



Results of Operations for the Fiscal Year Ended March 31, 2015

May 13, 2015

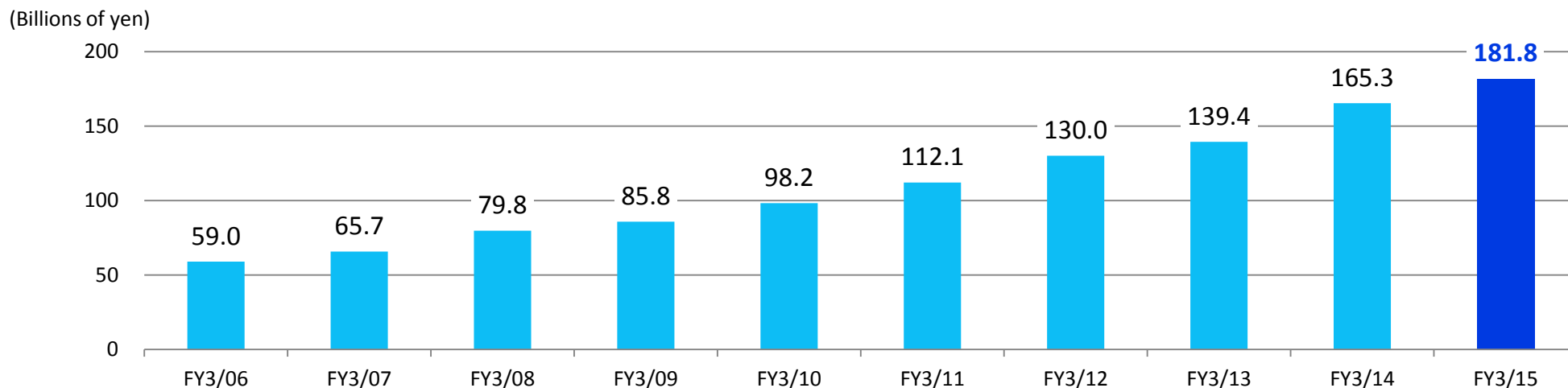
(Tokyo Stock Exchange, First Section / Stock code: 3341)

I-(1) Results for FY3/15

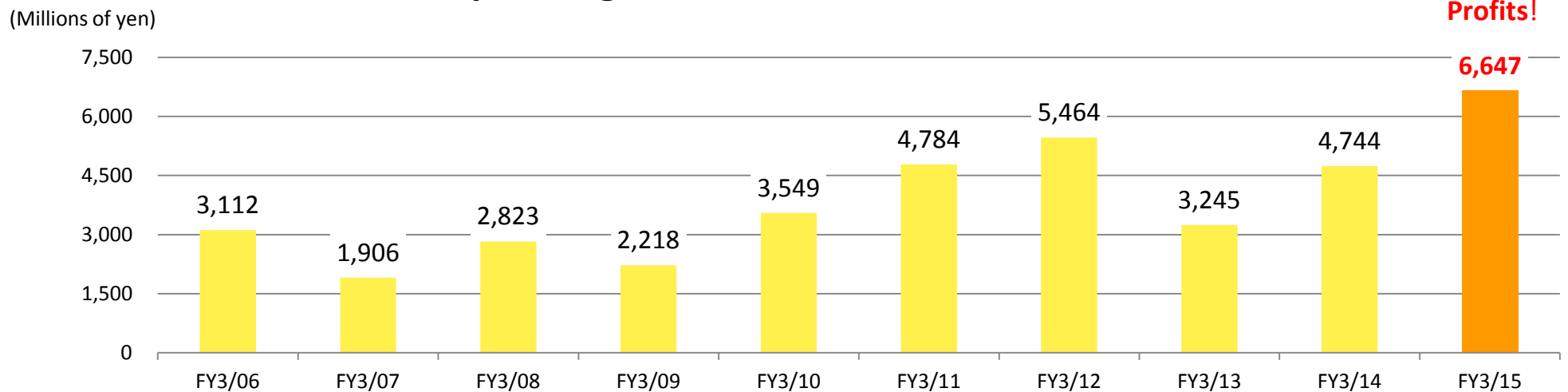


Consolidated Results: Net Sales / Operating Income

◆ Consolidated Net Sales



◆ Consolidated Operating Income



Consolidated Statement of Income

Higher sales and earnings in FY3/15 despite NHI drug price revisions.

(Millions of yen)

	FY3/13	FY3/14	FY3/15	Difference	YoY growth rate	FY3/15 Full-year forecast*
Net sales	139,466	165,347	181,844	16,497	10.0%	188,576
Cost of sales	117,972	139,723	149,915	10,191	7.3%	155,257
Gross profit	21,494	25,623	31,929	6,306	24.6%	33,318
SG&A expenses	18,248	20,878	25,281	4,402	21.1%	26,658
Operating income	3,245	4,744	6,647	1,903	40.1%	6,660
% to sales	2.3%	2.9%	3.7%	-	-	3.5%
Ordinary income	2,855	4,188	6,003	1,815	43.3%	6,080
Net income	184	1,901	2,778	876	46.1%	3,202
Return on equity	1.3%	12.5%	16.6%	-	-	-
Ordinary income on total assets	3.1%	3.9%	4.9%	-	-	-

*Non-deductible consumption taxes are included in SG&A expenses.

*Forecasts announced on April 30, 2014

Consolidated Results: Sales by Business Segment

Dispensing pharmacy sales up due to higher prescription unit prices and pharmacies opened in the past two fiscal years.

More growth for pharmaceutical manufacturing and sales and medical professional staffing and placement because of strengthening of cooperation among group companies as these markets continued to expand.

(Millions of yen)

	FY3/14	FY3/15	Comp.	Difference	YoY growth rate
Dispensing pharmacy business	145,954	157,993	86.9%	12,039	8.2%
Non-prescription drugs	1,980	1,911	1.1%	-68	-3.5%
Pharmaceutical manufacturing and sales business	15,489	18,335	10.1%	2,846	18.4%
Medical professional staffing and placement business	3,903	5,515	3.0%	1,611	41.3%

Consolidated Results: SG&A Expenses

SG&A expenses increased because of the consumption tax rate hike, but rigorous cost controls held this increase to less than the growth in gross profit.

The pharmaceutical manufacturing and sales business made substantial R&D expenditures to build a base for future growth.

(Millions of yen)

	FY3/14	FY3/15	Comp.	Difference	YoY growth rate
SG&A expenses	20,878	25,281	13.9%	4,402	21.1%
Salaries and allowances	3,260	3,378	1.9%	118	3.6%
Rents	2,246	2,190	1.2%	-56	-2.5%
Consumption taxes	5,580	9,443	5.2%	3,862	69.2%
R&D expenses	1,534	1,767	1.0%	233	15.2%

Major components

SG&A expenses

- Consumption taxes
(Increased due to a rise in tax rates)

* "Comp." percentages are relative to sales.

Consolidated Balance Sheet

(Millions of yen)

	End of Mar. 2014	End of Mar. 2015	Difference
Current assets	53,373	60,096	6,722
Non-current assets	63,921	70,044	6,123
Property, plant and equipment	42,123	48,819	6,696
Intangible assets	11,103	10,376	-727
Investments and other assets	10,694	10,848	154
Total assets	117,295	130,141	12,846
Current liabilities	55,666	53,474	-2,192
Non-current liabilities	45,779	59,031	13,252
Total liabilities	101,446	112,505	11,059
Total net assets	15,849	17,635	1,786
Shareholders' equity	15,849	17,635	1,786
Equity ratio	13.5%	13.6%	-

Major components

Current assets

- Accounts receivable-trade +2,606
- Merchandise and finished goods +3,746

Non-current assets

- Buildings and structures +4,658
- Land +1,724
- Construction in progress -2,278

Current liabilities

- Accounts payable-trade +4,444
- Short-term loans payable -2,650
- Current portion of bonds -7,000
- Current portion of long-term loans payable +2,179

Non-current liabilities

- Long-term loans payable +11,018
- Long-term accounts payable installment purchase +1,471

Net assets

- Retained earnings +2,557
- Treasury shares -887

Consolidated Statement of Cash Flows

(Millions of yen)

	FY3/14	FY3/15
Net cash provided by operating activities	6,243	5,831
Net cash used in investing activities	-14,510	-8,437
Net cash provided by financing activities	8,782	1,422
Net increase 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

Major components

Net cash provided by operating activities

- Income before income taxes	5,531
- Depreciation	3,631
- Decrease (increase) in notes and accounts payable-trade	-2,748
- Decrease (increase) in inventories	-4,545
- Increase (decrease) in notes and accounts payable-trade	+4,422
- Income taxes paid	-2,591

Net cash used in investing activities

- Purchase of property, plant and equipment	-5,808
- Payments for transfer of business	-2,330

Net cash provided by financing activities

- Proceeds from long-term loans payable	17,300
- Repayment of long-term loans payable	-4,101
- Purchase of treasury shares	-1,019

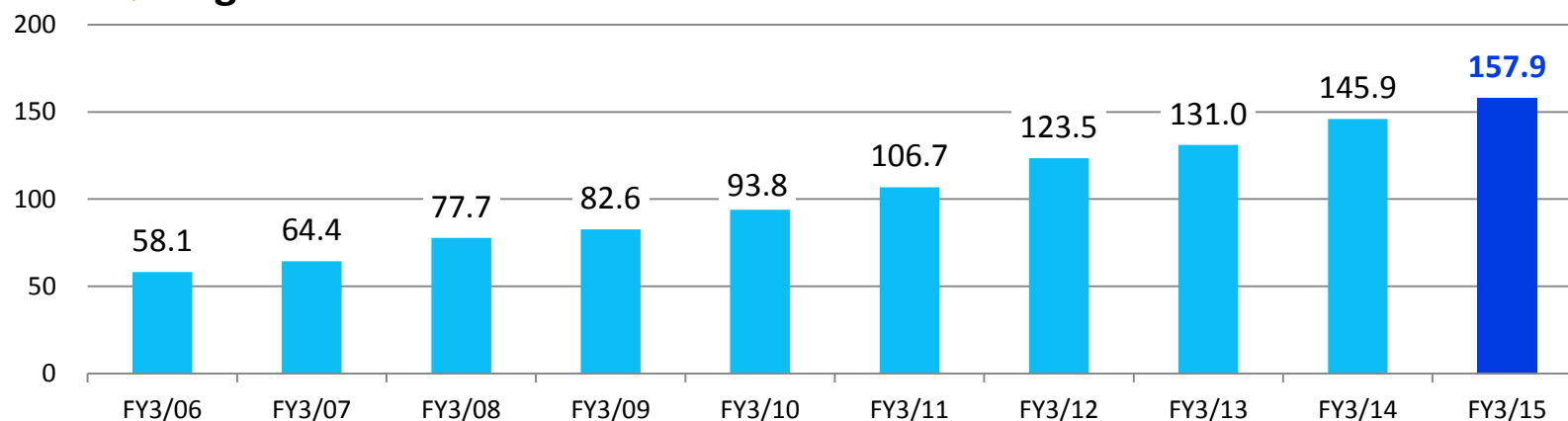
Dispensing Pharmacy Business: Segment Sales / Operating Income

(Millions of yen)

	FY3/13	FY3/14	FY3/15	Difference	YoY growth rate
Net sales	131,052	145,957	157,999	12,042	8.3%
Operating income	6,784	7,672	7,698	26	0.3%
% to sales	5.2%	5.3%	4.9%	-	-

*Before eliminations for inter-segment transactions

(Billions of yen) Segment Sales

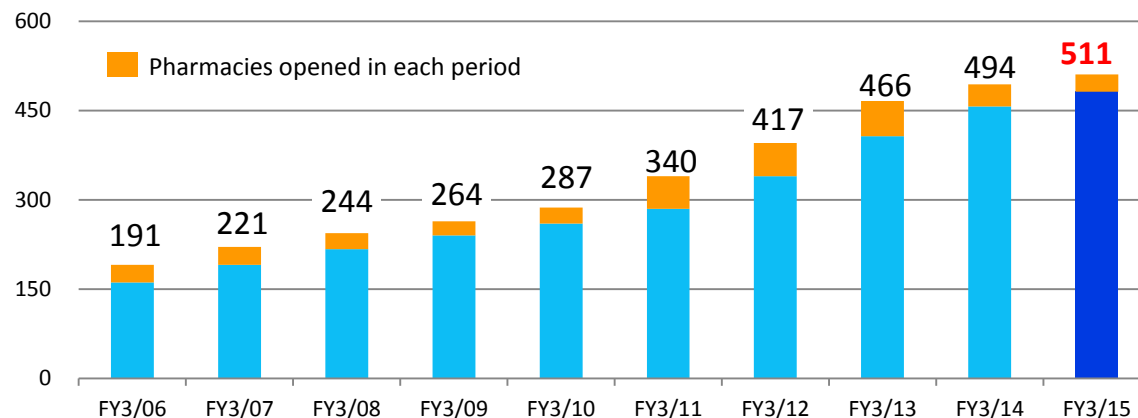


Dispensing Pharmacy Business: Store Network Expansion

	FY3/15
No. of pharmacies opened	29
No. of pharmacies closed	12
Total no. of pharmacies (end of March)	511*

* Including one location specializing in the sales of general merchandise.

◆ No. of Pharmacies at the End of Each Period



◆ Pharmacies Opened in FY3/15 (In the order of opening)

Shin-matsudo Pharmacy	Matsudo City, Chiba
Nagayama Pharmacy	Tama City, Tokyo
Asamizo Pharmacy	Sagamihara City, Kanagawa
Nakamura-nisseki-eki Pharmacy	Nagoya City, Aichi
Oomagari Pharmacy	Daisen City, Akita
Irinaka-eki Pharmacy	Nagoya City, Aichi
Kabukiza Tower Pharmacy	Chuo-ku, Tokyo
Miyamasuzaka Pharmacy	Shibuya-ku, Tokyo
Mitakadai Pharmacy	Mitaka City, Tokyo
Kosugi Pharmacy	Kawasaki City, Kanagawa

Namegata Pharmacy	Namegata City, Ibaraki
Komyoike Pharmacy	Izumi City, Osaka
Omagari-minami Pharmacy	Daisen City, Akita
Surugadai-shita Pharmacy	Chiyoda-ku, Tokyo
Echizen Pharmacy	Echizen City, Fukui
Asutonagamachi Pharmacy	Sendai City, Miyagi
Nagamachi-icchoume Pharmacy	Sendai City, Miyagi
Meishidaimae Pharmacy	Nagoya City, Aichi
Kimino Pharmacy	Kaiso-gun, Wakayama
Kure Pharmacy	Kure City, Hiroshima

Kanda Surugadai Pharmacy	Chiyoda-ku, Tokyo
Matsuzaka Pharmacy	Matsuzaka City, Mie
Nezu Pharmacy	Bunkyo-ku, Tokyo
Taisho Pharmacy	Yokohama City, Kanagawa
Minokamo Pharmacy	Minokami City, Gifu
Sasebo-chuo Pharmacy	Sasebo City, Nagasaki
Fukabori Pharmacy	Hakodate City, Hokkaido
Sakaimachi Pharmacy	Sashima-gun, Ibaraki
Kinokawa Pharmacy	Kinokawa City, Wakayama

Dispensing Pharmacy Business: Sales Trend by Year of Opening

NHI drug prices were revised, but prescription unit prices slowly increased. The increasing number of prescriptions covering a longer period is one reason.

The number of prescriptions increased mainly because of pharmacies opened during FY3/14.

◆ Nihon Chouzai Group: Store Sales by Year of Opening

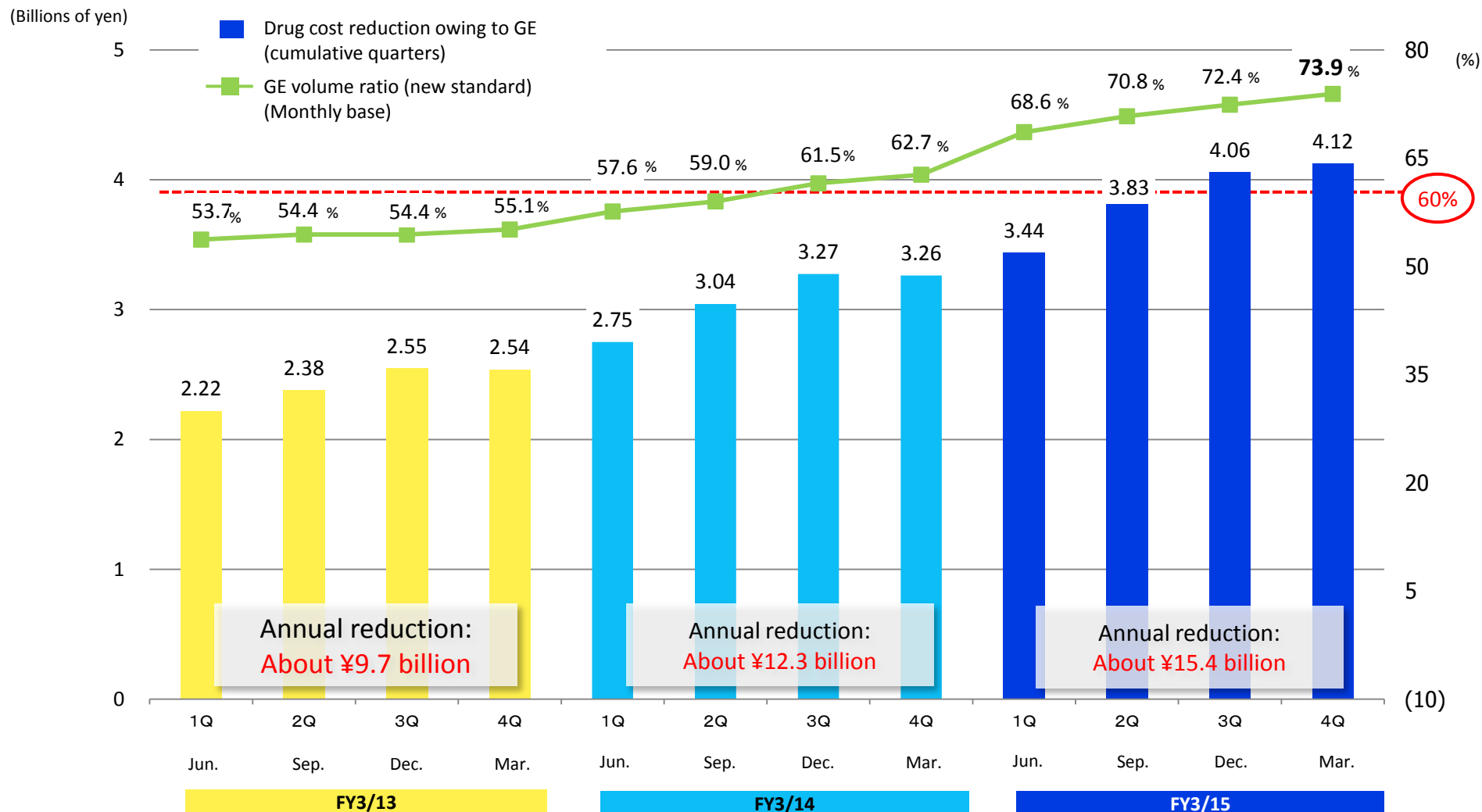
(Millions of yen)

	No. of pharmacies at end of Mar. 2015	FY3/14	FY3/15	Difference	YoY growth rate
Existing pharmacies (- Mar. 2013)	445	139,657	145,813	6,155	4.4%
Opened FY3/14 (Apr. 2013 - Mar. 2014)	36	2,776	6,402	3,626	130.6%
Opened FY3/15 (Apr. 2014 – Mar. 2015)	29	-	3,064	3,064	-
Others	-	1,233	627	-606	-49.2%
Total	510	143,667	155,907	12,240	8.5%

- Sales are only for prescriptions (do not include over-the-counter drugs, etc.) and are recorded when prescriptions are filled (no adjustment for returned prescriptions).
- Sales of pharmacies that were closed are included in the others category.
- The number of pharmacies does not include one location specializing in the sales of general merchandise.

Dispensing Pharmacy Business: Promoting the Market Penetration of Generic Drugs

The Group's average generic drug utilization rate is more than 70%, far above the government's target of 60%. We are stepping up actions with the goal of raising utilization to more than 85%.



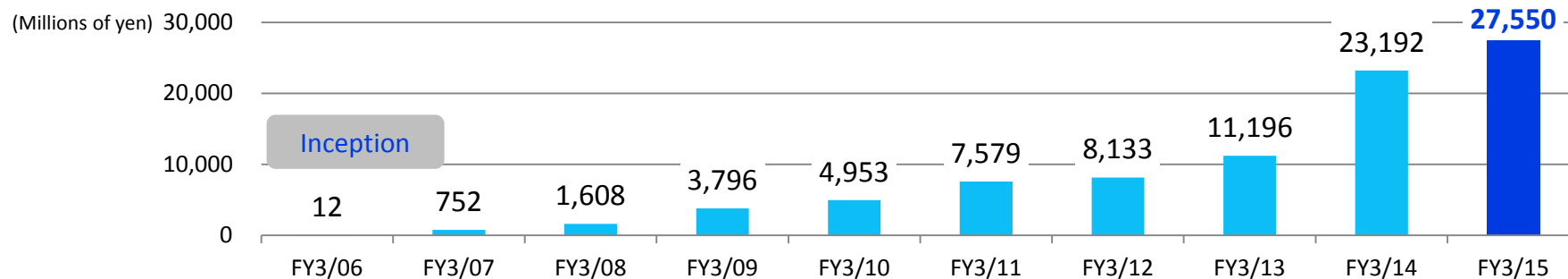
Pharmaceutical Manufacturing and Sales Business: Segment Sales / Operating Income

(Millions of yen)

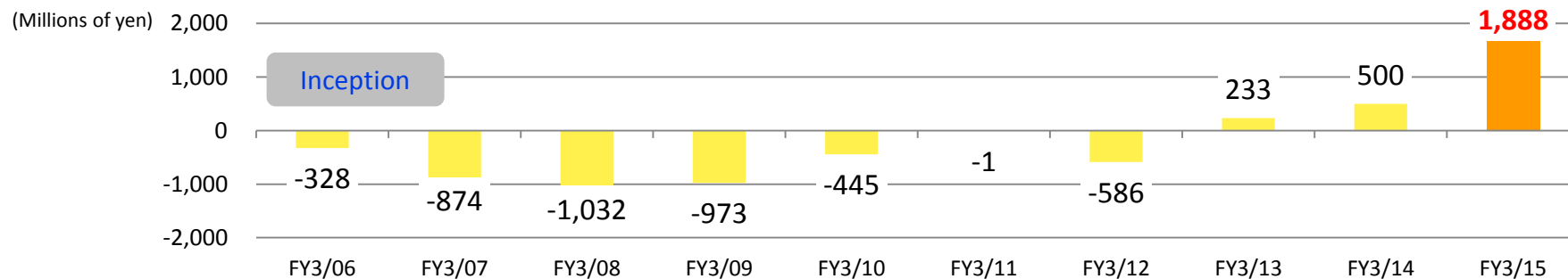
	FY3/13	FY3/14	FY3/15	Difference	YoY growth rate
Net sales	11,196	23,192	27,550	4,357	18.8%
Operating income	233	500	1,888	1,388	277.6%
% to sales	2.1%	2.2%	6.9%	-	-

*Before eliminations for inter-segment transactions

◆ Segment Sales



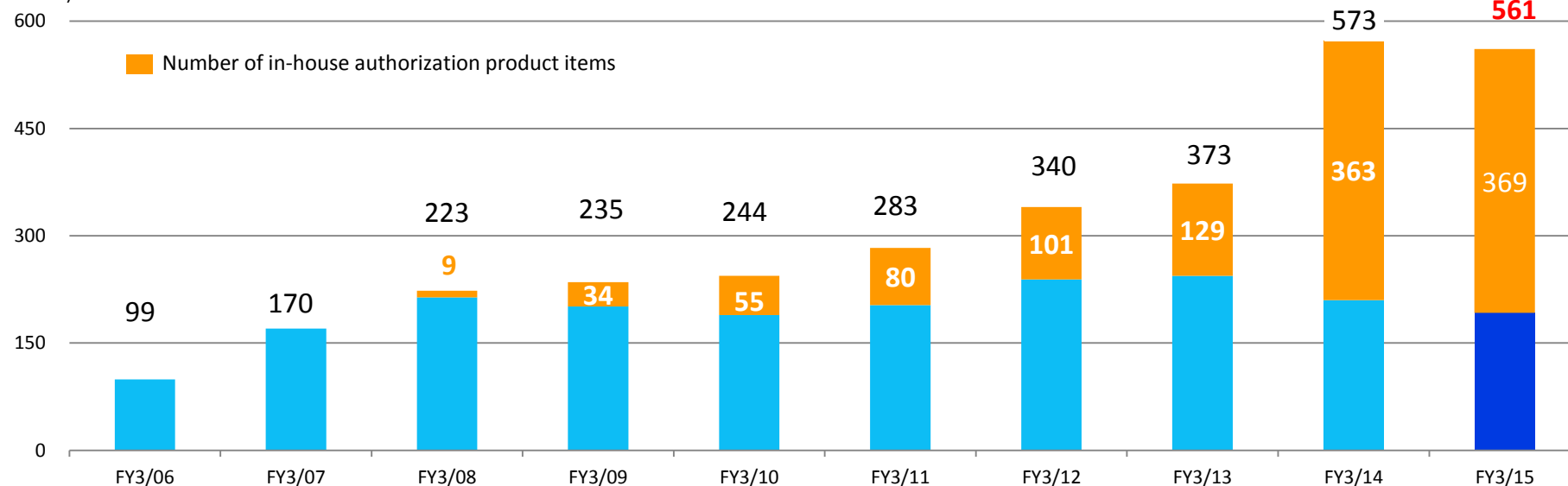
◆ Segment Operating Income



Pharmaceutical Manufacturing and Sales Business: Product Items

◆ Number of Product Items

(Number of items)



(Including 20 new NHI listed drugs)

◆ New NHI Drug Listings for June 2015 (19 items)

Name

Clopidogrel Tablets 25mg "JG"

Clopidogrel Tablets 75mg "JG"

Metformin Hydrochloride Tablets 250mg MT "JG"

Metformin Hydrochloride Tablets 500mg MT "JG"

Naftopidil Tablets 25mg "JG"

Naftopidil Tablets 50mg "JG"

Naftopidil Tablets 75mg "JG"

Name

Naftopidil OD Tablets 25mg "JG"

Naftopidil OD Tablets 50mg "JG"

Naftopidil OD Tablets 75mg "JG"

Letrozole Tablets 2.5mg "JG"

Imatinib Tablets 100mg "JG"

Zolmitriptan OD Tablets 2.5mg "JG"

Pitavastatin Calcium Tablets 1mg "JG"

Name

Pitavastatin Calcium Tablets 2mg "JG"

Pitavastatin Calcium Tablets 4mg "JG"

Tacrolimus Capsules 0.5mg "JG"

Tacrolimus Capsules 1mg "JG"

Tacrolimus Capsules 5mg "JG"

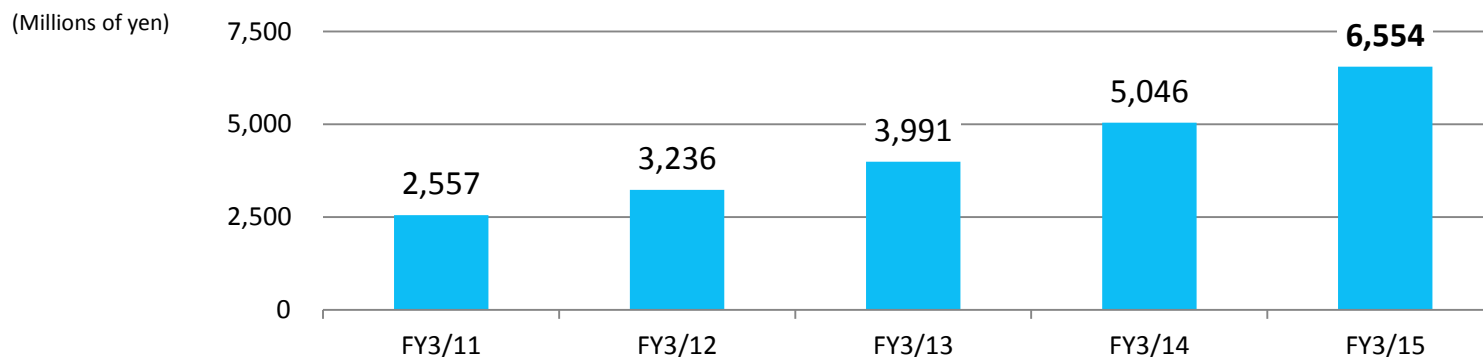
Medical Professional Staffing and Placement Business: Segment Sales / Operating Income

(Millions of yen)

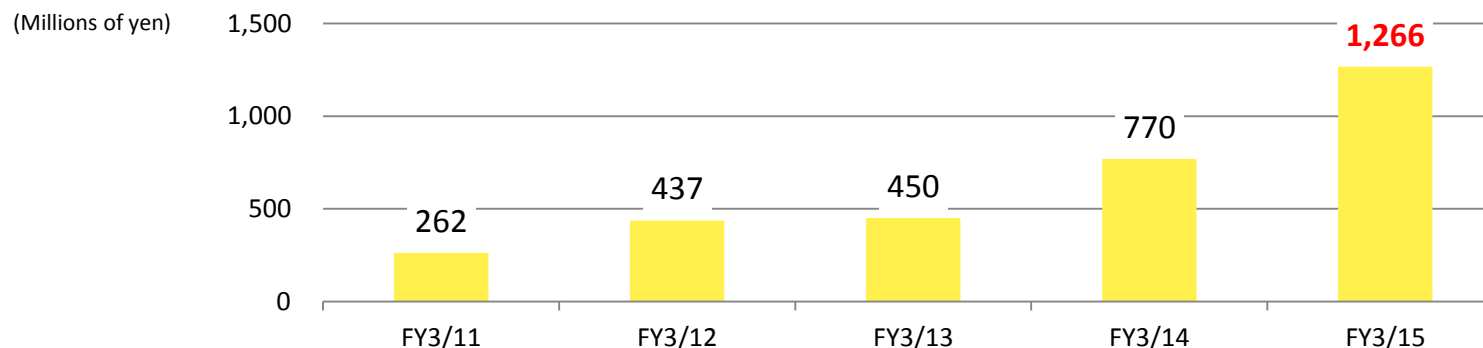
	FY3/13	FY3/14	FY3/15	Difference	YoY growth rate
Net sales	3,991	5,046	6,554	1,507	29.9%
Operating income	450	770	1,266	495	64.3%
% to sales	11.3%	15.3%	19.3%	-	-

*Before eliminations for inter-segment transactions

◆ Segment Sales



◆ Segment Operating Income



FY3/16 Performance Targets

◆ Consolidated Target

(Millions of yen)

	FY3/15 Results	FY3/16 Target	YoY change	
			Amount	Ratio
Net sales	181,844	207,523	25,678	14.1%
Operating income	6,647	8,200	1,552	23.4%
% to sales	3.7%	4.0%	-	-
Ordinary income	6,003	7,434	1,431	23.8%
Net income	2,778	3,583	805	29.0%

◆ Sales Target By Business Segment (before eliminations for inter-segment transactions)

(Millions of yen)

	FY3/15 Results	FY3/16 Target	YoY change	
			Amount	Ratio
Dispensing pharmacy business	157,999	175,612	17,612	11.1%
Pharmaceutical manufacturing and sales business	27,550	34,761	7,211	26.2%
Medical professional staffing and placement business	6,554	8,500	1,945	29.7%
Total	192,104	218,873	26,769	13.9%

I-(2) The Nihon Chouzai Group's New Medium-term Plan

Major Goals

Our objective

Achieve the “true separation of the roles of drug prescribing and dispensing services”

Major targets (FY3/18)

Net sales

50% growth

FY3/15: ¥181.8 billion
FY3/18: ¥273.8 billion

Operating income

100% growth

FY3/15: ¥6.6 billion
FY3/18: ¥12.2 billion

Operating income margin

Increase to 4.5%

FY3/15: 3.7%
FY3/18: 4.5%

Corporate governance

Properly implement Japan's Corporate Governance Code for more growth in corporate value

*All of these targets are on a consolidated basis and after eliminations for inter-segment transactions.

Major Initiatives

Dispensing pharmacy business

- Increase at-home medical care
- Use many actions to encourage the use of generic drugs
- Continue to open many pharmacies by using a variety of store formats
- Establish a sound framework for adapting to Japan's medical system reforms

Pharmaceutical manufacturing and sales business

- Grow faster than the overall market
- Rank among the industry leaders in the number of products sold
- Build an infrastructure for the stable supply of high-quality products

Medical professional staffing and placement business

- Quickly increase annual sales to more than 10 billion yen
- Increase the monthly number of medical professionals newly registering for placements

Information provision and consulting services

* Sales and earnings of this sector are included in the dispensing pharmacy business.

- Develop new products in the data provision business

Sales Target by Business Segment

(Billions of yen)	FY3/18 (Target)	FY3/15 (Results)	Increase	Growth rate
Dispensing pharmacy business <small>*includes Information provision and consulting services</small>	217.6	157.9	<u>59.6</u>	<u>37.7%</u>
Pharmaceutical manufacturing and sales business	55.7	27.5	<u>28.2</u>	<u>102.4%</u>
Medical professional staffing and placement business	14.0	6.5	<u>7.4</u>	<u>113.6%</u>

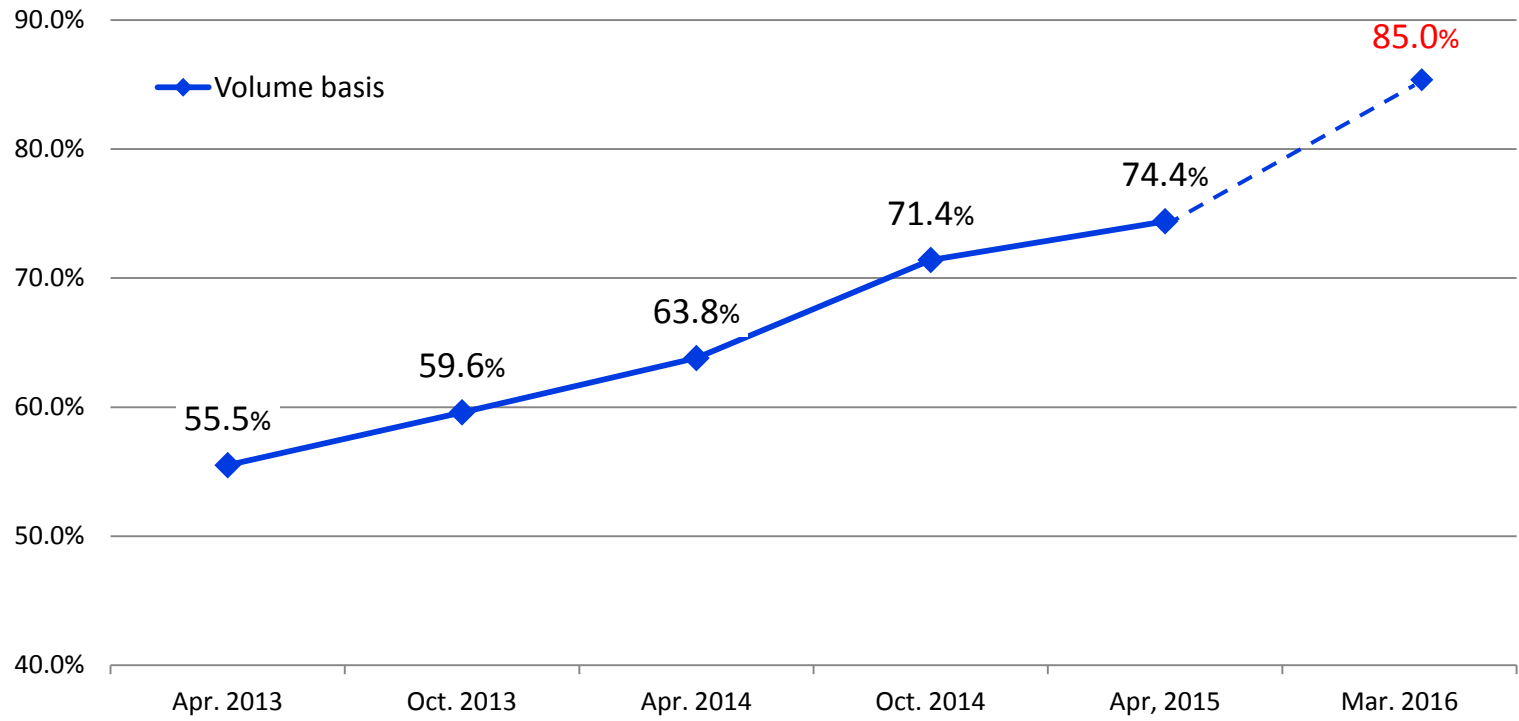
*After eliminations for intra-segment transactions / Before eliminations for inter-segment transactions

II. Business Development of the Nihon Chouzai Group

1. Promoting the Market Penetration of Generic Drugs

The government's generic drug utilization rate target of 60% by FY3/18 has already been achieved and this rate is currently 74.4%. The target is now to raise this rate to 85% by the end of FY3/16.

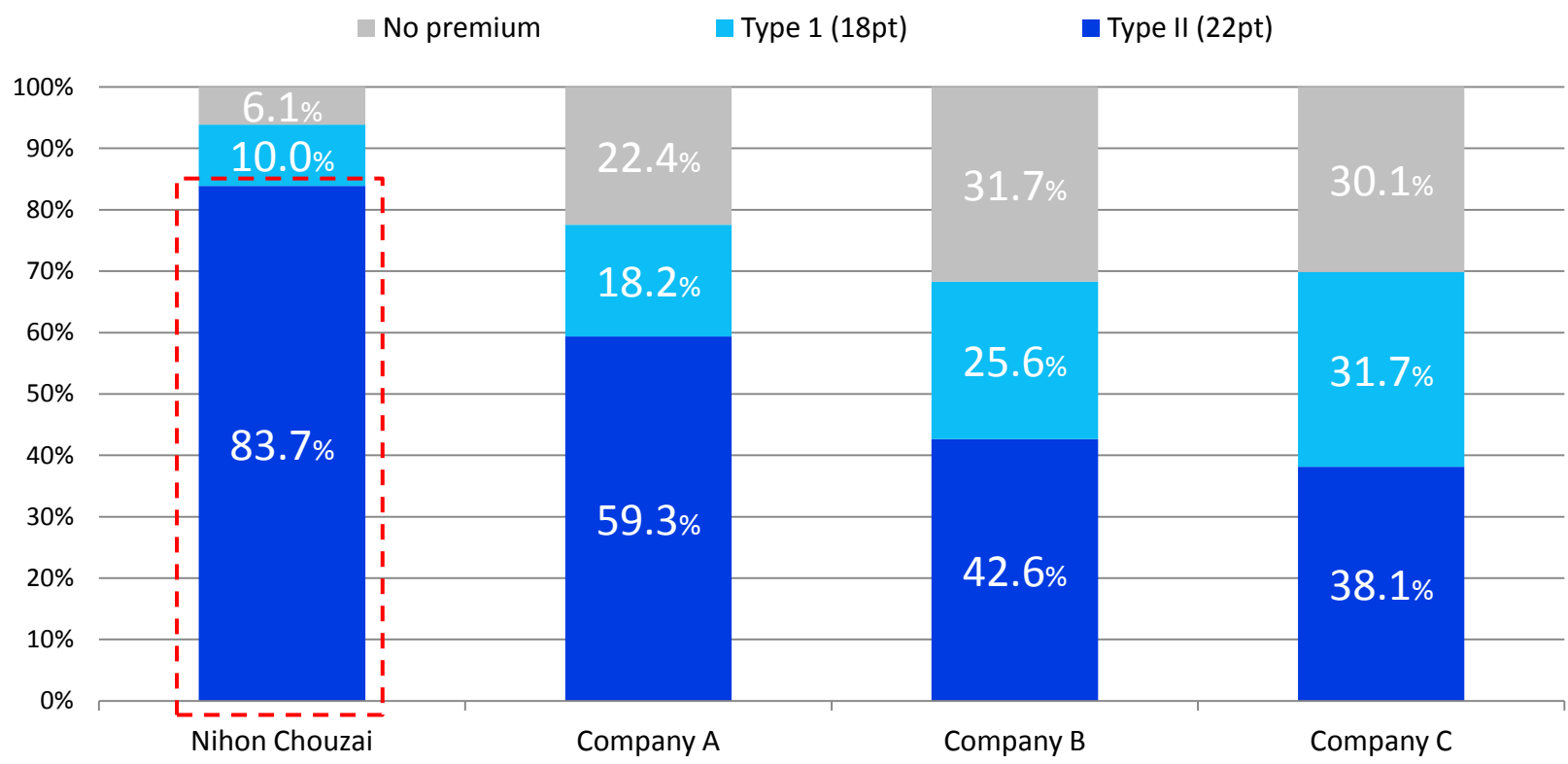
Average Rate of Generic Drug Utilization for Nihon Chouzai Pharmacies (Volume basis)



1. Promoting the Market Penetration of Generic Drugs

Share of the pharmacies that gain Type II premium (22 points) has increased to 83.7%.
Nihon Chouzai is ahead of major competitors in terms of progress with Type I and Type II premiums.

Premium for Generic Drug Dispensing System

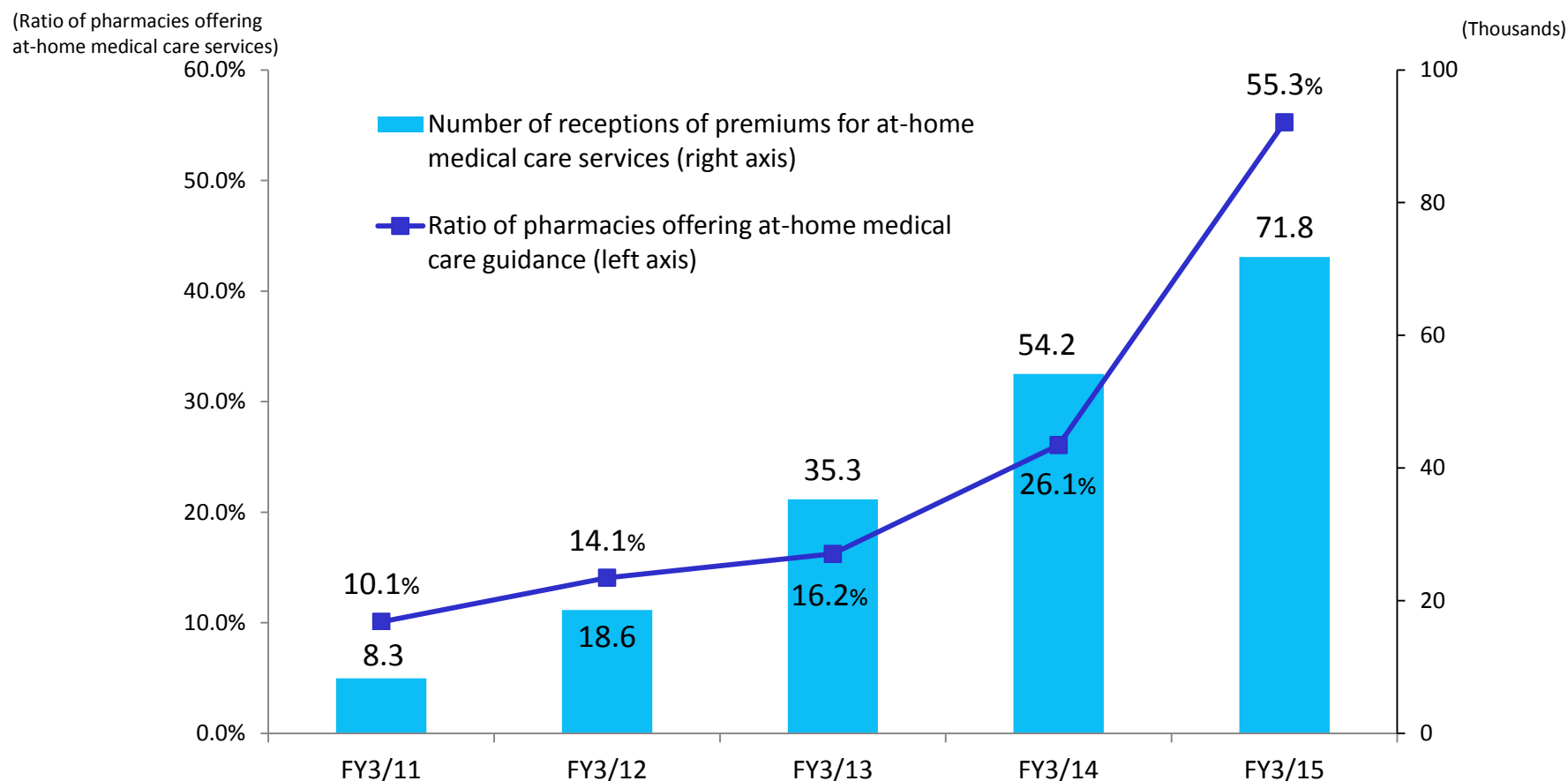


*Companies A, B and C are dispensing pharmacy companies with nationwide networks.
These percentages are based on data announced by health and welfare bureaus in Japan as of April 2015.

2. Initiatives for At-home Nursing Care

**Big increase in the number of receptions of premiums for at-home medical care services.
Goal is to offer at-home medical care guidance services at all pharmacies.**

At-home Medical Care



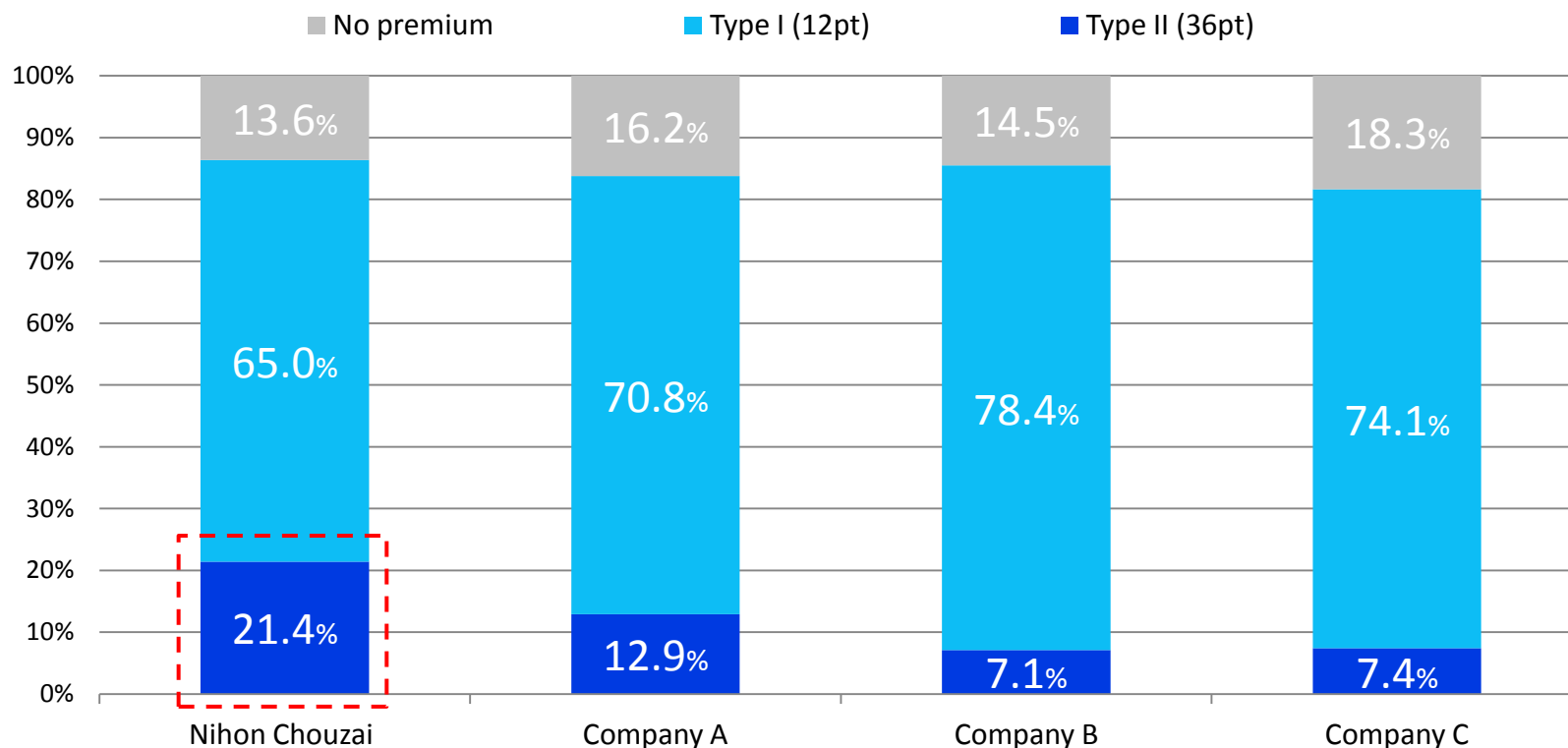
*The ratio of pharmacies offering at-home medical care services (left axis) are for the last month of each fiscal year.

3. Responses to Dispensing Fee Revisions

The Type II premium for standard dispensing system is more than 20% because of measures to expand at-home medical care services.

This is much higher than at all three major competitors.

Premium for Standard Dispensing System



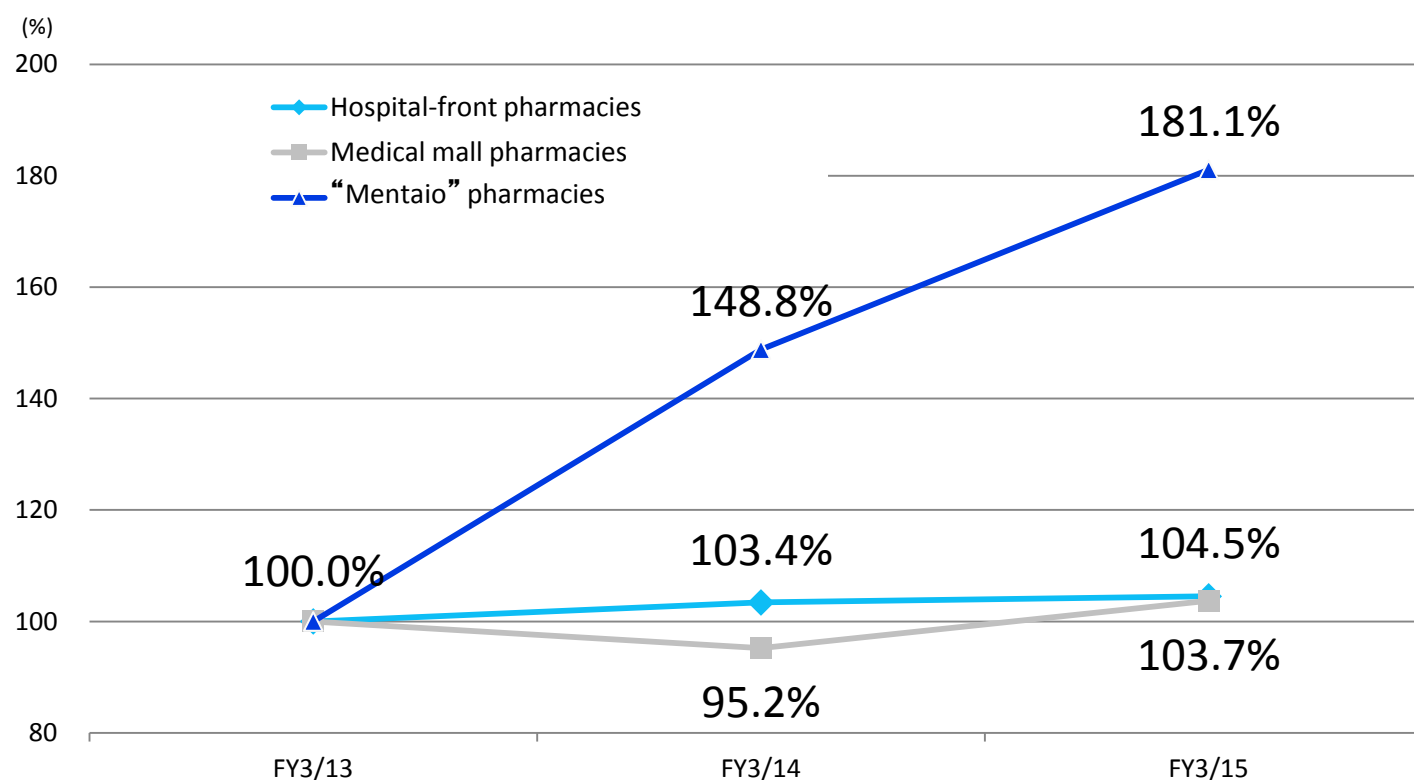
*Companies A, B and C are dispensing pharmacy companies with nationwide networks.
 These percentages are based on data announced by health and welfare bureaus in Japan as of April 2015.

4. Growth of “Mentaio” Pharmacies

Sales at “*mentaio*” pharmacies are increasing rapidly in all areas of Japan along with the growing public awareness of this type of pharmacy.

Sales at hospital-front and medical mall pharmacies are increasing, too.

Increase in Average Sales per Pharmacy for Each Format (vs. FY3/13)



* Percentage of average sales per store for each format in each fiscal year is calculated using average sales per store in FY3/13 as 100% .

5. Dispensing Pharmacy Compliance

There have been many incidents of illegal or improper behavior in Japan's dispensing pharmacy industry. Since its establishment, Nihon Chouzai has maintained an administrative infrastructure by making full use of computers in order to prevent fraud and other unacceptable activities.

(1) Failure to maintain a patient's medication history

- All Nihon Chouzai pharmacies have electronic medication history systems
The system checks the status of recording patient's medication history for all prescriptions.
- All Nihon Chouzai pharmacies have an audio input system
Inputting data by voice reduces workload of typing and increases efficiency.

(2) Use of unqualified people to dispense prescriptions

- All Nihon Chouzai pharmacies have a vein pattern authentication system
This system prevents anyone other than pharmacists from dispensing prescriptions.
- Different color uniforms and name badges are used to clearly identify pharmacists and other medical clerks
Individuals other than pharmacists are prohibited from performing any activities of dispensing.

6. Expansion of the Pharmaceutical Manufacturing and Sales Business

A more powerful manufacturing infrastructure for the Nihon Chouzai Group.

Increased production capacity at the Tsukuba Plant S (Nihon Generic) and the Head Office Plant No. 2 (Choseido Pharmaceutical).

Completed the acquisition of the Kasukabe Plant (Nihon Generic).

Maximum Annual Output Capacity (tablets and capsules)

(Unit: 100 million tablets)

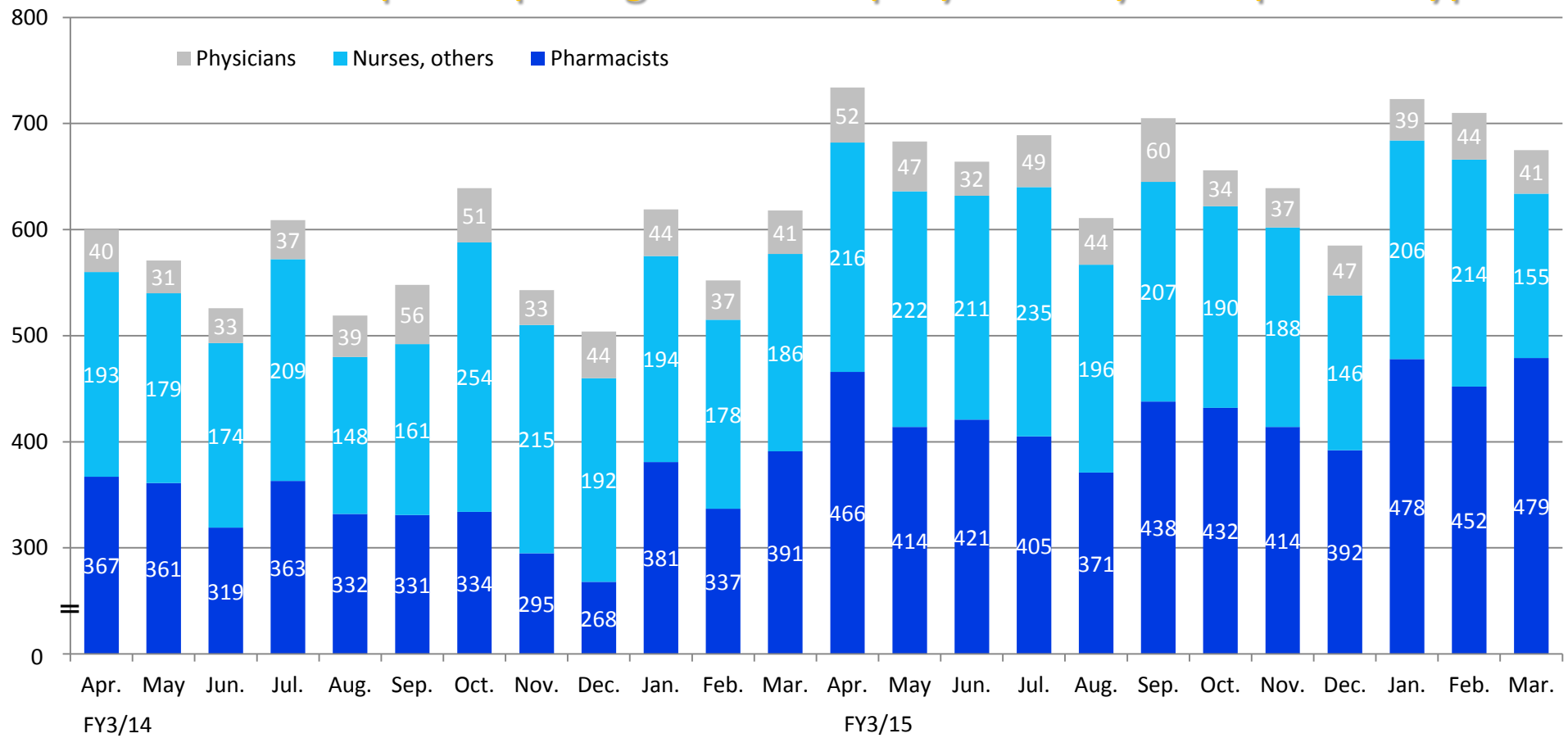
Company name	Plant name	FY3/14	FY3/15
Nihon Generic	Tsukuba Plant N	10	10
	Tsukuba Plant S		13
	Kasukabe Plant		9
Choseido Pharmaceutical	Head Office Plant	7	7
	Head Office Plant No. 2		2
	Kawauchi Plant	2	2
	Total	1.9 billion tablets	4.3 billion tablets

7. Expansion of Medical Professional Staffing and Placement Business

As a pioneer in the pharmacist staffing and placement business, Nihon Chouzai ranks among the leaders in the number of pharmacists registered and placed.

In the placement business for physicians, nurses and other healthcare professionals, the number of people registered and placed is increasing steadily.

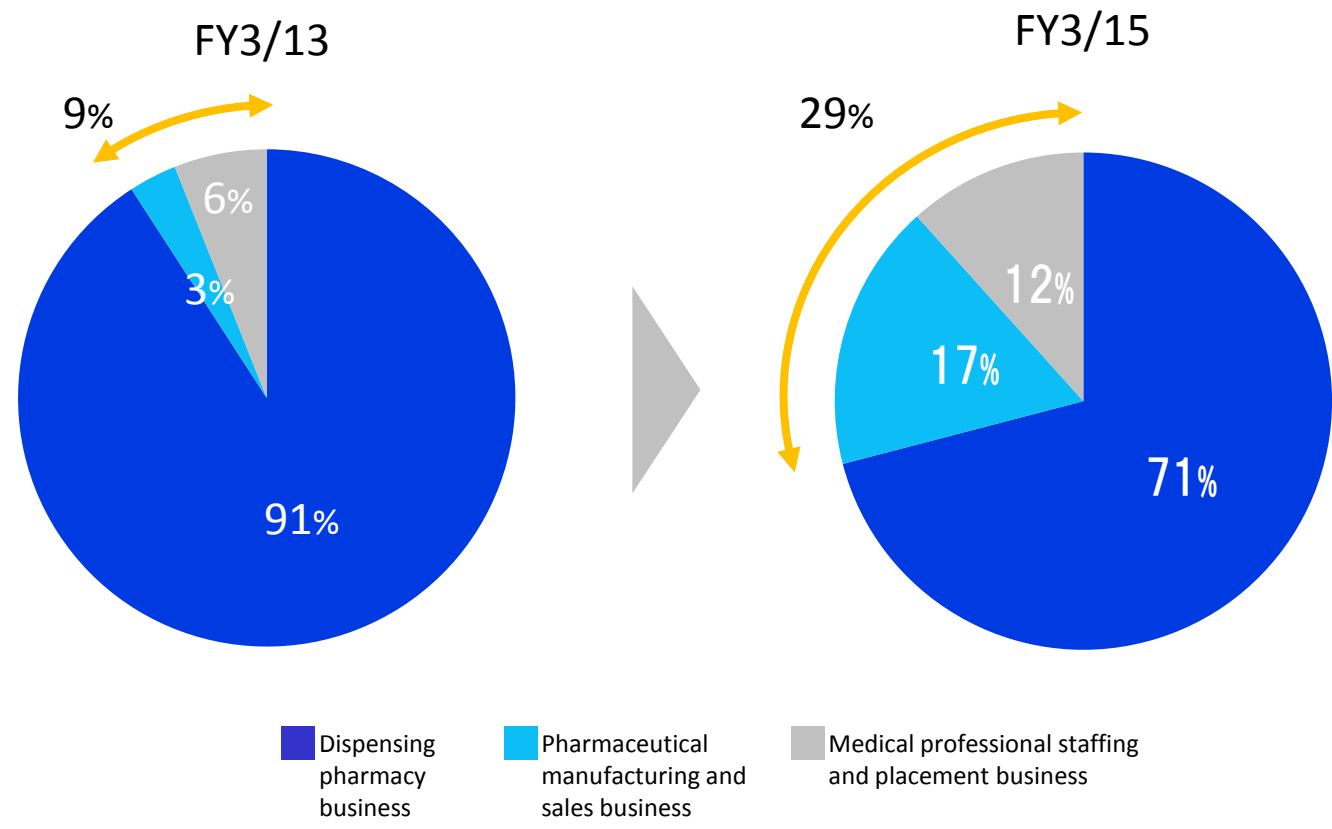
Number of People Inquiring About Employment by Occupation Type



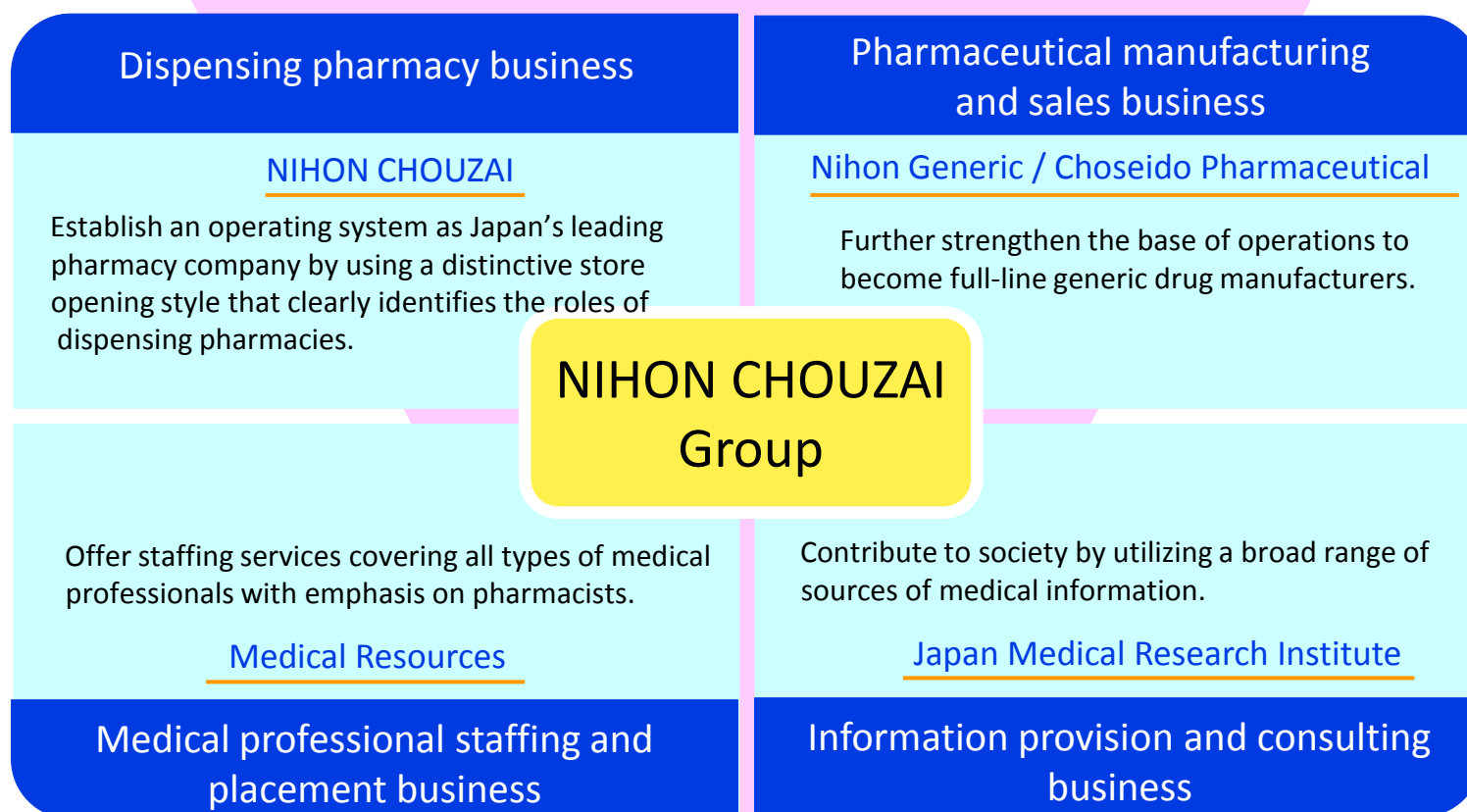
8. Segment Operating Income

The pharmaceutical manufacturing and sales business and medical professional staffing and placement business are driving growth. Combined operating income rose from 9% to 29% of consolidated operating income during the past two years.

Segment Operating Income



Business Development of the Nihon Chouzai Group



Contribute to medical care in Japan by serving as a medical company group that can help achieve an efficient framework for the social security

Precautions

This presentation was prepared for the purpose of providing additional information concerning the April 30, 2015 announcement of results of operations for the fiscal year that ended on March 31, 2015 (*kessan tanshin*). Performance targets, plans, business activities and other forward-looking statements concerning Nihon Chouzai and its subsidiaries are based on information that was available when this presentation was made. There may be significant changes to these statements due to business and other risk factors and other uncertainties. In addition, these statements are not promises concerning future performance. Actual results of operations may differ significantly from the outlook in this presentation for a number of reasons. In addition, this presentation is not a solicitation to make an investment in Nihon Chouzai. Investment decisions are the responsibility of individual investors.

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