

PROFILE

Kuraya Sanseido Inc. is the **largest** pharmaceutical **wholesaler** in Japan, a market that comprises 210,000 medical institutions. Our **3,800 marketing specialists** at 160 locations throughout Japan handle the products of 2,000 manufacturers, serving customers in 93,000 locations. With a **market share** of over **30 percent** in both the Tokyo and Kansai areas, Japan's primary economic centers, and 19 percent nationwide, Kuraya Sanseido relies on large-scale distribution centers totaling 140,000 m² to process over **252,000 orders** each day with maximum efficiency. Customers and suppliers alike benefit from our **innovative** use of information technology to forecast demand and reduce the cost of delivery and inventory. As the **leader** in our industry, we are committed to retaining the **trust** of our customers, suppliers and stockholders by adhering to the highest standards of **ethics** and operating **efficiency**. Our approach to increasing **stakeholder value** is based on innovation, **effective** cost management and **integrated** management of Group companies.

CONTENTS

- 1** Financial Highlights
- 2** To Our Shareholders
- 4** Interview with President and CEO Sadatake Kumakura
- 10** Board of Directors, Auditors and Corporate Officers
- 11** Financial Section
- 26** Subsidiaries and Affiliated Companies
- 27** Investor Information

FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements regarding Kuraya Sanseido's plans, outlook, strategies and results for the future. All forward-looking statements are based on judgements derived from information available about the Company at the time of publication.

Certain risks and uncertainties could cause the Company's actual results to differ materially from any projections presented in this report. These risks and uncertainties include, but are not limited to, the economic circumstances surrounding the Company's business; competitive pressures; related laws and regulations; product development programs; and changes in exchange rates.