

(Note) This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities Code: 4544

June 1, 2016

NOTICE OF 66TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholder,

Firstly, we wish to extend our heartfelt sympathies to all those affected by the 2016 Kumamoto Earthquake.

You are hereby requested to attend the 66th Ordinary General Meeting of Shareholders of Miraca Holdings Inc. (the "Company") that will be held as set forth below.

Please be informed that if you are not able to attend this meeting, you can exercise your voting right in writing or via the Internet. In such case, you are kindly requested to review the Reference Material for General Meeting of Shareholders listed below, and exercise your voting right by no later than 5:30 p.m. on Thursday, June 23, 2016 (JST), in accordance with the "Exercise of Voting Rights in Writing or Via the Internet." (pages 7 to 8).

Yours faithfully,

Hikomasa Suzuki, President and CEO
Miraca Holdings Inc.
1-1, Nishi-shinjuku 2-chome
Shinjuku-ku, Tokyo

- 1. Date and Time:** Friday, June 24, 2016, at 10:00 a.m. (JST)
- 2. Venue:** "Ohgi," 4th Floor, South Tower, Keio Plaza Hotel Tokyo
2-1, Nishi-Shinjuku 2-chome, Shinjuku-ku, Tokyo
- 3. Agenda:**
- Items to be reported*
1. Business Report, Consolidated Financial Statements, Results of Audits of Consolidated Financial Statements by Accounting Auditors and the Audit Committee for the 66th term (from April 1, 2015 to March 31, 2016)
 2. Non-consolidated Financial Statements for the 66th term (from April 1, 2015 to March 31, 2016)

Items to be resolved

Item: Election of Seven (7) Directors

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- * Shareholders who will attend the meeting are kindly requested to submit the appended voting form at the reception desk on the date of the meeting.
 - * Shareholders who will make a diverse exercise of voting rights are requested to notify the Company in writing of their intention to do so and state their reason for this no later than three (3) days before the meeting.
 - * The Company will publish any amendments to the reference material, the Business Report and the Consolidated and Non-consolidated Financial Statements on its website (<http://www.miraca-holdings.co.jp/>).

Reference Material for General Meeting of Shareholders

Item: Election of Seven (7) Directors

Since the term of office of all the incumbent Directors expires at the close of this General Meeting of Shareholders, we would like to hereby propose the election of seven (7) Directors.

The names and brief personal profiles of the candidates for Director are as follows:

Candidate No.	Name (Date of birth)	Brief personal profile, position and duties in the Company and positions in other companies	Number of the Company's shares held
1	Hiromasa Suzuki (September 21, 1956) Reelection	<p>Apr. 1981 Joined the Company</p> <p>Mar. 2001 Director, Strategic Planning Department, Corporate Planning Division of the Company</p> <p>Mar. 2001 Director, Fujirebio America, Inc.</p> <p>Feb. 2002 Managing Director of the Company</p> <p>Mar. 2003 President & Chief Executive Officer (CEO) of the Company</p> <p>Jun. 2005 President & CEO of the Company - Miraca Holdings, Inc. (incumbent)</p> <p>Jul. 2005 President & CEO, Fujirebio Inc.</p> <p>Jun. 2006 Director, SRL, Inc. (incumbent)</p> <p>Jun. 2010 Chairman & Representative Director, Fujirebio Inc.</p> <p>Jun. 2014 Chairman & Director, Fujirebio Inc. (incumbent)</p> <p>Reason for nominating the candidate for Director: Mr. Hiromasa Suzuki joined the Company in 1981, and became President & CEO in 2003. He led efforts to establish Miraca Holdings, Inc. in 2005. Since then, he has been serving as President & CEO of Miraca Holdings (the Company). He has abundant knowledge regarding the domestic and international business environment, industry trends and technological developments, and has experience over many years engaging in management of the Company. Considering the above, Mr. Suzuki is appropriate as director of the Company, and accordingly appointed as a candidate for that position.</p>	54,300
2	Shigekazu Takeuchi (October 11, 1953) New election	<p>Apr. 1976 Joined CBS Inc. (Sony Group) (currently Sony Music Entertainment (Japan) Inc.)</p> <p>Jan. 1993 Director, Securities Business Division, Business Planning Department, Sony Music Entertainment (Japan) Inc.</p> <p>Jan. 1995 Director, Marketing Planning Division, Marketing Department, Sony Music Entertainment (Japan) Inc.</p> <p>Jan. 1996 Executive Vice President, Marketing Department, Sony Music Entertainment (Japan) Inc.</p> <p>Feb. 1997 President, Sony Music Artists Inc.</p> <p>Feb. 2000 Executive Vice President, Corporate Planning Department, Sony Music Entertainment (Japan) Inc.</p> <p>Jun. 2000 Managing Director, Corporate Planning Department, Sony Music Entertainment (Japan) Inc.</p> <p>Oct. 2002 President, SME Visual Works Inc. (currently Aniplex Inc.)</p> <p>Jun. 2006 Chairman, Sony Pictures Entertainment (Japan) Inc.</p> <p>Jun. 2007 Chairman, Sony Broadcast Media Co., Ltd.</p> <p>Oct. 2009 Joined Avex Group Holdings Inc.</p> <p>Jun. 2010 Representative Director, CFO, Avex Group Holdings Inc. (incumbent)</p> <p>Reason for nominating the candidate for Director: Mr. Shigekazu Takeuchi has been involved in the management of entertainment companies for many years and has abundant experience and broad insight as a corporate manager, which are valuable to the Company. Considering the above, Mr. Takeuchi is appropriate as director of the Company, and accordingly appointed as a candidate for that position.</p>	0

Candidate No.	Name (Date of birth)	Brief personal profile, position and duties in the Company and positions in other companies	Number of the Company's shares held
3	Hisatsugu Nonaka (January 11, 1947) <u>Outside</u> <u>Reelection</u>	<p>Apr. 1970 Joined Tokyo Shibaura Electric Co., Ltd. (currently Toshiba Corporation)</p> <p>Jun. 2003 Executive Officer & Corporate Vice President, Toshiba Corporation</p> <p>Jun. 2005 Executive Officer & Corporate Senior Vice President, Toshiba Corporation</p> <p>Jun. 2007 Executive Officer & Corporate Executive Vice President, Toshiba Corporation</p> <p>Jun. 2008 Director, Representative Executive Officer & Corporate Senior Executive Vice President, Toshiba Corporation</p> <p>Jun. 2009 Senior Advisor, Toshiba Corporation</p> <p>Jun. 2009 Corporate Auditor, IHI Corporation</p> <p>Jun. 2009 Corporate Auditor, Sunshine City Corporation</p> <p>Jun. 2011 Director of the Company (incumbent)</p> <p>Jun. 2013 Audit & Supervisory Board Member, Nomura Research Institute, Ltd. (incumbent)</p> <p>Reason for nominating the candidate for Outside Director: Mr. Hisatsugu Nonaka was involved in the management of Toshiba Corporation for many years and has considerable experience and broad knowledge as a corporate manager. As his advice based on such insight is valuable to the Company, Mr. Nonaka is appropriate as outside director of the Company, and accordingly appointed as a candidate for that position. He currently serves as outside director of the Company and his consecutive term of office has been five years at the close of this Ordinary General Meeting of Shareholders.</p>	300
4	Naoki Iguchi (March 31, 1951) <u>Outside</u> <u>Reelection</u>	<p>Apr. 1974 Joined Ministry of Health and Welfare (currently Ministry of Health, Labour and Welfare)</p> <p>Jan. 2001 Manager, Personnel Division, Minister's Secretariat, Ministry of Health, Labour and Welfare</p> <p>Aug. 2002 Deputy Director-General, Minister's Secretariat, Ministry of Health, Labour and Welfare</p> <p>Aug. 2003 Assistant Minister for International Affairs, Ministry of Health, Labour and Welfare</p> <p>Jul. 2004 Director-General for Policy Planning and Evaluation, Ministry of Health, Labour and Welfare</p> <p>Sep. 2005 Managing Director, National Pension Fund Association</p> <p>Jun. 2011 Director of the Company (incumbent)</p> <p>Jul. 2013 Professor, Graduate School of Public Health, Teikyo University</p> <p>Apr. 2016 Visiting Professor, Graduate School of Public Health, Teikyo University (incumbent)</p> <p>Reason for nominating the candidate for Outside Director: Mr. Naoki Iguchi has long been engaged in public administration in Japan in the fields of insurance, pension and medical service and he has abundant experience and extensive knowledge on which he can capitalize in the management of the Company. His advice based on such insight is valuable to the Company's medical services. Considering the above, Mr. Iguchi is appropriate as outside director of the Company, and accordingly appointed as a candidate for that position. He currently serves as outside director of the Company and his consecutive term of office has been five years at the close of this Ordinary General Meeting of Shareholders.</p>	0

Candidate No.	Name (Date of birth)	Brief personal profile, position and duties in the Company and positions in other companies	Number of the Company's shares held
5	Miyuki Ishiguro (October 26, 1964) <u>Outside</u> <u>Reelection</u>	<p>Apr. 1991 Registered as Attorney at law (Tokyo Bar Association) Joined Tsunematsu Yanase & Sekine</p> <p>Jan. 1999 Partner, Tsunematsu Yanase & Sekine</p> <p>Jan. 2000 Partner, Nagashima Ohno & Tsunematsu (incumbent)</p> <p>Jun. 2006 Director, Sony Communication Network Corporation (currently Sonet Corporation)</p> <p>Jun. 2013 Director of the Company (incumbent)</p> <p>Feb. 2016 Council Member of Radio Regulatory Council (incumbent)</p> <p>Apr. 2016 Council Member of Management Council, Hitotsubashi University (incumbent)</p> <p>Reason for nominating the candidate for Outside Director: Ms. Miyuki Ishiguro is a partner of Nagashima Ohno & Tsunematsu, who is expected to provide advice to the management of the Company as an independent expert on corporate and business law. Considering the above, Ms. Ishiguro is appropriate as outside director of the Company, and accordingly appointed as a candidate for that position. She currently serves as outside director of the Company and her consecutive term of office has been three years at the close of this Ordinary General Meeting of Shareholders.</p>	0
6	Ryoji Itoh (January 14, 1952) <u>Outside</u> <u>Reelection</u>	<p>Jul. 1979 Joined McKinsey & Company</p> <p>Jan. 1984 Partner, McKinsey & Company</p> <p>Apr. 1988 Director, UCC Ueshima Coffee Co., Ltd.</p> <p>Sep. 1990 Representative Director, Schroder Ventures</p> <p>Nov. 1997 Director, Bain & Company</p> <p>Sep. 1999 Guest Professor at Faculty of Policy Management, Keio University</p> <p>May 2000 Project Professor at Graduate School of Media and Governance, Keio University (incumbent)</p> <p>Jan. 2001 Head of Japan Office, Bain & Company</p> <p>Apr. 2006 Managing Director, Planetplan, Inc. (incumbent)</p> <p>Apr. 2010 Visiting Professor, Yokohama City University</p> <p>Jun. 2012 Director, Renown Incorporated</p> <p>Oct. 2012 Professor (part-time), BBT University</p> <p>Jun. 2014 Director, SATO HOLDINGS CORPORATION (incumbent)</p> <p>Jun. 2014 Director of the Company (incumbent)</p> <p>Reason for nominating the candidate for Outside Director: Mr. Ryoji Itoh is a professor teaching policy and media studies at Graduate School of Keio University, and has knowledge based on his extensive experience as a management consultant as well as a corporate manager. The Company believes that he is an expert whose knowledge can be used in the management of the Company. Considering the above, Mr. Itoh is appropriate as outside director of the Company, and accordingly appointed as a candidate for that position. He currently serves as outside director of the Company and his consecutive term of office has been two years at the close of this Ordinary General Meeting of Shareholders.</p>	0

Candidate No.	Name (Date of birth)	Brief personal profile, position and duties in the Company and positions in other companies	Number of the Company's shares held
7	Kozo Takaoka (March 30, 1960) <u>Outside</u> <u>Reelection</u>	<p>Apr. 1983 Joined Nestlé Japan Group (NJG) Key Account Sales representative in Tokyo branch</p> <p>Jan. 1986 Assistant Brand Manager of Cocoa, Milk & Nutrition (NJG)</p> <p>Jan. 1988 Assistant Brand Manager of NESCAFÉ (Nestlé USA)</p> <p>Apr. 1989 Assistant Brand Manager of Cocoa, Milk & Nutrition (NJG)</p> <p>Mar. 1991 Project Leader of Infant Nutrition business (NJG)</p> <p>Apr. 1994 Business Unit Manager of Cocoa, Milk & Nutrition (NJG)</p> <p>Oct. 1999 Project Director at Nestlé Confectionery K.K.</p> <p>Apr. 2001 Marketing Director at Nestlé Confectionery K.K.</p> <p>Jan. 2005 Representative Director and President, Nestlé Confectionery K.K.</p> <p>Jan. 2010 Representative Director & Executive Vice President, Beverage Business Group, Nestlé Japan Ltd.</p> <p>Nov. 2010 Representative Director, President & CEO, Nestlé Japan Ltd. (incumbent)</p> <p>Jun. 2015 Director of the Company (incumbent)</p> <p>Reason for nominating the candidate for Outside Director: Mr. Kozo Takaoka has been involved in the management of Nestlé Japan Ltd. for many years, and has considerable experience and broad knowledge of management and marketing. As his advice based on such insight is valuable to the Company, Mr. Takaoka is appropriate as outside director of the Company, and accordingly appointed as a candidate for that position. He currently serves as outside director of the Company and his consecutive term of office has been one year at the close of this Ordinary General Meeting of Shareholders.</p>	0

Notes:

1. There are no conflicts of interests between the candidates and the Company.
2. Mr. Hisatsugu Nonaka, Mr. Naoki Iguchi, Ms. Miyuki Ishiguro, Mr. Ryoji Itoh, and Mr. Kozo Takaoka are all candidates for outside directors and satisfy the requirements regarding outside directors provided in Article 2, Item 15, of the Companies Act.
3. Independence of candidates for outside directors
 - i) None of the candidates for outside directors has ever executed operations at the Company or its specified related business operations.
 - ii) None of the candidates for outside directors has ever received a large amount of money or other assets from the Company or its specified related business operations, nor will they do so in the future.
 - iii) None of the candidates for outside directors is a relative within the third degree of kinship to Directors or Executive Officers of the Company.
 - iv) The Company purchases some products, etc. from Toshiba Corporation, for which Mr. Hisatsugu Nonaka, a candidate for outside director of the Company, served as Director, Representative Executive Officer & Corporate Senior Executive Vice President until June 2009. However, as the purchasing amount is less than one percent of the Company's net sales, the Company judges that these transactions do not affect the independence of Mr. Nonaka as outside director.
 - v) There is no legal advisor contract/transaction with Nagashima Ohno & Tsunematsu, for which Ms. Miyuki Ishiguro, a candidate for outside director of the Company, works as a partner.
4. Independent directors

The Company has appointed Mr. Hisatsugu Nonaka, Mr. Naoki Iguchi, Mr. Ryoji Itoh and Mr. Kozo Takaoka, candidates for outside directors of the Company, as independent directors stipulated by the Tokyo Stock Exchange and has registered with the Stock Exchange accordingly. Ms. Miyuki Ishiguro, a candidate for outside director of the Company, is considered to have a high level of independence for the reasons set forth in Note 3. However, Nagashima Ohno & Tsunematsu, where she is a partner, has a policy that its lawyers may not be registered as independent directors when they become outside directors, and accordingly the Company has not appointed and registered Ms. Ishiguro as independent director with the Tokyo Stock Exchange. None of the independent directors

are deemed to fall into the category specified by the Tokyo Stock Exchange in which a conflict of interest is likely to arise between general shareholders and the person.

5. Limited liability agreement with outside directors

The Company has concluded a limitation of liability agreement with each of the incumbent outside directors. Details of the agreement are as described on page 18 of this document.

6. Under the resolution of the Board of Directors' Meeting that is to be held after this General Meeting of Shareholders, members of the Nominating Committee, Audit Committee and Compensation Committee will be selected as follows:

Nominating Committee	Ryoji Itoh (Chairman, Outside Director) Hiromasa Suzuki Hisatsugu Nonaka (Outside Director)
Audit Committee	Hisatsugu Nonaka (Chairman, Outside Director) Naoki Iguchi (Outside Director) Miyuki Ishiguro (Outside Director)
Compensation Committee	Naoki Iguchi (Chairman, Outside Director) Hiromasa Suzuki Miyuki Ishiguro (Outside Director) Ryoji Itoh (Outside Director) Kozo Takaoka (Outside Director)

Exercise of Voting Rights in Writing or Via the Internet

[Exercise of voting rights in writing]

Please indicate your approval or disapproval to the proposed item in the enclosed voting right form and return it so that it arrives no later than 5:30 p.m. on Thursday, June 23, 2016 (JST).

[Exercise of voting rights via the Internet]

I. Exercise of voting rights via the Internet

- (1) Shareholders may exercise their voting rights via the Company designated “exercise of voting rights website” (URL below), in lieu of exercising such rights in writing. To do so, first log into the website using your voting rights code and password presented on the right hand side of the enclosed voting rights form, and then enter the required information following the instructions shown on the screen. For security reasons, you must update your password upon logging in for the first time.

<http://www.it-soukai.com> (Japanese only)

- (2) Voting must be completed no later than 5:30 p.m. on Thursday, June 23, 2016 (JST). The Company kindly requests for voting to be carried out promptly.
- (3) If you exercise your voting rights in duplicate both in writing and via the Internet, the vote exercised online shall prevail. Also, if you exercise your voting rights multiple times via the Internet, the final vote shall prevail.
- (4) The password provided and passwords set by the shareholder are valid only for the current General Meeting of Shareholders. You will again be issued a new password before the next General Meeting of Shareholders.
- (5) Shareholders shall assume all costs incurred with respect to Internet access.

(Important notes)

- The Company uses passwords as a means of confirming individual identities of shareholders casting votes. The Company does not inquire about such passwords.
- Your account will become locked and the password rendered unusable if the password is entered incorrectly a certain number of times. If you find yourself locked out of your account, please follow the instructions shown on the screen.
- The voting rights website is verified under standard Internet access devices. However, it may not be accessible in case of incompatible devices.

Contact information

For inquiries in this regard, please contact the Stock Transfer Agency Department of Mizuho Trust & Banking Corporation, which acts as the administrator of the shareholder registry.

- (1) Inquiries specifically regarding access to the exercise of voting rights website
Toll-free 0120-768-524 (Japanese only, weekdays from 9:00 to 21:00)
- (2) Inquiries regarding stock-related administrative matters other than access to the exercise of voting rights website
Toll-free 0120-288-324 (Japanese only, weekdays from 9:00 to 17:00)

II. Platform for proxy voting by electronic means

Institutional investors may apply in advance to use the platform for proxy voting by electronic means operated by ICJ. In this case, such shareholders can use the ICJ platform in addition to the proxy voting via the Internet in I. above as a means to exercise their voting right by electromagnetic means at General Meeting of Shareholders of the Company.

(Attached documents)

(Note) The following sections have been translated from a part of the Japanese Business Report and are provided for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Business Report

(From April 1, 2015 to
March 31, 2016)

1. Matters regarding current status of corporate group

(1) Business progress and its results

In the fiscal year ended March 31, 2016, the global economy overall held to a modest growth trajectory amid a slight upturn in business conditions among developed nations, despite a prolonged economic slowdown in emerging nations. Nevertheless, the outlook going forward remains uncertain given developments that include falling oil prices and growing financial risk internationally.

In Japan, despite an improvement of employment and wages, the economy has stalled overall due to fears of slowdowns in emerging economies.

In the clinical diagnostics and laboratory testing sector, the business environment continues to pose challenges, reflecting persisting downward pressure on prices and intensifying competition with sector peer companies.

Under such circumstances, Miraca Group (the “Group”) has been proactively implementing various management initiatives in order to achieve further growth.

On the basis of these results, net sales for the fiscal year under review were 211,743 million yen (up 3.5% from the previous fiscal year). The in vitro diagnostics business generated higher revenues largely due to growth in product sales overseas and a weakening yen. With respect to income, profit increase generated by higher revenues in the in vitro diagnostics business did not exceed profit decline coming from lower prices in the clinical laboratory testing business in Japan. As a result, operating income was 26,050 million yen (down 3.6% from the previous fiscal year) and ordinary income was 23,782 million yen (down 10.5% from the previous fiscal year).

Also in the fiscal year under review, the Company recorded a loss attributable to owners of parent of 5,081 million yen (in comparison with profit attributable to owners of parent of 16,002 million yen for the previous fiscal year). This was attributable to factors that included the recording of extraordinary losses based on goodwill impairment pertaining to the Company’s U.S. subsidiary Miraca Life Sciences, Inc. (“MLS”), the recognition of estimated corporate taxes in relation to litigation against MLS, and the recognition of estimated compensation income under extraordinary income with respect to the litigation.

An overview of each business segment is as follows.

(millions of yen)

		Year-on-Year Change
Net Sales	211,743	3.5%
Operating Income	26,050	(3.6%)
Ordinary Income	23,782	(10.5%)
Profit (loss) Attributable to Owners of Parent	(5,081)	—

[In Vitro Diagnostics]

Revenues increased largely due to growth in product sales overseas and the weakening yen. Meanwhile, profit increased mainly due to earnings growth from overseas subsidiaries. As a result, net sales amounted to 45,790 million yen (up 5.4% from the previous fiscal year), and operating income was 10,989 million yen (up 5.4% from the previous fiscal year).

[Clinical Laboratory Testing]

Revenues increased because expanding sales of new test items compensated for lower revenues brought about by a downturn in testing prices in Japan. On top of that, the effect of the weakening yen contributed to higher revenue in overseas operation. Profit decreased mainly due to the downturn in testing prices in the domestic business. As a result, net sales were 137,130 million yen (up 3.2% from the previous fiscal year), and operating income was 11,943 million yen (down 11.5% from the previous fiscal year).

[Healthcare Related]

In the sterilizing business, net sales were 17,366 million yen (up 2.3% from the previous fiscal year) as a result of our continuous efforts to acquire new customers.

In the clinical trials support business, net sales were 4,986 million yen (down 4.6% from the previous fiscal year), which was caused by lower unit prices despite ongoing efforts to win new accounts.

As a result, net sales of the healthcare related business were 28,823 million yen (up 1.6% from the previous fiscal year) and operating income was 2,781 million yen (down 5.1% from the previous fiscal year).

(2) Status of financing, etc.

i) Financing

No item to report.

ii) Capital expenditure

a. Major facilities whose construction was completed in the fiscal year under review

A portion of the Next-Generation IT System in the clinical laboratory testing business

b. New construction and expansion of major facilities in progress during in the fiscal year under review

Next-Generation IT System in the clinical laboratory testing business

iii) Status of succession of rights and obligations of other companies' businesses due to absorption-type mergers and absorption-type company splits

No item to report.

iv) Status of acquisition and disposal of other companies' stock, equity interests and stock acquisition rights, etc.

No item to report.

(3) Status of assets and profit/loss in the last three fiscal years

(millions of yen)

	63 rd term (FY 2012)	64 th term (FY 2013)	65 th term (FY 2014)	66 th term (FY 2015)
Net Sales	192,211	203,371	204,667	211,743
Ordinary Income	25,739	27,118	26,566	23,782
Profit (loss) Attributable to Owners of Parent	14,871	15,322	16,002	(5,081)
Basic Earnings (loss) per Share (yen)	254.92	261.48	274.82	(89.21)
Total Assets	220,912	242,159	262,203	237,296
Net Assets	137,335	157,348	171,851	155,700

Note: As the Company applied Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013), the presentation of "Net Income (Loss)" has been changed to "Profit (loss) Attributable to Owners of Parent" from the fiscal year ended March 31, 2016 (FY2015).

(4) Issues to be addressed

In May 2014, the Company set a future ten-year vision with the aim of further strengthening our domestic and international competitive power as well as to accelerate the expansion of our overseas business.

The Ten-Year Vision of the Miraca Group

- Consolidated Net Sales: approximately 500 billion yen
- Ratio of Net Sales Overseas: approximately 50%

This ten-year vision is envisioned to be accomplished by the combination of organic growth of each existing business division and strategic acquisitions of companies or assets.

In May 2014, the Company established the 4th Medium-term Business Plan of Miraca Group as the phase of establishment of robust business foundations toward this ten-year vision. The Group will take following direction in order to realize sustainable organic growth in the market: (1) expansion through competitive execution; (2) creation of new products and services; and (3) full scale entry into the global market.

The outline of the 4th Medium-term Business Plan is as follows:

i) In Vitro Diagnostics

- Geographical Expansion of Lumipulse Business

The Group aims to accelerate market development of Lumipulse business in the European and Asian markets by achieving product differentiation through markers such as Vitamin D. In addition, the Group plans to enter the U.S. market, the biggest market globally, in the near future. Through these strategies, the Group intends to improve profitability of its overseas Lumipulse business.

- Establishment of Global Business Foundations

The Group plans to improve foundation to support sustainable growth through establishing a global framework to promote management, operation (purchasing, production and logistics) and R&D.

- Expansion of Domestic Market Share of Lumipulse Business

The Group intends to expand Lumipulse product lineup and strengthen sales promotion to expand domestic market share.

- New Business Development

In prospect of future entry into the non-immunology market, the Group plans to strengthen business development in new business areas and to promote selection and concentration of the existing products satisfying the market needs.

ii) Clinical Laboratory Testing

- Penetration into the Domestic GP (General Practitioner) Market

To provide clinical testing services that better meet our customers' needs, the Group continues to strengthen sales force and execute strategic restructuring of laboratory functions (geographical decentralization). As the result of such effort, the Group aims

to further increase market share in the broader general practitioner market.

- Enhancement of Competitiveness by Introduction of Next-Generation IT System

To enhance convenience of our service to medical institutions and the customers, the Group is introducing Next-Generation IT System. We are convinced that this will significantly improve the efficiency of sample collection and reception, standardization of testing process, as well as reporting speed and traceability.

- Development of New Testing Services

The Group will make continued effort to outpace competitors in introducing advanced testing services, such as companion diagnostics (CoDx) and genomic analysis. In addition, the Group will aggressively seek new business development opportunity with such new testing services.

- Growth of Overseas Business

Miraca Life Sciences, Inc. in the U.S. aims to establish the leading position as a specialized anatomical pathology testing laboratory in the U.S., through enhancement of competitiveness by scale expansion in parallel with improvement of its cost structure.

iii) Healthcare Related

As to our sterilizing business, the Group aims to promote geographical expansion and further sales growth by increasing peripheral service lineup. As to our clinical trial support business, the Group will make continued effort to expand market share by strengthening the domestic sales activities, as well as, to focus on acquisition of global clinical trial orders and development of a new market.

iv) Strategic Acquisitions

Following the 3rd Medium-term Business Plan, the Group positions strategic acquisitions as priority measure for mid-long term growth. The Group intends to utilize the cash flow to be generated by business growth and improvement of profitability of each existing business segment as a means to promote strategic acquisitions for further enhancement of competitiveness and business growth, with maintaining a healthy financial condition.

v) Positive Capital Return Program to Shareholders

The Company aims to make capital return, including dividends mainly, to shareholders positively, with increasing internal reserves necessary for future changes of business environment and investment for future growth opportunities including strategic acquisitions and R&D. Based on the fundamental policy “To increase dividend continuously and stably,” the Company intends to continue a consolidated dividend payout ratio more than 35%.

4. Matters regarding Directors and Executive Officers

(1) Directors (As of March 31, 2016)

Position in the Company	Name	Duties in the Company	Significant Concurrent Positions
Director	Hiromasa Suzuki	-	Chairman & Director, Fujirebio Inc. Director, SRL, Inc.
Director	Shinji Ogawa	-	President & CEO, SRL, Inc.
Director	Takeshi Koyama	-	President & CEO, Fujirebio Inc.
Director	Nobumichi Hattori	-	
Director	Yasunori Kaneko	-	
Director	Hisatsugu Nonaka	-	
Director	Naoki Iguchi	-	
Director	Miyuki Ishiguro	-	
Director	Ryoji Itoh	-	
Director	Kozo Takaoka	-	

Notes: 1. Mr. Nobumichi Hattori, Mr. Yasunori Kaneko, Mr. Hisatsugu Nonaka, Mr. Naoki Iguchi, Ms. Miyuki Ishiguro, Mr. Ryoji Itoh and Mr. Kozo Takaoka are outside directors prescribed in Article 2, Item 15 of the Companies Act.

2. The Company has designated Mr. Nobumichi Hattori, Mr. Yasunori Kaneko, Mr. Hisatsugu Nonaka, Mr. Naoki Iguchi, Mr. Ryoji Itoh and Mr. Kozo Takaoka as independent directors as stipulated by the Tokyo Stock Exchange and has notified the Exchange accordingly.

3. The Company has the following committees:

Nominating Committee	Chairman	Ryoji Itoh
	Members	Hiromasa Suzuki Nobumichi Hattori Yasunori Kaneko Hisatsugu Nonaka
Audit Committee	Chairman	Hisatsugu Nonaka
	Members	Yasunori Kaneko Naoki Iguchi Miyuki Ishiguro
Compensation Committee	Chairman	Naoki Iguchi
	Members	Hiromasa Suzuki Miyuki Ishiguro Ryoji Itoh Kozo Takaoka

4. All members of the Audit Committee are appointed from among the part-time outside directors, and full-time Audit Committee members are not appointed, given the view that members of the Audit Committee must maintain a high degree of independence. An employee, who is independent from executive officers, is assigned to support the duties of the Audit Committee in order to provide internal company information to the Audit Committee and in order to coordinate with the Accounting Auditor, and departments in charge of internal control systems.

(2) Executive Officers (As of March 31, 2016)

Position in the Company	Name	Duties in the Company	Significant Concurrent Positions
Representative Executive Officer	Hiromasa Suzuki	President & CEO	Refer to “(1) Directors” hereinabove
Representative Executive Officer	Shinji Ogawa	Senior Executive Officer, Assistant to CEO	Refer to “(1) Directors” hereinabove
Executive Officer	Hiromitsu Tazawa	Senior Executive Officer, Legal Affairs and CSR	Chairman, SRL, Inc.
Executive Officer	Takeshi Koyama	Managing Executive Officer, Global IVD	Refer to “(1) Directors” hereinabove
Executive Officer	Hiroaki Kimura	IR, General Affairs, and Information Technology	
Executive Officer	Naoki Kitamura	Finance and Corporate Strategy	
Executive Officer	Shigeto Ohtsuki	Human Resources and Internal Control	

(3) Total amounts of compensation for directors and executive officers respectively for the fiscal year

Classification	Number (persons)	Amount of Compensation (millions of yen)	Remarks
Director	7	86	-
Executive Officer	9	225	-
Total	16	311	-

- Notes:
1. The data regarding directors in the above table do not include data of directors serving concurrently as executive officers since the Company does not pay directors' compensation to such directors.
 2. The compensation shown in the above table includes 17 million yen as performance-based compensation for executive officers.
 3. The sum of compensation for two (2) representative executive officers for the fiscal year included in the compensation stated in the above table is 89 million yen.
 4. Seven (7) executive officers including representative executive officers, who serve concurrently as officers of business corporations, have received 52 million yen as officers' compensation of such business corporations in addition to the compensation stated in the above table.
 5. The compensation shown in the above table includes 29 million yen (29 million yen for eight (8) executive officers) in stock option compensation over the 9th, 10th and 12th installments thereof.

(4) Matters regarding determination of amounts of compensation or calculation method thereof

The Compensation Committee has established the following policies for determining compensation for respective directors and executive officers of the Company and determines the amounts and other conditions of compensation, etc. for respective directors and executive officers in accordance with these policies.

i) Compensation system

Compensation for directors and executive officers of the Company will be paid mainly in the form of fixed-amount compensation based on official responsibilities in consideration of the scope and degree of responsibility for group management and other aspects, and will not be paid in the form of retirement benefits at the time of retirement. The amount of performance-based compensation will be changed depending on business results, with net sales, ordinary income, cash flow and other figures employed as criteria for determining results.

Directors serving concurrently as executive officers will receive compensation as executive officers.

ii) Directors' compensation

Directors' compensation will be determined as nil, or as a combination of fixed-amount compensation, performance-based compensation and stock options in consideration of the duties of the respective directors. Reasonable upper limit will be set for the amount of payment in light of the economic situation, the Company's conditions and the duties of the respective directors.

The Company will pay compensation to outside directors, based on the frequency and hours of their supervision activities, in addition to the combination of prescribed fixed-amount compensation and stock options.

iii) Executive officers' compensation

Executive officers' compensation will be determined in combination of fixed-amount compensation, performance-based compensation and stock options in consideration of the duties of the respective executive officers. An upper limit that is considered reasonable in light of the economic situation, the Company's conditions and the duties of the executive officers will be set for the amount of payment.

(5) Main activities of outside directors

i) Attendance at meetings of the Board of Directors and Committees (number of times of attendance/number of meetings held during the fiscal year)

Classification	Name	Board of Directors Meeting	Meeting of Nominating Committee	Meeting of Audit Committee	Meeting of Compensation Committee
Director	Nobumichi Hattori	14/14	9/9	-	2/2
Director	Yasunori Kaneko	14/14	8/9	22/23	-
Director	Hisatsugu Nonaka	14/14	9/9	23/23	-
Director	Naoki Iguchi	14/14	-	23/23	6/6
Director	Miyuki Ishiguro	14/14	-	22/23	6/6
Director	Ryoji Itoh	12/14	9/9	-	6/6
Director	Kozo Takaoka	11/11	-	-	4/4

- Notes: 1. Figures shown for Director Nobumichi Hattori's attendance in Compensation Committee meetings reflect his attendance up to the date of his resignation from that committee on June 24, 2015.
2. Figures shown for Director Kozo Takaoka's attendance in Board of Directors meetings and Compensation Committee meetings reflect his attendance since becoming a new Director and joining the committee on June 24, 2015.

ii) Main activities during the fiscal year

Classification	Name	Main Activities
Director	Nobumichi Hattori	At meetings of the Board of Directors, he has made necessary remarks in connection with proposals and deliberations from the viewpoints of management strategy and business strategy.
Director	Yasunori Kaneko	At meetings of the Board of Directors, he has made necessary remarks in connection with proposals and deliberations from his technical perspective on advanced technologies in the medical field, which he has developed overseas, and from the viewpoint of management strategy. Also, at meetings of the Audit Committee, he has made necessary remarks as appropriate.
Director	Hisatsugu Nonaka	He has performed duties as chairman of the Audit Committee and, at meetings of the Board of Directors, made necessary remarks in connection with proposals and deliberations based on his abundant experience and broad insight as a corporate manager. Also, at meetings of the Audit Committee, he has made necessary remarks as appropriate.
Director	Naoki Iguchi	He has performed duties as chairman of the Compensation Committee and, at meetings of the Board of Directors, he has made necessary remarks in connection with proposals and deliberations from his broad insight, which was developed through his service in public administration in the insurance, pension and medical fields. Also, at meetings of the Audit Committee, he has made necessary remarks as appropriate.

Classification	Name	Main Activities
Director	Miyuki Ishiguro	At meetings of the Board of Directors, she has made necessary remarks in connection with proposals and deliberations from her perspective as a lawyer who is well-versed in corporate law. Also, at the Audit Committee, she has made necessary remarks as appropriate.
Director	Ryoji Itoh	He has performed duties as chairman of the Nominating Committee and, at meetings of the Board of Directors, he has made necessary remarks in connections with proposals and deliberations from his broad insight, which was developed through his extensive experience as a business consultant and corporate manager at a business operating company.
Director	Kozo Takaoka	At meetings of the Board of Directors, he has made necessary remarks in connection with proposals and deliberations based on his abundant experience and broad insight in management and marketing.

(6) Matters regarding limited liability agreements

The Company amended the Articles of Incorporation at the 56th Ordinary General Meeting of Shareholders held on June 27, 2006, establishing provisions regarding limited liability agreements with outside directors.

An outline of the limited liability agreements entered into by the Company with all outside directors under the Articles of Incorporation is as follows:

- Limited liability agreements with outside directors
After execution of this agreement, the outside director shall, in the case of having performed his/her duties in good faith and without gross negligence with respect to the responsibility prescribed in Article 423, Paragraph 1 of the Companies Act, assume liability for damages up to the higher of 2 million yen or the minimum liability amount prescribed by law.

(7) Total amount of compensation for outside directors for the fiscal year

Classification	Number (persons)	Amount of Compensation (millions of yen)
Outside Director	7	86

5. Matters regarding Accounting Auditor

(1) Name of Accounting Auditor

PricewaterhouseCoopers Aarata

Note: As of July 1, 2015, PricewaterhouseCoopers Aarata changed its Japanese name, but this change had no bearing on the English name.

(2) Amount of compensation, etc. to Accounting Auditor

i) Total amount of compensation the Company and its subsidiaries paid to Accounting Auditor

104 million yen

ii) Of i) above, the total amount of compensation the Company and its subsidiaries paid to Accounting Auditor in exchange for the work (audit certification work) stipulated by Article 2, Paragraph 1 of the Certified Public Accountants Act (Act No. 103 of 1948)

104 million yen

iii) Of ii) above, the amount of compensation the Company paid to Accounting Auditor for the work as an accounting auditor

37 million yen

Notes: 1. The audit agreement between the Company and Accounting Auditor does not and cannot practically distinguish between compensation for audit in accordance with the Companies Act and those in accordance with the Financial Instruments and Exchange Act. Therefore, the figures of iii) above represent total amount.

2. The Company's Audit Committee has checked the audit plan in terms of its appropriateness, validity and other aspects its content, the basis for calculating audit compensation estimates, and details in that regard, taking into account the "Practical Guidelines for Cooperation with Accounting Auditors" released by the Japan Audit & Supervisory Board Members Association ("JASBA"), and upon review the committee has agreed on matters such as the compensation paid to the Accounting Auditor pursuant to Article 399, Paragraph 1 of the Companies Act.

(3) Policy for determining dismissal or refusal of reappointment of Accounting Auditor

When Accounting Auditor is recognized as falling under the category stipulated by each Item of Article 340, Paragraph 1 of the Companies Act, the Audit Committee dismisses the Accounting Auditor based on the consensus of all the committee members. In this case, a committee member appointed by the Audit Committee reports the dismissal of the Accounting Auditor and the reason therefor at the first General Meeting of Shareholders to be held after the dismissal.

With taking the quality, effectiveness and efficiency of audits conducted by Accounting Auditor into the consideration, the Audit Committee also discusses reappointment or refusal of reappointment of Accounting Auditor every year. When details of the item to be resolved at General Meeting of Shareholders on refusal of reappointment of the Accounting Auditor are determined, a committee member appointed by the Audit Committee provides necessary explanation about the item at General Meeting of Shareholders.

6. System to ensure appropriate execution of business operations and implementation thereof

(1) Fundamental idea on corporate governance

The Company fully recognizes the importance of strong and thorough corporate governance, and is committed to the establishment of a governance structure that encourages greater transparency and accelerates proper decision-making at all levels of oversight, management and operation.

Therefore, the Company adopted the “Company with Committees” corporate governance system (currently the “Company with Nominating Committee, etc.”) under the Companies Act on June 27, 2005 and moved to a pure holding company structure that controls the Group on July 1, 2005.

(2) Details of corporate organizations, system to ensure appropriate execution of business operations and implementation thereof

i) Corporate organizations

The Company chose to adopt Company with Nominating Committee, etc. with the aim of achieving clear separation of oversight and executive functions giving executive officers the authority to make decisions with greater speed and provide more effective management for the operation of the Group companies. In addition, in accordance with the Companies Act and the committee system, the Company has established three committees: the Nominating, Audit and Compensation Committees.

The Board of Directors receive reports from each committee and from the executive officers regarding information on current corporate operations and target management achievements. The Board is thus able to provide timely, comprehensive and pertinent corporate oversight. Among the ten (10) members of the Board of Directors, the Company appoints seven (7) as outside directors, each of whom is recognized as a leader in his or her respective field.

ii) Overview of system to ensure appropriate execution of business operations

Based on the following basic policy, the Company ensures that business operations are executed appropriately.

1) Basic management policy

The Company’s basic policy for corporate management consists of the following corporate philosophy and management policy.

<Corporate philosophy>

Miraca Group contributes to create a healthy and prosperous society and promotes global healthcare through the provision of novel, value-added products and services.

<Management policy>

- a) We place top priority on meeting our customers’ needs and providing them with highly reliable products, information and services.
- b) We strive to protect the environment and maintain good relationships with local communities.

- c) We encourage our employees to develop their individual talents and expertise by providing a challenging and rewarding workplace environment that ensures equal employment opportunities and fair performance evaluations.
 - d) We endeavor to live up to the trust of shareholders through soundness and integrity of management.
- 2) Code of Conduct
- The Company, as a corporate group, has established the Miraca Group Code of Conduct so that all officers and employees of the Group can embody the high ethical standards that they are expected to meet in the performance of their duties, and ensure that the officers and employees practice it in daily corporate activities.
- 3) Matters regarding directors and employee(s) who is assigned to support duties of the Audit Committee
- The Company shall establish the Secretariat of the Audit Committee as an organization under the Audit Committee. Employee(s) who is assigned to support the duties of the Audit Committee belongs to the Secretariat of the Audit Committee.
- 4) Matters regarding independence of directors and employee(s) in 3) from executive officers
- Employee(s) of the Secretariat of the Audit Committee shall follow instructions of members of the Audit committee.
 - For appointment and reassignment of the employee(s), treatment such as employee evaluation and transfer and budget allocation, the Secretariat of the Audit Committee shall give explanations to the Audit Committee in advance and obtain prior approval.
- 5) System of reporting from executive officers and employees to the Audit Committee and other systems of reporting to the Audit Committee
- The Audit Committee may have people other than members participate in a meeting as necessary, and ask them to report on the following items, in addition to items stipulated by laws and regulations.
- a) Overview of activities of departments involved in internal control of the Group
 - b) The Group's significant accounting policy, accounting standards and changes thereof
 - c) Details of important disclosure documents
 - d) Other matters to be reported as stipulated by the Company's internal rules
- 6) Other systems to ensure effective audit by the Audit Committee
- Members of the Audit Committee have authorities stipulated in the following items.
 - a) Authority to request other directors, executive officers, managers and other employees to report matters regarding execution of their duties
 - b) Authority to examine the status of the Company's business operations and assets
 - c) Authority to request the Company's subsidiaries or consolidated subsidiaries to report business operations or to examine the status of business operations and assets of the Company's subsidiaries or consolidated subsidiaries as necessary in order to exercise authorities of the Audit Committee

- d) Other authorities regarding audit deemed necessary by the Audit Committee within the scope of laws and regulations
 - Directors, executive officers and employees who participate in a meeting of the Audit Committee by a request from the Committee are required to explain matters requested by the Committee.
 - A committee member appointed by the Audit Committee may participate in important meetings of the Company including the Group companies as necessary.
- 7) System to ensure appropriate execution of business operations of the stock company and the corporate group consisting of its parent company and subsidiaries
- To ensure appropriate execution of business operations of the Company's subsidiaries by conducting operation and management of the subsidiaries based on the management rules of the subsidiaries and affiliates as well as the agreement on responsibilities and authorities of the officers of the subsidiaries.
 - To establish a management structure based on the following rules and ensure appropriate execution of business operations of the corporate group.
 - a) The company and major business subsidiaries shall be covered.
 - b) The purpose shall be to comply with laws and regulations pertaining to effectiveness and efficiency of business operations, credibility of financial reporting and business activities.
 - c) Based on the Risk Management Rules, risk management of the corporate group shall be promoted.
 - d) A flow chart of major business processes shall be created including those of business subsidiaries to standardize business operations and conduct adequate risk management.
 - e) The Internal Audit Department shall conduct an audit on the system of internal controls.
 - The Internal Audit Departments of the Group companies shall report and exchange opinions on a regular basis and hold an audit liaison conference regularly in order to enhance cooperation between the Audit Committee and auditors of the Group companies.
- 8) System for storage and management of information on execution of duties by executive officers
- Each executive officer shall appropriately store and manage documents and other relevant information regarding execution of their duties in accordance with the Rules for Management of Documents for Execution of Duties.
- 9) Rules for management of risk of loss and other system
- Based on the "Risk Management Rules" and "Rules for the Risk Management Committee," a risk management system shall be established, and the Risk Management Committee shall promote it to manage the risk of loss.
- 10) System to ensure efficient execution of duties by executive officers
- Each executive officer executes duties based on the Rules of Duties of Executive Officers.

- Each executive officer holds discussions and makes a report as necessary at the Board of Executive Officers' meeting based on the Rules for the Board of Executive Officers.
- 11) System to ensure compliance of execution of duties by executive officers and employees with laws and regulations and the Articles of Incorporation
- While the ethical standards that all the members of the Company are expected to meet are codified in the Miraca Group Code of Conduct, the Code of Conduct Committee implements necessary measures based on the Rules for Management of the Code of Conduct Committee to ensure compliance of execution of duties by executive officers and employees with laws and regulations, the Articles of Incorporation and the Miraca Group Code of Conduct.
 - The Code of Conduct Committee detects illegal activities of the Company at an early stage and establishes and operates an internal reporting system in order to respond to it.
 - The Internal Audit Department conducts internal audits based on the Rules for Internal Audit.
- iii) Overview of implementation of system to ensure appropriate execution of business operations
- The following subsection provides an overview regarding implementation of the system for ensuring appropriate execution of business operations, with respect to the fiscal year under review.
- 1) Matters regarding audits performed by the Audit Committee
- The Audit Committee consists of four (4) committee members and one (1) secretariat. Each member participates in major meetings of the Board of Executive Officers, the Disclosure Committee and Risk Management Committee, holds a regular liaison conference with the Internal Audit Department and the Board of Corporate Auditors and auditors of the relevant subsidiaries and directly conducts audits on the execution of duties as necessary, and the results of such activities are regularly reported to the Board of Directors. The Audit Committee exchanges ideas regularly with Accounting Auditor by requesting them to explain and report the initial audit plan, status of audits during the term and results of the year-end audit.
- 2) Matters regarding ensuring appropriate execution of business operations of the corporate group
- Management within the Group is conducted in a manner ensuring that business operations are executed appropriately on the basis of the “Rules of Duties of Executive Officers,” “management rules of the subsidiaries and affiliates,” “agreement on responsibilities and authorities of the officers of the subsidiaries” and other internal rules of the Company.
 - The Internal Audit Department reviews internal control system. Moreover, the Internal Audit Departments of respective Group companies report and exchange opinions on a regular basis.

- 3) Matters regarding management of risk of loss
 - Meetings of the Risk Management Committee are held regularly, in accordance with the “Risk Management Rules” and “Rules for the Risk Management Committee.” Moreover, risk assessment results and policies for addressing substantial risks faced by the Company and its major subsidiaries are reported to the Board of Directors.
- 4) Matters regarding compliance
 - The Internal Audit Department (fourteen (14) members) conducts internal audits of the Company and its major subsidiaries and assesses internal control independently on a regular basis in order to ensure legality, accuracy and efficiency of management and business operations. The Department reports the audit results and status of follow-up to the Board of Directors and the Audit Committee through the responsible executive officer.
 - Meetings of the Code of Conduct Committee are held regularly, in accordance with “Miraca Group Code of Conduct.”
 - As part of its efforts to develop an internal reporting system, the Company has established the “Miraca Group Hotline” to report ethics and compliance concerns, and shares information regarding its operations with the Audit Committee. In addition, the Company also raises awareness of its rules for ensuring confidentiality of those reporting concerns and furthermore prohibiting disadvantageous treatment of such individuals.

7. Basic policy on control of stock company

- I. Basic Policy concerning Persons Controlling the Decision on the Financial and Operational Policy of the Company (Basic Policy concerning Persons Controlling the Decision on the Financial and Operational Policy of the Company as stipulated by Article 118, Item 3 of the Ordinance for Enforcement of the Companies Act (Ordinance of the Ministry of Justice No. 12 of 2006))

The Board of Directors of the Company believes that the shareholders of the Company should make final decisions as to whether or not an offer to purchase shares is acceptable. In the event that the purchase of the shares of the Company is proposed, in order for the shareholders of the Company to make proper decisions, it is necessary for sufficient information to be provided to the shareholders of the Company through the Board of Directors of the Company. In particular, the shareholders of the Company should be given information regarding the terms and conditions of the purchase (including fairness of price), the influence the purchase has on the management of the Company and its group, the management policy and business plan that the purchaser intends to adopt, etc.

However, in the event that the purchase of the shares of the Company is proposed, the shareholder or the Company may not be given sufficient time or information necessary to consider the terms and conditions of the proposal or any alternative plan. The proposed structure may coerce the shareholders to accept the proposal of the purchase. The proposed purchase price may be inadequate or inappropriate in light of the Company's intrinsic corporate value and the common interests of the shareholders. In such case, there will be a threat of severe damage to the Company's corporate value and the common interests of the shareholders.

The Company believes that a person who conducts or proposes an inappropriate Large-scale Purchase which will raise a threat of severe damage to the Company's corporate value and the common interest of the shareholders is not appropriate as a person in control of decisions on the financial and operational policy of the Company.

The Company decided, at a meeting of the Board of Directors held on May 23, 2007, to establish the above as our Basic Policy concerning Persons Controlling the Decision on the Financial and Operational Policy of the Company.

II. Efforts supporting achievement of the basic policy

We are making efforts to enhance the Company's corporate value and to serve the common interests of our shareholders through the sound execution of the Medium-term Business Plan by proactively providing returns to shareholders and further strengthening the Company's corporate governance structure. We believe that the measures explained below will support the achievement of our basic policy described in Section I above. We believe it is obvious that the following initiatives, considering the details, do not undermine common interests of our shareholders and are not intended to maintain the status of company directors and officers.

1. Efforts to enhance the Company's corporate value and to serve the common interests of shareholders through execution of the Medium-term Business Plan

The clinical diagnostics and laboratory testing sector is faced with severe competition due to slowdown in the growth of the domestic market and the advancement of globalization. Under such circumstances, the Company established its 4th Medium-term Business Plan in May 2014, with the aim of establishing robust business foundations for further growth in the future. The Group will take the following direction in order to realize sustainable organic growth in the market: (1) expansion through competitive execution; (2) creation of new products and services; and (3) full scale entry into the global market. An overview of the plan is described in "(4) Issues to be addressed" of "1. Matters regarding current status of corporate group."

2. Efforts to Enhance the Company's Corporate Value and to Serve the Common Interests of Shareholders through Proactively Providing Returns to Shareholders

The Company remains committed to the goal of actively returning profits to our shareholders mainly through dividends, while striving to attain the level of retained earnings needed for the Company to adequately address upcoming changes in the business environment and also to invest in M&As, R&D, and other future growth opportunities.

3. Efforts to Enhance the Company's Corporate Value and to Serve the Common Interests of Shareholders through the Further Strengthening of the Corporate Governance Structure

The Company has adopted a "Company with Committees" (currently "Company with Nominating Committee, etc.") corporate governance system in June 2005, leading to clear separation of the monitoring and execution functions as well as the establishment of an execution structure which allows for speedy operational implementation. From a corporate governance perspective, seven (7) of the ten (10) board members are outside directors with high independency. Furthermore, we have established three committees: the Nominating, Audit and Compensation Committees in accordance with laws and regulations, and continued efforts aimed at promoting fairness and transparency are being implemented. With respect to incentives and compensation, we have positioned the enhancement of corporate value and the common interests of our shareholders as our highest priorities, and have adopted a performance-based compensation plan for executive officers, while eliminating the retirement benefits system which was not highly correlated with performance and introducing a stock option plan aimed to align interest between our shareholders and the officers and employees of the Company. Compensation provided to such officers and directors are disclosed in our annual securities reports, and business reports. We have further implemented various measures to stimulate activity at shareholders' meetings and to facilitate the exercise of voting rights, such as sending notice of shareholders' meetings at least 3 weeks in advance in order to secure sufficient time for our shareholders to appropriately exercise their voting rights and changing the date of shareholders' meetings to avoid the major concentration of shareholders' meetings at the end of June. Realizing the importance of maintaining and strengthening an

appropriate governance structure, we have also established a basic policy for our internal control system, and have established an infrastructure to ensure proper business operations as a corporate group by reinforcing the framework for audits by the Audit Committee and by creating control guidelines for the entire group, including subsidiaries and affiliates.

- III. Efforts above being in line with the basic policy of I above and not undermining the common interests of shareholders, nor being intended to maintain the status of the company directors and officers and reasons thereof

The abovementioned efforts are for making maximum use of the Company's assets, making appropriate allocations of profits for securing retained earnings required to maintain and improve revenue and providing returns to our shareholders and maintaining and enhancing the adequate corporate governance system, thus contributing to enhancement of the Company's corporate value and serving the common interests of shareholders of the Company. Therefore, the efforts above are in line with the basic policy and do not undermine the common interests of shareholders, nor are they intended to maintain the status of the Company's directors and officers.

CONSOLIDATED BALANCE SHEET

(As of March 31, 2016)

(Unit: Millions of yen)

Item	Amount	Item	Amount
ASSETS		LIABILITIES	
Current assets	94,027	Current liabilities	49,903
Cash and deposits	31,756	Notes and accounts payable - trade	9,740
Notes and accounts receivable - trade	36,954	Electronically recorded obligations - operating	1,421
Lease investment assets	499	Current portion of bonds	10,000
Merchandise and finished goods	4,629	Current portion of long-term loans payable	5,999
Work in process	5,159	Lease obligations	730
Raw materials and supplies	5,048	Accounts payable - other	5,829
Deferred tax assets	2,148	Income taxes payable	1,039
Other	9,225	Deferred tax liabilities	37
Allowance for doubtful accounts	(1,394)	Provision for bonuses	4,928
		Provision for loss on litigation	2,420
		Other	7,754
Non-current assets	143,269	Non-current liabilities	31,692
Property, plant and equipment	40,277	Long-term loans payable	6,299
Buildings and structures	16,351	Lease obligations	3,514
Machinery, equipment and vehicles	3,213	Deferred tax liabilities	8,889
Tools, furniture and fixtures	4,653	Net defined benefit liability	4,262
Land	9,106	Asset retirement obligations	621
Leased assets	3,918	Other	8,105
Construction in progress	3,034	Total liabilities	81,596
		NET ASSETS	
Intangible assets	75,409	Shareholders' equity	126,646
Goodwill	31,738	Capital stock	8,877
Customer-related intangible assets	27,483	Capital surplus	24,599
Software	8,760	Retained earnings	94,392
Leased assets	155	Treasury shares	(1,221)
Other	7,270	Accumulated other comprehensive income	28,828
		Valuation difference on available-for-sale securities	397
Investments and other assets	27,581	Foreign currency translation adjustment	28,921
Investment securities	15,242	Remeasurements of defined benefit plans	(490)
Deferred tax assets	5,512	Subscription rights to shares	225
Other	6,846	Total net assets	155,700
Allowance for doubtful accounts	(20)	Total liabilities and net assets	237,296
Total assets	237,296		

CONSOLIDATED STATEMENT OF INCOME

〔 From: April 1, 2015
To: March 31, 2016 〕

(Unit: Millions of yen)

Net sales		211,743
Cost of sales		130,333
Gross profit		81,409
Selling, general and administrative expenses		55,359
Operating income		26,050
Non-operating income		
Interest income	30	
Dividend income	40	
Dividend income of insurance	131	
Rent income	44	
Fiduciary obligation fee	102	
Other	179	529
Non-operating expenses		
Interest expenses	607	
Rent expenses	44	
Share of loss of entities accounted for using equity method	1,444	
Foreign exchange losses	628	
Other	73	2,797
Ordinary income		23,782
Extraordinary income		
Gain on sales of non-current assets	3	
Gain on reversal of subscription rights to shares	9	
Compensation income	3,168	
Other	211	3,392
Extraordinary losses		
Loss on retirement of non-current assets	81	
Business structure improvement expenses	429	
Impairment loss	22,952	
Other	112	23,576
Profit before income taxes		3,598
Income taxes - current	11,307	
Income taxes - deferred	(2,627)	8,680
Loss		(5,081)
Loss attributable to owners of parent		(5,081)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(From: April 1, 2015
To: March 31, 2016)

(Unit: Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	8,666	24,388	105,224	(1,209)	137,071
Changes of items during period					
Issuance of new shares - exercise of subscription rights to shares	210	210			420
Dividends of surplus			(5,750)		(5,750)
Loss attributable to owners of parent			(5,081)		(5,081)
Purchase of treasury shares				(12)	(12)
Disposal of treasury shares		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	210	210	(10,832)	(12)	(10,424)
Balance at end of current period	8,877	24,599	94,392	(1,221)	126,646

	Accumulated other comprehensive income				Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	606	34,198	(251)	34,553	227	171,851
Changes of items during period						
Issuance of new shares - exercise of subscription rights to shares						420
Dividends of surplus						(5,750)
Loss attributable to owners of parent						(5,081)
Purchase of treasury shares						(12)
Disposal of treasury shares						0
Net changes of items other than shareholders' equity	(208)	(5,277)	(238)	(5,724)	(1)	(5,726)
Total changes of items during period	(208)	(5,277)	(238)	(5,724)	(1)	(16,150)
Balance at end of current period	397	28,921	(490)	28,828	225	155,700

NON-CONSOLIDATED BALANCE SHEET

(As of March 31, 2016)

(Unit: Millions of yen)

Item	Amount	Item	Amount
ASSETS		LIABILITIES	
Current assets	33,110	Current liabilities	45,091
Cash and deposits	26,331	Current portion of bonds	10,000
Accounts receivable - trade	424	Current portion of long-term loans payable	5,999
Prepaid expenses	18	Accounts payable - other	423
Deferred tax assets	59	Accrued expenses	72
Accrued income	40	Income taxes payable	10
Short-term loans receivable from subsidiaries and associates	2,253	Deposits received	28,292
Accounts receivable - other	3,971	Unearned revenue	114
Other	11	Provision for bonuses	31
		Other	145
Non-current assets	111,935	Non-current liabilities	6,466
Property, plant and equipment	237	Long-term loans payable	6,299
Buildings	196	Long-term unearned revenue	160
Tools, furniture and fixtures	39	Other	5
Leased assets	0	Total liabilities	51,557
Construction in progress	0	NET ASSETS	
Intangible assets	205	Shareholders' equity	93,262
Software	205	Capital stock	8,877
		Capital surplus	24,599
Investments and other assets	111,492	Legal capital surplus	24,599
Shares of subsidiaries and associates	104,929	Other capital surplus	0
Investments in capital	71	Retained earnings	61,009
Long-term loans receivable from subsidiaries and associates	5,803	Legal retained earnings	928
Long-term prepaid expenses	0	Other retained earnings	60,081
Deferred tax assets	15	General reserve	13,250
Other	672	Retained earnings brought forward	46,831
		Treasury shares	(1,222)
Total assets	145,046	Valuation and translation adjustments	(0)
		Valuation difference on available-for-sale securities	(0)
		Subscription rights to shares	225
		Total net assets	93,488
		Total liabilities and net assets	145,046

NON-CONSOLIDATED STATEMENT OF INCOME

〔 From: April 1, 2015
To: March 31, 2016 〕

(Unit: Millions of yen)

Operating revenue		
Dividend income	14,675	
Consulting fee income	1,655	
Service revenue	368	16,699
Operating expenses		1,744
Operating income		14,954
Non-operating income		
Interest income	167	
Rent income	330	
Other	16	514
Non-operating expenses		
Interest expenses	105	
Interest on bonds	50	
Rent expenses	283	
Foreign exchange losses	544	
Other	30	1,014
Ordinary income		14,454
Extraordinary income		
Gain on reversal of subscription rights to shares	9	9
Profit before income taxes		14,463
Income taxes—current	(580)	
Income taxes—deferred	483	(97)
Profit		14,561

NON-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(From: April 1, 2015
To: March 31, 2016)

(Unit: Millions of yen)

	Shareholders' equity									
	Capital stock	Capital surplus			Retained earnings			Treasury shares	Total shareholders' equity	
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings				Total retained earnings
						General reserve	Retained earnings brought forward			
Balance at beginning of current period	8,666	24,388	–	24,388	928	13,250	38,020	52,198	(1,209)	84,044
Changes of items during period										
Issuance of new shares - exercise of subscription rights to shares	210	210		210						420
Dividends of surplus							(5,750)	(5,750)		(5,750)
Profit							14,561	14,561		14,561
Purchase of treasury shares									(12)	(12)
Disposal of treasury shares			0	0					0	0
Net changes of items other than shareholders' equity										
Total changes of items during period	210	210	0	210	–	–	8,810	8,810	(12)	9,218
Balance at end of current period	8,877	24,599	0	24,599	928	13,250	46,831	61,009	(1,222)	93,262

	Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Total Valuation and translation adjustments		
Balance at beginning of current period	1	1	227	84,273
Changes of items during period				
Issuance of new shares - exercise of subscription rights to shares				420
Dividends of surplus				(5,750)
Profit				14,561
Purchase of treasury shares				(12)
Disposal of treasury shares				0
Net changes of items other than shareholders' equity	(1)	(1)	(1)	(3)
Total changes of items during period	(1)	(1)	(1)	9,214
Balance at end of current period	(0)	(0)	225	93,488

Supplemental Information

The Company described certain risk factors relating to the Group and its business etc. as below in the Quarterly Securities Report (Shihanki-Houkokusyo) for the quarter ended December 31, 2015. The Company reviewed major risk factors related to the business etc. described in the Annual Securities Report (Yuukasyouken-Houkokusyo) for the fiscal year ended March 31, 2015, and amended them as below. Matters regarding the future are based on the situation as of December 31, 2015.

This information is not included in the notice of 66th Ordinary General Meeting of Shareholders.

Risk Factors Relating to the Group and its Business etc.

(1) Risk associated with research and development

The Group focuses on efficient and speedy research and development of new products as well as new technologies. However, in some cases, we are forced to terminate research and development because it fails to meet the standards on efficacy and safety required for drug approval along the way. As a result, the Group may not be able to recover the costs incurred, or forced to re-examine the research and development policy.

(2) Risk associated with intellectual property rights

The Group's products are protected by multiple patents on their materials and manufacturing processes for a specified period of time. The Group strictly manages the intellectual property rights including patent rights and always pays close attention to a possible infringement of these rights by others. But when the intellectual property rights the Group owns are infringed by a third party, the expected revenue may be lost. Also, if the Group's product infringes other company's intellectual property right, the Group may be asked for compensation.

(3) Impact of changes in market environment

Amid the continuous drastic reform of the healthcare system in Japan, the Group's business environment is getting tougher combined with the market competition with other companies. Such changes in the market environment may negatively affect the market price and have an influence on the Group's operating results and financial condition.

(4) Risk associated with legal regulations and others

The Group is subject to the Pharmaceutical and Medical Device Law and the related laws and regulations in Japan and to legal regulations imposed by FDA and others overseas.

When such laws and regulations are revised or strengthened in the future, it may lead to a restriction on the Group's business activities or an increase in business operation costs.

(5) Risk associated with overseas business and exchange fluctuations

The Group has business operations not only in Japan but also overseas such as North America and Europe. Accordingly, the share of overseas sales in the Company's consolidated net sales as well as the share of overseas assets in the consolidated total

assets is increasing, leading to increased exposure to exchange rate fluctuations.

The Company takes certain measures such as forward exchange contracts to mitigate the risk of exchange fluctuations, but these measures do not avoid the entire risk. So the Company's operating results, assets and liabilities, and net assets may be negatively affected by exchange fluctuations.

In addition, when a recession, changes in the political situation, changes in laws or regulations, changes in the tax system, terrorism or conflicts, spread of infectious diseases or a disaster arise in the countries where the Company has business operations, the Company's operating results may be negatively affected.

(6) Risk associated with corporate acquisition (M&As), etc.

As one of the strategies for growth, the Group considers and implements M&As in the areas relevant to the existing businesses, at home and abroad, and aims to improve the corporate value through it.

In implementing M&As, the Group conducts sufficient research and review in advance on the profitability and investment collectability, but the business acquired may fail to achieve the initial target due to sudden changes in the business environment or unexpected circumstances after the M&A. In such cases, the Group's operating results and financial condition may be negatively affected.

(7) Risk associated with accuracy management

Accuracy management is the most important matter for the Group to maintain the accuracy of testing results. The Group's major business companies in clinical laboratory testing business regularly participate in surveys conducted by public institutions such as the Japan Medical Association and conduct thorough accuracy management. In addition, the Group focuses on establishing an internal accuracy management system by obtaining the service mark certification issued by the Association for Promotion of Health Care Service and ISO15189 certification.

However, testing accuracy may be lower when appropriate testing could not be conducted due to unforeseen circumstances, and this may lead to a loss of the Company's credibility. Consequently, this may negatively affect the Group's operating results.

(8) Risk associated with handling information and information systems

The Group holds an enormous volume of confidential information on patients and their testing data, and it is one of the important management issues to ensure its security and establish a compliance structure with the Personal Information Protection Act. As part of this effort, SRL, Inc. obtained the PrivacyMark certification in February 2005. SRL also obtained ISMS and ISO/IEC 27001 certification as security measures for information systems.

However, if personal information is leaked due to criminal acts, cyber-attack, computer virus, information system malfunction, human error or any other negative development, the Group's credibility may fall, and this may affect the operating results of the Group.

Moreover, the Group utilizes information systems for conducting business. Although the Group strives to ensure stable operations of such information systems, if a scenario occurs such as large-scale service suspension, invoicing error, delay in testing

report, or loss of data as a consequence of software or hardware malfunction, human error, disaster, criminal acts, cyber-attack, computer virus, terrorism or any other such negative development, the Group may lose credibility with respect to its products or services, and this may affect the operating results of the Group.

(9) Risk associated with application of accounting of impairment assets

The Group owns non-current assets consisting of property, plant and equipment and intangible assets including goodwill.

If the values of these assets fall or if the expected future cash flow cannot be attained, the Group is required to book impairment loss, and this may negatively affect the operating results and financial condition of the Group.

(10) Effects of suspension or restriction of business activities due to disaster, accident, etc.

If the Group's operations are obstructed because its various places of business or medical institutions, which are the Group's customers, are struck by a natural disaster such as a large-scale typhoon or earthquake, this may negatively affect the Group's operating results. Furthermore, if there is an incident such as an industrial accident or accident with equipment, causing a restriction or suspension of business activities or similar event, this may also negatively affect the Group's operating results.