April 28, 2016

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2016

[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 Mitsuhara, President & CEO	
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Scheduled date of Annual General Meeting of Shareholders: June 28, 2016
Scheduled date of filing of Annual Securities Report: June 29, 2016
Scheduled date of payment of dividend: June 29, 2016
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 28, 2016 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, 2016 (April 1, 2015 – March 31, 2016)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2016	219,239	20.6	10,489	57.8	9,878	64.5	6,329	127.8
Fiscal year ended Mar. 31, 2015	181,844	10.0	6,647	40.1	6,003	43.3	2,778	46.1

Note: Comprehensive income (million yen) FY3/16: 6,175 (up 113.4%) FY3/15: 2,894 (up 64.4%)

	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, 2016	432.85	-	25.3	6.9	4.8
Fiscal year ended Mar. 31, 2015	194.48	-	16.6	4.9	3.7

Reference: Equity in income (losses) of affiliates (million yen) FY3/16: - FY3/15: -

* Nihon Chouzai conducted a 2-for-1 stock split effective on October 1, 2015. Net income per share has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2016	157,609	32,473	20.6	2,030.22
As of Mar. 31, 2015	130,141	17,635	13.6	1,257.59

Reference: Shareholders' equity (million yen) As of Mar. 31, 2016: 32,473 As of Mar. 31, 2015: 17,635

* Nihon Chouzai conducted a 2-for-1 stock split effective on October 1, 2015. Net assets per share as of March 31, 2015 has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(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, 2016	19,327	(7,823)	7,031	32,380
Fiscal year ended Mar. 31, 2015	5,831	(8,437)	1,422	13,844

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, 2015	-	35.00	-	35.00	70.00	496	18.0	3.0
Fiscal year ended Mar. 31, 2016	-	40.00	-	25.00	-	680	10.4	2.7
Fiscal year ending Mar. 31, 2017 (forecasts)	-	25.00	-	25.00	50.00		12.0	

* Nihon Chouzai conducted a 2-for-1 stock split effective on October 1, 2015. The year-end dividend for the fiscal year ended March 31, 2016 and the 2Q-end and the year-end dividend forecasts for the fiscal year ending March 31, 2017 are adjusted to reflect the stock split.

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017)

(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	118,321	18.0	4,991	18.4	4,829	22.7	3,086	24.9	193.00
Full year	240,013	9.5	11,165	6.4	10,778	9.1	6,642	4.9	415.27

*** 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 19 of the attachments for further information.

(3) Number of outstanding shares (common stock)

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

As of Mar. 31, 2016: 16,024,000 shares As of Mar. 31, 2015: 16,024,000 shares

2) Number of treasury shares at the end of the period

As of Mar. 31, 2016: 29,068 shares As of Mar. 31, 2015: 2,000,888 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2016: 14,623,675 shares Fiscal year ended Mar. 31, 2015: 14,285,738 shares

* Nihon Chouzai conducted a 2-for-1 stock split effective on October 1, 2015. Number of shares outstanding at the end of the period, number of treasury shares at the end of the period and average number of shares outstanding during the period have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(For reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2016 (April 1, 2015 – March 31, 2016)

(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, 2016	190,338	20.7	6,184	75.3	5,866	93.4	3,593	217.1
Fiscal year ended Mar. 31, 2015	157,752	8.3	3,528	1.1	3,033	2.3	1,133	8.8

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2016	245.73	-
Fiscal year ended Mar. 31, 2015	79.33	-

* Nihon Chouzai conducted a 2-for-1 stock split effective on October 1, 2015. Net income per share has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2016	129,344	27,775	21.5	1,736.51
As of Mar. 31, 2015	101,548	15,656	15.4	1,116.47

Reference: Shareholders' equity (million yen) As of Mar. 31, 2016: 27,775 As of Mar. 31, 2015: 15,656

* Nihon Chouzai conducted a 2-for-1 stock split effective on October 1, 2015. Net assets per share as of March 31, 2015 has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

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 11, 2016. Materials distributed at this event will also be disclosed, using the Timely Disclosure network (TDnet), and available on the Nihon Chouzai website.

Contents of Attachments

1. Analysis of Business Results and Financial Position

(1) Analysis of Business Results

During the fiscal year that ended on March 31, 2016, the Japanese government unveiled specific measures to reduce the growth of social security expenses by announcing the Basic Policy on Economic and Fiscal Management and Reform 2015 in June. In addition, the Ministry of Health, Labour and Welfare announced A Vision for Pharmacies That Put Customers First in October. As a result, there is now a clearly defined path for repositioning dispensing pharmacies as pharmacies that serve as community bases for medicine and health information. In association with these events, the fiscal 2016 revisions to prescription dispensing fees and medical treatment fees include directives about the roles and evaluations of community pharmacies and personal care pharmacists in order to make the vision for pharmacies a reality. Achieving the separation of drug prescribing and dispensing in a manner that maximizes benefits for individuals will require pharmacies that use ties with local medical institutions and other resources to perform advanced functions. This goal will also require altering the roles of pharmacists, who will provide information about drugs and constantly acquire new information about drugs and how they are administered. To increase the use of generic drugs, the Basic Policy on Economic and Fiscal Management and Reform 2015 includes the target of a generic drug utilization share of 80% based on volume. This policy also states that forceful measures should continue for increasing the use of generic drugs and includes specific actions for reaching the 80% target. The pharmaceutical and dispensing pharmacy industries are entering a period of changes of an unprecedented magnitude, which will make the operating environment for Nihon Chouzai even more challenging.

The Nihon Chouzai Group started implementing a new medium-term management plan in April 2015, which covers the three-year period ending on March 31, 2018. All business units have worked even more closely together to take actions aimed at further expanding the business operations.

As a result of these business activities, Nihon Chouzai achieved strong growth in both sales and earnings compared with the previous fiscal year. Consolidated net sales totaled 219,239 million yen (up by 20.6%, 37,394 million yen year on year). Operating income was 10,489 million yen (up by 57.8%, 3,842 million yen). Ordinary income was 9,878 million yen (up by 64.5%, 3,874 million yen), with profit attributable to owners of parent of 6,329 million yen (up by 127.8%, 3,551 million yen). This was a strong start for the new medium-term plan as sales and earnings rose to a record high for the second consecutive fiscal year.

Results by business segment are as follows.

1) Dispensing Pharmacy Business

In the current fiscal year, Nihon Chouzai opened 27 pharmacies in the dispensing pharmacy business and closed 11. The new pharmacies include three locations in Chiba prefecture for the separation of drug prescribing and dispensing services at a large hospital. These three pharmacies started dispensing prescriptions in July. Consequently, there were 527 pharmacies (including one pharmacy specializing in the sale of general merchandise) at the end of the fiscal year. The generic drug utilization rate at Nihon Chouzai pharmacies on a volume basis was 79.0%. Nihon Chouzai is very close to achieving the Japanese government's target of raising the volume-based generic drug share to at least 80% by as soon as possible in the period between fiscal 2018 and the end of fiscal 2020. The percentage of pharmacies that offer at-home medical care services increased to 95.4%, demonstrating the strong commitment of Nihon Chouzai to providing these services. For the Medication Notebook Plus, an electronic medication notebook developed by Nihon Chouzai, functions were revised and improved in order to provide greater convenience. As a result, the number of registered users increased to more than 60,000 at the end of March 2016.

Sales of this segment rose by 20.8% to 190,874 million yen. The major reasons for the sales growth were openings of large-scale pharmacies, higher sales at existing pharmacies and an increase in prescriptions for a hepatitis C drug. There was a big increase in operating income, which was up 39.1% to 10,707 million yen. The major reasons for the strong earnings growth were higher earnings along with sales growth, cost-cutting measures, and an increase in prescription dispensing fee income resulting from the promotion of the use of generic drugs and the strengthening of at-home medical care. Earnings also benefited from the absence of National Health Insurance (NHI) drug price revisions in the fiscal year.

2) Pharmaceutical Manufacturing and Sales Business

In the pharmaceutical manufacturing and sales business, use of generic drugs by large hospitals and other medical institutions continued to increase. The main reason is even more initiatives to promote the use of generic drugs as the Japanese government announced the target of raising to at least 80% the volume-based share of generic drugs by sometime between fiscal 2018 and the end of fiscal 2020, preferably as soon as possible. At the Nihon Chouzai Group, all companies worked even more closely together. Net sales of this segment rose 18.3% to 32,598 million yen. Operating income increased sharply by 41.3% to 2,668 million yen in part because of the higher sales, a reduction of various costs by a number of measures to improve efficiency and benefits of the restructuring of the marketing strategy. To establish a sound production and supply infrastructure for the growing generic drug market, the decision was made in September to build Tsukuba Plant No. 2 and construction started in December. The number of products sold increased by 13 during the fiscal year to 574 at the end of the fiscal year. This change includes new products and adjustments to eliminate overlapping items among in-licensed products and products of group companies.

3) Medical Professional Staffing and Placement Business

In A Vision for Pharmacies That Put Customers First, which was announced in October 2015 by the Ministry of Health, Labour and Welfare, one goal is expanding and strengthening the roles of pharmacists. In this business, this vision had the effect of increasing demand for temporary staffing and permanent placements of pharmacists who can provide at-home medical care. As the demand for pharmacist staffing and placement services continues to grow, this business continued to increase job offers by adding new customers for staffing and placement services and to maintain a large number of registered personnel. As a result, sales and earnings growth rates are maintained at a high level as sales climbed 36.3% to 8,934 million yen and operating income rose 26.3% to 1,599 million yen.

Outlook for the new fiscal year

Japan is in urgent need of many structural reforms in order to improve public-sector finances. There is now rapid progress with studies and actions for reforming a variety of systems associated with national social security programs. As a result, Japan’s health care and pharmaceutical industries are on the verge of major changes in the operating environment.

In April 2016, revisions were made to medical treatment fees and prescription dispensing fees as well as NHI drug prices.

Prescription dispensing fee revisions incorporated a number of themes such as achieving the separation of drug prescribing and dispensing in a manner that maximizes benefits for individuals, shifting from product services to people services, and altering the role performed by pharmacies and pharmacists. Main revisions to fees include new payments for community pharmacies and personal care pharmacists, higher payments for pharmacy services for people, measures to increase the use of generic drugs, and a reexamination of the value placed on hospital-front pharmacies. The revised fee structure has two newly established payments to pharmacies: a guidance fee for personal care pharmacists and a personal care pharmacist comprehensive management fee. There was also a revision to the terms for calculating standard prescription premium points used to evaluate operations and functions of pharmacies that enable personal care pharmacists to perform this role. Also, a higher premium is given to pharmacies with systems for dispensing generic drugs. In addition, the basic prescription fee was revised in order to alter evaluations of hospital-front pharmacies (such as by adding exceptions). Nihon Chouzai announced a Community Pharmacy Declaration in September 2015 and immediately started taking actions with the goal of creating pharmacies that are a vital element of the communities they serve. More activities will be used so that pharmacists can meet the needs of individuals in many ways. In addition, the speed of current initiatives will be stepped up for increasing the use of generic drugs, increasing prescriptions dispensed at *mentaio* (diversified customer-oriented) pharmacies, setting up prescription dispensing clean rooms at pharmacies, and performing prescription drug supervision at houses and welfare facilities.

NHI drug price revisions reduced prices on a prescription-cost basis by 5.57%, which was about the same as the previous revision. Revisions also included a review of the reduction in exceptions for patented drugs with no progress toward switching to generic versions, more special re-pricing for drugs having very large sales, and other measures.

Japan's biyearly NHI price and fee revisions will take place in the fiscal year ending on March 31, 2017. This time, there are major revisions due to the need to shift the structure of prescription dispensing fees to a new approach. We view the realignment of the market and other significant changes in the business climate as opportunities to continue growing. To accomplish this growth, all business units will be taking actions for building a powerful infrastructure that no competitor can match.

In the dispensing pharmacy business, the Company will continue to open pharmacies while placing emphasis on profitability. In addition, we plan to further strengthen actions that started with the September 2015 Community Pharmacy Declaration Campaign. We want all our pharmacies to be community pharmacies with personal care pharmacists, which is the intent of the most recent revisions to prescription dispensing fees. At existing pharmacies, we will purchase new prescription preparation equipment and take other actions to raise efficiency. We utilize the Medication Notebook Plus, an electronic medication notebook developed by Nihon Chouzai to centralize drug use data for continuous monitoring and advanced assistance in using drugs. In addition, there will be even more measures aimed at improving the satisfaction of patients, such as by using pharmaceutical consultation events and other measures to supply information about drugs, health care and staying healthy.

In the pharmaceutical manufacturing and sales business, the recent revisions to medical treatment fees include a number of measures for increasing the use of generic drugs. There was a revision for premiums to basic hospitalization payments for systems of using generic drugs and a new high rank was established. There is also a new premium for systems at clinics for the use of generic drugs for outpatient care, a review of premiums for prescriptions with no restriction on a drug's brand or supplier, and a change to generic drug indices at DPC (diagnosis, procedure, combination) hospitals. Nihon Generic Co., Ltd. plans to increase capacity utilization by making more internally developed products, cutting the cost of sales and increasing sales. This company and Choseido Pharmaceutical Co., Ltd. are working together to increase the Nihon Chouzai Group's production and supply capabilities. Growth will also include the production of drugs, primarily generic versions, for pharmaceutical companies.

In the medical professional staffing and placement business, revisions to prescription dispensing fees have further expanded the roles of pharmacists. Now pharmacists are expected to perform at-home medical care and other activities. This change is expected to increase the demand for pharmacists with a thorough knowledge of pharmacology. To meet this demand, Medical Resources Co., Ltd. plans to increase the number of job offers by establishing relationships with more client companies and to use a variety of media for recruiting pharmacists registered for placements. Furthermore, there will be more cooperation among group companies to provide advanced training to pharmacists. By giving pharmacists the skills needed to meet the requirements of pharmacies, Medical Resources plans to increase sales while improving profitability.

In the fiscal year ending on March 31, 2017, the Nihon Chouzai Group forecasts consolidated net sales of 240,013 million yen, up 9.5%, operating income of 11,165 million yen, up 6.4%, ordinary income of 10,778 million yen, up 9.1%, and net income of 6,642 million yen, up 4.9%.

(2) Analysis of Financial Position

1) Assets, liabilities and net assets

Total assets increased 27,468 million yen, or 21.1%, from 130,141 million yen at the end of March 2015 to 157,609 million yen at the end of March 2016. Total liabilities increased 12,630 million yen, or 11.2%, from 112,505 million yen to 125,136 million yen.

Current assets were 84,838 million yen, an increase of 24,742 million yen, or 41.2%, from 60,096 million yen one year earlier. This was attributable mainly to increases of 18,432 million yen in cash and deposits and 5,838 million yen in accounts receivable-trade.

Non-current assets increased 2,726 million yen, or 3.9%, from 70,044 million yen to 72,770 million yen. There was an increase of 3,177 million yen, or 6.5%, in property, plant and equipment from 48,819 million yen to 51,997 million yen. Opening of new pharmacies in the dispensing pharmacy business, transfer of business and capital investments in the pharmaceutical manufacturing and sales business were mainly responsible for this increase. Intangible assets decreased 253 million yen, or 2.4%, from 10,376 million yen to 10,122 million yen. Investment and other assets decreased 198 million yen, or 1.8%, from 10,848 million yen to 10,650 million yen.

Current liabilities increased 15,510 million yen, or 29.0%, from 53,474 million yen to 68,985 million yen. This was attributable mainly to a 10,683 million yen increase in accounts payable-trade.

Non-current liabilities decreased 2,880 million yen, or 4.9 %, from 59,031 million yen to 56,151 million yen. This was attributable mainly to a 4,436 million yen increase in long-term loans payable and a 7,000 million yen decrease in bonds payable following the transfer of the category to current liabilities.

Net assets increased 14,837 million yen, or 84.1%, from 17,635 million yen to 32,473 million yen. This was attributable mainly to increases of 5,803 million yen in retained earnings and 6,172 million yen in capital surplus due to the offering of treasury shares.
As a result, equity ratio increased from 13.6% at the end of the previous fiscal year, to 20.6%.

2) Cash flows

There was a net increase of 18,535 million yen in cash and cash equivalents to 32,380 million yen at the end of March 2016. Net cash provided by operating activities was 19,327 million yen, net cash used in investing activities 7,823 million yen, and net cash provided by financing activities 7,031 million yen.

< Operating activities >

Major sources of cash were profit before income taxes of 9,681 million yen and a 11,212 million yen increase in notes and accounts payable-trade. The primary use of cash was a 5,339 million yen increase in notes and accounts receivable-trades and a 2,695 million yen in income tax paid.

< Investing activities >

The primary uses of cash were payments of 6,880 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 454 million yen for transfer of business.

< Financing activities >

The primary source of cash was proceeds of 10,400 million yen from long-term loans payable and 9,194 million yen from disposal of treasury shares. Cash was used mainly for the repayment of 6,069 million yen from long-term loans payable.

Trends in cash flow indicators

	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16
Shareholders' equity ratio (%)	17.0	15.5	13.5	13.6	20.6
Shareholders' equity ratio based on market prices (%)	22.3	17.1	16.5	32.9	40.8
Cash flows to debt ratio (years)	5.9	16.7	9.9	11.9	3.5
Interest coverage ratio (times)	13.0	4.9	8.6	7.1	24.4

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

1. All indices are calculated based on consolidated figures.
2. 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.
3. 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 25 yen. Nihon Chouzai conducted a 2-for-1 stock split effective on October 1, 2015. This is equivalent to a year-end dividend of 50 yen and an annual dividend of 90 yen per share before the stock split, which is 20 yen more than the dividend for the previous fiscal year.

FY3/16 Year-end dividends

	Final amount	Most recent dividend forecast (announced on Nov. 24, 2015)	Previous fiscal year results (FY3/15)
Record date	Mar. 31, 2016	Same as on the left.	Mar. 31, 2015
Dividend per share	25.00 yen*	Same as on the left.	35.00 yen
Total dividend	399 million yen	-	245 million yen
Effective date	Jun. 29, 2016	-	Jun. 26, 2015
Dividend resource	Retained earnings	-	Retained earnings

*Equivalent to 50 yen before the stock split.

For the fiscal year ending on March 31, 2017, Nihon Chouzai plans to pay interim and year-end dividends of 25 yen each (annual dividend of 50 yen). This is equivalent to a dividend of 100 yen per share before the stock split, which is 10 yen more than the dividend for the previous fiscal year.

2. Corporate Group

The Nihon Chouzai Group is made up of Nihon Chouzai and its six 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 and two consolidated subsidiaries. The separation of roles of drug prescription and dispensing services has increased to about 70% in Japan. Nihon Chouzai is deploying pharmacies nationwide. Although the majority of Nihon Chouzai’s pharmacies are located near large hospitals, nationwide expansion covers every prefecture of Japan and includes *mentaio* pharmacies and the development of medical centers. We are using our knowledge gained from many years of opening new pharmacies to combine the strengths of different types of stores in order to create pharmacies that people will choose over others. 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.

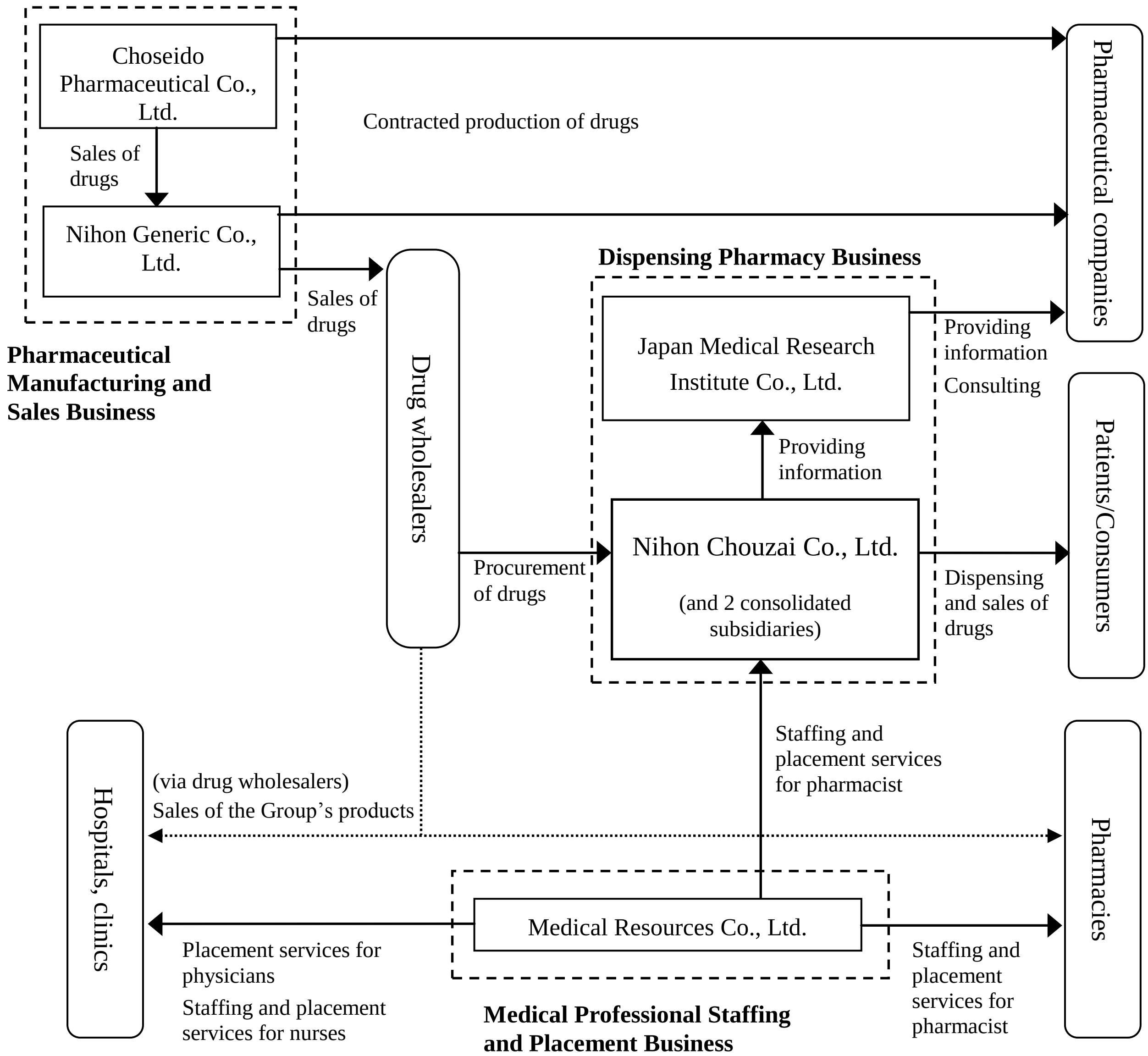
Pharmaceutical Manufacturing and Sales Business

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. In December, construction started on Tsukuba Plant No.2 that will have an annual output capacity of up to 10 billion pills. Operations are to begin at this factory in March 2018. 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 stuffing 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, 2016 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, there is now rapid progress with concrete initiatives in a variety of fields. The objective is to enact the radical reforms that will be needed to preserve universal insurance and other elements of Japan's health care system. The Nihon Chouzai Group is encouraging the use of generic drugs in its core dispensing pharmacy business and taking other actions in line with the national government's Vision for Pharmacies That Put Customers First. We are dedicated to achieving the "true separation of the roles of drug prescribing and dispensing services" by meeting the increasingly diverse and advanced demands of the public.

(2) Target Performance Indicators

The Nihon Chouzai Group 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, which is expanding in parallel with Japan's aging population, the Nihon Chouzai Group will continue expanding its nationwide network of pharmacies to remain the largest pharmacy company based on sales by a wide margin. With respect to the quality of our operations, we have a commitment to meeting the needs of individuals by providing Japan's advanced medical services to as many people as possible in our role as a personal care pharmacist. 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.

(4) Challenges

Japan's Ministry of Health, Labour and Welfare is making steady progress toward the separation of drug prescribing and dispensing for the benefit of patients. This is also a goal of Nihon Chouzai as stated in the fundamental philosophy of achieving "true separation of the roles of drug prescribing and dispensing services." At the same time, there are questions about the need for this separation because 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. With this circumstance in mind, the Nihon Chouzai Group reexamined and established a basic approach to corporate governance in December 2015. 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. We operate a generic drug business that reduces expenses for patients. We are also working on measures involving community pharmacies and personal care pharmacists to help achieve the Ministry of Health, Labour and Welfare's Vision for Pharmacies That Put Customers First. By taking actions like these, 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)

	FY3/15 (As of Mar. 31, 2015)	FY3/16 (As of Mar. 31, 2016)
Assets		
Current assets		
Cash and deposits	13,952	32,385
Notes receivable-trade	321	197
Accounts receivable-trade	20,001	25,839
Electronically recorded monetary claims-operating	1,091	774
Merchandise and finished goods	15,911	15,328
Work in process	1,377	1,993
Raw materials and supplies	3,778	4,695
Deferred tax assets	1,138	1,447
Other	2,534	2,187
Allowance for doubtful accounts	(10)	(10)
Total current assets	60,096	84,838
Non-current assets		
Property, plant and equipment		
Buildings and structures	32,136	36,733
Accumulated depreciation	(13,487)	(15,196)
Buildings and structures, net	18,648	21,537
Machinery, equipment and vehicles	6,405	7,862
Accumulated depreciation	(1,531)	(2,007)
Machinery, equipment and vehicles, net	4,874	5,855
Land	17,043	17,188
Leased assets	1,724	2,943
Accumulated depreciation	(871)	(1,233)
Leased assets, net	853	1,710
Construction in progress	4,798	2,807
Other	10,394	11,765
Accumulated depreciation	(7,792)	(8,867)
Other, net	2,601	2,898
Total property, plant and equipment	48,819	51,997
Intangible assets		
Goodwill	8,661	8,507
Other	1,714	1,615
Total intangible assets	10,376	10,122
Investments and other assets		
Investment securities	1,153	945
Long-term loans receivable	975	886
Lease and guarantee deposits	6,990	6,932
Deferred tax assets	495	647
Other	1,233	1,239
Total investments and other assets	10,848	10,650
Total non-current assets	70,044	72,770
Total assets	130,141	157,609

(Millions of yen)

	FY3/15 (As of Mar. 31, 2015)	FY3/16 (As of Mar. 31, 2016)
Liabilities		
Current liabilities		
Accounts payable-trade	31,306	41,989
Electronically recorded obligations-operating	2,086	2,664
Short-term loans payable	5,100	-
Current portion of bonds	-	7,000
Current portion of long-term loans payable	6,069	5,963
Lease obligations	421	400
Income taxes payable	1,625	2,745
Provision for bonuses	2,080	2,249
Provision for directors' bonuses	98	138
Provision for sales rebates	130	-
Asset retirement obligations	9	7
Other	4,546	5,826
Total current liabilities	53,474	68,985
Non-current liabilities		
Bonds payable	7,000	-
Long-term loans payable	46,184	50,621
Lease obligations	1,648	1,337
Long-term accounts payable-installment purchase	1,471	1,040
Provision for directors' retirement benefits	886	957
Net defined benefit liability	917	1,157
Asset retirement obligations	682	723
Other	240	312
Total non-current liabilities	59,031	56,151
Total liabilities	112,505	125,136
Net assets		
Shareholders' equity		
Capital stock	3,953	3,953
Capital surplus	4,754	10,926
Retained earnings	11,868	17,672
Treasury shares	(3,059)	(44)
Total shareholders' equity	17,515	32,507
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	333	196
Remeasurements of defined benefit plans	(213)	(231)
Total accumulated other comprehensive income	119	(34)
Total net assets	17,635	32,473
Total liabilities and net assets	130,141	157,609

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

(Consolidated Statement of Income)

(Millions of yen)

	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)
Net sales	181,844	219,239
Cost of sales	149,915	180,171
Gross profit	31,929	39,068
Selling, general and administrative expenses	25,281	28,578
Operating income	6,647	10,489
Non-operating income		
Interest income	3	6
Commission fee	122	137
Rent income	338	378
Compensation income	42	-
Other	186	217
Total non-operating income	693	740
Non-operating expenses		
Interest expenses	811	790
Commission fee	30	45
Rent expenses	243	294
Loss on retirement of non-current assets	55	35
Other	197	185
Total non-operating expenses	1,337	1,351
Ordinary income	6,003	9,878
Extraordinary income		
Gain on sales of non-current assets	5	22
Total extraordinary income	5	22
Extraordinary losses		
Impairment loss	239	219
Retirement benefit expenses	238	-
Total extraordinary losses	477	219
Profit before income taxes	5,531	9,681
Income taxes-current	2,705	3,720
Income taxes-deferred	47	(368)
Total income taxes	2,752	3,352
Profit	2,778	6,329
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	2,778	6,329

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)
Profit	2,778	6,329
Other comprehensive income		
Valuation difference on available-for-sale securities	95	(136)
Remeasurements of defined benefit plans, net of tax	20	(17)
Total other comprehensive income	116	(153)
Comprehensive income	2,894	6,175
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,894	6,175
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statement of Changes in Equity

FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)

(Millions of 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)
Profit attributable to owners of parent			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			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)
Profit attributable to owners of parent				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

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,953	4,754	11,868	(3,059)	17,515
Cumulative effects of changes in accounting policies					
Restated balance	3,953	4,754	11,868	(3,059)	17,515
Changes of items during period					
Dividends of surplus			(525)		(525)
Profit attributable to owners of parent			6,329		6,329
Purchase of treasury shares				(6)	(6)
Disposal of treasury shares		6,172		3,021	9,194
Net changes of items other than shareholders' equity					
Total changes of items during period	-	6,172	5,803	3,015	14,991
Balance at end of current period	3,953	10,926	17,672	(44)	32,507

	Accumulated other comprehensive income			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	333	(213)	119	17,635
Cumulative effects of changes in accounting policies				
Restated balance	333	(213)	119	17,635
Changes of items during period				
Dividends of surplus				(525)
Profit attributable to owners of parent				6,329
Purchase of treasury shares				(6)
Disposal of treasury shares				9,194
Net changes of items other than shareholders' equity	(136)	(17)	(153)	(153)
Total changes of items during period	(136)	(17)	(153)	14,837
Balance at end of current period	196	(231)	(34)	32,473

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)
Cash flows from operating activities		
Profit before income taxes	5,531	9,681
Depreciation	3,631	4,461
Amortization of long-term prepaid expenses	106	107
Impairment loss	239	219
Amortization of goodwill	644	663
Increase (decrease) in allowance for doubtful accounts	1	(0)
Increase (decrease) in provision for bonuses	286	167
Increase (decrease) in provision for allowance for sales discount	28	(130)
Increase (decrease) in provision for directors' bonuses	23	40
Increase (decrease) in net defined benefit liability	490	223
Increase (decrease) in provision for directors' retirement benefits	(21)	70
Interest and dividend income	(24)	(27)
Interest expenses	811	790
Gain on sales of noncurrent assets	(5)	(22)
Decrease (increase) in notes and accounts receivable-trade	(2,748)	(5,339)
Decrease (increase) in inventories	(4,545)	(881)
Increase (decrease) in notes and accounts payable-trade	4,422	11,212
Decrease (increase) in prepaid expenses	(85)	(7)
Increase (decrease) in accrued expenses	219	265
Increase (decrease) in accounts payable-other	(547)	853
Other, net	761	441
Subtotal	9,220	22,787
Interest and dividend income received	24	27
Interest expenses paid	(822)	(792)
Income taxes paid	(2,591)	(2,695)
Net cash provided by (used in) operating activities	5,831	19,327
Cash flows from investing activities		
Payments into time deposits	-	(5)
Proceeds from withdrawal of time deposits	246	82
Purchase of property, plant and equipment	(5,808)	(6,880)
Proceeds from sales of property, plant and equipment	8	25
Purchase of intangible assets	(246)	(243)
Increase in long-term prepaid expenses	(162)	(104)
Payments for transfer of business	(2,330)	(454)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(226)
Payments for loans receivable	(121)	(16)
Collection of loans receivable	130	115
Payments for lease and guarantee deposits	(336)	(256)
Proceeds from collection of lease and guarantee deposits	149	160
Other, net	35	(19)
Net cash provided by (used in) investing activities	(8,437)	(7,823)

(Millions of yen)

	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,650)	(5,100)
Proceeds from long-term loans payable	17,300	10,400
Repayments of long-term loans payable	(4,101)	(6,069)
Redemption of bonds	(7,000)	-
Repayments of lease obligations	(434)	(430)
Repayments of installment payables	(252)	(431)
Proceeds from sales of treasury shares	85	-
Proceeds from disposal of treasury shares	-	9,194
Purchase of treasury shares	(1,019)	(6)
Cash dividends paid	(504)	(524)
Net cash provided by (used in) financing activities	1,422	7,031
Net increase (decrease) in cash and cash equivalents	(1,183)	18,535
Cash and cash equivalents at beginning of period	15,027	13,844
Cash and cash equivalents at end of period	13,844	32,380

(5) Notes to Consolidated Financial Statements

Going-concern Assumption

Not applicable.

Changes in Accounting Policies

Application of the Accounting Standards for Business Combinations

The Company has adopted the "Accounting Standard for Business Combinations" (Accounting Standards Board of Japan (ASBJ) Statement No. 21, September 13, 2013), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013), "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013), etc. from the current fiscal year. Accordingly, difference arising from changes in the Company's ownership interests in subsidiaries in cases where control is retained is recognized in capital surplus, and the acquisition costs in connection with business combinations are recognized as expenses in the fiscal year in which they arise. Regarding business combinations that take place on or after the beginning of the current fiscal year, the Company has revised the method to reflect reviewed allocation of the acquisition costs arising from determination of the provisional accounting treatment on the quarterly consolidated financial statements to which the date of the business combination belongs. In addition, the presentation of net income has been revised and the minority interests item has been renamed non-controlling interests. For consistency with these changes, the consolidated financial statements for the previous fiscal year have been revised.

The Company has adopted these accounting standards, etc. from the beginning of the current fiscal year, in accordance with the transitional accounting treatments set forth in Article 58-2 (4) of the Accounting Standard for Business Combinations, Article 44-5 (4) of the Accounting Standard for Consolidated Financial Statements, and Article 57-4 (4) of the Accounting Standard for Business Divestitures.

As a result, operating income, ordinary income and profit before income taxes decreased 41 million yen each in the current fiscal year.

In the consolidated statement of cash flows of the current fiscal year, cash flows associated with expenses for purchase or sales of shares of subsidiary resulting in changes in the scope of consolidation are included in cash flows from operating activities.

Net assets per share and net income per share decreased 2.57 yen and 2.82 yen, respectively.

Segment and Other Information

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

FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)

(Millions of yen)

	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.

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

(Millions of yen)

	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	190,866	20,351	8,021	219,239	-	219,239
(2) Inter-segment sales and transfers	7	12,246	912	13,166	(13,166)	-
Total	190,874	32,598	8,934	232,406	(13,166)	219,239
Segment profit (loss)	10,707	2,668	1,599	14,974	(4,484)	10,489
Segment assets	95,198	54,065	2,285	151,548	6,060	157,609
Other items						
Depreciation	2,107	2,003	39	4,150	311	4,461
Amortization of goodwill	565	97	-	663	-	663
Impairment loss	219	-	-	219	-	219
Increase in property, plant and equipment and intangible assets	4,046	3,663	30	7,740	332	8,073

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

(1) The negative adjustment of 4,484 million yen to segment profit or loss includes a profit elimination of 0 million yen for inter-segment transactions and corporate expenses of minus 4,485 million yen. General and administrative expenses that do not belong to any reportable segment are the primary component of corporate expenses.

(2) The 6,060 million yen adjustment to segment assets includes a 204 million yen elimination for receivables associated with inter-segment transactions, a 159 million yen elimination for unrealized profit in inventories and a 6,425 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 311 million yen adjustment of depreciation and the 332 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.

Related information

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.

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

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.

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

FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)

Omitted because the same information is presented in segment information.

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

Omitted because the same information is presented in segment information.

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

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.

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016) (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	7,777	730	-	8,507

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

Information related to gain on bargain purchase for each reportable segment

FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)

Not applicable.

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

Not applicable.

Per Share Information

(Yen)

	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)
Net assets per share	1,257.59	2,030.22
Net income per share	194.48	432.85

Notes: 1. Nihon Chouzai conducted a 2-for-1 stock split effective on October 1, 2015. Net income per share has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

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

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

	FY3/15 (As of Mar. 31, 2015)	FY3/16 (As of Mar. 31, 2016)
Total net assets (Millions of yen)	17,635	32,473
Deduction on total net assets (Millions of yen)	-	-
Net assets applicable to common stock shares (Millions of yen)	17,635	32,473
Number of common stock shares at end of period used in calculation of net assets per share (Thousand shares)	14,023	15,994

Notes: 1. The number of common stock shares at the end of the previous fiscal year 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.

2. The number of common stock shares at the end of the current fiscal year that was used to calculate net assets per share is calculated after deducting shares of treasury shares held in the Company's account.

3. Basis for calculation of net income per share is as follows.

	FY3/15 (Apr. 1, 2014 – Mar. 31, 2015)	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)
Profit attributable to owners of parent (Millions of yen)	2,778	6,329
Amounts not available to common stock shareholders (Millions of yen)	-	-
Profit attributable to owners of parent available to common stock shares (Millions of yen)	2,778	6,329
Average number of common stock shares outstanding during the period (Thousand shares)	14,285	14,623

Notes: 1. The average number of shares outstanding during the previous fiscal year 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.
2. The average number of shares outstanding during the current fiscal year that was used to calculate net income per share is calculated after deducting shares of treasury shares held in the Company's account.

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.