

NOTICE: This is a translation of a notice issued on June 1, 2017 in Japanese and is made solely for the convenience of the foreign shareholders. In case of any discrepancy between the translation and the Japanese original, the latter shall prevail.

Securities code: 4536

June 1, 2017

**CONVOCATION NOTICE
OF THE 105TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholder:

We hereby inform you of the 105th Annual General Meeting of Shareholders of the Company to be held as set forth below. Your presence at the meeting will be highly appreciated.

If you cannot attend the Meeting, you are entitled to exercise your voting right by a written form or via the Internet.* In such a case, after reviewing the attached “Reference Materials for the General Meeting of Shareholders,” please exercise your voting right by: filling up the Voting Card indicating your assent or dissent to the items on the agenda, and returning the card to us by mail before 17:30 on Thursday, June 22, 2017; or accessing the website (<http://www.evotep.jp/>) designated by the Company for voting using your personal computer, and exercising your voting right before 17:30 of the aforementioned day.

Very truly yours,

Akira Kurokawa
Representative Director
President & CEO

SANTEN PHARMACEUTICAL CO., LTD.
9-19, Shimoshinjo 3-chome, Higashiyodogawa-ku, Osaka, Japan
[Corporate Headquarters: 4-20, Ofuka-cho, Kita-ku, Osaka, Japan]

*Please note that shareholders outside Japan may not directly use this means outside Japan.

AGENDA

1. **Date and Time: Friday, June 23, 2017 at 10:00 a.m.**
(Start of admission at 9:00 a.m.)
2. **Place: “Sakura” conference room at the 5th Floor of Hilton Osaka**
8-8, Umeda 1-chome, Kita-ku, Osaka, Japan
3. **Agenda**
Reports: 1. Reports on the Business Report, Consolidated Financial Statements and Financial Statements for the 105th Business Term (April 1, 2016 to March 31, 2017)

2. Reports on the Audit Reports by the Accounting Auditors and the Board of Corporate Auditors on the Consolidated Financial Statements for the 105th Business Term (April 1, 2016 to March 31, 2017)

Items for Resolution:

- Proposal No. 1** Appropriation of Surplus
- Proposal No. 2** Appointment of Seven (7) Directors

4. Matters Determined concerning the Convocation

Please see the Information regarding the Exercise of Voting Rights, etc., on page 7.*

*Japanese version only.

■ Disclosure via the Internet

Pursuant to laws and regulations as well as Article 16 of the Company’s Articles of Incorporation, the lists described below are posted on the website of the Company (<http://www.santen.co.jp/ja/ir/document/meeting.jsp>) and hence, are not provided in the Appendices* hereto.

- (1) Explanatory Notes to the Consolidated Financial Statements; and
- (2) Explanatory Notes to the Financial Statements.

Please be informed that the Consolidated Financial Statements and the Financial Statements that have been audited by the Corporate Auditors and the Accounting Auditors consist of documents included in the Appendices hereto as well as the Explanatory Notes described in (1) and (2) above posted on the website of the Company.

*Japanese version only.

- © Changes in the Reference Materials for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements or Financial Statements, if any, shall be publicized via the Internet on the website of the Company (<http://www.santen.co.jp/ja/ir/document/meeting.jsp>).

REFERENCE MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS

Proposals and Reference Information

Proposal No. 1 Appropriation of Surplus

The Board of Directors proposes to appropriate the surplus as follows:

Matters regarding the Term-End Dividends of Profits

Basic Policy on Dividends of Profits

Distribution of profits to shareholders is considered by the Company as a key focus of management. The Company's policy is to set dividends at a level that is stable and sustainable while, at the same time, maintaining capital efficiency and securing funds that will allow the Company to invest in research and development, which is necessary for our growth in the future, and strategic business collaborations. The Company also continually assesses the acquisition and cancellation of its treasury shares in a flexible manner.

Under the Medium-term Management Plan FY2014-2017, the Company aims to maintain the dividend payout ratio at around 40%, taking into account the distribution of profits to shareholders, securing funds necessary for our growth in the future, and the like.

Term-End Dividends of Profits for the 105th Business Term

For the 105th Business Term, the Board of Directors proposes term-end dividends of profits at JPY 13 per share.

Consequently, the total dividends for the annual business term, including the interim dividends previously distributed (JPY 13 per share), will be JPY 26 per share, which is JPY 1 higher than the previous business term.

Upon the approval of the term-end dividends of profits, the dividend payout ratio for the current term will be 46.3%.

In the current term, to strengthen the distribution of profits to shareholders and further increase its capital efficiency, the Company acquired 8,284,000 of its own common shares pursuant to the provisions of Article 156 of the Companies Act that apply with certain terms replaced as stipulated in Article 165, Paragraph 3 of the said Act, and canceled 8,300,000 of its treasury shares pursuant to the provisions of Article 178 of the said Act.

- (1) Kind of dividend property: cash
- (2) Matters concerning the distribution of dividend property to shareholders and the aggregate amount thereof: JPY 13 per share of the common shares of the Company, which amounts to JPY 5,280,162,797 in the aggregate.
- (3) Effective date of distribution of dividends from the surplus: June 26, 2017

Proposal No. 2 Appointment of Seven (7) Directors

The term of office of all the five (5) Directors will expire at the close of this Annual General Meeting of Shareholders. Under this Proposal, the Board of Directors newly proposes the appointment of the seven (7) Directors specified below to maintain a sufficient number of Directors to ensure efficient discussions at the meetings of the Board of Directors as well as to strengthen the foundation of the management of the Santen Group for the expansion of its overseas operations and to achieve the sustainable growth thereof.

The Board of Directors passed a resolution on the selection of candidates for Director after a deliberation thereon was made by the Nominating Committee, which is comprised of the President and three (3) Outside Directors.

The candidates for Director are as follows:

The candidates who will be newly appointed are shown with an asterisk (*) next to their names

Candidate No.	Name (Date of birth)	Profile (Positions and responsibilities in the Company/other entities, and material posts concurrently held in other juridical persons)	Number of Santen shares owned
1	Akira KUROKAWA (September 5, 1952)	<p>April 1977 Joined the Company</p> <p>April 1997 General Manager, Head of the Office of Sales & Marketing Division, Prescription Pharmaceuticals</p> <p>June 1997 Director</p> <p>June 1998 Deputy Head of Sales & Marketing Division, Prescription Pharmaceuticals</p> <p>May 2001 Head of Sales & Marketing Division, Prescription Pharmaceuticals</p> <p>June 2001 Corporate Officer</p> <p>July 2004 Senior Corporate Officer</p> <p>June 2006 President & COO</p> <p>June 2008 President of Santen Holdings U.S., Inc.</p> <p>June 2008 President & CEO (incumbent)</p>	150,000 shares
2	* Takeshi ITO (July 16, 1959)	<p>April 1982 Joined the Company</p> <p>July 1999 General Manager, Business Development Group, Business Development Division</p> <p>May 2001 General Manager, Corporate Development Group, R&D Strategic Integration Department</p> <p>December 2002 Head of R&D Integration Department, R&D Division</p> <p>April 2007 Head of Surgical Division</p> <p>April 2012 Corporate Officer, Head of Prescription Pharmaceuticals Sales Department, Sales and Marketing Division, Prescription Pharmaceuticals</p> <p>April 2014 Senior Corporate Officer, Head of Japan Sales and Marketing, Prescription Pharmaceuticals</p> <p>April 2016 Executive Corporate Officer, Japan Business, Head of Japan Sales & Marketing, Prescription Pharmaceuticals (incumbent)</p>	Nil
3	* Akihiro TSUJIMURA (December 26, 1967)	<p>August 2004 Joined the Company</p> <p>October 2007 Head of Business Development Department</p> <p>April 2010 COO of Santen Inc.</p> <p>April 2011 Corporate Officer, COO of Santen Inc.</p> <p>April 2012 Corporate Officer, President and CEO of Santen Inc.</p> <p>April 2013 Corporate Officer, Head of Asia Division</p> <p>July 2015 Senior Corporate Officer, Head of Asia Division</p> <p>April 2016 Executive Corporate Officer, Head of Corporate Development Division, Asia and North America Businesses, and President & CEO of Santen Inc.</p> <p>April 2017 Executive Corporate Officer, Asia and North America Businesses, Head of Asia Division, and President & CEO of Santen Inc. (incumbent)</p> <p>Material posts concurrently held in other juridical persons: President of Santen Holdings U.S., Inc. President & CEO of Santen Inc. Director of Santen Pharmaceutical (China) Co., Ltd.</p>	Nil

4	<p>* Shigeo TANIUCHI (December 10, 1973)</p>	<p>April 1996 Joined the Company October 2007 Deputy General Manager, Chinese Business Management Group, Asia Division November 2008 Head of Marketing & Sales Division, Santen Pharmaceutical (China) Co., Ltd. April 2011 General Manager, Business Planning & Administration Group, Asia Division April 2012 General Manager, Corporate Planning Group, Corporate Development Division January 2014 Deputy Head of Corporate Development Division April 2015 Corporate Officer, Head of Santen Europe (currently EMEA), and President of Santen Holdings EU B.V. April 2016 Senior Corporate Officer, Head of Santen Europe (currently EMEA), and President of Santen Holdings EU B.V. (incumbent)</p> <p>Material posts concurrently held in other juridical persons: President of Santen Holdings EU B.V. President of Santen Switzerland SA Director of Santen Oy Chairman of Santen S.A.S.</p>	500 shares
5	<p>Takayuki KATAYAMA (October 9, 1945)</p>	<p>June 1997 Director and General Manager, Sales Division of Films Business, Teijin Limited June 2000 Managing Director, Teijin Limited October 2001 General Manager, Films Business Group, Teijin Limited; and CEO, Teijin DuPont Films April 2004 CSO (Chief Strategy Officer), Teijin Limited June 2004 Senior Managing Director and Representative Director, Teijin Limited June 2006 Executive Vice-President and Representative Director, Teijin Limited April 2007 CSRO (Chief Social Responsibility Officer), Teijin Limited April 2009 CFO, Teijin Limited June 2011 Senior Advisor to CEO, Teijin Limited (incumbent) June 2012 Outside Director of the Company (incumbent) June 2012 Outside Corporate Auditor, Toyo Seikan Group Holdings, Ltd. June 2016 Outside Director, Olympus Corporation (incumbent)</p> <p>Material posts concurrently held in other juridical persons: Senior Advisor to CEO, Teijin Limited Outside Director, Olympus Corporation</p> <p>Total term of office until the close of this Meeting: Five (5) years Number of attendance at Board of Directors' meetings: 16 out of 16 meetings</p>	Nil
6	<p>Kanoko OISHI (March 24, 1961)</p>	<p>January 1993 Partner, McKinsey & Company, Inc. June 2000 Established Mediva, Inc. July 2000 Representative Director (incumbent) July 2000 Established Seinan Mediva Co., Ltd. (currently, Seeds 1); Representative Director (incumbent) August 2004 Established Platanus Medical Corporation; COO (incumbent) June 2010 Outside Director, Astellas Pharma Inc. June 2015 Outside Director of the Company (incumbent) June 2015 External Board Member, Ezaki Glico Co., Ltd. (incumbent) June 2015 Outside Director, Suruga Bank Ltd. (incumbent) March 2016 External Director, Shiseido Company, Limited (incumbent)</p>	Nil

		<p>Material posts concurrently held in other juridical persons: Representative Director, Mediva, Inc. Representative Director, Seeds 1 External Board Member, Ezaki Glico Co., Ltd. Outside Director, Suruga Bank Ltd. External director, Shiseido Company, Limited</p> <p>Total term of office until the close of this Meeting: Two (2) years Number of attendance at Board of Directors' meetings: 15 out of 16 meetings</p>	
7	<p>* Yutaro SHINTAKU (September 19, 1955)</p>	<p>June 2005 Executive Officer of Terumo Corporation June 2006 Director and Executive Officer, President of Cardiac & Vascular Products Group of Terumo Corporation June 2007 Director and Senior Executive Officer in charge of the R&D Center, Intellectual Property Department and Legal Department of Terumo Corporation June 2009 Director and Managing Executive Officer, General Manager of Strategy Planning Department, and General Manager of International Business in charge of the Human Resources Department and Accounting & Finance Department of Terumo Corporation June 2010 Representative Director, President and CEO of Terumo Corporation April 2017 Director and Corporate Advisor of Terumo Corporation (incumbent)** ** Scheduled to resign as Director on June 27, 2017</p> <p>Material posts concurrently held in other juridical persons: Director and Corporate Advisor of Terumo Corporation External Director of J-Oil Mills Inc. (expected to assume the office thereof on June 22, 2017)</p>	Nil

(Note 1) None of the above candidates for Director have a special interest in the Company.

(Note 2) Among the candidates for Director, Takayuki Katayama, Kanoko Oishi and Yutaro Shintaku are candidates for Outside Director.

(Note 3) Among the candidates for Director, the Company designated Takayuki Katayama and Kanoko Oishi as Independent Officers pursuant to Article 436-2, Paragraph 1 of the Securities Listing Regulations of the Tokyo Stock Exchange, Inc., and has filed their names therewith. The Company, through a filing, has informed the Tokyo Stock Exchange, Inc. that, upon the approval of the appointment of Yutaro Shintaku under this Proposal, he will become an Independent Officer pursuant to Article 436-2, Paragraph 1 of the said Regulations.

(Note 4) Reasons for the appointment of the candidates for Director:

- (1) As regards Akira Kurokawa, he has assumed command of overall management as the Representative Director, President & CEO of the Company since June 2008 and has achieved a sustained enhancement of the corporate value of the Company. Furthermore, at the Board of Directors, he has fulfilled his responsibilities concerning matters for resolutions and reports as the President & CEO as well as taken the chair thereof as the Representative Director, appropriately conducted the meetings thereof, and contributed in the making of decisions thereat by gaining the understanding of each Director. Considering the foregoing, the Board of Directors proposes his continuous appointment as such.
- (2) As regards Takeshi Ito, he has an understanding of Santen's Values and the underlying ethos thereof, and besides that, he has experience in various divisions including R&D, surgical, sales & marketing, prescription pharmaceuticals, and has served as a Corporate Officer since 2012, the Senior Corporate Officer, Head of Sales & Marketing Division,

Prescription Pharmaceuticals since 2014, and the Executive Corporate Officer, Japan Business, Head of Japan Sales & Marketing, Prescription Pharmaceuticals since 2016; and he has contributed to the enhancement of the corporate value of the Company. Furthermore, he will assume all aspects of the Company's management as well as the function of administration and supervision of its operations. Moreover, he has a sense of responsibility towards achieving business growth by building relationships of trust with customers, and has high ethical standards. Considering the foregoing and the expectation that he will serve as an engine for further growth of the Santen Group, the Board of Directors proposes his appointment as such.

- (3) As regards Akihiro Tsujimura, he has an understanding of Santen's Values and the underlying ethos thereof, and besides that, he has experience in various divisions including business development, overseas businesses in Asia and the U.S., and has served as a Corporate Officer since 2011, the Executive Corporate Officer, Head of Corporate Development Division, Asia and North America Businesses since 2016, and the Executive Corporate Officer, Asia and North America Businesses, Head of Asia Division since 2017, and he has contributed to the enhancement of the corporate value of the Company. Furthermore, he will assume all aspects of the Company's management as well as the function of administration and supervision of its operations. Moreover, he has a sense of responsibility towards making the business achieve global growth, and has high ethical standards. Considering the foregoing and expectation that he will serve as an engine for further growth of the Santen Group, the Board of Directors proposes his appointment as such.
- (4) As regards Shigeo Taniuchi, he has an understanding of Santen's Values and the underlying ethos thereof, and besides that, he has experience in various divisions including China business, corporate development, Europe business, and has served as the Corporate Officer, Head of Santen Europe (currently EMEA), since 2012, the Senior Corporate Officer, Head of Santen Europe (currently EMEA) since 2016, and has contributed to the enhancement of the corporate value of the Company. Furthermore, he will assume all aspects of the Company's management as well as the function of administration and supervision of its operations. Besides that, he has a sense of responsibility towards making the business achieve global growth, and has high ethical standards. Considering the foregoing and expectation that he will serve as an engine for further growth of the Santen Group, the Board of Directors proposes his appointment as such.
- (5) As regards Takayuki Katayama, considering that he has extensive knowledge and experience amassed through long years of involvement in management in the country and overseas, and that he has contributed to enhance the quality of the discussions in the Board of Directors by expressing his opinions actively throughout the proceedings at meetings, the Board of Directors believes that he is well-qualified to be an Outside Director, and proposes his continuous appointment as such.
- (6) As regards Kanoko Oishi, considering that she has extensive knowledge and experience amassed through long years of involvement in management in the country and overseas, and that she has contributed to enhance the quality of the discussions in the Board of Directors by expressing her opinions actively throughout the proceedings at meetings, the Board of Directors believes that she is well-qualified to be an Outside Director, and proposes her continuous appointment as such.
- (7) As regards Yutaro Shintaku, considering that he has extensive knowledge and experience amassed through long years of involvement in management in the country

and overseas, including as a management executive of a major company manufacturing and distributing medical equipment and pharmaceutical products, and that he is expected to enhance the quality of the discussions in the Board of Directors, the Board of Directors believes that he is well-qualified to be an Outside Director, and proposes his appointment as such.

(Note 5) Agreement with the Outside Directors to limit their liability:

To further ensure the Company's objective and transparent management through the invitation and appointment of capable and competent persons for the post of Outside Director, it is provided in Article 27 of the Company's current Articles of Incorporation that the Company may enter into an agreement with any Outside Director to limit his or her liability for any damage that may be caused by his or her negligence in the performance of his or her duty. Pursuant to such provision, the Company has previously entered into agreements with Takayuki Katayama and Kanoko Oishi, the candidates for Outside Director, to limit their liability for any such damage. Upon the approval of the reappointment of these Outside Directors under this Proposal, the foregoing agreements are planned to be renewed. Upon the approval of the appointment of Yutaro Shintaku, who is a candidate for Outside Director under this Proposal, such agreement is planned to be concluded between him and the Company as well. The outline of such agreement is as follows:

- In case the Outside Director becomes liable for damages suffered by the Company due to his or her negligence in the performance of his or her duty, he or she shall be liable for such damages only up to the maximum amount set forth in Article 425, Paragraph 1 of the Companies Act.
- The aforementioned limitation on liability of the Outside Director shall be allowed only if he or she performed his or her duty, which caused the damages, in good faith and without gross negligence.

For Your Reference:

1. The Company's Policy and Procedures for the Appointment of Candidates for Director and Corporate Auditor

(1) Appointment of Candidates for Director

In the Company, the Nominating Committee, which is comprised of the President and CEO, and three (3) Outside Directors, deliberates on the selection of candidates for Director, and based on its recommendation, the Board of Directors determines the candidates for Director. Upon deliberation by the Nominating Committee, on the premise that each nominee has an understanding of Santen's Values and the underlying ethos thereof, the guiding principle for the selection of candidates for Director is that each nominee must have credentials such as superb expertise, ability to participate in decision-making from a managerial standpoint and supervise execution of the duties by directors, while the guiding principle for the selection of candidates for Outside Director is that each nominee must have credentials such as being capable of contributing to enhance the quality of the discussions in the Board of Directors with experience in managing companies or a specialized understanding of corporate management, and satisfies the criteria of independence established by the Company.

(2) Appointment of Candidates for Corporate Auditor

In the Company, the Nominating Committee discusses the recommendation of candidates for Corporate Auditor, and then the Board of Directors determines the nominees as candidates for Corporate Auditor after it obtains the consent of the Board of Corporate Auditors. Upon consent by the Board of Corporate Auditors, on the premise that each nominee has an understanding of Santen's Values and the underlying ethos thereof, the guiding principle for the selection of candidates for Corporate Auditor is that each nominee must have credentials such as having ethical values and a sense of fairness, while being experienced in performing high-level duties in any field, while the guiding principle for the selection of candidates for Outside Corporate Auditor is that each nominee must have credentials such as being experienced in academic pursuits, the legal profession or management as well as having a wealth of experience and high expertise in each field, and satisfies the criteria of independence established by the Company.

2. Criteria of Independence of Outside Directors and Outside Corporate Auditors

From the viewpoint of further strengthening corporate governance as well as enhancing the transparency and objectiveness of management, the Company has established the following criteria in determining that each of the Outside Directors and Outside Corporate Auditors has no interest in the Company and its affiliate companies (collectively, the "Santen Group"), and that each of them is "independent."

- (1) In the past, the relevant director/corporate auditor has never been a director, corporate auditor or employee of the Santen Group.
- (2) The relevant director/corporate auditor is not a consultant, accounting expert or legal expert, regardless of whether he/she/it is an individual or a juridical person, who has ever been directly involved in the business of the Santen Group, and has never obtained money or other assets in an amount of JPY 10 million or more per year therefrom, during the past three (3) years.
- (3) During the past three (3) years, the relevant director/corporate auditor has never been a director and the like (including a corporate officer or other person equivalent thereto; hereinafter, the same shall apply) of a company with sales to the Santen Group amounting to 2% or more of the annual sales of such company. Also, during the past three (3) years, the relevant director/corporate auditor has never been a director and the like of a company with sales by the Santen Group amounting to 2% or more of the annual sales of the Santen Group.
- (4) The relevant director/corporate auditor is not a director and the like of a company, 10% or more of

the aggregate number of outstanding shares of which is held by the Santen Group, or a company holding 10% or more of the aggregate number of outstanding shares of the Company.

- (5) The relevant director/corporate auditor has never taken office as a director and the like of the Santen Group's main bank, lead managing securities companies, main life insurance company or main non-life insurance company.
- (6) The relevant director/corporate auditor is not an director/corporate auditor of the Santen Group, a spouse or another relative within the third degree of kinship of any person classified under any of items (1) to (5) above.
- (7) There is no matter concerning the relevant director/corporate auditor that may raise a material conflict of interest in his/her performing the duties of an Outside Director/Outside Corporate Auditor, or any relationship that may affect his/her judgment as an Outside Director/Outside Corporate Auditor.

Consolidated statement of income (IFRS*)

(Millions of yen)

	Year to March 31, 2017	(Reference) Year to March 31, 2016
Revenue	199,096	195,291
Cost of sales	(74,966)	(72,829)
Gross profit	124,130	122,463
Selling, general and administrative expenses	(62,193)	(59,406)
Research and development expenses	(22,786)	(19,990)
Amortization on intangible assets associated with products	(6,412)	(6,205)
Other income	468	44,999
Other expenses	(728)	(1,681)
Operating profit	32,479	80,180
Finance income	909	782
Finance expenses	(1,565)	(1,492)
Profit before tax	31,822	79,470
Income tax expenses	(8,768)	(26,097)
Net profit for the year	23,054	53,373
Profit attributable to		
Owners of the company	23,061	53,373
Non-controlling interests	(7)	—
Net profit for the year	23,054	53,373

(Figures are rounded to the nearest million yen)

* International Financial Reporting Standards

Consolidated statement of financial position (IFRS)

	(Millions of yen)	
	Year ended March 31, 2017	(Reference) Year ended March 31, 2016
Assets		
Non-current assets		
Property, plant and equipment	28,550	27,991
Intangible assets	102,807	83,681
Financial assets	29,889	44,535
Deferred tax assets	2,396	2,345
Other non-current assets	2,124	2,109
Total non-current assets	165,767	160,660
Current assets		
Inventories	28,502	24,996
Trade and other receivables	70,970	65,998
Other financial assets	333	234
Other current assets	3,909	3,714
Cash and cash equivalents	53,297	99,798
Total current assets	157,011	194,739
Total assets	322,778	355,399

(Figures are rounded to the nearest million yen)

(Millions of yen)

	Year ended March 31, 2017	(Reference) Year ended March 31, 2016
Equity		
Share capital	7,792	7,695
Capital surplus	8,417	8,389
Treasury shares	(10)	(24)
Retained earnings	223,418	221,945
Other components of equity	13,448	22,003
Total equity attributable to owners of the company	253,065	260,009
Non-controlling Interests	819	—
Total equity	253,884	260,009
Liabilities		
Non-current liabilities		
Financial liabilities	7,619	12,944
Net defined benefit liabilities	1,900	2,556
Provisions	1,426	1,629
Deferred tax liabilities	2,596	3,988
Other non-current liabilities	1,919	1,043
Total non-current liabilities	15,460	22,161
Current liabilities		
Trade and other payables	23,937	24,504
Other financial liabilities	17,603	19,881
Income tax payable	3,279	20,431
Provisions	1,372	1,276
Other current liabilities	7,244	7,138
Total current liabilities	53,434	73,230
Total liabilities	68,894	95,391
Total equity and liabilities	322,778	355,399

(Figures are rounded to the nearest million yen)

Consolidated statement of changes in equity (IFRS)

Year ended March 31, 2017

(Millions of yen)

	Share capital	Capital surplus	Treasury shares	Retained earnings	Other component of equity	
					Remeasurements of defined benefit plans	Net gain or loss on financial assets Measured at fair value through other comprehensive income
Balance at April 1, 2016	7,695	8,389	(24)	221,945	—	18,676
Comprehensive income						
Net profit for the year				23,061		
Other comprehensive income					297	(8,020)
Total comprehensive income for the year	—	—	—	23,061	297	(8,020)
Transactions with owners						
Issuance of new shares	97	97				
Acquisition of treasury shares		(69)	(12,311)			
Disposals of treasury shares		(0)	0			
Cancellation of treasury shares		(0)	12,325	(12,325)		
Dividends				(10,751)		
Establishment of subsidiary with non-controlling interests						
Share-based payment						
Other				1,487	(297)	(1,186)
Total transactions with owners	97	28	14	(21,588)	(297)	(1,186)
Balance at March 31, 2017	7,792	8,417	(10)	223,418	—	9,470

	Other component of equity			Total equity attributable to owners of the company	Non-controlling interests	Total equity
	Foreign currency translation adjustments	Subscription rights to shares	Total			
Balance at April 1, 2016	2,611	716	22,003	260,009	—	260,009
Comprehensive income						
Net profit for the year			—	23,061	(7)	23,054
Other comprehensive income	541		(7,182)	(7,182)	(6)	(7,188)
Total comprehensive income for the year	541	—	(7,182)	15,879	(13)	15,866
Transactions with owners						
Issuance of new shares		(24)	(24)	169		169
Acquisition of treasury shares			—	(12,380)		(12,380)
Disposals of treasury shares			—	0		0
Cancellation of treasury shares			—	—		—
Dividends			—	(10,751)		(10,751)
Establishment of subsidiary with non-controlling interests			—	—	832	832
Share-based payment		138	138	138		138
Other		(4)	(1,487)	—		—
Total transactions with owners	—	110	(1,373)	(22,823)	832	(21,991)
Balance at March 31, 2017	3,153	825	13,448	253,065	819	253,884

(Figures are rounded to the nearest million yen)

Non-consolidated balance sheets (J-GAAP*)

(Millions of yen)

	Year ended March 31, 2017	(Reference) Year ended March 31, 2016
Assets		
Current assets	123,990	167,003
Cash and deposits	32,772	83,078
Trade notes receivable	461	568
Trade accounts receivable	61,117	56,024
Merchandise and finished goods	17,368	13,411
Work in process	76	109
Raw materials and supplies	4,127	3,375
Deferred tax assets	1,994	4,611
Other	6,075	5,827
Fixed assets	175,373	167,656
Tangible assets	23,088	22,286
Buildings	9,409	9,940
Structures	120	140
Machinery and equipment	2,051	1,723
Vehicles	1	1
Tools, furniture and fixtures	1,386	1,317
Land	6,880	6,880
Leased assets	15	13
Construction in progress	3,226	2,272
Intangible assets	52,809	56,054
Manufacturing and marketing approval	50,056	53,408
Software	2,452	2,274
Other	301	373
Investments and other assets	99,476	89,315
Investment securities	28,074	42,983
Investments in subsidiaries	65,124	42,122
Deferred tax assets	1,959	—
Other	4,320	4,210
Total assets	299,363	334,659

(Figures are rounded to the nearest million yen)

* Generally Accepted Accounting Principles in Japan

(Millions of yen)

	Year ended March 31, 2017	(Reference) Year ended March 31, 2016
Liabilities		
Current liabilities	44,887	64,201
Electronically recorded obligations	1,313	—
Trade accounts payable	14,973	14,439
Current portion of long-term loans payable	8,316	9,524
Other payables	14,276	16,244
Income taxes payable	2,184	19,913
Consumption taxes payable	810	720
Unearned revenue	—	324
Reserves for bonuses	2,565	2,567
Other	450	470
Non-current liabilities	9,117	18,307
Long-term loans payable	7,598	12,914
Provision for retirement benefits	716	728
Asset retirement obligations	232	228
Deferred tax liabilities	—	3,769
Other	571	668
Total liabilities	54,004	82,508
Net assets		
Shareholders' equity	234,889	232,757
Common stock	7,792	7,695
Capital surplus	8,486	8,389
Additional paid-in capital	8,486	8,389
Other capital surplus	—	0
Retained earnings	218,621	216,697
Earing reserve	1,551	1,551
Other retained earnings	217,069	215,146
Reserve for retirement benefit	372	372
General reserve	89,109	89,109
Retained earnings carried forward	127,588	125,665
Treasury stock at cost	(10)	(24)
Valuation, translation adjustments	9,644	18,678
Unrealized gains on securities, net of taxes	9,644	18,678
Stock subscription rights	825	716
Total net assets	245,358	252,151
Total liabilities and net assets	299,363	334,659

(Figures are rounded to the nearest million yen)

Non-consolidated statement of income (J-GAAP)

(Millions of yen)

	Year to March 31, 2017	(Reference) Year to March 31, 2016
Net sales	156,968	156,117
Cost of sales	61,373	60,319
Gross profit	95,595	95,798
Selling, general and administrative expenses	64,284	65,085
Operating income	31,311	30,713
Non-operating income	1,085	919
Interest and dividend income	703	583
Dividend income of life insurance	144	140
Asset rental income	110	—
Other	128	196
Non-operating expenses	2,019	1,082
Interest expenses	49	93
Foreign exchange losses	1,714	832
Depreciation	95	105
Other	160	52
Ordinary income	30,378	30,550
Extraordinary income	333	45,259
Gain on disposal of non-current assets	4	2
Gain on sales of investment securities	318	990
Gain on reversal of special retirement expenses	8	—
Gain on reversal of subscription rights to shares	4	—
Gain on transfer of business	—	44,268
Extraordinary losses	95	955
Loss on disposal of non-current assets	29	481
Impairment loss	56	43
Loss on sales of golf club memberships	10	—
Benefit expenses for transfer of business	—	431
Income before income taxes	30,616	74,855
Income taxes - current	4,758	24,998
Income taxes - deferred	859	(1,597)
Net income	24,999	51,454

(Figures are rounded to the nearest million yen)

Non-consolidated statement of changes in net assets (J-GAAP)

April 1, 2016 to March 31, 2017

(Millions of yen)

	Shareholders' equity								
	Common stock	Capital surplus			Retained earnings				
		Additional paid-in capital	Other capital surplus	Total capital surplus	Earning reserve	Other retained earnings			Total retained earnings
						Reserve for retirement benefit	General reserve	Retained earnings carried forward	
Balance at April 1, 2016	7,695	8,389	0	8,389	1,551	372	89,109	125,665	216,697
Changes of items during period									
Issuance of new shares	97	97		97					—
Dividends of surplus				—				(10,751)	(10,751)
Net income				—				24,999	24,999
Purchase of treasury stock at cost				—					—
Disposals of treasury shares			(0)	(0)					—
Cancellation of treasury shares			(0)	(0)				(12,325)	(12,325)
Net changes of items other than shareholders' equity				—					—
Total changes of items during period	97	97	(0)	97	—	—	—	1,924	1,924
Balance at March 31, 2017	7,792	8,486	—	8,486	1,551	372	89,109	127,588	218,621

	Shareholders' equity		Valuation, translation adjustments		Stock subscription rights	Total net assets
	Treasury stock at cost	Total shareholders' equity	Unrealized gains on Securities, net of taxes	Total valuation, translation adjustments		
Balance at April 1, 2016	(24)	232,757	18,678	18,678	716	252,151
Changes of items during period						
Issuance of new shares		193		—		193
Dividends of surplus		(10,751)		—		(10,751)
Net income		24,999		—		24,999
Purchase of treasury stock at cost	(12,311)	(12,311)		—		(12,311)
Disposals of treasury shares	0	0		—		0
Cancellation of treasury shares	12,325	—		—		—
Net changes of items other than shareholders' equity		—	(9,034)	(9,034)	110	(8,925)
Total changes of items during period	14	2,131	(9,034)	(9,034)	110	(6,793)
Balance at March 31, 2017	(10)	234,889	9,644	9,644	825	245,358

(Figures are rounded to the nearest million yen)