Summary of Consolidated Financial Results of Fiscal 2011

May 11, 2011

Name of Listed Company:	TOHO HOLDINGS CO., LTD.	Listed:	Tokyo Stock Exchange
Securities Code Number:	8129	URL:	http://www.tohohd.co.jp

Corporate Representative / Title Norio Hamada / President and Representative Director
Contact Representative / Title Momoru Ogino / Corporate Officer and General Manager of Finance Department
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Planned Date of General Meeting of Shareholders: Jun 28, 2011 Planned Date of Dividends Payment: Jun 9, 2011
Planned Date of Filing of Annual Securities: Jun 28, 2011
Supplemental explanatory materials for the Financial Results: Draft
Financial results briefing held : Hold （For institutional investors and analysts）

(Amounts are truncated to the nearest million yen.)

1. Consolidated Results of Operations for the March 2011 (from April 1, 2010 to March 31, 2011)

(1) Consolidated Results of Operations

(Percentages indicate the rate of change compared with the preceding fiscal year.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal 2011	1,059,612	5.7	5,839	-46.6	9,481	-32.9	7,283	-11.9
Fiscal 2010	1,002,122	19.5	10,939	262.0	14,133	116.6	8,263	•

(Note) Comprehensive income: Fiscal 2011:10,119 million yen (14.0%); Fiscal 2010:8,877 million yen (-%)

	Current Net Income per Share	Current Net Income per Share - Diluted	Return on Equity	Ordinary Income/ Total Assets	Operating Income/ Net Sales
	Yen	Yen	%	%	%
Fiscal 2011	97.83	•	6.9	1.9	0.6
Fiscal 2010	125.69	122.83	9.3	3.2	1.1

(Reference) Equity in earnings (losses) of equity-method investees : Fiscal 2011: 121 million yen; Fiscal 2010:77 million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholder’s Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
Fiscal 2011	518,389	110,916	21.4	1,488,23
Fiscal 2010	489,452	100,838	20.6	1,370.25

(Reference) Shareholder’s equity: Fiscal 2011: 110,853 million yen; Fiscal 2010 : 100,738 million yen

(3) Consolidated Cash Position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the term-end
	Million yen	Million yen	Million yen	Million yen
Fiscal 2011	9,726	-1,200	-2,315	29,111
Fiscal 2010	1,998	-3,021	6,781	22,645

2. Historical Payment of Dividends

	Annual Cash Dividend per Share					Total Dividends	Payout Ratio (Consolidated)	Dividends per Net Assets (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal 2010	•	8.00	•	8.00	16.00	1,058	12.7	1.2
Fiscal 2011	•	8.00	•	8.00	16.00	1,191	16.4	1.1
Fiscal 2012 (Projected)	•	8.00	•	8.00	16.00		25.5	

3. Consolidated Projected Results of Operations during Fiscal Year 2012 (from April 1, 2011 to March 31, 2012)

(Percentages indicate the rate of change compared with the preceding fiscal year.)

	Net Sales		Operating Income		Ordinary Income		Current Net Income		Current Net Income per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Second half of Fiscal 2012	530,000	2.0	2,900	-42.7	4,400	-38.4	2,300	-37.7	29.42
Year-end	1,075,000	1.5	6,900	18.2	9,500	0.2	4,900	-32.7	62.68

4. Others

(1) Changes in material subsidies during the term (changes in special subsidiaries accompanying a change in the scope of consolidation) : N.A.

Inclusion － （ － ） Exclusion － （ － ）

(2) Changes in accounting principles, procedures, presentation methods, etc.

(i) Changes due to revision of accounting standards, etc.: Applicable

(ii) Changes other than (i): N.A.

(3) Number of shares outstanding (Common stock)

(i) Number of shares outstanding at end of fiscal year (Including common stock for treasury)	FY2011	74,582,502	FY2010	74,582,502
(ii) Number of treasury stocks at end of fiscal year	FY2011	95,157	FY2010	1,063,968
(iii) The average number of shares during fiscal year	FY2011	74,447,927	FY2010	65,745,311

(Reference) Summary of Non-consolidated Financial Statements

1. Non-Consolidated Results of Operations for the March 2011 (from April 1, 2010 to March 31, 2011)

(1) Non-consolidated Results of Operations (The figures in percentages indicate changes year-on-year.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal 2011	5,728	60.8	3,004	239.1	3,604	175.3	7,395	881.5
Fiscal 2010	3,563	-99.6	886	152.6	1,309	-51.5	753	•

	Net Income per Share	Net Income per Share - Diluted
	yen	yen
Fiscal 2011	99.32	•
Fiscal 2010	11.46	11.26

(2) Non-consolidated Financial Position

	Total Asset	Net Assets	Shareholder’s Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	yen
Fiscal 2011	114,728	74,132	64.6	994.24
Fiscal 2010	85,393	59,447	69.5	807.62

(Reference) Shareholder’s Equity Fiscal 2011 :74,069 million yen Fiscal 2010 : 59,384 million yen

<u>* Status of the implementation of the audit procedure</u>

- The Financial Results of Fiscal 2011 were exempt from the audit procedure based on the Financial Instruments and Exchange Act. As of the Fiscal 2011 disclosure, the audit procedure for the financial statements of Fiscal 2011 has not been completed.

<u>* Explanation of Appropriate Use of Performance Projections and Other Items Requiring Special Description</u>

- Any forward-looking statements contained in this report, including performance projections, are based on information currently available to the Company as well as certain assumptions that the Company deemed rational at the time of release of this report, and may differ significantly from actual results due to a variety of factors. As for precautions regarding the use of the Performance Projections and the conditions underlying the assumptions for the Performance Projections, refer to the Analysis concerning the Management Results on Page 3 and 4 of the Attached Document.
- Net income per share is calculated by including the 3,687,640 of new shares to be issued and allocated due to stock swap between SHOUEI CO., LTD. on April 1, 2011.

Contents of Attached Document

* The Company plans to hold a briefing on the financial results for institutional investors and analysts as follows. The Company also intends to provide on its website the materials delivered at the briefing and the animation and main Q&A session items as soon as possible after the briefing session.

・May 20, 2011 on Friday・・・・・ Financial results briefing for institutional investors and analysts

1. Management Results

(1) Analysis Concerning Management Result

In the market for prescription pharmaceuticals, the new drug pricing system centering on the “promotional point addition system for new drug discovery/off label drug dissolution” was introduced on a trial basis in April 2010 and NHI drug prices were reduced by 6.5% on average. However, the market for the fiscal year ended March 2011 grew steadily at a growth rate of 2.5% against the same period of the previous year (estimates by Crecon Research and Consulting Inc.), supported by the aging of the population and the launching of new pharmaceuticals.

The TOHO HOLDINGS Group, while actively tackling existing problems in the distribution system, including the correction of total value transactions, the issue of the gap between NHI prices and market prices, and provisional shipping with the pricing yet to be negotiated, has strived to form reasonable selling prices based on the value of each pharmaceutical product and ensure adequate profits in accordance with the objectives of the introduction of the new drug pricing system.

After the Great East Japan Earthquake, which occurred on March 11 this year, the Company’s operations were hindered at first due to power failures and disrupted communication systems at several bases of operation, including TBC Motomiya (located in Motomiya City in Fukushima prefecture), the distribution center for the Tohoku region. However, the Company implemented backup procedures from distribution centers in the Tokyo metropolitan area and operation bases in the neighboring areas in accordance with the Company’s Business Continuity Plan and succeeded in securing a stable supply of prescription pharmaceuticals to the districts affected by the earthquake and tsunami.

Under these circumstances, consolidated net sales for the fiscal 2011 stood at 1,059,612 million yen (a year-on-year increase of 5.7%), and consolidated operating income was 5,839 million yen (a year-on-year decrease of 46.6%). ordinary income was 9,481 million yen (a year-on-year decrease of 32.9%). With respect to extraordinary profits and losses, the Company posted extraordinary losses of 708 million yen as losses related to the Great East Japan Earthquake, 1,365 million yen for impairment losses and 1,323 million yen as a provision regarding allowances for doubtful accounts, while recognizing extraordinary profits of 2,226 million yen for gains on the sale of investment securities. As a result, the consolidated net income was 7,283 million yen, a decrease by 11.9% on a year-on-year basis.

(Segment Performance)

In the Pharmaceutical Wholesaling operations, net sales for the current consolidated fiscal year were 1,024,095 million yen, up 5.3% on a year-on-year basis, exceeding the average growth rate for the market, due primarily to the full contribution from the term’s start by OMWELL INC. (consolidated on October 1, 2009, the present SAYWELL Inc.) and ASUCOME CO., LTD. (consolidated on February 1, 2010, the present TOHO PHARMACEUTICAL CO., LTD.), which were consolidated in the preceding fiscal year for consolidation. However, operating income was 2,854 million yen, down 67.2% year-on-year, due to intensified competition among wholesalers and the difficult conditions for price negotiations. In addition, the sales mentioned above include internal sales between segments of 32,375 million yen.

In the Dispensing Pharmacy operations, net sales for the current consolidated fiscal year amounted to 66,600 million yen (up 22.6%, year on year), and the operating income was 3,572 million yen (up 47.6%, year on year).

In the SMO and CRO operations, net sales for the current consolidated fiscal year amounted to 376 million yen (down 20.6%, year on year), and the operating loss was 92 million yen. In addition, the Company carried out a business transfer of its CRO business during the current consolidated fiscal year.

In the information equipment sales operations, net sales for the fiscal 2011 totaled 1,203 million yen (up 85.3%, year on year), with an operating loss of 356 million yen.

(Projections for the Next Fiscal Year)

While fiscal 2012 is a year when no revision of the NHI drug prices is scheduled for the prescription pharmaceuticals market that the Company is part of, it is very difficult to use the market to make forecasts for the following fiscal year due to various uncertain factors, including the decline in the number of medical examinations resulting from the sluggish economy in addition to the extension of controls over medical fees, as well as difficult price negotiations and the negative impact of the Great East Japan Earthquake of March this year. However, taking into consideration the Company's aims to ensure appropriate profit levels through a rise in operating income by increasing the number of consolidated subsidiaries and further control of price management and to increase commission revenues by expanding fee based businesses, the Company considers consolidated operating results for the following consolidated fiscal year ending March 2012 to be 1,075,000 million yen (up by 1.5% on a year-on-year basis) for net sales, 6,900 million yen (up by 18.2% on a year-on-year basis) for operating income, 9,500 million yen (up by 0.2% on a year-on-year basis) for ordinary income, and 4,900 million yen (down by 32.7% on a year-on-year basis) for net income.

(2) Analysis Concerning the Financial Position

①State of assets, liabilities, and net assets

(i)Asset

Consolidated current assets as of the end of March 2011 increased 6.6% from the end of the previous consolidated fiscal year to 338,666 million yen, due mainly to an increase in cash and deposits of 5,975 million yen, an increase in notes and accounts receivable-trade of 7,189 million yen, an increase in products of 8,276 million yen, an increase in deferred tax assets of 2,790 million yen, an increase in short-term loans receivable of 1,284 million yen, and a decrease in short-term investment securities of 1,597 million yen.

Noncurrent assets as of the end of March 2011 increased 3.8% from the end of the previous year to 129,722 million yen, due primarily to an increase in construction in progress of 1,253 million yen, an increase in goodwill of 609 million yen, an increase in investment securities of 3,605 million yen, a decrease in buildings and structures of 432 million yen, and a decrease in other investment of 508 million yen.

As a result, consolidated total assets as of the end of March 2011 increased 5.9% from the end of the previous consolidated fiscal year to 518,389 million yen.

(ii)Liability

Consolidated current liabilities as of the end of March 2011 increased 6.5% against the end of the previous consolidated fiscal year to 364,624 million yen, which is attributable mainly to an increase in notes and accounts payable-trade of 23,257 million yen, an increase in the current portion of long-term loans payable of 1,213 million yen, an increase in provision for bonuses of 240 million yen, an increase in provision for disaster-related losses of 298 million yen, a decrease in income taxes payable of 1,752 million yen, and a decrease in accrued consumption taxes of 1,277 million yen.

Consolidated noncurrent liabilities decreased 7.3% from the end of the previous fiscal year to 42,848 million yen, due mainly to an increase in asset retirement obligations of 673 million yen, a decrease in provision for retirement benefits of 2,310 million yen, and a decrease in negative goodwill of 1,580 million yen.

As a result, total liabilities as of the end of the current fiscal year increased 4.9% against the end of the last year to 407,472 million yen.

(iii)Net assets

Total net assets as of the end of the consolidated fiscal year under review increased 10.0% from the end of March 2010 to 110,916 million yen, due primarily to an increase in the capital surplus of 348 million yen, an increase in retained earnings of 5,875 million yen, an increase in valuation difference on available-for-sale securities of 2,873 million yen, and a decrease in treasury stock of 1,012 million yen.

②Cash Position

Cash and cash equivalents (hereinafter referred to as “cash”) during this consolidated fiscal year increased by 6,466 million yen from the end of the preceding consolidated fiscal year. As a result, the balance at the end of this consolidated fiscal year totaled 29,111 million yen. The following describes the three categories of consolidated cash positions during this consolidated fiscal year, as well as the factors responsible.

(i) Cash Flows from Operating Activities

Cash flow from operating activities was an inflow of 9,726 million yen (an increase of 7,727 million yen on a year-on-year basis). Although inflow was secured by some positive factors such as income before income taxes of 7,475 million yen, depreciation and amortization of 2,754 million yen, and an increase in notes and accounts payable-trade of 21,781 million yen, these were somewhat offset by negative factors including an increase in notes and accounts receivable-trade of 6,291 million yen, an increase in inventories of 7,887 million yen, income taxes paid of 6,456 million yen, and a decrease in provision for retirement benefits of 2,342 million yen.

(ii) Cash Flows from Investing Activities

Cash flow from investing activities was an outflow of 1,200 million yen (despite an increase of 1,821 million yen from the previous year). Positive factors, such as a net increase in cash of 1,146 million yen as the difference between payment for additions to time deposits and proceeds from refunds from time deposits, proceeds from sales of short-term investment securities of 1,598 million yen, and a net increase in cash of 1,799 million yen as the difference between payment for the acquisition of and proceeds from of investment securities, were totally offset by negative factors including purchase of property, plant and equipment of 3,452 million yen, and payments of loans receivable of 1,760 million yen.

(iii) Cash Flows from Financing Activities

Cash flow from financing activities was an outflow of 2,315 million yen (an decrease of 9,097 million yen from the previous year), due to expenditures for redemption of bonds of 253 million yen, repayments of finance lease obligations of 694 million yen, and cash dividends paid of 1,184 million yen.

(Reference) Trends in key indicators of cash flows

	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011
Shareholder’s Equity Ratio (%)	17.9	19.9	19.5	20.6	21.4
Shareholder’s Equity Ratio (%) at Market Value	30.6	37.2	14.0	18.4	13.0
Ratio of cash flows to interest-bearing debts (%)	22.3	•	1.0	1,838.8	363.6
Interest Coverage Ratio (time)	251.3	•	75.6	4.9	18.8

Shareholders’ equity ratio: Shareholders’ equity/Total assets

Shareholders’ equity ratio at market value: Total market value of stock/Total assets

Ratio of cash flows to interest-bearing debts: interest-bearing debts/operating cash flows

Interest coverage ratio: Cash flows from operating activities/Interest paid

1. All indicators are calculated using consolidated financial data.
2. The total market value of stock is calculated by multiplying the closing price of stock at the end of the fiscal year by the number of shares outstanding at the end of the fiscal year (after adjustment for treasury shares).
3. Cash flows from operating activities correspond to Cash Flows from Operating Activities appearing on the Statements of Consolidated Cash Flows. Interest-bearing debt corresponds to all interest-paying debt as recorded on the Consolidated Balance Sheets. Interest paid corresponds to interest payments appearing on the Statements of Consolidated Cash Flows.
4. The interest-bearing debt to cash flows ratio and the interest coverage ratio for the interim term of fiscal 2008 are omitted above, since the cash flows from operating activities were negative.

(3)Company's Basic Policy for Allocation of Profit and Dividend for the Current Term and Next Term

(Company's Policy for Dividend)

The Company believes that returning earnings to its shareholders is one of its most important management tasks and recognizes its obligation to improve its earnings per share. With respect to the allocation of earnings, we intend to maintain the basic dividend policy of paying stable dividends, considering year-on-year changes in operational performance. We also seek to retain adequate earnings to augment the Company's earnings structure and to provide for future market fluctuations. Based on these policies, the Company decided to pay a common annual dividend of 16 yen per share (8 yen per share for both interim dividend and year-end dividend). In the next fiscal year, we plan to pay a common annual dividend of 16 yen per share (8 yen for both the interim dividend and year-end dividend).

(4)Business Risks

The major risks relevant to business operations and other affairs of the Company and the Group are described below. Discussions about the future that appear in this section reflect observations made by the Company as of the date of releasing financial results contained herein (May 11, 2011).

Ⅰ Pharmaceutical Wholesaling Operations

1. Ramifications of Revision of the NHI Drug Price Standards and Reform of the Health Insurance Regime

The prescription pharmaceuticals that constitute the Toho Holdings Group's primary line of products are listed in the National Health Insurance Drug Price Standards. The NHI Drug Price Standards are known as the "Methodology for Calculating the Amounts of Expenses Required for Medical Treatments as Prescribed by the Health Insurance Law" as announced by the Minister of Health, Labour and Welfare. The standards provide for the scope of use of pharmaceuticals available under the coverage of health insurance and the prices chargeable for pharmaceuticals administered by medical institutions. This means that the NHI Drug Price Standards act as ceilings for the sale prices of ethical pharmaceuticals.

The Ministry of Health, Labour and Welfare carries out a survey on the prevailing prices of prescription pharmaceuticals in the marketplace ("drug price survey" hereinafter) and revises the NHI Drug Price Standards once every two years to reflect its findings. The Standards were revised in April of 2004, 2006, 2008, and 2010 when the NHI prices were cut, respectively, by 4.2%, 6.7%, 5.2%, and 6.5%.

The Toho Holdings Group's performance is likely to be affected by the conservative purchasing of pharmaceuticals by medical institutions prior to the revision of the NHI Drug Price Standards and by the consequences of a downward revision that has cut the prices.

Furthermore, since the institutional reforms to be implemented by the government with a view to achieving sound public finances for medical insurance have a direct impact on the earnings structures of medical institutions and dispensing pharmacies, the Group's major customers, an increasing number of them have funneled their efforts into strengthening their management bases, as witnessed in moves such as cooperative purchasing adopted by public hospitals and expansion of the scale of businesses, including the consolidation of dispensing pharmacy chains. Since medical institutions and dispensing pharmacies are able to enhance their purchasing capacity through the efforts described above, there have been indications of a movement to further reinforce their policy of reflecting the benefits of scale in the purchase prices.

Furthermore, since the government decided to promote its policy of the use of generics from April 2008, the use of generics will expand, particularly in the dispensing pharmacy market.

As explained above, revisions in the NHI Drug Price Standards and other health insurance framework arrangements may affect the Toho Holdings Group's results for its operations, depending on how the details are worked out.

2. Business Practices Unique to Industry

The industry is known for its peculiar business practice whereby prices are not yet determined when a pharmaceutical vendor delivers a shipment to medical institutions or dispensing pharmacies based on the mutual understanding that both parties will negotiate the price at a later date. This practice has been fostered by the life or death nature of the market for pharmaceutical products that allows no excuse for any delay in a shipment. Provisional payments are customarily made in reference to the NHI Drug Price Standards, before the sale/purchase price is determined. Conversely, prolonged price negotiations may adversely affect the Group's operating results.

The pharmaceutical distribution business involves the payment of sales rebates and sales promotion incentives to pharmaceutical wholesalers by pharmaceutical manufacturers.

Sales rebates are calculated by mainly setting up progressive rebate rates according to the purchase value and pharmaceutical wholesalers are consequently able to virtually reduce their purchase prices by acquiring sales rebates.

Consequently, if part of a pharmaceutical manufacturer's business policies or price system is changed, this may have a materially adverse impact on the Group's performance according to the contents of the change.

Ⅱ Dispensing Pharmacies Operations

1. Ramifications of Revision of the NHI Drug Price Standards and Reform of the Health Insurance Regime

As for dispensing pharmacy operations, revenues from the sales of prescription pharmaceuticals based on the NHI Drug Price Standards above and revenues such as dispensary fees and pharmaceutical administration fees based on medical fee points for dispensing as stipulated in the National Health Insurance Law are the main revenues. Accordingly, if the Group is unable to reduce the purchase prices of dispensary pharmaceuticals after the revision of the NHI Drug Price Standards, or if the medical fee points system is changed through a revision of the dispensary fees and subsequently the medical fee points for dispensing are reduced, these situations may affect the Group's performance.

Furthermore, the framework reforms being implemented by the government to secure the soundness of health insurance finances may result in a decrease in the number of patients and a decrease in the number of prescriptions issued by medical institutions, according to previous trends. In this case, the Group's operating results may be affected.

Furthermore, as the government decided to promote its policy on the use of generics from April 2008, it is highly likely that the use of inexpensive generics will expand in the future. In this case, the Group's operating results may be affected.

As mentioned above, revisions to the health insurance system, including a revision of the NHI Drug Price Standards, may materially affect the operating results of the Group.

2. Business Practices Unique to the Industry

①System to separate dispensing and prescribing functions

The dispensing pharmacy business is engaged mainly in prescription of pharmaceuticals according to prescriptions issued by medical institutions. Accordingly, if there are any changes in the circumstances surrounding the industry, including future progress in the system of separation of dispensing and prescribing functions, or if a situation arises such as the abolition of the issuance of prescriptions (a return to in-hospital prescriptions) or the transfer and discontinuation of the business by medical institutions of issuing prescriptions, then the number of prescriptions received may fluctuate. In this case, the Group's operating results may be affected according to these fluctuations.

②Dispensing operations

If any error occurs in dispensing operations due to the characteristics of prescription pharmaceuticals, this may damage the human body. Therefore, the Toho Group is actively involved in activities to improve the skills and knowledge of pharmacists, and at the same time is promoting a systemic upgrading of management systems. In addition, the Group has insured all stores for pharmacist's liability insurance.

However, if a dispensing error occurs due to human error, the pharmacy concerned may not only face a claim for substantial damages, but existing customers and the society may also lose confidence in it. In this case, the Group's performance may be affected according to severity of the error.

③Consumption taxes

Although prescription pharmaceuticals that a dispensing pharmacy sells to patients are non-taxable goods based on the Consumption Tax Law, those that a dispensing pharmacy purchases from a pharmaceutical wholesaler are taxable (e.g. consumption taxes) based on this same law. Against this background, the dispensing pharmacy is liable, as the final user, for consumption taxes at its own expense. At the time of the introduction of the consumption taxes and the revision of the tax rate, the amount of consumption taxes based on the former tax rate and those due to increased tax rates were taken into consideration in the revision of the NHI Drug Price Standards. However, there is no guarantee of the same treatment in future. Therefore, if the NHI Drug Price Standards are not revised according to the change in the tax rate when a revision of the consumption tax occurs in future, it may affect the Group's operating results.

④Securing pharmacists

At dispensing pharmacies, the work of dispensing medicine by persons other than pharmacists is prohibited. Consequently, if a resident pharmacist system and the services provided by such a pharmacist for patients cannot be secured at a pharmacy based on full cover of the business hours, then the above regulations may affect the Group's maintenance of pharmacies and the opening of new pharmacies as well as the performance of its dispensing pharmacy business.

III. Business Risks common to the Group

Control of personal information

The Toho Group is handling a substantial amount of personal data concerning health personnel in pharmaceutical wholesale operations and patients in dispensing pharmacy operations. With respect to the personal data on health professionals and patients, if there is any irregularity in handling them, the Group may face more severe claims for compensation compared with cases involving general personal data, due to its value as an asset and high degree of confidentiality. In addition, pharmacists working in dispensing pharmacy operations are legally obligated to maintain confidentiality. Consequently, the Group is involved in activities to promote a full understanding of the issue of the protection of personal information among all employees concerned and is upgrading its control system.
However, if any leakage of personal data occurs due to human error, the Group may not only face a claim for a large amount of damages, but may also lose the confidence of existing customers and the society. In this case, the Group's performance may be affected according to the level of the adverse effects.

2. State of Corporate Group

For the purposes hereof, the Group (TOHO HOLDINGS and its associated companies) or simply the “Group” consists of TOHO HOLDINGS or simply the “Company,” 58 subsidiaries, and 16 affiliates. The Group’s primary business operations, connections between these business operations, and their relationships with the segments classified by types of business operations are described below.

In addition, the following four business segments are the same as those described in item No.5. Financial Status, 1. Consolidated Financial Statements, (1) Notes on the Consolidated Financial Statements.

(1) Pharmaceutical Wholesaling Operations

The Company’s 9 consolidated subsidiaries (TOHO PHARMACEUTICAL, Kyushu Toho, Honma Toho, SAYWELL, Koyo, Godo Toho, Sue Yakuhin, Yamaguchi Toho, Ogawa Toho), two subsidiaries and three affiliates (Sakai Yakuhin and two others) purchase pharmaceuticals and health-related products, mainly from pharmaceutical manufacturers, for distribution primarily to hospitals, clinics, and dispensing pharmacies.

As far as the related products purchased from pharmaceutical manufacturers, etc. are concerned, the consolidated subsidiaries supply these products to 31 subsidiaries (Phrama-Daiwa, Tomonity, Chuoh Medical, Pharma Square, Nest, Zenkaido, Seiko, J. Mirai Medical, VEGA PHARMA, Jus-Pharma, Himawari Pharmacy, Japan Pharmacy and 19 others) and eight affiliated companies (Wakaba, and seven others).

Toho System Service (a consolidated subsidiary) is chiefly engaged in mission-critical system operations such as data processing for the Kyoso Mirai Group (consisting of the Company, and affiliated companies and companies tying up with us whose mainstay is pharmaceutical wholesaling).

(2) Dispensing Pharmacies Operations

The Company’s 12 consolidated subsidiaries (Pharma-Daiwa, Tomonity, Chuoh Medical, Pharma Square, Nest, Zenkaido, Seiko, J. Mirai Medical, VEGA PHARMA, Jus-Pharma, Himawari Pharmacy, Japan Pharmacy), 19 subsidiaries and eight associate companies (Wakaba, and seven others) primarily manage health insurance dispensing pharmacies.

PharmaCluster (a consolidated subsidiary) undertakes the management of the dispensing pharmacy business.

(3) Site Management Organization (SMO) Operations

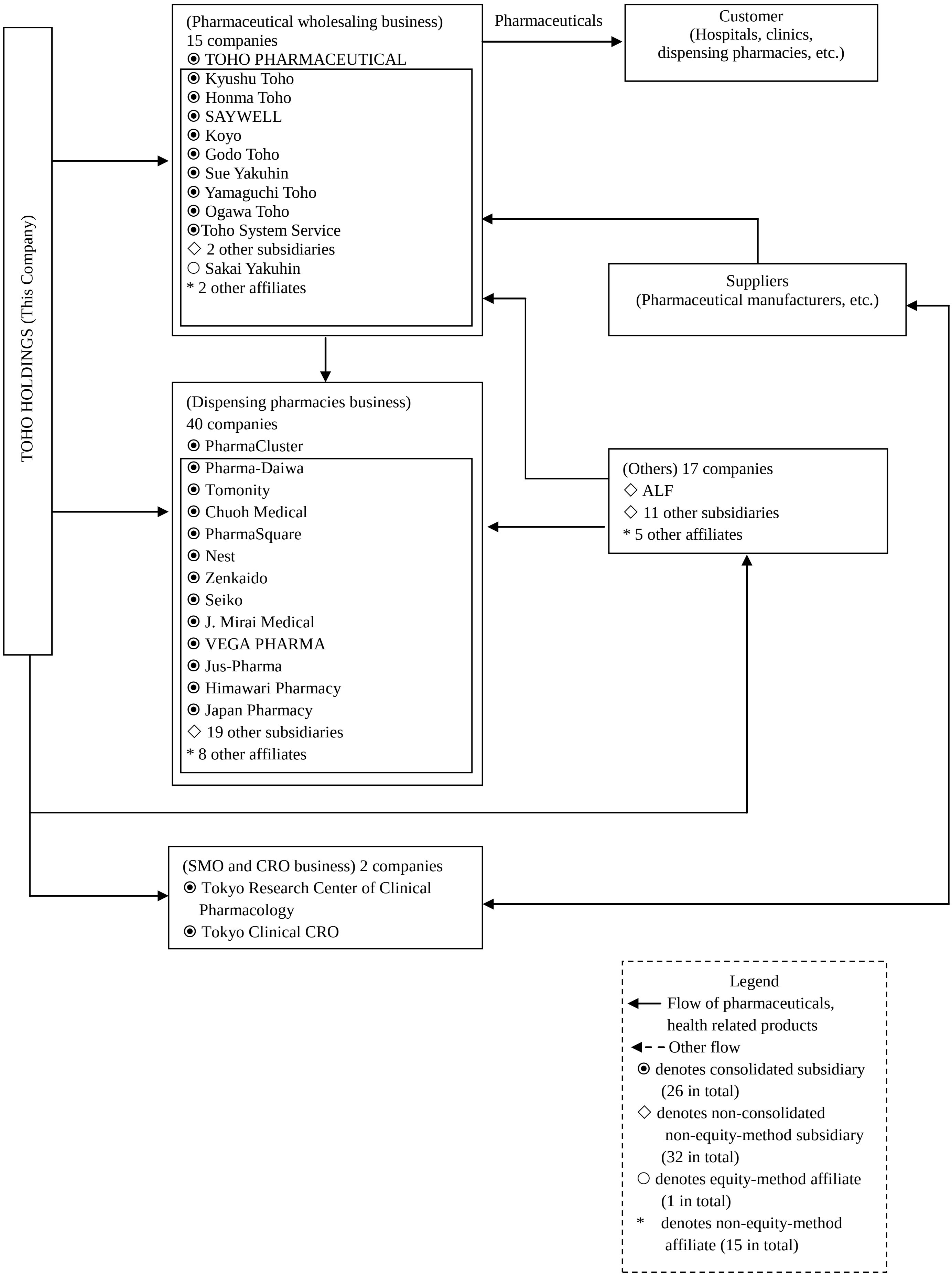
The Tokyo Research Center of Clinical Pharmacology, a consolidated subsidiary, undertakes SMO (Site Management Organization) operations.

Tokyo Clinical CRO, a consolidated subsidiary, undertakes pharmaceutical development services commissioned by pharmaceutical manufacturers.

(4) Other Operations

ALF, a consolidated subsidiary, and 16 other companies (11 subsidiaries and 5 affiliates) undertake respective operations related to the Company.

Illustrated below is a structure of business relationships between and among the Company and its associated companies.



[State of Associated Companies]

Name	Location	Capital (Million Yen)	Main Business Description	Company's Voting Ownership (%)	Detailed Relationship with Company
(Consolidated Subsidiaries) TOHO PHARMACEUTICAL	Setagaya -ku, Tokyo	300	Pharmaceutical wholesaling	100.00	Management guidance and real estate rent by the Company. Company represented on Board of Directors. Supported financially by the Company.
Kyushu Toho	Kumamoto City, Kumamoto	522	Pharmaceutical wholesaling	100.00 （100.00）	Supplied pharmaceuticals by TOHO PHARMACEUTICAL, a consolidated subsidiary. Company represented on Board of Directors.
Honma Toho	Chuoh-ku, Niigata City, Niigata	100	Pharmaceutical wholesaling	100.00 （100.00）	Supplied pharmaceuticals by TOHO PHARMACEUTICAL, a consolidated subsidiary. Company represented on Board of Directors.
SAYWELL	Nishi -ku, Hiroshima City, Hiroshima	95	Pharmaceutical wholesaling	100.00 （35.61）	Supplied pharmaceuticals by TOHO PHARMACEUTICAL, a consolidated subsidiary. Company represented on Board of Directors.
Koyo	Takamatsu City, Kagawa	72	Pharmaceutical wholesaling	100.00 （100.00）	Supplied pharmaceuticals by TOHO PHARMACEUTICAL, a consolidated subsidiary. Company represented on Board of Directors.
Godo Toho	Hirano-ku, Osaka City, Osaka	45	Pharmaceutical wholesaling	100.00 （100.00）	Supplied pharmaceuticals by TOHO PHARMACEUTICAL, a consolidated subsidiary. Company represented on Board of Directors.
Sue Yakuhin	Midori city, Gunma	30	Pharmaceutical wholesaling	100.00 （100.00）	Supplied pharmaceuticals by TOHO PHARMACEUTICAL, a consolidated subsidiary.
Yamaguchi Toho	Tsuchiura City, Ibaraki	20	Pharmaceutical wholesaling	100.00 （100.00）	Supplied pharmaceuticals by TOHO PHARMACEUTICAL, a consolidated subsidiary. Company represented on Board of Directors.
Ogawa Toho	Takasaki City, Gunma	20	Pharmaceutical wholesaling	100.00 （100.00）	Supplied pharmaceuticals by TOHO PHARMACEUTICAL, a consolidated subsidiary. Company represented on Board of Directors.
Toho System Service	Setagaya-ku, Tokyo	10	Information processing	100.00	Processes data and creates software for Company, associated companies, etc. Distributes software to medical institutions jointly with Company. Company represented on Board of Directors.

Name	Location	Capital (Million yen)	Main Business Description	Company's Voting Ownership (%)	Detailed Relationship with Company
Pharma Cluster	Chuoh-ku, Tokyo	10	Management of dispensing pharmacy business companies	100.00	Management guidance, Company represented on Board of Directors. Supported financially by the Company.
Pharma-Daiwa	Kumamoto City, Kumamoto	100	Operation of dispensing pharmacies	100.00 (100.00)	Supplied pharmaceuticals by a consolidated subsidiary.
Tomonity	Chuoh-ku, Tokyo	50	Operation of dispensing pharmacies and small-lot wholesaling of pharmaceuticals	100.00 (100.00)	Supplied pharmaceuticals by a consolidated subsidiary.
Chuoh Medical	Chuoh-ku, Niigata City, Niigata	50	Operation of dispensing pharmacies	100.00 (100.00)	Supplied pharmaceuticals by a consolidated subsidiary.
Pharma Square	Chuoh-ku, Tokyo	50	Operation of dispensing pharmacies	100.00 (100.00)	Supplied pharmaceuticals by a consolidated subsidiary. Supported financially by Company.
Nest	Aoba-ku, Sendai City, Miyagi	50	Operation of dispensing pharmacies	100.00 (100.00)	Supplied pharmaceuticals by a consolidated subsidiary. Company represented on Board of Directors.
Zenkaido	Nishi -ku, Niigata City, Niigata	36	Operation of dispensing pharmacies	100.00 (100.00)	Supplied pharmaceuticals by a consolidated subsidiary.
Seiko	Hakata-Ku, Fukuoka City, Fukuoka	30	Operation of dispensing pharmacies	100.00 (100.00)	Supplied pharmaceuticals by a consolidated subsidiary.
J.Mirai Medical	Neyagawa City, Osaka	20	Operation of dispensing pharmacies	100.00 (100.00)	Supplied pharmaceuticals by a consolidated subsidiary. Supported financially by Company.
VEGA PHARMA	Habikino City, Osaka	10	Operation of dispensing pharmacies	100.00 (100.00)	Supplied pharmaceuticals by a consolidated subsidiary.
Jus-Pharma	Mito City, Ibaraki	10	Operation of dispensing pharmacies	100.00 (100.00)	Supplied pharmaceuticals by a consolidated subsidiary. Company represented on Board of Directors. Supported financially by the Company.
Himawari Pharmacy	Hakata-ku, Fukuoka city, Fukuoka	3	Operation of dispensing pharmacies	100.00	Supplied pharmaceuticals by a consolidated subsidiary.
Japan Pharmacy	Chuoh-ku, Tokyo	50	Operation of dispensing pharmacies	100.00	Supplied pharmaceuticals by a consolidated subsidiary.
Tokyo Research Center of Clinical Pharmacology	Shinjuku -ku, Tokyo	401	SMO	100.00	Supported financially by Company. Company represented on Board of Directors.
Tokyo Clinical CRO	Shinjuku-ku, Tokyo	10	CRO	100.00	•
ALF	Setagaya-ku, Tokyo	90	Manufacture and marketing of information processing equipment	92.32 (0.83)	Engaged in marketing of the Group's customer support systems. Supported financially by Company.
(Equity-Method Affiliates) Sakai Yakuhin	Mitaka City, Tokyo	60	Pharmaceutical wholesaling	35.00	Supplied pharmaceuticals by TOHO PHARMACEUTICAL, a consolidated subsidiary. Company represented on Board of Directors.

(Note) 1. Any indirect ownership reflected in a voting ownership ratio is enclosed in parentheses.
2. SAYWELL is a specified subsidiary.
3. Sales from TOHO PHARMACEUTICAL (excluding internal sales posted between consolidated companies) account for more than 10% of total consolidated sales.

Major profit/loss information
①Net sales 1,005,498 million yen
②Ordinary income 3,837 million yen
③Net income 3,501 million yen
④Net Assets 10,677 million yen
⑤Total Assets 402,807 million yen

3. Business Management Policy

(1) Company’s Basic Policy for Management of Operations

In a super-ageing society, medical and health care is of great interest to the public. Although diversifying, the market for medical and health care has been on a long-term expansion trend. Moreover, the Japanese government’s “New Growth Strategy (Basic Policies)” adopted on December 30, 2009, at a Cabinet meeting calls for a strategy targeting a society of health and longevity through life innovation. Accordingly, medical, nursing, and health care-related industries have once again come into the spotlight as a driver of the economy from this point onward. Under such market circumstances, the Company sets “Total Commitment to Good Health” as its group slogan and strives to achieve the societal mission of “contributing to the medical care and health of people around the world.” This effort must play a pivotal role as the Company operates in accordance with its basic business management policy of “creating new added value and enhancing its corporate value continuously.” In pursuit of realizing this aim, the Company has endeavored to develop and offer a variety of customer-oriented and patient-oriented services.

Mission Statement

“We shall create new values through the provision of original service, and contribute to the medical care and well-being of people around the world.”

Core Value

The Company exists and operates its business for important stakeholders, including long-term shareholders, patients, customers (suppliers and medical institutions), local communities, and employees. Accordingly, setting the following five pillars as core values commonly shared by all members of the Group, we will act to establish a corporate brand of “Trust and Sympathy” as a company engaged in medical and health care businesses.

①We put patients first all the time and act in the interests of enhancing their satisfaction.
②We strive our utmost every day to be a company essential to our customers.
③We respect the personality, talent, and teamwork of all members, and value a corporate culture that is free and vigorous.
④We observe laws and ethics, and strive to grow in harmony with society and for the benefit of its development.
⑤We pursue ever-greater corporate value and champion timely and adequate disclosure.

Business Management Policy (Management vision)

The “Management Vision” is described in the following six-point statement. It should guide us as we nurture a corporate culture in tune with a new age and seek quality in conducting business that earns us high marks, both inside and outside the organization, for being a good corporate citizen.

①Establishment of a corporate brand through the creation of original customer value
②Establishment of a strong and flexible business quality through the promotion of a network-type group management.
③Creation of a high-touch business force through the implementation of management practices that start with people (humanism) and empowerment
④Pursuit of management efficiencies through selection and concentration; promotion of cost reductions; innovation of business structure; and cash-flow-oriented management
⑤Enhancement of corporate value, and the appropriate and timely disclosure of information Compliance with internal and external laws and the spirit of such laws, and the implementation of open and fair business activity

(2) Target Managerial Indicators

The Company decided to review and revise its Medium-term Consolidated Management Plan every fiscal year from the previous year. However, since it is very difficult to form a clear picture of the impact of the Great East Japan Earthquake in March this year on the Company's medium-term to long-term operating results, the target managerial indicators will be disclosed when the review of the Medium-term Consolidated Management Plan becomes possible.

(3) Company's Medium- to Long-Term Business Management Strategy

The Company's medium- to long-term business domains boil down to the keywords of "Medical Care, Health, and Comfortable Living," and "Japan and the World," and an intensive promotion of its business management strategy will be based on the following three-point vision for our business structures:

①Develop the dispensing pharmacy business into a second earnings pillar, with the prescription pharmaceutical wholesaling business as the Company's core, and expand operations to cover healthcare-related areas centered on medical care;

②Serve all of Japan with an eye on overseas expansion; and

③Develop an adequate portfolio of cross-disciplinary, alliance-based business models designed to create value for customers.

With an aim to solve problems facing the operations of customers and improve the quality of life (QOL) enjoyed by people in general and patients in particular, we endeavor to develop and distribute a variety of services and solutions that are unique and proprietary to the Company. We will also procure a wide array of products, ranging from reagents, medical materials, medical equipment, over-the-counter (OTC) pharmaceuticals, and health-related products to cosmetics, daily goods and foods within the scope, in addition to a full spectrum of ethical pharmaceuticals. We will also seek a closer cooperative relationship with each companies, our operational tie-up partner. As for the Group's business infrastructure such as information systems and logistics networks, we will continue to position infrastructure issues as an important strategic theme and step up for further efforts. Concerning the distribution business reorganization, our approach has been that of aggressively promoting the integration of business operations and formation of business alliances, guided by a basic concept that we call the spirit of Kyoso Mirai or "Creating the Future Together." This underlies the Company's initiative for integrating its product procurement capabilities, business infrastructure, and customer support service functions on the one hand, and the marketing strongholds of regional leaders in pharmaceutical wholesaling on the other. We place importance on enhancing our corporate value on a long-term and ongoing basis. For that purpose, we will strive for greater business efficiencies within the Group, while working aggressively on such important management issues as the full-scale use of IT technology and development of new distribution services to address deregulation moves, development of overseas business, and transformation of the business model.

(4) Company Issues that Need Addressing

<Firm Establishment of a Holding Company System>

On April 1, 2009, through the transfer of its pharmaceutical wholesale business and the dispensing pharmacy business to its wholly owned subsidiaries, the Company shifted to a pure holding company structure consisting of two core businesses. This business organizational reform aims to further enhance management functions, to improve the efficiency of management and to promote flexible business deployment and decision-making, as well as intending to realize swift responses to significant changes in the overall medical industry resulting from reforms of the national health insurance system, the falling birthrate and the aging population and progress in the separation of dispensing and prescribing functions. Furthermore, the Group expects to realize an increase in its corporate value through cooperation among its subsidiaries and affiliates who share the concept of valuing the "Customer's viewpoints" common to all of them, while still displaying the specialization of each one.

<Internal Control>

In accordance with the Corporation Law, the Company has established its Basic Policy Governing Internal Control Systems and has worked to ensure strict compliance involving the entire organization. In its compliance and risk management efforts, in particular, we have set up a Compliance and Risk Management Committee that meets on a regularly scheduled basis. This committee considers programs to promote complete compliance throughout the organization. It works to ensure a heightened level of compliance across the Company and the Group especially as it is concerned with the Pharmaceutical Affairs Law and related laws and regulations, the Antimonopoly Law and other laws and regulations for establishing fair competition, and rules and regulations governing the security management of corporate information. Since the internal controls over financial reporting set out in the Financial Instruments and Exchange Law came into effect in FY2008, the Company has evaluated the validity of company-wide internal controls, selected work processes subject to assessment based on the results of the evaluation, and now assesses the validity of internal controls over relevant work processes. The Company will continue to maintain and operate the validity of internal controls.

＜Financial Status＞

With respect to its financial status, the Company will continue to stand firm on its sales policy in placing priority on profitability, and endeavor to increase net assets by accumulating profits, enhance its financial structure, and particularly enhance its capital structure. The Company enjoys a good cash position, as it has low reliance on interest-bearing debts. Furthermore, from the perspective of promoting cash flow management, the Company will strive to promote greater business efficiency, targeting the achievement of a product inventory turnover goal of 0.50 months (6-month average) and an accounts receivable goal of 2.65 months (6-month average) by March 2012. As of the end of March 2011, the inventory turnover was 0.71 months, and the number of months of accounts receivable was 2.74 months.

≪Pharmaceutical Wholesaling Business≫

<Firm Establishment of a New Drug Pricing System and Distribution Improvements>

Spurred by the "Urgent Proposals" that the Council for the Improvement of Ethical Drug Distribution announced in September 2007 and reported to the expert committee on the NHI drug pricing at the Central Social Insurance Medical Council (Chuikyo) in October of that year, the Group as a whole acted decisively in the previous consolidated fiscal year to correct inappropriate trade practices such as provisional shipping with the pricing yet to be negotiated, global pricing and the issue on the gap between NHI prices and market prices. Although we attained certain positive results, some unfinished business has remained on the issue of correcting the gap between NHI prices and market prices. Furthermore, the new drug pricing system centering on a new scheme introduced on a trial basis from April 2010 aims to encourage the development of new and unapproved drugs from the patient's viewpoint, while maintaining the prices of new patented drugs in their patent protection period. While asking for understanding about the revisions from medical institutions, we aim at price formation based on each pharmaceutical value and will make our utmost efforts to firmly establish the new pricing system. The Group will continue to establish our standing as a reliable pharmaceutical distributor rather from the public viewpoint and strive to improve distribution in order to boost the Group's existential value as a pharmaceutical wholesaler.

<Kyoso Mirai Group>

While posting sales of more than 1 trillion yen, the Kyoso Mirai Group with TOHO PHARMACEUTICAL as its core, enjoys a significant presence and realizes joint utilization of our purchasing systems and distribution and mission-critical systems. In the pharmaceutical wholesaling industry, from now on each group will seek to differentiate itself from other groups in terms of their sales and marketing system, distribution network, and customer support program and will engage in more quality-oriented competition, where each unit will aim for higher profitability and customer retention. Under these circumstances, it is considered that the Group's distinctive management approach, which respects the autonomy of each member company to the fullest, will enable it to expand the scale of the business without harming relations with existing customers. Our challenge is to accelerate improvement of productivity, integration of various operations, and strengthening of capital tie-ups and other relationships, while maintaining the strengths of the Kyoso Mirai Group, and to consider optimal corporate governance and further enhance the power of the Group. During the consolidated fiscal year under review, the Company made Nansei Pharmaceutical Co., Ltd. (headquartered in Naha City, Okinawa prefecture) its wholly owned sub-subsidiary on June 1, 2010, and changed the trade name to Okinawa Toho Co., Ltd. With this business merger, the network of the Kyoso Mirai Group covers all 47 prefectures in the country. In addition, on July 1, 2010, Yamaguchi Toho Co., Ltd. merged the pharmaceutical wholesaling operations of ASUCOME CO., LTD. in Ibaraki prefecture through an absorption-type split. Furthermore, on October 1, 2010, the Company merged the businesses of ASUCOME CO., LTD. in the Tohoku region with TOHO PHARMACEUTICAL CO., LTD. (headquarter: Setagaya-ku, Tokyo).

<Ashi-no-kai>

Ashi-no-kai obtains allowances through its joint sales promotion and sustains efforts and consultations for the joint development of new wholesale functions.

<Initiatives to Explore and Develop New Business Models and Formats>

The Company formed a business alliance with Jointown Pharmaceutical Group Co., Ltd., a pharmaceutical wholesale company, headquartered in Wuhan City, Hubei Province, P. R. China (listed on the Shanghai Stock Exchange in November 2010) in April 2005, and deepened business relationships through personnel exchanges particularly in the distribution divisions. In May 2010, three companies including ITOCHU Corporation established Hubei Kyoso Pharmaceutical Co., Ltd. (headquartered in Wuhan City, Hubei Province, P. R. China) a joint venture company engaged mainly in the wholesale distribution of pharmaceuticals, medical equipment, health foods and health appliances, mainly including the products of Japanese and overseas manufacturers, for Chinese hospitals, clinics and pharmacies, and commenced full-scale operations after subsequently acquiring various business licenses. The Company will make efforts to establish new business bases for the distribution of pharmaceuticals in China.

Furthermore, with the revision of the Pharmaceutical Affairs Act that came into force in June 2009, for OTC drugs belonging to the 1st category and the 2nd category it is required to conduct face-to-face sales over the counter. Consequently, the Company made an announcement, on January 27, 2011, that it had commenced the operation of a portal site "eKenkoshop" in which customers can reserve the purchase of OTC drugs on the Internet and pick them up at the dispensing pharmacy so that patients or consumers can get the medicine they require without fail. The Company is now advertising for member pharmacies and aims to start the full operation of this website from June this year.

<Profitability>
The Company is understands that the Kyoso Mirai Group has made significant efforts for the benefits of scale and cost reduction. From now on, in addition to activities to maintain the gross profit rate and to reduce the ratio of SG&A expenses to sales, the Company will make efforts to strengthen the development of new products that are expected to spur sales growth in the domestic market, enlarge transactions with foreign-affiliated manufacturers, enhance efforts for pharmaceutical manufacturers for which the Company is able to acquire exclusive sales rights, and develop next-generation wholesaler functions, and further strive to develop fee-based business as new sources of earnings and monetize consultative functions as revenue earners.

<Centralizing Business Infrastructure Functions>
In centralizing the Group's business infrastructures, we will continue to promote the standardization of back-office business processes across the Group by integrating financial and accounting systems and HR and payroll systems and centralizing and overhauling the Group members' general administrative work for increased efficiencies.

<Greater Business Efficiencies>
The Company has once again set as part of the Second Medium-term Management Plan, "Challenge to be the Demand Innovator 10-12", the following goals to boost operating efficiency on a consolidated basis: an automated order receipts ratio of 90%; an automated collections ratio of 98%; and a separated sales and distribution ratio of 80%. The results at the end of the current consolidated term were an automated order receipts ratio of 63.7%, an automated collections ratio of 95.2%, and a separated sales and distribution ratio of 83.1%.

<Wide-Area Wholesaling Function>
The Toho Group believes that the mission of pharmaceutical wholesalers should be to "realize the safe and secure distribution of pharmaceuticals." Toward this end, the Group has promoted efforts to reduce human errors to zero as far as possible with complete mechanization and systematization operations at all its logistics centers, including TBC Tokyo, and to relieve the workload burden on the sales offices. TBC Tokyo achieved a shipping accuracy rate of 99.999%. Furthermore, the Group has implemented many control systems at the branch level in pursuit of enhancing the traceability of pharmaceuticals (from the pharmaceuticals manufacturer to the patients). At the same time, the Group has implemented the shift to adopting a barcode sales slip format in order to secure more accurate systems for delivery to customers.
Furthermore, in order to continue the stable supply of pharmaceuticals even at the time of a large-scale disaster, the Group has adopted an East and West Japan Dual-Center Approach for main systems (duplication of systems using data centers), and has build a mutual backup system among distribution centers. In the following fiscal year, the Group will promote the execution of new risk management measures, including the utilization of outside computing centers for peripheral systems other than the main systems and promotion of the duplication of peripheral systems centers, in order to further strengthen the business continuity plan.
The Company has also newly constructed TBC Kyushu (completed in April 2011) in Arao City, Kumamoto prefecture to improve distribution services for the Kyushu area, and will promote the transfer and new construction plans for TBC Omiya and TBC Higashi Osaka.

<Innovation in Marketing Style>

The Group has set up systems for information exchanges among manufactures to promptly provide MRs (Medical Representatives) with detailed information about sales promotion activities by MSs (Marketing Specialists) from the viewpoint of enhancing wholesale functions. The system has realized the timely provision of information and a reduction in the office work required after returning to the office through the inputting of daily activity reports utilizing voice-recognition functions from the Meissa (a smartphone), a mobile terminal that supports MSs.

Furthermore, with respect to operations at call centers in the eastern part and the western part of Japan, the Company has improved work processes by taking advantage of a database of historical responses to customer calls. The Company will continue to seek improvements focusing on preventing opportunity losses at the branches because an order is out of stock or is difficult to deliver on time and on reducing inquiries regarding ENIF and divided package sales. This will call for coherent efforts by the Sales and Marketing Division, the Customer Support Division, and the Logistics Division. Furthermore, the Company has implemented its new call center initiative to offer drug information (DI) for sales promotions (in an outbound direction). In addition to the above, the Company will work on the reinforcement of response capabilities in the event of a huge disaster.

<Customer Support System>

Our proprietary customer support systems developed from customer-oriented and patient-oriented perspectives, and offered as services with fees, specifically ENIF (an interactive system enabling ordering and information retrieval on handheld information terminals), ENI-Pharmacy (system for the separation of dispensaries from medical practices), LXMATE-HeLios (a hospital appointment booking system via telephone), PharmaStream ENIF club plan (support system for Web-learning; Internet-based lifelong education for pharmacists), and e-ENIF.net (an Internet-based inventory management and order placement support system) enjoyed further market penetration during this term thanks to their various functions and convenient advantages. Since a higher market penetration of these systems will entail expectations for further contributions to differentiated services, more stable trading relationships, and greater business efficiencies, the Company’s important challenges for marketing strategies in the next term will continue to be the further improvement and penetration of these services, and the development of new solutions.

During the consolidated fiscal year under review, we have placed particular emphasis on the marketing of ENIFvoice SP, a voice-recognition medication history recording support system that raises the efficiency of troublesome operations at dispensing pharmacies such as medication history recording and medication teaching through simple voice entry and the use of input templates.

≪Dispensing Pharmacy Business≫

＜Dispensing Pharmacy Operations＞

The Group will extend across-the-board support for the future sound management of regional family pharmacies, utilizing its strong marketing capacity including its unique customer support systems. Meanwhile, as specific measures to promote vertical cooperation with dispensing pharmacies, the Group will explore based on the spirit of “Kyoso Mirai (to create the future together)”, the Group’s basic principle, new and functional models of a flexible alliance making considerable use of the ties between insurance pharmacies, prescribers and patients. On top of these operations, the Group also intends to develop the dispensing pharmacy business into a stable earnings source over the long term. During the current consolidated fiscal year, as part of the consolidation within the dispensing pharmacy operations, Jus-Pharma Co., Ltd. merged and acquired Yagen Co., Ltd. on July 1, 2010, and at the same time it consolidated dispensing pharmacy businesses in Ibaraki prefecture carried out by Tomonity Inc., Pharma Square Co., Ltd. and Nest Co., Ltd. to reinforce the dispensing pharmacy business bases in Ibaraki prefecture. Furthermore, the Company included into its consolidation the four companies of Nest Co., Ltd., Jus-Pharma Co., Ltd., Seiko Co., Ltd. and Himawari Pharmacy Co., Ltd. from July 1, 2010, and Japan Pharmacy Co., Ltd. from January 1, 2011. The Company will promote cost reductions through the centralization of administrative work carried out by each company in the future, with the aim of realizing total optimization for all the dispensing pharmacy businesses.

Moreover, we have established the “Study Group for the Kyoso Mirai Group in Pharmacy” to support micro, small and medium-sized dispensing pharmacies intending to operate independently in the field of regional medical care. The Study Group aims to jointly solve issues of the “improvement of management efficiency”, “patient support functions” and “securing and training of pharmacists”, which are difficult for each individual dispensing pharmacy to solve.

≪Measures to promote energy conservation and deal with major disasters≫

The Company will make company-wide efforts for summer energy-saving, an important and pressing issue after the Great East Japan Earthquake, and at the same time intends to build up a thorough system to ensure a stable supply of pharmaceuticals under all conditions, as a company with responsibility for the distribution of essential pharmaceuticals.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: million yen)

	Fiscal 2010 (As of March 31, 2010)	Fiscal 2011 (As of March 31, 2011)
Assets		
Current assets		
Cash and deposits	*3 27,194	*3 33,169
Notes and accounts receivable-trade	251,465	258,654
Short-term investment securities	2,099	501
Merchandise and finished goods	55,776	64,052
Deferred tax assets	2,055	4,845
Purchase rebates receivable	13,490	13,548
Others	12,907	15,104
Allowance for doubtful accounts	-523	-1,210
Total current assets	364,464	388,666
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	*3 18,563	*3 18,131
Vehicles, net	20	20
Land	*3,*6 37,325	*3,*6 37,651
Lease assets, net	1,019	1,156
Construction in progress	150	1,403
Others	1,194	983
Total property, plant and equipment	*1 58,273	*1 59,346
Intangible assets		
Goodwill	15,535	16,144
Others	2,943	2,907
Total intangible assets	18,478	19,052
Investments and other assets		
Investment securities	*2,*3,*5 36,989	*2,*3 40,595
Long-term loans receivable	3,461	3,342
Deferred tax assets	576	769
Others	10,110	10,098
Allowance for doubtful accounts	-2,900	-3,482
Total investments and other assets	48,236	51,323
Total noncurrent assets	124,988	129,722
Total assets	489,452	518,389

(Unit: million yen)

	Fiscal 2010 (As of March 31, 2010)	Fiscal 2011 (As of March 31, 2011)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	*3 312,833	*3 336,090
Short-term loans payable	*3,*7 9,593	*3,*7 9,519
Current portion of bonds	245	370
Current portion of long-term loans payable	*3,*7 4,531	*3 5,744
Lease obligations	472	589
Income taxes payable	4,216	2,464
Accrued expenses	2,042	2,164
Provision for bonuses	3,104	3,345
Provision for directors' bonuses	80	143
Provision for sales returns	304	335
Provision for disaster-related losses	•	298
Asset retirement obligations	•	1
Others	4,971	3,557
Total current liabilities	342,396	364,624
Noncurrent liabilities		
Bonds payable	372	30
Long-term loans payable	*3 ,*7 20,212	*3 19,680
Lease obligations	1,326	1,443
Deferred tax liabilities	10,590	10,968
Provision for retirement benefits	4,583	2,273
Deferred tax liabilities for land revaluation	*6 1,308	*6 1,273
Asset retirement obligations	•	673
Negative goodwill	5,217	3,637
Others	2,604	2,868
Total noncurrent liabilities	46,217	42,848
Total liabilities	388,613	407,472
Net assets		
Shareholders' equity		
Capital stock	10,649	10,649
Capital surplus	42,535	42,884
Retained earnings	52,302	58,177
Treasury stock	-1,060	-47
Total shareholders’ equity	104,427	111,663
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	884	3,757
Revaluation reserve for land	*6 -4,572	*6 -4,567
Total accumulated other comprehensive income	-3,688	-809
Subscription rights to shares	62	62
Minority interests	37	•
Total net assets	100,838	100,916
Total liabilities and net assets	489,452	518,389

(2) Consolidated Profit and Loss Statement and Statements of Comprehensive Income

Consolidated Profit and Loss Statement

(Unit: million yen)

	Fiscal 2010 (From April 1, 2009 to March 31, 2010)	Fiscal 2011 (From April 1, 2010 to March 31, 2011)
Net sales	1,002,122	1,059,612
Cost of sales	920,687	973,436
Gross profit	81,434	86,176
Provision for sales returns	10	31
Gross profit-net	81,424	86,144
Selling, general and administrative expenses		
Directors' compensations, salaries and allowances	36,551	41,738
Provision for bonuses	2,892	3,298
Provision for directors' bonuses	80	143
Provision for retirement benefits	355	395
Welfare expenses	5,645	6,666
Vehicle expenses	1,115	1,396
Depreciation	2,455	2,754
Amortization of goodwill	2,028	2,178
Rent expenses	5,988	7,082
Taxes and dues	916	1,103
Others	12,455	13,548
Total selling, general and administrative expenses	70,484	80,305
Operating income	10,939	5,839
Non-operating income		
Interest income	124	174
Dividend income	487	613
Commission fee	2,271	2,610
Real estate rent	253	342
Amortization of negative goodwill	1,601	1,580
Equity in earnings of affiliates	77	121
Other income	795	1,192
Total non-operating income	5,610	6,634
Non-operating expenses		
Interest expenses	401	586
Commitment fee	86	47
Loss before deduction of temporary consumption tax payment	1,771	2,244
Miscellaneous losses	157	114
Total non-operating expenses	2,416	2,992
Ordinary income	14,133	9,481

(Unit: million yen)

	Fiscal 2010 (From April 1, 2009 to March 31, 2010)	Fiscal 2011 (From April 1, 2010 to March 31, 2011)
Extraordinary income		
Gain on sales of noncurrent assets	*1 72	*1 80
Gain on sales of investment securities	5	2,226
Gain on sales of subsidiaries and affiliates' stocks	97	•
Gain on liquidation of subsidiaries and affiliates	76	•
Gain on revision of retirement benefit plan	•	128
Others	118	60
Total extraordinary income	369	2,496
Extraordinary losses		
Loss on disposal of noncurrent assets	*2 198	*2 218
Loss on valuation of investment securities	85	160
Impairment loss	*3 117	*3 1,365
Provision of allowance for doubtful accounts	110	1,323
Loss from dept waiver	93	•
Loss on disaster	•	*4 708
Loss on adjustment for changes of accounting standard for asset retirement obligations	•	334
Others	112	391
Total extraordinary losses	718	4,502
Income before income taxes	13,784	7,475
Income taxes-currents	5,169	4,748
Income taxes-deferred	370	-4,517
Total income taxes	5,540	231
Income before minority interests	•	7,243
Minority interests in loss	-19	-39
Net income	8,263	7,283

Consolidated Statements of Comprehensive Income

(Unit: million yen)

	Fiscal 2010 (From April 1, 2009 to March 31, 2010)	Fiscal 2011 (From April 1, 2010 to March 31, 2011)
Income before minority interests	•	7,243
Other comprehensive income		
Valuation difference on available-for-sale securities	•	2,833
Share of other comprehensive income of associates accounted for using equity method	•	41
Total other comprehensive income	•	2,875
Comprehensive income	•	10,119
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	•	10,156
Comprehensive income attributable to minority interests	•	-37

(3) Consolidated Statement of Changes in Shareholders' Equity

(Unit: million yen)

	Fiscal 2010 (From April 1, 2009 to March 31, 2010)	Fiscal 2011 (From April 1, 2010 to March 31, 2011)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	10,649	10,649
Changes of items during the period		
Total changes of items during the period	•	•
Balance at the end of current period	10,649	10,649
Capital surplus		
Balance at the end of previous period	28,062	42,535
Changes of items during the period		
Increase by share exchanges	14,472	348
Total changes of items during the period	14,472	348
Balance at the end of current period	42,535	42,884
Retained earnings		
Balance at the end of previous period	45,133	52,302
Increase stemming from the fiscal year-end changes in consolidated subsidiaries	115	•
Changes of items during the period		
Change of scope of consolidation	-153	-218
Dividends from surplus	-1,056	-1,184
Net income	8,263	7,283
Reversal of revaluation reserve for land	0	-5
Total changes of items during the period	7,053	5,875
Balance at the end of current period	52,302	58,177
Treasury stock		
Balance at the end of previous period	-1,980	-1,060
Changes of items during the period		
Purchase of treasury stock	-1,084	-1
Disposal of treasury stock	2,005	1,013
Total changes of items during the period	920	1,012
Balance at the end of current period	-1,060	-47

(Unit: million yen)

	Fiscal 2010 (From April 1, 2009 to March 31, 2010)	Fiscal 2011 (From April 1, 2010 to March 31, 2011)
Total shareholder’s equity		
Balance at the end of previous period	81,865	104,427
Increase stemming from the fiscal year-end changes in consolidated subsidiaries	115	•
Changes of items during the period		
Increase by share exchanges	14,472	348
Change of scope of consolidation	-153	-218
Dividends from surplus	-1,056	-1,184
Net income	8,263	7,283
Purchase of treasury stock	-1,084	-1
Disposal of treasury stock	2,005	1,013
Reversal of revaluation reserve for land	0	-5
Total changes of items during the period	22,446	7,236
Balance at the end of current period	104,427	111,663
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	249	884
Changes of items during the period		
Net changes of items other than shareholders' equity	634	2,873
Total changes of items during the period	634	2,873
Balance at the end of current period	884	3,757
Revaluation reserve for land		
Balance at the end of previous period	-4,572	-4,572
Changes of items during the period		
Net changes of items other than shareholders' equity	-0	5
Total changes of items during the period	-0	5
Balance at the end of current period	-4,572	-4,567
Total accumulated other comprehensive income		
Balance at the end of previous period	-4,322	-3,688
Changes of items during the period		
Net changes of items other than shareholders' equity	634	2,879
Total changes of items during the period	634	2,879
Balance at the end of current period	-3,688	-809

(Unit: million yen)

	Fiscal 2010 (From April 1, 2009 to March 31, 2010)	Fiscal 2011 (From April 1, 2010 to March 31, 2011)
Subscription rights to shares		
Balance at the end of previous period	62	62
Changes of items during the period		
Net changes of items other than shareholders' equity	•	•
Total changes of items during the period	•	•
Balance at the end of current period	62	62
Minority interests		
Balance at the end of previous period	•	37
Changes of items during the period		
Net changes of items other than shareholders' equity	37	-37
Total changes of items during the period	37	-37
Balance at the end of current period	37	•
Total net assets		
Balance at the end of previous period	77,605	100,838
Increase stemming from the fiscal year-end changes in consolidated subsidiaries	115	•
Changes of items during the period		
Increase by share exchanges	14,472	348
Change of scope of consolidation	-153	-218
Dividends from surplus	-1,056	-1,184
Net income	8,263	7,283
Purchase of treasury stock	-1,084	-1
Disposal of treasury stock	2,005	1,013
Reversal of revaluation reserve for land	0	-5
Net changes of items other than shareholders' equity	671	2,841
Total changes of items during the period	23,118	10,077
Balance at the end of current period	100,838	110,916

(4) Consolidated Statements of Cash Flows

(Unit: million yen)

	Fiscal 2010 (From April 1, 2009 to March 31, 2010)	Fiscal 2011 (From April 1, 2010 to March 31, 2011)
Net cash provided by (used in) operating activities		
Income before income taxes	13,784	7,475
Depreciation	2,455	2,754
Impairment loss	117	1,365
Amortization of goodwill	2,028	2,178
Amortization of negative goodwill	-1,601	-1,580
Increase (decrease) in provision for retirement benefits	-30	-2,342
Increase (decrease) in provision for sales returns	10	31
Increase (decrease) in provision for bonuses	82	205
Increase (decrease) in provision for directors' bonuses	0	62
Increase (decrease) in allowance for doubtful accounts	-418	1,264
Increase (decrease) in the provision for disaster related losses	•	298
Interest and dividends income	-612	-787
Interest expense	401	586
Loss (gain) on sales and retirement of noncurrent assets	126	138
Loss (gain) on sales and valuation of investment securities	89	-2,040
Loss (gain) on sales of stocks of subsidiaries and affiliates	-97	•
Loss (gain) on sales of golf club memberships	•	16
Loss on valuation of golf club memberships	0	19
Decrease (increase) in notes and accounts receivable-trade	-29,076	-6,291
Decrease (increase) in inventories	355	-7,887
Decrease (increase) in other assets	-1,365	-1,013
Increase (decrease) in notes and accounts payable-trade	15,925	21,781
Increase (decrease) in other liabilities	838	992
Increase (decrease) in accrued consumption taxes	-538	-3,522
Others	-918	-905
Subtotal	1,559	12,800
Interest and dividends income received	641	811
Interest expenses paid	-405	-517
Income taxes paid	-2,313	-6,456
Others	2,517	3,087
Net cash provided by (used in) operating activities	1,998	9,726

(Unit: million yen)

	Fiscal 2010 (From April 1, 2009 to March 31, 2010)	Fiscal 2011 (From April 1, 2010 to March 31, 2011)
Net cash provided by (used in) investment activities		
Payments into time deposits	-635	-256
Proceeds from withdrawal of time deposits	1,694	1,402
Purchase of short-term investment securities	-1,500	•
Proceeds from sales of short-term investment securities	3,299	1,598
Purchase of property, plant and equipment	-2,686	-3,452
Proceeds from sales of property, plant and equipment	241	502
Purchase of intangible assets	-381	-1,078
Proceeds from sales of intangible assets	63	35
Purchase of investment securities	-170	-2,664
Proceeds from sales of investment securities	643	6,405
Purchase of investments in subsidiaries resulting in change in scope of consolidation	•	*2 -1,788
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	*2 274	•
Purchase of stocks of subsidiaries and affiliates	-908	-583
Proceeds from sales of stocks of subsidiaries and affiliates	210	•
Payments of loans receivable	-3,147	-1,760
Collection of loans receivable	421	521
Other	-439	-82
Net cash provided by (used in) investment activities	-3,021	-1,200
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	-61	-165
Proceeds from long-term loans payable	18,400	7,735
Repayment of long-term loans payable	-2,357	-7,717
Payments for retirement by purchase of bonds	•	-34
Redemption of bonds	-6,281	-253
Purchase of treasury stock	-1,084	-1
Repayments of finance lease obligations	-776	-694
Cash dividends paid	-1,056	-1,184
Net cash provided by (used in) financing activities	6,781	-2,315
Net increase (decrease) in cash and cash equivalents	5,758	6,210
Cash and cash equivalents at beginning of period	13,091	22,645
Increase in cash and cash equivalents resulting from merger	449	•
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	566	256
Increase in cash and cash equivalents due to stock swap	3,059	•
Decrease in cash and cash equivalents due to alteration of the financial period of a consolidated subsidiary	-280	•
Cash and cash equivalents at end of period	*1 22,645	*1 29,111

(5) Notes regarding the Going Concern Assumption
This disclosure is not applicable

(6) Basis of Presenting Consolidated Financial Statements

Account	Fiscal 2010 (From April 1, 2009 to March 31, 2010)	Fiscal 2011 (From April 1, 2010 to March 31, 2011)
1. Scope of Consolidation	(1) Number of Consolidated Subsidiaries: 22 The identities of primary consolidated subsidiaries are provided in “State of Associated Companies.” TOHO PHARMACEUTICAL CO., LTD. took over the Company’s pharmaceutical wholesaling business and became a consolidated subsidiary on April 1, 2009, through a company split, changing its name from TOHO HOLDINGS CO., LTD. to the current name on the same day. PharmaCluster Co., Ltd. also took over the Company’s dispensing pharmacy business management operations and became a consolidated subsidiary on April 1, 2009, through a company split. The company made Pharma Square (previously, Fuji Family Pharmacy), ALF, and J. Mirai Medical its consolidated subsidiaries during the consolidated fiscal year through stock acquisition. The Company made OMWELL and ASUCOME its consolidated subsidiaries during the consolidated fiscal year through stock exchanges. SANUS and OMWELL merged to form SAYWELL. Since the significance of Pharma Daiwa and VEGA PHARMA increased during the consolidated fiscal year, they have become the Company’s consolidated subsidiaries. Kyushu Toho and Mori Pharmaceutical merged during the consolidated fiscal year. ETHOS and Toyaku merged in the consolidated fiscal year to form Tomonity. (2) Name of main non-consolidated subsidiary Name of main non-consolidated subsidiary Medical Trust (Reason excluded from range of connection) All non-consolidated subsidiaries are small in size and do not significantly affect the Company’s consolidated total assets, net sales, consolidated net income, or retained earnings. Moreover, if taken as a whole, they are insignificant and therefore are not consolidated.	(1) Number of Consolidated Subsidiaries: 22 The identities of primary consolidated subsidiaries are provided in “State of Associated Companies.” Nest, Seiko, Jus-Pharma and Himawari Pharmacy became consolidated subsidiaries of the Company from the consolidated fiscal year under review, since their importance increased due to mergers and company splits, etc. The company made Japan Pharmacy its consolidated subsidiaries during the consolidated fiscal year through stock acquisition. TOHO PHARMACEUTICAL and ASUCOME merged during the consolidated fiscal year. (2) Name of main non-consolidated subsidiary Name of main non-consolidated subsidiary Medical Trust (Reason excluded from range of connection) Same as in left column

Account	Fiscal 2010 (From April 1, 2009 to March 31, 2010)	Fiscal 2011 (From April 1, 2010 to March 31, 2011)
2. Application of Equity Method	(1) Number of Affiliates Accounted for by Equity Method: 1 Names of Primary Affiliates: Sakai Yakuhin (2) State of Non-consolidated Subsidiaries and Affiliates Not Accounted for by Equity Method Names of primary non-consolidated subsidiaries: Medical Trust Names of Primary Affiliates: Wakaba (Reason for non-application of the equity method) Non-consolidated subsidiaries and affiliates not accounted for by the equity method are excluded because they do not individually have any significant effect on the Company's consolidated net income or retained earnings, and are also insignificant as a whole.	(1) Number of Affiliates Accounted for by Equity Method: 1 Names of Primary Affiliates: Sakai Yakuhin (2) State of Non-consolidated Subsidiaries and Affiliates Not Accounted for by Equity Method Names of primary non-consolidated subsidiaries: Medical Trust Names of Primary Affiliates: Wakaba (Reason for non-application of the equity method) Same as in left column
3. Fiscal Years Adopted by Consolidated Subsidiaries	The final day of the fiscal year of each consolidated subsidiary corresponds to the date of the Company's consolidated financial statements. Pharma Square, newly consolidated subsidiary, a consolidated subsidiary whose previous name was Fuji Family Pharmacy, has changed its fiscal year-end from May 31 to March 31. As a result, Pharma Squares' consolidated fiscal year corresponds to that of the Company. In addition, the first consolidated financial statements after consolidation were prepared using the non-consolidated financial statements of Pharma Square based on the provisional settlement of accounts closed on February 28, 2009. The one-month profit and loss stemming from the fiscal year-end change is booked as retained earnings, while the cash flow is booked as a decrease in cash and cash equivalents caused by the fiscal year-end change at the consolidated subsidiary.	The final day of the fiscal year of each consolidated subsidiary corresponds to the date of the Company's consolidated financial statements.

Account	Fiscal 2010 (From April 1, 2009 to March 31, 2010)	Fiscal 2011 (From April 1, 2010 to March 31, 2011)
4. Accounting Principles		
(1) Basis and Method of Valuation of Significant Assets	① Securities Held-to-maturity debt securities Stated at cost amortized on a straight-line basis. Other securities With available fair market value: …… Stated at fair market value based principally on the market price as of the end of the fiscal year. (All unrealized gains and losses are included as separate components of net assets, with the cost of securities sold determined using the moving-average method.) With no available fair market value: ……Stated at moving-average cost. ② Inventories Ten consolidated subsidiaries (TOHO PHARMACEUTICAL, Kyushu Toho, ASUCOME, Honma Toho, SAYWELL, Koyo, Godo Toho, Sue Yakuhin, Yamaguchi Toho, and Ogawa Toho) value inventories at moving-average cost (the book value devaluation method based on lowered profitability for balance sheets amounts). Other consolidated subsidiaries value inventories at cost using the last purchase price method. (the book value devaluation method based on lowered profitability for balance sheets amounts).	① Securities Held-to-maturity debt securities Same as in left column. Other securities With available fair market value: ……Same as in left column. With no available fair market value: ……Same as in left column. ② Inventories Nine consolidated subsidiaries (TOHO PHARMACEUTICAL, Kyushu Toho, Honma Toho, SAYWELL, Koyo, Godo Toho, Sue Yakuhin, Yamaguchi Toho, and Ogawa Toho) value inventories at moving-average cost (the book value devaluation method based on lowered profitability for balance sheets amounts). Other consolidated subsidiaries value inventories at cost using the last purchase price method. (the book value devaluation method based on lowered profitability for balance sheets amounts).
(2) Method of Depreciation of Significant Depreciable Assets	① Property, plants, and equipment (Excluding lease assets) Depreciated by the declining-balance method. Buildings (except structures attached to buildings) acquired on and after April 1, 1998 are depreciated by the straight-line method. The estimated useful lives of major asset categories are as follows: Buildings and structures: 10 - 50 years Vehicles and carriers: 3 - 6 years Equipment and fixtures: 5 - 15 years ② Intangible fixed assets (Excluding lease assets) Amortized by the straight-line method. Software for internal use is amortized by the straight-line method over the estimated useful life for in-house use (five years). ③ Lease assets Lease assets concerning finance lease transactions that do not transfer the ownership of the lease assets: Lease assets of finance lease transactions that do not transfer the ownership of the leases assets are accounted using the straight-line method with their residual values being zero over their leased periods deemed to be their years of useful life. In addition, of finance lease transactions that do not transfer the ownership of the lease assets, those whose date of commencement of leasing is prior to March 31, 2008, are accounted based on the accounting method applicable to ordinary operating leases.	① Property, plants, and equipment (Excluding lease assets) Depreciated by the declining-balance method. Buildings (except structures attached to buildings) acquired on and after April 1, 1998 are depreciated by the straight-line method. The estimated useful lives of major asset categories are as follows: Buildings and structures: 8 - 50 years Vehicles and carriers: 2 - 6 years Equipment and fixtures: 5 - 15 years ② Intangible fixed assets (Excluding lease assets) Same as in left column ③ Lease assets Lease assets concerning finance lease transactions that do not transfer the ownership of the lease assets: Same as in left column

Account	Fiscal 2010 (From April 1, 2009 to March 31, 2010)	Fiscal 2011 (From April 1, 2010 to March 31, 2011)
(3) Principles of Accounting for Significant Allowances and Reserves	① Allowance for doubtful accounts The allowance for doubtful receivables is provided to cover possible losses in the collection of trade receivables, loans receivable, and others. The actual rate of historical bad debts is used for normal receivables. For certain receivables, including those subject to possible loss, the recoverability of individual accounts is investigated and the uncollectible amount estimated. ② Provision for bonuses The estimated amount payable is recorded to fund bonus payments to eligible employees and directors, who are also employees of the Group. ③ Provision for directors' bonuses In order to fund directors' bonuses from the estimated amount payable for this fiscal year, the obligation for this fiscal year is recorded. ④ Provision for sales returns The estimated amount of losses on future sales returns is provided to cover possible losses on sales returns. ⑤ Provision for retirement benefits The Company submitting consolidated financial statements and three consolidated subsidiaries (TOHO PHARMACEUTICAL, Godo Toho and Toho System Service) shifted entirely to a defined contributory pension program. In connection with this shift, they adopted a transitional program to pay retirement-age employees (still active on the payroll at said switchover) lump-sum severance allowances in the amount of a portion of all benefits attributable to past service, upon their retirement. This involved recognition of the relevant retirement benefit liability as of the end of March 2010 to prepare for the payment of retirement benefits to these employees. Actuarial differences are insignificant, and thus recognized as expenses in the fiscal year when accrued. 13 consolidated subsidiaries (Kyushu Toho (having absorbed Mori Pharmaceutical), ASUCOME, SAYWELL, Koyo, Sue Yakuhin, Tomonity, Pharma Square , Zenkaido, J.Mirai Medical, VEGA PHARMA, Tokyo Research Center of Clinical Pharmacology, Tokyo Clinical CRO, and ALF) recognized the amount of accrual estimated at the end of the fiscal year under review to prepare for the payment of retirement benefits to employees. The accrual was based on the estimated amounts of retirement benefit liabilities and pension plan assets at the end of the fiscal year under review. Actuarial differences are prorated on a straight-line basis over a certain number of years (7 years or 10 years) within the average remaining service period of eligible employees when accrued during each fiscal year, and recognized as an expense over the fiscal years following that accrual.	① Allowance for doubtful accounts Same as in left column. ② Provision for bonuses Same as in left column ③ Provision for directors' bonuses Same as in left column ④ Provision for sales returns Same as in left column ⑤ Provision for retirement benefits The Company submitting consolidated financial statements and three consolidated subsidiaries (TOHO PHARMACEUTICAL, Godo Toho and Toho System Service) shifted entirely to a defined contributory pension program. In connection with this shift, they adopted a transitional program to pay retirement-age employees (still active on the payroll at said switchover) lump-sum severance allowances in the amount of a portion of all benefits attributable to past service, upon their retirement. This involved recognition of the relevant retirement benefit liability as of the end of March 2011 to prepare for the payment of retirement benefits to these employees. Actuarial differences are insignificant, and thus recognized as expenses in the fiscal year when accrued. 13 consolidated subsidiaries (Koyo, Sue Yakuhin, Tomonity, Pharma Square , Zenkaido, J.Mirai Medical, VEGA PHARMA, Nest, Jus-Pharma, Japan Pharmacy, Tokyo Research Center of Clinical Pharmacology, Tokyo Clinical CRO, and ALF) recognized the amount of accrual estimated at the end of the fiscal year under review to prepare for the payment of retirement benefits to employees. The accrual was based on the estimated amounts of retirement benefit liabilities and pension plan assets at the end of the fiscal year under review. Actuarial differences are prorated on a straight-line basis over a certain number of years (7 years) within the average remaining service period of eligible employees when accrued during each fiscal year, and recognized as an expense over the fiscal years following that accrual.

Account	Fiscal 2010 (From April 1, 2009 to March 31, 2010)	Fiscal 2011 (From April 1, 2010 to March 31, 2011)
		(Additional information) One consolidated subsidiary (Kyushu Toho(having absorbed Mori Pharmaceutical),) shifted all tax-qualified retirement annuity plans to a defined contribution pension program on July 1, 2010. Furthermore, two consolidated subsidiaries of ASUCOME (merged with TOHO PHARMACEUTICAL on Oct. 1, 2010) and Yamaguchi Toho (spun off from ASUCOME) shifted all tax-qualified retirement annuity plans to defined contribution pension programs on September 1, 2010. One consolidated subsidiary (SAYWELL) shifted all tax-qualified retirement annuity plans to a defined contribution pension program on February 1, 2011. These consolidated subsidiaries have applied the Accounting Procedures for Shifting between Different Retirement Benefit Programs (Corporate Accounting Standards Implementation Guidelines No.1). The income before income taxes increased by 33 million yen in association with the shifts. （Additional Information） One consolidated subsidiary (Koyo) shifted all tax-qualified retirement annuity plans to a defined contribution pension program on April 1, 2011. Effects from the shift above on the following fiscal year are insignificant.
	･･･････････	⑥Provision for disaster-related losses To provide for expenses or losses required for the reconstruction of assets stricken by the Great East Japan Earthquake that occurred on March 11, 2011, the Company posted the estimated amount at of the end of the current consolidated fiscal year.
(4) Amortization method and period of goodwill and negative goodwill	･･･････････	Goodwill and negative goodwill that was accumulated up until March 31, 2010, is amortized over periods of five or ten years in equal amounts.
(5) Definition of Cash in Consolidated Statements of Cash Flows	･･･････････	Cash consists of cash on hand, cash deposits withdrawable on demand, and short-term investments readily convertible into cash that bear only a minimum risk of changing in value, and which become due within three months following the date of acquisition.
(6) Other Important Information for Preparation of Consolidated Financial Statements	Method of Accounting for Consumption Taxes and Others Transactions subject to consumption tax are accounted for exclusive of consumption tax.	Method of Accounting for Consumption Taxes and Others Same as in left column
5. Valuation of Assets and Liabilities of Consolidated Subsidiaries	All assets and liabilities of consolidated subsidiaries are stated at fair market values.	･･･････････
6. Amortization of goodwill and negative goodwill	Goodwill and negative goodwill are amortized over a period of five or ten years in equal amounts.	･･･････････
7. Definition of Cash in Consolidated Statements of Cash Flows	Cash consists of cash on hand, cash deposits withdrawable on demand, and short-term investments readily convertible into cash that bear only a minimum risk of changing in value, and which become due within three months following the date of acquisition.	･･･････････

(7) Changes in Basis of Presenting Consolidated Financial Statements

Changes in Accounting Policy

Fiscal 2010 (From April 1, 2009 to March 31, 2010)	Fiscal 2011 (From April 1, 2010 to March 31, 2011)
・・・・・・・・・・・	(1)Application of the “Accounting Standard for Equity Method of Accounting for Investments” and the “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” Beginning in the consolidated fiscal year under review, the “Accounting Standard for Equity Method of Accounting for Investments” (Accounting Standards Board of Japan [ASBJ] Statement No. 16; published on March 10, 2008) and the “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (ASBJ Practical Issue Task Force [PITF] No. 24; March 10, 2008) have been applied. The impact on consolidated financial statements as a result of this change was insignificant. (2)Application of the Accounting Standard for Asset Retirement Obligations Beginning in the consolidated fiscal year under review, the “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18; March 31, 2008) and the “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21; March 31, 2008) have been applied. As a result, the operating income and ordinary income for the consolidated fiscal year each decreased by 38 million yen and the income before income taxes for the same period fell by 373 million yen. The change in asset retirement obligations stemming from the introduction of this new accounting standard is 733 million yen. (3)Application of the Accounting Standard for Business Combinations Beginning in the consolidated fiscal year under review, the Company has been applying the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21; December 26, 2008), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22; December 26, 2008), “Partial Amendments to Accounting Standard for Research and Development Costs” (ASBJ Statement No. 23; December 26, 2008), “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7; December 26, 2008), “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No 16; published on December 26, 2008) and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10; December 26, 2008).

Change in Presentation Method

Fiscal 2010 (From April 1, 2009 to March 31, 2010)	Fiscal 2011 (From April 1, 2010 to March 31, 2011)
• • • • • • • • • • •	(Consolidated Profit and loss statement relation) Based on the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No.22, issued on December 26, 2008) , the Company has applied the Cabinet Office Ordinance amending a part of the Regulation for Terminology, Forms and Preparation of Financial Statements (Cabinet Office Ordinance No. 5, dated March 24, 2009) from the current consolidated fiscal year, and is represented under the title of the account as Income before minority interests.

Additional Information

Fiscal 2010 (From April 1, 2009 to March 31, 2010)	Fiscal 2011 (From April 1, 2010 to March 31, 2011)
• • • • • • • • • • •	The Company has applied the Accounting Standard for the Presentation of Comprehensive Income (ASBJ Statement No. 25, issued on June 30, 2010) from the current consolidated fiscal year. However, amounts for the preceding consolidated fiscal year presented under Accumulated other comprehensive income and Total accumulated other comprehensive income are those presented in the Valuation and translation adjustments and Total valuation and translation adjustments and Total for the preceding year.

(8)Notes to Consolidated Financial Statements

(Notes to Consolidated Balance Sheets)

Fiscal 2010 (As of March 31, 2010)

*1 Accumulated depreciation of property, plant and equipment: 32,591million yen

*2 Investments in non-consolidated subsidiaries and affiliates:

Investment securities 4,537million yen

*3 Assets pledged as collateral:

Classified assets pledged (million yen)		Liabilities secured by collateral (million yen)	
Time deposits	696	Notes and accounts payable	20,492
Buildings	2,027		
Land	6,058		
Investment securities	2,594		
Time deposits	26	Short-term loans payable and long-term debt (including current portion of long-term debt due within one year)	4,540
Buildings	2,846		
Land	4,254		
Investment securities	7		
Total	18,531	Total	25,033

The assets below have been pledged as collateral concerning nonconsolidated subsidiaries

Time deposits 20 million yen

4 Liabilities guaranteed

① Bank loans guaranteed

Wakaba	205 million yen
Kensho& 3 other cases	161 million yen
Total	366 million yen

② Accounts payable guaranteed

Kensho	1,158 million yen
Kyoei yakuhin	50 million yen
Total	1,208 million yen

③ Leases guaranteed

Akagi Jibiinkoka and another 34 million yen

*5 Securities lent

Investment securities are included securities lent 903 million yen.

Fiscal 2011 (As of March 31, 2011)

*1 Accumulated depreciation of property, plant and equipment: 34,039million yen

*2 Investments in non-consolidated subsidiaries and affiliates:

Investment securities 5,096million yen

*3 Assets pledged as collateral:

Classified assets pledged (million yen)		Liabilities secured by collateral (million yen)	
Time deposits	644	Notes and accounts payable	19,978
Buildings	1,568		
Land	5,319		
Investment securities	2,034		
Time deposits	3	Short-term loans payable and long-term debt (including current portion of long-term debt due within one year)	1,741
Buildings	891		
Land	1,923		
Investment securities	4		
Total	12,389	Total	21,719

The assets below have been pledged as collateral concerning nonconsolidated subsidiaries

Time deposits 20 million yen

4 Liabilities guaranteed

① Bank loans guaranteed

Wakaba	152 million yen
Akagi Jibiinkoka &3 other cases	71 million yen
Total	224 million yen

② Accounts payable guaranteed

Kyoei yakuhin 62million yen

③ Leases guaranteed

Akagi Jibiinkoka and another 26 million yen

• • • • • • • • • • •

Fiscal 2010 (As of March 31, 2010)	Fiscal 2011 (As of March 31, 2011)
*6 Pursuant to the “Law concerning Land Revaluation” (Law No. 34, promulgated on March 31, 1998) and the “Law for Partial Revision of Law concerning Land Revaluation” (Law No. 19, promulgated on March 31, 2001), the Company revalued its land used for business purposes and accordingly recorded in shareholders’ equity under “unrealized gains on revaluation of land” the amount of revaluation difference in value and net “deferred tax assets due to revaluation.” Method of revaluation: Based on the land tax assessment register specified in Article 2-3 of the Ordinance for Enforcement of Law concerning Land Revaluation (Government Ordinance No. 119, promulgated on March 31, 1998). Date of revaluation: March 31, 2002 Difference in value of land revalued between market and revalued book value at fiscal year-end: 1,461 million yen	*6 Pursuant to the “Law concerning Land Revaluation” (Law No. 34, promulgated on March 31, 1998) and the “Law for Partial Revision of Law concerning Land Revaluation” (Law No. 19, promulgated on March 31, 2001), the Company revalued its land used for business purposes and accordingly recorded in shareholders’ equity under “unrealized gains on revaluation of land” the amount of revaluation difference in value and net “deferred tax assets due to revaluation.” Method of revaluation: Based on the land tax assessment register specified in Article 2-3 of the Ordinance for Enforcement of Law concerning Land Revaluation (Government Ordinance No. 119, promulgated on March 31, 1998). Date of revaluation: March 31, 2002 Difference in value of land revalued between market and revalued book value at fiscal year-end: 1,731million yen
*7 The Company and its consolidated subsidiaries have entered into multiple lending commitment agreements with 14 trading banks to facilitate the efficient procurement of working funds. Lending commitments 24,200 million yen Balance borrowed 7,165 million yen Total remainder 17,034 million yen In addition, the Company has entered into a lending commitment agreement with one trading bank to facilitate the efficient procurement of general business funds. Lending commitments 1,000 million yen Balance borrowed 900 million yen Total remainder 100 million yen	*7 The Consolidated subsidiaries have been lending commitment agreements with 10 trading banks to facilitate efficient procurement of working funds. Lending commitments 17,000 million yen Balance borrowed • million yen Total remainder 17,000 million yen In addition, the Company has entered into a lending commitment agreement with one trading bank to facilitate the efficient procurement of general business funds. Lending commitments 4,800 million yen Balance borrowed 4,800 million yen Total remainder • million yen

(Notes to Consolidated Profit and Loss Statement)

Fiscal 2010 (From April 1, 2009 to March 31, 2010)	Fiscal 2011 (From April 1, 2010 to March 31, 2011)
*1 Gains on sales of noncurrent assets comprising: Gain on sale of buildings 39 million yen Gain on sales of land 31 million yen Gain on sale of vehicles and carriers 0 million yen Total 72 million yen	*1 Gains on sales of noncurrent assets comprising: Gain on sale of buildings 25 million yen Gain on sales of land 52 million yen Gain on sale of vehicles and carriers 1million yen Total 80 million yen
*2 Losses on disposal of fixed assets comprise: Loss on retirement of buildings 123 million yen Loss on retirement of vehicles and carriers 8 million yen Loss on retirement of software 54 million yen Loss on sale of buildings 10 million yen Loss on sale of land 1 million yen Loss on sale of tools, furniture and fixtures 0 million yen Total 198 million yen	*2 Losses on disposal of fixed assets comprise: Loss on retirement of buildings 120 million yen Loss on retirement of tools, furniture and fixtures 12 million yen Loss on retirement of software 0 million yen Loss on sale of buildings 23 million yen Loss on sale of land 60 million yen Loss on sale of vehicles and carries 0 million yen Total 218 million yen

Fiscal 2010

*3 Impairment losses

The Group recognized impairment losses on the following asset groups during the fiscal year under review.

Location	Purpose	Class
Reagents Kumamoto Office and 4 other sites	Real estate for business use	Land and buildings
Former Tokushima Distribution Center and 15 other sites	Real estate unused	

The Group identifies asset groups as being individual branches classified as real estate used for business purposes and as individual assets not used for business purposes that are classified as real estate unused.

The Group reduced to the recoverable amount the book value of business-use real estate due to consecutive losses in value, and recognized an impairment loss of 40 million yen. It comprised 32 million yen on land and 7 million yen on buildings. The recoverable amount was measured on the basis of the scheduled net sale price. The recoverable amounts were basically based on assessments supplied by real estate appraisers, but some assets whose assessments proved insignificant were assessed in reference to the tax assessments of noncurrent assets.

An impairment loss of 76 million yen was recognized in relation to the real estate unused, primarily with the consolidation of properties for business use in association with business integration. It comprised 59 million yen on land and 17 million yen on buildings. The Group measures recoverable amounts on the basis of net sales prices. The Group measures recoverable amounts on the basis of net sales prices. The recoverable amounts were based on assessments supplied by real estate appraisers, but some assets whose assessments proved insignificant were assessed in reference to tax assessments of noncurrent assets.

Fiscal 2011

*3 Impairment losses

The Group recognized impairment losses on the following asset groups during the fiscal year under review.

Location	Purpose	Class
Kohchi Sales Office and 11 other sites	Real estate for business use	Land, buildings, furniture and fixtures
Aoba ward Sendai and 3 other sites	Real estate for rent	Land and buildings
Former Okayama Sales Department and 28 other sites	Real estate unused	Land and buildings
•	•	Good will

The Group identifies asset groups as being individual branches classified as real estate used for business use and individual assets as classified as real estate for rent or real estate that is unused. As for goodwill, the Group classifies goodwill into groups by identifying each business carried out by the Company and each Group's member company as the smallest unit.

The Group reduced to the recoverable amount the book value of business-use real estate due to consecutive losses in value, and recognized an impairment loss of 287 million yen. It comprised 103 million yen on land and 85million yen on buildings and 98 million yen on equipment and fixtures. The recoverable amount was measured on the basis of the scheduled net sale price. The recoverable amounts were basically based on assessments supplied by real estate appraisers, but some assets whose assessments proved insignificant were assessed in reference to the tax assessments of noncurrent assets.

The Group reduced to the recoverable amount the book value of real estate for rent due to consecutive losses in value, and recognized an impairment loss of 92 million yen. It comprised 54 million yen on land and 37 million yen on buildings. The Group measures recoverable amounts on the basis of net sales prices. The Group measures recoverable amounts on the basis of net sales prices. The recoverable amounts were based on assessments supplied by real estate appraisers, but some assets whose assessments proved insignificant were assessed in reference to tax assessments of noncurrent assets.

Fiscal 2010 (From April 1, 2009 to March 31, 2010)	Fiscal 2011 (From April 1, 2010 to March 31, 2011)
・・・・・・・・・・・	An impairment loss of 492 million yen was recognized in relation to the real estate unused, primarily with the consolidation of properties for business use in association with business integration. It comprised 453 million yen on land and 39 million yen on buildings. The Group measures recoverable amounts on the basis of net sales prices. The Group measures recoverable amounts on the basis of net sales prices. The recoverable amounts were based on assessments supplied by real estate appraisers, but some assets whose assessments proved insignificant were assessed in reference to tax assessments of fixed assets. As for goodwill, all the amounts of relevant goodwill at 492 million yen was posted in extraordinary losses as an impairment loss, since it is considered unlikely to earn profits as initially projected. *4 Loss of disaster The losses resulting from the Great East Japan Earthquake occurred on March 11, 2011. Of these, 298 million yen was posted in the provision for disaster-related losses and 194 million yen was recorded in the provision for the allowance for doubtful accounts. Both amounts are estimations. Expenses required for the restoration of disaster-stricken assets to their original state — 298 million yen Losses on the retirement of disaster-stricken assets — 89 million yen Provision for the allowance for doubtful accounts due to adverse effects on customers — 194 million yen Others — 124 million yen Total — 708 million yen

(Notes to Consolidated Statements of Comprehensive Income)
Fiscal 2011 (From April 1, 2010 to March 31, 2011)

Comprehensive income for the consolidate fiscal year immediately before the fiscal year under review.

Comprehensive income attributable to owners of the parent	8,897 million yen
Comprehensive income attributable to minority interests	-20 million yen
Total	8,877 million yen

Other comprehensive income for the consolidate fiscal year immediately before the fiscal year under review.

Valuation difference on available-for-sale securities	633 million yen
Total	633 million yen

(Notes to Consolidated Statement of Changes in Shareholders' Equity)
Fiscal 2010 (From April 1, 2009 to March 31, 2010)

1. Types and total number of outstanding stocks, and types and number of treasury stocks

Types of stocks	No. of stocks as of end of fiscal 2009 (in thousand stocks)	No. of stocks increased during fiscal 2010 (in thousand stocks)	No. of stocks decreased during fiscal 2010 (in thousand stocks)	No. of stocks as of the end of fiscal 2010 (in thousand stocks)
Outstanding stocks				
Common stocks (No.1)	60,766	13,815	•	74,582
Total	60,766	13,815	•	74,582
Treasury stock				
Common stocks (No.2,3)	2,056	961	1,953	1,063
Total	2,056	961	1,953	1,063

(Note) 1. The increase of 13,815,000 shares in outstanding common stocks represents the shares newly issued for the stock swap with OMWELL.
2. The increase of 961,000 shares in treasury common stocks represents an increase of 960,000 shares authorized by the Board of Directors and an increase of 1,000 shares as a result of the purchase of odd-lot shares.
3. The decrease of 1,953,000 shares in treasury common stocks represents decreases resulting from stock swaps with the following companies: ASUCOME (a decrease of 863,000 shares), Seiko (a decrease of 471,000 shares), Himawari Pharmacy (a decrease of 176,000 shares) and Medical Brain . (a decrease of 443,000 shares).

2. Subscription rights to shares and treasury shares

Account	Details of subscription rights to shares	Types of subscription rights to shares	Number of subscription rights to shares (in thousand stock)				Balance at end of fiscal 2010 (million yen)
			End of fiscal 2009	fiscal 2010 (Increase)	fiscal 2010 (Decrease)	End of fiscal 2010	
TOHO HOLDINGS	Yen-denominated convertible bonds with subscription rights to shares due October 2, 2009 (Note 1)	Common stock	3,343	•	3,343	•	•
	Subscription rights to shares as stock options	•	•	•	•	•	62
Consolidated subsidiaries	•	Common stock (Note 2)	•	200	200	•	•
Total			3,343	200	3,543	•	62

(Notes) 1. Yen-denominated convertible bonds with subscription rights to shares due October 2, 2009 were issued in compliance with the regulations stipulated in Article No. 341-2 of the former Commercial Code. The decrease during fiscal 2010 represents redemption at maturity. No monetary payment was required in exchange for the subscription rights.
2. The increase in consolidated subsidiaries is a result of new consolidations, while the decrease represents the waiver of subscription rights.

3. Dividends

(1) Dividend Payment

Resolution	Type of shares	Total dividend amount （million yen）	Dividend per share (yen)	Record date	Effective date
May 8, 2009 Board of directors	Common stock	587	10	March 31, 2009	Jun 8, 2009
November 6, 2009 Board of directors	Common stock	469	8	September 30, 2009	December 7, 2009

(2) Dividend whose record date falls within this term and whose effective date comes in the next term

Resolution	Type of shares	Total dividend amount (million yen)	Source of dividend	Dividend per share (yen)	Record date	Effective date
May 12, 2010 Board of directors	Common stock	588	Retained earnings	8	March 31, 2010	June 9, 2010

Fiscal 2011 (From April 1, 2010 to March 31, 2011)

1. Types and total number of outstanding stocks, and types and number of treasury stocks

Types of stocks	No. of stocks as of end of fiscal 2010 (in thousand stocks)	No. of stocks increased during fiscal 2011 (in thousand stocks)	No. of stocks decreased during fiscal 2011 (in thousand stocks)	No. of stocks as of the end of fiscal 2011 (in thousand stocks)
Outstanding stocks				
Common stocks	74,582	•	•	74,582
Total	74,582	•	•	74,582
Treasury stock				
Common stocks (No.1,2)	1,063	1	969	95
Total	1,063	1	969	95

(Note) 1. The increase of 1,000 shares in treasury common stocks represents as a result of the purchase of odd-lot shares.

2. The decrease of 969,000 shares in treasury stock consists of a decrease of 233,000 shares of substitute treasury stock delivered in association with stock swap with Kosei and a decrease of 736,000 shares of substitute treasury stock delivered in association with the stock swap with Aobado.

2. Subscription rights to shares and treasury shares

Account	Details of subscription rights to shares	Types of subscription rights to shares	Number of subscription rights to shares (in thousand stock)				Balance at end of fiscal 2011 (million yen)
			End of fiscal 2010	fiscal 2011 (Increase)	fiscal 2011 (Decrease)	End of fiscal 2011	
TOHO HOLDINGS	Subscription rights to shares as stock options	•	•	•	•	•	62
Total			•	•	•	•	62

3. Dividends

(1) Dividend Payment

Resolution	Type of shares	Total dividend amount (million yen)	Dividend per share (yen)	Record date	Effective date
May 12, 2010 Board of directors	Common stock	588	8	March 31, 2010	Jun 9, 2010
November 5, 2010 Board of directors	Common stock	595	8	September 30, 2010	December 6, 2010

(2) Dividend whose record date falls within this term and whose effective date comes in the next term

Resolution	Type of shares	Total dividend amount (million yen)	Source of dividend	Dividend per share (yen)	Record date	Effective date
May 12, 2011 Board of directors	Common stock	595	Retained earnings	8	March 31, 2011	June 9, 2011

(Notes to Consolidated Statements of Cash Flows)

Fiscal 2010 (From April 1, 2009 to March 31, 2010)		Fiscal 2011 (From April 1, 2010 to March 31, 2011)	
*1 Reconciliation between cash and cash equivalents at the end of the fiscal year and amounts of related accounts in Consolidated Balance Sheet		*1 Reconciliation between cash and cash equivalents at the end of the fiscal year and amounts of related accounts in Consolidated Balance Sheet	
	(As of March 31, 2010)		(As of March 31, 2011)
	(million yen)		(million yen)
Cash on hand and on deposit	27,194	Cash on hand and on deposit	33,169
Time deposits maturing beyond three months of deposit	-5,050	Time deposits maturing beyond three months of deposit	-4,559
Short-term investments (investment securities) becoming due within three months of acquisition	501	Short-term investments (investment securities) becoming due within three months of acquisition	501
Cash and cash equivalents	22,645	Cash and cash equivalents	29,111
*2 Major components of assets and liabilities of companies made into newly consolidated subsidiaries as a result of the acquisition of stock Components of assets and liabilities at consolidation of newly acquired stock, and cost and net balance of acquisition:		*2 Major components of assets and liabilities of companies made into newly consolidated subsidiaries as a result of the acquisition of stock Components of assets and liabilities at consolidation of newly acquired stock, and cost and net balance of acquisition:	
	(million yen)		(million yen)
・Pharma Square		・Japan Pharmacy	
Current assets	3,924	Current assets	1,772
Noncurrent assets	1,161	Noncurrent assets	247
Goodwill	5,588	Goodwill	1,841
Current liabilities	-5,866	Current liabilities	-1,016
Noncurrent liabilities	-518	Noncurrent liabilities	-240
Acquisition price of stock in Pharma Square	4,289	Acquisition price of stock in Japan Pharmacy	2,603
Exercise of collateral rights, etc.	-3,103	Japan Pharmacy’s cash and cash equivalents	-814
Pharma Square’s cash and cash equivalents	-1,390	Balance: Net payment for acquisition of stock in Japan Pharmacy	1,788
Balance: Net proceed for acquisition of stock in Pharma Square	-204		
	(million yen)		
・ALF			
Current assets	1,954		
Noncurrent assets	1,423		
Goodwill	393		
Current liabilities	-2,585		
Noncurrent liabilities	-867		
Subscription rights to shares	-1		
Acquisition price of stock in ALF	316		
Stocks already acquired	-303		
ALF’s cash and cash equivalents	-83		
Balance: Net proceed for acquisition of stock in ALF	-69		

Fiscal 2010 (From April 1, 2009 to March 31, 2010)	Fiscal 2011 (From April 1, 2011 to March 31, 2011)
3 Details of important non-monetary transactions ①Breakdown of assets and liabilities succeeded through mergers ・Nagaoka Pharmaceutical Assets and liabilities succeeded to from Nagaoka Pharmaceutical, which merged with the Company's consolidated subsidiary, Honma Toho, during the consolidated fiscal year, are as follows: (million yen) Current assets 748 Noncurrent assets 268 Total assets 1,017 Current liabilities 456 Noncurrent liabilities 15 Total liabilities 472 ②Breakdown of assets and liabilities acquired through stock exchanges ・OMWELL The breakdown of assets and liabilities acquired through stock exchanges during the current fiscal year is as follows: In addition, the capital surplus reserve (other capital surplus) that increased due to stock exchanges is 14,031 million yen. (million yen) Current assets 33,357 Noncurrent assets 6,080 Total assets 39,437 Noncurrent liabilities 22,231 Fixed liabilities 1,309 Total liabilities 23,541	3 Details of important non-monetary transactions ①Breakdown of assets and liabilities acquired through stock exchanges ・Aobado The breakdown of assets acquired through stock exchanges during the current fiscal year is as follows: In addition, the capital surplus reserve (other capital surplus) that increased due to stock exchanges is 264 million yen.: (million yen) Noncurrent assets 1,034 ・Kousei The breakdown of assets acquired through stock exchanges during the current fiscal year is as follows: In addition, the capital surplus reserve (other capital surplus) that increased due to stock exchanges is 83 million yen.: (million yen) Noncurrent assets 327 ②The amounts of assets and liabilities related to finance leases newly accounted for in the current term were 612 million yen. ③The amount of significant asset retirement obligation newly accounted for in the current term is 614 million yen.

Fiscal 2010 (From April 1, 2009 to March 31, 2010)	Fiscal 2011 (From April 1, 2010 to March 31, 2011)

・ASUCOME

The breakdown of assets and liabilities acquired through stock exchanges during the current fiscal year is as follows: In addition, the capital surplus reserve (other capital surplus) that increased due to stock exchanges is 149 million yen.

	(million yen)
Current assets	20,647
Noncurrent assets	13,711
Total assets	34,358
Current liabilities	25,700
Noncurrent liabilities	5,839
Total liabilities	31,540

・Seiko

The breakdown of assets and liabilities acquired through stock exchanges during the current fiscal year is as follows: In addition, the capital surplus reserve (other capital surplus) that increased due to stock exchanges is 155 million yen.

	(million yen)
Noncurrent assets	620

・Himawari Pharmacy

The breakdown of assets and liabilities acquired through stock exchanges during the current fiscal year is as follows: In addition, the capital surplus reserve (other capital surplus) that increased due to stock exchanges is 58 million yen.

	(million yen)
Noncurrent assets	232

・Medicalbrain

The breakdown of assets and liabilities acquired through stock exchanges during the current fiscal year is as follows: In addition, the capital surplus reserve (other capital surplus) that increased due to stock exchanges is 78 million yen.

	(million yen)
Noncurrent assets	541

③The amounts of assets and liabilities related to finance leases newly accounted for in the current term were 418 million yen.

Fiscal 2011: ・・・・・・・・・・・

(Notes to Leases Transactions)

Fiscal 2010
(From April 1, 2009 to March 31, 2010)

Finance lease transactions not involving the transfer of ownership commencing on or before March 31, 2008

(1) Leased property's presumed amounts corresponding to acquisition cost, accumulated depreciation, and balance at the end of the fiscal year:

	Presumed acquisition cost (million yen)	Presumed accumulated depreciation (million yen)	Presumed balance at year-end (million yen)
Vehicles	71	50	21
Tools, furniture and fixtures	6,955	4,674	2,281
Intangible assets (software)	62	43	19
Total	7,089	4,767	2,321

(2) Presumed year-end balance of unaccrued lease payments and others:
Presumed year-end balance of unaccrued lease payments

Within one year	993 million yen
One year or more	1,413 million yen
Total	2,407 million yen

(3) Lease payments, transfer of impairment losses on lease assets, presumed depreciation, presumed interest expense, and impairment loss:

Lease payment	1,104 million yen
Presumed depreciation	1,038 million yen
Presumed interest expense	61 million yen

(4) Method of calculating presumed depreciation
Calculated on a straight-line basis assuming the lease period to be the useful life and the residual value diminishing to zero.

(5) Method of calculating presumed interest expense
Calculated by assuming the difference between total lease payment and leased property's presumed acquisition cost as the presumed interest allocated to each of the years covered by the interest method.

(Impairment loss)
No impairment loss attributable to lease assets was recognized.

Fiscal 2011
(From April 1, 2010 to March 31, 2011)

Finance lease transactions not involving the transfer of ownership commencing on or before March 31, 2008

(1) Leased property's presumed amounts corresponding to acquisition cost, accumulated depreciation, and balance at the end of the fiscal year:

	Presumed acquisition cost (million yen)	Presumed accumulated depreciation (million yen)	Presumed balance at year-end (million yen)
Vehicles	59	53	6
Tools, furniture and fixtures	5,960	4,613	1,346
Intangible assets (software)	62	51	10
Total	6,082	4,718	1,364

(2) Presumed year-end balance of unaccrued lease payments and others:
Presumed year-end balance of unaccrued lease payments

Within one year	756 million yen
One year or more	671 million yen
Total	1,427 million yen

(3) Lease payments, transfer of impairment losses on lease assets, presumed depreciation, presumed interest expense, and impairment loss:

Lease payment	1,033 million yen
Presumed depreciation	969 million yen
Presumed interest expense	43 million yen

(4) Method of calculating presumed depreciation
Same as in left column.

(5) Method of calculating presumed interest expense
Same as in left column.

(Impairment loss)
Same as in left column.

(Notes on Financial Instruments)
FY2010 (From April 1, 2009 to March 31, 2009)

(Additional information)
The "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10; March 10, 2008) and the "Guidance on Disclosures about the Fair Value of Financial instruments" (ASBJ Guidance No. 19; March 10, 2008) have been applied from the consolidated fiscal year ended March 31, 2010.

1. Status of Financial Instruments
(1) Policy on financial instruments
The Group's fund management is limited to highly secure financial instruments such as time deposits. Furthermore, the Group intends to raise funds chiefly through bank loans. The use of derivatives is only for the purpose of averting the risk of fluctuating interest rates on loans, and never for speculative purposes.

(2) Composition of financial instruments, their related risks and the risk management system
Notes and accounts receivable-trade, of operating receivables, are exposed to customer credit risks. To deal with these risks, the Group has established a management system, under which it manages due dates and balances by customer in accordance with the Group's regulations on the management of such receivables and examines the creditworthiness of major customers whenever the need arises.
Investment securities are mainly the shares of corporations with which the Group has business relationships. Although they are exposed to the risk of market price fluctuations, the Company's financial department manages it by regularly monitoring the fair value of such shares.
Notes and accounts payable-trade, of operating payables, are mostly those due within one year. Short-term loans payable are mainly for the purpose of fundraising for operating transactions, while long-term loans payable are chiefly to finance capital investment. Loans with floating interest rates are exposed to the risk of interest rate fluctuations. Nevertheless, for some long-term loans payable with floating interest rates, the Group has used derivatives (interest rate swaps) on an individual contract basis to hedge against the risk of interest payment fluctuations and to fix interest costs. With regard to the method used to assess hedge effectiveness, the judgment that our interest rate swaps properly meet the requirements of the special treatment for interest rate swaps has led to us omitting a description of the assessment of the effectiveness.
While the Company's financial department is responsible for the execution and management of derivative transactions, their execution, together with loans subject to the hedge, requires prior Company authorization in accordance with its internal regulations. When using derivatives, the Group trades only with financial institutions with a high credit rating in order to alleviate the effects of accompanying credit risk.
In addition, the Group manages liquidity risk, to which operating payables and loans are exposed, by such measures as the monthly preparation of a financial plan in each of its group companies.

(3) Supplementary information on the fair value of financial instruments
The contract amount, etc., of derivative transactions described in "Notes on Derivative Transactions" do not reflect the market risks accompanying the derivative transactions.

2. Fair Value of Financial Instruments

The table below shows the consolidated balance sheet value, the fair value and the difference between the two as of March 31, 2010. Financial instruments, for which the fair value is deemed to be extremely difficult to determine, are not included in the table. (Reference: Note2)

(Unit : million yen)

	Consolidated balance sheet value	Fair value	Difference
(1) Cash and deposits	27,194	27,194	•
(2) Notes and accounts receivable-trade	251,465	251,465	•
(3) Purchase rebates receivable	13,490	13,490	•
(4) Marketable Securities and Investment Securities			•
Held-to maturity bonds	398	391	-6
Other securities	16,969	16,969	•
(5) Notes and accounts payable-trade	312,833	312,833	•
(6) Long-term loans payable	24,743	24,780	36
(7) Derivative trades	•	•	•

(Note1) Methods of calculating the fair value of financial instruments and matters related to marketable securities and derivative transactions

(1) Cash and deposits; (2) Notes and accounts receivable-trade; and (3) Purchase rebates receivable:

Since these are settled in a short period of time and their fair value is nearly identical to their book value, the book value is used.

(4) Marketable securities and Investment securities

With regard to these financial instruments, the fair value of stocks is based on the prices on the stock exchange, while that of bonds is based on either bond market prices or the prices presented by the relevant financial institutions with which we have traded the bonds. Meanwhile, since money management funds are settled in a short period of time and their fair value is nearly identical to their book value, the book value is used.

For information on marketable securities according to the purpose of holding them, refer to “Notes on Marketable Securities”.

(5) Notes and accounts payable-trade

Since these are settled in a short period of time and their fair value is nearly identical to their book value, the book value is used.

(6) Long-term loans payable

The fair value of long-term loans payable is calculated by discounting the total amount of the principal and interest by a rate assumed to be applied when a new, similar loan arrangement would be made.

Long-term loans payable with floating interest rates are subject to the special treatment for interest rate swaps (see Notes on Derivatives Transactions). Their fair value is calculated by discounting the total amount of the principal and interest accounted for as a single item with the relevant interest rate swap by a rate reasonably assumed to be applied when a new, similar loan arrangement would be made.

(7) Derivative financial instruments

Refer to “Notes on Derivatives Transactions”.

(Note2) Financial instruments whose fair value is considered to be extremely difficult to determine

(Unit: million yen)

Item	amounts
Unlisted stocks	21,721

The fair value of these stocks is considered to be extremely difficult to calculate because there are neither market prices nor valuations of future cash flows. Accordingly, they are not included in “(4) Marketable Securities and Investment Securities”.

(Note3) The amount of monetary claims and securities with maturity to be redeemed after the consolidated closing date

(Unit: million yen)

Items	Due within 1 year	Due beyond 1 year and within 5 years	Due beyond 5 years and within 10 years	Due beyond 10 years
Deposits	25,335	•	•	•
Notes and accounts receivable-trade	251,465	•	•	•
Purchase rebates receivable	13,490	•	•	•
Marketable securities and investment securities				
Held-to-maturity bonds				
Corporate bonds	98	10	300	•
Others	1,500	•	•	•
Other securities				
Bonds				
Corporate bonds	•	651	•	•
Others	•	2	•	•
Others	•	22	•	139

(Note4) The amount of monetary liabilities to be repaid after the consolidated closing date

(Unit: million yen)

Item	Due within 1 year	Due beyond 1 year and within 5 years	Due beyond 5 years and within 10 years	Due beyond 10 years
Long-term loans payable	4,531	19,400	809	1

FY2011 (From April 1, 2010 to March 31, 2011)

1. Status of Financial Instruments

(1) Policy on financial instruments

The Group's fund management is limited to highly secure financial instruments such as time deposits. Furthermore, the Group intends to raise funds chiefly through bank loans. The use of derivatives is only for the purpose of averting the risk of fluctuating interest rates on loans, and never for speculative purposes.

(2) Composition of financial instruments, their related risks and the risk management system

Notes and accounts receivable-trade, of operating receivables, are exposed to customer credit risks. To deal with these risks, the Group has established a management system, under which it manages due dates and balances by customer in accordance with the Group's regulations on the management of such receivables and examines the creditworthiness of major customers whenever the need arises.

Investment securities are mainly the shares of corporations with which the Group has business relationships. Although they are exposed to the risk of market price fluctuations, the Company's financial department manages it by regularly monitoring the fair value of such shares.

Notes and accounts payable-trade, of operating payables, are mostly those due within one year.

Of the loans payable, short-term loans payable are for fund-raising related mainly to operating transactions and short-term stopgap funds for the period until the investment funds can be financed by long-term loans payable. Long-term loans payable are financing related primarily to capital investment. Loans with floating interest rates are exposed to the risk of interest rate fluctuations. Nevertheless, for some long-term debts with floating interest rates, the Group has used derivatives (interest rate swaps) on an individual contract basis to hedge against the risk of interest payment fluctuations and to fix interest costs. With regard to the method used to assess hedge effectiveness, the judgment that our interest rate swaps properly meet the requirements of the special treatment for interest rate swaps has led to us omitting a description of the assessment of the effectiveness.

While the Company's financial department is responsible for the execution and management of derivative transactions, their execution, together with loans subject to the hedge, requires prior Company authorization in accordance with its internal regulations. When using derivatives, the Group trades only with financial institutions with a high credit rating in order to alleviate the effects of accompanying credit risk.

In addition, the Group manages liquidity risk, to which operating payables and loans are exposed, by such measures as the monthly preparation of a financial plan in each of its group companies.

(3) Supplementary information on the fair value of financial instruments

The contract amount, etc., of derivative transactions described in "Notes on Derivative Transactions" do not reflect the market risks accompanying the derivative transactions.

2. Fair Value of Financial Instruments

The table below shows the consolidated balance sheet value, the fair value and the difference between the two as of March 31, 2010. Financial instruments, for which the fair value is deemed to be extremely difficult to determine, are not included in the table. (Reference: Note2)

(Unit : million yen)

	Consolidated balance sheet value	Fair value	Difference
(1) Cash and deposits	33,169	33,169	•
(2) Notes and accounts receivable-trade	258,654	258,654	•
(3) Purchase rebates receivable	13,548	13,548	•
(4) Marketable Securities and Investment Securities Other securities	31,762	31,762	•
(5) Notes and accounts payable-trade	336,090	336,090	•
(6) Long-term loans payable	25,425	25,447	21
(7) Derivative trades	•	•	•

(Note1) Methods of calculating the fair value of financial instruments and matters related to marketable securities and derivative transactions

(1) Cash and deposits; (2) Notes and accounts receivable-trade; and (3) Purchase rebates receivable:

Since these are settled in a short period of time and their fair value is nearly identical to their book value, the book value is used.

(4) Marketable securities and Investment securities

With regard to these financial instruments, the fair value of stocks is based on the prices on the stock exchange, while that of bonds is based on either bond market prices or the prices presented by the relevant financial institutions with which we have traded the bonds. Meanwhile, since money management funds are settled in a short period of time and their fair value is nearly identical to their book value, the book value is used.

For information on marketable securities according to the purpose of holding them, refer to “Notes on Marketable Securities”.

(5) Notes and accounts payable-trade

Since these are settled in a short period of time and their fair value is nearly identical to their book value, the book value is used.

(6) Long-term loans payable

The fair value of long-term loans payable is calculated by discounting the total amount of the principal and interest by a rate assumed to be applied when a new, similar loan arrangement would be made.

Long-term debts with floating interest rates are subject to the special treatment for interest rate swaps (see Notes on Derivatives Transactions). Their fair value is calculated by discounting the total amount of the principal and interest accounted for as a single item with the relevant interest rate swap by a rate reasonably assumed to be applied when a new, similar loan arrangement would be made.

(7) Derivative financial instruments

Refer to “Notes on Derivatives Transactions”.

(Note2) Financial instruments whose fair value is considered to be extremely difficult to determine

(Unit: million yen)

Item	amounts
Unlisted stocks	9,334

The fair value of these stocks is considered to be extremely difficult to calculate because there are neither market prices nor valuations of future cash flows. Accordingly, they are not included in "(4) Marketable Securities and Investment Securities".

(Note3) The amount of monetary claims and securities with maturity to be redeemed after the consolidated closing date

(Unit: million yen)

Items	Due within 1 year	Due beyond 1 year and within 5 years	Due beyond 5 years and within 10 years	Due beyond 10 years
Deposits	31,356	•	•	•
Notes and accounts receivable-trade	258,654	•	•	•
Purchase rebates receivable	13,548	•	•	•
Marketable securities and investment securities				
Held-to-maturity bonds				
Corporate bonds	•	10	•	•
Other securities				
Bonds				
Corporate bonds	•	582	•	•
Others	2	•	•	•
Others	•	20	•	135

(Note) The amount of 300 million yen in held-to-maturity bonds was posted under the due beyond 5 years and within 10 years for the previous consolidated fiscal year and the bonds were redeemed before maturity during the current consolidated fiscal year.

(Note4) The amount of corporate bonds, long-term loans payable, lease obligations and other interest-bearing debt to be repaid after the consolidated closing date

(Unit: million yen)

Item	Due within 1 year	Due beyond 1 year and within 5 years	Due beyond 5 years and within 10 years	Due beyond 10 years
Long-term loans payable	5,744	19,644	36	•

(Notes to Marketable Securities)
FY2010 (From April 1, 2009 to March 31, 2010)
1. Held-to-maturity bonds (As of March 31, 2010)

Items	Type	Consolidated balance sheet value (million yen)	Market value (million yen)	Difference (million yen)
Market value exceeding consolidated balance sheet value	(1) Government and municipal bonds	•	•	•
	(2) Corporate bonds	98	100	1
	(3) Others	•	•	•
	Subtotal	98	100	1
Market value not exceeding consolidated balance sheet value	(1) Government and municipal bonds	•	•	•
	(2) Corporate bonds	300	291	-8
	(3) Others	•	•	•
	Subtotal	300	291	-8
Total		398	391	-6

(Note) No held-to-maturity bonds were sold during the current consolidated fiscal year.

2. Available-for-sale securities (As of March 31, 2010)

Items	Type	consolidated balance sheet value (million yen)	Acquisition cost (million yen)	Difference (million yen)
Consolidated balance sheet value exceeding acquisition cost	(1) Stocks	13,465	5,646	7,818
	(2) Bonds			
	Government and municipal bonds	•	•	•
	Corporate bonds	•	•	•
	Others	•	•	•
	(3) Others	0	0	0
	Subtotal	13,466	5,647	7,818
Consolidated balance sheet value not exceeding acquisition cost	(1) Stocks	2,830	3,517	-686
	(2) Bonds			
	Government and municipal bonds	•	•	•
	Corporate bonds	•	•	•
	Others	•	•	•
	(3) Others	673	743	-70
	Subtotal	3,503	4,261	-757
Total		16,969	9,908	7,061

(Note) 1.Acquisition costs at the end of fiscal 2010 are adjusted for impairments of 1 million yen.
2.An impairment adjustment is applied if the market value at the end of the fiscal year is more than about 50% lower than the acquisition cost. If the market value is about 30 to 50% lower than the acquisition cost, an impairment adjustment is applied, provided that the average of all end-of-month market values during the past year proves to be more than 30% lower than the acquisition cost.

3. Other available-for-sale securities unloaded during fiscal 2010 (From April 1, 2009 to March 31, 2010)

Items	Amount sold (million yen)	Total gains on sales (million yen)	Total losses on sales (million yen)
Stocks	0	0	0
Bonds	•	•	•
Others	•	•	•
Total	0	0	0

(Note on Derivatives Transactions)
FY2011 (From April 1, 2010 to March 31, 2011)

1. Available-for-sale securities (As of March 31, 2011)

Items	Type	consolidated balance sheet value (million yen)	Acquisition cost (million yen)	Difference (million yen)
Consolidated balance sheet value exceeding acquisition cost	(1) Stocks	27,476	15,395	12,081
	(2) Bonds			
	Government and municipal bonds	•	•	•
	Corporate bonds	•	•	•
	Others	•	•	•
	(3) Others	•	•	•
	Subtotal	27,476	15,395	12,081
Consolidated balance sheet value not exceeding acquisition cost	(1) Stocks	3,619	4,555	-935
	(2) Bonds			
	Government and municipal bonds	•	•	•
	Corporate bonds	•	•	•
	Others	•	•	•
	(3) Others	666	667	-1
	Subtotal	4,286	5,222	-936
Total		31,762	20,617	11,145

(Note) 1. Acquisition costs at the end of fiscal 2011are adjusted for impairments of 152 million yen.
2. An impairment adjustment is applied if the market value at the end of the fiscal year is more than about 50% lower than the acquisition cost. If the market value is about 30 to 50% lower than the acquisition cost, an impairment adjustment is applied, provided that the average of all end-of-month market values during the past year proves to be more than 30% lower than the acquisition cost.

2. Other available-for-sale securities unloaded during fiscal 2011 (From April 1, 2010 to March 31, 2011)

Items	Amount sold (million yen)	Total gains on sales (million yen)	Total losses on sales (million yen)
Stocks	6,105	2,226	24
Bonds	—	—	—
Others	—	—	—
Total	6,105	2,226	24

(Notes to Derivatives Transactions)

Fiscal 2010 (from April 1, 2009 to March 31, 2010)

1. Derivatives transactions to which hedge accounting does not apply
   Not applicable.

2. Derivatives transactions to which hedge accounting applies

(Unit: million yen)

Method of hedge accounting	Type of derivatives transaction	Major hedged items	Contract amount, etc.		Market value
				More than one year	
Special treatment for interest rate swaps	Fixed for floating swap	Long-term debt	11,960	9,310	(*)

(*)As interest rate swaps subject to the special treatment for interest rate swaps are accounted for as a single item with underlying long-term debt, which are hedged items, their market values are included in those of long-term debt.

Fiscal 2011 (from April 1, 2010 to March 31, 2011)

1. Derivatives transactions to which hedge accounting does not apply
   Not applicable.

2. Derivatives transactions to which hedge accounting applies

(Unit: million yen)

Method of hedge accounting	Type of derivatives transaction	Major hedged items	Contract amount, etc.		Market value
				More than one year	
Special treatment for interest rate swaps	Fixed for floating swap	Long-term debt	14,080	10,410	(*)

(*)As interest rate swaps subject to the special treatment for interest rate swaps are accounted for as a single item with underlying long-term debt, which are hedged items, their market values are included in those of long-term debt.

(Notes to Retirement Benefits)

Fiscal 2010 (March 31, 2010)	Fiscal 2011 (March 31, 2011)
1. Description of retirement benefit arrangements adopted The Company submitting Consolidated Financial Statements and its consolidated subsidiaries provide defined benefit arrangements that comprise a joint establishment-type employees pension fund, tax qualified retirement annuity, and lump-sum severance allowance programs, as well as defined contribution arrangements that comprise a defined contribution pension program. ・Matters relating to a multiple business owners system that treats necessary contributions as retirement benefit expenses (million yen) (1)Funded status of the entire system (as of March 31, 2009) Pension assets 641,485 Benefit obligations in pension finances 1,029,394 Difference -387,908 (2) Ratio of premium contributions of the Group to all premium contributions in the entire system (Mainly the contribution for March 2010) 7.2% (3) Supplementary information The major factors in the pension finance accounting causing the difference in item (1) above are: outstanding past service liabilities of 90,140 million yen; a shortfall for the fiscal year of 238,031 million yen; a shortfall in the amount brought forward of 23,950 million yen; and adjustment for the revaluation of asset values of 37,292 million yen. Amortization of past service liabilities under the system is calculated using the straight line method for the total amount of principal and interest over 5 – 20 years. In addition, the ratio in item (2) above does not match the actual rate of the burden by the Group.	1. Description of retirement benefit arrangements adopted The Company submitting Consolidated Financial Statements and its consolidated subsidiaries provide defined benefit arrangements that comprise a joint establishment-type employees pension fund, tax qualified retirement annuity, and lump-sum severance allowance programs, as well as defined contribution arrangements that comprise a defined contribution pension program. In addition, 3 consolidated subsidiaries shifted to the defined contribution pension program from the tax qualified retirement annuity and lump-sum severance allowance programs during the current fiscal year. ・Matters relating to a multiple business owners system that treats necessary contributions as retirement benefit expenses (million yen) (1)Funded status of the entire system (as of March 31, 2010) Pension assets 776,015 Benefit obligations in pension finances 953,704 Difference -177,688 (2) Ratio of premium contributions of the Group to all premium contributions in the entire system (Mainly the contribution for March 2011) 3.9% (3) Supplementary information The major factors in the pension finance accounting causing the difference in item (1) above are: outstanding past service liabilities of 88,008 million yen; a shortfall in the amount brought forward of 55,211 million yen; and adjustment for the revaluation of asset values of 43,487million yen. Amortization of past service liabilities under the system is calculated using the straight line method for the total amount of principal and interest over 5 – 20 years. In addition, the ratio in item (2) above does not match the actual rate of the burden by the Group.
2. Retirement benefit liability (As of March 31, 2010) (million yen) a. Retirement benefit liability -7,377 b. Pension plan assets 2,690 c. Unfunded retirement benefit liability (a + b) -4,686 d. Unrecognized actuarial difference 102 e. Unrecognized past service cost (reduced liability) • f. Consolidated Balance Sheet net total (c + d + e) -4,583 g. Prepaid pension expenses • h. Accrued retirement benefits (f - g) -4,583 (Note) Some consolidated subsidiaries adopt a simplified method of computing retirement benefit liabilities.	2. Retirement benefit liability (As of March 31, 2010) (million yen) a. Retirement benefit liability -2,751 b. Pension plan assets 447 c. Unfunded retirement benefit liability (a + b) -2,303 d. Unrecognized actuarial difference 29 e. Unrecognized past service cost (reduced liability) • f. Consolidated Balance Sheet net total (c + d + e) -2,273 g. Prepaid pension expenses • h. Accrued retirement benefits (f - g) -2,273 (Note) 1. Some consolidated subsidiaries adopt a simplified method of computing retirement benefit liabilities. 2. Effects due to switchover from a tax qualified retirement annuity program or lump-sum severance allowance program to defined contributory program: Decrease in retirement benefit liability 4,643 Decrease in unrecognized actuarial difference -342 Decrease in plan assets -2,632 Decrease in accrued retirement benefits 1,669 Furthermore, the amount of assets to be shifted to the defined contribution pension programs is 4,267 million yen, which will be shifted over four years in the future. In addition, the amount of 1,154 million yen that had not been shifted as of the end of the current consolidated fiscal year was posted both in the others item of current liabilities and in the others item of noncurrent liabilities.

Fiscal 2010 (March 31, 2010)		Fiscal 2011 (March 31, 2011)	
3. Retirement benefit expenses		3. Retirement benefit expenses	
(From April 1, 2009 to March 31, 2010)		(From April 1, 2010 to March 31, 2011)	
	(Million yen)		(Million yen)
a. Service cost	1,274	a. Service cost	1,453
b. Interest cost	61	b. Interest cost	54
c. Expected rate of return (subtractive)	-13	c. Expected rate of return (subtractive)	-17
d. Amortization of actuarial difference	22	d. Amortization of actuarial difference	42
e. Amortization of past service cost	•	e. Amortization of past service cost	•
f. Retirement benefit expenses (a + b + c + d + e)	1,344	f. Retirement benefit expenses (a + b + c + d + e)	1,513
g. Loss (profit) due to switchover to defined contributory pension program	•	g. Loss (profit) due to switchover to defined contributory pension program	-33
h. Extraordinary premium retirement allowance	•	h. Extraordinary premium retirement allowance	•
i. Contributions to defined contributory pension program	910	i. Contributions to defined contributory pension program	985
Total	2,255	Total	2,485
(Notes) 1. The Company submitting Consolidated Financial Statements and some consolidated subsidiaries sponsor a multi-employer employees' pension fund. Their contributions to that fund (estimated at 1,002 million yen) are included in "a. Service Cost." 2. The retirement benefit expenses reported by consolidated subsidiaries adopting the simplified method are included in "a. Service Cost."		(Notes) 1. The Company submitting Consolidated Financial Statements and some consolidated subsidiaries sponsor a multi-employer employees' pension fund. Their contributions to that fund (estimated at 1,127 million yen) are included in "a. Service Cost." 2. The retirement benefit expenses reported by consolidated subsidiaries adopting the simplified method are included in "a. Service Cost."	
4. Basic assumptions for computing retirement benefit liability		4. Basic assumptions for computing retirement benefit liability	
a. Period allocation method for estimated retirement benefits	Periodic fixed amount	a. Period allocation method for estimated retirement benefits	Periodic fixed amount
b. Discount rate	1.9%, 2.0%	b. Discount rate	1.9%, 2.0%
c. Expected return on investment	1.0%, 2.0%	c. Expected return on investment	1.0%, 2.0%
d. Number of years for recognition of past service cost	•	d. Number of years for recognition of past service cost	•
e. Number of years for recognition of actuarial difference	7years, 10years	e. Number of years for recognition of actuarial difference	7years, 10years
(Actuarial differences are prorated on a straight-line basis over a certain number of years within the average remaining service period of eligible employees when accrued during each fiscal year, and recognized as an expense over the fiscal years following that accrual.)		(Actuarial differences are prorated on a straight-line basis over a certain number of years within the average remaining service period of eligible employees when accrued during each fiscal year, and recognized as an expense over the fiscal years following that accrual.)	

(Notes to Stock Options)

Fiscal 2010 (From April 1, 2009 to March 31, 2010)

1. Recorded cost and account item in previous consolidated fiscal year

No cost was recorded during the consolidated fiscal year ended March 2010.

2. Details, size and changes in stock options

(1) Details of stock options

Company Name	The Company
Date of resolution	July 20, 2006
Category and number of entitled persons	The Company's directors 24
Type and number of shares granted	Common stock 150,000 shares
Date granted	August 7, 2006
Conditions for proper allotment	Possible to exercise rights on or after July 20, 2008.
Tenure for entitlement	From August 8, 2006 to July 19, 2008
Exercise period	From July 1, 2008 to June 30, 2011

(2) Size and changes in stock options

① Number of stock options

Company Name	The Company
Date of resolution	July 20, 2006
Before proper allotment	
At beginning of the term (shares)	•
Granted (shares)	•
Lapsed (shares)	•
Proper allotment (shares)	•
Pending balance (shares)	•
After expiration date	
At beginning of the term (shares)	150,000
Proper allotment (shares)	•
Exercised (shares)	•
Lapsed (shares)	•
Unexercised (shares)	150,000

② Information on unit price

Company Name	The Company
Date of resolution	July 20, 2006
Exercise price (yen)	2,429
Average price during exercise (yen)	•
Unit price in fair evaluation on date granted (yen)	418

3. Method of estimating number of proper allotment for stock options

Due to basic difficulties in rational estimation of the number of rights to lapse in future, the method applied only uses the number of actually lapsed rights.

Fiscal 2011 (From April 1, 2010 to March 31, 2011)

1. Recorded cost and account item in this consolidated fiscal year

No cost was recorded during the consolidated fiscal year ended March 2011.

2. Details, size and changes in stock options

(1) Details of stock options

Company Name	The Company
Date of resolution	July 20, 2006
Category and number of entitled persons	The Company’s directors 24
Type and number of shares granted	Common stock 150,000 shares
Date granted	August 7, 2006
Conditions for proper allotment	Possible to exercise rights on or after July 20, 2008.
Tenure for entitlement	From August 8, 2006 to July 19, 2008
Exercise period	From July 1, 2008 to June 30, 2011

(2) Size and changes in stock options

① Number of stock options

Company Name	The Company
Date of resolution	July 20, 2006
Before proper allotment	
At beginning of the term (shares)	•
Granted (shares)	•
Lapsed (shares)	•
Proper allotment (shares)	•
Pending balance (shares)	•
After expiration date	
At beginning of the term (shares)	150,000
Proper allotment (shares)	•
Exercised (shares)	•
Lapsed (shares)	•
Unexercised (shares)	150,000

② Information on unit price

Company Name	The Company
Date of resolution	July 20, 2006
Exercise price (yen)	2,429
Average price during exercise (yen)	•
Unit price in fair evaluation on date granted (yen)	418

3. Method of estimating number of proper allotment for stock options

Due to basic difficulties in rational estimation of the number of rights to lapse in future, the method applied only uses the number of actually lapsed rights.

(Notes to Tax Effect Accounting)

Fiscal 2010 (March 31, 2010)

(1) Major components of deferred tax assets and deferred tax liabilities accrued

	(million yen)
Deferred tax assets (current assets)	
Accrued expenses	159
Enterprise tax payable	416
Provision for bonuses	1,273
Loss carried forward for tax purposes	83
Others	1,081
Total	3,013
Valuation reserve	-957
Subtotal	2,055
Deferred tax assets (fixed assets)	
Allowance for doubtful accounts	868
Investment securities	449
Provision for retirement benefits	1,809
Other noncurrent liabilities	605
Impairment loss	1,614
Loss carried forward for tax purposes	4,549
Others	916
Total	10,813
Valuation reserve	-9,060
Subtotal	1,752
Total deferred tax assets	3,807
Deferred tax liabilities (short-term liabilities)	
Income tax refunds receivable	-5
Sub total	-5
Deferred tax liabilities (long-term liabilities)	
Reserve for reduction entry of land	-829
Land and other revaluation difference due to capital consolidation of subsidiaries	-7,872
Valuation difference on available-for-sale securities	-2,854
Others	-210
Sub total	-11,767
Total deferred tax liabilities	-11,772
Net deferred tax liabilities	-7,964

Fiscal 2011 (March 31, 2011)

(1) Major components of deferred tax assets and deferred tax liabilities accrued

	(million yen)
Deferred tax assets (current assets)	
Accrued expenses	179
Enterprise tax payable	256
Provision for bonuses	1,360
Loss carried forward for tax purposes	2,077
Others	1,157
Total	5,031
Valuation reserve	-186
Subtotal	4,845
Deferred tax assets (fixed assets)	
Allowance for doubtful accounts	2,106
Investment securities	515
Stocks of subsidiaries and affiliates	1,043
Provision for retirement benefits	917
Other long-term liabilities	850
Impairment loss	1,906
Asset retirement obligations	258
Loss carried forward for tax purposes	1,086
Others	346
Total	9,032
Valuation reserve	-7,130
Subtotal	1,901
Total deferred tax assets	6,747
Deferred tax liabilities (long-term liabilities)	
Reserve for reduction entry of land	-788
Land and other revaluation difference due to capital consolidation of subsidiaries	-5,726
Valuation difference on available-for-sale securities	-5,246
Others	-339
Sub total	-12,101
Total deferred tax liabilities	-12,101
Net deferred tax liabilities	-5,354

Fiscal 2010 (March 31, 2010)	Fiscal 2011 (March 31, 201)
(2) Major components of difference between statutory effective tax rate and income tax, and other burden rate after application of tax effect accounting The description was omitted, since the difference between the statutory effective tax rate and the income tax and other burden rates after the application of tax effect accounting is 5% of the statutory effective tax rate or lower.	(2) Major components of difference between statutory effective tax rate and income tax, and other burden rate after application of tax effect accounting

	(%)
Statutory effective tax rate	40.5
(Adjustment)	
Items not to be included in deductible expenses forever, including entertainment expenses	3.2
Increase (decrease) in valuation reserves	-51.5
Accrual of net losses carried forward on the tax system	4.7
Amortization of goodwill	12.6
Amortization of negative goodwill	-8.6
Residence tax on a per capita basis	2.7
Others	-0.5
Tax burden ratio of corporate taxes after the application of tax effect accounting	3.1

(Notes to Business Combinations)

Fiscal 2010 (From April 1, 2009 to March 31, 2010)

(Application of the purchase method)

1. Acquired company's name, business lines, reason for business combination, date of business combination, legal form of business combination, corporate name after business combination and ratio of acquired voting rights
   (1) Acquired company's name and business lines
   Fuji Family Pharmacy (change the company name to Pharma Square Co., Ltd.) Operation of dispensing pharmacies
   (2) Main reason for business combination
   The Company conducted the business execution in order to expand dispensing pharmacy business.
   (3) Date of business combination
   April 21, 2009
   (4) Legal form of business combination
   Acquisition
   (5) Corporate name after business combination
   TOHO HOLDINGS CO., LTD.
   (6) Ratio of acquired voting rights
   100%
2. Period of business performance of acquired company included in the consolidated financial statements
   From April 1, 2009 to March 31, 2010
3. Acquisition costs for acquired company and their breakdown

Acquisition price	
Exercise of collateral rights	3,100 million yen
Cash	1,186 million yen
Payment directly required for the acquisition	
Company assessment fee	3 million yen
Acquisition costs	4,289 million yen

4. Amount, cause, amortization method and amortization period of accrued goodwill or negative goodwill
   (1) Value of goodwill 5,588 million yen
   (2) Cause
   Accrued after rational estimation of future excess profitability.
   (3) Amortization method and amortization period
   The goodwill will be amortized over ten years in equal amounts.
5. Assets and liabilities accepted on the date of business consolidation and the main details
   (1) Assets

Cash and deposits	1,404 million yen
Accounts receivable-trade	1,842 million yen
Inventories	598 million yen
Others	1,240 million yen
Total	5,085 million yen

   (2) Liabilities

Accounts payable-trade	2,344 million yen
Debt	2,493 million yen
Others	1,546 million yen
Total	6,385 million yen

6. Details of the conditional consideration of the acquisition and accounting policy for fiscal years after the business combination set out in the business combination agreement
   Not applicable.
7. Of the acquisition cost, the amount that was appropriated for R&D expenses and its account
   Not applicable.
8. Estimated amounts that would affect the consolidated statements of income for this term assuming that the business combination will be complete at the beginning of the term
   The business combination does not affect the consolidated statements of income for this term because the acquired company was already consolidated at the beginning of the term.

(Application of the purchase method)

1. Acquired company's name, business lines, reason for business combination, date of business combination, legal form of business combination, corporate name after business combination and ratio of acquired voting rights
   (1) Acquired company's name and business lines
   OMWELL Inc Pharmaceutical wholesaling
   (2) Main reason for business combination
   The Company aimed to further boost its marketing capacity and maximize the Group's corporate value by proactively utilizing managerial resources as a group while maintaining OMWELL's community-based operating base.
   (3) Date of business combination
   October 1, 2009
   (4) Legal form of business combination
   Stock swapping
   (5) Corporate name after business combination
   TOHO HOLDINGS CO., LTD.
   (6) Ratio of acquired voting rights
   100.0%
2. Period of business performance of acquired company included in the consolidated financial statements
   From October 1, 2009 to December 31, 2009
3. Acquisition costs for acquired company and their breakdown

Acquisition price	
Stocks of TOHO HOLDINGS	14,031million yen
Payment directly required for the acquisition	
Calculation agent fee	39 million yen
Acquisition costs	14,070million yen

4. Types of stocks, exchange ratio, calculation method, number of exchanged stocks and evaluation value
   (1) Types of stocks and exchange ratio
   Common stock TOHO HOLDINGS 1 : OMWELL 40
   (2) Calculation method for exchange ratio
   TOHO HOLDINGS and OMWELL decided the exchange ratio through consultations with each other based on reports on the stock swap ratio calculation that were prepared by third-party institutions and employed the comparable peer company analysis method and the DCF method to evaluate OMWELL's stocks while applying the average market price method, the comparable peer company analysis method and the DCF method to the calculation of the stock values of TOHO HOLDINGS.
   (3) Number of exchanged stocks and evaluation value
   13,815,880 stocks 14,031 million yen
5. Amount, cause, amortization method and amortization period of accrued goodwill or negative goodwill
   (1) Value of negative goodwill 1,826 million yen
   (2) Cause
   There was a difference between the net value of assets and liabilities of the acquired company revaluated based on market prices as of the date of the business combination and the aggregate market price of the stocks of the acquired company.
   (3) Amortization method and amortization period
   The negative goodwill will be amortized over five years in equal amounts.
6. Assets and liabilities accepted on the date of business consolidation and the main details
   (1) Assets

Cash and deposits	5,703 million yen
Accounts receivable-trade	16,326 million yen
Short-term investment securities	3,398 million yen
Inventories	4,626 million yen
Others	9,383 million yen
Total	39,437 million yen

   (2) Liabilities

Accounts payable-trade	20,054 million yen
Others	3,487 million yen
Total	23,541 million yen

7. Details of the conditional consideration of the acquisition and accounting policy for fiscal years after the business combination set out in the business combination agreement
   Not applicable.
8. Of the acquisition cost, the amount that was appropriated for R&D expenses and its account
   Not applicable.

9. Estimated amounts that would affect the consolidated statements of income for this term assuming that the business combination will be complete at the beginning of the term

Net sales and income information

Net sales	29,037 million yen
Operating income	129 million yen
Ordinary income	632 million yen
Income before income taxes	755 million yen
Current net income	544 million yen
Current net income per share	8.29 yen

(Method and important assumptions used for calculating estimated amounts)

Sales and income of OMWELL from April 1, 2009 to December 31, 2009, the elimination of internal transactions and the amortization of negative goodwill were tallied. Adjustment for integration of the accounting policies derived from the business combination was included in the profit/loss of OMWELL.

The information in the note above is not covered by the auditor's report.

(Application of the purchase method)

1. Acquired company's name, business lines, reason for business combination, date of business combination, legal form of business combination, corporate name after business combination and ratio of acquired voting rights

(1) Acquired company's name and business lines

ASUCOME CO., LTD..　　Pharmaceutical wholesaling

(2) Main reason for business combination

The Company aimed to further boost its marketing capacity and maximize the Group's corporate value through the efficient use of managerial resources at ASUCOME's operating base.

(3) Date of business combination

February 1, 2010

(4) Legal form of business combination

Stock swapping

(5) Corporate name after business combination

TOHO HOLDINGS CO., LTD.

(6) Ratio of acquired voting rights

100.0％

2. Period of business performance of acquired company included in the interim consolidated financial statements

From February 1, 2010 to March 31, 2010

3. Acquisition costs for acquired company and their breakdown

Acquisition price	
Stocks of TOHO HOLDINGS	1,052million yen
Payment directly required for the acquisition	
Calculation agent fee	40million yen
Acquisition costs	1,092million yen

4. Types of stocks, exchange ratio, calculation method, number of exchanged stocks and evaluation value

(1) Types of stocks and exchange ratio

Common stock　　TOHO HOLDINGS 1 : ASUCOME 1.239

(2) Calculation method for exchange ratio

The exchange ratio was determined through consultation between both parties based on the calculation of a stock exchange ratio by a third party. In the calculation, the similar company comparison methods are used for the valuation of ASUCOME, and the average market price method was used for the valuation of TOHO HOLDINGS.

(3) Number of exchanged stocks and evaluation value

863,444 stocks　　1,052 million yen

5. Amount, cause, amortization method and amortization period of accrued goodwill or negative goodwill

(1) Value of negative goodwill　　1,726 million yen

(2) Cause

There was a difference between the net value of assets and liabilities of the acquired company revaluated based on market prices as of the date of the business combination and the aggregate market price of the stocks of the acquired company.

(3) Amortization method and amortization period

The negative goodwill will be amortized over five years in equal amounts.

6. Assets and liabilities accepted on the date of business consolidation and the main details

(1) Assets

Cash and deposits	1,657 million yen
Accounts receivable-trade	13,264 million yen
Inventories	4,627 million yen
Land	4,061million yen
Investment securities	5,693 million yen
Others	5,054 million yen
Total	34,358 million yen

(2) Liabilities

Accounts payable-trade	20,532 million yen
Debt	6,481million yen
Others	4,526 million yen
Total	31,540 million yen

7. Details of the conditional consideration of the acquisition and accounting policy for fiscal years after the business combination set out in the business combination agreement

Not applicable.

8. Of the acquisition cost, the amount that was appropriated for R&D expenses and its account

Not applicable.

9. Estimated amounts that would affect the consolidated statements of income for this term assuming that the business combination will be complete at the beginning of the term

Net sales and income information

Net sales	10,485 million yen
Operating loss	210 million yen
Ordinary income	133 million yen
Income before income taxes	141 million yen
Current net income	190 million yen
Current net income per share	2.90 yen

(Method and important assumptions used for calculating estimated amounts)

Sales and income of ASUCOME from April 1, 2009 to March 31, 2010, the elimination of internal transactions and the amortization of negative goodwill were tallied. Adjustment for the integration of accounting policies derived from the business combination was not included in the profit/loss of ASUCOME.

The information in the note above is not covered by the auditor’s report.

（Transactions under common control）

1. Combined company’s name, business lines, legal form of business combination, corporate name after business combination, and purpose and outline of stock swap

(1) Combined company’s name and business lines

OMWELL Inc Pharmaceutical wholesaling

(2) Legal form of business combination

Merger with SANUS, which was a surviving company

(3) Corporate name after business combination

SAYWELL Inc

(4) Purpose and outline of stock swap

In order to boost the Group’s competitiveness through the efficient use of managerial resources in the Chugoku region, the Company merged its consolidated subsidiaries, SANUS and OMWELL, to form SAYWELL Inc.

2. Outline of conducted account processing

The case above has been treated as a transaction under common control in accordance with the “Accounting Standard for Business Combinations” (Business Accounting Council; published on October 31, 2003) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10; published on November 15, 2007).

Fiscal 2011 (From April 1, 2010 to March 31, 2011)

Business combination through acquisition

1. Outline of business combination
   (1) Acquired company's name and business lines
       Acquired company's name   Japan Pharmacy Co., Ltd.
       Business line   Operation of dispensing pharmacies
   (2) Main reason for business combination
       The Company conducted the business execution in order to expand dispensing pharmacy business.
   (3) Date of business combination
       January 1, 2011
   (4) Legal form of business combination
       Share acquisition with consideration for cash
   (5) Corporate name after business combination
       TOHO HOLDINGS CO., LTD.
   (6) Ratio of acquired voting rights
       100.0%
   (7) Main basis for the decision on the company acquired
       Being the acquisition of shares with consideration for cash by the Company
2. Period of business performance of acquired company included in the interim consolidated financial statements
   From January 1, 2011 to March 31, 2011
3. Acquisition costs for acquired company and their breakdown

Acquisition price	Cash	2,600 million yen
Cost of directly required for the acquisition	Company assessment fee	3 million yen
Acquisition costs		2,603 million yen

4. Amount, cause, amortization method and amortization period of accrued goodwill
   (1) Amount of accrued goodwill   1,841 million yen
   (2) Cause
       Accrued after rational estimation of future excess profitability.
   (3) Amortization method and amortization period
       The goodwill will be amortized over ten years in equal amounts.
5. Assets and liabilities accepted on the date of business consolidation and the main details

Current assets	1,772 million yen
Noncurrent assets	247 million yen
Total assets	2,019 million yen
Current liabilities	1,016 million yen
Noncurrent liabilities	240 million yen
Total liabilities	1,257 million yen

6. Details of the conditional consideration of the acquisition and accounting policy for fiscal years after the business combination set out in the business combination agreement
   Not applicable.
7. Estimated amounts that would affect the consolidated statements of income for this term assuming that the business combination will be complete at the beginning of the term
   Net sales and income information

Net sales	3,746 million yen
Operating income	459 million yen
Ordinary income	282 million yen
Income before income taxes	281 million yen
Current net income	92 million yen
Current net income per share	1.24 yen

   (Method and important assumptions used for calculating estimated amounts)
   Sales and income of Japan Pharmacy from April 1, 2010 to March 31, 2011, the elimination of internal transactions and the amortization of goodwill were tallied.
   The information in the note above is not covered by the auditor's report.

（Transactions under common control）

1. Outline of transactions

(1) Combined company's name and business lines

Combined company's name ASUCOME CO., LTD.

Business line Pharmaceutical wholesaling

(2) Date of the combination

October 1, 2010

(3) Legal form of business combination

Merger with TOHO PHARMACEUTICAL, which was a surviving company

(4) Corporate name after business combination

TOHO PHARMACEUTICAL CO., LTD.

(5) Other items regarding the outline of transactions

The Company merged its consolidated subsidiaries, ASUCOME and TOHO PHARMACEUTICAL, for the purpose of responding swiftly to the rapidly changing business environment by realizing overall optimization of the Group's management resources and the maximization of corporate value.

2. Outline of conducted account processing

The case above has been treated as a transaction under common control in accordance with the "Accounting Standard for Business Combinations" (Business Accounting Council; published on October 31, 2003) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10; published on November 15, 2007).

(Notes of Asset Retirement Obligations)
End of Fiscal 2011(March 31, 2011)

Of the asset retirement obligations, items posted on consolidated balance sheets

(1) Outline of relevant asset retirement obligations

Obligations to restore property to the original state required by real estate leasing agreements concerning sales branches and dispensing pharmacies and expenses necessary for the removal of asbestos in accordance with the Ordinance on the Prevention of Asbestos Hazards concerning a part of business facilities

(2) Calculation method for the relevant asset retirement obligations

Based on the estimation that the periods of use are five years to fifty years after acquisition, the Company calculated the asset retirement obligations by applying a discount rate of 2.0%.

(3) Change in the total amount of the relevant asset retirement obligations during the current consolidated fiscal year

Beginning of this term (Note)	733million yen
Increase due to acquisition of Property, plant and equipment	8million yen
Decrease due to the execution of asset retirement obligations	-77million yen
Adjustment with the lapse of time	9million yen
Ending of this term	674million yen

(Note) Since the Company applied the Accounting Standard for Asset Retirement Obligations (Statement No.18, issued March 31, 2008) and the Guidance on the Accounting Standard for Asset Retirement Obligations (Guidance No.21, issued March 31, 2008) from the current fiscal year, it recorded the balance as it was at the start of the current fiscal year, instead of the balance at the end of the previous fiscal year.

(Notes of Rental Property and Other Real Estate)
Fiscal 2010 (From April 1, 2009 to March 31, 2010)

(Additional Information)

The “Accounting Standard for Disclosures about the Fair Value of Investment and Rental Property” (ASBJ Statement No. 20; November 28, 2008) and the “Guidance on Accounting Standards for Disclosures about the Fair Value of Investment and Rental Property” (ASBJ Guidance No. 23; November 28, 2008) have been applied from the fiscal year ended March 2010.

The disclosure of notes on rental property and other real estate is omitted because the total value of such properties is insignificant.

Fiscal 2011 (From April 1, 2010 to March 31, 2011)

The disclosure of notes on rental property and other real estate is omitted because the total value of such properties is insignificant.

(Segmental Information)
(Segmental Information According to Types of Business)
Fiscal 2010 (from April 1, 2009 to March 31, 2010)

	Pharmaceutical Wholesaling (million yen)	Dispensing Pharmacy (million yen)	CRO and SMO (million yen)	Other Operations (million yen)	Total (million yen)	Eliminations or corporate (million yen)	Consolidated (million yen)
I. Net sales and Operating profit (loss)							
Net Sales							
(1) Net sales to external customers	946,872	54,316	474	458	1,002,122	•	1,002,122
(2) Inter-segment internal net sales or transfers	25,610	12	•	191	25,814	(25,814)	•
Total	972,482	54,329	474	649	1,027,936	(25,814)	1,002,122
Operating expense	963,775	51,908	477	735	1,016,896	(25,714)	991,182
Operating income(loss)	8,706	2,420	-2	-85	11,039	(99)	10,939
II. Assets, depreciation, impairment loss, and capital expenditure							
Assets	436,127	35,634	828	3,797	476,388	13,064	489,452
Depreciation	1,025	347	6	89	1,469	986	2,455
Impairment loss	109	7	•	•	117	•	117
Capital expenditure	2,723	561	3	14	3,302	27	3,330

(Notes) 1. Business operations are segmented according to the types of products sold and services provided.
2. Major operations of each business segment:
(1) Pharmaceutical Wholesaling... Sales of pharmaceuticals, narcotics, reagents, etc., and sales of medical devices,
(2) Dispensing Pharmacy.............. National Health Insurance pharmacies, home medical care services, and sales of pharmaceuticals
(3) CRO and SMO........................ SMO and CRO services
(4) Other Operations..................... Manufacturing and sales of information processing devices
3. Previously, segmental information according to the type of business consisted of three segments, “Pharmaceutical Wholesaling”, “Dispensing Pharmacy” and “CRO and SMO”. However, operations conducted by ALF, which has become a consolidated subsidiary from the fiscal year ended March 2010, fall under a new type, creating a fourth segment, “Other Operations”.
4. Among assets, Companywide assets included in “Eliminations or Corporate” (20,550 million yen) consist mainly of surplus management funds (cash and deposits) and long-term investment funds (investment securities) held by the company filing the consolidated financial statements.
5. Depreciation and capital expenditures include long-term prepaid expenses and their amortization.

(Segmental Information According to Geographical Locations)
Fiscal 2010 (from April 1, 2009 to March 31, 2010)
This disclosure is not applicable, because all the Group’s consolidated subsidiaries are located in Japan.

(Overseas Sales)
Fiscal 2010 (from April 1, 2009 to March 31, 2010)
This disclosure is not applicable, because the Group generates no sales outside Japan.

(Segmental Information)
Fiscal 2011 (from April 1, 2010 to March 31, 2011)

1. Outline of reportable segments
The reported segments of the Company are those business units included in the Company for which separate financial information is available and which are subject to regular review by the Board of Directors so that it can make decisions about resources to be allocated to them as well as assess their business performance.
The Group has put the pharmaceutical wholesaling and dispensing pharmacy businesses under the control of respective management companies. Each management company formulates comprehensive domestic strategies, while operating companies are engaged in actual operations.
Meanwhile, in the SMO and CRO and information equipment sales businesses, the Company and respective operating companies work together in formulating comprehensive domestic strategies as well as in actual operations.
Accordingly, the Company consists of business segments that are based on sales of prescription pharmaceuticals, medical care-related products and services, etc. and has four reportable segments, namely Pharmaceutical Wholesaling, Dispensing Pharmacy, SMO and CRO, and Information Equipment Sales.
Each of the segments is engaged in the following operations: Pharmaceutical Wholesaling, sales of pharmaceuticals, narcotics, reagents, etc., and sales of medical devices; Dispensing Pharmacy, insurance pharmacy and home medical care operations, and sales of pharmaceuticals; CRO and SMO, site management organization and contract research organization services; and Information Equipment Sales, design and sales of information processing equipment.

2. The calculation method for the amounts of net sales, profits or losses, assets and other items by reportable segment
The accounting for business segments reported is the same as those described in the Important Items of the Basics of Presenting the Consolidated Financial Statements above on the whole.

3. Information about sales, profit or loss, asset and other items by reportable segment
Fiscal 2010 (from April 1, 2009 to March 31, 2010)

	Reportable segments					Adjustments (million yen) (Note 1)	Amount on the consolidated profit and loss statement (million yen) (Note 2)
	Pharmaceutical Wholesaling (million yen)	Dispensing Pharmacy (million yen)	CRO and SMO (million yen)	Information equipment sales (million yen)	Total (million yen)		
Net Sales							
(1) Net sales to external customers	946,872	54,316	474	458	1,002,122	•	1,002,122
(2) Inter-segment internal net sales or transfers	25,610	12	•	191	25,814	-25,814	•
Total	972,482	54,329	474	649	1,027,936	-25,814	1,002,122
Segment profit (loss)	8,706	2,420	-2	-85	11,039	-99	10,939
Segment assets	436,127	35,634	828	3,797	476,388	13,064	489,452
Other items							
Depreciation	1,025	347	6	89	1,469	986	2,455
Amortization of goodwill	464	1,534	0	27	2,028	•	2,028
Amortization of negative goodwill	1,586	14	•	•	1,601	•	1,601
Impairment loss	109	7	•	•	117	•	117
Investment in equity-method affiliate	769		•	•	769	•	769
Unamortized balance of goodwill	2,038	12,942	4	550	15,535	•	15,535
Unamortized balance of negative goodwill	5,017	200	•	•	5,217	•	5,217
Increase in property, plant and equipment and intangible assets	2,701	543	3	14	3,262	27	3,290

(Note) 1. Adjustments reflect the following items.
(1) The amount of the adjustments for segment profits or losses shows the elimination of internal transactions and unrealized profits.
(2) The amount of the adjustments for segment assets includes 20,550 million yen of the Company's assets that are not allocatable to any business segment, in addition to the elimination of internal transactions. The Company's non-allocatable assets consist mainly of a surplus fund under management (cash and deposits) and long-term investment fund (investment securities).
2. The amounts for income or losses in the reportable segments were subsequently adjusted with the amount of operating income on the consolidated profit and loss statement.

Fiscal 2011 (from April 1, 2010 to March 31, 2011)

	Reportable segments						
	Pharmaceutical Wholesaling (million yen)	Dispensing Pharmacy (million yen)	CRO and SMO (million yen)	Information equipment sales (million yen)	Total (million yen)	Adjustments (million yen) (Note 1)	Amount on the consolidated profit and loss statement (million yen) (Note 2)
Net Sales							
(1) Net sales to external customers	991,720	66,579	376	936	1,059,612	•	1,059,612
(2) Inter-segment internal net sales or transfers	32,375	20	•	267	32,663	-32,663	•
Total	1,024,095	66,600	376	1,203	1,092,276	-32,663	1,059,612
Segment profit (loss)	2,854	3,572	-92	-356	5,977	-138	5,839
Segment assets	443,600	41,830	486	2,046	487,964	30,424	518,389
Other items							
Depreciation	1,221	482	9	104	1,818	936	2,754
Amortization of goodwill	323	1,796	0	57	2,178	•	2,178
Amortization of negative goodwill	1,557	22	•	•	1,580	•	1,580
Impairment loss	681	33	•	650	1,365	•	1,365
Investment in equity-method affiliate	922	•	•	•	922	•	922
Unamortized balance of goodwill	1,633	14,507	3	•	16,144	•	16,144
Unamortized balance of negative goodwill	3,460	177	•	•	3,637	•	3,637
Increase in property, plant and equipment and intangible assets	4,092	569	28	380	5,070	-53	5,017

(Note) 1. Adjustments reflect the following items.

(1)The amount of the adjustments for segment profits or losses shows the elimination of internal transactions and unrealized profits.

(2) The amount of the adjustments for segment assets includes 39,070 million yen of the Company’s assets that are not allocatable to any business segment, in addition to the elimination of internal transactions. The Company’s non-allocatable assets consist mainly of a surplus fund under management (cash and deposits) and long-term investment fund (investment securities).

2. The amounts for income or losses in the reportable segments were subsequently adjusted with the amount of operating income on the consolidated profit and loss statement.

(Additional Information)

From the current fiscal year, the “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17; March 27, 2009) and the “Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20; March 21, 2008) have been applied.

(Related Information)

Fiscal 2011 (from April 1, 2010 to March 31, 2011)

1 Information on each product and service

Descriptions are omitted since the net sales of singular products or services to outside customers exceed 90% of the total net sales under the consolidated profit and loss statements.

2 Geographical segment information

(1) Net sales

Not applicable since there are no net sales to overseas customers.

(2) Property, plant and equipment

This disclosure is not applicable since there is no property, plant or equipment located in overseas countries.

3 Principal customer segment information

Of the net sales to outside customers, there are no customers accounting for 10% or more of total net sales under the profit and loss statement. Consequently, this description is omitted.

(Information concerning impairment losses for fixed assets by reportable segment)
Fiscal 2011 (from April 1, 2010 to March 31, 2011)
This description is omitted since the similar information is disclosed in the segment information above.

(Information on the amortization and unamortized balance of goodwill by reportable segment)
Fiscal 2011 (from April 1, 2010 to March 31, 2011)
This description is omitted since the similar information is disclosed in the segment information above.

(Information on the gain on negative goodwill by reportable segment)
Fiscal 2011 (from April 1, 2010 to March 31, 2011)
Not applicable.

(Related Party Information)

Fiscal 2010 (From April 1, 2009 to March 31, 2010)
Transactions with Related Parties
Transactions between consolidated subsidiaries of the company that submitted consolidated financial statements and related parties

(a) Company's non-consolidated subsidiaries and affiliates

Attribute	Name of company or other	Address	Capital or stock or cash investment (million yen)	Description of business or occupation	Voting ownership (Under control) (%)	Relationship with the related party	Transactions	Amount of transac-tions (million yen)	Account	Balance at year-end (million yen)
Affiliate	Sakai Yakuhin	Mitaka City, Tokyo	60	Pharmaceutical wholesaling	(Ownership) Direct 35.0 (Under control) Direct 0.1	Supplied by the consolidated subsidiary with pharmaceuticals Director shared	Sales transactions (Note)	16,304	Accounts receivable-trade	5,819

(Note) Pharmaceuticals were sold subject to the same terms and conditions that applied to parties unrelated to the consolidated subsidiary.

(b) Company's directors and principal shareholders limited to individuals

Attribute	Name of company or other	Address	Capital or stock or cash investment (million yen)	Description of business or occupation	Voting ownership (Under control) (%)	Relationship with the related party	Transactions	Amount of transac-tions (million yen)	Account	Balance at year-end (million yen)
Director of subsidiary	Muchio Nakasato	•	•	Director of TOHO PHARMACEUTICAL Representa-tive director of SHOUEI	(Under control) Direct ownership 0.0	•	A consolidated subsidiary sold pharmaceuticals to SHOUEI (Note 1)	42,705	Accounts receivable-trade	14,519
Director of subsidiary and close relatives' ownership of voting rights exceeds 50% based on their own estimate	Kanto Iryo Service Co., Ltd.	Tsuchiura City, Ibaraki	10	Dispensing pharmacy	(Ownership) •	A consolidated subsidiary sold pharmaceuticals	Sales transaction (Note 2) Guaranty of liabilities (Note3)	806 26	Accounts receivable-trade	176
Director of subsidiary and close relatives' ownership of voting rights exceeds 50% based on their own estimate	Round Limited Company	Takasaki City, Gunma	3	Dispensing pharmacy	(Ownership) •	A consolidated subsidiary sold pharmaceuticals	Sales transaction (Note 2)	242	Accounts receivable-trade	34

(Note) 1. Transactions were conducted in the capacity of a representative of the consolidated subsidiary, and subject to the same terms and conditions that applied to parties unrelated to the Company.
2. Pharmaceuticals were sold subject to the same terms and conditions that applied to parties unrelated to the consolidated subsidiary.
3. The consolidated subsidiary has provided a bank loan guaranty.

(Note) Receivables are gross of consumption taxes but amounts of transactions are net of consumption taxes.

Fiscal 2011 (From April 1, 2010 to March 31, 2011)

Transactions with Related Parties

Transactions between consolidated subsidiaries of the company that submitted consolidated financial statements and related parties

(a) Company's non-consolidated subsidiaries and affiliates

Attribute	Name of company or other	Address	Capital or stock or cash investment (million yen)	Description of business or occupation	Voting ownership (Under control) (%)	Relationship with the related party	Transactions	Amount of transactions (million yen)	Account	Balance at year-end (million yen)
Affiliate	Sakai Yakuhin	Mitaka City, Tokyo	60	Pharmaceutical wholesaling	(Ownership) Direct 35.0 (Under control) Direct 0.1	Supplied by the consolidated subsidiary with pharmaceuticals Director shared	Sales transactions (Note)	17,382	Accounts receivable -trade	6,711

(Note) Pharmaceuticals were sold subject to the same terms and conditions that applied to parties unrelated to the consolidated subsidiary.

(b) Company's directors and principal shareholders limited to individuals

Attribute	Name of company or other	Address	Capital or stock or cash investment (million yen)	Description of business or occupation	Voting ownership (Under control) (%)	Relationship with the related party	Transactions	Amount of transactions (million yen)	Account	Balance at year-end (million yen)
Director of subsidiary	Muchio Nakasato	•	•	Director of TOHO PHARMACEUTICAL Representative director of SHOUEI	(Under control) Direct ownership 0.0	•	A consolidated subsidiary sold pharmaceuticals to SHOUEI (Note 1)	41,725	Accounts receivable-trade	13,876
Director of subsidiary and close relatives' ownership of voting rights exceeds 50% based on their own estimate	Kanto Iryo Service Co., Ltd.	Tsuchiura City, Ibaraki	10	Dispensing pharmacy	(Ownership) •	A consolidated subsidiary sold pharmaceuticals	Sales transaction (Note 2) Guaranty of liabilities (Note3)	796 16	Accounts receivable-trade	193
Director of subsidiary and close relatives' ownership of voting rights exceeds 50% based on their own estimate	Round Limited Company	Takasaki City, Gunma	3	Dispensing pharmacy	(Ownership) •	A consolidated subsidiary sold pharmaceuticals	Sales transaction (Note 2)	263	Accounts receivable-trade	41

(Note) 1. Transactions were conducted in the capacity of a representative of the Company, and subject to the same terms and conditions that applied to parties unrelated to the consolidated subsidiary.
2. Pharmaceuticals were sold subject to the same terms and conditions that applied to parties unrelated to the consolidated subsidiary.
3. The consolidated subsidiary has provided a bank loan guaranty.

(Note) Receivables are gross of consumption taxes but amounts of transactions are net of consumption taxes.

(Information per Share)

Fiscal 2010 (From April 1, 2009 to March 31, 2010)		Fiscal 2011 (From April 1, 2010 to March 31, 2011)	
Net asset per share	1,320.76 yen	Net asset per share	1,488.23 yen
Net income per share	125.69 yen	Net income per share	97.83 yen
Net income per share after adjustments on potential shares	122.83 yen	A description of the fully diluted net income per share after adjustments on potential shares is omitted since no potential shares exist.	

(Note) Basis of calculation

1. Net Asset per Share

Item	Fiscal 2010 (March 31, 2010)	Fiscal 2011 (March 31, 2011)
Total net asset on consolidated balance sheet (million yen)	100,838	110,916
Net assets related to common stock (million yen)	100,738	110,853
Major components of the difference (million yen)		
Subscription rights to shares	62	62
Minority interest	37	•
Number of shares of outstanding common stock (in units of 1000)	74,582	74,582
Number of treasury shares in common stock (in units of 1000)	1,063	95
Number of shares of common stock used in calculating net asset per share (in units of 1000)	73,518	74,487

2. Net Income per Share and Net Income per Share after Adjustments on Potential Shares

	Fiscal 2010 (From April 1, 2009 to March 31, 2010)	Fiscal 2011 (From April 1, 2010 to March 31, 2011)
Net income per share		
Net income (million yen)	8,263	7,283
Amount not related to shareholders of common stock (million yen)	•	•
Net income from common stock (million yen)	8,263	7,283
Average number of shares outstanding during fiscal year (in units of 1000)	65,745	74,447
Net income per share after adjustments on potential shares		
Adjustment for net income (million yen)	4	•
Including redemption fee	4	•
Increase in number of shares of common stock (in units of 1000)	1,566	•
(Including convertible bonds with subscription rights to shares)	1,566	•
Outline of potential shares not included in calculation of current net income per share after adjustments on potential shares due to no dilution effect	July 20, 2006 Resolution of Board of Directors Stock options 1,500 stock acquisition rights (150 thousand shares)	Same as in left column.

(Significant Subsequent Events)
Not applicable.

5. Non-consolidated Financial Statements

(1) Balance Sheets

(Unit: million yen)

	Fiscal 2010 (As of March 31, 2010)	Fiscal 2011 (As of March 31, 2011)
Assets		
Current assets		
Cash and deposits	*1 2,727	*1 2,924
Accounts receivable-trade	69	2
Prepaid expenses	10	6
Deferred tax assets	140	69
Other accounts receivable	1,310	701
Short-term loans receivable	*4 24,797	*4 25,782
Others	9	58
Allowance for doubtful accounts	-6	-4
Total current assets	29,058	29,541
Noncurrent assets		
Property, plant and equipment		
Buildings, net	*1, *2 8,548	*1, *2 8,254
Structures, net	*2 205	*2 202
Tools, furniture and fixtures, net	*2 6	*2 20
Land	*1,*5 15,218	*1,*5 15,316
Lease assets, net	—	178
Construction in progress	39	1,248
Total property, plant and equipment	24,019	25,220
Intangible assets		
Leasehold right	145	145
Software	502	257
Total intangible assets	647	402
Investments and other assets		
Investment securities	*1 10,260	*1 27,693
Stocks of subsidiaries and affiliates	17,328	20,560
Investment in capital	—	60
Investments in capital of subsidiaries and affiliates	—	157
Long-term loans receivable	2,654	9,691
Long-term loans receivable from subsidiaries and affiliates	—	415
Claims provable in bankruptcy, claims provable in rehabilitation and other	1,813	2,543
Long-term prepaid expenses	0	0
Others	824	254
Allowance for doubtful accounts	-1,213	-1,811
Total investments and other assets	31,667	59,563
Total noncurrent assets	56,334	85,187
Total assets	85,393	114,728

(Unit: million yen)

	Fiscal 2010 (As of March 31, 2010)	Fiscal 2011 (As of March 31, 2011)
Liabilities		
Current liabilities		
Short-term loans payable	*1 *6 900	*1 *6 4,800
Current portion of long-term loans payable	*1 3,673	*1 5,153
Lease obligations	•	38
Accounts payable-other	446	404
Accrued expenses	21	39
Deposits received	21	91
Provision for bonuses	40	37
Provision for directors' bonuses	24	33
Total current liabilities	5,126	10,598
Noncurrent liabilities		
Long-term loans payable	*1 *6 17,073	*1 18,580
Lease obligations	•	148
Deferred tax liabilities	1,516	7,844
Deferred tax liabilities for land revaluation	*5 1,308	*5 1,273
Provision for retirement benefits	5	6
Provision for loss on guarantees	•	73
Asset retirement obligations	•	88
Negative goodwill	•	1,323
Others	914	660
Total noncurrent liabilities	20,819	29,997
Total liabilities	25,946	40,596

(Unit: million yen)

	Fiscal 2010 (As of March 31, 2010)	Fiscal 2011 (As of March 31, 2011)
Net assets		
Shareholders' equity		
Capital stock	10,649	10,649
Capital surplus		
Legal capital surplus	42,917	42,917
Other capital surplus	441	790
Total Capital surplus	43,358	43,707
Retained earnings		
Legal retained earnings	664	664
Other retained earnings		
Reserve for reduction entry of land	1,084	1,075
General reserve	10,336	6,336
Retained earnings brought forward	-2,339	7,875
Total retained earnings	9,745	15,951
Treasury stock	-1,099	-87
Total shareholders' equity	62,654	70,221
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,279	8,392
Revaluation reserve for land	*5 -4,549	*5 -4,544
Total valuation and translation adjustments	-3,270	3,848
Subscription rights to shares	62	62
Total net assets	59,447	74,132
Total liabilities and net assets	85,393	114,728

(2) Profit and Loss Statement

(Unit: million yen)

	Fiscal 2010 (From April 1, 2009 to March 31, 2010)	Fiscal 2011 (From April 1, 2010 to March 31, 2011)
Operating revenue		
Income of management guidance	*1 1,036	*1 972
Income of real estate rent	*1 1,565	*1 1,432
Dividends income	*1 960	*1 3,322
Total Operating revenue	3,563	5,728
Operating expenses		
Real estate related expenses	786	752
General and administrative expenses		
Directors' compensations, salaries and allowances	627	684
Provision for bonuses	40	37
Provision for directors' bonuses	24	33
Provision for retirement benefits	1	0
Welfare expenses	55	52
Vehicle expenses	2	1
Provision of allowance for doubtful accounts	4	—
Depreciation	430	414
Rent expenses	126	148
Taxes and dues	118	158
Commission fee	239	200
Miscellaneous expenses	219	238
Total operating expenses	2,676	2,723
Operating income	886	3,004
Non-operating income		
Interest income	*1 314	*1 480
Dividend income	290	285
Commission fee	72	75
Real estate rent	3	4
Amortization of negative goodwill	—	86
Other income	22	100
Total non-operating income	702	1,033
Non-operating expenses		
Interest expenses	231	404
Commitment fee	40	7
Miscellaneous loss	7	20
Total non-operating expenses	279	433
Ordinary income	1,309	3,604

(Unit: million yen)

	Fiscal 2010 (From April 1, 2009 to March 31, 2010)	Fiscal 2011 (From April 1, 2010 to March 31, 2011)
Extraordinary income		
Gain on sales of noncurrent assets	*2 7	•
Gains on sales of investment securities	•	4,723
Gain on extinguishment of tie-in shares	•	1,284
Gains on the receipt of stocks in affiliates	31	•
Total extraordinary income	38	6,007
Extraordinary loss		
Loss on disposal of noncurrent assets	*3 21	*2 46
Loss on valuation of investment securities	83	47
Loss on valuation of stocks of subsidiaries and affiliates	•	1,141
Impairment loss	*4 20	*3 214
Provision of allowance for doubtful accounts	349	596
Provision for loss on guarantees	•	73
Loss on disaster	•	116
Loss on adjustment for changes of accounting standard for asset retirement obligations	•	35
Others	18	•
Total extraordinary loss	493	2,270
Income before income taxes	854	7,341
Income taxes-current	•	244
Refund of income taxes	-36	•
Income taxes-deferred	137	-297
Total income taxes and other	101	-53
Net income	753	7,395

(3) Statement of Changes in Shareholders' Equity

(Unit: million yen)

	Fiscal 2010 (From April 1, 2009 to March 31, 2010)	Fiscal 2011 (From April 1, 2010 to March 31, 2011)
Shareholder's Equity		
Capital stock		
Balance at the end of previous period	10,649	10,649
Changes of items during the period		
Total changes of items during the period	•	•
Balance at the end of current period	10,649	10,649
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	28,885	42,917
Changes of items during the period		
Increase by share exchanges	14,031	•
Total changes of items during the period	14,031	•
Balance at the end of current period	42,917	42,917
Other capital surplus		
Balance at the end of previous period	1,789	441
Change resulting from a company split	-1,789	•
Changes of items during the period		
Increase by share exchanges	441	348
Total changes of items during the period	441	348
Balance at the end of the current period	441	790
Total capital surplus		
Balance at the end of previous period	30,675	43,358
Change resulting from a company split	-1,789	•
Changes of items during the period		
Increase by share exchanges	14,472	348
Total changes of items during the period	14,472	348
Balance at the end of the current period	43,358	43,707
Retained earnings		
Legal retained earnings		
Balance at the end of previous period	664	664
Changes of items during the period		
Total changes of items during the period	•	•
Balance at the end of the current period	664	664
Other retained earnings		
Reserve for reduction entry of land		
Balance at the end of previous period	1,093	1,084
Changes of items during the period		
Reversal of reserve for reduction entry of land	-9	-9
Total changes of items during the period	-9	-9
Balance at the end of the current period	1,084	1,075

(Unit: million yen)

	Fiscal 2010 (From April 1, 2009 to March 31, 2010)	Fiscal 2011 (From April 1, 2010 to March 31, 2011)
General reserve		
Balance at the end of previous period	25,433	10,336
Change resulting from a company split	-15,096	•
Changes of items during the period		
Reversal of general reserve	•	-4,000
Total changes of items during the period	•	-4,000
Balance at the end of the current period	10,336	6,336
Retained earnings brought forward		
Balance at the end of previous period	2,057	-2,339
Change resulting from a company split	-4,103	•
Changes of items during the period		
Dividends from surplus	-1,056	-1,184
Current net income	753	7,395
Reversal of reserve for reduction entry of land	9	9
Reversal of revaluation reserve for land	0	-5
Reversal of general reserve	•	4,000
Total changes of items during the period	-293	10,214
Balance at the end of the current period	-2,339	7,875
Total retained earnings		
Balance at the end of previous period	29,248	9,745
Change resulting from a company split	-19,199	•
Changes of items during the period		
Dividends from surplus	-1,056	-1,184
Current net income	753	7,395
Reversal of reserve for reduction entry of land	•	•
Reversal of revaluation reserve for land	0	-5
Reversal of general reserve	•	•
Total changes of items during the period	-303	6,205
Balance at the end of the current period	9,745	15,951
Treasury stock		
Balance at the end of previous period	-2,020	-1,099
Changes of items during the period		
Purchase of treasury stock	-1,084	-1
Disposal of treasury stock	2,005	1,013
Total changes of items during the period	920	1,012
Balance at the end of current period	-1,099	-87

(Unit: million yen)

	Fiscal 2010 (From April 1, 2009 to March 31, 2010)	Fiscal 2011 (From April 1, 2010 to March 31, 2011)
Total shareholder’s equity		
Balance at the end of previous period	68,553	62,654
Change resulting from a company split	-20,989	•
Changes of items during the period		
Increase by share exchanges	14,472	348
Dividends from surplus	-1,056	-1,184
Current net income	753	7,395
Purchase of treasury stock	-1,084	-1
Disposal of treasury stock	2,005	1,013
Reversal of revaluation reserve for land	0	-5
Total changes of items during the period	15,090	7,566
Balance at the end of current period	62,654	70,221
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	861	1,279
Change resulting from a company split	1	•
Changes of items during the period		
Net changes of items other than shareholders' equity	417	7,112
Total changes of items during the period	417	7,112
Balance at the end of the current period	1,279	8,392
Revaluation reserve for land		
Balance at the end of previous period	-4,549	-4,549
Changes of items during the period		
Net changes of items other than shareholders' equity	-0	5
Total changes of items during the period	-0	5
Balance at the end of current period	-4,549	-4,544
Total valuation and translation adjustments		
Balance at the end of previous period	-3,688	-3,270
Change resulting from a company split	1	•
Changes of items during the period		
Net changes of items other than shareholders' equity	417	7,118
Total changes of items during the period	417	7,118
Balance at the end of the current period	-3,270	3,848
Subscription rights to shares		
Balance at the end of previous period	62	62
Changes of items during the period		
Net changes of items other than shareholders' equity	•	•
Total changes of items during the period	•	•
Balance at the end of the current period	62	62

(Unit: million yen)

	Fiscal 2010 (From April 1, 2009 to March 31, 2010)	Fiscal 2011 (From April 1, 2010 to March 31, 2011)
Total net assets		
Balance at the end of previous period	64,928	59,447
Change resulting from a company split	-20,988	•
Changes of items during the period		
Increase by share exchanges	14,472	348
Dividends from surplus	-1,056	-1,184
Current net income	753	7,395
Purchase of treasury stock	-1,084	-1
Disposal of treasury stock	2,005	1,013
Reversal of revaluation reserve for land	0	-5
Net changes of items other than shareholders' equity	417	7,118
Total changes of items during the period	15,507	14,685
Balance at the end of current period	59,447	74,132

(4) Notes Regarding the Going Concern Assumption

This disclosure is not applicable

(5) Significant Accounting Policies

Item	Fiscal 2010 (From Apr 1, 2009 to Mar 31, 2010)	Fiscal 2011 (From Apr 1, 2010 to Mar 31, 2011)
1. Basis and Method of Valuation of Marketable Securities	Held-to-maturity debt securities Stated at cost amortized on a straight-line basis. Equity shares in subsidiaries and affiliates Stated at moving-average cost Available-for-sale securities With available fair market value: Calculated by the market value method based on the market value at the end of the fiscal year (valuation differences are accounted for as a component of net assets; the cost of securities sold is calculated by the moving average method). With no available fair market value: Stated at moving-average cost.	Held-to-maturity debt securities Same as in left column. Equity shares in subsidiaries and affiliates Same as in left column. Available-for-sale securities With available fair market value: Same as in left column. With no available fair market value: Same as in left column.
2. Method of Depreciation of Noncurrent Assets	(1) Property, plant and equipment Depreciated by the declining-balance method. Buildings (except for structures attached to buildings) acquired on and after April 1, 1998 are depreciated by the straight-line method. The estimated useful life of major asset categories is as follows: Buildings and structures: 10-50 years Tools, furniture and fixtures: 5-15 years (2) Intangible assets Amortized by the straight-line method. Software for internal use is amortized by the straight-line method over the estimated useful life for in-house use (five years). (3) Long-term prepaid expenses To be amortized in equal amounts.	(1) Property, plant and equipment Same as in left column. (2) Intangible assets Same as in left column. (3) Long-term prepaid expenses Same as in left column.

Item	Fiscal 2010 (From Apr 1, 2009 to Mar 31, 2010)	Fiscal 2011 (From Apr 1, 2010 to Mar 31, 2011)
3. Principles of Accounting for Allowances and Reserves	(1) Allowance for doubtful accounts The allowance for doubtful receivables is provided to cover possible losses on the collection of trade receivables, loans receivable, and others. The actual rate of historical bad debts is used for normal receivables and certain receivables, including those subject to possible loss, with the recoverability of individual accounts investigated and the uncollectible amount estimated.	(1) Allowance for doubtful accounts Same as in left column.
	(2) Provision for bonuses The estimated amount payable is provided to fund bonus payments to eligible employees and directors, who are also employees of the Group.	(2) Provision for bonuses Same as in left column.
	(3) Provision for director's bonuses In order to fund directors' bonuses from the estimated amount payable for this fiscal year, the obligation for this fiscal year has been recorded.	(3) Provision for director's bonuses Same as in left column.
	(4) Provision for retirement benefits In connection with the entire shift to a defined contributory pension program in April 2005, a transitional program was introduced to pay retirement-age employees (still active on the payroll at the time of the switchover) lump-sum severance allowances in the amount of a portion of all benefits attributable to past service, upon their retirement. This involved recognition of the relevant retirement benefit liability as of the end of March 2010 to prepare for the payment of retirement benefits to these employees. Actuarial differences are insignificant and recognized as expenses in the fiscal year when accrued.	(4) Provision for retirement benefits In connection with the entire shift to a defined contributory pension program in April 2005, a transitional program was introduced to pay retirement-age employees (still active on the payroll at the time of the switchover) lump-sum severance allowances in the amount of a portion of all benefits attributable to past service, upon their retirement. This involved recognition of the relevant retirement benefit liability as of the end of March 2011 to prepare for the payment of retirement benefits to these employees. Actuarial differences are insignificant and recognized as expenses in the fiscal year when accrued.
	• • • • • • • • •	(5)Provision for loss on guarantees To provide for losses from debt guarantees, the Company posts the estimated amount of losses by taking account of the financial status of the principal debtors.
4. Goodwill and Negative Goodwill	• • • • • • • • •	The negative goodwill accumulated by March 31, 2010, is amortized over 5 years in equal amounts.
5. Other Basis of Presenting Consolidated Financial Statements Method of Accounting for Consumption Taxes and Others Method of transactions subject to consumption tax	Transactions subject to consumption tax are accounted for exclusive of consumption tax.	Same as in left column.

(6) Change in Significant Accounting Policies

Change in accounting policy

Fiscal 2010 (From Apr 1, 2009 to Mar 31, 2010)	Fiscal 2011 (From Apr 1, 2010 to Mar 31, 2011)
	(1)Application of the Accounting Standard for Asset Retirement Obligations Beginning in the consolidated fiscal year under review, the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18; March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21; March 31, 2008) have been applied. As a result, the operating income and ordinary income for the consolidated fiscal year each decreased by 6 million yen and the income before income taxes for the same period fell by 41 million yen.The change in asset retirement obligations stemming from the introduction of this new accounting standard is 87 million yen. (2)Application of the Accounting Standard for Business Combinations Beginning in the consolidated fiscal year under review, the Company has been applying the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21; December 26, 2008), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22; December 26, 2008), "Partial Amendments to Accounting Standard for Research and Development Costs" (ASBJ Statement No. 23; December 26, 2008), "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7; December 26, 2008), "Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No 16; published on December 26, 2008) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10; December 26, 2008).

Additional information

Fiscal 2010 (From Apr 1, 2009 to Mar 31, 2010)	Fiscal 2011 (From Apr 1, 2010 to Mar 31, 2011)
(Booking of new sales/cost of sales items in the profit and loss statement introduced in line with the shift to a holding company system) The Company implemented a company split and shifted to a holding company system on April 1, 2009, with the pharmaceutical wholesaling business and the dispensing pharmacy business management operations taken over by TOHO PHARMACEUTICAL CO., LTD. and PharmaCluster, Co., Ltd., respectively. In line with these moves, "income of management guidance", "income of real estate rent", and "dividends income" received from the companies engaged in these operations from April 1, 2009 onward have started to be newly booked as "operating revenue", with the corresponding expenses booked as "operating expenses".	• • • • • • • • •

(7) Notes to Non-consolidated Financial Statements

(Notes to Balance Sheets)

Fiscal 2010
(From Apr 1, 2009 to Mar 31, 2010)

*1 Assets pledged as collateral:

Classified assets pledged (million yen)		Corresponding liabilities (million yen)	
Buildings	458	Short-term loans payable and Long-term loans payable (including current portion of long-term debt due within one year)	1,310
Land	1,201		
Total	1,659	Total	1,310

The assets listed below are pledged as collateral for the notes and accounts payable-trade of the Company's subsidiary, TOHO PHARMACEUTICAL.

Time deposits	295 million yen
Buildings	1,503 million yen
Lands	4,219 million yen
Investment securities	1,262 million yen
Total	7,280 million yen

*2 Accumulated depreciation is described as below.

Buildings	10,952 million yen
Structures	809 million yen
Equipment and fixtures	3 million yen
Total	11,765 million yen

3 Liabilities guaranteed

① Bank loans guaranteed

ASUCOME	2,500 million yen
Tomonity	1,750 million yen
PharmaCluster	1,750 million yen
ALF	915 million yen
Wakaba	205 million yen
Tokyo Research Center of Clinical Pharmacology	78 million yen
Total	7,199 million yen

② Accounts payable guaranteed

Kyoei yakuhin and 1 other	50 million yen

*4 In addition to those classified, assets and liabilities related to associated companies are described as below.

Short-term loans receivable	24,711 million yen

Fiscal 2011
(From Apr 1, 2010 to Mar 31, 2011)

*1 Assets pledged as collateral:

Classified assets pledged (million yen)		Corresponding liabilities (million yen)	
Buildings	446	Short-term loans payable and Long-term loans payable (including current portion of long-term debt due within one year)	1,310
Land	1,201		
Total	1,648	Total	1,310

The assets listed below are pledged as collateral for the notes and accounts payable-trade of the Company's subsidiary, TOHO PHARMACEUTICAL.

Time deposits	265 million yen
Buildings	1,109 million yen
Lands	3,459 million yen
Investment securities	1,027 million yen
Total	5,861 million yen

*2 Accumulated depreciation is described as below.

Buildings	11,339 million yen
Structures	827 million yen
Equipment and fixtures	10 million yen
Total	12,177 million yen

3 Liabilities guaranteed

① Bank loans guaranteed

PharmaCluster	1,726million yen
Tomonity	1,510 million yen
ALF	912 million yen
Wakaba	152 million yen
Tokyo Research Center of Clinical Pharmacology	81 million yen
Total	4,382 million yen

② Accounts payable guaranteed

Kyoei yakuhin and 1 other	63 million yen

*4 In addition to those classified, assets and liabilities related to associated companies are described as below.

Short-term loans receivable	25,643 million yen

Fiscal 2010 (From Apr 1, 2009 to Mar 31, 2010)	Fiscal 2011 (From Apr 1, 2010 to Mar 31, 2011)
*5 Pursuant to the “Law concerning Land Revaluation” (Law No. 34, promulgated on March 31, 1998) and the “Law for Partial Revision of Law concerning Land Revaluation” (Law No. 19, promulgated on March 31, 2001), the Company revalued its land used for business purposes and accordingly recorded in net asset under “unrealized gains on revaluation of land” the amount of revaluation difference in value and net “deferred tax assets due to revaluation.” Method of revaluation: Based on the land tax assessment register specified in Article 2-3 of the Ordinance for Enforcement of Law concerning Land Revaluation (Government Ordinance No. 119, promulgated on March 31, 1998). Date of revaluation: March 31, 2002 Difference in value of land revalued between market and revalued book value at fiscal year-end: 1,461 million yen	*5 Pursuant to the “Law concerning Land Revaluation” (Law No. 34, promulgated on March 31, 1998) and the “Law for Partial Revision of Law concerning Land Revaluation” (Law No. 19, promulgated on March 31, 2001), the Company revalued its land used for business purposes and accordingly recorded in net asset under “unrealized gains on revaluation of land” the amount of revaluation difference in value and net “deferred tax assets due to revaluation.” Method of revaluation: Based on the land tax assessment register specified in Article 2-3 of the Ordinance for Enforcement of Law concerning Land Revaluation (Government Ordinance No. 119, promulgated on March 31, 1998). Date of revaluation: March 31, 2002 Difference in value of land revalued between market and revalued book value at fiscal year-end: 1,745 million yen
*6 The Company has been lending commitment agreements with 2 trading banks to facilitate efficient procurement of working funds. Lending commitments 4,500 million yen Balance borrowed 4,500 million yen Total remainder • million yen In addition, the Company has entered into a lending commitment agreement with one trading bank to facilitate the efficient procurement of general business funds. Lending commitments 1,000 million yen Balance borrowed 900 million yen Total remainder 100 million yen	*6 The Company has been lending commitment agreements with 1 trading banks to facilitate efficient procurement of General operating funds. Lending commitments 4,800 million yen Balance borrowed 4,800 million yen Total remainder • million yen

(Notes to Profit and Loss Statement)

<table>
<tr><th>Fiscal 2010
(From Apr 1, 2009 to Mar 31, 2010)</th><th>Fiscal 2011
(From Apr 1, 2010 to Mar 31, 2011)</th></tr>
<tr><td>*1 Transactions related with associated companies are described below.
Income for management guidance 1,036 million yen
Income for real estate rent 1,518 million yen
Dividend income 960 million yen
Interest income 280 million yen

*2 Gains on sales of noncurrent assets comprising:
Gain on sale of land 7 million yen

*3 Losses on disposal of noncurrent assets comprise:
Loss on retirement of buildings 13 million yen
Loss on retirement of vehicles and carriers 0 million yen
Loss on sale of buildings 7 million yen
Total 21 million yen

*4 Impairment losses
The Toho Holdings Group recognized impairment losses on the following asset groups under review.

Location: Reagents Kumamoto Office / Purpose: Real estate for business use / Class: Land

The Toho Holdings Group classifies branches as real estate for business use and classifies other properties as real estate unused.
The Group reduced to the recoverable amount the book value of business-use real estate due to consecutive losses in value, and recognized an impairment loss of 20 million yen. It consisted of 20 million yen on land. The Group measures recoverable amounts on the basis of net sales places. The amounts of losses above were basically based on assessments supplied by real estate appraisers, but some assets whose assessments proved insignificant were assessed with reference to tax assessments of fixed assets.</td>
<td>*1 Transactions related with associated companies are described below.
Income for management guidance 972 million yen
Income for real estate rent 1,413 million yen
Dividend income 3,322 million yen
Interest income 450 million yen

*2 Losses on disposal of noncurrent assets comprise:
Loss on disposal of buildings 46 million yen

*5 Impairment losses
The Toho Holdings Group recognized impairment losses on the following asset groups under review.

Location: Former Yamagata sales department and 8 other offices / Purpose: Real estate unused / Class: Land and buildings

The Toho Holdings Group classifies branches as real estate for business use and classifies other properties as real estate unused.
The Company has recognized an impairment loss of 214 million yen for real estate that was unused due to the integration and abolition of real estate for business use through business combinations.It consisted of 174 million yen on land and 39 million yen on buildings. The Group measures recoverable amounts on the basis of net sales places. The amounts of losses above were basically based on assessments supplied by real estate appraisers, but some assets whose assessments proved insignificant were assessed with reference to tax assessments of fixed assets.</td></tr>
</table>

(Notes to Statement of Changes in Shareholders' Equity)

Fiscal 2010 (From Apr 1, 2009 to Mar 31, 2010)

Treasury Stock

Types of stocks	No. of stocks as of end of fiscal 2009 (in thousand stocks)	No. of stocks increased during fiscal 2010 (in thousand stocks)	No. of stocks decreased during fiscal 2010 (in thousand stocks)	No. of stocks as of the end of this term (in thousand stocks)
Common stocks (Note)	2,044	961	1,953	1,052

(Note) 1. The increase in treasury stocks of common stocks by 961,000 stocks consists of an increase of 960,000 reacquired pursuant to a board meeting resolution, and an increase of 1,000 stocks due to the reacquisition of odd stocks.

2. The decrease of 1,953,000 common shares in treasury stock consists of a decrease of 863,000 shares due to the delivery of treasury stocks accompanying a stock exchange with ASUCOME, a decrease of 471,000 shares due to the delivery of treasury stocks in association with a stock swap with Seiko, a decrease of 176,000 shares due to the delivery of treasury stocks in association with a stock swap with Himawari Pharmacy, and a decrease of 443,000 shares delivered in association with a stock exchange with Medical Brain.

Fiscal 2011 (From Apr 1, 2010 to Mar 31, 2011)

Treasury Stock

Types of stocks	No. of stocks as of end of fiscal 2009 (in thousand stocks)	No. of stocks increased during fiscal 2010 (in thousand stocks)	No. of stocks decreased during fiscal 2010 (in thousand stocks)	No. of stocks as of the end of this term (in thousand stocks)
Common stocks (Note)	1,052	1	969	83

(Note) 1. The increase of 1,000 common shares in the number of treasury stocks is due to an increase resulting from the purchase of fractional shares.

2. The decrease of 969, 000 common shares in treasury stock consists of a decrease of 233,000 shares due to the delivery of treasury stocks accompanying a stock exchange with Kosei., a decrease of 736,000 shares due to the delivery of treasury stocks in association with a stock swap with Aobado.

(Notes to Leases Transactions)
Not applicable.

(Notes to Marketable Securities)
FY2010 (From April 1, 2009 to March 31, 2010)

(Additional Information)
The “Accounting Standards for Financial Instruments” (ASBJ Statement No. 10; March 10, 2008) and the “Guidance on Disclosures about the Fair Value of Financial instruments” (ASBJ Guidance No. 19; March 10, 2008) have been applied from the consolidated fiscal year ended March 31, 2010.

The description is omitted since the shares of the Company’s subsidiaries and affiliates worth 17,328 million yen (Subsidiaries: 17,174 million yen; Affiliates: 154 million yen) have no market prices and consequently it is extremely difficult to obtain a fair value.

FY2011 (From April 1, 2010 to March 31, 2011)

The description is omitted since the shares of the Company’s subsidiaries and affiliates worth 20,560 million yen (Subsidiaries: 20,398 million yen; Affiliates: 162 million yen) have no market prices and consequently it is extremely difficult to obtain a fair value.

(Notes to Tax Effect Accounting)

Fiscal 2010 (as of Mar 31, 2010)

(1) Major components of deferred tax assets and deferred tax liabilities accrued

	(million yen)
Deferred tax assets (current assets)	
Accrued business office taxes	1
Enterprise tax payable	37
Provision for bonuses	16
Loss carried forward for tax purposes	83
Others	2
Total	140
Deferred tax assets (fixed assets)	
Allowance for doubtful accounts	490
Investment securities	343
Stocks of subsidiaries and affiliates	570
Other noncurrent liabilities	92
Provision for retirement benefits	2
Impairment loss	86
Loss carried forward for tax purposes	2,179
Others	0
Total	3,766
Valuation reserve	-3,590
Subtotal	175
Total deferred tax assets	315
Deferred tax liabilities (long-term liabilities)	
Reserve for reduction entry of land	-738
Valuation difference on available-for-sale securities	-953
Total deferred tax liabilities	-1,691
Net deferred tax liabilities	-1,375

(2) Major components of difference between statutory effective tax rate and income tax, and other burden rate after application of tax effect accounting

	(%)
Statutory effective tax rate	40.5
(Adjustments)	
Dividend income and other items not permanently included in income	-53.5
Amount exceeding the limit to credit the reserve for doubtful receivables	16.2
Reversal of the allowance for doubtful receivables upon a company split	5.8
Investment securities appraisal loss disapproved	3.9
Reversal of deferred tax assets	19.8
Loss from the transfer of subsidiary shares	-127.1
Loss carried forward	108.6
Income tax refunds receivable	-2.7
Others	0.3
Tax and other burden rate after application of tax effect accounting	11.8

Fiscal 2011 (as of Mar 31, 2011)

(1) Major components of deferred tax assets and deferred tax liabilities accrued

	(million yen)
Deferred tax assets (current assets)	1
Accrued business office taxes	50
Enterprise tax payable	15
Provision for bonuses	2
Others	69
Total	
Deferred tax assets (fixed assets)	
Allowance for doubtful accounts	729
Investment securities	362
Stocks of subsidiaries and affiliates	1,032
Other noncurrent liabilities	84
Provision for retirement benefits	2
Impairment loss	147
Provision for loss on guarantees	29
Asset Retirement Obligations	36
Others	2
Total	2,427
Valuation reserve	-2,417
Subtotal	9
Total deferred tax assets	79
Deferred tax liabilities (long-term liabilities)	
Reserve for reduction entry of land	-731
Valuation difference on available-for-sale securities	-5,795
The difference in the value of securities is due to the merger of subsidiaries	-1,307
Asset Retirement Obligations	-19
Total deferred tax liabilities	-7,854
Net deferred tax liabilities	-7,774

(2) Major components of difference between statutory effective tax rate and income tax, and other burden rate after application of tax effect accounting

	(%)
Statutory effective tax rate	40.5
(Adjustments)	
Dividend income and other items not permanently included in income	-26.2
Increase (decrease) in valuation reserves	11.9
Utilization of deficits carried forward under the tax system	-26.5
Others	-0.4
Tax and other burden rate after application of tax effect accounting	-0.7

(Notes to Business Combinations)

Fiscal 2010 (From Apr 1, 2009 to Mar 31, 2010)
The notes are omitted as disclosed under the “Business combination” section of the Notes on Consolidated Profit and Loss Statements.

Fiscal 2011 (From Apr 1, 2010 to Mar 31, 2011)
The notes are omitted as disclosed under the “Business combination” section of the Notes on Consolidated Profit and Loss Statements.

(Notes of Asset Retirement Obligations)

End of fiscal 2011 (From Apr 1, 2010 to Mar 31, 2011)
Of the asset retirement obligations, items posted on consolidated balance sheets

(1) Outline of relevant asset retirement obligations
Obligations to restore property to the original state required by real estate leasing agreements concerning sales branches and dispensing pharmacies and expenses necessary for the removal of asbestos in accordance with the Ordinance on the Prevention of Asbestos Hazards concerning a part of business facilities

(2) Calculation method for the relevant asset retirement obligations
Based on the estimation that the periods of use are five years to fifty years after acquisition, the Company calculated the asset retirement obligations by applying a discount rate of 2.0%.

(3)Change in the total amount of the relevant asset retirement obligations during the current consolidated fiscal year

Beginning of this term (Note)	87 million yen
Adjustment with the lapse of time	1 million yen
Ending of this term	88 million yen

(Note) Since the Company applied the Accounting Standard for Asset Retirement Obligations (Statement No.18, issued March 31, 2008) and the Guidance on the Accounting Standard for Asset Retirement Obligations (Guidance No.21, issued March 31, 2008) from the current fiscal year, it recorded the balance as it was at the start of the current fiscal year, instead of the balance at the end of the previous fiscal year.

(Information per Share)

Fiscal 2010 (From Apr 1, 2009 to Mar 31, 2010)		Fiscal 2011 (From Apr 1, 2010 to Mar 31, 2011)	
Net asset per share	807.62 yen	Net asset per share	994.24 yen
Net income per share	11.46 yen	Net income per share	99.32 yen
Net income per share after adjustments on potential shares	11.26 yen	A description of the fully diluted net income per share after adjustments on potential shares is omitted since no potential shares exist.	

(Note) Basis for calculation

1. Net asset per share

Items	Fiscal 2010 (as of Mar 31, 2010)	Fiscal 2011 (as of Mar 31, 2011)
Total net assets on balance sheet (million yen)	59,447	74,132
Net assets related to common stock (million yen)	59,384	74,069
Major components of difference (million yen) Subscription rights to shares	62	62
Number of shares of outstanding common stock (in thousand stocks)	74,582	74,582
Number of treasury shares of common stock (in thousand stocks)	1,052	83
Number of shares of common stock used in calculating net asset per share (in thousand stocks)	73,530	74,498

2. Net Income per Share and Net Income per Share after Adjustments on Potential Shares

Items	Fiscal 2010 (From Apr 1, 2009 to Mar 31, 2010)	Fiscal 2011 (From Apr 1, 2010 to Mar 31, 2011)
Net income per share		
Net income (million yen)	753	7,395
Amount not related to shareholders of common stock (million yen)	•	•
Net income from common stock (million yen)	753	7,395
Average number of shares outstanding during fiscal year (in thousand stocks)	65,759	74,459
Net income per share after adjustments on potential shares		
Adjustment for net income (million yen)	4	•
(Including redemption fee)	4	•
Increase in number of shares of common stock (in thousand stocks)	1,566	•
(Including convertible bonds with subscription rights to shares)	1,566	•
Outline of potential shares not included in calculation of current net income per share after adjustments on potential shares due to no dilution effect	July 20, 2006 Resolution of Board of Directors Stock options 1,500 stock acquisition rights (150 thousand shares)	Same as in left column

(Significant Subsequent Events)
Not applicable.