



October 31, 2011

**Summary of Consolidated Financial Results for the Second Quarter
of the Fiscal Year Ending March 31, 2012
(Six Months Ended September 30, 2011)**

[Japanese GAAP]

Company name: NIHON CHOUZAI Co., Ltd. Listing: Tokyo Stock Exchange, First Section
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 Scheduled date of filing of Quarterly Report: November 14, 2011
 Scheduled date of payment of dividend: December 5, 2011
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

Note: The original disclosure in Japanese was released on October 31, 2011 at 15:00 (GMT +9).

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

1. Consolidated Financial Results for the Second Quarter Ended September 30, 2011

(April 1, 2011 – September 30, 2011)

(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	%
Six months ended Sep. 30, 2011	62,507	16.7	3,004	55.8	2,701	57.7	1,171	94.4
Six months ended Sep. 30, 2010	53,578	13.0	1,928	39.8	1,712	46.7	602	10.7

Note: Comprehensive income (million yen) First six months of FY3/12: 1,232 (up 97.7%)

First six months of FY3/11: 623 (n.a.)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2011	163.69	-
Six months ended Sep. 30, 2010	84.55	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Sep. 30, 2011	86,922	13,836	15.9
As of Mar. 31, 2011	72,701	12,780	17.6

Reference: Shareholders' equity (million yen) Sep. 30, 2011: 13,836 Mar. 31, 2011: 12,780

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2011	-	30.00	-	30.00	60.00
Fiscal year ending Mar. 31, 2012	-	35.00			
Fiscal year ending Mar. 31, 2012 (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, 2012 (April 1, 2011 – March 31, 2012)

(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	136,747	22.0	6,576	37.5	6,151	41.1	2,887	58.5	403.64

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

4. Others

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

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

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

1) Changes in accounting policies due to revisions in accounting standards, others: None

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

3) Changes in accounting-based estimates: None

4) Restatements: None

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

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

Sep. 30, 2011:	8,012,000 shares	Mar. 31, 2011:	8,012,000 shares
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2) Number of treasury stock shares at the end of period:

Sep. 30, 2011:	844,454 shares	Mar. 31, 2011:	859,614 shares
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3) Average number of shares outstanding during the period:

Six months ended		Six months ended	
Sep. 30, 2011:	7,159,005 shares	Sep. 30, 2010:	7,131,093 shares

Note 1: Information regarding the implementation of quarterly review procedures

This summary report is exempted from quarterly review 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

(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. Actual results may differ significantly from these forecasts for a number of reasons.

(2) How to view supplementary information about quarterly performance

Nihon Chouzai plans to hold an information meeting for institutional investors and analysts regarding results of operations on November 9, 2011. Materials distributed at this event will also be disclosed, using the Timely Disclosure network (TDnet), and available on the Nihon Chouzai website.

(3) Change in presentation of monetary units

Amounts in the financial statements and elsewhere herein, presented in “thousands of yen” in prior periods, are presented in “millions of yen” effective from the current fiscal year. The aforementioned amounts for the previous fiscal year are also restated in order to facilitate year-on-year comparisons.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Qualitative Information Regarding Consolidated Results of Operations

In the first half of the fiscal year (April to September 2011), the Japanese economy recovered because of reconstruction demand in areas damaged by the Great East Japan Earthquake and a rebound in manufacturing activity following the earthquake. However, the outlook for the economy remains unclear due to financial instability in Europe and the rapid upturn in the yen's value that has accompanied this instability. In the pharmaceutical and dispensing pharmacy industries, there were no significant changes in the operating environment because this is a fiscal year when there are no revisions to National Health Insurance (NHI) drug prices and prescription dispensing fees. With the start of the Noda Cabinet, there is likely to be much debate concerning the amount of these price and fee revisions in April 2012.

As a result, the Group's net sales increased 16.7% year on year, to 62,507 million yen. Operating income rose 55.8% to 3,004 million yen, ordinary income 57.7% to 2,701 million yen, and net income 94.4% to 1,171 million yen.

Results by business segment are as follows.

1) Dispensing Pharmacy Business

Sales and earnings continued to grow in this business, which includes Nihon Chouzai and its 12 dispensing pharmacy subsidiaries. In the first half, 22 pharmacies were opened. There were ten new pharmacies in Tokyo, five in Kanagawa, one each in Miyagi, Ibaraki, Saitama, Chiba, Okayama and Oita prefectures, and one in Gunma prefecture opened by Yurin Co., Ltd., which became a Nihon Chouzai subsidiary in April 2011. At the end of September 2011, there was a total of 362 pharmacies, 338 at Nihon Chouzai and 24 at its subsidiaries. Sales increased 16.7% from one year earlier to 59,519 million yen because of an increase in the average price of prescriptions at existing pharmacies and the contribution of sales from pharmacies opened during the previous fiscal year. Operating income increased 38.1% to 4,699 million yen.

2) Pharmaceutical Manufacturing and Sales Business

Subsidiary Nihon Generic Co., Ltd. specializes in the manufacture and sale of generic drugs. This company is taking many actions aimed at increasing sales to dispensing pharmacies and medical institutions outside the Nihon Chouzai Group by deepening ties with drug wholesalers. In the first half of the fiscal year, the company took actions aimed at increasing sales even though there was no progress with government measures to encourage the use of generic drugs. In addition, the company continued to conduct R&D activities for increasing its lineup of drugs. The result was a 9.7% increase in sales from one year earlier to 3,871 million yen. However, there was an operating loss of 282 million yen compared with a 57 million yen loss one year earlier.

3) Medical Professional Staffing and Placement Business

Subsidiary Medical Resources Co., Ltd. provides staffing services for medical professionals, primarily pharmacists. This company also operates the Sagasix website that allows users to search for senior residential facilities. Performance at this company is strong, mainly in the core pharmacist staffing services sector. In the first half, sales increased 21.8% to 1,570 million yen and operating income increased 31.5% to 271 million yen.

(2) Qualitative Information Regarding Consolidated Financial Position

Total assets increased 14,221 million yen or 19.6% from the end of the previous fiscal year to 86,922 million yen at the end of September 2011. Current assets were 41,467 million yen, an increase of 12,547 million yen, or 43.4% from one year earlier. This was attributable mainly to increases in cash and deposits, and accounts receivable-trade. Noncurrent assets increased 1,673 million yen, or 3.8% to 45,454 million yen. This was attributable mainly to an increase in buildings and structures.

Total liabilities increased 13,164 million yen, or 22.0% to 73,085 million yen. This was attributable mainly to an increase of bonds.

Net assets increased 1,056 million yen, or 8.3% to 13,836 million yen.

Cash flows

There was a net increase of 9,930 million yen in cash and cash equivalents to 17,131 million yen at the end of September 2011. Net cash provided by operating activities was 3,634 million yen, net cash used in investing activities 3,031 million yen, and net cash provided by financing activities 9,327 million yen.

In operating activities, major sources of cash were a 2,670 million yen increase in notes and accounts payable-trade and 1,284 million yen of depreciation and amortization. The primary uses of cash were a 1,186 million yen increase in notes and accounts receivable-trade and a 1,057 million yen increase in inventories.

In investing activities, the primary use of cash was a payment of 1,811 million yen for the purchase of property, plant and equipment. These investments were primarily for new pharmacies in the dispensing pharmacy business. There was also a payment of 745 million yen for lease and guarantee deposits.

In financing activities, the primary source of cash was proceeds of 14,000 million yen from issuance of bonds. Cash was used mainly for the repayment of long-term loans payable of 6,090 million yen.

(3) Qualitative Information Regarding Consolidated Forecast

There are no revisions to the consolidated forecast for the current fiscal year that was announced on July 12, 2011.

2. Matters Related to Summary Information (Others)**(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

Not applicable.

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

	(Millions of yen)	
	FY3/11 (As of Mar. 31, 2011)	Second quarter of FY3/12 (As of Sep. 30, 2011)
Assets		
Current assets		
Cash and deposits	7,275	17,200
Accounts receivable-trade	10,893	12,142
Merchandise and finished goods	8,595	9,632
Work in process	54	70
Raw materials and supplies	181	209
Other	1,929	2,222
Allowance for doubtful accounts	(9)	(10)
Total current assets	28,920	41,467
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	10,884	11,295
Land	9,711	9,902
Construction in progress	963	691
Other, net	3,905	4,701
Total property, plant and equipment	25,465	26,590
Intangible assets		
Goodwill	8,286	8,271
Other	1,661	1,667
Total intangible assets	9,947	9,938
Investments and other assets		
Investment securities	527	628
Lease and guarantee deposits	5,706	6,341
Other	2,134	1,955
Total investments and other assets	8,368	8,925
Total noncurrent assets	43,781	45,454
Total assets	72,701	86,922

	(Millions of yen)	
	FY3/11 (As of Mar. 31, 2011)	Second quarter of FY3/12 (As of Sep. 30, 2011)
Liabilities		
Current liabilities		
Accounts payable-trade	20,091	22,856
Short-term loans payable	3,001	3,000
Current portion of long-term loans payable	10,482	6,062
Income taxes payable	1,324	1,595
Provision for bonuses	1,257	1,394
Provision for directors' bonuses	105	-
Provision for sales rebates	460	133
Other	1,675	2,535
Total current liabilities	38,399	37,578
Noncurrent liabilities		
Bonds payable	-	14,000
Long-term loans payable	20,183	20,112
Provision for retirement benefits	170	46
Provision for directors' retirement benefits	526	567
Other	641	780
Total noncurrent liabilities	21,522	35,507
Total liabilities	59,921	73,085
Net assets		
Shareholders' equity		
Capital stock	3,953	3,953
Capital surplus	4,754	4,754
Retained earnings	6,614	7,571
Treasury stock	(2,464)	(2,425)
Total shareholders' equity	12,856	13,852
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(76)	(16)
Total accumulated other comprehensive income	(76)	(16)
Total net assets	12,780	13,836
Total liabilities and net assets	72,701	86,922

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)
(For the Six-month Period)

	(Millions of yen)	
	First six months of FY3/11 (Apr. 1, 2010 – Sep. 30, 2010)	First six months of FY3/12 (Apr. 1, 2011 – Sep. 30, 2011)
Net sales	53,578	62,507
Cost of sales	44,583	51,616
Gross profit	8,995	10,891
Selling, general and administrative expenses	7,067	7,886
Operating income	1,928	3,004
Non-operating income		
Rent income	45	46
Other	76	71
Total non-operating income	122	118
Non-operating expenses		
Interest expenses	273	288
Commission expenses	22	70
Other	42	62
Total non-operating expenses	337	421
Ordinary income	1,712	2,701
Extraordinary income		
Reversal of allowance for doubtful accounts	0	-
Total extraordinary income	0	-
Extraordinary loss		
Impairment loss	113	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	188	-
Loss on abolishment of retirement benefit plan	-	82
Other	38	-
Total extraordinary losses	340	82
Income before income taxes	1,372	2,619
Income taxes-current	804	1,510
Income taxes-deferred	(35)	(63)
Total income taxes	769	1,447
Income before minority interests	602	1,171
Net income	602	1,171

(Consolidated Statements of Comprehensive Income)
(For the Six-month Period)

	(Millions of yen)	
	First six months of FY3/11 (Apr. 1, 2010 – Sep. 30, 2010)	First six months of FY3/12 (Apr. 1, 2011 – Sep. 30, 2011)
Income before minority interests	602	1,171
Other comprehensive income		
Valuation difference on available-for-sale securities	20	60
Total other comprehensive income	20	60
Comprehensive income	623	1,232
Attributable to		
Comprehensive income attributable to owners of the parent	623	1,232

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	First six months of FY3/11 (Apr. 1, 2010 – Sep. 30, 2010)	First six months of FY3/12 (Apr. 1, 2011 – Sep. 30, 2011)
Net cash provided by (used in) operating activities		
Income before income taxes	1,372	2,619
Depreciation and amortization	1,076	1,284
Impairment loss	113	-
Increase (decrease) in allowance for doubtful accounts	(0)	0
Increase (decrease) in provision for bonuses	112	135
Increase (decrease) in provision for sales rebates	38	(326)
Increase (decrease) in provision for directors' bonuses	(85)	(105)
Increase/decrease in provision for retirement benefits and prepaid pension costs	12	18
Increase (decrease) in provision for directors' retirement benefits	40	41
Interest and dividends income	(9)	(7)
Interest expenses	273	288
Loss on adjustment for changes of accounting standard for asset retirement obligations	188	-
Loss on abolishment of retirement benefit plan	-	82
Decrease (increase) in notes and accounts receivable-trade	1,759	(1,186)
Decrease (increase) in inventories	(1,838)	(1,057)
Increase (decrease) in notes and accounts payable-trade	1,768	2,670
Other, net	(41)	666
Subtotal	4,781	5,123
Interest and dividends income received	9	7
Interest expenses paid	(269)	(252)
Income taxes paid	(1,180)	(1,244)
Net cash provided by (used in) operating activities	3,341	3,634
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(1,404)	(1,811)
Purchase of intangible assets	(269)	(179)
Purchase of long-term prepaid expenses	(36)	(76)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(3,365)	(206)
Payments of loans receivable	(38)	(98)
Collection of loans receivable	58	57
Payments for lease and guarantee deposits	(310)	(745)
Proceeds from collection of lease and guarantee deposits	89	57
Other, net	(26)	(28)
Net cash provided by (used in) investing activities	(5,303)	(3,031)

	(Millions of yen)	
	First six months of FY3/11 (Apr. 1, 2010 – Sep. 30, 2010)	First six months of FY3/12 (Apr. 1, 2011 – Sep. 30, 2011)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	1,465	(1)
Proceeds from long-term loans payable	9,000	1,600
Repayment of long-term loans payable	(1,132)	(6,090)
Proceeds from issuance of bonds	-	14,000
Redemption of bonds	(7,000)	-
Proceeds from sales of treasury stock	34	44
Purchase of treasury stock	(95)	-
Cash dividends paid	(214)	(214)
Other, net	(6)	(10)
Net cash provided by (used in) financing activities	2,049	9,327
Net increase (decrease) in cash and cash equivalents	87	9,930
Cash and cash equivalents at beginning of period	7,636	7,200
Cash and cash equivalents at end of period	7,724	17,131

(4) Going-concern Assumption

Not applicable.

(5) Segment Information

I. First six months of FY3/11 (Apr. 1, 2010 – Sep. 30, 2010)

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

	Reportable segment				Adjustment (Note)	Amounts shown on consolidated statements of income
	Dispensing pharmacy business	Pharmaceutical manufacturing and sales business	Medical professional staffing and placement business	Total		
Net sales						
(1) External sales	50,984	1,511	1,083	53,578	-	53,578
(2) Inter-segment sales and transfers	-	2,019	207	2,226	(2,226)	-
Total	50,984	3,530	1,290	55,804	(2,226)	53,578
Segment profit (loss)	3,403	(57)	206	3,552	(1,624)	1,928

Note: Segment sales and profit (loss) are have been adjusted to be consistent with net sales and operating income shown on the consolidated statements of income. The negative adjustment of 1,624 million yen to segment profit (loss) includes eliminations of -93 million yen for inter-segment transactions and corporate expenses of -1,530 million yen. General and administrative expenses that do not belong to any reportable segment are the primary component of corporate expenses.

II. First six months of FY3/12 (Apr. 1, 2011 – Sep. 30, 2011)

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

	Reportable segment				Adjustment (Note)	Amounts shown on consolidated statements of income
	Dispensing pharmacy business	Pharmaceutical manufacturing and sales business	Medical professional staffing and placement business	Total		
Net sales						
(1) External sales	59,519	1,706	1,281	62,507	-	62,507
(2) Inter-segment sales and transfers	-	2,164	288	2,453	(2,453)	-
Total	59,519	3,871	1,570	64,961	(2,453)	62,507
Segment profit (loss)	4,699	(282)	271	4,688	(1,683)	3,004

Note: Segment sales and profit (loss) are have been adjusted to be consistent with net sales and operating income shown on the consolidated statements of income. The negative adjustment of 1,683 million yen to segment profit (loss) includes eliminations of 65 million yen for inter-segment transactions and corporate expenses of -1,749 million yen. General and administrative expenses that do not belong to any reportable segment are the primary component of corporate expenses.

(6) Significant Changes in Shareholders' Equity

Not applicable.

(7) 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.