Summary of Financial Statements for Fiscal Year Ended April 2011

May 30, 2011

Name of listed company:	**AIN PHARMACIEZ INC.**		
Exchange listed on:	First Section of Tokyo Stock Exchange and Sapporo Securities Exchange		
Code number:	9627	URL:	http://www.ainj.co.jp/
Representative:	Kiichi Otani, President and Representative Director		
Inquiries:	Hiromi Kato, Senior Managing Director and Chief Director of Administration, TEL: +81-11-783-0189		

Date of the ordinary general meeting of shareholders: July 28, 2011
Date of scheduled payment of dividends: July 29, 2011
Date of filing securities report: July 29, 2011
Supplementary documents for this summary of financial statements: Yes
Explanation meeting for financial results: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen.)

1. Consolidated results for the fiscal year ended April 2011 (from May 1, 2010 to April 30, 2011)

(1) Consolidated operating results

(Percentage figures show year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended April 30, 2011	129,387	3.1	8,107	24.9	8,210	29.0	3,916	25.1
Year ended April 30, 2010	125,495	8.8	6,492	22.6	6,362	26.2	3,131	47.2

(Note) Comprehensive income: Year ended April 30, 2011: ¥3,822 million (17.0%)
Year ended April 30, 2010: ¥3,265 million (— %)

	Net income per share	Diluted net income per share	Return on shareholders' equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Year ended April 30, 2011	255.67	—	15.4	11.5	6.3
Year ended April 30, 2010	228.08	227.94	16.7	9.9	5.2

(Reference) Equity in earnings of affiliates: Year ended April 30, 2011: ¥ — million, Year ended April 30, 2010: ¥ — million

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of April 30, 2011	76,940	29,498	38.3	1,847.46
As of April 30, 2010	65,898	21,492	32.5	1,520.81

(Reference) Equity capital: As of April 30, 2011: ¥29,450 million, April 30, 2010: ¥21,445 million

(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 year
	Million yen	Million yen	Million yen	Million yen
Year ended April 30, 2011	7,627	(3,881)	463	15,397
Year ended April 30, 2010	6,428	(2,700)	(1,773)	11,188

2. Dividends

	Dividends per share					Total dividends (annual)	Dividends payout ratio (consolidated)	Dividends on net assets (consolidated)
(Record date)	1Q-end	2Q-end	3Q-end	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended April 30, 2010	—	0.00	—	40.00	40.00	564	17.5	2.9
Year ended April 30, 2011	—	0.00	—	45.00	45.00	717	17.6	2.7
Year ending April 30, 2012 (forecast)	—	0.00	—	50.00	50.00		16.4	

(Note) Year-end dividend per share for the year ended April 30, 2010 includes commemorative dividend of ¥5.00.

3. Consolidated financial forecast for the fiscal year ending April 30, 2012 (from May 1, 2011 to April 30, 2012)

(Percentage figures show 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
First half	68,000	10.0	4,080	19.4	4,010	15.6	1,970	16.1	123.56
Full year	143,000	10.5	9,670	19.3	9,500	15.7	4,850	23.8	304.19

4. Other

(1) Major changes in subsidiaries during the fiscal year (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Changes in accounting principles, procedures and presentation methods used in preparation of the consolidated financial statements

1) Changes as a result of revisions of accounting standards: Yes

2) Changes other than 1): None

(3) Number of outstanding shares (common stock)

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

As of April 30, 2011: 15,944,106 shares

As of April 30, 2010: 14,104,106 shares

2) Number of shares held in treasury at the end of the fiscal year:

As of April 30, 2011: 3,102 shares

As of April 30, 2010: 2,942 shares

3) Average number of shares during the period:

Fiscal year ended April 30, 2011: 15,320,242 shares

Fiscal year ended April 30, 2010: 13,728,534 shares

*Status of execution of the audit procedures of financial statements:

The procedure for the review of the financial statements under the Financial Instruments and Exchange Act was not complete at the moment of disclosing this summary.

*Statement regarding the proper use of financial forecasts and other special remarks

The above forecasts are calculated based on the information available as of the publication date of this material, and actual financial results may vary due to change in future economic conditions and others.

Contents

1. Operating results

(1) Analysis of operating results

During the fiscal year under review, the Japanese economy saw production and personal consumption pick up, led by improving corporate earnings. In the aftermath of the Great East Japan Earthquake and amid electricity supply restrictions, production activity slackened and exports weakened, giving rise to concerns over a slowdown in the economic recovery.

Against this economic background, the AIN PHARMACIES Group (the Group) aggressively expanded its dispensing pharmacy and urban drug and cosmetic store business through new store openings and M&As. The Group also focused on enhancing its profitability, in particular by consolidating indirect operations across the Group companies and by harnessing economies of scale.

For the purpose of further expanding its business operations, the Company increased its capital through a pubic offering and private placement of new shares of a total amount of ¥4.7 billion, pursuant to a resolution by its Board of Directors in August 2010, thereby strengthening the Group's financial structure.

In terms of operating results for the fiscal year under review, through the opening of new dispensing pharmacies and urban drug and cosmetic stores as well as the implementation of M&A deals in the dispensing pharmacy business, we achieved the highest records both in sales and profits with the net sales of ¥129,387 million (3.1% up year-on-year), ordinary income of ¥8,210 million (29.0% up year-on-year), and net income of ¥3,916 million (25.1% up year-on-year). The Group's total number of dispensing pharmacies and drugstores reached 501 at the end of the fiscal year.

The Group had 115 dispensing pharmacies in the Tohoku region and in Ibaraki Prefecture and one drugstore in Sendai City that were operating on the day the Great East Japan Earthquake struck.

We promptly carried out recovery work at these stores. With the exception of one store that was damaged by the tsunami and three stores located within the areas placed under special alert or to which evacuation orders were issued following the Fukushima nuclear accident, all these stores stayed operational or came back into operation within three weeks. As a result, we recorded ¥59 million in extraordinary losses as recognition of damage resulting from the disaster, including inventory and fixed asset losses, repair and other restoration expenses (including allowances), and one-time expenses required for business continuity and other reasons.

Performance by business segment was as follows.

(Dispensing pharmacy business)

The dispensing pharmacy business reported increases in sales and profits. Although sales at existing dispensing pharmacies decreased year on year affected by the revisions to the official drug prices and prescription dispensing fees in April 2010, factors such as business expansion through new store openings and M&As, promotions to increase the use of generic drugs, and the streamlining of dispensing pharmacy operations contributed to the favorable operating results.

As for the generic drugs, each dispensing pharmacy endeavored actively to promote the greater use of generic drugs through communication with patients.

The percentage technical fees for dispensing pharmacists improved as a result of earning an additional points in reward for improved amount of generic drugs dispensed. In addition, WHOLESALE STARS Co., Ltd., a wholesaling subsidiary that specializes in generic drugs, performed well. These two factors also boosted segment sales and profits.

As we are currently in the midst of a transitional phase because of the change to a six-year curriculum in pharmaceutical education at colleges, we have hired almost no new graduates as pharmacists during April 2010 and in April 2011. Accordingly, personnel divisions across the Group have joined forces and are now undertaking activities on a national scale to ensure the hiring of a large number of new graduates as pharmacists in April 2012.

The Group consolidated six dispensing pharmacy business operators as subsidiaries during the third quarter after giving careful consideration to the potential return on investment in M&As. This added a total of 33 new dispensing pharmacies to the Group.

Within the Group, the Company (surviving company) merged with MEDICAL HEARTLAND Co., Ltd. (Yamagata City) on April 1, 2011, and Asahi Pharmacy Co., Ltd. (Tokyo, surviving company) merged with Saitama Chozai Co., Ltd. (Tokyo) on the same day. All of these consolidations were designed to reduce head-office costs and other administrative expenses.

In the fiscal year under review, we opened 53 stores, including those added through the above-noted M&As, and closed 5 stores, bringing the total number of dispensing pharmacies to 448 (including those stores temporarily closed following the Great East Japan Earthquake and the Fukushima nuclear accident, and franchise stores). This segment posted net sales of ¥114,354 million (2.5% up year on year) and segment income of ¥10,209 million (20.2% up year on year).

(Drug and cosmetic store business)

Personal consumption as a whole remained on the recovery path, but the drugstore industry continued to face a very challenging business climate. Competition for store openings and prices intensified, as a result of the entry into the pharmaceutical retail market of players from outside the industry, and also due to M&As and alliances among peers within the industry.

In its drug and cosmetic store business, the Group operates *ainz & tulpe* urban drug and cosmetic stores and *tulpe* cosmetic specialty stores, which sell a wide range of cosmetics and other beauty products. Employing various concepts in tune with the latest fashions, the Group is continuing to open stores at roadsides and in station buildings and large commercial facilities in the centers of major cities across the country.

The Group is working on opening new *ainz & tulpe* and *tulpe* stores to expand sales. In addition, the Group has been strategically restructuring its merchandise mixes, reviewing expenses, and improving operational techniques to ensure profitability.

In order to enhance customer convenience, the Company sought to bolster sales efforts, especially in drug (pharmaceutical) sections, which are the driver of the segment business in tandem with their cosmetic (beauty) sections. We embarked on a review of product mixes and renovating sales spaces for drugs.

Our experiment with the renovation of six stores during the fiscal year confirmed the effectiveness of having an enhanced drug section in revitalizing and improving the profitability of the entire store, including its cosmetic products section. Accordingly, we intend to go ahead with similar initiatives at other stores.

In the fiscal year under review, we opened 6 new stores in total, including ODORI BISSE store (Chuo ward, Sapporo city) and Tokyo Station store (Chiyoda ward, Tokyo) and other 3 *ainz & tulpe* stores and 1 *tulpe* store while closing 2 small stores. The total number of drug and cosmetic stores including a subsidiary AIN MEDIO Inc. was 53.

The Ainz Point Club Card, an indicator of the number of customers, has more than 2.38 million members, up

360 thousand members from the year-ago period.

Sales at existing stores did not exceed the previous year's level, in particular because the increase in sales of new influenza-related products in the previous year could not be replicated elsewhere and because consumers refrained from purchasing high-priced products. However, buoyed by sales from new stores, this segment posted net sales of ¥14,821 million (8.8% up year on year) and a segment loss of ¥207 million (a loss of ¥398 million in the previous fiscal year).

(Other businesses)

Net sales of other businesses were ¥211 million (22.6% down year on year) and segment loss was ¥78 million (a loss of ¥68 million for the previous fiscal year).

For the next fiscal year, we will achieve our goal of opening around 50 stores in total, including dispensing pharmacies and urban drug and cosmetic stores, in our continued pursuit of expanding the Group's operational scale. For this purpose, we will reinforce our business development division both in the dispensing pharmacy and drug and cosmetic store businesses.

At the same time, we will enhance our profitability by harnessing economies of scale, streamlining our business operations through cooperation between Group companies, and by promoting the use of generic drugs. We will also intensify sales/marketing efforts and improve operational processes in the drug and cosmetic store business.

With these measures, the Group's performance for the next fiscal year is expected to be the highest ever both in sales and profits with the net sales of ¥143,000 million (10.5% up year on year), ordinary income of ¥9,500 million (15.7% up year-on-year), and net income of ¥4,850 million (23.8% up year-on-year).

(2) Analysis of financial position

1) Assets, liabilities and net assets

Consolidated current assets at the end of the fiscal year under review increased by ¥6,790 million to ¥38,032 million compared to ¥31,242 million at the end of the previous fiscal year.

This was the result of efforts to improve liquidity on hand to provide funding flexibility for more than 50 store openings per year and for M&As, and represented an increase in cash on hand and in banks to ¥15,437 million (¥4,249 million up year on year). In addition, the expansion in the number of dispensing pharmacies and drug and cosmetic stores has resulted in an increase in notes and accounts receivable to ¥10,247 million (¥978 million up year on year) and merchandise and supplies to ¥8,375 million (¥1,437 million up year on year).

Consolidated fixed assets at the end of the fiscal year under review increased by ¥4,229 million to ¥38,871 million compared to ¥34,642 million at the end of the previous fiscal year.

This is mainly because of the increase in property, plant and equipment to ¥13,451 million (¥940 million up year on year) reflecting investments related to new store openings and fixed assets of consolidated subsidiaries acquired through M&As, and of the increase in goodwill to ¥13,867 million (¥1,712 million up year on year).

Liabilities increased by ¥3,034 million to ¥47,441 million compared to ¥44,406 million at the end of the previous year.

The primary cause of this was that accrued income taxes increased to ¥2,421 million (¥712 million up year on year) and deposits received increased to ¥6,722 million (¥3,686 million up year on year) as a result of the group-wide consolidation of schemes to liquidate dispensing fees receivable.

Interest-bearing debts reflected a decrease in the balance of short-term debts to ¥5,883 million (¥666 million down year on year) and a decrease in the balance of long-term debts to ¥7,147 million (¥1,279 million down year on year). It also reflected a new addition to corporate bonds, of ¥184 million, which was stemmed from newly consolidated subsidiaries.

As a result of the above, the balance of current liabilities increased by ¥3,476 million from the previous year-end balance of ¥34,140 million to ¥37,616 million, and the balance of long-term liabilities decreased by ¥441 million from the previous year-end balance of ¥10,266 million to ¥9,824 million.

Net assets increased by ¥8,006 million to ¥29,498 million compared to ¥21,492 million at the end of the previous fiscal year.

This was because the issuance of new shares through public offering and private placement increased the common stock to ¥8,682 million (¥2,374 million up year on year) and the capital surplus to ¥7,872 million (¥2,374 million up year on year) while the balance of retained earnings rose to ¥13,227 million (¥3,352 million up year on year) due to the growth of retained earnings in the fiscal year.

Net unrealized losses on available-for-sale securities totaled ¥327 million.

As a result of the above factors, shareholders' equity ratio was 38.3%, compared with 32.5% at the end of the previous fiscal year.

2) Cash flows

During the fiscal year under review, consolidated cash and cash equivalents (hereinafter "cash") increased by 37.6%, or ¥4,209 million from the previous fiscal year to ¥15,397 million. This is due to increases made in operating cash flow for business expansion, investments undertaken focusing on new store openings and M&As, and improvements to the Group's financial structure, and better liquidity.

Cash flows from each category and their relevant factors are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥7,627 million (18.6% up year on year).

The main factors generating inflow were income before income taxes and minority interests of ¥7,644 million, depreciation and amortization of ¥1,560 million, and amortization of goodwill of ¥973 million. This increase was attributable to the higher profit resulting from new store openings and M&As.

The main factors generating outflow were the increase of ¥1,130 million in inventories and ¥3,365 million in income and other taxes paid.

(Cash flows from investing activities)

Net cash used in investing activities was ¥3,881 million (43.7% up year on year)

This reflects the payments of ¥1,554 million for the purchase of fixed assets associated with new store openings and renovations, etc. of urban drug and cosmetic stores and dispensing pharmacies, and of ¥1,635 million for the purchase of subsidiaries' shares resulting in changes in the scope of consolidation associated with purchases of shares in subsidiaries acquired through M&As. The investments relating to the foregoing were funded by internal sources and by proceeds raised by the issuance of new shares pursuant to a resolution by the Board of Directors on August 4, 2009 and on August 17, 2010.

(Cash flows from financing activities)

Net cash used in financing activities was ¥463 million (outflow of ¥1,773 million in the previous fiscal year).

This was mainly because of an inflow of ¥4,720 million attributable to the issuance of new shares through public offering and private placement.

In terms of interest-bearing debts, the following net figures for borrowings and repayments are reflected in the results: ¥1,153 million repaid for short-term borrowings, ¥2,283 million repaid for long-term borrowings.

There was also an outflow of ¥564 million in dividends paid.

Changes in the Group's cash flow indicators are shown below.

	Year ended April 30, 2008	Year ended April 30, 2009	Year ended April 30, 2010	Year ended April 30, 2011
Shareholders' equity ratio (%)	20.9	25.9	32.5	38.3
Equity ratio based on market value (%)	29.4	30.6	62.5	64.5
Debt redemption term (years)	2.2	4.3	2.3	1.7
Interest coverage ratio (times)	23.2	12.0	22.1	31.4

(Notes) Shareholders' equity ratio = Equity capital / total assets
Equity ratio based on market value = market capitalization / total assets
Debt redemption term = interest-bearing debt / operating cash flows
Interest coverage ratio = operating cash flows / interest paid

*All indicators are calculated based on consolidated financial data.

*Interest-bearing debt includes all liabilities recorded on the balance sheet on which interest is being paid.

*Operating cash flows and interest paid were calculated using the cash flows from operating activities and the interest paid on the consolidated statements of cash flows.

(3) Basic policies for profit distribution, and dividends for the current fiscal year and the next fiscal year

The Company considers the return of profits to shareholders as an important management issue. Our basic policy is to repay our investors proportionate to the profit we make, and to maintain these at stable levels.

Internal reserves are held to strengthen the corporate structure and in preparation for new store openings and future development of the business. We will make effective use of these funds to generate profits to be returned to shareholders in the future.

The Company's basic policy is to pay dividends from retained earnings once per year at the end of the fiscal year. The year-end dividend to be paid is determined at the ordinary general meeting of shareholders, and interim dividends are set at the Board of Directors' meeting. Further, the Company has stated in its Articles of Incorporation that "When approved by the Board of Directors' meeting, interim dividends may be paid based on a record date of 31st October each year."

Regarding dividends from retained earnings in the fiscal year under review, we plan to pay ¥45 per share, compared with ¥40 per share in total in the previous fiscal year (comprised of ¥35 per share as ordinary dividend and ¥5 per share as commemorative dividend for the Company's listing on the First Section of the Tokyo Stock Exchange).

In view of our profit forecasts, ordinary dividends from retained earnings for the following fiscal year are planned to be ¥50 per share, an increase of ¥5 from the previous term's ordinary dividends.

(4) Business and other risks

The following factors may affect the Group's operating results, stock price and financial position. Statements in the text referring to the future reflect the judgment of the Group at the end of the current fiscal year.

1) Laws and regulations

(i) Regulations under the Pharmaceutical Affairs Law and other laws

We operate dispensing pharmacy business under various permits, licenses, registrations and notifications including those set forth by the Pharmaceutical Affairs Law, the Health Insurance Law, and the Pharmacists Law, under the supervision of the Ministry of Health, Labour and Welfare, and of prefectural health and welfare departments. The drugstore business in our drug and cosmetic store business also involves drug sales, which are similarly regulated under the Pharmaceutical Affairs Law.

The main ones are as follows.

Approval, registration, appointment, license or notification	Term of validity	Related law or ordinance	Grantor
Permit to open a pharmacy	6 years	Pharmaceutical Affairs Law	Prefectural Governors
Insurance pharmacy certification	6 years	Health Insurance Law	Prefectural Social Insurance Bureau Heads
License to sell narcotic drugs	2 years	Narcotics and Psychotropics Control Law	Prefectural Governors
Notification of sales of medical equipment	Indefinite	Pharmaceutical Affairs Law	Prefectural Governors
Business selling highly controlled medical equipment	6 years	Pharmaceutical Affairs Law	Prefectural Governors
Medical product sales permit (Note)	6 years	Pharmaceutical Affairs Law	Prefectural Governors, etc.

(Note) Under Article 25 of the Pharmaceutical Affairs Law, medical product sales permits fall into the three categories: Store-based drug sellers, drug sellers by household distribution and drug sellers by wholesale distribution. The Group's drug and cosmetic store business has a permit for store-based drug sales under this law and also for the drug sellers with first-class license and drug retailers with second-class license categories from the previous law which is allowed under the "Law for Partial Revision of the Pharmaceuticals Affairs Law," (Law No. 69, June 14, 2006). If the Group becomes the subject of an order of revocation or suspension of business license by the competent authorities due to an act committed in the Group's dispensing pharmacy and drug and cosmetic store businesses, which constitutes a violation of law set forth in Paragraph 1, Article 75 of the Pharmaceutical Affairs Law, items in Article 80 of the Health Insurance Law, or Paragraph 1, Article 51 of the Narcotics and Psychotropic Control Law, the Group's performance may be affected.

(ii) Easing of drug sales regulations

Under the "Law for Partial Revision of the Pharmaceutical Affairs Law" (Law No. 69, June 14, 2006), which includes a review of the sales system for over-the-counter (OTC) drugs; OTC drugs are categorized into three groups by risk. It has thus possible to sell the two lower-risk categories of drugs as a "Registered Vendor," not requiring a pharmacist. Factors such as the entry into the market of firms from other industries as a result of a continuing trend in the future to deregulate drug sales may affect the Group's performance.

2) Details of business

In the Group's dispensing pharmacy business, we have a chain of dispensing pharmacies based on a scheme, in which pharmacies near hospital* to concentrate on the prescriptions from such medical institutions to secure demand.

As the dispensing pharmacy business accounted for 88.4% of net sales in the fiscal year under review, we plan to continue the multi-store operation mainly based on dispensing pharmacies. Accordingly, the Group's operating results may be affected by the success or failure of the store opening policies and by trends in store openings by competitors in the same industry.

Furthermore, sales of dispensing pharmacies significantly depend on the medical institutions that write prescriptions. Therefore, some hard-to-predict factors including the issuance of outside-the-hospital prescriptions by the medical institutions or suspension/discontinuation of operations thereof may affect the Group's performance.

*dispensing pharmacies located very near to medical institutions that mainly handle prescriptions from the facilities

3) Industry trends

The revenues in our dispensing pharmacy business come from pharmacy operations involving the dispensing and supplying of dispensing drugs based on prescriptions. The drug prices and dispensing fees are set by the Ministry of Health, Labour and Welfare. As a way to contract medical expenses, both medical treatment fees and drug prices are being revised incrementally. In the future as well, changes in profit structure resulting from factors such as revisions in the medical treatment fee system could continue to affect the Group's performance and financial position.

4) Retention of qualified staff

Dispensing pharmacies and drugstores (Stores for Category 1 Drugs) are required by the Pharmaceutical Affairs Law to have a pharmacist on site; the Pharmacists Law stipulates that the dispensing of drugs must be handled by a pharmacist. The Group continues to have a policy of expansion by aggressively opening new stores, but if it becomes difficult to secure qualified pharmacists, this could affect our store openings and the Group's performance.

5) Risks of loss of trust in the Company

(i) Dispensing operation

In our dispensing pharmacy business, pharmacists dispense and supply prescription drugs that affect the human body. This business carries the risk that medical accidents might be caused through errors in dispensing drugs.

The Group recognizes that any medical accidents could have a severely damaging effect on society's confidence in the Group, and we place the highest priority on measures to avoid the risk from all aspects.

Primary risk prevention measures are as follows.

- Training programs for new hires, including a three-month training program for newly-graduated pharmacists and programs for mid-career pharmacists
- A continuing training program aimed at improving skills of pharmacists
- Pharmacy manager conferences attended by all pharmacy managers, to nurture supervisors
- Development of a drug dispensing error prevention system (PhAIN) using Personal Digital Assistants (PDAs). Development and introduction of pharmacy equipment that make use of information technology, such as the automation of dispensing operations.
- Use of in-house manuals for the dispensing operation and a system of observing rules set by the

Internal Audit Office

- Establishment of a Safety Policy Office specializing in measures to prevent dispensing errors

(ii) Protection of personal data

We possess patient data in the dispensing pharmacy business, including medical histories and prescription information, and we possess personal data in the drug and cosmetic store business obtained from the Ainz Point Club Card.

The Group has completed development of personal information protection systems and rules for the handling of such information. The Company acquired the Privacy Mark accreditation in the healthcare, medical and social service fields.

However, we believe it is possible that any accidental or illegal leakage of personal data may not only affect the Group's performance but also lead to a loss of society's confidence in the Group.

6) Risk in business strategy

We have promoted the expansion of the business scale of dispensing pharmacies through actively promoting new store openings and M&A.

Our basic policies regarding M&A strategy require us to carefully examine target companies and determine the amount to be paid for acquisitions thereof in order to stably secure a profitability level that exceeds the amortization of goodwill to be incurred. If matters do not go as planned, however, we may incur loss on valuation of shares in subsidiaries and impairment loss on goodwill, which may have an adverse impact on the Group's operating results and financial position.

7) Risk of financial fluctuation

In the Group's promotion of business expansion based on actively promoting new store openings and M&A, costs for ordinary store openings are covered by its own resources within the range of operating cash flow, while in large-scale M&A, costs are partially financed by borrowings from financial institutions.

To flexibly respond to these capital needs, the Group improved liquidity on hand through such means as increasing our capital through a public offering. As of the end of the current fiscal year, the balance of cash on hand in banks of ¥15,437 million, while the balance of interest-bearing debts of the Group was ¥13,214 million.

We focus on possibility of return on investment and seek to reduce interest-bearing debts through efficient investment in implementing M&A deals. However, if the Group fails to secure an adequate return on its M&A investment, or due to interest rate fluctuations associated with conditions in financial market, the Group's financial position and operating results including interest payable may be affected.

2. State of the Group

The Group consists of AIN PHARMACIEZ Inc. (the Company), 18 subsidiaries and 3 affiliated companies.

(1) Dispensing pharmacy business

The Company operates and franchises dispensing pharmacies, and engages in consulting on the opening of dispensing pharmacies.

The subsidiaries AIN MEDICAL SYSTEMS Inc., AIN MEDIO Inc., MEDICAL HEARTLAND Co., Ltd., DAICHIKU Co., Ltd., Asahi Pharmacy Co., Ltd., Saitama Chozai Co., Ltd. and seven other subsidiaries operate dispensing pharmacies.

Subsidiary MEDIWEL Corp. is a medical-related consulting business and is engaged in staff dispatching and introduction, primarily of doctors and pharmacists, subsidiary United Healthcare Corporation is engaged in a medical-related consulting business, and subsidiary WHOLESALE STARS Co., Ltd. sells generic drugs, etc.

Also, MEDICAL HEARTLAND Co., Ltd. became a defunct company following its merger with the Company as of April 1, 2011. Saitama Chozai Co., Ltd. became a defunct company following its merger with Asahi Pharmacy Co., Ltd. as of April 1, 2011.

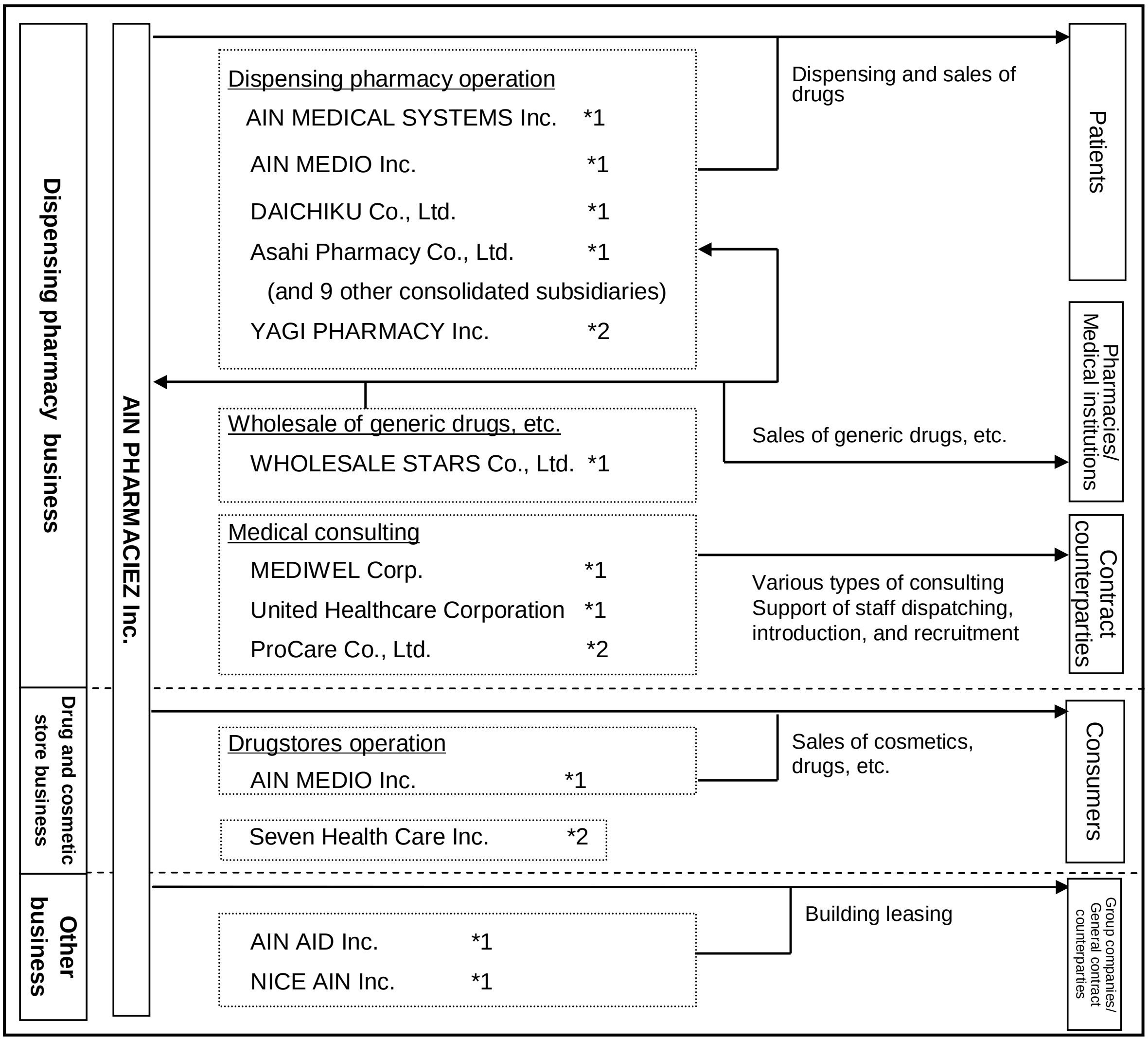
(2) Drug and cosmetic store business

The Company and AIN MEDIO Inc. engages in the management of drugstores (sales of drugs, quasi-drugs, cosmetics, food, general merchandise, etc.), and in consulting on the opening of shopping centers.

(3) Other businesses

The Company and subsidiaries of AIN AID Inc. and NICE AIN Inc. are in the building leasing business.

An organization chart of the business is as follows.



(Notes) *1 consolidated subsidiary *2 affiliated company not accounted under the equity method

3. Management policies

(1) Basic management policies of the Company

(2) Target management indicators

(3) The Group's medium- to long-term management strategies

(4) Issues to be addressed

Disclosure of explanations regarding the above matters is omitted since there is no significant change from Summary of Financial Statements for Fiscal Year Ended April 2010 (as of June 3, 2010).

The details can be checked on the website below;

(AIN PHARMACIEZ, Inc.)

http://www.ainj.co.jp/

(Tokyo Stock Exchange: Listed company search)

http://www.tse.or.jp/lsting/compsearch/index.html

4. Consolidated financial statements

(1) Consolidated balance sheets

(Thousand yen)

	Previous fiscal year (As of April 30, 2010)	Current fiscal year (As of April 30, 2011)
Assets		
Current assets		
Cash on hand and in banks	11,188,462	15,437,879
Notes and accounts receivable	9,269,803	10,247,872
Merchandise	6,841,202	8,268,413
Supplies	96,821	107,455
Deferred tax assets	723,032	928,606
Short-term loans	892,880	235,400
Other accounts receivable	1,404,247	2,036,824
Other current assets	850,723	898,265
Allowance for doubtful accounts	(24,957)	(127,879)
Total current assets	31,242,215	38,032,838
Fixed assets		
Property, plant and equipment		
Buildings and structures	10,382,023	12,128,606
Accumulated depreciation	(4,388,578)	(5,672,056)
Buildings and structures, net	5,993,445	6,456,550
Land	5,001,721	5,420,785
Construction in progress	315,331	235,672
Other property, plant and equipment	3,139,820	3,762,454
Accumulated depreciation	(1,939,520)	(2,424,084)
Other property, plant and equipment, net	1,200,300	1,338,369
Total property, plant and equipment	12,510,799	13,451,378
Intangible fixed assets		
Goodwill	12,154,420	13,867,280
Other intangible fixed assets	923,368	960,649
Total intangible fixed assets	13,077,789	14,827,929
Investments and other assets		
Investments in securities	2,802,672	2,959,577
Deferred tax assets	995,611	1,233,263
Deposits and guarantees	4,462,540	4,990,283
Other investments and other assets	1,013,395	1,638,972
Allowance for doubtful accounts	(220,215)	(229,808)
Total investments and other assets	9,054,003	10,592,288
Total fixed assets	34,642,592	38,871,596
Deferred assets		
Stock issuance cost	14,042	35,750
Total deferred assets	14,042	35,750
Total assets	65,898,850	76,940,185

(Thousand yen)

	Previous fiscal year (As of April 30, 2010)	Current fiscal year (As of April 30, 2011)
Liabilities		
Current liabilities		
Accounts payable	19,666,791	19,706,886
Short-term debt	6,549,284	5,883,188
Accrued income taxes	1,709,338	2,421,980
Deposits received	3,036,027	6,722,371
Allowance for bonuses to employees	875,171	948,021
Allowance for bonuses to directors	21,072	9,375
Reserve for reward obligations	297,728	313,371
Reserve for loss on disaster	—	11,000
Other current liabilities	1,984,635	1,600,266
Total current liabilities	34,140,049	37,616,460
Long-term liabilities		
Long-term debt	8,427,212	7,147,773
Bonds	—	184,000
Allowance for retirement benefits	1,017,997	1,270,319
Other long-term liabilities	821,540	1,222,684
Total long-term liabilities	10,266,750	9,824,778
Total liabilities	44,406,799	47,441,238
Net assets		
Shareholders’ equity		
Common stock	6,308,456	8,682,976
Capital surplus	5,498,450	7,872,970
Retained earnings	9,874,264	13,227,209
Treasury stock	(4,445)	(4,918)
Total shareholders’ equity	21,676,725	29,778,237
Accumulated other comprehensive income		
Unrealized holding losses on securities	(231,603)	(327,875)
Total accumulated other comprehensive income	(231,603)	(327,875)
Minority interests	46,929	48,584
Total net assets	21,492,051	29,498,946
Total liabilities and net assets	65,898,850	76,940,185

(2) Consolidated statements of income and comprehensive income

Consolidated statements of income

(Thousand yen)

	Previous fiscal year (From May 1, 2009 to April 30, 2010	Current fiscal year (From May 1, 2010 to April 30, 2011)
Net sales	125,495,820	129,387,173
Cost of sales	108,258,533	109,297,522
Gross profit	17,237,287	20,089,651
Selling, general and administrative expenses		
Advertising expenses	502,644	582,369
Promotion expenses	181,727	190,167
Salaries, allowances and bonuses	2,845,686	3,156,618
Provision for doubtful accounts	21,692	10,448
Provision for bonuses	145,750	159,991
Provision for directors’ bonuses	20,572	9,375
Provision for retirement benefits	57,206	69,395
Provision for reward obligations	297,728	313,371
Legal and employee benefits expenses	534,727	626,155
Correspondence and transportation expenses	393,990	449,216
Lease expenses	245,707	215,917
Rent expenses	1,761,534	2,086,666
Depreciation expenses	367,751	433,218
Amortization of goodwill	781,232	874,105
Taxes	378,959	443,123
Other	2,207,683	2,361,838
Total selling, general and administrative expenses	10,744,597	11,981,978
Operating income	6,492,689	8,107,672
Non-operating income		
Interest income	52,437	54,972
Dividend income	18,540	34,300
Commissions received	81,926	52,182
Real estate rental revenue	69,013	85,746
Gain on donation of fixed assets	16,954	20,304
Consignment income	47,522	89,517
Other non-operating income	62,309	248,754
Total non-operating income	348,705	585,777
Non-operating expenses		
Interest expenses	289,681	240,037
Loss on sales of accounts receivables	81,526	67,831
Loss on funds managed in investment partnerships	22,193	7,804
Real estate rental expenses	33,366	48,718
Other non-operating expenses	52,150	118,763
Total non-operating expenses	478,918	483,154
Ordinary income	6,362,477	8,210,295

(Thousand yen)

	Previous fiscal year (From May 1, 2009 to April 30, 2010)	Current fiscal year (From May 1, 2010 to April 30, 2011)
Extraordinary income		
Gain on sales of fixed assets	—	1,306
Gain on sales of investments in securities	71,079	45,112
Gain on transfer of business	—	19,047
Reversal of allowance for doubtful accounts	6,887	13,005
State subsidy	10,176	38,696
Other extraordinary income	566	13,402
Total extraordinary income	88,709	130,571
Extraordinary losses		
Loss on disposal and sales of fixed assets	42,793	134,493
Loss on sales of investments in securities	1,042	3,199
Loss on devaluation of investments in securities	55,891	27,651
Impairment losses	195,958	232,209
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	160,596
Loss on disaster	—	59,747
Other extraordinary losses	50,288	78,256
Total extraordinary losses	345,974	696,153
Income before income taxes and minority interests	6,105,212	7,644,713
Income and other taxes – current	3,157,284	4,038,658
Income taxes – deferred	(192,860)	(312,591)
Total income taxes	2,964,424	3,726,067
Income before minority interests	—	3,918,646
Minority interests	9,571	1,654
Net income	3,131,216	3,916,991

Consolidated statements of comprehensive income

(Thousand yen)

	Previous fiscal year (From May 1, 2009 to April 30, 2010	Current fiscal year (From May 1, 2010 to April 30, 2011)
Income before minority interests	—	3,918,646
Other comprehensive income		
Unrealized holding losses on securities	—	(96,272)
Total other comprehensive income	—	(96,272)
Comprehensive income	—	3,822,373
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	—	3,820,719
Comprehensive income attributable to minority interests	—	1,654

(3) Consolidated statements of changes in net assets

(Thousand yen)

	Previous fiscal year (From May 1, 2009 to April 30, 2010)	Current fiscal year (From May 1, 2010 to April 30, 2011)
Shareholders' equity		
Common stock		
Balance at the end of previous fiscal year	5,057,046	6,308,456
Changes in the fiscal year		
Issuance of new shares	1,251,410	2,374,520
Total changes for the fiscal year	1,251,410	2,374,520
Balance at the end of current fiscal year	6,308,456	8,682,976
Capital surplus		
Balance at the end of previous fiscal year	4,247,040	5,498,450
Changes in the fiscal year		
Issuance of new shares	1,251,410	2,374,520
Total changes for the fiscal year	1,251,410	2,374,520
Balance at the end of current fiscal year	5,498,450	7,872,970
Retained earnings		
Balance at the end of previous fiscal year	7,127,988	9,874,264
Changes in the fiscal year		
Dividends from retained earnings	(384,941)	(564,046)
Net income	3,131,216	3,916,991
Total changes for the fiscal year	2,746,275	3,352,944
Balance at the end of current fiscal year	9,874,264	13,227,209
Treasury stock		
Balance at the end of previous fiscal year	(3,912)	(4,445)
Changes in the fiscal year		
Acquisition of treasury stock	(533)	(472)
Total change for the fiscal year	(533)	(472)
Balance at the end of current fiscal year	(4,445)	(4,918)
Total shareholders' equity		
Balance at the end of previous fiscal year	16,428,163	21,676,725
Changes in the fiscal year		
Issuance of new shares	2,502,820	4,749,040
Dividends from retained earnings	(384,941)	(564,046)
Net income	3,131,216	3,916,991
Acquisition of treasury stock	(533)	(472)
Total changes for the fiscal year	5,248,561	8,101,512
Balance at the end of current fiscal year	21,676,725	29,778,237

(Thousand yen)

	Previous fiscal year (From May 1, 2009 to April 30, 2010)	Current fiscal year (From May 1, 2010 to April 30, 2011)
Accumulated other comprehensive income		
Unrealized holding gains (losses) on securities		
Balance at the end of previous fiscal year	(356,413)	(231,603)
Changes in the fiscal year		
Net change in non-shareholders' equity items for the fiscal year	124,810	(96,272)
Total changes for the fiscal year	124,810	(96,272)
Balance at the end of current fiscal year	(231,603)	(327,875)
Total accumulated other comprehensive income		
Balance at the end of previous fiscal year	(356,413)	(231,603)
Changes in the fiscal year		
Net change in non-shareholders' equity items for the fiscal year	124,810	(96,272)
Total changes for the fiscal year	124,810	(96,272)
Balance at the end of current fiscal year	(231,603)	(327,875)
Minority interests		
Balance at the end of previous fiscal year	37,357	46,929
Changes in the fiscal year		
Net change in non-shareholders' equity items for the fiscal year	9,571	1,654
Total changes for the fiscal year	9,571	1,654
Balance at the end of current fiscal year	46,929	48,584
Total net assets		
Balance at the end of previous fiscal year	16,109,107	21,492,051
Changes in the fiscal year		
Issuance of new shares	2,502,820	4,749,040
Dividends from retained earnings	(384,941)	(564,046)
Net income	3,131,216	3,916,991
Acquisition of treasury stock	(533)	(472)
Net change in non-shareholders' equity items for the fiscal year	134,381	(94,617)
Total changes for the fiscal year	5,382,943	8,006,894
Balance at the end of current fiscal year	21,492,051	29,498,946

(4) Consolidated statements of cash flows

(Thousand yen)

	Previous fiscal year (From May 1, 2009 to April 30, 2010)	Current fiscal year (From May 1, 2010 to April 30, 2011)
Cash flows from operating activities		
Income before income taxes and minority interests	6,105,212	7,644,713
Depreciation and amortization	1,286,507	1,560,690
Amortization of goodwill	878,643	973,679
Impairment losses	195,958	232,209
Loss on disaster	—	27,712
Loss on devaluation of investments in securities	55,891	27,651
Decrease in allowance for doubtful accounts	(35,473)	(12,424)
Increase in reserve for reward obligations	24,591	15,642
Increase in allowance for retirement benefits	154,886	192,979
Increase in allowance for bonuses to employees	75,154	33,577
Decrease in allowance for bonuses to directors	(22,042)	(11,697)
Increase in allowance for loss on disaster	—	11,000
Interest and dividend income	(70,978)	(89,272)
Interest expenses	289,681	240,037
Loss on investments in partnerships	22,193	7,804
Gain on donation of fixed assets	(16,954)	(20,304)
Gain on sales of investments in securities	(70,037)	(41,912)
Loss on disposal and sales of fixed assets	42,793	133,187
Gain on transfer of business	—	(19,047)
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	160,596
Increase in accounts receivable	(754,880)	(86,356)
Increase in inventories	(1,009,176)	(1,130,597)
Decrease in other assets	1,063,748	7,201
Increase in other accounts receivable	—	(505,511)
Increase (decrease) in accounts payable	954,184	(1,169,077)
Increase in other liabilities	194,680	2,963,490
Subtotal	9,364,584	11,145,971
Interest and dividends received	67,059	89,574
Interest paid	(291,097)	(243,269)
Income taxes paid	(2,712,083)	(3,365,177)
Net cash provided by operating activities	6,428,462	7,627,098

(Thousand yen)

	Previous fiscal year (From May 1, 2009 to April 30, 2010)	Current fiscal year (From May 1, 2010 to April 30, 2011)
Cash flows from investing activities		
Payments for purchases of property, plant and equipment	(1,151,540)	(1,237,377)
Proceeds from sales of property, plant and equipment	3,947	16,879
Proceeds from transfer of business	—	34,023
Payments for purchase of investments in securities	(392,163)	(182,160)
Proceeds from sales of investments in securities	109,525	53,676
Purchase of shares in affiliated companies	(270,000)	—
Purchase of subsidiaries' shares resulting in changes in scope of consolidation	(201,217)	(1,635,485)
Payments for loans receivable	(630,000)	(875,000)
Proceeds from collections of loans receivable	365,802	698,901
Payments for investments in capital	(210)	(3,100)
Proceeds from returns of investments in capital	890	3,030
Payments for purchase of intangible fixed assets	(455,338)	(317,204)
Decrease (increase) in other investments	(80,403)	(475,907)
Proceeds from withdrawal of time deposits	—	45,140
Payments for time deposits	—	(6,942)
Net cash used in investing activities	(2,700,707)	(3,881,526)
Cash flows from financing activities		
Proceeds from short-term debts	2,032,307	2,940,048
Repayments for short-term debts	(3,122,307)	(4,093,941)
Proceeds from long-term debts	1,350,000	7,380,010
Repayments for long-term debts	(3,826,132)	(9,663,719)
Payments for redemption of bonds	(140,000)	(33,000)
Repayments of lease obligations	(166,134)	(221,442)
Proceeds from issuance of new shares	2,484,765	4,720,038
Payments for purchase of treasury stock	(533)	(472)
Cash dividends paid	(384,941)	(564,046)
Dividend payments to minority shareholders	(369)	(6)
Net cash provided by (used in) financing activities	(1,773,345)	463,469
Net increase in cash and cash equivalents	1,954,409	4,209,041
Cash and cash equivalents at beginning of the year	9,234,052	11,188,462
Cash and cash equivalents at end of the year	11,188,462	15,397,504

(Segment Information, etc.)

a. Segment information by business

Previous fiscal year (From May 1, 2009 to April 30, 2010) (Thousand yen)

	Dispensing pharmacy business	Drug and cosmetic store business	Other businesses	Total	Eliminations / Corporate	Consolidated
I. Net sales and operating income (loss)						
Net sales						
(1) Sales to external customers	111,602,971	13,619,760	273,088	125,495,820	－	125,495,820
(2) Inter-segment sales and transfers	－	6,000	18,747	24,747	(24,747)	－
Total	111,602,971	13,625,760	291,836	125,520,568	(24,747)	125,495,820
Operating expenses	103,272,159	14,119,354	368,741	117,760,255	1,242,875	119,003,130
Operating income (loss)	8,330,812	(493,594)	(76,904)	7,760,312	(1,267,623)	6,492,689
II. Assets, depreciation and capital investment						
Assets	56,643,343	7,192,814	1,155,175	64,991,332	907,517	65,898,850
Depreciation and amortization	998,832	202,758	14,708	1,216,300	24,243	1,240,543
Impairment losses	103,401	92,557	－	195,958	－	195,958
Capital investment	1,583,136	395,142	－	1,978,278	42,285	2,020,564

(Notes) 1. Business segmentation

Businesses are segmented based on the method adopted for internal management.

2. Individual business segments involve the following activities.

Dispensing pharmacy business: Management of dispensing pharmacies, franchise operation, consulting service for the opening of dispensing pharmacies

Drug and cosmetic store business: Sales of drugs, cosmetics and household groceries, franchise operation, consulting service for the opening of shopping centers, management of pharmacies

Other businesses: Real-estate leasing service

3. In terms of operating expenses, the unclassifiable operating expenses included in “Eliminations / Corporate” are mainly attributable to the expenses related to the administration unit such as general affairs and accounting departments in the parent company. These expenses for the previous and current fiscal years are as follows:

Previous fiscal year: ¥1,242,875 thousand

4. In terms of assets, the corporate assets included in “Eliminations / Corporate” are mainly attributable to the Company’s surplus funds (cash and securities), long-term investment funds (investments in securities), deferred tax assets and assets related to the administration unit. These assets for the previous and current fiscal years are as follows:

Previous fiscal year: ¥907, 517 thousand

5. Consumption taxes are not included in the figures indicated above.

b. Segment information by location

This is not applicable because the Company has no subsidiary or important branch office located in foreign countries.

c. Overseas sales

This is not applicable because the Company has no sales in foreign countries.

d. Segment information

Current fiscal year (From May 1, 2010 to April 30, 2011)

1. Description of the reportable segments

The Company’s reportable segments consist of those of its components for which it is possible to obtain separate financial information that is examined by its Board of Directors on a regular basis for the purpose of deciding on the allocation of corporate resources and assessing business performance.

The Group’s business comprises three units that together represent its main business units, namely, dispensing pharmacy business that consists of dispensing pharmacies, selling of generic drugs, temporary staff/recruiting and consulting services, and drug and cosmetic store business that consists of the management of urban, cosmetics and suburban drugstores, as well as other businesses that consist mainly of real-estate leasing services. The formulation and examination of business strategy is conducted individually for each business.

Accordingly, the reportable segments of the Group are composed of three units, namely, dispensing pharmacy business, drug and cosmetic store business and other businesses.

2. Methods to determine the amounts of net sales, income or loss, assets, liabilities, and other items by reportable segment

The methods used for accounting for the business segments reported are broadly similar to those described in the Basis for Preparing the Consolidated Financial Statements.

The income figures for the reportable segments are expressed at the ordinary income level. Inter-segment sales and transfers are based on prevailing market prices.

3. Information about sales, income / loss, assets and other items for each reportable segment

Previous fiscal year (May 1, 2009 to April 30, 2010)

(Thousand yen)

	Reportable segments				Adjustment (Note) 1	Carried on Statement of Income (Note) 2
	Dispensing pharmacy business	Drug and cosmetic store business	Other businesses	Total		
Net sales						
Sales to external customers	111,602,971	13,619,760	273,088	125,495,820	-	125,495,820
Intersegment sales and transfers	-	6,000	18,747	24,747	(24,747)	-
Total	111,602,971	13,625,760	291,836	125,520,568	(24,747)	125,495,820
Segment income (loss)	8,495,457	(398,989)	(68,290)	8,028,178	(1,665,700)	6,362,477
Segment assets	56,643,343	7,192,814	1,155,175	64,991,332	907,517	65,898,850
Other						
Depreciation and amortization	906,462	197,718	14,708	1,118,889	24,243	1,143,133
Amortization of goodwill	873,603	5,040	-	878,643	-	878,643
Impairment losses	103,401	92,557	-	195,958	-	195,958
Increase in property and equipment and intangible fixed assets	1,583,136	395,142	-	1,978,278	42,285	2,020,564

Notes: 1. Segment income (loss) in “Adjustment” totaling (¥1,665,700 thousand) includes ¥1,267,623 thousand in overall group expenses, ¥295,592 thousand in loss that may not be allocated to the reporting segments, and ¥102,485 thousand in elimination due to inter-segment transactions.

The overall group expenses consist mainly of expenses associated with the administrative divisions of the Company, such as general affairs and accounting divisions. The adjustment of ¥907,517,000 to the segment assets includes assets related primarily to the Company’s administration unit.

2. The segment income has been reconciled with the ordinary income that appears in the consolidated statements of income.

Fiscal year ended April 30, 2011 (May 1, 2010 to April 30, 2011) (Thousand yen)

	Reportable segments				Adjustment (Note) 1	Carried on Statement of Income (Note) 2
	Dispensing pharmacy business	Drug and cosmetic store business	Other businesses	Total		
Net sales						
Sales to external customers	114,354,299	14,821,407	211,466	129,387,173	-	129,387,173
Intersegment sales and transfers	-	30,719	18,747	49,467	(49,467)	-
Total	114,354,299	14,852,127	230,213	129,436,640	(49,467)	129,387,173
Segment income (loss)	10,209,549	(207,337)	(78,596)	9,923,615	(1,713,320)	8,210,295
Segment assets	67,116,243	6,881,157	1,162,189	75,159,590	1,780,594	76,940,185
Other						
Depreciation and amortization	1,108,308	222,299	15,068	1,345,676	28,264	1,373,941
Amortization of goodwill	968,639	5,040	-	973,679	-	973,679
Impairment losses	76,349	155,860	-	232,209	-	232,209
Increase in property and equipment and intangible fixed assets	1,487,810	403,981	131,956	2,023,748	55,399	2,079,148

Notes: 1. Segment income (loss) in “Adjustment” totaling (¥1,713,320 thousand) includes ¥1,356,742 thousand in overall group expenses, ¥243,061 thousand in loss that may not be allocated to the reporting segments, and ¥113,516 thousand in elimination due to inter-segment transactions.
The overall group expenses consist mainly of expenses associated with the administrative divisions of the parent company, such as general affairs and accounting divisions.
2. Segment income is adjusted with the ordinary income of consolidated income statements.

e. Related information

Current fiscal year (May 1, 2010 – April 30, 2011)

1. Information by service

This disclosure has been omitted because the same information is disclosed under Segment Information.

2. Information by region

(1) Net sales

This disclosure has been omitted because the Group had no sales to external customers outside Japan during the year.

(2) Property and equipment

This disclosure has been omitted because the Group had no property, plant and equipment located outside Japan at the balance sheet date.

f. Information regarding impairment loss of fixed assets for each reported segment

Current fiscal year (May 1, 2010 – April 30, 2011)

This disclosure has been omitted because the same information is disclosed under Segment Information.

g. Information about goodwill amortization amount and year-end balance for each reportable segment

Current fiscal year (May 1, 2010 – April 30, 2011)

(Thousand yen)

	Dispensing pharmacy business	Drug and cosmetic store business	Other businesses	Eliminations / Corporate	Total
Amortization of current fiscal year	968,639	5,040	-	-	973,679
Balance at the end of current fiscal year	13,852,160	15,120	-	-	13,867,280

h. Information about gains on negative goodwill for each reported segment

Current fiscal year (May 1, 2010 – April 30, 2011)

There are no applicable matters to be reported.

(Additional information)

Current fiscal year (May 1, 2010 – April 30, 2011)

Starting with the current fiscal year, “Accounting Standard for Disclosures about Segments of an Enterprise and Related information” (ASBJ Statement No. 17, issued on March 27, 2009) and “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20, issued on March 21, 2008) were applied.