

To Our Stakeholders



In the fiscal year ended March 31, 2010, while the Japanese economy picked up steadily and capital investment bottomed out, conditions were challenging, as the recovery was not yet self-sustaining and the unemployment rate remained high. In these conditions, the MEDIPAL Group (the Company and its consolidated subsidiaries) has been carrying out business innovations aimed at establishing a new, customer-oriented business model that is highly responsive to changes in the industry environment and customer needs. In addition, we have been making proactive investments to ensure stable earnings in the future.

These business innovations are proceeding smoothly. On October 1, 2009, based on our judgment that more speed-oriented decision-making is necessary to respond appropriately to the rapid changes in the operating environment, we clearly divided Group headquarters and operating company functions by shifting to a pure holding company system. Simultaneously, the Company changed its corporate name to MEDIPAL HOLDINGS CORPORATION. On the same date, the purchasing, distribution, information system, customer support and other operating company functions the Company had managed for prescription pharmaceuticals were transferred to wholly owned subsidiary KURAYA SANSEIDO Inc., which merged with five wholly owned subsidiaries of the Company in the prescription pharmaceutical wholesale business and changed its corporate name to MEDICEO CORPORATION.

Meanwhile, wholly owned subsidiary Paltac Corporation (name changed from PALTAC KS CORPORATION to Paltac Corporation on April 1, 2009) judged that in order to compete successfully in the cosmetics, daily necessities and over-the-counter (OTC) pharmaceutical wholesale industry, where competition is forecast to intensify in the future, faster decision-making and securing independence through its own fund raising would be necessary to aggressively expand its business, and began making preparations for the public listing of its shares. As a result, its listings on the Tokyo Stock Exchange and the Osaka Securities Exchange were approved, and it was listed on the First Section of each exchange on March 18, 2010.

In the fiscal year ending March 31, 2011, under this new structure, we will build a foundation for sustained growth in the future operating environment by fully deploying the strengths of Group companies.

I hope that our stakeholders will help us accomplish our goals with their continued understanding and support, in expectation of the MEDIPAL Group's further growth.

August 2010

A handwritten signature in black ink, appearing to read 'Sadatake Kumakura'.

Sadatake Kumakura
President and CEO