

Consolidated Financial Statements for the Third Quarter of Fiscal Year Ending March 31, 2010

Corporate Name: Alfresa Holdings Corporation

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

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

Representative: Denroku Ishiguro, Representative Director & President

Inquiries: Shunichi Miyake, Vice President & Executive Officer, Financial Planning, Public and Investor Relations

Tel: +81-3-5219-5102

Scheduled date for filing Quarterly Report: February 10, 2010

Scheduled dividend payment start date: –

1. Consolidated performance for the third quarter of the fiscal year ending March 31, 2010 (April 1, 2009 - December 31, 2009)

(1) Consolidated operating results (cumulative total) (Rounded down to the nearest million yen)

	Net sales		Operating income		Ordinary profit		Net income	
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%
Nine months ended December 31, 2009	1,576,763	7.0	9,800	(10.2)	15,778	(4.5)	7,322	3.1
Nine months ended December 31, 2008	1,473,893	–	10,913	–	16,520	–	7,105	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2009	163.29	–
Nine months ended December 31, 2008	170.14	–

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

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ Million	¥ Million	%	Yen
Nine months ended December 31, 2009	1,004,123	220,030	21.3	4,290.98
Year ended March 31, 2009	884,249	185,724	20.3	4,306.05

(Reference) Shareholders' equity: Third quarter of year ending March 31, 2010 ¥213,731 million Year ended March 31, 2009 ¥179,822 million

2. Cash dividends

	Cash dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2009	–	45.00	–	42.00	87.00
Year ending March 31, 2010	–	44.00	–		
Year ending March 31, 2010 (Forecast)				44.00	88.00

Note: Revision of dividend forecast for this quarter: None

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

(Percentages indicate changes from previous fiscal year)

	Net sales		Operating income		Ordinary profit		Net income		Earnings per share
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%	Yen
Year ending March 31, 2010	2,005,000	3.6	12,000	36.6	19,300	20.7	9,200	65.3	199.01

Note: Revision of consolidated performance forecast for this quarter: None

1. The performance forecast for the full year announced on May 12, 2009 has not been revised.
2. The forecast of earnings per share takes into consideration the issuance of new shares (710,000 shares, excluding treasury stock (737,000 shares)) in connection with stock exchange for converting Ando Co., Ltd. and Alfresa Nikken Sangyo Corporation into wholly-owned subsidiaries as of January 8, 2010.

4. Others

- (1) Changes in principal subsidiaries during the period (those changes accompanying change in scope of consolidation): No

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

- (2) Adoption of simplified accounting method and special accounting policy for quarterly consolidated financial statements: Yes

Note: For details, please refer to “Qualitative Information and Financial Statements, 4. Others” on page 4.

- (3) Changes in accounting policy, procedure, and method of presentation for preparing quarterly consolidated financial statements:

- i. Change due to amendment of accounting standard: None
- ii. Change due to reasons other than i.: None

- (4) Number of outstanding shares (common stock):

- i. Number of shares outstanding (including treasury stock):

As of December 31, 2009: 50,376,223 shares

As of March 31, 2009: 42,326,223 shares

- ii. Number of treasury stock:

As of December 31, 2009: 566,638 shares

As of March 31, 2009: 565,755 shares

- iii. Average number of outstanding shares for the quarter:

Third quarter ended December 31, 2009: 44,842,488 shares

Third quarter ended December 31, 2008: 41,761,930 shares

In the third quarter of the fiscal year under review, new shares (7,000,000 shares) were issued in connection with the capital increase by way of public offering on September 16, 2009 and new shares (1,050,000 shares) were issued in connection with the capital increase by way of third-party allotment under the secondary offering by way of over-allotment on September 29, 2009.

Disclaimer Regarding the Appropriate Use of Performance Forecasts and Other Notes

1. The forward-looking statements, including performance forecasts, contained herein are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual performance may differ substantially from these forecasts due to various factors.
2. For items concerning performance forecasts, please refer to “Qualitative Information and Financial Statements, 3. Qualitative information on consolidated performance forecast” on page 4.

Qualitative Information and Financial Statements

1. Qualitative information on consolidated operating results

During the third quarter under review (April 1, 2009 – December 31, 2009), concerns about the worsening employment situation and restraints on new investment had not been rooted out, in spite of a recovery from the global financial crisis of fall 2008 and a recovery trend in exports and production driven by emerging economies such as China and India. The ethical pharmaceutical market grew about 5% in the third quarter under review owing to an increase in demand for influenza-related products, among other factors.

In such an environment, the Group has been pursuing the themes in the final year of the “07-09 Medium-term Management Plan – Advancement and Expansion.” In May of last year, SEIWA SANGYO CO., LTD. (head office: Nishi-ku, Hiroshima) commenced operation of a distribution center as the Chugoku logistics base (Onomichi, Hiroshima Prefecture). Then in October of last year, Odashima Limited (head office: Hanamaki, Iwate Prefecture) launched the construction work of the head office and distribution center (Hanamaki, Iwate Prefecture) for relocation. Furthermore, in December of last year, Alfresa Corporation (head office: Chiyoda-ku, Tokyo) started construction of a new distribution center (Niiza, Saitama Prefecture). Through these initiatives, we have developed and expanded our distribution functions. Steady progress is also being made with the Group system, with joint use of the Group backbone information system starting at SEIWA SANGYO CO., LTD. in May of last year and at Ando Co., Ltd. in November of last year. In the Manufacturing Business, Alfresa Pharma Corporation (head office: Chuo-ku, Osaka) commenced operation of the second formulation building of the Okayama Pharmaceutical Plant (Katsuta-gun, Okayama Prefecture) and developed a system for not only manufacturing in-house products but also expanding contract manufacturing as a facility that complies with international GMP standards.

In a dramatically changing business environment, we are making group-wide efforts to enhance management efficiency from a medium- to long-term perspective for the purpose of further strengthening our management base.

On the financial front, the Company endeavored to reinforce the financial base through capital increase by way of public offering and capital increase by way of third-party allotment in connection with the secondary offering by way of over-allotment in September of last year with a view to investing in the establishment and expansion of distribution centers and other facilities. Also in December of last year, we obtained a single A rating (stable) from Rating and Investment Information, Inc. (R&I) to enhance funding mobility in response to demand for funding stemming from changes in the business environment in the future.

As a result, in the third quarter under review, the Group posted net sales of ¥1,576,763 million (up 7.0% from the same period of the previous year), operating income of ¥9,800 million (down 10.2%), ordinary profit of ¥15,778 million (down 4.5%), and net income of ¥7,322 million (up 3.1%).

An outline of performance by business segment is as follows.

In the Wholesaling Business, we achieved a sales growth rate higher than the market average owing to the substantial growth of influenza-related products, focused marketing in the sales of new products and the efforts to enhance and develop “alf-web,” the general information service website for medical institutions which combines the order function and medical information provision function. On the profit front, we strived to secure appropriate profit and enhanced operating efficiency through various measures with a view to achieving an SG&A expenses ratio of less than 6%. As a result of these efforts, in the third quarter under review, net sales amounted to ¥1,564,197 million (up 7.0% from the same period of the previous year) and operating income was ¥8,341 million (down 16.4%). Net sales included inter-segment sales of ¥3 million (up 12.6%).

In the Manufacturing Business, net sales came to ¥19,602 million (up 6.4% from the same period of the previous year) and operating income amounted to ¥993 million yen (up 28.1%) due in large part to sales and profit of the influenza A, B virus antigen detection reagents “Check Flu A·B” and “Capilia Flu A+B”. Net sales included inter-segment sales of ¥7,033 million (up 19.6%).

2. Qualitative information on consolidated financial position

(1) Changes in consolidated financial position

Compared with the end of the previous consolidated fiscal year, the financial position for the third quarter of

the fiscal year under review is as described below.

Total assets grew ¥119,874 million from the end of the previous consolidated fiscal year to ¥1,004,123 million. This was principally attributable to an increase of ¥75,033 million in trade notes and accounts receivable and an increase of ¥25,329 million in merchandise and finished goods.

Total liabilities rose ¥85,568 million from the end of the previous consolidated fiscal year to ¥784,093 million. This was mainly attributable to a ¥2,893 million decrease in reserve for bonuses, and at the same time a ¥83,011 million increase in trade notes and accounts payable and a ¥3,257 million increase in other current liabilities including accounts payable.

Net assets amounted to ¥220,030 million mainly due to an increase of ¥28,448 million in paid-in capital and capital surplus as a result of the issuance of new shares, an increase of ¥3,392 million in retained earnings, and an increase of ¥2,101 million in unrealized gain on securities.

(2) Consolidated cash flows

During the third quarter of the fiscal year under review, cash and cash equivalents (hereinafter “Net Cash”) decreased ¥11,048 million from the end of the previous consolidated fiscal year to ¥83,735 million.

Cash flows from operating activities

Net Cash used in operating activities was ¥7,826 million (¥19,380 million was provided in the previous third quarter). While income before income taxes amounted to ¥15,159 million, depreciations came to ¥4,461 million, and trade notes and accounts payable grew ¥83,011 million, trade notes and accounts receivable rose ¥74,806 million, inventories expanded ¥25,656 million, purchase rebates receivable increased ¥5,758 million, and income taxes of ¥5,376 million were paid.

Cash flows from investing activities

Net Cash used in investing activities amounted to ¥27,458 million (up ¥16,369 million from the previous third quarter). This amount was mainly used for payments of ¥20,000 million for the purchase of securities and payments of ¥6,979 million for the purchase of tangible fixed assets.

Cash flows from financing activities

Net Cash provided by financing activities was ¥24,237 million (¥1,623 million was used in the previous third quarter). This amount was mainly the result of proceeds of ¥28,295 million from the issuance of new shares, proceeds of ¥500 million from long-term loans, a ¥125 million net increase in short-term debt, while the cash dividends of ¥3,945 million and finance lease obligations of ¥585 million were paid.

3. Qualitative information on consolidated performance forecast

With regard to the consolidated performance forecast for the full year, we have not revised the full year forecast announced on May 12, 2009 because there are uncertain factors, such as the price measures by pharmaceutical manufacturers prior to the revision of the NHI drug prices this spring.

4. Others

(1) Changes in principal subsidiaries during the period (those changes accompanying change in scope of consolidation)

Not applicable.

(2) Adoption of simplified accounting method and special accounting method for preparation of quarterly consolidated financial statements

1. Simplified accounting method

1) Calculation method of estimated loss for general claims (claims to debtors who are not facing serious financial problems)

When it is deemed that the ratio of actual losses has not changed significantly from the ratio computed at the

end of the previous consolidated fiscal year, the estimated loss for general claims is computed using a reasonable standard such as the ratio of actual losses computed at the end of the previous consolidated fiscal year.

2) Method of valuation of inventories

The process of counting inventory is eliminated at the end of the third quarter under review, and a rational computation method is used based on inventories counted at the end of the previous consolidated fiscal year.

3) Calculation method of depreciation of fixed assets

Some consolidated subsidiaries which adopt the declining balance method for computing the depreciation cost for fixed assets distribute the depreciation cost for the consolidated fiscal year proportionally over a period.

4) Calculation method of income taxes and deferred tax assets and liabilities

The calculation of the amount of income taxes to be paid at some consolidated subsidiaries is limited to significant taxable additions and subtractions and tax credits.

As for determining the collectability of deferred tax assets, it has been deemed that there are no significant changes in the business environment and the generation of temporary differences since the end of the previous consolidated fiscal year. For this reason, the method using future performance forecasts and tax planning applied at the end of the previous consolidated fiscal year is utilized.

2. Special accounting method for preparation of quarterly consolidated financial statements

Not applicable.

(3) Changes in accounting policy, procedure, and method of presentation for preparing quarterly consolidated financial statements

Not applicable.

Additional information

- Revision of retirement benefit plan

Ando Co., Ltd. and Alfresa Pharma Corporation, consolidated subsidiaries of the Company, had defined benefit plans consisting of a tax qualified retirement pension plan and a lump-sum payment plan. However, Ando Co., Ltd. and Alfresa Pharma Corporation terminated the tax qualified retirement pension plan as of June 1, 2009 and as of October 1, 2009, respectively, and transferred part of the retirement benefit plan to the defined contribution pension plan and also reviewed the lump-sum payment plan.

As for the accounting method on this transfer, “Accounting for Transfer between Retirement Benefit Plans” (ASBJ Guidance No.1) was applied. As a result of this transfer, extraordinary loss of ¥157 million was recorded.

- Share issuance expenses concerning the issuance of new shares

The issuance of new shares (7,000,000 shares) by way of public offering on September 16, 2009 and the issuance of new shares (1,050,000 shares) by way of third-party allotment on September 29, 2009 are conducted in accordance with a sale and underwriting agreement in which the so-called “spread method” is utilized. Under this method, the underwriter underwrites the shares at the underwriting price and sells them to general investors at an issue price that differs from the underwriting price.

Under the conventional method, an underwriting fee is paid to the underwriter. However, under the spread method, an underwriting fee is not paid to the underwriter because the difference between the issue price and the underwriting price is practically the underwriting fee.

The difference totaling ¥1,223 million between the issue price and the underwriting price for the issuance of new shares on September 16, 2009 and September 29, 2009 is equivalent to the amount that would have been charged as share issuance expenses under the conventional method.

For this reason, compared with the figures under the conventional method, share issuance expenses for the third quarter under review are ¥1,223 million less, and ordinary profit and income before income taxes are recorded with the addition of this amount of difference.

5. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of the end of current 3rd quarter (December 31, 2009)	As of the end of previous fiscal year (March 31, 2009)
(Assets)		
Current assets		
Cash and deposits	80,938	86,928
Trade notes and accounts receivable	561,542	486,509
Securities	25,054	10,057
Merchandise and finished goods	115,571	90,242
Work in process	171	107
Raw materials and supplies	1,415	1,153
Purchase rebates receivable	58,120	51,785
Others	7,466	8,688
Allowance for doubtful accounts	(962)	(951)
Total current assets	849,320	734,521
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	30,706	27,685
Land	47,881	45,503
Others (net)	7,464	7,955
Total tangible fixed assets	86,052	81,144
Intangible fixed assets		
Goodwill	3,612	5,180
Others	3,949	2,583
Total intangible fixed assets	7,561	7,763
Investments and other assets		
Investment in securities	33,906	30,084
Others	32,215	36,093
Allowance for doubtful accounts	(4,931)	(5,357)
Total investments and other assets	61,189	60,819
Total fixed assets	154,803	149,728
Total assets	1,004,123	884,249

(Millions of yen)

	As of the end of current 3rd quarter (December 31, 2009)	As of the end of previous fiscal year (March 31, 2009)
(Liabilities)		
Current liabilities		
Trade notes and accounts payable	731,478	648,467
Short-term debt	2,928	2,578
Income taxes payable	2,458	2,292
Reserve for bonuses	2,946	5,840
Others	13,826	10,568
Total current liabilities	753,638	669,746
Non-current liabilities		
Long-term debt	3,171	2,996
Allowance for employees' retirement benefits	15,663	16,476
Others	11,620	9,305
Total non-current liabilities	30,455	28,778
Total liabilities	784,093	698,524
(Net assets)		
Shareholders' equity		
Paid-in capital	18,454	4,230
Capital surplus	80,646	66,422
Retained earnings	117,318	113,925
Treasury stock, at cost	(2,195)	(2,192)
Total shareholders' equity	214,223	182,385
Valuation and translation adjustments		
Unrealized gain on securities	5,256	3,154
Gain or loss on deferred hedge	0	10
Unrealized gain or loss on revaluation of land	(5,739)	(5,720)
Foreign currency translation adjustments	(7)	(7)
Total valuation and translation adjustments	(491)	(2,562)
Minority interests	6,298	5,901
Total net assets	220,030	185,724
Total liabilities and net assets	1,004,123	884,249

(2) Quarterly Consolidated Income Statements

(Millions of yen)

	Previous 3rd quarter (Apr. 1, 2008 – Dec. 31, 2008)	Current 3rd quarter (Apr. 1, 2009 – Dec. 31, 2009)
Net sales	1,473,893	1,576,763
Cost of sales	1,363,949	1,470,133
Reversal of allowance for returned unsold goods	927	902
Allowance for returned unsold goods	995	859
Gross profit	109,876	106,673
Selling, general and administrative expenses	98,962	96,872
Operating income	10,913	9,800
Non-operating income		
Interest income and dividend income	1,116	1,055
Information fees received	3,373	3,669
Others	1,288	1,617
Total non-operating income	5,778	6,342
Non-operating expenses		
Interest expenses	78	93
Shares issuance expenses	–	153
Others	92	117
Total non-operating expenses	171	364
Ordinary profit	16,520	15,778
Extraordinary profit		
Gain on sale of fixed assets	–	76
Gain on sale of investment securities	133	89
Gain on sale of shares of affiliates	26	–
Reversal of allowance for directors' retirement benefits	–	43
Gain on revision of retirement benefit plan	760	–
Total extraordinary profit	920	210
Extraordinary loss		
Loss on sale of fixed assets	6	111
Loss on retirement of fixed assets	138	181
Loss on impairment of fixed assets	280	218
Loss on valuation of investment securities	814	92
Loss on valuation of golf club membership	–	16
Loss on valuation of inventories	2,154	–
Allowance for loss of debt guarantee	28	–
Amortization of goodwill	190	–
Loss on revision of retirement benefit plan	–	157
Special retirement benefits	385	37
System transition expenses	–	14
Merger-related expenses	425	–
Total extraordinary loss	4,424	828
Income before income taxes	13,016	15,159
Income, residential and enterprise taxes	6,905	5,539
Income tax adjustments	(1,448)	1,870
Total income taxes	5,457	7,410
Minority interests in net income	453	427
Net income	7,105	7,322

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Previous 3rd quarter (Apr. 1, 2008 – Dec. 31, 2008)	Current 3rd quarter (Apr. 1, 2009 – Dec. 31, 2009)
Cash flows from operating activities		
Income before income taxes	13,016	15,159
Depreciation	3,827	4,461
Loss on impairment of fixed assets	280	218
Amortization of goodwill	1,667	1,567
Increase (decrease) in allowance for doubtful accounts	402	(414)
Increase (decrease) in reserve for bonuses	(3,044)	(2,893)
Increase (decrease) in reserve for bonuses to directors and auditors	(90)	(7)
Increase (decrease) in allowance for directors' retirement benefits	(44)	(78)
Increase (decrease) in allowance for employees' retirement benefits	(6,742)	(812)
Interest and dividend income	(1,116)	(1,055)
Interest expenses	78	93
Gain on revision of retirement benefit plan	(760)	–
Loss on revision of retirement benefit plan	–	157
Loss (gain) on sale of fixed assets	6	34
Loss on retirement of fixed assets	138	181
Loss on valuation of inventories	2,154	–
Loss (gain) on valuation of investment securities	814	92
Merger-related expenses	425	–
(Increase) decrease in trade notes and accounts receivable	(60,784)	(74,806)
(Increase) decrease in inventories	(26,449)	(25,656)
(Increase) decrease in purchase rebates receivable	445	(5,758)
Increase (decrease) in trade notes and accounts payable	94,027	83,011
Others	8,188	3,160
Subtotal	26,440	(3,345)
Interest and dividends received	1,108	1,034
Interest paid	(71)	(84)
Payments for revision of retirement benefit plan	–	(55)
Payments of merger-related expenses	(396)	–
Income taxes paid	(7,700)	(5,376)
Net cash provided by (used in) operating activities	19,380	(7,826)

(Millions of yen)

	Previous 3rd quarter (Apr. 1, 2008 – Dec. 31, 2008)	Current 3rd quarter (Apr. 1, 2009 – Dec. 31, 2009)
Cash flows from investing activities		
Payments into time deposits	(1,238)	(350)
Proceeds from maturity of time deposits	1,109	275
Payments for purchase of securities	–	(20,000)
Payments for purchase of tangible fixed assets	(6,354)	(6,979)
Proceeds from sale of tangible fixed assets	287	452
Payments for purchase of intangible fixed assets	(220)	(291)
Payments for acquisition of long-term prepaid expenses	(1,909)	(19)
Payments for purchase of investment securities	(2,539)	(382)
Proceeds from sale of investment securities	382	127
Payments for loans provided	(1,007)	(689)
Proceeds from collection of loans	496	347
Others	(95)	50
Net cash used in investing activities	(11,088)	(27,458)
Cash flows from financing activities		
Net increase (decrease) in short-term debt	1,142	125
Proceeds from long-term loans	1,700	500
Repayments of long-term debt	(617)	(100)
Repayments of finance lease obligations	(117)	(585)
Proceeds from issuance of shares	–	28,295
Payments for purchase of treasury stock	(44)	(4)
Proceeds from sale of treasury stock	11	0
Cash dividends paid	(3,633)	(3,945)
Cash dividends paid to minority shareholders	(65)	(48)
Net cash provided by (used in) financing activities	(1,623)	24,237
Translation difference of cash and cash equivalents	(0)	(0)
Increase (decrease) in cash and cash equivalents	6,667	(11,048)
Beginning balance of cash and cash equivalents	80,195	94,803
Decrease in cash and cash equivalents due to corporate separation	–	(19)
Ending balance of cash and cash equivalents	86,862	83,735

(4) Note concerning Assumption on Going Concerns

None

(5) Segment Information

Business segment information

Previous third quarter (April 1, 2008 – December 31, 2008)

(Millions of yen)

	Wholesaling of pharmaceuticals, etc.	Manufacturing of pharmaceuticals, etc.	Total	Elimination	Consolidated
Net sales					
(1) Net sales to outside customers	1,461,347	12,545	1,473,893	–	1,473,893
(2) Inter-segment sales or transfers	2	5,879	5,882	(5,882)	–
Total	1,461,350	18,424	1,479,775	(5,882)	1,473,893
Operating income	9,976	775	10,751	161	10,913

Current third quarter (April 1, 2009 - December 31, 2009)

(Millions of yen)

	Wholesaling of pharmaceuticals, etc.	Manufacturing of pharmaceuticals, etc.	Total	Elimination	Consolidated
Net sales					
(1) Net sales to outside customers	1,564,194	12,569	1,576,763	–	1,576,763
(2) Inter-segment sales or transfers	3	7,033	7,036	(7,036)	–
Total	1,564,197	19,602	1,583,800	(7,036)	1,576,763
Operating income	8,341	993	9,334	465	9,800

Notes:

1. Method of classification

Business segments are classified taking into consideration the form of business based on internal segmentation and the Japan Standard Industrial Classification.

2. Principal products by business segment

Business segment	Principal products
Wholesaling of pharmaceuticals, etc.	Pharmaceuticals, diagnostic reagents, medical devices/equipment/materials, and other products
Manufacturing of pharmaceuticals, etc.	Pharmaceuticals, diagnostic reagents, medical devices/equipment, and other products

Geographical segment information

Previous third quarter (April 1, 2008 - December 31, 2008) and current third quarter (April 1, 2009 - December 31, 2009)

Since the business the Company conducts in Japan accounts for more than 90% of total net sales for all segments, geographical segment information is not presented.

Overseas net sales

Previous third quarter (April 1, 2008 - December 31, 2008) and current third quarter (April 1, 2009 - December 31, 2009)

Since overseas net sales account for less than 10% of consolidated net sales, overseas net sales figures are not presented.

(6) Notes Concerning Significant Changes in Shareholders' Equity

The Company resolved the public offering and the capital increase by way of third-party allotment (capital increase by way of third-party allotment in connection with secondary offering by way of over-allotment) at its Board of Directors meeting held on August 27, 2009, and the payment was completed on September 16, 2009 for the public offering and on September 29, 2009 for the capital increase by way of third-party allotment.

As a result, in the third quarter under review, paid-in capital and additional paid-in capital each increased ¥14,224 million and amounted to ¥18,454 million and ¥37,973 million, respectively, at the end of the third quarter under review.

6. Other Information

(Key subsequent events)

1. Conversion of Ando Co., Ltd. into a wholly-owned subsidiary through stock exchange

The Company concluded a stock exchange agreement with Ando Co., Ltd. on November 4, 2009 and executed the stock exchange to make Ando Co., Ltd. its wholly-owned subsidiary on January 8, 2010.

Pursuant to the provisions of Article 796, Paragraph 3 of the Companies Act, the Company executed the stock exchange without obtaining any approval at the general meeting of shareholders.

(1) Purpose of stock exchange

In a dramatically changing business environment, the Company has decided to make Ando Co., Ltd. (head office: Takasaki, Gunma Prefecture, Group's ownership percentage: 50.9%), a consolidated subsidiary of the Company engaged in the wholesaling of pharmaceuticals, etc., a wholly-owned subsidiary through a stock exchange with a view to enhancing the agility of group administration and further strengthening group management.

(2) Terms of stock exchange

(i) Schedule of stock exchange

November 4, 2009	Board of Directors meeting to resolve stock exchange
November 4, 2009	Conclusion of stock exchange agreement
November 19, 2009	Extraordinary general meeting of shareholders to approve stock exchange agreement (Ando Co., Ltd.)
January 8, 2010	Effective date of stock exchange

(ii) Stock exchange ratio

The Company allocated 0.71 share of the Company's common stock for each share of Ando Co., Ltd.'s common stock.

(3) Profile of Ando Co., Ltd. (as of December 31, 2009)

Business:	Wholesaling of pharmaceuticals, etc.
Establishment:	June 8, 1948
Address of head office:	309, Koyagimachi, Takasaki, Gunma Prefecture
Representative:	Shoji Moriyama, President
Capital amount:	300 million yen
Net assets:	3,521 million yen
Total assets:	15,949 million yen

2. Conversion of Alfresa Nikken Sangyo Corporation into a wholly-owned subsidiary through stock exchange

The Company concluded a stock exchange agreement with Alfresa Nikken Sangyo Corporation on November 4, 2009 and executed the stock exchange to make Alfresa Nikken Sangyo Corporation its wholly-owned subsidiary on January 8, 2010.

Pursuant to the provisions of Article 796, Paragraph 3 of the Companies Act, the Company executed the stock exchange without obtaining any approval at the general meeting of shareholders.

(1) Purpose of stock exchange

In a dramatically changing business environment, the Company has decided to make Alfresa Nikken Sangyo Corporation (head office: Gifu, Gifu Prefecture, Group's ownership percentage: 51.0%), a consolidated subsidiary of the Company engaged in the wholesaling of pharmaceuticals, etc., a wholly-owned subsidiary

through a stock exchange with a view to enhancing the agility of group administration and further strengthening group management.

(2) Terms of stock exchange

(i) Schedule of stock exchange

November 4, 2009	Board of Directors meeting to resolve stock exchange
November 4, 2009	Conclusion of stock exchange agreement
November 19, 2009	Extraordinary general meeting of shareholders to approve stock exchange agreement (Alfresa Nikken Sangyo Corporation)
January 8, 2010	Effective date of stock exchange

(ii) Stock exchange ratio

The Company allocated 0.2 share of the Company's common stock for each share of Alfresa Nikken Sangyo Corporation's common stock.

(3) Profile of Alfresa Nikken Sangyo Corporation (as of December 31, 2009)

Business:	Wholesaling of pharmaceuticals, etc.
Establishment:	September 25, 1947
Address of head office:	4-20,, Ima-machi, Gifu, Gifu Prefecture
Representative:	Kazunari Hayashi, President
Capital amount:	190 million yen
Net assets:	912 million yen
Total assets:	15,756 million yen