

Summary of Financial Statements for Fiscal Year Ended April 2016

May 27, 2016

Name of listed company: **AIN HOLDINGS INC.**
Exchange listed on: First Section of Tokyo Stock Exchange and Sapporo Securities Exchange
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Date of the ordinary general meeting of shareholders: July 28, 2016
Date of scheduled payment of dividends: July 29, 2016
Date of filing securities report: July 29, 2016
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 2016 (from May 1, 2015 to April 30, 2016)

(1) Consolidated operating results

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended April 30, 2016	234,843	25.0	14,619	27.7	15,158	29.6	7,917	27.8
Year ended April 30, 2015	187,904	10.4	11,452	13.2	11,697	10.5	6,197	17.8

(Note) Comprehensive income: Year ended April 30, 2016: ¥7,831 million (+21.7%)
Year ended April 30, 2015: ¥6,436 million (+21.2%)

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Year ended April 30, 2016	249.69	—	15.6	11.9	6.2
Year ended April 30, 2015	195.45	—	13.8	10.9	6.1

(Reference) Equity in earnings of affiliates: Year ended April 30, 2016: ¥ – million, Year ended April 30, 2015: ¥ – million

* On October 1, 2014, the Company conducted a 2-for-1 stock split of common shares. Net income per share is calculated by deeming stock splits to have occurred at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of April 30, 2016	139,888	53,324	38.1	1,679.69
As of April 30, 2015	114,149	48,046	42.0	1,511.57

(Reference) Equity capital: As of April 30, 2016: ¥53,258 million As of April 30, 2015: ¥47,928 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, 2016	21,352	(20,877)	2,028	21,892
Year ended April 30, 2015	14,839	(14,560)	374	19,389

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, 2015	—	0.00	—	30.00	30.00	951	15.3	2.1
Year ended April 30, 2016	—	0.00	—	40.00	40.00	1,268	16.0	2.5
Year ending April 30, 2017 (forecast)	—	0.00	—	50.00	50.00		17.6	

3. Consolidated financial forecast for the fiscal year ending April 30, 2017 (from May 1, 2016 to April 30, 2017)

(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	126,000	17.8	6,150	4.2	6,350	4.4	3,470	5.3	109.44
Full year	265,000	12.8	16,300	11.5	16,700	10.2	9,000	13.7	283.84

* Notes

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

Newly consolidated: – Excluded: –

(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.: Yes

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, 2016	31,888,212 shares	As of April 30, 2015	31,888,212 shares
2) Number of shares held in treasury:	As of April 30, 2016	180,595 shares	As of April 30, 2015	180,595 shares
3) Average number of shares outstanding:	Fiscal year ended April 30, 2016	31,707,617 shares	Fiscal year ended April 30, 2015	31,707,913 shares

* On October 1, 2014, the Company conducted a 2-for-1 stock split of common shares. Average number of shares outstanding is calculated by deeming stock splits to have occurred at the beginning of the previous fiscal year.

*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.

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1. Analysis of Operating Results and Financial Position

(1) Analysis of operating results

During the fiscal year ended April 30, 2016, corporate earnings in Japan improved amid largely steady production activity and consumer spending. However, the impact of the Kumamoto Earthquake in 2016 is a potential risk for the economy going forward.

In this economic environment, the AIN HOLDINGS Group (the Group) worked to expand its business and increase earnings. Specifically, the Group opened new dispensing pharmacies and used M&A to expand the business. It also developed its urban drug and cosmetic store business.

In addition, effective from November 1, 2015, the Group moved to a holding company structure. By separating the Group's management and business execution functions, the Group aims to enhance corporate governance, clarify the authority and responsibility of each business segment and promote greater management autonomy, creating the foundations for further business expansion.

For the fiscal year under review, net sales rose 25.0% year on year to ¥234,843 million, operating income increased 27.7% to ¥14,619 million, ordinary income rose 29.6% to ¥15,158 million and net income attributable to owners of the parent increased 27.8% year on year to ¥7,917 million.

Performance by business segment was as follows.

(Dispensing pharmacy business)

In the dispensing pharmacy business, sales continued to rise at existing dispensing pharmacies, supported by an increase in average sales per prescription due to growth in prescriptions for new medicines.

In drug price and dispensing fee revisions in April 2016, the role of pharmacies located near hospitals was reevaluated, but in order to realize patient-focused non-hospital dispensing services, pharmacists and dispensing pharmacies are now being required to play a key role at the heart of local communities.

To ensure our pharmacists and dispensing pharmacies fulfill their role at the heart of local communities, the Group continues to build links with local healthcare service providers, mainly in the area of home-based dispensing, step up the integration and continuous management of drug information using patient medication notebooks and other means, and promote wider use of generic drugs.

The shortage of pharmacists in the healthcare sector is becoming more serious. To address this issue, the Group is working to attract new graduates, with 375 new pharmacist graduates joining the Group in April 2016. The Group is also upgrading pharmacist training programs to enhance their capabilities so that they can fill their role as pharmacists at the heart of the community.

In business development, the Group continued to push ahead with business expansion by opening new dispensing pharmacies and using M&A, including the acquisition of NP HOLDINGS Co., Ltd. (Takamatsu-shi, Kagawa Prefecture) in November 2015. NP HOLDINGS is the largest dispensing pharmacy chain in the Shikoku region and is now a subsidiary of the Group.

The dispensing pharmacy business reported sales and profit growth with sales rising 24.8% year on year to ¥211,009 million, and segment income increasing of 33.0% to ¥19,219 million. During the fiscal year under review, the Group opened 142 dispensing pharmacies, including M&A deals, and closed 15 dispensing pharmacies, resulting in a total of 881.

(Drug and cosmetic store business)

In the drug and cosmetic store business, the market environment remained challenging due to a narrowing competitive gap between companies in the sector and the emergence of new competitors from sector consolidation and realignment that also extends to other business sectors.

Against this backdrop, the Group continued to open *ainz & tulpe* urban drug and cosmetic stores, strengthened merchandise lineups, particularly drug and cosmetics products, and worked to capture inbound demand. As a result, sales at existing drug and cosmetic stores increased year on year.

In addition, the Group is working to strengthen the *ainz & tulpe* format with the launch of two proprietary merchandise brands, *LIPS and HIPS* and *cocodecica*.

The Le trios retail facility (Chuo Ward, Sapporo), which was opened in September 2015, is steadily gaining ground as a landmark beauty destination, supported by efforts to promote it as a mixed-use integrated beauty complex in Sapporo's Odori area.

In addition, in February 2016, the Group opened *ainz & tulpe* NEW CHITOSE AIRPORT (Chitose-shi, Hokkaido) in the airport's international passenger terminal, in order to further strengthen efforts to capture inbound demand.

As a result, for the fiscal year under review, the drug and cosmetic store business reported an increase in sales of 17.3% year on year to ¥20,884 million. However, segment loss was ¥459 million, compared with segment income of ¥117 million a year earlier.

During the fiscal year under review, the Group opened a number of *ainz & tulpe* stores, including *ainz & tulpe* MARUI CITY YOKOHAMA (Nishi Ward, Yokohama), *ainz & tulpe* SHINJUKU HIGASHIGUCHI (Shinjuku Ward, Tokyo), *ainz & tulpe* Le trois (Chuo Ward, Sapporo), *ainz & tulpe* NEW CHITOSE AIRPORT (Chitose-shi, Hokkaido) and *ainz & tulpe* OMIYA MARUI (Omiya Ward, Saitama). At the same time, the Group closed nine stores, mainly in suburban locations, resulting in a total of 52 stores.

(Other businesses)

Net sales from other businesses rose 184.2% year on year to ¥2,949 million and segment loss was ¥1,142 million compared with the loss of ¥614 million a year earlier.

In the fiscal year ending April 30, 2017, the dispensing pharmacy business will continue to develop new dispensing pharmacies and actively seek M&A opportunities. Also, the drug and cosmetic store business will work to expand its business by continuing to open *ainz & tulpe* urban drug stores.

Based on these initiatives, the Group forecasts net sales for the fiscal year ending April 30, 2017 of ¥265,000 million, up 12.8% year on year, ordinary income of ¥16,700 million, up 10.2%, and net income attributable to owners of the parent of ¥9,000 million, an increase of 13.7%.

(2) Analysis of financial position

1) Assets, liabilities and net assets

The balance of total assets at the end of the fiscal year under review increased by ¥25,738 million to ¥139,888 million.

This mainly reflected increases in cash on hand and in banks and increases in property, plant and equipment such as land, buildings and structures, and goodwill due to the Group's business expansion through new store openings and M&A.

The balance of liabilities increased ¥20,460 million to ¥86,563 million.

The balance of short- term and long-term debts increased by ¥6,573 million to ¥20,544 million.

Total net assets increased by ¥5,278 million to ¥53,324 million and the shareholders' equity ratio decreased 3.9 percentage points to 38.1%.

2) Cash flows

In the fiscal year under review, cash on hand and in banks ("cash") increased ¥2,503 million (12.9%) year on year to ¥21,892 million. This reflected operating cash flow generated by dispensing pharmacy and drug and cosmetic store businesses, which was mainly used to actively invest in new store openings and M&A. Some cash was also retained to provide constant access to a certain level 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 ¥21,352 million, an increase of 43.9% year on year.

The main items that were positive for cash flow were income before income taxes of ¥13,949 million, as well as depreciation and amortization of ¥3,259 million, amortization of goodwill of ¥2,938 million, and an increase in accounts payable of ¥3,031 million related to business expansion through new store openings and M&A.

The main items that were negative for cash flow was income taxes paid of ¥4,579 million.

(Cash flows from investing activities)

Net cash used in investing activities totaled ¥20,877 million, an increase of 43.4% year on year.

This mainly reflected payments of ¥7,407 million for purchases of property, plant and equipment related to the opening of new urban drug stores, retail facilities and dispensing pharmacies, and ¥10,954 million for purchases of shares in subsidiaries due to changes in the scope of consolidation related to shares acquired in 28 companies through M&A deals.

(Cash flows from financing activities)

Net cash provided by financing activities rose 441.2% year on year to ¥2,028 million.

This was mainly attributable to net short-term debt repayment of ¥2,085 million and net long-term debt procurement of ¥7,367 million.

Cash dividends paid of ¥951 million also had a negative impact on cash flows from financing activities.

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

	Year ended April 30, 2013	Year ended April 30, 2014	Year ended April 30, 2015	Year ended April 30, 2016
Shareholders' equity ratio (%)	40.0	41.5	42.0	38.1
Equity ratio based on market value (%)	79.3	70.3	117.9	121.0
Debt redemption term (years)	1.7	0.9	1.1	1.0
Interest coverage ratio (times)	70.3	143.0	179.2	226.6

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 are 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, interim dividends may be paid based on a record date of October 31 each year."

For the fiscal year under review, the Company plans to pay a dividend from retained earnings of ¥40 per share, compared with the previous fiscal year's ordinary dividends of ¥30.

In view of our profit forecasts, plans for investment and other factors, we intend to pay an ordinary dividend from retained earnings of ¥50 per share in the fiscal year ending April 30, 2017, an increase of ¥10 from the fiscal year ended April 30, 2016.

(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 fiscal year under review.

1) Laws and regulations**(i) Regulations under the Law for Ensuring the Quality, Efficacy, and Safety of Pharmaceuticals and Medical Devices**

We operate dispensing pharmacy business under various permits, licenses, registrations and notifications including those set forth by the Law for Ensuring the Quality, Efficacy, and Safety of Pharmaceuticals and Medical Devices (the Pharmaceutical and Medical Device 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 and Medical Device 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 and Medical Device Law	Prefectural Governors
Insurance pharmacy certification	6 years	Health Insurance Law	Local welfare commissioners of the Health and Welfare of the Ministry of Health, Labour and Welfare
License to sell narcotic drugs	2 years	Narcotics and Psychotropics Control Law	Prefectural Governors
Notification of sales of medical equipment	Indefinite	Pharmaceutical and Medical Device Law	Prefectural Governors
Business selling highly controlled medical equipment	6 years	Pharmaceutical and Medical Device Law	Prefectural Governors
Medical product sales permit (Note)	6 years	Pharmaceutical and Medical Device Law	Prefectural Governors, etc.

Note: Under Article 25 of the Pharmaceutical and Medical Device 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. 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 and Medical Device 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

In sales of over-the-counter (OTC) drugs, the Pharmaceutical and Medical Device Law classifies drugs into different categories based on risk. Only qualified pharmacists are permitted to sell drugs requiring guidance and category 1 drugs, while registered sellers, as well as pharmacists, are permitted to sell category 2 and category 3 drugs.

In addition, the "Law for Partial Revision of the Pharmaceutical Affairs Law" (enacted June 12, 2014) ended restrictions on the sale of OTC drugs online. 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.

As the dispensing pharmacy business accounted for 89.9% 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, uncertainties such as 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) Securing qualified staff

Dispensing pharmacies and drugstores (Stores for Category 1 Drugs) are required by the Pharmaceutical and Medical Device 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 dispensing errors.

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 newly graduated pharmacists and mid-career pharmacists when joining the Company
- A continuing training program aimed at improving skills of pharmacists
- Pharmacy manager conferences attended by all pharmacy managers, to nurture supervisors
- Development of a dispensing error prevention system (PhAIN) that uses Personal Digital Assistants (PDAs) developed with a dispensing equipment manufacturer. Development and introduction of pharmacy equipment that makes 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 Ainzo Point Club Card and Tulpe Mobile Club.

The Group takes all possible steps to protect personal data through personal information protection systems and the rigorous enforcement of rules on the handling of such information. Also, key subsidiary AIN PHARMACIEZ INC. has acquired 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

The Group has 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 losses on valuation of shares in subsidiaries and impairment losses 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 internal funds within the range of operating cash flow, while in large-scale M&A, costs are sometimes 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 ¥22,647 million, compared with a total balance of short- and long-term debt of ¥20,544 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 HOLDINGS INC. (the Company), 62 subsidiaries and one affiliated company.

(1) Dispensing pharmacy business

AIN PHARMACIEZ INC., AIN MEDIO Inc., DAICHIKU Co., Ltd., Asahi Pharmacy Co., Ltd, MEDIO PHARMACY Inc., NP HOLDINGS Co., Ltd. and 48 other consolidated subsidiaries operate dispensing pharmacies in this business.

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 WHOLESALE STARS Co., Ltd. and SS Co., Ltd. sell generic drugs and other merchandise.

The Group adopted a holding company system on November 1, 2015. Effective the same date, the Company's name was changed from AIN PHARMACIEZ INC. to AIN HOLDINGS INC. Also effective the same date, the company name of Ain Company Split Preparation Co., Ltd. was changed to AIN PHARMACIEZ INC., which was included in the scope of consolidation from the fiscal year under review due to the transfer of rights and obligations related to all the Group's operations, excluding business management divisions, following the adoption of the holding company system.

(2) Drug and cosmetic store business

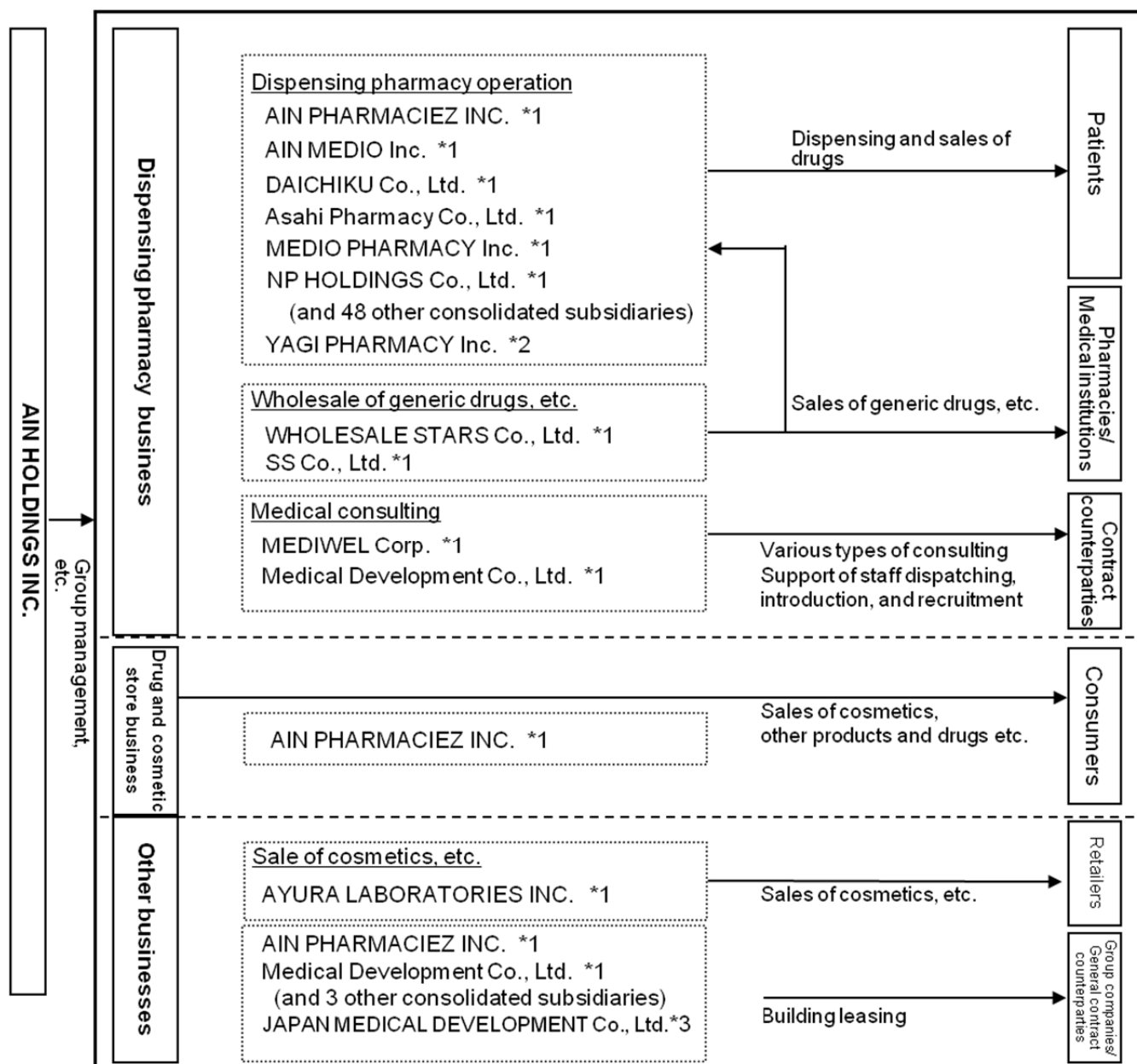
AIN PHARMACIEZ INC engages in the management of drugstores (sales of drugs, quasi-drugs, cosmetics, food, general merchandise, etc.), and in consulting on the opening of shopping centers in this business.

(3) Other businesses

AIN PHARMACIEZ INC, Medical Development Co., Ltd., JAPAN MEDICAL DEVELOPMENT Co., Ltd. and three other consolidated subsidiaries are in the building leasing business in this business.

AYURA LABORATORIES INC. sells cosmetics and others.

An organization chart of the business is as follows.



Notes: *1 consolidated subsidiary

*2 affiliated company not accounted under the equity method

*3 non-consolidated subsidiary

3. Management Policies

(1) Basic management policies of the Company

The Company's main businesses are the dispensing pharmacies business, which dispense based on prescriptions, and the drug and cosmetic store business of selling products, primarily pharmaceuticals and cosmetics. Because both of these businesses contribute to people's health, we bear an important social responsibility.

We believe the Company's mission is not only to grow its profits and increase shareholder value through aggressively opening new stores as the separation of dispensary from medical practice improves, but also to work for continuous improvements in safety and specialized skills in this business, given that we are a Company that can affect people's lives.

Accordingly, our basic management policy is "to fulfill our social mission by working to eliminate medicine dispensing errors and other business risks, and by creating pharmacies that customers can be confident in visiting, while placing weight on actively expanding the business in accordance with market conditions."

(2) Target management indicators

While working to expand our corporate scale by actively opening new stores, the Group also focuses on strengthening its financial structure and increasing shareholder value.

In the fiscal year under review, the Group achieved ROA of 6.2% and ROE of 15.6%, attaining its targets of 4.5% and 15.0%, respectively.

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

The Group's core businesses are the nationwide development of dispensing pharmacies through active new store openings and M&A activities, and the development of urban drug stores, focusing primarily on drugs and cosmetics, in major cities across Japan. We aim both to expand the scale of these businesses and to increase shareholder value.

In the dispensing pharmacy business, each Group company will continue to work on developing high value-added "dispensing pharmacies at the heart of local communities." The Group will also actively implement an M&A strategy based on due diligence of potential candidates.

The Group has a policy of expanding still further the utilization of generic drugs and has actively promoted their greater utilization through a sales system for generic drugs at WHOLESAL STARS Co., Ltd., a wholesaling subsidiary that specializes in generic drugs, and increased efforts to educate patients throughout all Group pharmacies.

In addition, we will work to assure the safety of our patients, to improve customer service and to increase business efficiency by reinforcing education and training, and by developing and introducing medicine dispensing equipment using the latest technology.

In the drug and cosmetic store business, the Group is aiming for further growth by expanding its chain of *ainz* & *tulpe* urban drug stores to cities across Japan, specializing in drug and cosmetics products and creating a clear difference with competing drugstores.

As a result of the above, our medium- to long-term management strategies are based on the following policies.

- 1) In dispensing pharmacies, we will work to increase the expertise of our pharmacists using Ain College and other improvements to training programs, actively participate in projects aimed at promoting home-based healthcare and 24-hour dispensing services and encourage wider use of generic drugs, harnessing all the Group's capabilities to create advanced "dispensing pharmacies at the heart of local communities."
- 2) In business development, we plan to open around 50 new pharmacies each year. We also aim to expand the Group's operations through business development using M&A.

- 3) We will actively promote the introduction into the Group of the latest dispensing equipment and developing dispensing technologies that make use of IT, and improve customer safety, service and the efficiency of pharmacy management through the integrated application of individual devices and systems.
- 4) We will enhance our profitability with improving flexibility and operational efficiency through streamlining measures such as organizational restructuring and personnel exchanges. We will also enrich mutually complementary cooperative systems for operations that are common across multiple companies such as business development system that suit their locations, recruitment of pharmacists and expanding the use of generic drugs.
- 5) In the drug and cosmetic store business, we plan to open around five new *ainz & tulpe* urban drugstores each year in retail complexes in all Japan's major cities, reinforce merchandise lineups based on local needs and create a clear difference with competing drugstores.
- 6) We aim to enhance the earnings capabilities of stores by using our loyalty point systems, Ainz Point Club Card and Tulpe Mobile Club, to expand the customer base, and by implementing effective sales promotion using a mix of online media, SNS and print media advertising.

(4) Issues to be addressed

Amid wide-ranging debate about the future of Japan's non-hospital drug prescription system, the dispensing pharmacy sector is being called on to contribute to community healthcare through the provision of high-quality patient services, leading to a significant expansion in the traditional role and responsibilities of dispensing pharmacies.

The Group will work to provide high-quality healthcare services. Specifically, we will continue to implement our pharmacy-led project to improve operational efficiency at existing dispensing pharmacies, hire new pharmacists, upgrade training programs and invest in facilities to enhance the functions of dispensing pharmacies, and promote wider use of generic drugs using our specialist generic drug wholesale subsidiary WHOLESALE STARS Co., Ltd. In addition, we will expand the business through new store openings and M&A, continuing to implement our business strategy that maximizes economies of scale.

In the drug and cosmetic store business, we will reinforce the *ainz & tulpe* brand by accelerating openings of new large-scale stores in urban retail complexes near stations, where customer traffic is likely to be higher.

We will also invest to expand the drug and cosmetic store business so that earnings are on par with the dispensing pharmacy business. Specifically, we will implement new initiatives, such as operating large-scale specialist health and beauty retail complexes with *ainz & tulpe* as the key tenant.

4. Basic stance on selection of accounting standards

The Group has adopted Japanese accounting standards in order to facilitate comparison with other domestic companies in the same sector.

5. Consolidated Financial Statements

(1) Consolidated balance sheet

(Thousand yen)

	Previous fiscal year (As of April 30, 2015)	Current fiscal year (As of April 30, 2016)
Assets		
Current assets		
Cash on hand and in banks	19,553,423	22,647,300
Notes and accounts receivable	8,369,451	12,385,821
Merchandise	9,747,115	10,661,177
Supplies	162,635	323,473
Deferred tax assets	894,440	1,149,432
Short-term loans	739,342	639,457
Other accounts receivable	5,291,030	5,983,629
Other current assets	1,765,517	2,806,438
Allowance for doubtful accounts	(157,053)	(3,337)
Total current assets	46,365,901	56,593,392
Fixed assets		
Property, plant and equipment		
Buildings and structures	21,191,691	25,831,603
Accumulated depreciation	(9,513,155)	(11,136,865)
Buildings and structures, net	11,678,535	14,694,738
Land	7,931,761	9,537,493
Construction in progress	519,169	813,083
Other property, plant and equipment	8,119,554	10,163,480
Accumulated depreciation	(5,776,678)	(7,055,474)
Other property, plant and equipment, net	2,342,875	3,108,005
Total property, plant and equipment	22,472,342	28,153,320
Intangible fixed assets		
Goodwill	26,340,056	33,337,372
Other intangible fixed assets	1,283,021	2,248,861
Total intangible fixed assets	27,623,077	35,586,233
Investments and other assets		
Investments in securities	2,872,382	2,677,643
Long-term loans	1,369,265	1,801,723
Deferred tax assets	984,239	2,038,851
Net defined benefit asset	12,894	174,220
Deposits and guarantees	9,710,040	10,013,440
Other investments and other assets	3,262,128	4,086,587
Allowance for doubtful accounts	(522,385)	(1,237,174)
Total investments and other assets	17,688,566	19,555,292
Total fixed assets	67,783,986	83,294,846
Total assets	114,149,888	139,888,239

(Thousand yen)

	Previous fiscal year (As of April 30, 2015)	Current fiscal year (As of April 30, 2016)
Liabilities		
Current liabilities		
Accounts payable	31,826,516	39,987,595
Short-term debt	6,330,773	5,690,001
Accrued income taxes	2,320,567	4,448,862
Deposits received	9,052,200	10,112,896
Allowance for bonuses to employees	1,353,380	1,633,520
Allowance for bonuses to directors	11,751	13,590
Reserve for reward obligations	338,824	390,200
Provision for sales returns	—	15,815
Other current liabilities	3,199,345	4,452,428
Total current liabilities	54,433,358	66,744,908
Long-term liabilities		
Long-term debt	7,640,133	14,854,307
Lease obligations	1,341,266	1,198,289
Net defined benefit liability	1,636,186	2,228,446
Other long-term liabilities	1,052,395	1,537,674
Total long-term liabilities	11,669,982	19,818,717
Total liabilities	66,103,340	86,563,626
Net assets		
Shareholders' equity		
Common stock	8,682,976	8,682,976
Capital surplus	7,872,970	6,367,844
Retained earnings	31,639,894	38,605,783
Treasury stock	(419,311)	(419,311)
Total shareholders' equity	47,776,529	53,237,293
Accumulated other comprehensive income (loss)		
Unrealized holding gains (losses) on securities	227,061	(63,296)
Remeasurement of defined benefit plans	(75,210)	84,867
Total accumulated other comprehensive income (loss)	151,851	21,570
Non-controlling interests	118,166	65,748
Total net assets	48,046,547	53,324,613
Total liabilities and net assets	114,149,888	139,888,239

(2) Consolidated statement of income and comprehensive income**Consolidated statement of income**

(Thousand yen)

	Previous fiscal year (May 1, 2014 to April 30, 2015)	Current fiscal year (May 1, 2015 to April 30, 2016)
Net sales	187,904,956	234,843,598
Cost of sales	158,943,804	196,308,586
Gross profit	28,961,151	38,535,012
Selling, general and administrative expenses		
Advertising expenses	1,103,910	1,934,023
Promotion expenses	326,358	855,089
Salaries, allowances and bonuses	3,727,701	4,570,315
Provision of allowance for doubtful accounts	148,140	299,254
Provision for bonuses	294,028	403,044
Provision for directors' bonuses	11,751	13,590
Retirement benefit expenses	89,994	133,205
Provision for reward obligations	338,824	387,574
Legal and employee benefits expenses	1,077,826	1,363,050
Correspondence and transportation expenses	522,911	743,216
Lease expenses	132,016	112,820
Rent expenses	2,955,173	3,801,067
Depreciation expenses	1,172,814	1,401,047
Amortization of goodwill	1,363,887	1,942,266
Taxes	891,503	1,136,754
Other	3,352,159	4,819,514
Total selling, general and administrative expenses	17,509,004	23,915,836
Operating income	11,452,147	14,619,175
Non-operating income		
Interest income	66,337	58,703
Dividend income	33,153	35,693
Gains on investments in partnership	108,785	143,030
Commissions received	50,156	72,242
Real estate rental revenue	159,217	186,420
Gains on donations of fixed assets	12,672	24,569
Consignment income	157,150	189,507
Technical advisory fee	54,879	63,960
Co-sponsor fee	—	157,022
Other non-operating income	192,198	221,929
Total non-operating income	834,551	1,153,078
Non-operating expenses		
Interest expenses	84,087	96,209
Losses on sales of accounts receivables	81,176	78,562
Real estate rental expenses	88,653	87,450
Provision of allowance for doubtful accounts	282,600	282,600
Other non-operating expenses	52,334	69,413
Total non-operating expenses	588,851	614,235
Ordinary income	11,697,847	15,158,018

(Thousand yen)

	Previous fiscal year (May 1, 2014 to April 30, 2015)	Current fiscal year (May 1, 2015 to April 30, 2016)
Extraordinary income		
Gains on sales of fixed assets	21,736	24,263
Gains on sales of investments in securities	7,141	—
Compensation income	—	20,197
Penalty income	—	68,196
Gain on bargain purchase	—	58,879
Other extraordinary income	1,241	18,565
Total extraordinary income	30,118	190,101
Extraordinary losses		
Losses on disposal and sales of fixed assets	345,891	409,090
Losses on devaluation of investments in securities	6,776	12
Impairment losses on fixed assets	371,036	856,753
Directors' retirement benefits	106,960	8,800
Other extraordinary losses	64,840	123,880
Total extraordinary losses	895,505	1,398,537
Income before income taxes	10,832,460	13,949,582
Income taxes – current	4,428,100	6,698,519
Income taxes – deferred	143,526	(710,547)
Total income taxes	4,571,626	5,987,972
Profit	6,260,833	7,961,609
Profit attributable to non-controlling interests	63,662	44,491
Profit attributable to owners of parent	6,197,170	7,917,117

Consolidated statement of comprehensive income

(Thousand yen)

	Previous fiscal year (May 1, 2014 to April 30, 2015)	Current fiscal year (May 1, 2015 to April 30, 2016)
Income before minority interests	6,260,833	7,961,609
Other comprehensive income		
Unrealized holding gains (losses) on securities	192,471	(290,358)
Remeasurements of defined benefit plans, net of tax	(16,985)	160,077
Total other comprehensive income	175,485	(130,280)
Total comprehensive income	6,436,319	7,831,328
Comprehensive income attributable to owners of parent	6,372,656	7,786,836
Comprehensive income attributable to non-controlling interests	63,662	44,491

(3) Consolidated statement of changes in net assets

Previous fiscal year (May 1, 2014 to April 30, 2015)

(Thousand yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current year	8,682,976	7,872,970	26,007,464	(417,338)	42,146,073
Cumulative effect of changes in accounting policies			386,510		386,510
Balance at the beginning of current year reflecting changes in accounting policies	8,682,976	7,872,970	26,393,975	(417,338)	42,532,583
Net changes during the year					
Cash dividends paid			(951,251)		(951,251)
Profit attributable to owners of parent			6,197,170		6,197,170
Acquisition of treasury stock				(1,973)	(1,973)
Purchase of shares of consolidated subsidiaries					
Net change in items other than those in shareholders' equity					
Total changes during the year	—	—	5,245,919	(1,973)	5,243,945
Balance at the end of current year	8,682,976	7,872,970	31,639,894	(419,311)	47,776,529

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)		
Balance at the beginning of current year	34,590	(58,224)	(23,633)	117,651	42,240,091
Cumulative effect of changes in accounting policies					386,510
Balance at the beginning of current year reflecting changes in accounting policies	34,590	(58,224)	(23,633)	117,651	42,626,601
Net changes during the year					
Cash dividends paid					(951,251)
Profit attributable to owners of parent					6,197,170
Acquisition of treasury stock					(1,973)
Purchase of shares of consolidated subsidiaries					
Net change in items other than those in shareholders' equity	192,471	(16,985)	175,485	515	176,000
Total changes during the year	192,471	(16,985)	175,485	515	5,419,946
Balance at the end of current year	227,061	(75,210)	151,851	118,166	48,046,547

Current fiscal year (May 1, 2015 to April 30, 2016)

(Thousand yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current year	8,682,976	7,872,970	31,639,894	(419,311)	47,776,529
Cumulative effect of changes in accounting policies					
Balance at the beginning of current year reflecting changes in accounting policies	8,682,976	7,872,970	31,639,894	(419,311)	47,776,529
Net changes during the year					
Cash dividends paid			(951,228)		(951,228)
Profit attributable to owners of parent			7,917,117		7,917,117
Acquisition of treasury stock					
Purchase of shares of consolidated subsidiaries		(1,505,125)			(1,505,125)
Net change in items other than shareholders' equity					
Total changes during the year	—	(1,505,125)	6,965,888	—	5,460,763
Balance at the end of current year	8,682,976	6,367,844	38,605,783	(419,311)	53,237,293

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)		
Balance at the beginning of current year	227,061	(75,210)	151,851	118,166	48,046,547
Cumulative effect of changes in accounting policies					
Balance at the beginning of current year reflecting changes in accounting policies	227,061	(75,210)	151,851	118,166	48,046,547
Net changes during the year					
Cash dividends paid					(951,228)
Profit attributable to owners of parent					7,917,117
Acquisition of treasury stock					
Purchase of shares of consolidated subsidiaries					(1,505,125)
Net change in items other than shareholders' equity	(290,358)	160,077	(130,280)	(52,417)	(182,698)
Total changes during the year	(290,358)	160,077	(130,280)	(52,417)	5,278,065
Balance at the end of current year	(63,296)	84,867	(21,570)	65,748	53,324,613

(4) Consolidated statement of cash flows

	(Thousand yen)	
	Previous fiscal year (May 1, 2014 to April 30, 2015)	Current fiscal year (May 1, 2015 to April 30, 2016)
Cash flows from operating activities		
Income before income taxes and minority interests	10,832,460	13,949,582
Depreciation and amortization	2,553,938	3,259,367
Amortization of goodwill	2,278,004	2,938,058
Impairment losses on fixed assets	371,036	856,753
Impairment losses on investments in securities	6,776	12
Increase in allowance for doubtful accounts	419,514	565,851
Increase in reserve for reward obligations	6,508	48,750
Increase in defined benefit liability	114,834	164,816
Decrease in provision for sales returns	—	(3,245)
Increase in allowance for bonuses to employees	130,020	104,808
(Decrease) increase in allowance for bonuses to directors	(183)	1,839
Interest and dividend income	(99,490)	(94,396)
Interest expenses	84,087	96,209
Gains on investments in partnerships	(108,785)	(143,030)
Gains on donations of property, plant and equipment	(12,672)	(24,569)
Gain on bargain purchase	—	(58,879)
(Losses) gains on sales of investments in securities	(7,141)	475
Losses on disposal and sales of fixed assets	324,155	384,827
Decrease in accounts receivable	455,881	236,989
Decrease in inventories	969,970	495,261
Increase in other assets	(214,263)	(194,962)
Decrease (increase) in other accounts receivable	414,967	(600,967)
Increase in accounts payable	1,544,935	3,031,266
(Decrease) increase in other liabilities	(116,508)	917,973
Subtotal	19,948,048	25,932,792
Interest and dividends received	100,971	93,113
Interest paid	(82,809)	(94,235)
Income taxes paid	(5,126,261)	(4,579,309)
Net cash provided by operating activities	14,839,948	21,352,361

(Thousand yen)

	Previous fiscal year (May 1, 2014 to April 30, 2015)	Current fiscal year (May 1, 2015 to April 30, 2016)
Cash flows from investing activities		
Payments for purchases of property, plant and equipment	(2,848,807)	(7,407,367)
Proceeds from sales of property, plant and equipment	98,167	709,572
Payments for purchases of investments in securities	(145,352)	(10,981)
Proceeds from sales of investments in securities	559,547	260,010
Purchases of subsidiaries' shares resulting in obtaining controls	(10,024,858)	(10,954,789)
Payments for loans receivable	(2,233,281)	(960,413)
Proceeds from collections of loans receivable	2,655,247	74,392
Payments for investments in capital	(6)	(10)
Proceeds from returns of investments in capital	64	16,630
Payments for purchase of intangible fixed assets	(926,862)	(2,509,624)
Proceeds from sales of intangible assets	665	66,895
Increase in other investments	(1,862,825)	(298,512)
Proceeds from withdrawal of time deposits	260,513	223,093
Payments for time deposits	(93,204)	(86,192)
Net cash used in investing activities	(14,560,990)	(20,877,296)
Cash flows from financing activities		
Net decrease in short-term loans payable	(1,593,327)	(2,085,963)
Proceeds from long-term debts	8,650,097	12,987,518
Repayments of long-term debts	(5,082,420)	(5,619,816)
Repayments of lease obligations	(646,430)	(710,933)
Payments for purchase of treasury stock	(1,973)	—
Purchases of subsidiaries' shares not resulting in change in obtaining controls	—	(1,591,560)
Cash dividends paid	(951,251)	(951,228)
Net cash provided by financing activities	374,694	2,028,017
Net increase in cash and cash equivalents	653,651	2,503,082
Cash and cash equivalents at beginning of the year	18,735,445	19,389,097
Cash and cash equivalents at end of the year	19,389,097	21,892,179

(Segment Information, etc.)

a. Segment information

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, 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 losses, 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 (loss), assets, liabilities and other items for each reportable segment

I. Previous fiscal year (May 1, 2014 to April 30, 2015)

(Thousand yen)

	Reportable segments				Adjustments (Note) 1	Consolidated (Note) 2
	Dispensing pharmacy	Drug and cosmetic store	Other	Total		
Sales						
Sales to third parties	169,063,296	17,803,967	1,037,692	187,904,956	—	187,904,956
Intersegment sales	—	—	323,425	323,425	(323,425)	—
Total sales	169,063,296	17,803,967	1,361,118	188,228,382	(323,425)	187,904,956
Segment income (loss)	14,449,163	117,708	(614,986)	13,951,885	(2,254,037)	11,697,847
Segment assets	105,238,155	8,852,226	6,852,940	120,943,323	(6,793,434)	114,149,888
Other						
Depreciation and amortization	1,810,482	206,693	131,898	2,149,074	146,658	2,295,733
Amortization of goodwill	2,271,358	—	6,646	2,278,004	—	2,278,004
Impairment losses	166,136	144,352	60,547	371,036	—	371,036
Increase of tangible and intangible assets	2,525,818	553,667	1,268,195	4,347,681	40,414	4,388,095

Notes: 1. Segment income (loss) in "Adjustments" totaling (¥2,254,037 thousand) includes ¥2,007,602 thousand in overall group expenses, ¥343,514 thousand in losses that may not be allocated to the reporting segments, and (¥97,079 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 "Adjustments" totaling (¥6,793,434 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.

II. Current fiscal year (May 1, 2015 to April 30, 2016)

(Thousand yen)

	Reportable segments				Adjustments (Note) 1	Consolidated (Note) 2
	Dispensing pharmacy	Drug and cosmetic store	Other	Total		
Sales						
Sales to third parties	211,009,642	20,884,332	2,949,622	234,843,598	—	234,843,598
Intersegment sales	—	—	350,027	350,027	(350,027)	—
Total sales	211,009,642	20,884,332	3,299,650	235,193,626	(350,027)	234,843,598
Segment income (loss)	19,219,890	(459,170)	(1,142,947)	17,617,772	(2,459,754)	15,158,018
Segment assets	139,120,411	7,384,342	9,882,767	156,387,520	(16,499,281)	139,888,239
Other						
Depreciation and amortization	2,070,927	262,688	376,563	2,710,179	171,303	2,881,482
Amortization of goodwill	2,921,958	—	16,100	2,938,058	—	2,938,058
Impairment losses	520,333	151,897	—	672,230	184,523	856,753
Increase of tangible and intangible assets	5,607,150	1,108,118	3,353,108	10,068,377	322,432	10,390,810

Notes: 1. Segment income (loss) in “Adjustments” totaling (¥2,459,754 thousand) includes ¥2,897,457 thousand in overall group expenses, ¥356,230 thousand in losses that may not be allocated to the reporting segments, and(¥81,473 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 “Adjustments” totaling (¥16,499,281 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

Previous fiscal year (May 1, 2014 to April 30, 2015)

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.

Current fiscal year (May 1, 2015 to April 30, 2016)

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 as the Group's sales to external customers in Japan accounted for more than 90% of sales on the consolidated statement of income.

(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 losses of fixed assets for each reported segment

Previous fiscal year (May 1, 2014 to April 30, 2015)

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

Current fiscal year (May 1, 2015 to April 30, 2016)

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, 2014 to April 30, 2015)

(Thousand yen)

	Dispensing pharmacy business	Drug and cosmetic store business	Other businesses	Corporate / Eliminations	Total
Amortization of current fiscal year	2,271,358	–	6,646	–	2,278,004
Balance at the end of current fiscal year	26,286,881	–	53,175	–	26,340,056

Current fiscal year (May 1, 2015 to April 30, 2016)

(Thousand yen)

	Dispensing pharmacy business	Drug and cosmetic store business	Other businesses	Corporate / Eliminations	Total
Amortization of current fiscal year	2,921,958	–	16,100	–	2,938,058
Balance at the end of current fiscal year	33,111,221	–	226,150	–	33,337,372

e. Information about gains on bargain purchase for each reported segment

Previous fiscal year (May 1, 2014 to April 30, 2015)

There are no applicable matters to be reported.

Current fiscal year (May 1, 2015 to April 30, 2016)

Effective from the fiscal year under review, Kyowa Pharmacy Co., Ltd. in the dispensing pharmacy business was included in the scope of consolidation following the acquisition of shares. In the fiscal year under review, gain on negative goodwill arising from this acquisition totaled ¥58,879 thousand.