



AIN GROUP

IR PRESENTATION

AIN PHARMACIEZ INC.

December 2012

Results Overview

Consolidated P/L

Net sales increased 9.1% year on year to ¥75,090 million, operating income declined 12.0% to ¥4,209 million, ordinary income fell 8.6% to ¥4,454 million, and net income declined 9.6% to ¥2,137 million.

(¥ million)	FY4/12 2Q results	FY4/13 2Q plan	FY4/13 2Q results	YoY change	Vs plan (%)	YoY change (%)
Net sales	68,833	76,350	75,090	6,257	98.3	109.1
Gross profit	10,905	12,060	11,497	592	95.3	105.4
% of net sales	15.8	15.8	15.3			
SG&A expenses	6,123	7,170	7,287	1,164	101.6	119.0
% of net sales	8.9	9.4	9.7			
Operating income	4,781	4,890	4,209	(572)	86.1	88.0
% of net sales	6.9	6.4	5.6			
Ordinary income	4,871	4,950	4,454	(417)	90.0	91.4
% of net sales	7.1	6.5	5.9			
Net income	2,364	2,480	2,137	(22)	86.2	90.4
Net income per share(¥)	148.34	155.54	134.10	(14.24)	86.2	90.4

▶ Figures in the table are rounded down

Dispensing Pharmacy Business (Consolidated)



The dispensing pharmacy business reported sales growth of 8.5% year on year to ¥66,622 million. However, segment income declined 1.3% to ¥5,682 million due to the impact of startup costs for medical malls.

(¥ million)	FY4/12 2Q results	FY4/13 2Q plan	FY4/13 2Q results	YoY change	Vs plan (%)	YoY change (%)
Net sales	61,411	67,711	66,622	5,211	98.4	108.5
Gross profit	8,610	9,452	9,033	423	95.6	104.9
% of net sales	14.0	14.0	13.6			
SG&A expenses	3,023	3,502	3,621	598	103.4	119.8
% of net sales	4.9	5.2	5.4			
Operating income	5,587	5,949	5,411	(176)	91.0	96.8
% of net sales	9.1	8.8	8.1			
Segment income	5,754	6,067	5,682	(72)	93.7	98.7
% of net sales	9.4	9.0	8.5			
Number of stores	462	531	535	73	100.8	115.8

- ▶ Figures in the table are rounded down
- ▶ Segment income is adjusted ordinary income shown on the quarterly consolidated statements of income
- ▶ Prescription volume: +10.1% YoY
- ▶ Average prescription price: -1.4% YoY

Drug and Cosmetic Store Business(Consolidated) AIN GROUP

The drug and cosmetic store business reported an increase in sales of 12.3% year on year to ¥8,208 million. However, segment income declined 50.0% to ¥26 million.

(¥ million)	FY4/12 2Q results	FY4/13 2Q plan	FY4/13 2Q results	YoY change	Vs plan (%)	YoY change (%)
Net sales	7,312	8,329	8,208	896	98.5	112.3
Gross profit	2,304	2,646	2,592	288	98.0	112.5
% of net sales	31.5	31.8	31.6			
SG&A expenses	2,296	2,637	2,614	318	99.1	113.9
% of net sales	31.4	31.7	31.8			
Operating income	7	9	(21)	(28)	—	—
% of net sales	0.1	0.1	—			
Segment income	52	60	26	(26)	43.3	50.0
% of net sales	0.7	0.7	0.3			
Number of stores	53	59	58	5	98.3	109.4

▶ Figures in the table are rounded down

▶ Segment income is adjusted ordinary income shown on the quarterly consolidated statements of income

Consolidated B/S

The balance of interest-bearing debt increased by ¥1,336 million to ¥14,051 million. The balance of total assets at the end of the second quarter increased by ¥6,603 million from the end of the previous fiscal year to ¥92,511 million. Total net assets increased by ¥1,352 million to ¥35,097 million.

(¥ million)

End-FY4/12			
Assets		Liabilities	
Current assets	40,320	Current liabilities	42,945
Cash on hand and in banks	15,935	Short-term debt	6,397
Fixed assets	45,570	Long-term liabilities	9,216
Investments in securities	2,825	Long-term debt	6,318
Deferred assets	17	Total net assets	33,745
Total assets	85,908	Total liabilities and net assets	85,908

(¥ million)

End-FY4/13 2Q			
Assets		Liabilities	
Current assets	42,548	Current liabilities	48,028
Cash on hand and in banks	14,853	Short-term debt	7,823
Fixed assets	49,954	Long-term liabilities	9,384
Investments in securities	3,127	Long-term debt	6,227
Deferred assets	8	Total net assets	35,097
Total assets	92,511	Total liabilities and net assets	92,511

Interest-bearing debt	12,715
Net cash	3,219

Interest-bearing debt (Compared with end-FY4/12)	14,051 (110.5%)
Net cash	802

- ▶ Figures in the table are rounded down
- ▶ Net cash = Cash on hand and in banks — interest bearing debt

Assets

The balance of total assets at the end of the second quarter increased by ¥6,603 million from the end of the previous fiscal year to ¥92,511 million.

(¥ million)	End-FY4/12 2Q	End-FY4/12	End-FY4/13 2Q	Change
Cash on hand and in banks	18,355	15,935	14,853	(1,082)
Notes and accounts receivable	9,767	10,985	10,924	(61)
Inventories	8,348	8,253	9,768	1,515
Total current assets	40,695	40,320	42,548	2,228
Buildings and structures, net	6,597	7,048	7,971	923
Land	5,457	5,621	5,947	326
Total property, plant and equipment	13,829	15,256	16,533	1,277
Total intangible fixed assets	16,027	18,655	20,501	1,846
Investments in securities	2,949	2,825	3,127	302
Deferred tax assets	1,263	1,122	1,120	(2)
Lease and guarantee deposits	5,438	5,758	6,632	874
Total investments and other assets	10,985	11,657	12,919	1,262
Total fixed assets	40,842	45,570	49,954	4,384
Total assets	81,565	85,908	92,511	6,603

▶ Figures in the table are rounded down

▶ Capital expenditures (purchases of property, plant and equipment and intangible fixed assets + deposits/guarantees) totaled ¥4,078 million

▶ Change(¥): End-FY4/13 2Q compared with end-FY4/12

Liabilities and Net Assets

The balance of total liabilities rose ¥5,251 million to ¥57,413 million, mainly reflecting an increase in accounts payable.

(¥ million)	End-FY4/12 2Q	End-FY4/12	End-FY4/13 2Q	Change
Accounts payable	21,834	22,524	25,255	2,731
Short-term debt	5,965	6,397	7,823	1,426
Total current liabilities	40,371	42,945	48,028	5,083
Long-term debt(including bonds)	7,471	6,318	6,227	(91)
Total long-term liabilities	10,130	9,216	9,384	168
Total liabilities	50,501	52,162	57,413	5,251
Common stock	8,682	8,682	8,682	0
Capital surplus	7,872	7,872	7,872	0
Retained earnings	14,874	17,426	18,767	1,341
Total shareholders' equity	31,425	33,976	35,317	1,341
Total net assets	31,064	33,745	35,097	1,352
Total liabilities and net assets	81,565	85,908	92,511	6,603

▶ Figures in the table are rounded down

▶ Change(¥) : End-FY4/13 2Q compared with end-FY4/12

Consolidated P/L (Progress rate)

The FY4/13 2Q results make progress for the FY4/13 full-year plan smoothly.

(¥ million)	FY4/12 results	FY4/13 plan	YoY change	YoY change (%)	FY4/13 2Q results	Vs full-year plan (%)
Net sales	142,790	157,500	14,710	110.3	75,090	47.7
Gross profit	23,093	25,890	2,797	112.1	11,497	44.4
% of net sales	16.2	16.4			15.3	
SG&A expenses	12,839	14,380	1,541	112.0	7,287	50.7
% of net sales	9.0	9.1			9.7	
Operating income	10,253	11,510	1,257	112.3	4,209	36.6
% of net sales	7.2	7.3			5.6	
Ordinary income	10,547	11,630	1,083	110.3	4,454	38.3
% of net sales	7.4	7.4			5.9	
Net income	4,899	6,010	1,111	122.7	2,137	35.6
Net income per share(¥)	307.35	376.94	69.59	122.6	134.10	35.6

▶ Figures in the table are rounded down

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