaries	–	509
Total changes during the fiscal year	16,119	509
Balance as of March 31, 2009	65,912	66,422
Retained earnings		
Balance as of March 31, 2008	99,049	112,002
Changes during the fiscal year		
Dividends of surplus	(3,224)	(3,633)
Net income	16,177	5,565
Reversal of land revaluation surplus	–	(9)
Total changes during the fiscal year	12,953	1,923
Balance as of March 31, 2009	112,002	113,925
Treasury stock, at cost		
Balance as of March 31, 2008	(1,336)	(2,159)
Changes during the fiscal year		
Purchase of treasury stock	(71)	(47)
Disposal of treasury stock	4	14
Increase due to stock exchange	(755)	–
Total changes during the fiscal year	(822)	(33)
Balance as of March 31, 2009	(2,159)	(2,192)
Total shareholders' equity		
Balance as of March 31, 2008	151,525	179,985
Changes during the fiscal year		
Dividends of surplus	(3,224)	(3,633)
Net income	16,177	5,565
Purchase of treasury stock	(71)	(47)
Disposal of treasury stock	6	14
Increase due to stock exchange	15,571	–
Acquisition by parent company of parent company shares held by consolidated subsidiaries	–	509
Reversal of land revaluation surplus	–	(9)
Total changes during the fiscal year	28,459	2,400
Balance as of March 31, 2009	179,985	182,385

(Millions of yen)

	Previous fiscal year (April 1, 2007 - March 31, 2008)	Current fiscal year (April 1, 2008 - March 31, 2009)
Valuation and translation adjustments		
Unrealized gain on securities		
Balance as of March 31, 2008	11,885	6,289
Changes during the fiscal year		
Changes in items other than shareholders' equity during the fiscal year (net)	(5,595)	(3,134)
Total changes during the fiscal year	(5,595)	(3,134)
Balance as of March 31, 2009	6,289	3,154
Gain or loss on deferred hedge		
Balance as of March 31, 2008	0	1
Changes during the fiscal year		
Changes in items other than shareholders' equity during the fiscal year (net)	1	9
Total changes during the fiscal year	1	9
Balance as of March 31, 2009	1	10
Unrealized gain or loss on revaluation of land		
Balance as of March 31, 2008	(5,730)	(5,730)
Changes during the fiscal year		
Changes in items other than shareholders' equity during the fiscal year (net)	-	9
Total changes during the fiscal year	-	9
Balance as of March 31, 2009	(5,730)	(5,720)
Foreign currency translation adjustments		
Balance as of March 31, 2008	58	70
Changes during the fiscal year		
Changes in items other than shareholders' equity during the fiscal year (net)	12	(77)
Total changes during the fiscal year	12	(77)
Balance as of March 31, 2009	70	(7)
Total valuation and translation adjustments		
Balance as of March 31, 2008	6,213	630
Changes during the fiscal year		
Changes in items other than shareholders' equity during the fiscal year (net)	(5,582)	(3,193)
Total changes during the year	(5,582)	(3,193)
Balance as of March 31, 2009	630	(2,562)
Minority interests		
Balance as of March 31, 2008	3,652	5,520
Changes during the fiscal year		
Changes in items other than shareholders' equity during the fiscal year (net)	1,867	381
Total changes during the fiscal year	1,867	381
Balance as of March 31, 2009	5,520	5,901

(Millions of yen)

	Previous fiscal year (April 1, 2007 - March 31, 2008)	Current fiscal year (April 1, 2008 - March 31, 2009)
Total net assets		
Balance as of March 31, 2008	161,391	186,136
Changes during the fiscal year		
Dividends of surplus	(3,224)	(3,633)
Net income	16,177	5,565
Purchase of treasury stock	(71)	(47)
Disposal of treasury stock	6	14
Increase due to stock exchange	15,571	–
Acquisition by parent company of parent company shares held by consolidated subsidiaries	–	509
Reversal of land revaluation surplus	–	(9)
Changes in items other than shareholders' equity during the fiscal year (net)	(3,714)	(2,811)
Total changes during the fiscal year	24,744	(411)
Balance as of March 31, 2009	186,136	185,724

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Previous fiscal year (April 1, 2007 - March 31, 2008)	Current fiscal year (April 1, 2008 - March 31, 2009)
Cash flows from operating activities		
Income before income taxes	30,998	10,981
Depreciation	5,359	5,242
Loss on impairment of fixed assets	86	721
Increase (decrease) in allowance for doubtful accounts	(180)	(256)
Increase (decrease) in reserve for bonuses	–	(303)
Increase (decrease) in reserve for bonuses to directors and auditors	34	(109)
Increase (decrease) in allowance for employees' retirement benefits	(124)	(6,786)
Increase (decrease) in allowance for directors' retirement benefits	58	(22)
Interest income and dividend income	(1,014)	(1,239)
Interest expenses	52	103
Amortization of goodwill	1,475	2,146
Gain on revision of retirement benefits system	–	(760)
(Gain) loss on sale of fixed assets	(557)	10
Loss on disposal of fixed assets	533	192
Loss on valuation of inventories	–	2,154
(Gain) loss on devaluation of investment securities	–	1,289
(Gain) loss on changes in equity	903	–
Expenses related to merger	–	431
(Increase) decrease in trade notes and accounts receivable	(12,535)	(18,531)
(Increase) decrease in inventories	(463)	1,048
(Increase) decrease in purchase rebates receivable	(5,690)	(901)
Increase (decrease) in trade notes and accounts payable	(7,948)	38,364
Others	(1,907)	6,364
Subtotal	9,077	40,141
Interest and dividends received	1,011	1,231
Interest paid	(51)	(97)
Merger expenses paid	–	(431)
Income taxes paid	(18,283)	(7,880)
Net cash provided by (used in) operating activities	(8,246)	32,963

(Millions of yen)

	Previous fiscal year (April 1, 2007 - March 31, 2008)	Current fiscal year (April 1, 2008 - March 31, 2009)
Cash flows from investing activities		
Payments into time deposits	(751)	(1,248)
Proceeds from maturity of time deposits	605	1,675
Payments for purchase of tangible fixed assets	(4,692)	(11,547)
Proceeds from sale of tangible fixed assets	1,520	305
Payments for purchase of intangible fixed assets	(348)	(637)
Proceeds from sale of intangible fixed assets	1,065	–
Payments for acquisition of long-term prepaid expenses	(799)	(1,908)
Payments for purchase of investment securities	(4,430)	(3,006)
Proceeds from sale of investment securities	548	389
Effect of stock exchange with subsidiaries	3,633	–
Payments for acquisition of subsidiary shares	(260)	–
Payments for loans provided	(2,111)	(1,308)
Proceeds from collection of loans	433	874
Others	(4)	(95)
Net cash used in investing activities	(5,592)	(16,507)
Cash flows from financing activities		
Net increase (decrease) in short-term debt	197	242
Proceeds from long-term loans	900	2,600
Repayments of long-term debt	(724)	(704)
Repayments of lease obligations	–	(217)
Proceeds from payments from minority shareholders	207	–
Payments for purchase of treasury stock	(71)	(47)
Proceeds from sale of treasury stock	6	14
Cash dividends paid	(3,224)	(3,633)
Cash dividends paid to minority shareholders	(33)	(65)
Net cash used in financing activities	(2,741)	(1,810)
Translation difference of cash and cash equivalents	5	(36)
Increase (decrease) in cash and cash equivalents	(16,574)	14,608
Beginning balance of cash and cash equivalents	96,769	80,195
Ending balance of cash and cash equivalents	80,195	94,803