



2014

cocokara fine Inc.
INVESTORS' GUIDE

For the year ended March 31, 2014



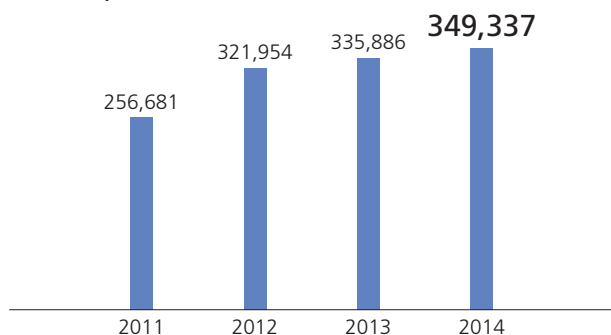
Stock code: 3098

Consolidated Financial Highlights

Net sales

POINT A 4.0% year-over-year increase due to robust pharmacy operations and M&A effects

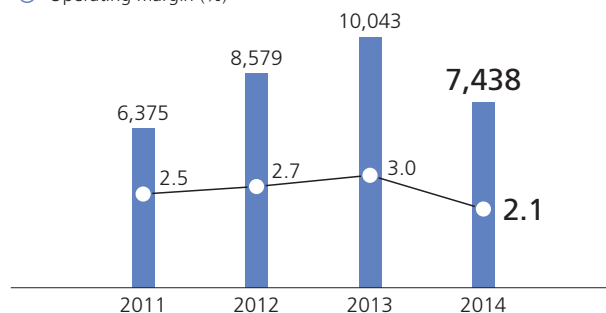
(Millions of yen)



Operating income / Operating margin

POINT A decrease in profits, affected by temporary increases in the burden and expenses of operating activities relative to the integration of sales subsidiaries

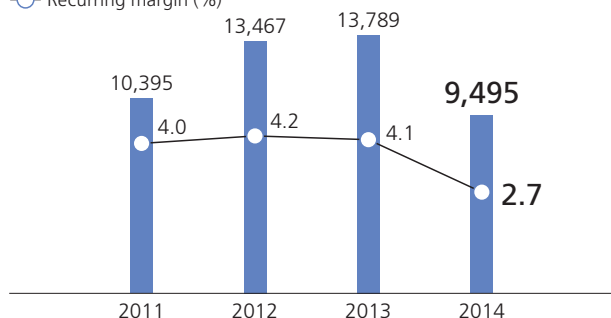
■ Operating income (Millions of yen)
○ Operating margin (%)



Ordinary income / Recurring margin

POINT Eliminating amortization of negative goodwill of ¥1,167 million, which was reported for the previous fiscal year

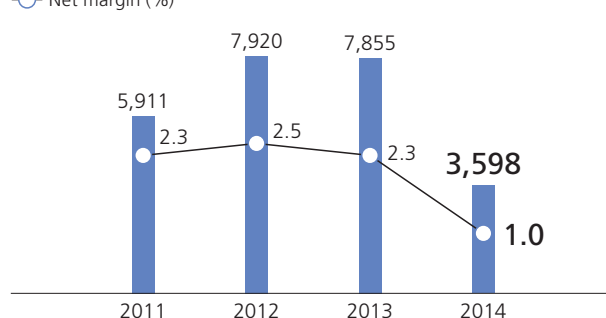
■ Ordinary income (Millions of yen)
○ Recurring margin (%)



Net income / Net margin

POINT Reporting of extraordinary loss of ¥2,739 million due mainly to goodwill and impairment loss

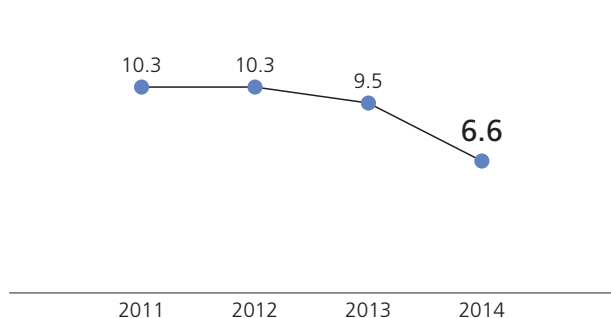
■ Net income (Millions of yen)
○ Net margin (%)



Return on assets (ROA)

POINT 2.9-percentage-point decrease year over year reflecting the increase in total assets and a decline in ordinary income

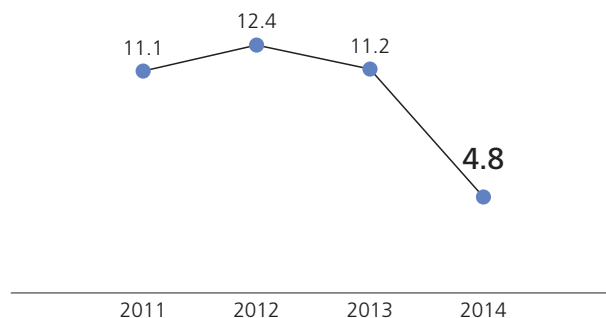
(%)



Return on equity (ROE)

POINT 6.4-percentage-point decrease year over year due to the decrease in net income

(%)

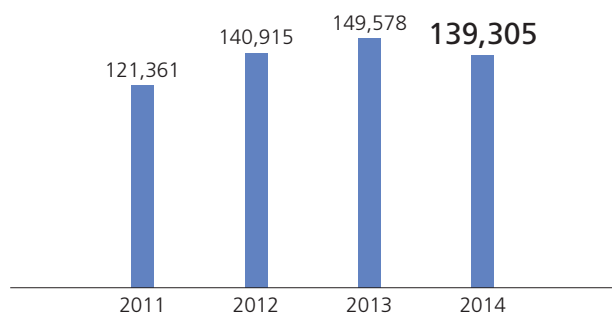


Total assets



Decrease in current assets (mainly influenced by change in payment date due to the year-end date of the previous fiscal year being a holiday)

(Millions of yen)

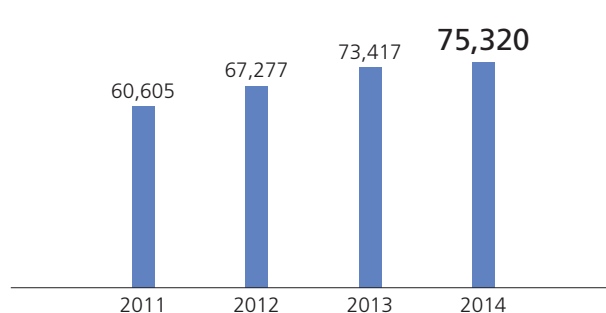


Net assets



Net income of ¥3,598 million were recorded

(Millions of yen)

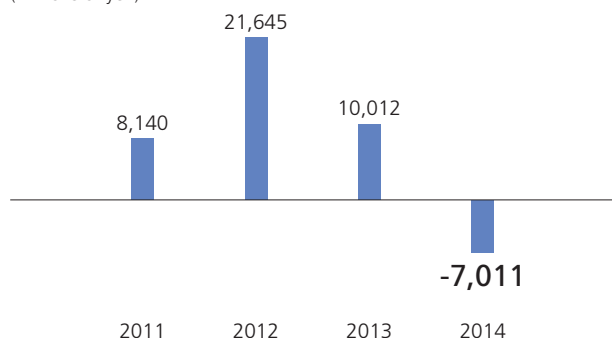


Cash flows from operating activities



Mainly influenced by change in payment date due to the year-end date of the previous fiscal year being a holiday and a decrease income before income taxes and minority interests

(Millions of yen)

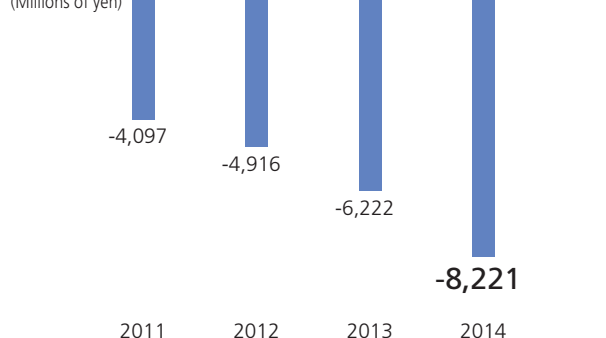


Cash flows from investing activities



Influenced by factors such as purchase of property, plant and equipment and purchase of shares of in subsidiaries (Iwasakikokendo Co., Ltd.)

(Millions of yen)

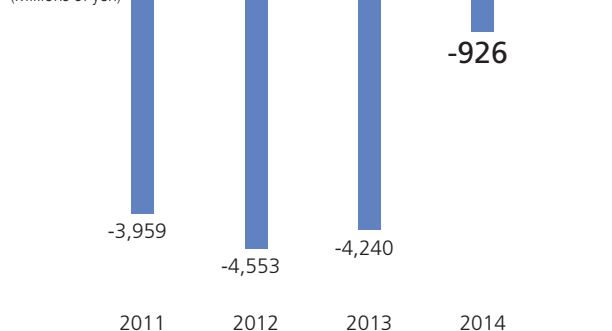


Cash flows from financial activities



Increase in short-term borrowings albeit repayment of long-term borrowings

(Millions of yen)

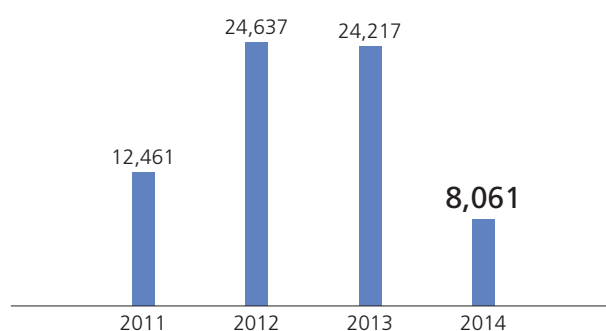


Cash and cash equivalents at fiscal year end



¥16,156 million decrease year over year

(Millions of yen)



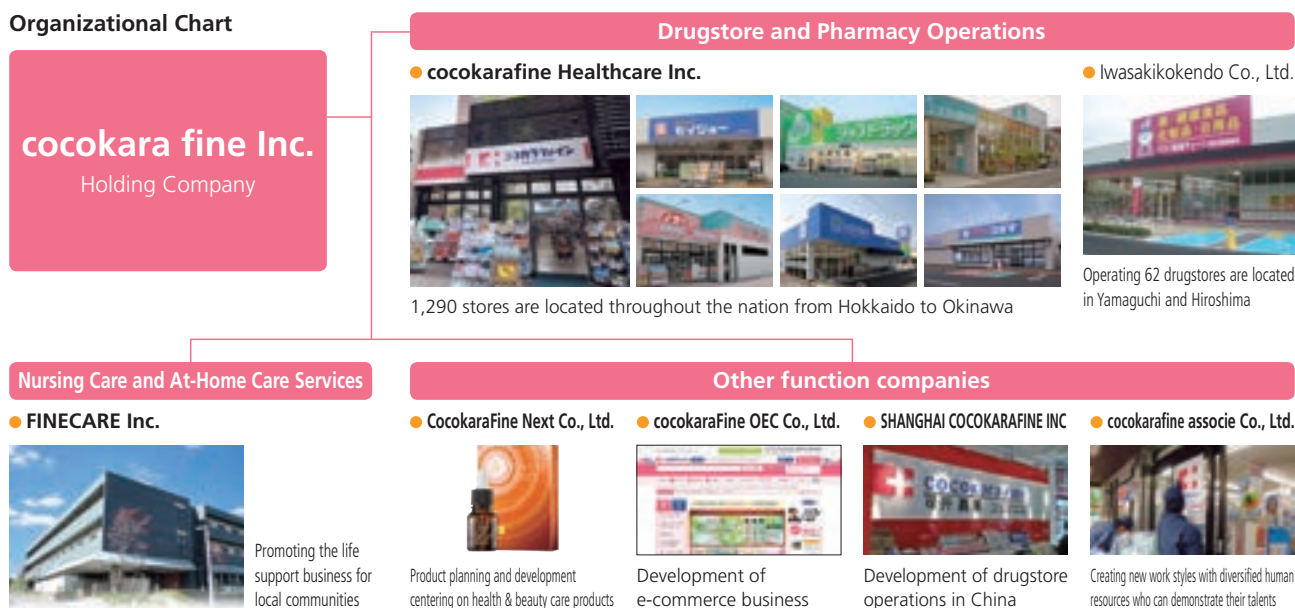
*1 Values after the retrospective application, on which the change of accounting policy is reflected, are stated effective from "FY2013."
 *2 Years ended March 31

Provision of a wide variety of health care services around the mainstay drugstore and pharmacy operations

The cocokara fine Group aims for “Omotenashi (hospitality) No. 1” and has developed business under our management principle of “pursuing a healthy mind and body, and contributing to the community.” In April 2013, we integrated our sales subsidiaries that operate drugstores and pharmacy operations into a single entity, cocokaraFine Healthcare Inc. Amid the advancement of dwindling birthrate and aging society, we have created a framework to speed up decision making and enhance management efficiency in order to further bolster “omotenashi” to customers.

We aim to create a healthcare network providing total support to the health of customers and enhance quality of life (QOL) by establishing regional healthcare networks through not only the drugstore and pharmacy operations but also peripheral businesses including nursing care services, product planning and development, e-commerce operations and collaborations of the businesses.

Organizational Chart



CONTENTS

- | | |
|--|--|
| 2 Consolidated Financial Highlights | 19 Members of the Board and Audit & Supervisory Board Members |
| 4 Profile | 20 Financial Summary |
| 6 Market Data in Japan | 22 Consolidated Financial Statements |
| 8 Message | 26 Our Business Footprint |
| 10 Growth Strategy | 27 Stock Information |
| 12 Business Outline | Back Cover Corporate Information |
| 17 CSR | |
| 18 Corporate Governance | |





Brand Origin

The cocokara fine brand was born from the belief that we want to improve the health of our customers' minds and bodies. The word Coco combines the word "co-work," which refers to the relationship we maintain with our many different stakeholders, and the phrase "koko kara hajimaru" in Japanese, which means everything starts from here.

Corporate Logo

Cocokara fine's corporate logo was designed based on the keywords: "active," "friendly," and "comfortable."

The color coral was chosen for our corporate logo because of the comfort and peace of mind it affords. The "C" shape stands for cocokara fine, while the colon at right is used to articulate the fact that we play many roles for our customers.

The white cross formed between the "C" and colon represents our steadfast commitment as a pharmaceuticals dispenser to ensure safety, security and reliability for every customer.

"Omotenashi" is Japanese for customer-oriented hospitality. By using the word "Omotenashi," we mean first-class, personal service in the area of healthcare.

In addition, we define "Omotenashi" in the following two ways: (1) "Basic Omotenashi," where we aim to enhance value, site location, product line-up and service; and (2) "Omotenashi Presentation," where we make proposals that leverage our expertise. We aim to make both of these elements pillars of our operations and will make efforts to further strengthen each area going forward.

History

| | |
|----------------------|--|
| April 2008 | Segami Medics Co., Ltd. and Seijo Co., Ltd. undergo a management merger and establish cocokara fine Holdings Inc. through the transfer of shares. |
| October 2010 | Merges with Allied Hearts Holdings Co., Ltd. and changes its trade name to cocokara fine Inc. Relocates head office to Yokohama, Kanagawa. |
| October 2011 | Acquires shares in Suzuran Co., Ltd., an operator of drugstores and pharmacies in Hokkaido, and makes it a subsidiary. |
| April 2012 | Changes trade name of sub-subsidiary Takara Care Co., Ltd. engaged in nursing care services to FINECARE Inc. and consolidates the group's nursing care services into this entity as a subsidiary of cocokara fine. |
| November 2012 | Acquires all outstanding shares in KODAMA Co., Ltd., an operator of drugstores and pharmacies in the Koshinetsu and Tohoku areas, with a focus on Niigata, and makes it a subsidiary. |
| April 2013 | Integrates six subsidiaries Seijo Co., Ltd., Segami Medics Co., Ltd., Zip Drug Co., Ltd., Lifort Co., Ltd., Suzuran Co., Ltd., and Medical Index Co., Ltd. to form cocokara fine Healthcare Inc. |
| November 2013 | Acquires shares in Iwasakikokendo Co., Ltd., and makes it a subsidiary. |

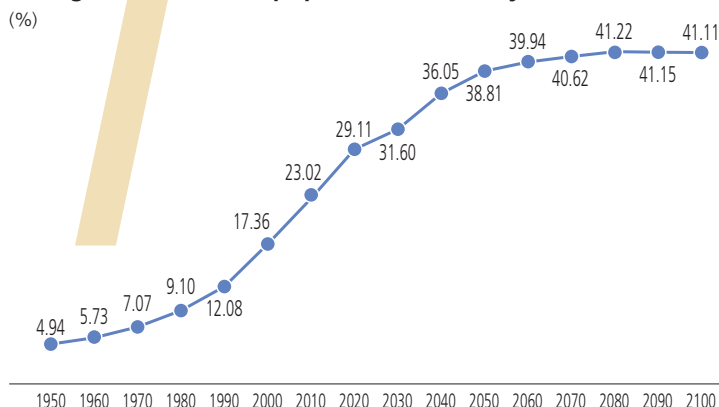


Cautionary Statements

This investors' guide may contain forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

1 Increasing rate of population over 65 years old

Change in the rate of population over 65 years old



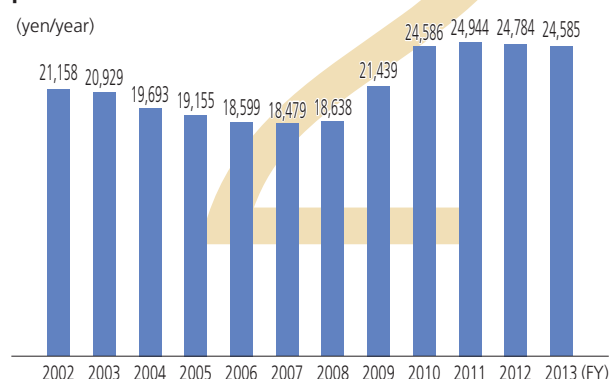
Source : "Rate of Population over 65 Years Old in Major Countries: 1850-2100" (2014 Edition) by National Institute of Population and Social Security Research"

The rapidly increasing medical care and pharmacy expenses, which are primarily attributable to the aging population, have become a critical social issue in the Japanese society. In recent years, therefore, various reforms such as the rise in patients' self-pay ratio of medical expense and the deregulation of drug sales are under way. These trends of shifting from the conventional hospitalization-oriented type medical care to self-medication type medical care are rapidly in progress. Given such a social environment, people have increasingly placed greater expectations on drugstores and pharmacies as easily accessible medical treatment entities.

2 Increasing awareness of self-medication

Japan's annual medical expenses have been on a rise year by year after having renewed the record high of ¥38 trillion (according to survey by the Ministry of Health, Labor and Welfare in fiscal 2011), boosted by the effect of the aging population. The number of lifestyle diseases is increasing every year, affected by changes in eating habits and people's lifestyles, as representative of an industrialized society. Under such a social environment, the awareness of exercising and revising eating habits to enhance health, as well as the consciousness of self-medication by using over-the-counter (OTC) drugs for non-serious illnesses, have been widely accepted. The annual expenditure per household for pharmaceuticals was on a downward trend until 2007. However, in 2009 after the Lehman shock, this amount increased by approximately ¥3,000 from the previous fiscal year to ¥21,439 and has remained at high levels in recent years.

Changes in annual expenditure per household for pharmaceuticals



Source : Prepared on the basis of the "Family Budget Survey" by the Statistics Bureau, Ministry of Internal Affairs and Communications.

C

LOSE UP >>> Industry position

Net sales

| Rank | Name | Fiscal year | Billions of yen |
|------|------------------------------------|-------------|-----------------|
| 1 | Matsumotokiyoshi Holdings Co.,Ltd. | 2014 / 3 | 495.3 |
| 2 | SUNDRUG CO.,LTD. | 2014 / 3 | 447.8 |
| 3 | TSURUHA HOLDINGS INC. | 2014 / 5 | 388.4 |
| 4 | COSMOS Pharmaceutical Corporation | 2014 / 5 | 371.8 |
| 5 | SUGI HOLDINGS CO.,LTD. | 2014 / 2 | 365.2 |
| 6 | cocokara fine Inc. | 2014 / 3 | 349.3 |
| 7 | WELCIA HOLDINGS CO., LTD. | 2013 / 8 | 334.3 |
| 8 | CAWACHI LIMITED | 2014 / 3 | 242.6 |
| 9 | CREATE SD HOLDINGS CO.,LTD. | 2014 / 5 | 197.4 |
| 10 | CFS Corporation | 2014 / 2 | 117.5 |

Stores

| Rank | Name | Number of stores |
|------|------------------------------------|------------------|
| 1 | Matsumotokiyoshi Holdings Co.,Ltd. | 1,486 |
| 2 | cocokara fine Inc. | 1,352 |
| 3 | TSURUHA HOLDINGS INC. | 1,312 |
| 4 | SUNDRUG CO.,LTD. | 937 |
| 5 | SUGI HOLDINGS CO.,LTD. | 915 |
| 6 | WELCIA HOLDINGS CO., LTD. | 874 |
| 7 | COSMOS Pharmaceutical Corporation | 577 |
| 8 | CREATE SD HOLDINGS CO.,LTD. | 444 |
| 9 | KIRINDO CO.,LTD. | 327 |
| 10 | CFS Corporation | 308 |

Source : Financial reports prepared by each company.

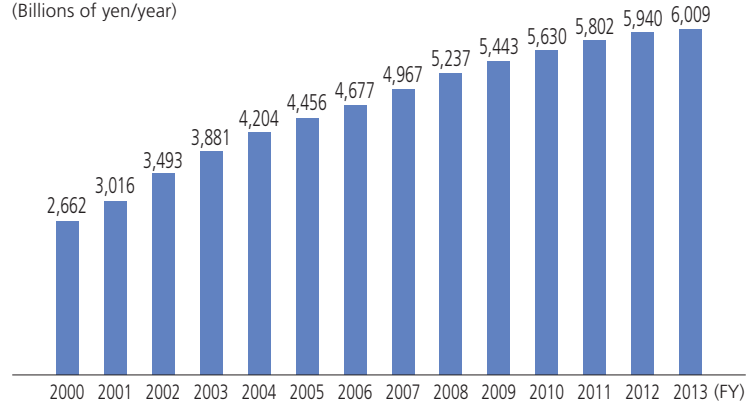
MARKET DATA

On-going expansion of the scale of the domestic drugstore market

Net sales of domestic drugstore operations in Japan increased by 1.2% year over year to ¥6,009.7 billion. Despite a downward trend of the year-over-year growth rate, the market has grown steadily. Major factors of this growth are industry-wide aggressive initiatives in the pharmacy field, an enhanced sales focus on food items and aggressive store openings. **cocokara fine** will continue to strive for the deployment of shares as a healthcare lifeline that is trustworthy and indispensable to local customers.

Changes in total net sales of Japan's drugstores

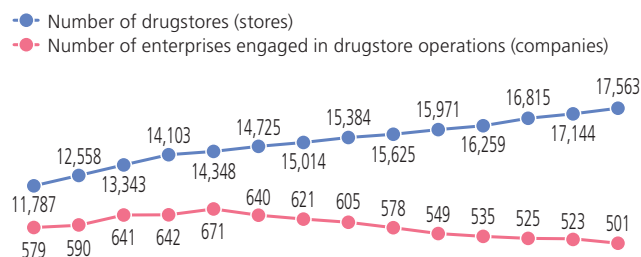
(Billions of yen/year)



Source : Prepared on the basis of the "Actual Conditions Survey of Japanese Drugstores" by the JAPAN ASSOCIATION OF CHAIN DRUG STORES.

Progression of industry reorganization, trends toward larger stores and the concentration of stores

Changes in the number of enterprises engaged in drugstore operations and of drugstores



2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 (FY)

Source : Prepared on the basis of the "Actual Conditions Survey of Japanese Drugstores" by the JAPAN ASSOCIATION OF CHAIN DRUG STORES.

Progression of industry reorganization, trends toward larger stores and the concentration of stores

Although both the number of stores and market expansion is on a trend of increase, the number of enterprises engaged in drugstore operations has been on a downward trend since 2005. This is because, against this steady increase, there exists fierce competition and on-going industry reorganization. The deregulation of pharmaceutical sales is behind these trends. Pursuant to the revisions to the Pharmaceutical Affairs Law in 2009, the competition not only within the industry but also with other business categories has intensified because convenience stores and supermarkets can now sell most OTC drugs without requiring prescriptions such as cold and stomach medicines. We intend to differentiate from our competitors with measures such as offering tailored solutions for every customer's concerns and needs via complete counseling sales. Facing an ultra-aging society with a dwindling birthrate, we intend to develop this solution business along with the needs of the times.

dispensing fee (Drugstore industry)

| Rank | Name | Billions of yen |
|------|------------------------------------|-----------------|
| 1 | SUGI HOLDINGS CO.,LTD. | 49.9 |
| 2 | cocokara fine Inc. | 44.2 |
| 3 | TSURUHA HOLDINGS INC. | 37.3 |
| 4 | WELCIA HOLDINGS CO., LTD. | 36.4 |
| 5 | Matsumotokiyoshi Holdings Co.,Ltd. | 30.3 |
| 6 | CFS Corporation | 16.8 |
| 7 | TOMOD'S INC. | 16.2 |
| 8 | Kokumin Co., Ltd. | 12.6 |
| 9 | KUSURI NO AOKI CO., LTD. | 11.9 |
| 10 | Sugiyama Drugs Co., Ltd. | 11.5 |

dispensing fee (Incl. specialty pharmacy chains)

| Rank | Name | Billions of yen |
|------|---------------------------|-----------------|
| 1 | AIN PHARMACIEZ INC. | 148.3 |
| 2 | NIHON CHOUZAI Co.,Ltd. | 143.6 |
| 3 | KRAFT Inc. | 118.7 |
| 4 | The Kyoso Mirai Group | 85.6 |
| 5 | Qol Co.,Ltd. | 80.8 |
| 6 | SOGO MEDICAL CO.,LTD. | 71.0 |
| 7 | PHARMAHOLDINGS CO.,LTD | 59.5 |
| 8 | SUGI HOLDINGS CO.,LTD. | 49.9 |
| 9 | Aisei Pharmacy Co.,Ltd. | 46.7 |
| 10 | cocokara fine Inc. | 44.2 |

Source : Drug Magazine July 2014

Enhancing corporate value using five strategies and a competitive strategy “omotenashi”.



Competitive Strategy — “Omotenashi No. 1”

As Japan approaches the era of aging society, progress in institutional reforms and relaxation of regulations could be seen in areas such as separation of prescribing from dispensing, separation of prescribing from dispensing locations and nursing care insurance, and full scale shift is being made into the era of self-medication where focus is placed on illness prevention, less intensive or invasive treatments, health maintenance.

The cornerstone of our competitive strategy is “omotenashi”. This is further broken down into fundamental “omotenashi” intended to enhance customer convenience; solutions “omotenashi”, which leverages our counseling and information provision strengths in the field of health and beauty; and presentation-type “omotenashi” via information provision. This unique approach enables us to distinguish ourselves from competitors and meet the needs of the times.

Operating Strategy for Achieving Our Mid-term Business Plan

We have set five management strategies for achieving our mid-term business plan, which calls for net sales of 500 billion yen and ordinary income of 20 billion yen by the fiscal year ending March 31, 2016. These five management policies are: (1) strengthen earnings capacity of the drugstore and pharmacy business; (2) enhance the group management structure and foster a greater commitment to corporate quality through system integration; (3) work more closely with community healthcare providers through at-home pharmacy services and nursing care services; (4) expand into new business domains; and (5) develop new businesses in the rapid growth markets of East Asia. Going forward, we will accelerate our initiatives in each of these areas.

President

Atsushi Tsukamoto

management centered on

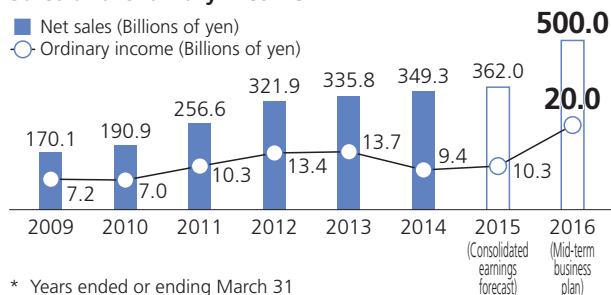


Keep a Close Eye on cocokara fine Going Forward

In April 2013, we completed the integration of sales subsidiaries to reinforce the medium-to-long term revenue base. At the same time, we established a new operating structure that is essential to the future growth of the Group, with measures such as the standardization of store operation and efficiency improvement of several departments including the Administration Division. In addition, we made Iwasakikokendo Co., Ltd. which operates 62 drugstores mainly in Yamaguchi, a subsidiary in November 2013. Consequently, the total number of affiliated stores of the Group was 1,352 as of March 31, 2014. We will strive to pursue further economies of scale by continuing with proactive initiatives including M&As in the future, as well as by expanding our top-rated store network in the industry.

All Group stores make offering high-level "omotenashi" a priority. Moreover, they intend to proactively introduce new medical care-related services to be the community-based drugstore of choice. We will address developing new-type stores, which would be useful for maintaining or enhancing people's health and contributing to the early detection of adult disease, and also fostering nursing care services as a new profit-making source following the core business of drugstore and pharmacy operations.

Sales and Ordinary income



Management Principle

To pursue healthy mind and body,
and to contribute to the
community

Corporate Slogan

Realizing "Omotenashi No. 1"

Management Policy (Social Responsibility)

- Establish a community-based healthcare network
- Foster competent human resources that can satisfy society's needs

Five Management Strategies

- 1 Strengthen earnings capacity of the drugstore and pharmacy business
- 2 Enhance the group management structure and foster a greater commitment to corporate quality
- 3 Work more closely with community healthcare providers
- 4 Expand into new business domains
- 5 Grow business presence in East Asia

Aiming to create a healthcare network providing total support to **the health of people in the region.**

Total Support for Six Health Stages

Local citizen

Health

Prevention

Potential illness

Drugstore

- Prevention of adult disease
- Anti-aging proposal related to HBC

Registered salesperson

Nutritionist

Pharmacist

cocokarafine drugstores have an established reputation for giving counseling that focus on "omotenashi" and the wealth of specialized knowledge. In addition to pharmacists and nutritionists, registered salespersons who are qualified to sell over-the-counter (OTC) drugs contribute to the prevention of illness through health consultation, dietary measures and nutritional guidance. They also provide assistance with beauty and health to respond to customers' worries and needs related to health and beauty care (HBC).

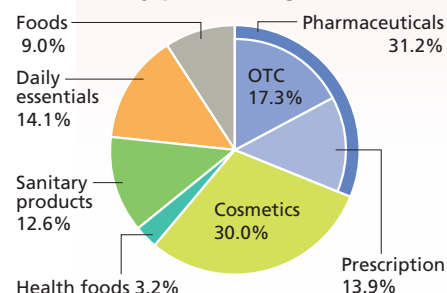
Drugstore retail sales

273.8

Billions of yen

* Year ended March 31, 2014

Net sales by product segment



Note : Total figures may differ from those announced since they have been rounded off.

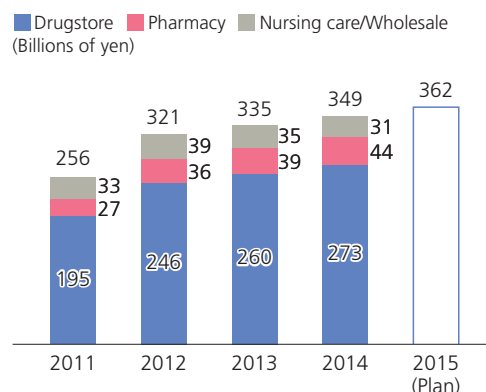
Note : Year ended March 31, 2014



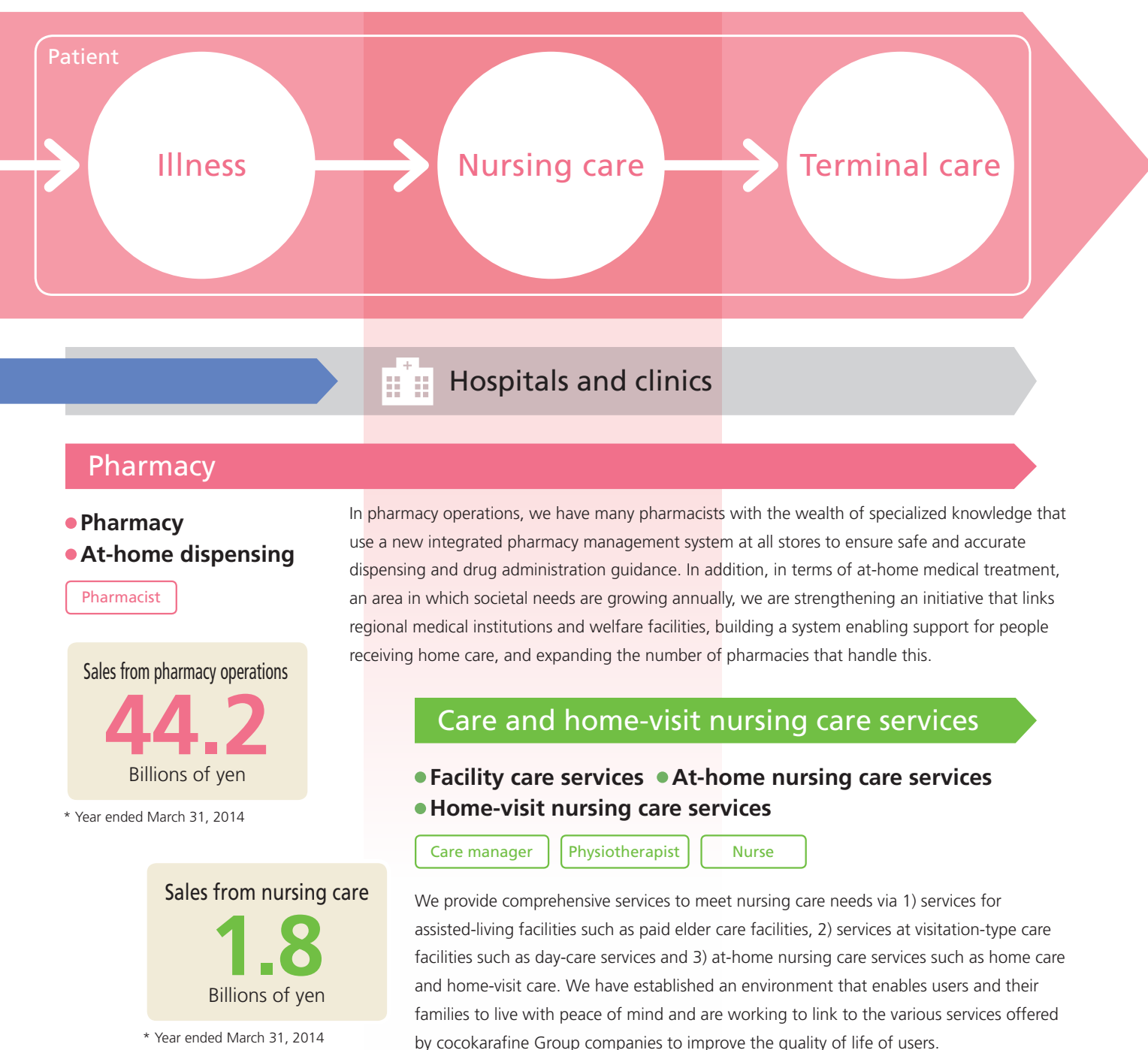
Strengthening and Expanding Pharmacy and Nursing Care Businesses and Expanding Business Domains

We aim to be a business group that can provide total support for the health of local citizens with the keywords "Medical," "Food," "Housing," "Beauty," "Clothing" and "Exercise." With this in mind, cocokara fine is actively expanding its pharmacy and nursing care businesses in line with the restructuring and shift to multi-stores in Drugstore Operations, our core domain. We seek to build a regional healthcare network and create a next-generation health care industry that society demands by increasing the number of combined drugstore and pharmacy outlets, implementing initiatives for at-home pharmacy services by linking with medical institutions and operating assisted living homes.

Sales



* Years ended or ending March 31





Endeavoring to increase by promoting community

Executive Vice President, cocokara fine Inc.
President, cocokarafine Healthcare Inc.

Ichiro Ishibashi

Drugstore Operations

Bolstering Business Foundations Through Optimized Merchandising that Leverages Our Industry-Leading Store Network

Industry-leading business foundation with more than 1,300 stores

cocokarafine Healthcare Inc. engages in drugstore operations, one of the core businesses of the cocokara fine Group. cocokarafine Healthcare was established in April 2013 from the integration of our sales companies: Seijo Co., Ltd., Segami Medics Co., Ltd., Zip Drug Co., Ltd., Lifort Co., Ltd., Suzuran Co., Ltd., and Medical Index Co., Ltd. As all of them were engaged in drugstore operations rooted in the local community, each had a long history and top-rated ability in the drugstore industry. cocokarafine had a total of 1,352 stores as of the end of March 2014, consisting of 1,290

cocokarafine Healthcare stores and 62 stores of Iwasakikokendo Co., Ltd., which joined the Group in November 2013. By optimizing the industry's top-rated number of stores, we pursue economies of scale and develop area-focused and detailed merchandising to further reinforce our business foundation.

A distinguished feature of our stores is high-value-added services with a focus on customer-centric sales based on the wealth of specialized knowledge and consultation capabilities of our staff. In addition, we reinforce our education system for employees and staff and display a wide assortment of products mainly of health and beauty care products to meet customers' diversifying needs, clearly demarcating ourselves from typical price-oriented drugstores. New store opening

Eight brands



customer satisfaction -based operations

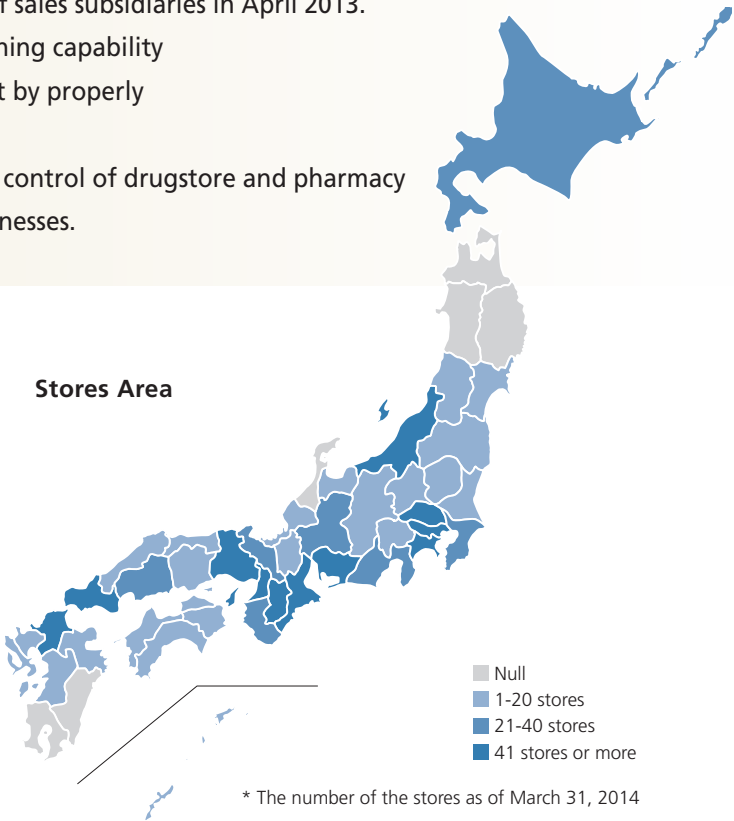
cocokarafine Healthcare Inc. was born from the integration of sales subsidiaries in April 2013. Under the cocokara fine brand, we aim to improve profit-earning capability while ensuring efficiency improvement in group management by properly responding to local customers’ needs.

I, Ichiro Ishibashi, President of cocokarafine Healthcare Inc. in control of drugstore and pharmacy operations, hereby address the future strategies of these businesses.

areas include residential zones in urban and suburban areas and entertainment districts with store configurations that suit the local characteristics of the respective areas.

Promoting community-focus

In April 2014, we conducted a radical reorganization with the aim of further reinforcement of community-focused merchandising, which was an uncompleted task from the previous fiscal year. The previous three divisions that assumed drugstore operations, which had been operated by the “Urban Drugstores Division,” the “Drugstores in residential areas Division” and the “Community Drugstores Division” based on the corresponding store configurations, were consolidated into the Drugstores Division to optimize each store’s operations



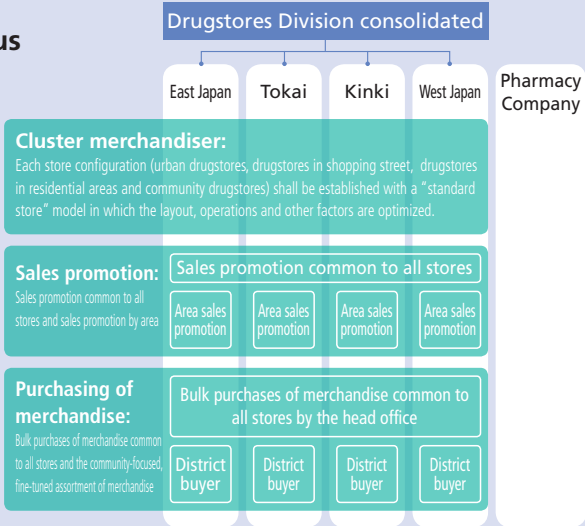
from the viewpoints of area, store configuration and merchandise. A community focus will be promoted with initiatives from the area such as fine-tuned sales promotion and an appropriate assortment of products by area.

Business Strategy

1

Promote Community Focus

Through the organizational reform conducted in April 2014, we enhanced our area-focused responses. Drugstore operations, which had been operated by three divisions for the respective store configurations, were consolidated into the Drugstores Division to optimize each store’s operations from the viewpoints of area, store configuration and merchandise. A community focus on local optimization will be promoted in our new organizational structure to ensure group-wide unified policies via the integration of sales subsidiaries and area-based localization.



Meanwhile, initiatives taken from the store configuration, which will optimize store layout and/or operation, will improve the efficiency of store operations.

Customer approach strategy aimed at maximizing the number of loyal customers

Our membership point card “Cocokara club card” plays a decisive role in sales promotion and in capturing loyal customers. The card was standardized in July 2013 as a common point card format available at all the affiliated stores. The club card primarily features point-granting rates that vary between monthly and annual purchase amounts and a prepaid function to allow cardholders to use it for purchases at VISA-affiliated stores. As of March 31, 2014, active cardholders (customers who made a purchase in the past year) totaled 7.6 million and loyal customers (customers who spend more than ¥50,000 a year) were 1.19 million. Our basic customer strategy is to increase the overall number of members and maximize the number of loyal customers in the near term. The programs for members have been upgraded such as the implementation of a new point granting scheme (adding together the purchase amounts of all family members) at the “cocokara club” member site. We aim to have 11 million active cardholders and 1.6 million loyal customers in the fiscal year ending March 31, 2016.

Brand development strategy

Although cocokarafine Healthcare was born by integrating six drugstore companies, only 166 stores currently have the new brand “cocokarafine,” accounting for less than 20% of all affiliated stores. As most of these have been newly opened stores, the renovation of existing stores with the new brand is just getting under way. We have previously switched to the new brand for each area mainly for those renovated stores satisfying strict standards for store interiors that would provide customers with the comfort of the new cocokara fine stores. Along with the establishment of a standard store model, switching stores to the new brand has begun and signage is expected to be changed to the “cocokarafine” brand at 150 stores during the fiscal year ending March 31, 2015—more than twice those in the previous fiscal year. As a result, the new brand signage will be at more than 350 stores including the 43 new stores by the end of the fiscal year ending March 31, 2015.

Future drugstores will address the function of not only “providing drugs as people feel sick” but also “preventing potential illness or maintaining health,” which will be increasingly important. We will continue to aim to create stores that are trusted and supported by local customers by focusing our efforts on the prevention of lifestyle diseases and on making proposals of safe and healthy foods as a “local healthcare infrastructure.”

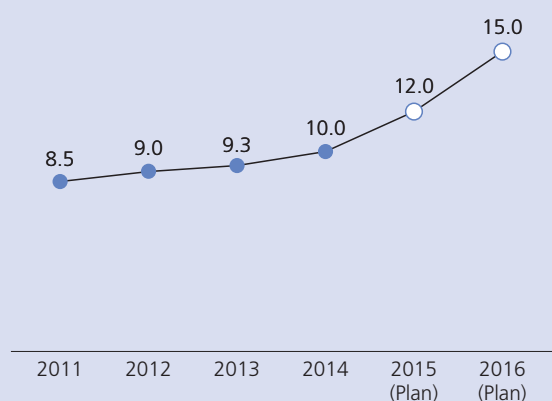
Business Strategy

2

Strengthen Private-Brand (PB) Products

We are bolstering value-added private-brand products including original products, which draw on new technology and/or new raw materials developed by CocokaraFine Next Co., Ltd., jointly developed PB products via collaboration with commercial-brand manufacturers and value-added PB products which utilizes the unique service know-how of cocokarafine. This is made possible due to our employees who have a high level of knowledge and presentation capabilities developed through our industry-leading education system. Also, by expanding our existing lineup of multipurpose private-brand products, we plan to increase the sales ratio of all our PB products to 15% in the fiscal year ending March 31, 2016.

Change in the sales ratio of PB products (%)



* Years ended or ending March 31

Pharmacy Operations

Aiming to Be the Community-Focused Drugstore of Choice by Leveraging Its Strength in Dispensing Ability as the Leader in the Drugstore Industry

Drugstore Industry Ranking*
Pharmacies that Dispense over 1,000 Prescriptions per month

No. 1

Top-rated in the drugstore industry in both dispensing fees and dispensing sales ratio

* Source: Drug Magazine July 2014

Proactive open stores in medical centers and leader in initiatives toward at-home dispensing services

The cocokara fine Group is a pioneer in the drugstore industry as one of the first to implement pharmacy operations in anticipation of the coming era of the full-fledged separation of medical practices and drug dispensation. Based on a long history of providing safe and accurate pharmacy services, the Group boasts the drugstore industry's top-rated position regarding dispensing fees.

We aim to be the pharmacy of choice in this era of self-medication by opening not only stand-alone dispensaries but also combined outlets that include a drugstore and pharmacy under the same roof and new stores in medical centers. We are also actively providing pharmacy services to patients who are receiving treatment at home. In addition, we are developing an advanced education system to support the upgrading the skills of our pharmacists and introducing a dispensing data management system that will form the basis of accurate drug administration guidance. Thus, we aim to offer healthcare delivery facilities that can provide high-value-added services to more local citizens and patients.

The revisions to medical treatment fees in fiscal year ending March 31, 2014 included a review of the requirements for National Health Insurance Drug Price Standard points regarding the generic drugs dispensing system and the reward addition for at-home dispensing (a delivery service for pharmaceuticals dispensed according to prescriptions for patients being treated at home or at nursing care facilities). The Group therefore aims to offer high-quality dispensing services that meet the needs of the times and ensure an appropriate level of profitability by quickly responding to such changes. We intend to accelerate efforts to raise the ratio for use of generic drugs, increase bases for at-home dispensing and reinforce our commitment to around-the-clock dispensing and at-home dispensing services.

Near-future dispensaries will be required to provide

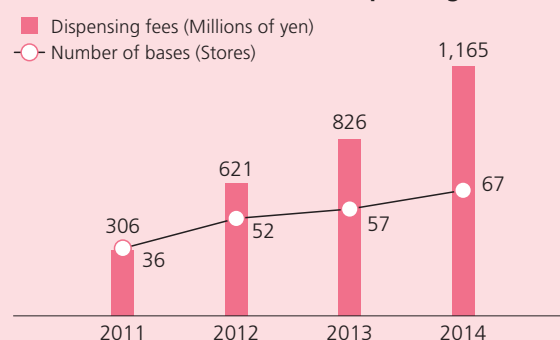
patients with added value through sales of goods useful for health promotion and/or by holding health-related seminars. To become the community-focused pharmacy of choice, our stores will pursue the improvement of quality of life for local citizens by establishing a broad, cooperative network linked to medical care, nursing care and any relevant industries.

Business Strategy

Moving Forward as the Community-Focused Pharmacy of Choice

Both the number of bases dealing with at-home dispensing and the dispensing fees have increased steadily each year through our efforts to increase the number of new care facilities and raise the operating ratio of the bases. We intend to strengthen our position as the community-focused pharmacy of choice by providing patients with added value such as providing new medical care-related services, expanding sales of products at pharmacies and holding health-related seminars.

Fees and bases for at-home dispensing



* Years ended March 31

Nursing Care Services

Expanding Business with an Extensive Service Menu Linked to Our Core Business

In addition to home care services, day services, short stays and the operation of facilities such as group homes and paid elder care facilities, FINECARE Inc. started operating "Sayama Model" homes, which link assisted-living homes to local healthcare networks in March 2013. In light of rising societal needs, we are working to ensure differentiation through collaboration with the core business of drugstore and pharmacy operations and are expanding business domains.



E-Commerce

Raising Profitability through O2O Strategy Together with Drugstore Operations

Cocokarafine OEC Co., Ltd., handles approximately 20,000 items, which is more than that of actual stores, with a focus on customer needs accumulated through the operation of drugstores. The company is working to enhance convenience by enabling people to shop online using smartphones and/or tablets in response to changes in the terminal environment. As standardizing the member card point system at actual stores already has been completed, from now on we intend to roll out an online to offline (O2O) strategy that exploits synergies with drugstore operations by implementing mutually complementary sales promotion initiatives.



Product Planning and Development

Developing Products that Differentiate Us through Synergies with Drugstore Operations

We are pursuing differentiation from other drugstores by developing private-brand products that deal with customers' issues and needs, achieved by leveraging the features of the Group, which has strength in counseling capabilities supported by specialist knowledge. CocokaraFine Next Co., Ltd., has devised several products that have proven to be hits in the market, including the VIVCO Series cosmetics, which boast annual sales of more than 160,000 units. This product line was developed in conjunction with Kyushu University, which has proprietary technology, in an industry-academia initiative to address the skin problems of customers. In addition to promoting sales of these products at the Group's drugstores, the products are sold through the store networks of other companies.



International Business

Focus on East Asia and Expanding Drugstore Operations Overseas

The drugstore market has been expanding overseas in recent years given increasing populations and economic growth. To take advantage of this, we have taken the lead in the industry in forays overseas in East Asia, particularly China. We started operation of a wholly owned subsidiary in Shanghai, which marked a first for Japan's drugstore industry. We have obtained import permits and started sales of the VIVCO Series and PB products such as the Reduction-Type Coenzyme Q10 Series in China and Thailand.



Initiatives in pursuit of a **mind & body**

Contribution to Community

Assistance in case of disaster by drawing on our Group strength

Given the rising awareness of health and disaster, drugstores increasingly are requested to function as an essential lifeline utility. After the Great East Japan Earthquake, our pharmacists worked to offer optimum care in collaboration with doctors and nurses by taking advantage of their accumulated knowledge although medical staff was insufficient to take care of the many refugees evacuating without their prescribed drugs. In December 2012, the Group entered into the "Agreement Concerning the Supply of First-Aid Commodities of Life in Case of Disaster" with the city of Atami in Shizuoka Prefecture. The Group has concluded similar agreements with local municipalities in Nagasaki and Wakayama prefectures.



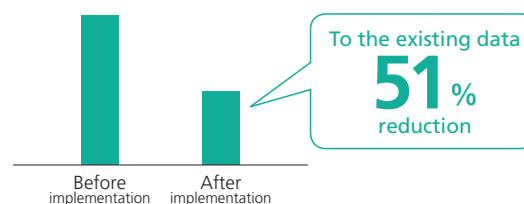
Environment

Implementing LED lighting at all of our stores to reduce the environmental load

We are introducing energy-saving equipment in our stores. Having implemented LED lighting devices for newly opened and renovated stores, we have completed the installation of LED lighting for all stores group-wide.

Through the replacement of all lighting devices with LED ones, electric power consumption for lighting can be reduced by approximately 51%. We will develop environment-friendly stores with less environmental load.

Change in electric power consumption for lighting



Note : Comparison regarding stores that were operating as of October 2010 and the LED-implemented stores

Educational Support

Full support for publishing *Secrets of Drugstores and Dispensing* for elementary school pupils

The Group fully cooperated in planning and publishing a book titled *Secrets of Drugstores and Dispensing*, an educational book for elementary school pupils that has been donated to 22,300 elementary schools and 3,200 public libraries nationwide. We hope this book will contribute to helping school pupils better understand the roles of experts, such as pharmacists and registered salespersons who provide information about health centering on drugs, and of drugstores, as well as the importance of the "omotenashi" spirit of our staff.



Social Contribution

Exhibited at KidZania Koshien to help children think of their future and society

As an official sponsor of this profession and social experience type facility, the Group exhibited a drugstore pavilion. Visitors can have the experience of pharmacists working at a pharmacy inside a drugstore and/or as designers who fabricate original merchandise in the field of health maintenance. We expect our pavilion to serve as a place to learn the importance of self-medication with a distinct experience through which one can understand drugstores' role as a medical care base to refresh the mind and body of customers/patients and become increasingly familiar with medical care.



Basic Policy on Corporate Governance

Under the recognition that thorough compliance is indispensable to the sustainable existence of corporations, all the corporate officers and employees of cocokarafine conduct themselves by observing impartial and high ethical standards and cocokarafine strives to establish a management system that is trusted widely by society. Furthermore, cocokarafine strives to ensure swift decision making on management, reinforce its management oversight function and improve the transparency of management activities to maximize corporate value and gain the trust of investors.

Based on the aforementioned basic policy on corporate governance, cocokarafine has predetermined the tenure of Members of the Board to be one year and has set a remuneration structure for Members of the Board that is a performance-based compensation system on an annual basis, which is aimed at improving management functions and clarifying the significance of performance improvement. In addition, cocokarafine has a Audit & Supervisory Board, consisting of four Audit & Supervisory Board Members (including two outside members), to ensure fair auditing. Furthermore, the Compliance and Risk Control Meeting, chaired by the Group Management Control Supervisory Manager, endeavors to build and streamline internal control systems by conducting promotional activities and holding education/training sessions to reinforce the company-wide compliance structure.

Governance Structure and Systems

1. Structure and outline of corporate governance

The Board of Directors meets once per month, in principle, to resolve important management-related matters.

The tenure of the Members of the Board is one year to clarify the responsibility for the year's performance.

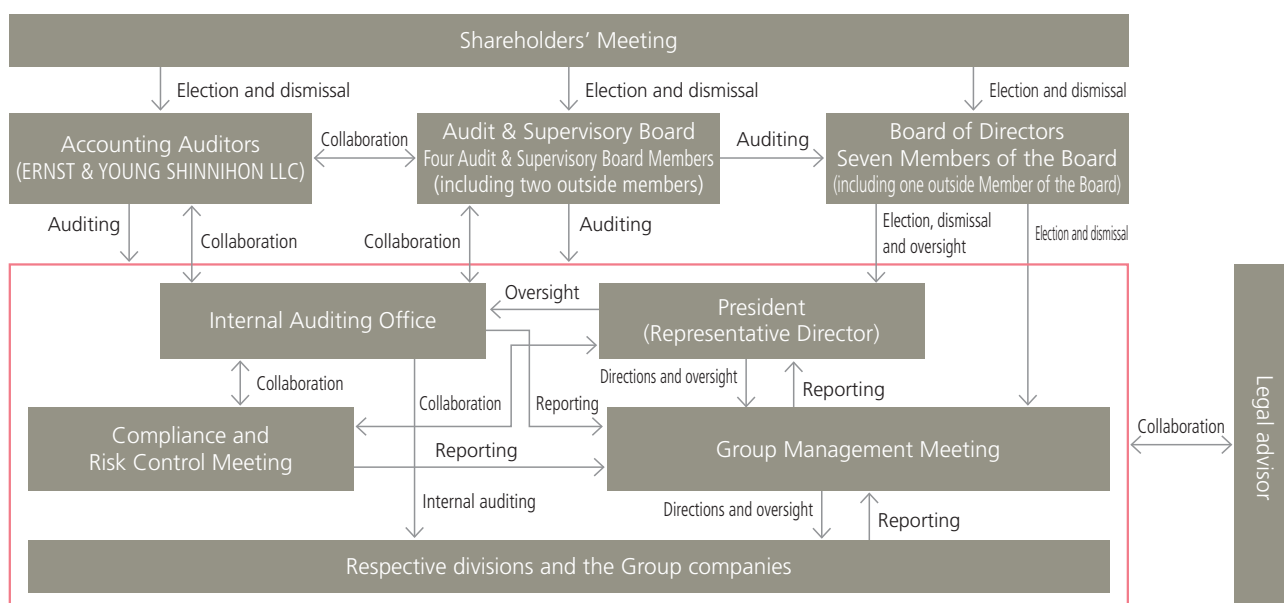
The Audit & Supervisory Board consists of four Audit & Supervisory Board Members (including two outside members). The Audit & Supervisory Board Members participate in meetings of the Board of Directors and other important meetings, receive reports on business circumstances from the Members of the Board and other relevant personnel, examine important authorized documents and conduct audits regarding the performance of Members of the Board's duties.

The Group Management Meeting consists of the internal Members of the Board and the Executive Corporate Officers. The Meeting is held once per month, in principle, to efficiently and powerfully promote management activities as an organ to assist the President's business execution. Its activities are based on consultations on and/or formulations of management policies of cocokarafine and cocokarafine Group; consultations on, formulations of and/or decisions regarding executional policies on management; and/or reports given from relevant divisions/departments regarding the execution of business duties.

To ensure the appropriateness and efficiency of the business duties executed, the Internal Auditing Office is established as an organ independent from the business executing divisions/departments for internal audits.

2. Reason for adopting the corporate governance structure

cocokarafine has adopted the present corporate governance structure on the conviction that corporate governance can be strengthened by electing Outside Members of the Board and Outside Audit & Supervisory Board Members with independence. Governance enhancement is therefore addressed through mutual collaboration among the Audit & Supervisory Board, the Internal Auditing Division and the Accounting Auditors.



Members of the Board and Audit & Supervisory Board Members

Members of the Board (as of June 26, 2014)



President
Atsushi Tsukamoto
December 2002 President, Seijo Co., Ltd.
April 2008 President (present post), cocokara fine Inc.
April 2013 Member of the Board (present post), cocokara fine Healthcare Inc.



Executive Vice President
President of cocokara fine Healthcare Inc.
Ichiro Ishibashi
November 2006 President, Allied Hearts Holdings Co., Ltd.
October 2010 Executive Vice President and General Manager of Merchandise Division
June 2012 Executive Vice President (present post), cocokara fine Inc.
April 2014 President (present post), cocokara fine Healthcare Inc.



Member of the Board and Executive Corporate Officer, in charge of Group Business Management
Kaoru Hashizume
October 2010 Member of the Board and Executive Corporate Officer, cocokara fine Inc. President, Seijo Co., Ltd.
June 2012 Member of the Board and Executive Corporate Officer (present post), cocokara fine Inc.
April 2014 Managing Officer in charge of Group Business Management, cocokara fine Inc. Member of the Board (present post), cocokara fine Healthcare Inc.



Member of the Board and Executive Corporate Officer
Shunji Uehara
October 2010 Executive Corporate Officer, cocokara fine Inc. President, Segami Medics Co., Ltd.
June 2012 Member of the Board and Executive Corporate Officer (present post), cocokara fine Inc.
April 2014 Executive Vice President and Division Director of Retail Sale Division (present post), cocokara fine Healthcare Inc.



Member of the Board, Executive Corporate Officer, and Director of Overseas Business Division
Kazuo Hamano
September 2008 Senior Executive Board Director, Segami Medics Co., Ltd.
February 2011 President, SO Pharmaceutical Corporation (currently CocokaraFine Next Co., Ltd.)
June 2012 Member of the Board and General Manager of Business Development Division, cocokara fine Inc.
April 2013 Member of the Board and Executive Corporate Officer, and Director of Overseas Business Division (present post), cocokara fine Inc.



Member of the Board
Masashi Hisamatsu
May 2004 Chairman, Lifort Co., Ltd.
November 2006 Chairman, Allied Hearts Holdings Co., Ltd.
October 2010 Chairman, cocokara fine Inc.
June 2014 Member of the Board (present post)



Outside Member of the Board
Makoto Kitayama
August 2004 Outside Corporate Auditor, Lifort Co., Ltd.
November 2006 Outside Member of the Board, Allied Hearts Holdings Co., Ltd.
October 2010 Outside Member of the Board (present post), cocokara fine Inc.

Audit & Supervisory Board Members (as of June 26, 2014)



Audit & Supervisory Board Member
Taizo Furumatsu
October 2010 Member of the Board and Executive Corporate Officer and General Manager of Internal Auditing Division, cocokara fine Inc.
April 2012 Member of the Board and Executive Corporate Officer in charge of the Store Development Office, cocokara fine Inc.
June 2012 Audit & Supervisory Board Member (present post), cocokara fine Inc.



Audit & Supervisory Board Member
Masato Saito
April 2008 Member of the Board and General Manager of Development Division, cocokara fine Inc.
October 2010 Member of the Board, cocokara fine Inc.
June 2012 Audit & Supervisory Board Member (present post), cocokara fine Inc.



Outside Audit & Supervisory Board Member
Yasuhiro Otani
December 2001 Corporate Auditor, Ryoki Kogyo Co., Ltd.
June 2009 Substitute Audit & Supervisory Board Member, cocokara fine Inc.
June 2012 Audit & Supervisory Board Member (present post), cocokara fine Inc.



Outside Audit & Supervisory Board Member
Akira Torii
December 1994 Representative Partner, Century Audit Corporation (currently Ernst & Young ShinNihon LLC)
July 2003 Representative Partner, AZSA & Co. (currently KPMG AZSA LLC)
April 2008 Auditor, AZSA & Co.
July 2012 Established TORII Accounting Firm
June 2014 Outside Audit & Supervisory Board Member (present post), cocokara fine Inc.

Six-year Summary

| | 2009 | 2010 |
|--|----------|----------|
| Operating Results (Millions of yen) | | |
| Net sales | 170,116 | 190,957 |
| Cost of sales | 123,748 | 143,572 |
| Gross profit | 46,368 | 47,385 |
| Selling, general and administrative expenses | 42,532 | 43,991 |
| Operating income | 3,836 | 3,394 |
| Ordinary income | 7,274 | 7,069 |
| Net income | 3,915 | 4,169 |
| Financial Condition (Millions of yen) | | |
| Total assets | 79,682 | 79,679 |
| Net assets | 42,809 | 45,997 |
| Cash Flows(Millions of yen) | | |
| Cash flows from operating activities | 2,327 | 4,745 |
| Cash flows from investing activities | (2,615) | (3,001) |
| Cash flows from financial activities | 277 | (2,297) |
| Cash and cash equivalents at fiscal year end | 10,707 | 10,153 |
| Per Share Data (Yen) | | |
| Earnings per share (EPS) | 196.60 | 209.39 |
| Book value per share (BPS) | 2,149.66 | 2,309.76 |
| Dividend per share | 50 | 50 |
| Principal Financial Data (%) | | |
| Return on assets (ROA) | 9.4 | 8.9 |
| Return on equity (ROE) | 9.5 | 9.1 |
| Equity ratio | 53.7 | 57.7 |
| Dividend payout ratio | 25.4 | 23.9 |

| 2011 | 2012 | 2013 | 2014 |
|----------|----------|----------|-----------------|
| | | | |
| 256,681 | 321,954 | 335,886 | 349,337 |
| 193,094 | 242,468 | 249,392 | 258,736 |
| 63,587 | 79,486 | 86,494 | 90,601 |
| 57,211 | 70,906 | 76,451 | 83,162 |
| 6,375 | 8,579 | 10,043 | 7,438 |
| 10,395 | 13,467 | 13,789 | 9,495 |
| 5,911 | 7,920 | 7,855 | 3,598 |
| | | | |
| 121,361 | 140,915 | 149,578 | 139,305 |
| 60,605 | 67,277 | 73,417 | 75,320 |
| | | | |
| 8,140 | 21,645 | 10,012 | (7,011) |
| (4,097) | (4,916) | (6,222) | (8,221) |
| (3,959) | (4,553) | (4,240) | (926) |
| 12,461 | 24,637 | 24,217 | 8,061 |
| | | | |
| 260.79 | 311.59 | 308.95 | 141.46 |
| 2,384.22 | 2,646.73 | 2,886.08 | 2,960.96 |
| 58 | 60 | 60 | 60 |
| | | | |
| 10.3 | 10.3 | 9.5 | 6.6 |
| 11.1 | 12.4 | 11.2 | 4.8 |
| 49.9 | 47.7 | 49.1 | 54.1 |
| 22.2 | 19.3 | 19.4 | 42.4 |

*1 Values after the retrospective application, on which the change of accounting policy is reflected, are stated effective from "FY2013."
*2 Years ended March 31

Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2013 | As of March 31, 2014 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 24,217 | 8,062 |
| Accounts receivable - trade | 12,402 | 14,784 |
| Inventories | 40,500 | 42,645 |
| Deferred tax assets | 1,916 | 1,883 |
| Accounts receivable - other | 7,699 | 7,896 |
| Other | 1,787 | 1,910 |
| Allowance for doubtful accounts | — | (2) |
| Total current assets | 88,523 | 77,179 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 12,971 | 13,408 |
| Land | 11,161 | 11,346 |
| Lease assets, net | 1,243 | 1,183 |
| Other property, plant and equipment, net | 3,245 | 2,599 |
| Total property, plant and equipment | 28,621 | 28,537 |
| Intangible fixed assets | | |
| Goodwill | 2,090 | 1,113 |
| Lease assets | 2 | — |
| Other intangibles | 1,962 | 2,086 |
| Total intangible fixed assets | 4,056 | 3,200 |
| Investments and other assets | | |
| Guarantee deposits | 9,982 | 10,171 |
| Lease deposits | 12,155 | 12,643 |
| Deferred tax assets | 3,646 | 4,539 |
| Other assets | 2,800 | 3,259 |
| Allowance for doubtful accounts | (207) | (226) |
| Total investments and other assets | 28,377 | 30,387 |
| Total noncurrent assets | 61,054 | 62,125 |
| Total assets | 149,578 | 139,305 |

(Millions of yen)

| | As of March 31, 2013 | As of March 31, 2014 |
|---|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 51,306 | 37,181 |
| Short-term borrowings | 4,800 | 7,800 |
| Lease obligations | 479 | 479 |
| Income tax payable | 2,676 | 1,686 |
| Allowance for bonuses | 1,808 | 1,872 |
| Allowance for point card certificates | 1,383 | 2,119 |
| Other | 8,183 | 6,396 |
| Total current liabilities | 70,638 | 57,535 |
| Noncurrent liabilities | | |
| Lease obligations | 685 | 642 |
| Deferred tax liabilities | — | 39 |
| Accrued retirement benefits | 3,187 | — |
| Net defined benefit liability | — | 3,909 |
| Other | 1,649 | 1,857 |
| Total noncurrent liabilities | 5,522 | 6,449 |
| Total liabilities | 76,161 | 63,984 |
| Net assets | | |
| Shareholders' equity | | |
| Paid-in capital | 1,000 | 1,000 |
| Capital surplus | 34,438 | 34,438 |
| Retained earnings | 37,928 | 40,016 |
| Treasury stock | (59) | (61) |
| Total shareholders' equity | 73,307 | 75,394 |
| Total accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 110 | 137 |
| Remeasurements of defined benefit plans | — | (211) |
| Total accumulated other comprehensive income | 110 | (73) |
| Total net assets | 73,417 | 75,320 |
| Total liabilities and net assets | 149,578 | 139,305 |

Consolidated Statements of Income

(Millions of yen)

| | Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013) | Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014) |
|--|---|---|
| Net sales | 335,886 | 349,337 |
| Cost of sales | 249,392 | 258,736 |
| Gross profit | 86,494 | 90,601 |
| Selling, general and administrative expenses | 76,451 | 83,162 |
| Operating income | 10,043 | 7,438 |
| Non-operating income | | |
| Interest income | 85 | 88 |
| Dividend income | 14 | 14 |
| Commissions for order processing | 1,151 | 1,185 |
| Research fee income | 297 | 324 |
| Rent income | 792 | 851 |
| Amortization of negative goodwill | 1,167 | — |
| Other non-operating income | 551 | 477 |
| Total non-operating income | 4,058 | 2,941 |
| Non-operating expenses | | |
| Interest expenses | 25 | 30 |
| Rent expenses | 228 | 778 |
| Provision of allowance for doubtful accounts | 13 | 21 |
| Other non-operating expenses | 45 | 55 |
| Total non-operating expenses | 312 | 885 |
| Ordinary income | 13,789 | 9,495 |
| Extraordinary income | | |
| Gain on sales of noncurrent assets | 7 | 144 |
| Refunded consumption taxes | 366 | — |
| State subsidy | — | 87 |
| Gain on sales of investment securities | — | 0 |
| Compensation for transfer | 46 | — |
| Total extraordinary income | 420 | 231 |
| Extraordinary loss | | |
| Loss on cancellation of leasehold contracts | 183 | 116 |
| Loss on sales of noncurrent assets | 6 | — |
| Loss on retirement of noncurrent assets | 41 | 106 |
| Impairment loss | 759 | 2,350 |
| Disaster relief donations | 5 | — |
| Other | 6 | 166 |
| Total extraordinary loss | 1,002 | 2,739 |
| Income before income taxes and minority interests | 13,207 | 6,987 |
| Income taxes - current | 5,328 | 3,800 |
| Income taxes for prior periods | 168 | — |
| Income taxes - deferred | (144) | (411) |
| Total income taxes | 5,352 | 3,388 |
| Income before minority interests | 7,855 | 3,598 |
| Minority interests in income | — | — |
| Net income | 7,855 | 3,598 |

Consolidated Statements of Cash Flows

(Millions of yen)

| | Fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013) | Fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014) |
|--|---|---|
| Cash flows from operating activities | | |
| Income before income taxes and minority interests | 13,207 | 6,987 |
| Depreciation and other amortization | 3,741 | 4,113 |
| Impairment loss | 759 | 2,350 |
| Disaster relief donations | 5 | — |
| Amortization of goodwill and negative goodwill | (763) | — |
| Amortization of goodwill | — | 599 |
| Increase (decrease) in allowance for doubtful accounts | 9 | 18 |
| Interest and dividend income | (99) | (102) |
| Interest expenses | 25 | 30 |
| Loss (gain) on sales of noncurrent assets | (1) | (144) |
| Loss on retirement of noncurrent assets | 41 | 106 |
| Gain on donation of noncurrent assets | (214) | (163) |
| Loss on cancellation of leasehold contracts | 183 | 116 |
| Decrease (increase) in notes and accounts receivable-trade | 1,716 | (2,187) |
| Decrease (increase) in inventories | (2,526) | 1,003 |
| Decrease (increase) in accounts receivable - other | 266 | (112) |
| Increase (decrease) in accounts payable - trade | (2,146) | (15,850) |
| Increase (decrease) in allowance for bonuses | (94) | 27 |
| Increase (decrease) in accrued retirement benefits | 295 | — |
| Increase (decrease) in net defined benefit liability | — | 361 |
| Increase (decrease) in allowance for point card certificates | 37 | 611 |
| Other | 886 | 11 |
| Sub-total | 15,330 | (2,223) |
| Interest and dividends income received | 17 | 16 |
| Interest expenses paid | (25) | (31) |
| Income taxes paid | (5,350) | (4,773) |
| Disaster relief donations paid | (5) | — |
| Compensation for transfer received | 46 | — |
| Net cash provided by operating activities | 10,012 | (7,011) |
| Cash flows from investing activities | | |
| Proceeds from withdrawal of time deposits | 403 | 88 |
| Purchase of investment securities | 0 | (3) |
| Proceeds from sales of investment securities | 3 | — |
| Purchase of property, plant and equipment | (4,436) | (3,337) |
| Proceeds from sales of property, plant and equipment | 56 | 420 |
| Purchase of intangible fixed assets | (441) | (1,277) |
| Payments for lease deposits | (746) | (526) |
| Collection of lease deposits | 343 | 206 |
| Payments for guarantee deposits | (991) | (533) |
| Proceeds from collection of guarantee deposits | 243 | 205 |
| Purchase of stocks of affiliates | (110) | (497) |
| Payments for transfer of business | (420) | — |
| Purchase of investments in subsidiaries resulting in change in scope of consolidation | (155) | (2,697) |
| Payments of loans receivable | (30) | — |
| Other | 59 | (269) |
| Net cash used in investing activities | (6,222) | (8,221) |
| Cash flows from financial activities | | |
| Increase (decrease) in short-term borrowings | 400 | 2,580 |
| Payment of long-term borrowings | (2,216) | (1,440) |
| Redemption of bonds | (400) | — |
| Payment of lease obligations | (423) | (537) |
| Cash dividends paid | (1,652) | (1,527) |
| Other | 52 | (1) |
| Net cash used in financial activities | (4,240) | (926) |
| Net increase (decrease) in cash and cash equivalents | (450) | (16,159) |
| Cash and cash equivalents at beginning of the year | 24,637 | 24,217 |
| Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries | 31 | 3 |
| Cash and cash equivalents at fiscal year end | 24,217 | 8,061 |

Steadily Expanding Our Presence and Dominance to Deliver “Omotenashi” to More Consumers

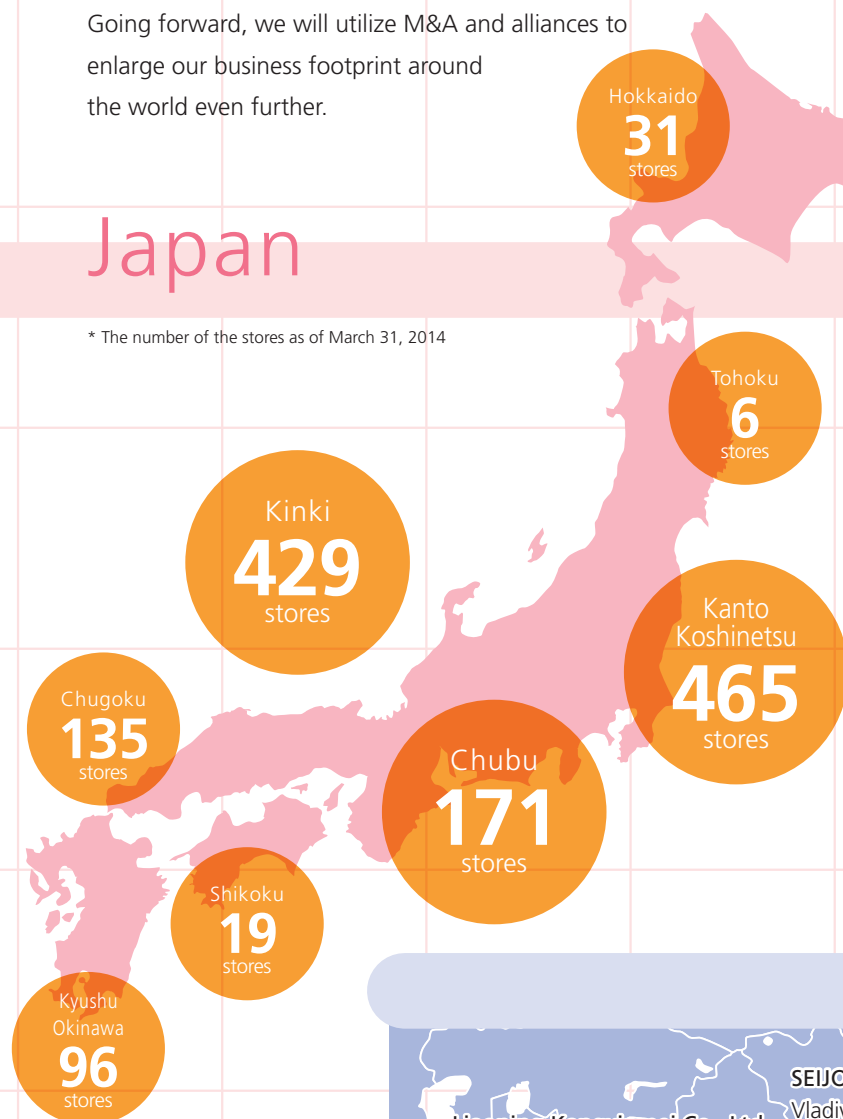
Cocokara fine operates a vast, community-based store network covering every corner of Japan, with a dominant market position in Tokyo, Osaka and other major urban centers. We were also among the first in the industry to aggressively expand our operations outside of Japan.

Going forward, we will utilize M&A and alliances to enlarge our business footprint around the world even further.

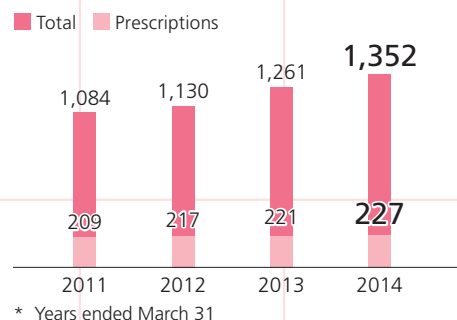


Japan

* The number of the stores as of March 31, 2014



Number of stores by category



Overseas



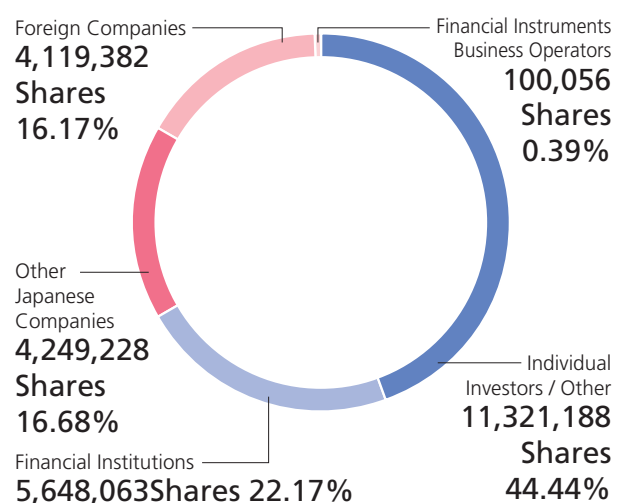
Stock Information (as of March 31, 2014)

| | |
|-----------------------------------|--|
| Total number of authorized shares | 100,000,000 shares |
| Total number of issued shares | 25,472,485 shares (34,568 shares owned by one individual) |
| Shareholders | 8,658 |

Major Shareholders (as of March 31, 2014)

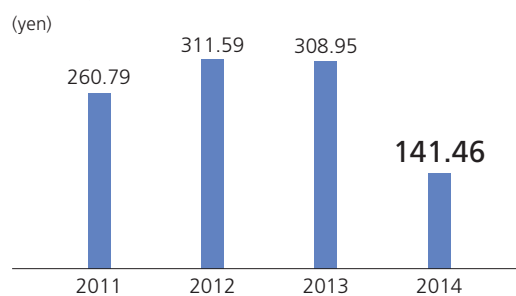
| Shareholder | Shareholdings (Shares) | Ownership Ratio (%) |
|--|------------------------|---------------------|
| Masato Saito | 1,759,248 | 6.9 |
| The Master Trust Bank of Japan, Ltd. (managed trust account) | 1,683,240 | 6.6 |
| cocokara fine Inc. employee stock ownership | 1,263,230 | 4.95 |
| Segami Real Estate Co., Ltd. | 1,135,920 | 4.45 |
| Ichiro Ishibashi | 712,600 | 2.79 |
| Japan Trustee Services Bank, Ltd. (trust account) | 605,200 | 2.37 |
| Daiichi Sankyo Healthcare Co., Ltd. | 605,017 | 2.37 |
| THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT | 448,900 | 1.76 |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 446,848 | 1.75 |
| Hitomi Manjome | 406,550 | 1.59 |
| Yuko Yamaguchi | 406,550 | 1.59 |

Distribution of Shareholdings by Investor Class (as of March 31, 2014)

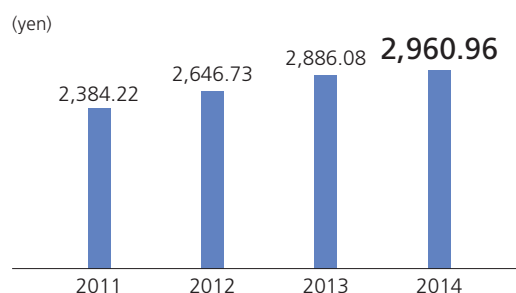


Note : The number of shareholders and shares includes treasury stock (34,568 shares owned by one individual)

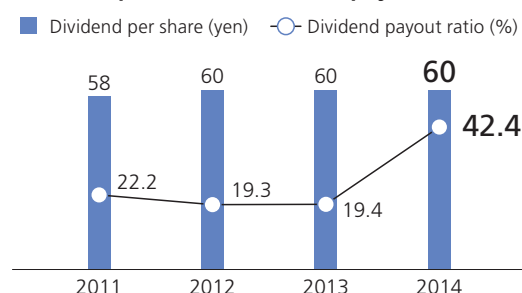
Earnings per share (EPS)



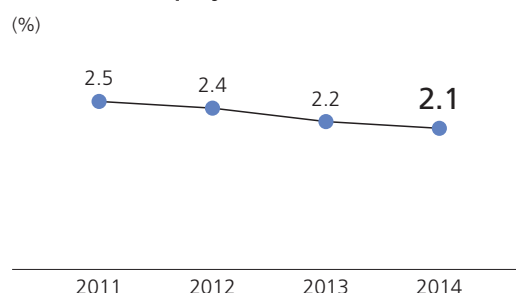
Book value per share (BPS)



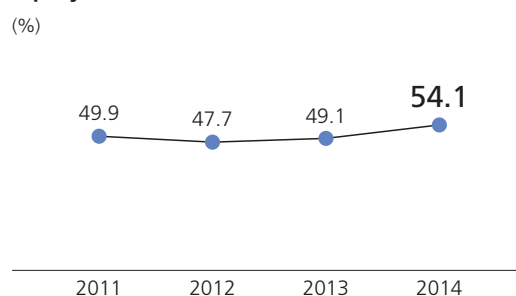
Dividend per share / Dividend payout ratio



Dividend on equity (DOE)



Equity ratio



* Years ended March 31

Company Profile (as of April 1, 2014)

| | |
|-----------------------------|---|
| Name | cocokara fine Inc. |
| Business Description | Corporate planning, management and other ancillary operations for group companies and subsidiaries engaged in drugstore chain operations. |
| Head Office | Inotech Bldg., 3-17-6 Shin-Yokohama, Kohoku-ku, Yokohama, Kanagawa 222-0033 Japan Tel. +81-45-548-5929 |
| Established | April 1, 2008 |
| Paid-in Capital | 1,000 million yen |
| Group Companies | <ul style="list-style-type: none"> ● cocokarafine Healthcare Inc. Inotech Bldg., 3-17-6 Shin-Yokohama, Kohoku-ku, Yokohama, Kanagawa 222-0033 Japan ● FINECARE Inc. 2F, Daily Care Seijo Minami Urawa Nishiguchi Store, 2-2-1Bunzo, Minami-ku, Saitama, Saitama 336-0025 Japan ● cocokarafine OEC Co., Ltd. Inotech Bldg., 3-17-6 Shin-Yokohama, Kohoku-ku, Yokohama, Kanagawa 222-0033 Japan ● Iwasakikokendo Co., Ltd. 5636-5, Ichinoide, Shunan, Yamaguchi 745-0882 Japan ● Kojido Co., Ltd. 4-40-11, Akatsutsumi, Setagaya-ku, Tokyo 156-0044 Japan ● cocokarafine associe Co., Ltd. 2-1-7, Sanno, Ota-ku, Tokyo 143-0023 Japan ● SHANGHAI COCOKARAFINE INC. Room 203, Huizhi Mansion, No.398 Caoxi Road (North), Xuhui District, Shanghai, China ● CocokaraFine Next Co., Ltd. Inotech Bldg., 3-17-6 Shin-Yokohama, Kohoku-ku, Yokohama, Kanagawa 222-0033 Japan |

Organizational Chart

(as of April 1, 2014)

