



April 30, 2015

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2015

[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
 Contact: Yoshiki Kamada, Managing Director Tel: +81-(0) 3-6810-0800
 Scheduled date of Annual General Meeting of Shareholders: June 25, 2015
 Scheduled date of filing of Annual Securities Report: June 26, 2015
 Scheduled date of payment of dividend: June 26, 2015
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)
 Note: The original disclosure in Japanese was released on April 30, 2015 at 15:00 (GMT +9).
 (All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2015 (April 1, 2014 – March 31, 2015)

(1) Consolidated results of operations (Percentages shown for net sales and incomes represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2015	181,844	10.0	6,647	40.1	6,003	43.3	2,778	46.1
Fiscal year ended Mar. 31, 2014	165,347	18.6	4,744	46.2	4,188	46.7	1,901	928.4

Note: Comprehensive income (million yen) FY3/15: 2,894 (up 64.4%) FY3/14: 1,758 (up 361.6%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income on total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2015	388.96	-	16.6	4.9	3.7
Fiscal year ended Mar. 31, 2014	262.48	-	12.5	3.9	2.9

Reference: Equity in income (losses) of affiliates (million yen) FY3/15: - FY3/14: -

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2015	130,141	17,635	13.6	2,515.19
As of Mar. 31, 2014	117,295	15,849	13.5	2,181.26

Reference: Shareholders' equity (million yen) As of Mar. 31, 2015: 17,635 As of Mar. 31, 2014: 15,849

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2015	5,831	(8,437)	1,422	13,844
Fiscal year ended Mar. 31, 2014	6,243	(14,510)	8,782	15,027

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on net assets (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 31, 2014	-	35.00	-	35.00	70.00	512	26.7	3.3
Fiscal year ended Mar. 31, 2015	-	35.00	-	35.00	70.00	496	18.0	3.0
Fiscal year ending Mar. 31, 2016 (forecasts)	-	40.00	-	40.00	80.00		15.7	

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2016 (April 1, 2015 – March 31, 2016)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	97,980	12.1	2,926	11.6	2,553	10.2	1,195	3.3	170.52
Full year	207,523	14.1	8,200	23.4	7,434	23.8	3,583	29.0	511.09

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

Newly added: -

Excluded: -

(2) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

Note: Please refer to “(5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)” on page 18 of the attachments for further information.

(3) Number of outstanding shares (common stock shares)

1) Number of shares outstanding at the end of period (including treasury shares)

As of Mar. 31, 2015: 8,012,000 shares As of Mar. 31, 2014: 8,012,000 shares

2) Number of treasury shares at the end of period

As of Mar. 31, 2015: 1,000,444 shares As of Mar. 31, 2014: 746,004 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2015: 7,142,869 shares Fiscal year ended Mar. 31, 2014: 7,245,970 shares

(For reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2015 (April 1, 2014 – March 31, 2015)

(1) Non-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	%
Fiscal year ended Mar. 31, 2015	157,752	8.3	3,528	1.1	3,033	2.3	1,133	8.8
Fiscal year ended Mar. 31, 2014	145,710	12.0	3,491	44.4	2,966	50.7	1,042	-

	Net income per share		Diluted net income per share	
	Yen		Yen	
Fiscal year ended Mar. 31, 2015	158.66		-	
Fiscal year ended Mar. 31, 2014	143.80		-	

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of Mar. 31, 2015	101,548		15,656		15.4		2,232.94	
As of Mar. 31, 2014	96,569		15,535		16.1		2,138.10	

Reference: Shareholders' equity (million yen): As of Mar. 31, 2015: 15,656 As of Mar. 31, 2014: 15,535

Note 1: Indication of audit procedure implementation status

This summary report is exempted from audit procedures based on the Financial Instruments and Exchange Act. At the time of disclosure, the audit procedures for the financial statements have not been completed.

Note 2: Cautionary statement with respect to forward-looking statements and other special items

(1) Note concerning forward-looking statements

Forecasts and other forward-looking statements in this document incorporate risks and uncertainties because these statements are based on judgments and assumptions using information that is currently available. These materials are not promises by Nihon Chouzai regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons.

(2) How to view supplementary materials for financial results

Nihon Chouzai plans to hold an information meeting for institutional investors and analysts regarding results of operations on May 13, 2015. Materials distributed at this event will also be disclosed, using the Timely Disclosure network (TDnet), and available on the Nihon Chouzai website.

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1. Analysis of Business Results and Financial Position

(1) Analysis of Business Results

In the fiscal year that ended on 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. These revisions were based on the Japanese government's policy of holding down social security expenses. 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.

As a result of these business activities, Nihon Chouzai Co., Ltd. (the Company) posted both sales and profit growth in the current fiscal year compared with the previous fiscal year. Consolidated net sales totaled 181,844 million yen (up by 10.0%, 16,497 million yen year on year). Operating income increased by 40.1% (1,903 million yen) to 6,647 million yen. Ordinary income was 6,003 million yen (up by 43.3%, 1,815 million yen), with net income of 2,778 million yen (up by 46.1%, 876 million yen). The current fiscal year was a challenging time for the Company because 2014 was a year when NHI drug prices were revised. Despite these challenges, the Company posted record-high earnings by conducting operations in line with the objective of these price revisions while pursuing greater cooperation among business segments and taking other actions that yielded benefits.

Results by business segment are as follows.

1) Dispensing Pharmacy Business

In the current fiscal year, Nihon the Company opened 29 pharmacies in the dispensing pharmacy business and closed 12. Consequently, there were 511 directly operated pharmacies at the end of the fiscal year. However, the number of dispensing pharmacies is 510 because one pharmacy in Kanagawa prefecture was specialized in the sale of general merchandise. Sales of the dispensing pharmacy business rose by 8.3% (12,042 million yen) to 157,999 million yen. Sales growth was largely attributable to an increase in the unit prescription dispensing technical fee due to the longer periods covered by each prescription and to sales from pharmacies opened during the past two fiscal years. As for profits, the operating income increased by 0.3% year on year (26 million yen) to 7,698 million yen benefited from additional payments for dispensing generic drug prescriptions for encouraging the use of generic drugs and reductions in expenses, posting profit growth although price revisions were made during the fiscal year.

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. There was growth in the scale of operations as group companies worked more closely together and due to other measures. Furthermore, there were several actions during the fiscal year to maintain and establish a sound manufacturing and supply infrastructure for generic drugs. Nihon Generic Co., Ltd. started operations at the S Tower of its Tsukuba Plant. The Group acquired the Kasukabe Plant of Teva Pharma Japan Inc. and performed maintenance of Choseido Pharmaceutical Head Office No. 2 Plant. Net sales of this segment rose by 18.8% (4,357 million yen) to 27,550 million yen. As for profits, operating income increased sharply by 277.6% (1,388 million yen) to 1,888 million yen in part because of the benefits of a number of measures to improve efficiency. In the current fiscal year, 20 new products were launched, and actions were taken to eliminate the overlapping products between group companies. As a result, the number of product items for sale was 561 at the end of the current fiscal year, a temporary decrease from 573 at the end of the previous 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. One reason is the increasing number of jobs that pharmacists must perform, such as at-home medical care. Another reason is the low rate of applicants who are passing Japan's pharmacist certification test. By using measures

to increase the number of pharmacists and other medical professionals registered for placement, this business achieved significant growth in sales and profits. There was a 29.9% (1,507 million yen) increase in sales to 6,554 million yen and operating income was up 64.3% (495 million yen) to 1,266 million yen.

Outlook for the new fiscal year

In Japan, there has been rapid progress in a broad range of fields involving studies to make revisions to systems associated with national social security programs. As a result, the country's health care and pharmaceutical industries are on the verge of a major change in the operating environment.

In the fiscal year ending in March 2016, there will be no revisions to NHI drug prices or prescription dispensing fees. The Group is positioning this fiscal year as a period for building a powerful foundation for rapid progress in the coming years. Group companies will further increase their focus on initiatives involving core themes that were announced with the April 2014 NHI drug price revisions. Major themes include increasing the use of generic drugs and the use of at-home medical care, and upgrading drug use oversight and guidance. We will promote the prescription drug oversight at home or welfare facilities, further increase the use of generic drugs, take numerous actions to meet the demand for prescription-dispensing services at mentaio (diversified customer-oriented) pharmacies, and reach quick resolutions of price negotiations for purchasing pharmaceuticals. Furthermore, all of these measures will be implemented with even greater speed.

In the dispensing pharmacy business, the Company will continue to open pharmacies while placing emphasis on profitability. At existing pharmacies, we will purchase new prescription preparation equipment and take other actions to raise efficiency. In addition, there will be even more measures aimed at improving the satisfaction of patients, such as by using pharmaceutical consultation events and other activities to supply information about drugs, health care and staying healthy.

In the pharmaceutical manufacturing and sales business, Nihon Generic Co., Ltd. aims to increase factory utilization rates, cut the cost of goods manufactured and increase sales by increasing the number of in-house developed drugs. Measures will continue to expand the production and provision of drugs at the Nihon Chouzai Group, including at Choseido Pharmaceutical Co., Ltd. Growth plans also include manufacturing drugs for other pharmaceutical companies, chiefly for the production and sale of generic drugs.

In the medical professional staffing and placement business, the shortage of pharmacists in Japan is continuing even as places where pharmacists are needed increase, such as for at-home medical care. To help meet this demand, we are using a variety of media to increase the number of pharmacists registered for placement in order to increase sales and profitability.

In the new fiscal year ending on March 31, 2016, the Group forecasts consolidated net sales of 207,523 million yen, up 14.1%, operating income of 8,200 million yen, up 23.4%, ordinary income of 7,434 million yen, up 23.8%, and net income of 3,583 million yen, up 29.0%.

(2) Analysis of Financial Position

1) Assets, liabilities and net assets

Total assets increased 12,846 million yen, or 11.0%, from 117,295 million yen at the end of March 2014 to 130,141 million yen at the end of March 2015. Total liabilities increased 11,059 million yen, or 10.9%, from 101,446 million yen to 112,505 million yen.

Current assets were 60,096 million yen, an increase of 6,722 million yen, or 12.6%, from 53,373 million yen one year earlier. This was attributable mainly to increases of 3,746 million yen in merchandise and finished goods and 2,606 million yen in accounts receivable-trade.

Non-current assets increased 6,123 million yen, or 9.6%, from 63,921 million yen to 70,044 million yen. There was an increase of 6,696 million yen, or 15.9%, in property, plant and equipment from 42,123 million yen to 48,819 million yen. Opening of new pharmacies in the dispensing pharmacy business, and capital investments and transfer

of business in the pharmaceutical manufacturing and sales business were mainly responsible for this increase. Intangible assets decreased 727 million yen, or 6.5%, from 11,103 million yen to 10,376 million yen. Investment and other assets rose 154 million yen, or 1.4%, from 10,694 million yen to 10,848 million yen.

Current liabilities decreased 2,192 million yen, or 3.9%, from 55,666 million yen to 53,474 million yen. This was attributable mainly to a 7,000 million yen decrease in current portion of bonds.

Non-current liabilities increased 13,252 million yen, or 28.9 %, from 45,779 million yen to 59,031 million yen. This was attributable mainly to an 11,018 million yen increase in long-term loans payable.

Net assets increased 1,786 million yen, or 11.3%, from 15,849 million yen to 17,635 million yen. This was attributable mainly to increases of 2,557 million yen in retained earnings and 887 million yen in treasury shares.

2) Cash flows

There was a net decrease of 1,183 million yen in cash and cash equivalents to 13,844 million yen at the end of March 2015. Net cash provided by operating activities was 5,831 million yen, net cash used in investing activities 8,437 million yen, and net cash provided by financing activities 1,422 million yen.

< Operating activities >

Major sources of cash were income before income taxes and minority interests of 5,531 million yen and a 4,422 million yen increase in notes and accounts payable-trade. The primary use of cash was a 4,545 million yen increase in inventories.

< Investing activities >

The primary uses of cash were payments of 5,808 million yen for the purchase of property, plant and equipment incident to new store opening in the dispensing pharmacy business and capital investments in the pharmaceutical manufacturing and sales business. There were also payments of 2,330 million yen for transfer of business.

< Financing activities >

The primary source of cash was proceeds of 17,300 million yen from long-term loans payable. Cash was used mainly for redemption of bonds of 7,000 million yen.

Trends in cash flow indicators

	FY3/11	FY3/12	FY3/13	FY3/14	FY3/15
Shareholders' equity ratio (%)	17.6	17.0	15.5	13.5	13.6
Shareholders' equity ratio based on market prices (%)	27.5	22.3	17.1	16.5	32.9
Cash flows to debt ratio (years)	5.0	5.9	16.7	9.9	11.9
Interest coverage ratio (times)	12.8	13.0	4.9	8.6	7.1

Note: The above figures are calculated as follows.

Shareholders' equity ratio: Shareholders' equity / Total assets

Shareholders' equity ratio based on market prices: Market capitalization / Total assets

Cash flows to debt ratio: Interest-bearing debts / Operating cash flows

Interest coverage ratio: Operating cash flows / Interest payments

- All indices are calculated based on consolidated figures.
- Market capitalization is calculated by multiplying the listed share price at the end of period by the number of shares outstanding (net of treasury stock) at the end of period.
- Operating cash flows are calculated using the figures for "Net cash provided by (used in) operating activities" in the consolidated statement of cash flows. Interest-bearing debts include all debts on the consolidated balance sheet that incur interest. Interest payments are calculated using the figures for "Interest expenses paid" in the consolidated statement of cash flows.

(3) Basic Policy for Earnings Distributions and Dividends in the Current and Next Fiscal Years

The distribution of earnings to shareholders is one of the highest management priorities of the Nihon Chouzai Group. The fundamental policy is to distribute the greatest possible amount of earnings to shareholders in relation to earnings in each fiscal year while taking into account the need for retained earnings to support growth. The fundamental policy is to make two dividend payments each year: an interim payment and year-end payment. The shareholders' meeting determines the year-end dividend and the Board of Directors determines the interim dividend. The Nihon Chouzai Articles of Incorporation states that "the Board of Directors can decide to pay an interim dividend with a record date of September 30 in each fiscal year." In addition, retained earnings are used for the purpose of conducting business operations with the aim of achieving medium-term and long-term growth.

In accordance with this policy, the plan for the year-end dividend is to pay a dividend per share of 35 yen. As a result, the Company plans to pay an annual dividend of 70 yen per share, the sum of a 35 yen interim dividend already paid and a planned year-end dividend of 35 yen.

FY3/15 Year-end dividends

	Final amount	Most recent dividend forecast (announced on Apr. 30, 2014)	Previous fiscal year results (FY3/14)
Record date	Mar. 31, 2015	Same as on the left.	Mar. 31, 2014
Dividend per share	35.00 yen	Same as on the left.	35.00 yen
Total dividend	245 million yen	-	256 million yen
Effective date	Jun. 26, 2015	-	Jun. 26, 2014
Dividend resource	Retained earnings	-	Retained earnings

For the fiscal year ending on March 31, 2016, the Company plans to increase interim and year-end dividends to 40 yen per share each (annual dividend of 80 yen).

2. Corporate Group

The Nihon Chouzai Group is made up of Nihon Chouzai and its four subsidiaries at the end of the fiscal year. The primary activities of the Group are the dispensing pharmacy business, the pharmaceutical manufacturing and sales business, and the medical professional staffing and placement business.

Dispensing Pharmacy Business

The core business of the Nihon Chouzai Group is the dispensing pharmacy business of Nihon Chouzai Co., Ltd. In recent years, separation of roles of drug prescription and dispensing services has been rooted to an extent far above 60% in Japan. Nihon Chouzai is deploying pharmacies nationwide. Although the majority of these are pharmacies located near large hospitals, nationwide expansion covers every prefecture of Japan and includes “*mentaio*” (diversified customer-oriented) pharmacies and the development of medical centers. We have a strong commitment to providing the functions required of pharmacies by the ongoing reforms of Japan’s healthcare system, which include the extensive use of generic drugs and participation in at-home medical care and comprehensive regional medical care. Furthermore, this business also includes Japan Medical Research Institute Co., Ltd., which performs research surveys concerning the entire medical industry and provides information and consulting to pharmaceutical companies.

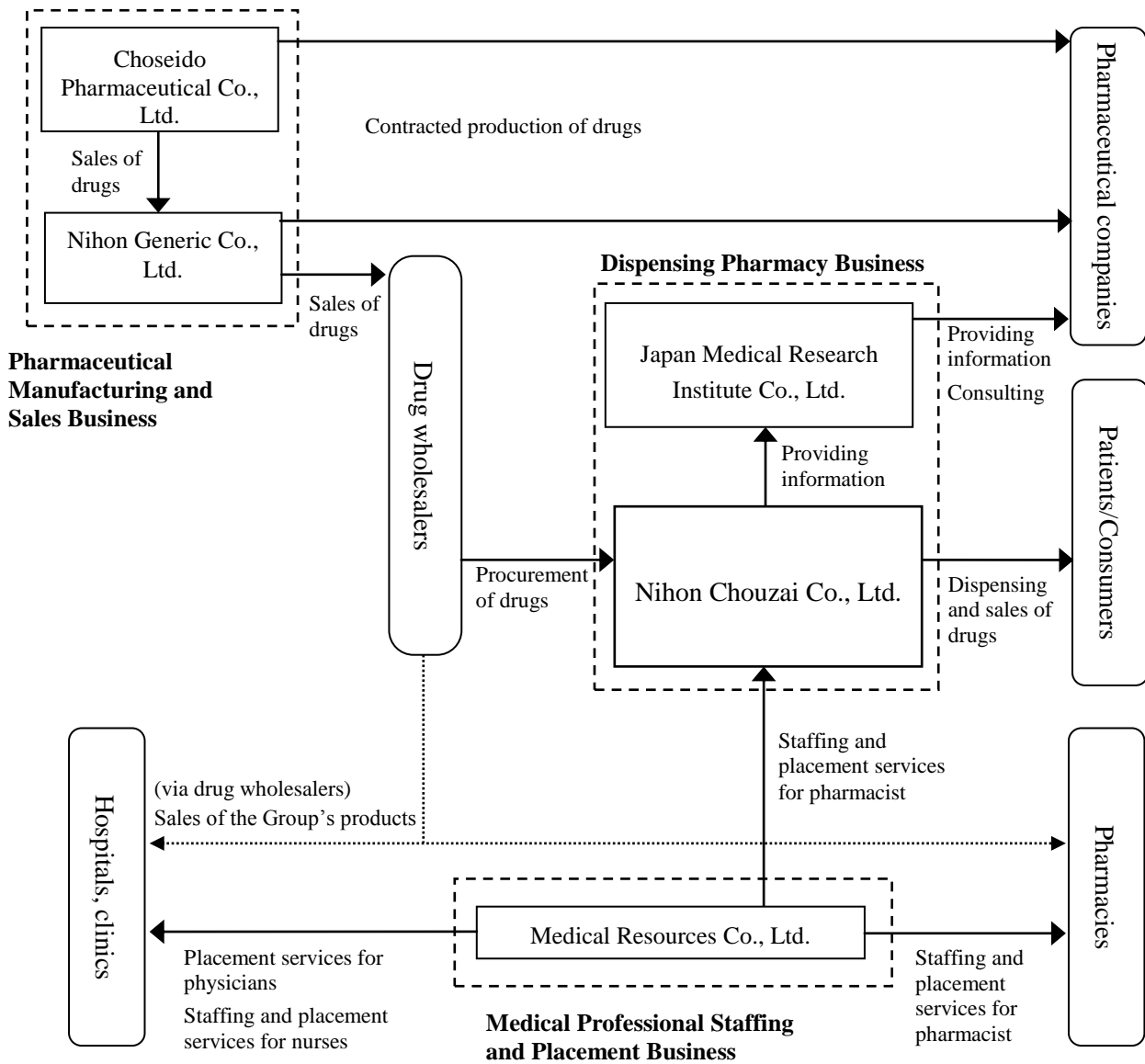
Pharmaceutical Manufacturing and Sales Business

This business primarily involves in the manufacture and sales of generic drugs, a sector with excellent growth prospects as the Japanese government takes actions aimed at lowering health care costs. Subsidiary Nihon Generic Co., Ltd. was established in January 2005 and received approval as a drug manufacturer and seller in accordance with the April 2005 enactment of the amended Pharmaceutical Affairs Law. This company started nationwide sales of generic drugs in April 2006. In 2007, Nihon Generic started selling products for which it applied directly for approval. This company established a drug research center (renamed to Tsukuba Research Center in February 2015) and acquired a plant in the city of Tsukuba in Ibaraki prefecture in 2007. Drug manufacturing operations at this plant started in 2010. Moreover, Choseido Pharmaceutical Co., Ltd. became a subsidiary in April 2013. In February 2015, the Nihon Chouzai Group acquired the Kasukabe Plant of Teva Pharma Japan Inc. By taking these actions, we are making steady progress toward establishing a sound infrastructure for the manufacture and distribution of generic drugs as Japan’s market for these drugs continues to grow.

Medical Professional Staffing and Placement Business

Leveraging human resources expertise gained from the dispensing pharmacy business of Nihon Chouzai, subsidiary Medical Resources Co., Ltd. deployed nationwide as the staffing services business for medical professionals, including mainly pharmacists, as well as physicians and nurses. Medical Resources is Japan’s leader in the field of staffing services for pharmacists. This company provides pharmacists to Nihon Chouzai Group companies and provides staffing and placement services to other operators of dispensing pharmacies.

A flowchart showing the businesses of the Nihon Chouzai Group as of March 31, 2015 is shown below.



3. Management Policy

(1) Fundamental Management Policy

“True separation of the roles of drug prescribing and dispensing services” has been the fundamental philosophy guiding the operations of Nihon Chouzai. As the name Nihon Chouzai (“chouzai” means drug preparation and dispensing in Japanese) implies, our mission is to operate a nationwide network of dispensing pharmacies, a pharmaceutical manufacturing and sales business, and a medical professional staffing and placement business for the purpose of helping provide quality medical care to the people of Japan. With public sector budgets under increasing pressure, a widespread debate is taking place in Japan about the radical reforms that will be needed to preserve universal insurance and other elements of Japan’s health care system. In such circumstances, led by encouraging the use of generic drugs in the mainstay dispensing pharmacy business to help reduce medical costs, the Group seeks to bring about a true separation of the roles of drug prescribing and dispensing services that addresses the people’s desire for diversification and higher levels.

(2) Target Performance Indicators

Nihon Chouzai places emphasis on improving numerical indicators from the standpoint of providing benefits to shareholders and other investors. Major changes are occurring in the operating environments for all of our businesses. As a result, there are currently no specific targets concerning performance indicators. We place emphasis on the operating margin and other indicators of profitability. We also place emphasis on cash flows from the standpoint of sustaining growth and paying a stable dividend. Increasing the productivity of capital is another goal as we seek to maximize corporate value. As businesses associated with other than the dispensing pharmacy business grow and we build a sound base of operations, we will work on determining performance indicators to target that best match the characteristics of our business portfolio.

(3) Medium to Long-term Management Strategies

In the dispensing pharmacy market that is expanding in parallel with the aging of Japanese society, the Group will continue to expand operations to a nationwide scale and maintain a dominant share of drug dispensing sales in Japan. In the qualitative aspect, we will work to meet the needs of patients and enable Japan’s highest levels of medical services. Furthermore, increasing the use of generic drugs is one of the measures that the Japanese government is using to hold down medical expenses. To help increase generic drug use, our goal is to make our pharmaceutical manufacturing and sales business one of the leaders in Japan in terms of quality and quantity.

On April 30, 2015, with the release of this financial results, the Nihon Chouzai Group announced the “fourth medium-term management plan,” a new medium-term management plan which targets three years period from fiscal year ending March 31, 2016 to fiscal year ending March 31, 2018. For further information, please refer to the “Establishment of fourth medium-term management plan of The Nihon Chouzai Group” announced on April 30, 2015.

(4) Challenges

At the Council for Regulatory Reform that the Japanese government held in March 2015, there were extensive discussions about separating different roles involving pharmaceuticals. At the same time, participants once again questioned the need for this separation against a backdrop of problems like the failure of some pharmacies to keep records of patients’ drugs. As a result, we believe that the role that the Nihon Chouzai Group, as Japan’s leading dispensing pharmacy company, must fulfill is now more important than ever. This is why we want to further improve the soundness and transparency of our operations. To accomplish this goal, we will reinforce corporate governance by using effective compliance and other internal control systems at all group companies.

Furthermore, major changes are taking place in operating environment for pharmaceutical and dispensing pharmacy companies. Profit structures for dispensing pharmacies and management behaviors of medical institutions are shifting. Most significant are reductions in NHI drug prices and drug price margins as well as revisions to medical

treatment fees and prescription dispensing fees. The Nihon Chouzai Group is responding quickly to all types of changes in this system. In particular, we have started a generic drug business that can reduce expenses for patients and Japan's national health insurance system. By taking these actions, we intend to become an even better and more competitive provider of medical services.

4. Basic Approach to the Selection of Accounting Standards

The Nihon Chouzai Group will continue to prepare consolidated financial statements using Japanese accounting standards for the time being to permit comparisons with prior years and with the financial data of other companies.

We will take suitable actions with regard to the application of the International Financial Reporting Standards (IFRS) by taking into account associated factors in Japan and other countries.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheet

	(Millions of yen)	
	FY3/14 (As of Mar. 31, 2014)	FY3/15 (As of Mar. 31, 2015)
Assets		
Current assets		
Cash and deposits	15,429	13,952
Notes receivable-trade	1,015	321
Accounts receivable-trade	17,395	20,001
Electronically recorded monetary claims - operating	254	1,091
Merchandise and finished goods	12,165	15,911
Work in process	751	1,377
Raw materials and supplies	3,480	3,778
Deferred tax assets	1,233	1,138
Other	1,655	2,534
Allowance for doubtful accounts	(8)	(10)
Total current assets	53,373	60,096
Non-current assets		
Property, plant and equipment		
Buildings and structures	26,103	32,136
Accumulated depreciation	(12,113)	(13,487)
Buildings and structures, net	13,990	18,648
Machinery, equipment and vehicles	3,725	6,405
Accumulated depreciation	(1,189)	(1,531)
Machinery, equipment and vehicles, net	2,536	4,874
Land	15,318	17,043
Leased assets	1,438	1,724
Accumulated depreciation	(654)	(871)
Leased assets, net	784	853
Construction in progress	7,076	4,798
Other	9,293	10,394
Accumulated depreciation	(6,876)	(7,792)
Other, net	2,417	2,601
Total property, plant and equipment	42,123	48,819
Intangible assets		
Goodwill	9,265	8,661
Other	1,838	1,714
Total intangible assets	11,103	10,376
Investments and other assets		
Investment securities	1,030	1,153
Long-term loans receivable	979	975
Lease and guarantee deposits	6,934	6,990
Deferred tax assets	660	495
Other	1,089	1,233
Total investments and other assets	10,694	10,848
Total non-current assets	63,921	70,044
Total assets	117,295	130,141

	(Millions of yen)	
	FY3/14 (As of Mar. 31, 2014)	FY3/15 (As of Mar. 31, 2015)
Liabilities		
Current liabilities		
Notes payable-trade	2,102	-
Accounts payable-trade	26,861	31,306
Electronically recorded monetary claims - operating	-	2,086
Short-term loans payable	7,750	5,100
Current portion of bonds	7,000	-
Current portion of long-term loans payable	3,889	6,069
Lease obligations	263	421
Income taxes payable	1,507	1,625
Provision for bonuses	1,793	2,080
Provision for directors' bonuses	74	98
Provision for sales rebates	102	130
Asset retirement obligations	4	9
Other	4,316	4,546
Total current liabilities	55,666	53,474
Non-current liabilities		
Bonds payable	7,000	7,000
Long-term loans payable	35,165	46,184
Lease obligations	968	1,648
Provision for directors' retirement benefits	907	886
Net defined benefit liability	915	917
Asset retirement obligations	659	682
Long-term accounts payable - installment purchase	-	1,471
Other	162	240
Total non-current liabilities	45,779	59,031
Total liabilities	101,446	112,505
Net assets		
Shareholders' equity		
Capital stock	3,953	3,953
Capital surplus	4,754	4,754
Retained earnings	9,310	11,868
Treasury shares	(2,171)	(3,059)
Total shareholders' equity	15,845	17,515
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	237	333
Remeasurements of defined benefit plans	(234)	(213)
Total accumulated other comprehensive income	3	119
Total net assets	15,849	17,635
Total liabilities and net assets	117,295	130,141

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income**(Consolidated Statement of Income)**

(Millions of yen)

	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)
Net sales	165,347	181,844
Cost of sales	139,723	149,915
Gross profit	25,623	31,929
Selling, general and administrative expenses	20,878	25,281
Operating income	4,744	6,647
Non-operating income		
Interest income	2	3
Commission fee	116	122
Rent income	147	338
Compensation income	46	42
Other	194	186
Total non-operating income	508	693
Non-operating expenses		
Interest expenses	718	811
Commission fee	79	30
Rent expenses	30	243
Loss on retirement of non-current assets	36	55
Other	199	197
Total non-operating expenses	1,064	1,337
Ordinary income	4,188	6,003
Extraordinary income		
Gain on sales of non-current assets	20	5
Gain on sales of investment securities	1	-
Total extraordinary income	22	5
Extraordinary losses		
Loss on sales of non-current assets	4	-
Loss on sales of investment securities	0	-
Impairment loss	230	239
Retirement benefit expenses	-	238
Total extraordinary losses	235	477
Income before income taxes and minority interests	3,975	5,531
Income taxes-current	2,147	2,705
Income taxes-deferred	(41)	47
Total income taxes	2,105	2,752
Income before minority interests	1,870	2,778
Minority interests in loss	(31)	-
Net income	1,901	2,778

(Consolidated Statement of Comprehensive Income)

	(Millions of yen)	
	FY3/14	FY3/15
	(Apr. 1, 2013 – Mar. 31, 2014)	(Apr. 1, 2014 – Mar. 31, 2015)
Income before minority interests	1,870	2,778
Other comprehensive income		
Valuation difference on available-for-sale securities	(112)	95
Remeasurements of defined benefit plans, net of tax	-	20
Total other comprehensive income	(112)	116
Comprehensive income	1,758	2,894
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,789	2,894
Comprehensive income attributable to minority interests	(31)	-

(3) Consolidated Statement of Changes in Equity

FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,953	4,754	7,915	(2,269)	14,353
Cumulative effects of changes in accounting policies					
Restated balance	3,953	4,754	7,915	(2,269)	14,353
Changes of items during period					
Dividends of surplus			(506)		(506)
Net income			1,901		1,901
Purchase of treasury shares					
Disposal of treasury shares				97	97
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	1,395	97	1,492
Balance at end of current period	3,953	4,754	9,310	(2,171)	15,845

	Accumulated other comprehensive income			Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Accumulated other comprehensive income		
Balance at beginning of current period	349	-	349	-	14,702
Cumulative effects of changes in accounting policies					
Restated balance	349	-	349	-	14,702
Changes of items during period					
Dividends of surplus					(506)
Net income					1,901
Purchase of treasury shares					
Disposal of treasury shares					97
Net changes of items other than shareholders' equity	(112)	(234)	(346)		(346)
Total changes of items during period	(112)	(234)	(346)	-	1,146
Balance at end of current period	237	(234)	3	-	15,849

FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,953	4,754	9,310	(2,171)	15,845
Cumulative effects of changes in accounting policies			283		283
Restated balance	3,953	4,754	9,594	(2,171)	16,129
Changes of items during period					
Dividends of surplus			(504)		(504)
Net income			2,778		2,778
Purchase of treasury shares				(1,019)	(1,019)
Disposal of treasury shares				131	131
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	2,273	(887)	1,386
Balance at end of current period	3,953	4,754	11,868	(3,059)	17,515

	Accumulated other comprehensive income			Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Accumulated other comprehensive income		
Balance at beginning of current period	237	(234)	3	-	15,849
Cumulative effects of changes in accounting policies					283
Restated balance	237	(234)	3	-	16,132
Changes of items during period					
Dividends of surplus					(504)
Net income					2,778
Purchase of treasury shares					(1,019)
Disposal of treasury shares					131
Net changes of items other than shareholders' equity	95	20	116		116
Total changes of items during period	95	20	116	-	1,502
Balance at end of current period	333	(213)	119	-	17,635

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)
Cash flows from operating activities		
Income before income taxes and minority interests	3,975	5,531
Depreciation	3,825	3,631
Purchase of long-term prepaid expenses	107	106
Impairment loss	230	239
Amortization of goodwill	559	644
Increase (decrease) in allowance for doubtful accounts	0	1
Increase (decrease) in provision for bonuses	173	286
Increase (decrease) in provision for allowance for sales discount	(141)	28
Increase (decrease) in provision for directors' bonuses	57	23
Increase (decrease) in net defined benefit liability	177	490
Increase (decrease) in provision for directors' retirement benefits	(295)	(21)
Interest and dividend income	(24)	(24)
Interest expenses	718	811
Loss (gain) on sales of non-current assets	(20)	(5)
Decrease (increase) in notes and accounts receivable-trade	(1,942)	(2,748)
Decrease (increase) in inventories	523	(4,545)
Increase (decrease) in notes and accounts payable-trade	241	4,422
Decrease (increase) in prepaid expenses	(50)	(85)
Increase (decrease) in accrued expenses	66	219
Increase (decrease) in accounts payable-other	768	(547)
Other, net	167	761
Subtotal	9,119	9,220
Interest and dividend income received	24	24
Interest expenses paid	(728)	(822)
Income taxes paid	(2,171)	(2,591)
Net cash provided by (used in) operating activities	6,243	5,831
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	-	246
Purchase of property, plant and equipment	(8,227)	(5,808)
Proceeds from sales of property, plant and equipment	136	8
Purchase of intangible assets	(247)	(246)
Purchase of long-term prepaid expenses	(60)	(162)
Proceeds from sales of investment securities	29	-
Payments for transfer of business	(1,344)	(2,330)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(4,588)	-
Payments of loans receivable	(157)	(121)
Collection of loans receivable	122	130
Payments for lease and guarantee deposits	(348)	(336)
Proceeds from collection of lease and guarantee deposits	185	149
Other, net	(10)	35
Net cash provided by (used in) investing activities	(14,510)	(8,437)

	(Millions of yen)	
	FY3/14	FY3/15
	(Apr. 1, 2013 – Mar. 31, 2014)	(Apr. 1, 2014 – Mar. 31, 2015)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,150	(2,650)
Proceeds from long-term loans payable	19,400	17,300
Repayments of long-term loans payable	(10,920)	(4,101)
Redemption of bonds	(185)	(7,000)
Repayments of lease obligations	(235)	(434)
Repayments of installment payables	-	(252)
Purchase of treasury shares	-	(1,019)
Proceeds from sales of treasury shares	97	85
Cash dividends paid	(506)	(504)
Cash dividends paid to minority shareholders	(17)	-
Net cash provided by (used in) financing activities	8,782	1,422
Net increase (decrease) in cash and cash equivalents	514	(1,183)
Cash and cash equivalents at beginning of period	14,513	15,027
Cash and cash equivalents at end of period	15,027	13,844

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

Not applicable.

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 fiscal year ended March 31, 2015 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 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 current fiscal year. The effect of this change on operating income, ordinary income and income before income taxes and minority interests in 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 fiscal year ended March 31, 2015. 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 current fiscal year.

Additional Information

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

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.

The trust period has terminated by the end of the current fiscal year.

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 and zero as of March 31, 2014 and 2015, respectively.
- ii. The trust held 51,000 shares of the Company stock as of March 31, 2014 and no shares as of March 31, 2015. The average number of shares held was 71,026 in the previous fiscal year and 32,587 in the current fiscal year. The average number of shares are included in treasury shares, which is deducted from the number of shares used to calculate per share data.

Segment and Other Information

a. Segment information

1. Overview of reportable segments

Segments used for financial reporting are the Group's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The Group consists of three business units: the dispensing pharmacy business, the pharmaceutical manufacturing and sales business, and the medical professional staffing and placement business. Each business unit determines its own comprehensive strategies and conducts its own business activities. Consequently, the Group has three reportable business segments: the dispensing pharmacy business, the pharmaceutical manufacturing and sales business, and the medical professional staffing and placement business.

The dispensing pharmacy business segment involves the operation of more than 500 dispensing pharmacies in all areas of Japan. The pharmaceutical manufacturing and sales business segment involves manufacturing and sales activities that specialize mainly in generic drugs and other pharmaceuticals. The medical professional staffing and placement business segment involves the provision of a temporary staffing and placement services for pharmacists, physicians, nurses and other medical professionals.

2. Calculation method for net sales, profit/loss, assets, liabilities, and other items for each reportable segment

The accounting treatment methods for reportable segments comply with accounting principles and procedures used for the preparation of the consolidated financial statements.

Earnings for reportable segments are operating income.

Inter-segment sales and transfers are based on market prices.

3. Information related to net sales, profit/loss, assets, liabilities, and other items for each reportable segment

FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)

	Reportable segment				Adjustment (Note 1)	Amounts shown on consolidated financial statements (Note 2)
	Dispensing pharmacy business	Pharmaceutical manufacturing and sales business	Medical professional staffing and placement business	Total		
Net sales						
(1) External sales	145,954	15,489	3,903	165,347	-	165,347
(2) Inter-segment sales and transfers	3	7,702	1,143	8,849	(8,849)	-
Total	145,957	23,192	5,046	174,196	(8,849)	165,347
Segment profit (loss)	7,672	500	770	8,943	(4,198)	4,744
Segment assets	69,515	40,216	1,246	110,978	6,316	117,295
Other items						
Depreciation	2,175	1,109	44	3,329	495	3,825
Amortization of goodwill	506	52	-	559	-	559
Impairment loss	230	-	-	230	-	230
Increase in property, plant and equipment and intangible assets	2,732	5,672	19	8,425	643	9,069

Notes: 1. The above adjustments include the following items.

- (1) The negative adjustment of 4,198 million yen to segment profit or loss includes a profit elimination of minus 52 million yen for inter-segment transactions and corporate expenses of 4,251 million yen. General and administrative expenses that do not belong to any reportable segment are the primary component of corporate expenses.

- (2) The 6,316 million yen adjustment to segment assets includes a 169 million yen elimination for receivables associated with inter-segment transactions, a 162 million yen elimination for unrealized profit in inventories and a 6,647 million yen addition to corporate assets. Lease and guarantee deposits, land and investment securities that do not belong to any reportable segment are the primary components of corporate assets.
- (3) The 495 million yen adjustment of depreciation and the 643 million yen adjustment that is added to the increase in property, plant and equipment and intangible assets are for investments in corporate assets such as buildings.
2. Segment profit is adjusted to be consistent with operating income shown on the consolidated statement of income.

FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)

	Reportable segment				Adjustment (Note 1)	Amounts shown on consolidated financial statements (Note 2)
	Dispensing pharmacy business	Pharmaceutical manufacturing and sales business	Medical professional staffing and placement business	Total		
Net sales						
(1) External sales	157,993	18,335	5,515	181,844	-	181,844
(2) Inter-segment sales and transfers	6	9,214	1,039	10,259	(10,259)	-
Total	157,999	27,550	6,554	192,104	(10,259)	181,844
Segment profit (loss)	7,698	1,888	1,266	10,853	(4,205)	6,647
Segment assets	71,103	50,666	2,103	123,873	6,267	130,141
Other items						
Depreciation	1,992	1,257	49	3,298	332	3,631
Amortization of goodwill	546	97	-	644	-	644
Impairment loss	239	-	-	239	-	239
Increase in property, plant and equipment and intangible assets	3,285	8,712	27	12,025	253	12,279

Notes: 1. The above adjustments include the following items.

- (1) The negative adjustment of 4,205 million yen to segment profit or loss includes a profit elimination of 11 million yen for inter-segment transactions and corporate expenses of minus 4,217 million yen. General and administrative expenses that do not belong to any reportable segment are the primary component of corporate expenses.
- (2) The 6,267 million yen adjustment to segment assets includes a 225 million yen elimination for receivables associated with inter-segment transactions, a 156 million yen elimination for unrealized profit in inventories and a 6,649 million yen addition to corporate assets. Lease and guarantee deposits, land and investment securities that do not belong to any reportable segment are the primary components of corporate assets.
- (3) The 332 million yen adjustment of depreciation and the 253 million yen adjustment that is added to the increase in property, plant and equipment and intangible assets are for investments in corporate assets such as buildings.
2. Segment profit is adjusted to be consistent with operating income shown on the consolidated statement of income.

b. Related information

FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)

1. Information by product or service

Omitted because the same information is presented in segment information.

2. Information by region

(1) Net sales

Not applicable because there are no external sales outside Japan.

(2) Property, plant and equipment

Omitted since property, plant and equipment in Japan exceeded 90% of property, plant and equipment on the consolidated balance sheets.

3. Information about specific customers

Omitted because no single external customer accounts for 10% or more of sales as shown on the consolidated statement of income.

FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)

1. Information by product or service

Omitted because the same information is presented in segment information.

2. Information by region

(1) Net sales

Not applicable because there are no external sales outside Japan.

(2) Property, plant and equipment

Omitted because property, plant and equipment in Japan exceed 90% of property, plant and equipment on the consolidated balance sheet.

3. Information about specific customers

Omitted because no single external customer accounts for 10% or more of sales as shown on the consolidated statement of income.

c. Information related to impairment losses on non-current assets for each reportable segment

FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)

Omitted because the same information is presented in segment information.

FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)

Omitted because the same information is presented in segment information.

d. Information related to goodwill amortization and the unamortized balance for each reportable segment

FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)

(Millions of yen)

	Dispensing pharmacy business	Pharmaceutical manufacturing and sales business	Medical professional staffing and placement business	Total
Unamortized balance at the end of current period	8,339	925	-	9,265

Goodwill amortization is omitted because the same information is presented in segment information.

FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)

(Millions of yen)

	Dispensing pharmacy business	Pharmaceutical manufacturing and sales business	Medical professional staffing and placement business	Total
Unamortized balance at the end of current period	7,833	827	-	8,661

Goodwill amortization is omitted because the same information is presented in segment information.

e. Information related to gain on bargain purchase for each reportable segment

FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)

Not applicable.

FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)

Not applicable.

Per Share Information

(Yen)

	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)
Net assets per share	2,181.26	2,515.19
Net income per share	262.48	388.96

Notes: 1. Diluted net income per share is not presented since the Company has no outstanding dilutive securities.

2. Basis for calculation of net assets per share is as follows.

	FY3/14 (As of Mar. 31, 2014)	FY3/15 (As of Mar. 31, 2015)
Total net assets (Millions of yen)	15,849	17,635
Deduction on total net assets (Millions of yen)	-	-
Net assets applicable to common stock shares (Millions of yen)	15,849	17,635
Number of common stock shares at end of period used in calculation of net assets per share (Thousand shares)	7,265	7,011

The number of common stock shares at the end of the period that was used to calculate net assets per share is calculated after deducting shares of treasury shares held in the Company's account and by the ESOP Trust.

3. The following is a reconciliation of net income per share

	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)
Net income (Millions of yen)	1,901	2,778
Amounts not available to common stock shareholders (Millions of yen)	-	-
Net income available to common stock shares (Millions of yen)	1,901	2,778
Average number of common stock shares outstanding during the period (Thousand shares)	7,245	7,142

The average number of shares outstanding during the period that was used to calculate net income per share is calculated after deducting shares of treasury shares held in the Company's account and by the ESOP Trust.

Subsequent Events

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.