



January 30, 2015

**Summary of Consolidated Financial Results for the Third Quarter
of the Fiscal Year Ending March 31, 2015
(Nine Months Ended December 31, 2014)**

[Japanese GAAP]

Company name:	NIHON CHOUZAI Co., Ltd.	Listing:	Tokyo Stock Exchange, First Section
Stock code:	3341	URL:	http://www.nicho.co.jp/
Representative:	Hiroshi Mitsuhashi, President & CEO	Tel:	+81-(0) 3-6810-0800
Contact:	Yoshiki Kamada, Managing Director	Scheduled date of filing of Quarterly Report:	February 13, 2015
Scheduled date of payment of dividend:	-		
Preparation of supplementary materials for quarterly financial results:	Yes		
Holding of quarterly financial results meeting:	None		

Note: The original disclosure in Japanese was released on January 30, 2015 at 15:00 (GMT +9).

(All amounts are rounded down to the nearest million yen)

**1. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2015
(April 1, 2014 – December 31, 2014)**

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended Dec. 31, 2014	134,386	9.2	4,615	26.6	4,100	26.8	2,245	37.7
Nine months ended Dec. 31, 2013	123,077	18.8	3,646	78.8	3,234	98.1	1,631	-

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2014: 2,311 (up 63.2%)
 Nine months ended Dec. 31, 2013: 1,416 (- %)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2014	312.24	-
Nine months ended Dec. 31, 2013	225.26	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Dec. 31, 2014	130,850	17,004	13.0
As of Mar. 31, 2014	117,295	15,849	13.5

Reference: Shareholders' equity (million yen) As of Dec. 31, 2014: 17,004 As of Mar. 31, 2014: 15,849

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2014	-	35.00	-	35.00	70.00
Fiscal year ending Mar. 31, 2015	-	35.00	-	-	-
Fiscal year ending Mar. 31, 2015 (forecasts)	-	-	-	35.00	70.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2015 (April 1, 2014 – March 31, 2015)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	188,576	14.0	6,660	40.4	6,080	45.2	3,202	68.4	440.80

Note: Revisions to the most recently announced consolidated forecast: None

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first nine months (April to December 2014) of the fiscal year ending March 31, 2015, revisions were made to prescription dispensing fees and National Health Insurance (NHI) drug prices in April 2014 that affected the pharmaceutical and dispensing pharmacy industries. The Nihon Chouzai Group conformed to the objectives of these revisions, such as encouraging the use of generic drugs and increasing at-home medical care and made even greater and more positive efforts to further its activities in pursuit of these goals.

In this environment, the Group's net sales increased 9.2% year on year to 134,386 million yen. Operating income increased 26.6% to 4,615 million yen, ordinary income increased 26.8% to 4,100 million yen, and net income increased 37.7% to 2,245 million yen. The Group achieved year-on-year growth in both net sales and income.

Results by business segment are as follows.

1) Dispensing Pharmacy Business

In the first nine months of the current fiscal year, Nihon Chouzai Co., Ltd. (the Company) opened 22 pharmacies in the dispensing pharmacy business and closed seven. Consequently, there were 509 pharmacies (including one pharmacy specializing in the sale of general merchandise) at the end of the third quarter. There was a temporary decline in prescription dispensing fees caused by the revision. However, this business benefited from additional payments for dispensing generic drug prescriptions for encouraging the use of generic drugs. As a result, there was a recovery at the end of the third quarter of the current fiscal year to exceed the level recorded in the same period in the previous fiscal year. Sales of this segment rose by 7.6% to 116,822 million yen. Operating income decreased 6.4% to 5,419 million yen.

2) Pharmaceutical Manufacturing and Sales Business

In the pharmaceutical manufacturing and sales business, there was a decline in selling prices caused by the NHI drug price revisions. However, this business benefited from the increasing use of generic drugs by large hospitals and other medical institutions. In addition, the contributions from cooperative initiatives between group companies resulted in growth in both net sales and income. Net sales of this segment rose by 19.3% to 20,603 million yen and operating income increased 238.9% to 1,447 million yen. Nine new products were launched in June and eleven in December, and actions were taken to eliminate the overlapping products between group companies. As a result, the number of product items for sale was 566 at the end of the third quarter of the current fiscal year.

3) Medical Professional Staffing and Placement Business

In the medical professional staffing and placement business, demand for pharmacist staffing services continues to grow in part because of the increasing volume of work performed by pharmacists in recent years. The business has been making a good progress due to activities aimed at increasing the number of registered pharmacists for placement. As a result, both sales and income increased in this segment. Sales rose by 24.5% to 4,684 million yen and operating income increased 48.5% to 895 million yen.

(2) Explanation of Financial Position

Total assets increased 13,555 million yen, or 11.6%, from the end of March 2014, to 130,850 million yen at the end of December 2014. Current assets were 62,979 million yen, an increase of 9,605 million yen, or 18.0%. This was attributable mainly to an increase in merchandise and finished goods. Non-current assets increased 3,950 million yen, or 6.2% to 67,871 million yen. This was attributable mainly to an increase in buildings and structures.

Total liabilities increased 12,400 million yen, or 12.2% to 113,846 million yen. This was attributable mainly to increases in accounts payable-trade and long-term loans payable.

Net assets increased 1,155 million yen, or 7.3% to 17,004 million yen.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

There are no revisions to the consolidated forecast for the fiscal year ending March 31, 2015 that was announced on April 30, 2014.

2. Matters Related to Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period

Not applicable.

(2) Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements

Not applicable.

(3) Changes in Accounting Policies and Accounting-based Estimates, and Restatements

Changes in Accounting Policies

1) Application of the accounting standard for retirement benefits

The Company has applied the “Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012)” and the “Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012)” from the first quarter of the current fiscal year, for provisions set forth in the main clauses of Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits. Accordingly, the Company reviewed the methods for calculating retirement benefit obligations and service costs, and revised the method of attributing estimated retirement benefit obligations to periods from the straight-line basis to the benefit formula basis, and revised the method of determining the discount rate, for the period of bonds used for the basis of determining the discount rate, from the method using the approximate number of years of expected average length of the remaining service period of employees to the method using a plural discount rate reflecting the estimated period.

For the application of these accounting standards, etc. in accordance with the transitional accounting treatments set forth in Paragraph 37 of the Accounting Standard for Retirement Benefits, the adjustments associated with the change in calculation methods of retirement benefit obligations and service costs are recorded in retained earnings at the beginning of the first quarter of the current fiscal year.

The result was a decrease of 441 million yen in net defined benefit liability, and an increase of 283 million yen in retained earnings at the beginning of the first quarter of the current fiscal year. The effect of this change on operating income, ordinary income and income before income taxes and minority interests in the first nine months of the current fiscal year is insignificant.

2) Application of practical solution on transactions of delivering the Company’s own stock to employees, etc. through trusts

The Company has applied the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees, etc. through Trusts (ASBJ Practical Issue Task Force (PITF) No. 30, December 25, 2013)” from the first quarter of the current fiscal year. Furthermore, since the current system is based on the trust contract concluded before the beginning of the fiscal year when this standard was first applied, the Company continues to apply an accounting treatment that is based on the method used in prior years. Accordingly, there is no effect on consolidated financial statements for the first nine months of the current fiscal year.

(4) Additional Information

Transactions of delivering the Company's own stock to employees, etc. through trusts

The Company performs transactions of delivering its stock to an employee stock ownership plan through a trust for the purpose of providing benefits to employees.

1) Summary

The Company has established a trust in which the beneficiaries are employees who belong to the Nihon Chouzai Employee Stock Ownership Plan (the ESOP) and who fulfill certain requirements. The trust purchases during a period specified in advance an amount of the Company stock that the ESOP is expected to purchase during the trust's existence (February 3, 2010 to March 20, 2015). After purchasing this stock, the trust sells stock to the ESOP each month on the designated day. Upon completion of the trust, if there is trust income resulting from an increase in the price of the Company stock, this income will be distributed to the beneficiaries (employees) in proportion to their contributions to the ESOP. If there is a loss on the sale of stock resulting from a decrease in the price of the Company stock, resulting in a liability concerning trust assets, then in accordance with the guarantee terms of a loan contract, the Company will make a reimbursement to the bank in a lump-sum so that there is no additional financial burden on employees.

2) Accounting treatment for transactions of delivering the Company's own stock through trusts

The Company applies the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc. through Trusts (ASBJ PITF No. 30, December 25, 2013)," but uses an accounting treatment that is based on the method used in prior years.

3) Information concerning the Company stock held by the trust

- i. The book value of the Company stock held by the trust was 131 million yen as of March 31, 2014 and 54 million yen as of December 31, 2014. Stock held by the trust is shown as treasury shares in shareholders' equity.
- ii. The trust held 57,460 shares of the Company stock as of December 31, 2013 and 21,050 shares as of December 31, 2014 and the average number of shares held was 76,289 in the first nine months of the previous fiscal year and 37,762 in the first nine months of the current fiscal year. The number of shares at the end of each period and average number of shares are included in treasury shares, which is deducted from the number of shares used to calculate per share data.

3. Quarterly Consolidated Financial Statements**(1) Quarterly Consolidated Balance Sheet**

(Millions of yen)

	FY3/14 (As of Mar. 31, 2014)	Third quarter of FY3/15 (As of Dec. 31, 2014)
Assets		
Current assets		
Cash and deposits	15,429	15,561
Notes receivable-trade	1,015	709
Accounts receivable-trade	17,395	20,244
Electronically recorded monetary claims - operating	254	865
Merchandise and finished goods	12,165	17,858
Work in process	751	951
Raw materials and supplies	3,480	3,562
Other	2,889	3,235
Allowance for doubtful accounts	(8)	(9)
Total current assets	53,373	62,979
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	13,990	18,272
Land	15,318	15,556
Construction in progress	7,076	5,099
Other, net	5,738	7,760
Total property, plant and equipment	42,123	46,689
Intangible assets		
Goodwill	9,265	8,764
Other	1,838	1,735
Total intangible assets	11,103	10,499
Investments and other assets		
Investment securities	1,030	1,076
Lease and guarantee deposits	6,934	7,029
Other	2,729	2,575
Total investments and other assets	10,694	10,682
Total non-current assets	63,921	67,871
Total assets	117,295	130,850

(Millions of yen)

	FY3/14 (As of Mar. 31, 2014)	Third quarter of FY3/15 (As of Dec. 31, 2014)
Liabilities		
Current liabilities		
Notes payable-trade	2,102	1,112
Accounts payable-trade	26,861	35,019
Electronically recorded monetary claims - operating	-	1,996
Short-term loans payable	7,750	2,550
Current portion of bonds	7,000	-
Current portion of long-term loans payable	3,889	5,572
Income taxes payable	1,507	456
Provision for bonuses	1,793	1,033
Provision for directors' bonuses	74	-
Provision for sales rebates	102	136
Other	4,584	5,828
Total current liabilities	55,666	53,705
Non-current liabilities		
Bonds payable	7,000	7,000
Long-term loans payable	35,165	47,361
Provision for directors' retirement benefits	907	864
Net defined benefit liability	915	631
Other	1,789	4,284
Total non-current liabilities	45,779	60,141
Total liabilities	101,446	113,846
Net assets		
Shareholders' equity		
Capital stock	3,953	3,953
Capital surplus	4,754	4,754
Retained earnings	9,310	11,335
Treasury shares	(2,171)	(3,107)
Total shareholders' equity	15,845	16,934
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	237	267
Remeasurements of defined benefit plans	(234)	(197)
Total accumulated other comprehensive income	3	69
Total net assets	15,849	17,004
Total liabilities and net assets	117,295	130,850

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**(Quarterly Consolidated Statement of Income)****(For the Nine-month Period)**

(Millions of yen)

	First nine months of FY3/14 (Apr. 1, 2013 – Dec. 31, 2013)	First nine months of FY3/15 (Apr. 1, 2014 – Dec. 31, 2014)
Net sales	123,077	134,386
Cost of sales	103,941	111,065
Gross profit	19,135	23,320
Selling, general and administrative expenses	15,489	18,705
Operating income	3,646	4,615
Non-operating income		
Commission fee	86	90
Rent income	107	245
Other	186	172
Total non-operating income	380	508
Non-operating expenses		
Interest expenses	531	611
Commission fee	50	23
Other	210	388
Total non-operating expenses	792	1,023
Ordinary income	3,234	4,100
Extraordinary income		
Gain on sales of non-current assets	17	5
Gain on sales of investment securities	1	-
Total extraordinary income	19	5
Extraordinary losses		
Loss on sales of investment securities	0	-
Impairment loss	112	47
Total extraordinary losses	113	47
Income before income taxes and minority interests	3,139	4,058
Income taxes-current	1,252	1,291
Income taxes-deferred	291	521
Total income taxes	1,544	1,812
Income before minority interests	1,595	2,245
Minority interests in loss	(35)	-
Net income	1,631	2,245

(Quarterly Consolidated Statement of Comprehensive Income)**(For the Nine-month Period)**

(Millions of yen)

	First nine months of FY3/14 (Apr. 1, 2013 – Dec. 31, 2013)	First nine months of FY3/15 (Apr. 1, 2014 – Dec. 31, 2014)
Income before minority interests	1,595	2,245
Other comprehensive income		
Valuation difference on available-for-sale securities	(179)	29
Remeasurements of defined benefit plans, net of tax	-	36
Total other comprehensive income	(179)	66
Comprehensive income	1,416	2,311
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,451	2,311
Comprehensive income attributable to minority interests	(35)	-

(3) Notes to Quarterly Consolidated Financial Statements**Going-concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information

Segment Information

I. First nine months of FY3/14 (Apr. 1, 2013 – Dec. 31, 2013)

1. Information related to net sales, profit or loss for each reportable segment (Millions of yen)

	Reportable segment				Adjustment (Note)	Amounts shown on quarterly consolidated statement of income
	Dispensing pharmacy business	Pharmaceutical manufacturing and sales business	Medical professional staffing and placement business	Total		
Net sales						
(1) External sales	108,574	11,625	2,877	123,077	-	123,077
(2) Inter-segment sales and transfers	0	5,650	885	6,536	(6,536)	-
Total	108,575	17,275	3,763	129,613	(6,536)	123,077
Segment profit (loss)	5,791	427	602	6,821	(3,174)	3,646

Note: Total segment sales and segment profit have been adjusted to be consistent with net sales and operating income shown on the quarterly consolidated statement of income. The adjustment of -3,174 million yen to segment profit (loss) includes eliminations of -19 million yen for inter-segment transactions and corporate expenses of -3,155 million yen. General and administrative expenses that do not belong to any reportable segment are the primary component of corporate expenses.

2. Information related to impairment losses on non-current assets or goodwill, etc. for each reportable segment

Impairment losses related to non-current assets

In the dispensing pharmacy business segment, there was an impairment loss for store assets (nine pharmacies). The amount of this loss in the first nine months of FY3/14 was 112 million yen.

Significant change in goodwill

In the dispensing pharmacy business segment, there was an increase in goodwill resulting from the business transfer of dispensing pharmacies. In the first nine months of FY3/14, this business transfer caused goodwill to increase by 1,121 million yen. In the pharmaceutical manufacturing and sales business segment, Nihon Chouzai purchased shares of Choseido Pharmaceutical Co., Ltd. in April 2013 to make this company a subsidiary. In the first nine months of FY3/14, this purchase caused goodwill to increase by 489 million yen.

II. First nine months of FY3/15 (Apr. 1, 2014 – Dec. 31, 2014)

1. Information related to net sales, profit or loss for each reportable segment (Millions of yen)

	Reportable segment				Adjustment (Note)	Amounts shown on quarterly consolidated statement of income
	Dispensing pharmacy business	Pharmaceutical manufacturing and sales business	Medical professional staffing and placement business	Total		
Net sales						
(1) External sales	116,817	13,678	3,890	134,386	-	134,386
(2) Inter-segment sales and transfers	4	6,925	794	7,724	(7,724)	-
Total	116,822	20,603	4,684	142,110	(7,724)	134,386
Segment profit (loss)	5,419	1,447	895	7,762	(3,147)	4,615

Note: Total segment sales and segment profit have been adjusted to be consistent with net sales and operating income shown on the quarterly consolidated statement of income. The adjustment of -3,147 million yen to segment profit (loss) includes eliminations of -39 million yen for inter-segment transactions and corporate expenses of -3,108 million yen. General and administrative expenses that do not belong to any reportable segment are the primary component of corporate expenses.

2. Information related to impairment losses on non-current assets or goodwill, etc. for each reportable segment

Impairment losses related to non-current assets

In the dispensing pharmacy business segment, there was an impairment loss for store assets (seven pharmacies). The amount of this loss in the first nine months of FY3/15 was 47 million yen.

Significant change in goodwill

Not applicable.

This summary report is solely a translation of "Kessan Tanshin" (in Japanese, including the attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.