Summary of Financial Statements for Fiscal Year Ended April 2012

May 30, 2012

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/
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Date of the ordinary general meeting of shareholders: July 27, 2012
Date of scheduled payment of dividends: July 30, 2012
Date of filing securities report: July 31, 2012
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 2012 (from May 1, 2011 to April 30, 2012)

(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, 2012	142,790	10.4	10,253	26.5	10,547	28.5	4,899	25.1
Year ended April 30, 2011	129,387	3.1	8,107	24.9	8,210	29.0	3,916	25.1

(Note) Comprehensive income: Year ended April 30, 2012: ¥4,947 million (+29.4%)
Year ended April 30, 2011: ¥3,822 million (+17.0%)

	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, 2012	307.35	—	15.5	13.0	7.2
Year ended April 30, 2011	255.67	—	15.4	11.5	6.3

(Reference) Equity in earnings of affiliates: Year ended April 30, 2012: ¥ － million, Year ended April 30, 2011: ¥ － 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, 2012	85,908	33,745	39.2	2,113.79
As of April 30, 2011	76,940	29,498	38.3	1,847.46

(Reference) Equity capital: As of April 30, 2012: ¥33,695 million, April 30, 2011: ¥29,450 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, 2012	11,679	(9,010)	(2,131)	15,935
Year ended April 30, 2011	7,627	(3,881)	463	15,397

2. Dividends

	Dividends per share					Total dividends (annual)	Dividends payout ratio (consolidated)	Dividends on net assets (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended April 30, 2011	—	0.00	—	45.00	45.00	717	17.6	2.7
Year ended April 30, 2012	—	0.00	—	50.00	50.00	797	16.3	2.5
Year ending April 30, 2013 (forecast)	—	0.00	—	60.00	60.00		15.9	

3. Consolidated financial forecast for the fiscal year ending April 30, 2013 (from May 1, 2012 to April 30, 2013)

(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	76,350	10.9	4,890	2.3	4,950	1.6	2,480	4.9	155.54
Full year	157,500	10.3	11,510	12.3	11,630	10.3	6,010	22.7	376.94

* Notes

(1) Major changes in subsidiaries during the fiscal year (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Changes in accounting principles, changes in accounting estimates, and restatement of revisions

1) Changes in accounting principles as a result of revisions to accounting standards, etc.: No
2) Changes in accounting principles other than 1): No
3) Changes in accounting estimates: No
4) Restatement of revisions: No

(3) Number of outstanding shares (common stock):

1) Number of outstanding shares (including treasury stock):	As of April 30, 2012	15,944,106 shares	As of April 30, 2011	15,944,106 shares
2) Number of shares held in treasury:	As of April 30, 2012	3,316 shares	As of April 30, 2011	3,102 shares
3) Average number of shares outstanding:	Fiscal year ended April 30, 2012	15,940,880 shares	Fiscal year ended April 30, 2011	15,320,242 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 ended April 30, 2012, the Japanese economy showed signs of a moderate pickup owing to a steady recovery from the Great East Japan Earthquake and upward trends in consumer spending, production activity and capital expenditure. However, there were lingering concerns about deterioration in the global economy due to the ongoing sovereign debt crisis in Europe and high crude oil prices, and a slowdown in domestic production due to power shortages.

In this economic environment, the AIN PHARMACIEZ Group (the Group) opened new stores and made effective use of M&A to aggressively expand its dispensing pharmacy and urban drug and cosmetic store businesses. It also reorganized the Group’s operating framework to boost the efficiency of store management and integrate administrative functions. This reorganization included absorbing or merging the businesses of six subsidiaries across Japan into AIN PHARMACIEZ INC. and core subsidiaries in each region.

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 ¥142,790 million (up 10.4% year on year), ordinary income of ¥10,547 million (up 28.5% year on year), and net income of ¥4,899 million (up 25.1% year on year). The Group’s total number of dispensing pharmacies and drug and cosmetic stores reached 550 at the end of the fiscal year.

Performance by business segment was as follows.

(Dispensing pharmacy business)

The dispensing pharmacy business actively opened new stores across the Group and pushed ahead with M&A. Earnings at existing stores were supported by a steady number of patients visiting its dispensing pharmacies and a rise in the average prescription price due to an increase in longer-term prescriptions. As a result, sales and profits in the dispensing pharmacy business grew year on year.

The business continued to develop new stores with a focus on dispensing pharmacies located near major hospitals. It also launched the full-scale development of medical malls and medical villages with dispensing pharmacies in order to meet demand for prescriptions from patients using mixed medical facilities, and opened a number of new dispensing pharmacies in more accessible locations, such as inside or near stations.

Under revisions to drug prices and dispensing fees in April 2012, the average drug price was reduced by 6.25% and additional measures were introduced to promote the uptake of generic drugs. Since the revisions, earnings at dispensing pharmacies in Japan have been on the decline.

The Group will continue to actively increase the usage rate for generic drugs and work to secure the premiums for prescribing generic drugs. Distribution of these drugs will be integrated through WHOLESALE STARS Co., Ltd., the Group’s specialist generic drug wholesaling subsidiary, in order to boost earnings.

M&A strategy during the fiscal year under review included acquiring and consolidating a total of nine dispensing pharmacy companies after carefully assessing the potential for return on investment. Also, in order to increase the operating efficiency of the Group, five mid-size and small dispensing pharmacy subsidiaries were absorbed or merged into AIN PHARMACIEZ, INC., AIN MEDICAL SYSTEMS INC., Asahi Pharmacy Co., Ltd. or DAICHIKU Co., Ltd. based on the locations of the subsidiary stores.

In the fiscal year under review, we opened 55 stores, including those added through the above-noted M&As,

and closed nine stores, bringing the total number of dispensing pharmacies to 494. This segment posted net sales of ¥127,134 million (up 11.2% year on year) and segment income of ¥12,286 million (up 20.3% year on year).

(Drug and cosmetic store business)

The drug and cosmetic store business recorded favorable sales of some seasonal product lines during the year. In the summer, demand was strong for items that help save energy, including cooling products, and in winter, heating products and items that help counter the dry conditions proved popular. However, the general weakening in consumer sentiment after the earthquake persisted and the sector as a whole continued to face challenging conditions.

In this environment, the Group continued to open *ainz & tulpe* stores and boost the profitability of existing stores.

Specifically, specialist cosmetics and drug stores operated under the *ainz & tulpe* brand were opened in station retail areas and in general retail facilities in highly populated areas, while the store opening process itself was reviewed in order to ensure consistent profitability and returns on investment from store openings.

Steps were also taken to improve profitability. This included focusing on overhauling sales displays and strengthening merchandising for cosmetics and over-the-counter (OTC) drugs in order to make stores more appealing to consumers and increase the gross margin. The Group also upgraded the mobile version of its membership system, reduced direct mail shots by half, and adopted the latest sales promotion methods using social network service (SNS) websites. These efforts resulted in more efficient sales promotion at a lower cost.

Additionally, in order to make store operation more efficient and reduce store administration costs, AIN PHARMACIEZ absorbed 11 drugstores in the Tokai region on April 1, 2012. The stores were previously operated by AIN MEDIO, INC., the only Group company other than AIN PHARMACIEZ to have been involved in drug and cosmetic store business.

During the fiscal year under review, the Group opened or relocated a number of *ainz & tulpe* stores. These included the Sannomiya Store (Chuo Ward, Kobe City, Hyogo Prefecture), Miyanosawa Station Store (Nishi Ward, Sapporo City), Paseo Sapporo Store (Chuo Ward, Sapporo City), Ario Sapporo Store (Higashi Ward, Sapporo City), Ito-Yokodo Asahikawa Store (Asahikawa City, Hokkaido), Shin Sapporo Duo Store (Atsubetsu Ward, Sapporo City), and Minato Mirai Store (Nishi-ku, Yokohama City), resulting in a Group total of 56 drug and cosmetic stores.

Although sales at existing stores were lower compared with the previous fiscal year, sales from new stores contributed to growth. As a result, the drug and cosmetic store business reported net sales of ¥15,395 million (up 3.9% year on year) and segment income improved to ¥125 million (compared with a segment loss of ¥207 million a year earlier).

(Other businesses)

Net sales of other businesses were ¥261 million (up 23.5% year on year) and segment loss was ¥143 million (compared with a segment loss of ¥78 million a year earlier).

In the fiscal year ending April 30, 2013, the dispensing pharmacy business will continue to open new dispensing pharmacies near hospitals and medical malls and medical villages with dispensing pharmacies, and actively seek M&A opportunities. The drug and cosmetic store business will also continue to open *ainz & tulpe* urban drug and cosmetic stores. These store development programs are aimed at creating a combined network of more than 60 dispensing pharmacies and urban drug and cosmetic stores to drive the Group's continued business expansion.

Also, in response to the impact of drug price and dispensing fee revisions in April 2012, AIN PHARMACIEZ announced on April 13, 2012 that it will merge with AIN MEDICAL SYSTEMS on August 1, 2012 (planned) to further boost operating efficiency and promote the uptake of generic drugs.

The drug and cosmetic store business will continue to improve sales areas and strengthen merchandising, as well as extend the use of the latest sales promotion methods to reinforce profitability at existing stores.

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 ¥157,500 million (up 10.3% year on year), ordinary income of ¥11,630 million (up 10.3% year-on-year), and net income of ¥6,010 million (up 22.7% 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 ¥2,287 million to ¥40,320 million compared to ¥38,032 million at the end of the previous fiscal year.

This reflected steps to ensure sufficient levels of liquidity to flexibly fund store openings and M&A deals, with the Group holding cash on hand and in banks totaling ¥15,935 million, an increase of ¥497 million year on year. In addition, notes and accounts receivable increased ¥737 million to ¥10,985 million due to growth in new dispensing pharmacies and drug and cosmetic stores, while other accounts receivable increased ¥720 million to ¥2,757 million.

Fixed assets at the end of the fiscal year under review increased by ¥6,698 million to ¥45,570 million compared to ¥38,871 million at the end of the previous fiscal year.

This was mainly due to an increase in fixed assets related to investment in new stores and expansion in the asset base at consolidated subsidiaries that became part of the Group through M&A deals. Property, plant and equipment increased ¥1,805 million to ¥15,256 million, while goodwill rose ¥3,797 million to ¥17,664 million.

In addition, investments and other assets increased ¥1,065 million year on year to ¥11,657 million, chiefly reflecting an increase in deposits and guarantees.

Liabilities increased by ¥4,721 million to ¥52,162 million compared to ¥47,441 million at the end of the previous fiscal year.

This mainly reflected an increase in accounts payable of ¥2,817 million to ¥22,524 million and a rise in accrued income taxes of ¥317 million to ¥2,739 million.

In interest-bearing liabilities, short-term debt increased ¥514 million to ¥6,397 million, long-term debt fell ¥829 million to ¥6,318 million and the outstanding balance for bonds declined to zero,

As a result of the above, the balance of current liabilities increased by ¥5,328 million from the previous year-end balance of ¥37,616 million to ¥42,945 million, and the balance of long-term liabilities decreased by ¥607 million from the previous year-end balance of ¥9,824 million to ¥9,216 million.

Net assets increased by ¥4,247 million to ¥33,745 million compared to ¥29,498 million at the end of the previous fiscal year.

This was because the balance of retained earnings rose ¥4,199 million to ¥17,426 million due to the growth of retained earnings during the fiscal year.

Net unrealized losses on available-for-sale securities totaled ¥281 million.

As a result of the above factors, shareholders' equity ratio improved 0.9 percentage points to 39.2%, compared with 38.3% at the end of the previous fiscal year.

2) Cash flows

In the fiscal year under review, cash on hand and in banks ("cash") increased ¥537 million, or 3.5% year on year to ¥15,935 million. This increase mainly comprised operating cash flow from expansion in earnings, funds secured through a public offering and private placement of new shares in the previous fiscal year to actively invest in new store openings and M&A, and a certain level of liquidity to provide the Group with access to flexible sources of funds.

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

(Cash flows from operating activities)

Net cash provided by operating activities was ¥11,679 million, an increase of 53.1% year on year.

The main items that were positive for cash flow were income before income taxes and minority interests of ¥9,782 million, depreciation and amortization of ¥1,749 million, and amortization of goodwill of ¥1,262 million. These increases came on the back of a rise in earnings related to new store openings and M&A.

The main items that were negative for cash flow were increase in other accounts receivable of ¥687 million and income taxes paid of ¥4,418 million.

(Cash flows from investing activities)

Net cash used in investing activities totaled ¥9,010 million, an increase of 132.2% year on year.

This was mainly due to payments of ¥2,378 million for purchases of property, plant and equipment related to new openings and refurbishments of urban drug and cosmetic stores and dispensing pharmacies, and ¥4,122 million for purchases of shares in subsidiaries due to changes in the scope of consolidation related to shares acquired in nine companies through M&A deals.

(Cash flows from financing activities)

Net cash used in financing activities totaled ¥2,131 million, compared with cash of ¥463 million provided in the previous fiscal year.

This was mainly attributable to net short-term debt procurement of ¥322 million, net long-term debt repayment of ¥1,246 million, and ¥184 million in payments for redemption of bonds.

Cash dividends paid totaled ¥717 million.

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

	Year ended April 30, 2009	Year ended April 30, 2010	Year ended April 30, 2011	Year ended April 30, 2012
Shareholders‘equity ratio (%)	25.9	32.5	38.3	39.2
Equity ratio based on market value (%)	30.6	62.5	64.5	79.6
Debt redemption term (years)	4.3	2.3	1.7	1.1
Interest coverage ratio (times)	12.0	22.1	31.4	73.6

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 October 31 each year."

The Group plans to pay a dividend of ¥50 per share, an increase of ¥5 per share compared with the previous fiscal year's ordinary dividends of ¥45.

In view of our profit forecasts, ordinary dividends from retained earnings for the next fiscal year are planned to be ¥60 per share, an increase of ¥10 from the planned dividend of ¥50 per share for the fiscal year ended April 30, 2012.

(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 newly registered sellers, 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

The Group's dispensing pharmacy business operates a chain of dispensing pharmacies. These dispensing pharmacies are mainly located near major hospitals (in order to focus on demand from patients who have prescriptions written by those hospitals) and in medical malls and medical villages developed by the Group (in order to focus on demand from patients who have prescriptions written by those mixed medical facilities)

As the dispensing pharmacy business accounted for 89.0% 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 non-hospital prescriptions by the medical institutions or suspension / discontinuation of operations thereof may affect the Group's performance.

3) Industry trends

The revenues in our dispensing pharmacy business come from pharmacy operations involving the dispensing and supplying of 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) Interest rate risks

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 intenal funds within the range of operating cash flow, while in large-scale M&A, costs are partially financed by borrowings from financial institutions.

In order to ensure flexible access to funds to support these activities, the Group maintains a certain level of liquidity on its balance sheet. As of the end of the fiscal year under review, cash on hand and in banks totaled ¥15,935 million, compared with a balance of interest-bearing debt of ¥12,715 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), 19 subsidiaries and one affiliated company.

(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., DAICHIKU Co., Ltd., Asahi Pharmacy Co., Ltd., and 11 other subsidiaries operate dispensing pharmacies.

MEDIWEL Corp. is engaged in a medical-related consulting business and staff dispatching/ introduction, primarily of doctors and pharmacists, Medical Development Co., Ltd. is engaged in a medical-related consulting business, and subsidiary WHOLESALE STARS Co., Ltd. sells generic drugs and other merchandise.

(2) Drug and cosmetic store business

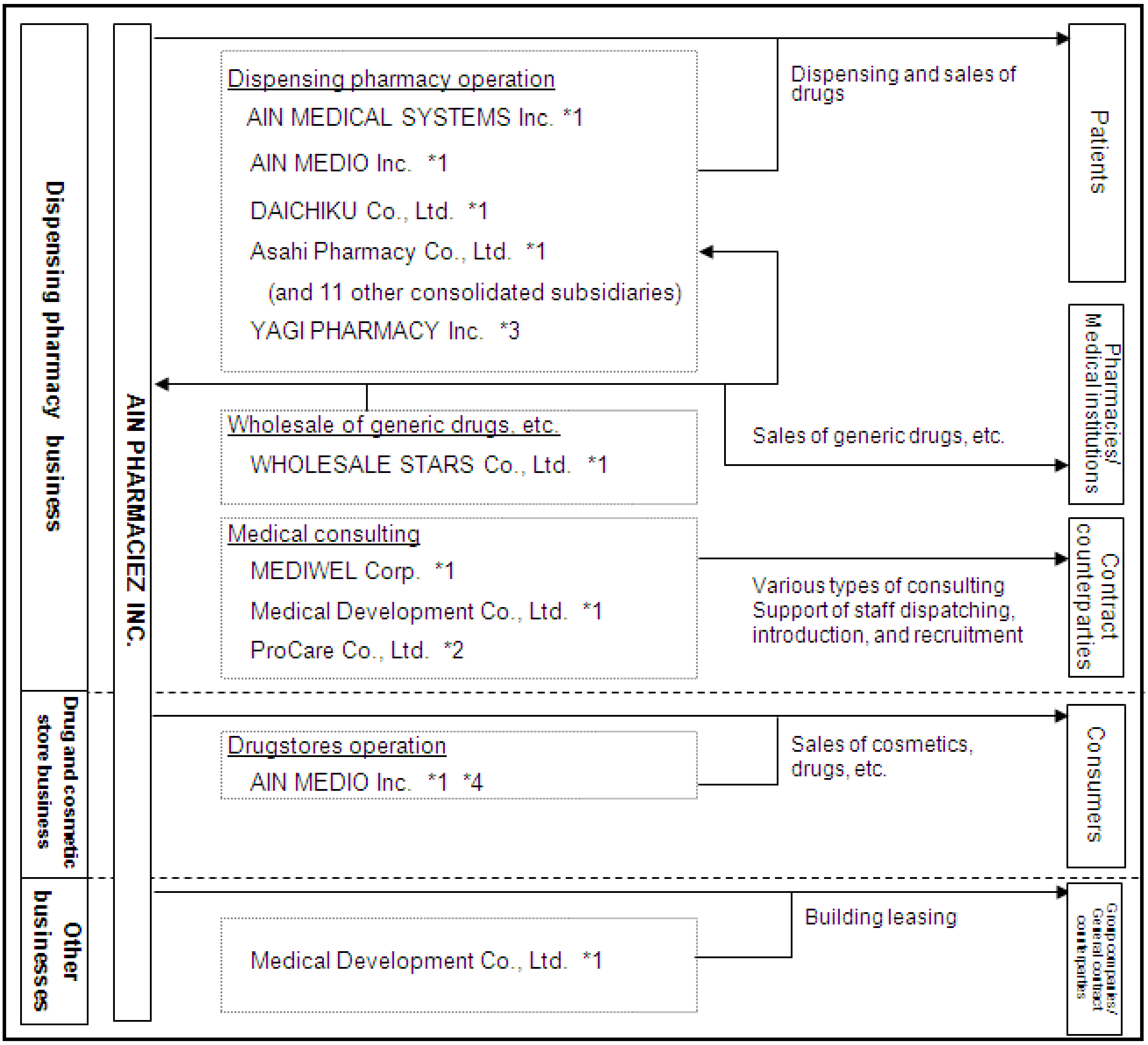
The Company and AIN MEDIO Inc. engages in the management of drugstores (sales of drugs, quasi-drugs, cosmetics, food, general merchandise, etc.), and in consulting on the opening of shopping centers.

As of April 1, 2012, AIN PHARMACIEZ absorbed the drug and cosmetic store business previously operated by subsidiary AIN MEDIO.

(3) Other businesses

The Company and subsidiary Medical Development Co., Ltd. are in the building leasing business.

An organization chart of the business is as follows.



Notes: *1 consolidated subsidiary
*2 non-consolidated subsidiary
*3 affiliated company not accounted under the equity method
*4 As of April 1, 2012, AIN PHARMACIEZ absorbed the drug and cosmetic store business previously operated by AIN MEDIO.

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

(5) Other significant management matters

In accordance with a resolution of the Board of Directors passed on April 13, 2012, AIN PHARMACIEZ and AIN MEDICAL SYSTEMS concluded an agreement to merge on August 1, 2012. The surviving company will be AIN PHARMACIEZ and the merged company will be AIN MEDICAL SYSTEMS.

4. Consolidated financial statements

(1) Consolidated balance sheets

(Thousand yen)

	Previous fiscal year (As of April 30, 2011)	Current fiscal year (As of April 30, 2012)
Assets		
Current assets		
Cash on hand and in banks	15,437,879	15,935,326
Notes and accounts receivable	10,247,872	10,985,402
Merchandise	8,268,413	8,138,749
Supplies	107,455	114,663
Deferred tax assets	928,606	891,515
Short-term loans	235,400	606,000
Other accounts receivable	2,036,824	2,757,752
Other current assets	898,265	917,774
Allowance for doubtful accounts	(127,879)	(26,875)
Total current assets	38,032,838	40,320,310
Fixed assets		
Property, plant and equipment		
Buildings and structures	12,128,606	13,191,262
Accumulated depreciation	(5,672,056)	(6,142,308)
Buildings and structures, net	6,456,550	7,048,953
Land	5,420,785	5,621,786
Construction in progress	235,672	824,912
Other property, plant and equipment	3,762,454	4,758,735
Accumulated depreciation	(2,424,084)	(2,997,483)
Other property, plant and equipment, net	1,338,369	1,761,251
Total property, plant and equipment	13,451,378	15,256,904
Intangible fixed assets		
Goodwill	13,867,280	17,664,823
Other intangible fixed assets	960,649	990,546
Total intangible fixed assets	14,827,929	18,655,369
Investments and other assets		
Investments in securities	2,959,577	2,825,629
Deferred tax assets	1,233,263	1,122,782
Deposits and guarantees	4,990,283	5,758,338
Other investments and other assets	1,638,972	2,208,196
Allowance for doubtful accounts	(229,808)	(256,986)
Total investments and other assets	10,592,288	11,657,961
Total fixed assets	38,871,596	45,570,235
Deferred assets		
Stock issuance cost	35,750	17,748
Total deferred assets	35,750	17,748
Total assets	76,940,185	85,908,294

(Thousand yen)

	Previous fiscal year (As of April 30, 2011)	Current fiscal year (As of April 30, 2012)
Liabilities		
Current liabilities		
Accounts payable	19,706,886	22,524,795
Short-term debt	5,883,188	6,397,458
Accrued income taxes	2,421,980	2,739,772
Deposits received	6,722,371	7,714,207
Allowance for bonuses to employees	948,021	965,445
Allowance for bonuses to directors	9,375	12,846
Reserve for reward obligations	313,371	302,011
Reserve for loss on disaster	11,000	—
Other current liabilities	1,600,266	2,288,815
Total current liabilities	37,616,460	42,945,352
Long-term liabilities		
Long-term debt	7,147,773	6,318,430
Bonds	184,000	—
Allowance for retirement benefits	1,270,319	1,448,905
Other long-term liabilities	1,222,684	1,449,631
Total long-term liabilities	9,824,778	9,216,967
Total liabilities	47,441,238	52,162,319
Net assets		
Shareholders' equity		
Common stock	8,682,976	8,682,976
Capital surplus	7,872,970	7,872,970
Retained earnings	13,227,209	17,426,435
Treasury stock	(4,918)	(5,627)
Total shareholders' equity	29,778,237	33,976,755
Accumulated other comprehensive income		
Unrealized holding losses on securities	(327,875)	(281,315)
Total accumulated other comprehensive income	(327,875)	(281,315)
Minority interests	48,584	50,535
Total net assets	29,498,946	33,745,975
Total liabilities and net assets	76,940,185	85,908,294

(2) Consolidated statements of income and comprehensive income

Consolidated statements of income

(Thousand yen)

	Previous fiscal year (May 1, 2010 to April 30, 2011)	Current fiscal year (May 1, 2011 to April 30, 2012)
Net sales	129,387,173	142,790,684
Cost of sales	109,297,522	119,697,522
Gross profit	20,089,651	23,093,161
Selling, general and administrative expenses		
Advertising expenses	582,369	680,322
Promotion expenses	190,167	122,795
Salaries, allowances and bonuses	3,156,618	3,216,772
Provision of allowance for doubtful accounts	10,448	9,909
Provision for bonuses	159,991	157,489
Provision for directors' bonuses	9,375	12,846
Provision for retirement benefits	69,395	87,667
Provision for reward obligations	313,371	302,011
Legal and employee benefits expenses	626,155	721,138
Correspondence and transportation expenses	449,216	492,268
Lease expenses	215,917	175,266
Rent expenses	2,086,666	2,266,312
Depreciation expenses	433,218	501,077
Amortization of goodwill	874,105	1,077,879
Taxes	443,123	504,206
Other	2,361,838	2,511,316
Total selling, general and administrative expenses	11,981,978	12,839,280
Operating income	8,107,672	10,253,881
Non-operating income		
Interest income	54,972	59,450
Dividend income	34,300	34,966
Commissions received	52,182	58,586
Real estate rental revenue	85,746	131,962
Gain on donation of fixed assets	20,304	28,074
Consignment income	89,517	123,686
Technical advisory fee	57,083	75,648
Other non-operating income	191,671	234,508
Total non-operating income	585,777	746,886
Non-operating expenses		
Interest expenses	240,037	159,399
Loss on sales of accounts receivables	67,831	71,299
Loss on funds managed in investment partnerships	7,804	19,250
Real estate rental expenses	48,718	82,737
Other non-operating expenses	118,763	120,232
Total non-operating expenses	483,154	452,918
Ordinary income	8,210,295	10,547,849

(Thousand yen)

	Previous fiscal year (May 1, 2010 to April 30, 2011)	Current fiscal year (May 1, 2011 to April 30, 2012)
Extraordinary income		
Gain on sales of fixed assets	1,306	17,121
Gain on sales of investments in securities	45,112	21,332
Gain on sales of subsidiaries and affiliates' stocks	—	22,795
Gain on transfer of business	19,047	—
Provision of allowance for doubtful accounts	13,005	—
State subsidy	38,696	—
Surrender value of insurance	—	18,302
Other extraordinary income	13,402	2,826
Total extraordinary income	130,571	82,378
Extraordinary losses		
Loss on disposal and sales of fixed assets	134,493	147,419
Loss on sales of investments in securities	3,199	192,997
Loss on devaluation of investments in securities	27,651	52,446
Impairment losses	232,209	243,795
Effect of adoption of accounting standard for asset retirement obligations	160,596	—
Loss on disaster	59,747	—
Other extraordinary losses	78,256	211,453
Total extraordinary losses	696,153	848,111
Income before income taxes and minority interests	7,644,713	9,782,115
Income taxes – current	4,038,658	4,652,210
Income taxes – deferred	(312,591)	228,550
Total income taxes	3,726,067	4,880,761
Income before minority interests	3,918,646	4,901,353
Minority interests	1,654	1,951
Net income	3,916,991	4,899,402

Consolidated statements of comprehensive income

(Thousand yen)

	Previous fiscal year (May 1, 2010 to April 30, 2011)	Current fiscal year (May 1, 2011 to April 30, 2012)
Income before minority interests	3,918,646	4,901,353
Other comprehensive income		
Unrealized holding gains (losses) on securities	(96,272)	46,560
Total other comprehensive income (loss)	(96,272)	46,560
Comprehensive income	3,822,373	4,947,914
Comprehensive income attributable to		
Comprehensive income attributable to shareholders of the parent	3,820,719	4,945,963
Comprehensive income attributable to minority interests	1,654	1,951

(3) Consolidated statements of changes in net assets

(Thousand yen)

	Previous fiscal year (May 1, 2010 to April 30, 2011)	Current fiscal year (May 1, 2011 to April 30, 2012)
Shareholders' equity		
Common stock		
Balance at the beginning of current period	6,308,456	8,682,976
Net changes during the period		
Issuance of new shares	2,374,520	—
Total changes during the period	2,374,520	—
Balance at the end of current period	8,682,976	8,682,976
Capital surplus		
Balance at the beginning of current period	5,498,450	7,872,970
Net changes during the period		
Issuance of new shares	2,374,520	—
Total changes during the period	2,374,520	—
Balance at the end of current period	7,872,970	7,872,970
Retained earnings		
Balance at the beginning of current period	9,874,264	13,227,209
Net changes during the period		
Cash dividends paid	(564,046)	(717,345)
Change of scope of consolidation	—	17,168
Net income	3,916,991	4,899,402
Total changes during the period	3,352,944	4,199,226
Balance at the end of current period	13,227,209	17,426,435
Treasury stock		
Balance at the beginning of current period	(4,445)	(4,918)
Net changes during the period		
Acquisition of treasury stock	(472)	(708)
Total change during the period	(472)	(708)
Balance at the end of current period	(4,918)	(5,627)
Total shareholders' equity		
Balance at the beginning of current period	21,676,725	29,778,237
Net changes during the period		
Issuance of new shares	4,749,040	—
Cash dividends paid	(564,046)	(717,345)
Change of scope of consolidation	—	17,168
Net income	3,916,991	4,899,402
Acquisition of treasury stock	(472)	(708)
Total changes during the period	8,101,512	4,198,517
Balance at the end of current period	29,778,237	33,976,755

(Thousand yen)

	Previous fiscal year (May 1, 2010 to April 30, 2011)	Current fiscal year (May 1, 2011 to April 30, 2012)
Accumulated other comprehensive income		
Unrealized holding gains (losses) on securities		
Balance at the beginning of current period	(231,603)	(327,875)
Net changes during the period		
Net change in items other than those in shareholders' equity	(96,272)	46,560
Total changes during the period	(96,272)	46,560
Balance at the end of current period	(327,875)	(281,315)
Total accumulated other comprehensive income		
Balance at the beginning of current period	(231,603)	(327,875)
Net changes during the period		
Net change in items other than those in shareholders' equity	(96,272)	46,560
Total changes during the period	(96,272)	46,560
Balance at the end of current period	(327,875)	(281,315)
Minority interests		
Balance at the beginning of current period	46,929	48,584
Net changes during the period		
Net change in items other than those in shareholders' equity	1,654	1,951
Total changes during the period	1,654	1,951
Balance at the end of current period	48,584	50,535
Total net assets		
Balance at the beginning of current period	21,492,051	29,498,946
Net changes during the period		
Issuance of new shares	4,749,040	—
Cash dividends paid	(564,046)	(717,345)
Change of scope of consolidation	—	17,168
Net income	3,916,991	4,899,402
Acquisition of treasury stock	(472)	(708)
Net change in items other than those in shareholders' equity	(94,617)	48,511
Total changes during the period	8,006,894	4,247,028
Balance at the end of current period	29,498,946	33,745,975

(4) Consolidated statements of cash flows

(Thousand yen)

	Previous fiscal year (May 1, 2010 to April 30, 2011)	Current fiscal year (May 1, 2011 to April 30, 2012)
Cash flows from operating activities		
Income before income taxes and minority interests	7,644,713	9,782,115
Depreciation and amortization	1,560,690	1,749,581
Amortization of goodwill	973,679	1,262,920
Impairment losses	232,209	243,795
Loss on disaster	27,712	—
Loss on devaluation of investments in securities	27,651	52,446
Gain on sales of stocks of subsidiaries and affiliates	—	(22,795)
Decrease in allowance for doubtful accounts	(12,424)	(79,104)
Increase (decrease) in reserve for reward obligations	15,642	(11,360)
Increase in allowance for retirement benefits	192,979	174,879
Increase in allowance for bonuses to employees	33,577	1,749
Increase (decrease) in allowance for bonuses to directors	(11,697)	3,471
Increase (decrease) in allowance for loss on disaster	11,000	(11,000)
Interest and dividends income	(89,272)	(94,417)
Interest expenses	240,037	159,399
Loss on investments in partnerships	7,804	19,250
Gain on donation of fixed assets	(20,304)	(28,074)
Loss (gain) on sales of investments in securities	(41,912)	171,665
Loss on disposal and sales of fixed assets	133,187	130,298
Gain on transfer of business	(19,047)	—
Effect of adoption of accounting standard for asset retirement obligations	160,596	—
Decrease (increase) in accounts receivable	(86,356)	70,008
Decrease (increase) in inventories	(1,130,597)	404,720
Decrease in other assets	7,201	10,133
Increase in other accounts receivable	(505,511)	(687,125)
Increase (decrease) in accounts payable	(1,169,077)	1,862,420
Increase in other liabilities	2,963,490	1,007,236
Subtotal	11,145,971	16,172,215
Interest and dividends received	89,574	84,430
Interest paid	(243,269)	(158,749)
Income taxes paid	(3,365,177)	(4,418,239)
Net cash provided by operating activities	7,627,098	11,679,656

(Thousand yen)

	Previous fiscal year (May 1, 2010 to April 30, 2011)	Current fiscal year (May 1, 2011 to April 30, 2012)
Cash flows from investing activities		
Payments for purchases of property, plant and equipment	(1,237,377)	(2,378,199)
Proceeds from sales of property, plant and equipment	16,879	165,692
Proceeds from transfer of business	34,023	—
Payments for purchases of investments in securities	(182,160)	(477,754)
Proceeds from sales of investments in securities	53,676	574,650
Purchase of additional affiliates' shares	—	(7,550)
Purchase of subsidiaries' shares resulting in changes in scope of consolidation	(1,635,485)	(4,122,116)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	—	204,700
Payments for loans receivable	(875,000)	(1,060,500)
Proceeds from collections of loans receivable	698,901	182,509
Payments for investments in capital	(3,100)	(3,600)
Proceeds from returns of investments in capital	3,030	6,316
Payments for purchase of intangible fixed assets	(317,204)	(1,228,303)
Proceeds from sales of intangible assets	—	1,362
Decrease (increase) in other investments	(475,907)	(912,861)
Proceeds from withdrawal of time deposits	45,140	45,175
Payments for time deposits	(6,942)	(300)
Net cash used in investing activities	(3,881,526)	(9,010,778)
Cash flows from financing activities		
Proceeds from short-term debt	2,940,048	3,100,000
Repayments of short-term debt	(4,093,941)	(2,777,437)
Proceeds from long-term debt	7,380,010	3,400,000
Repayments of long-term debt	(9,663,719)	(4,646,327)
Payments for redemption of bonds	(33,000)	(184,000)
Repayments of lease obligations	(221,442)	(305,236)
Proceeds from issuance of new shares	4,720,038	—
Payments for purchase of treasury stock	(472)	(708)
Cash dividends paid	(564,046)	(717,345)
Dividend payments to minority shareholders	(6)	—
Net cash provided by (used in) financing activities	463,469	(2,131,055)
Net increase in cash and cash equivalents	4,209,041	537,822
Cash and cash equivalents at beginning of the year	11,188,462	15,397,504
Cash and cash equivalents at end of the year	15,397,504	15,935,326

(Segment Information, etc.)

a. Segment information

I. Previous fiscal year (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 operation 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 and suburban drug and cosmetic stores 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 reportable business segments are generally similar to those described in the Basic Important Matters for Preparation of Consolidated Financial Statements.

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

3. Sales, income or loss, assets, liabilities and other items for each reportable segment

(Thousand yen)

	Reportable segments				Adjustment (Note) 1	Carried on consolidated financial statements (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, plant 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 intersegment 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.
Segment assets in "Adjustment" totaling ¥1,780,594 thousand includes assets related primarily to the Company's administrative unit.
2. Segment income is adjusted with the ordinary income of consolidated statements of income.

II. Current fiscal year (May 1, 2011 to April 30, 2012)

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 operation 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 reportable business segments are generally similar to those described in the Basic Important Matters for Preparation of Consolidated Financial Statements.

The income figures for the reportable segments are expressed at the ordinary income level.

Intersegment sales and transfers are based on prevailing market prices.

3. Sales, income or loss, assets, liabilities and other items for each reportable segment

(Thousand yen)

	Reportable segments				Adjustment (Note) 1	Carried on consolidated financial statements (Note) 2
	Dispensing pharmacy business	Drug and cosmetic store business	Other businesses	Total		
Net sales						
Sales to external customers	127,134,361	15,395,215	261,108	142,790,684	—	142,790,684
Intersegment sales and transfers	—	—	18,747	18,747	(18,747)	—
Total	127,134,361	15,395,215	279,855	142,809,432	(18,747)	142,790,684
Segment income (loss)	12,286,672	125,900	(143,752)	12,268,820	(1,720,971)	10,547,849
Segment assets	77,141,833	7,204,152	2,445,785	86,791,771	(883,476)	85,908,294
Other						
Depreciation and amortization	1,276,009	220,402	28,747	1,525,159	28,135	1,553,295
Amortization of goodwill	1,257,880	5,040	—	1,262,920	—	1,262,920
Impairment losses	177,469	54,688	11,637	243,795	—	243,795
Increase in property, plant and equipment and intangible fixed assets	3,645,188	456,862	138,814	4,240,866	2,395	4,243,261

Notes: 1. Segment income (loss) in “Adjustment” totaling (¥1,720,971 thousand) includes ¥1,557,834 thousand in overall group expenses, ¥87,312 thousand in loss that may not be allocated to the reporting segments, and ¥75,824 thousand in elimination due to intersegment 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.

Segment assets in “Adjustment” totaling (¥883,476 thousand) consist mainly of assets associated with the administrative divisions of the parent company and the difference in elimination of intersegment transactions.

2. Segment income is adjusted with the ordinary income of consolidated statements of income.

b. Related information

I. Previous fiscal year (May 1, 2010 to April 30, 2011)

1. Information by product and 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 fiscal year.

(2) Property, plant and equipment

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

II. Current fiscal year (May 1, 2011 to April 30, 2012)

1. Information by product and 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 fiscal year.

(2) Property, plant and equipment

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

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

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

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

Current fiscal year (May 1, 2011 to April 30, 2012)

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

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

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

(Thousand yen)

	Dispensing pharmacy business	Drug and cosmetic store business	Other businesses	Corporate / Eliminations	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

Current fiscal year (May 1, 2011 to April 30, 2012)

(Thousand yen)

	Dispensing pharmacy business	Drug and cosmetic store business	Other businesses	Corporate / Eliminations	Total
Amortization of current fiscal year	1,257,880	5,040	—	—	1,262,920
Balance at the end of current fiscal year	17,654,743	10,080	—	—	17,664,823

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

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

There are no applicable matters to be reported.

Current fiscal year (May 1, 2011 to April 30, 2012)

There are no applicable matters to be reported.