

Summary of Consolidated Financial Results for the First Quarter of Fiscal 2011

August 2, 2010

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Quarterly supplemental explanatory material prepared: None

Quarterly results briefing held: None

(Amounts are truncated to the nearest million yen.)

1. Consolidated Results of Operations during the First Quarter of Fiscal 2011

(from April 1, 2010 to June 30, 2010)

(1) Consolidated Results of Operations (Cumulative)

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

	Net Sales		Operating Income		Ordinary Income		Current Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First Quarter of Fiscal 2011	258,786	11.1	2,773	113.5	3,946	85.7	1,969	91.4
First Quarter of Fiscal 2010	232,903	13.5	1,298	-44.1	2,125	-34.6	1,028	-49.9

	Current Net Income per Share	Current Net Income per Share - Diluted
	Yen	Yen
First Quarter of Fiscal 2011	26.50	--
First Quarter of Fiscal 2010	17.53	16.58

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholder's Equity per share	Net Assets per Share
	Million yen	Million yen	%	Yen
First Quarter of Fiscal 2011	551,446	103,213	20.2	1,384.47
Fiscal 2010	489,452	100,838	20.6	1,370.25

(Reference) Shareholder's equity: First Quarter of Fiscal 2011: 103,125 million yen ; Fiscal 2010 : 100,738 million yen

2. Historical Payment of Dividends

	Annual Cash Dividend per Share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2010	—	8.00	—	8.00	16.00
Fiscal 2011	—				
Fiscal 2011 (Projected)		8.00	—	8.00	16.00

(Note) Revision of dividend forecast in the current quarter: None

3. Consolidated Projected Results of Operations during Fiscal Year 2011 (from April 1, 2010 to March 31, 2011)

(The figures in percentages indicate changes from the preceding fiscal year for the year-end and changes from the preceding interim term for the current first half.)

	Net Sales		Operating Income		Ordinary Income		Current Net Income		Current Net Income per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Midterm (Amount)	522,000	9.5	5,600	92.0	7,200	62.4	3,600	57.4	48.38
Full year	1,060,000	5.8	12,000	9.7	14,700	4.0	8,300	0.4	111.49

(Note) Revision of operations in the current quarter: None

4. Others (For details, please refer to Other Information on page 4 of the Attached Document.)

(1) Changes in material subsidiaries during the first quarter of fiscal 2011:N.A.

Inclusion — (name) Exclusion — (name)

(Note) Same as in “Changes in material subsidiaries during the first quarter of fiscal 2011 (changes in special subsidiaries accompanying a change in the scope of consolidation)”.

(2) Application of simplified accounting practices and special accounting policy for quarterly financial reporting: Applicable

(Note) Same as in “Application of simplified accounting process and application of accounting process which is peculiar to the compilation of consolidated quarterly financial statements”.

(3) 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.

(Note) Same as in “Changes in accounting principles, procedures, presentation methods, etc. concerning the preparation of quarterly consolidated financial statements (to be stated in changes based on the quarterly consolidated financial statements presented)”.

(4) Number of shares outstanding (Common stock)

(i) Number of shares outstanding at end of fiscal year
(Including common stock for treasury)

(ii) Number of treasury stocks at end of fiscal year

(iii) The average number of shares during the first quarter

First Quarter of FY2011	74,582,502	FY2010	74,582,502
First Quarter of FY2011	94,561	FY2010	1,063,968
First Quarter of FY2011	74,328,242	First Quarter of FY2010	58,710,332

* Indicates quarterly review procedure implementation status

This quarterly earnings report is exempt from the quarterly review procedure under the Financial Instruments and Exchange Act. The quarterly financial statements are under the quarterly review procedure process at the time of disclosure of this report.

* Explanation of Appropriate Use of Performance Projections and Other Items Requiring Special Description

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. Please refer to Qualitative Information on Projected Consolidated Results of Operations on page 3 of this report (the Attached Document) for the suppositions on which the performance projections are based and points that have to be borne in mind for the use of such projections.

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1. Qualitative Information and Related Items for the First Quarter of FY2011

(1) Qualitative Information on Consolidated Results of Operations

In the market for prescription pharmaceuticals, medical treatment fees and NHI drug prices were revised in April of this year. It is of particular note that a new drug pricing system centering on “promotional point addition system for new drug discovery/off label drug dissolution” has been introduced on a trial basis, with a view to intensifying development capabilities of pharmaceutical manufacturers and eliminating the time lag that exists between the time that drugs are approved overseas and the time that the same drugs are approved and become available in Japan (the so-called “drug lag”). Against this backdrop, the Group has promoted marketing activities that are finely tailored to characteristics of each product, including not only those pharmaceuticals that are subject to the new drug pricing system but also orphan drugs (drugs used for the treatment of a rare medical condition), long-listed drugs (original drugs with generic competition) and generic pharmaceuticals, asking simultaneously for understanding about the new pricing system from medical institutions. In addition, while engaged in the promotion of proposal-based marketing and sales capitalizing on the competitive edge of the Company’s unique customer support systems, we have tackled distribution problems such as provisional shipping with the pricing yet to be negotiated, total value transactions and the issue of the gap between NHI prices and market prices, and striven to form reasonable prices based on each pharmaceutical value and secure adequate profit.

Under these circumstances, during the first quarter of the fiscal year ending March 2011, the market for prescription pharmaceuticals advanced steadily, posting a 4.5% increase from the same period of the previous year (estimates by Crecon Research & Consulting Inc.). Meanwhile, the Group’s net sales for the first quarter grew much faster than the market to 258,786 million yen (a year-on-year increase of 11.1%). The strong sales are largely attributed to OMWELL Inc. (currently, SAYWELL Co., Ltd.) and ASUCOME CO., LTD., both of which have been consolidated during the previous fiscal year, having made a significant contribution to consolidated earnings from the beginning of the current fiscal year. In addition, gross income increased by 4,568 million yen from the same period of the preceding year, bolstered by the consolidation of the two companies mentioned above and solid expansion of the dispensing pharmacy business, with the gross income/sales ratio improving by 1.0 percentage point from the same period of last year to 8.7%. Although SG&A expenses rose by 3,093 million yen from the same period of the previous year due to an increasing number of consolidated companies, the SG&A expenses/sales ratio stood at 7.6%, 0.1 percentage points lower than the management target. Consequently, operating income surged by 1,474 million yen from the same period of the previous year to 2,773 million yen (a year-on-year increase of 113.5%), with the operating income/sales ratio improving by 0.5 percentage points from the same period of the preceding year to 1.1%. Ordinary income jumped by 1,821 million yen year on year to 3,946 million yen (a year-on-year increase of 85.7%), with the ordinary income/sales ratio improving by 0.6 percentage points from the same period of the preceding year to 1.5%. Furthermore, net income for the first quarter under review increased by 940 million yen year on year to 1,969 million yen (a year-on-year increase of 91.4%), despite the booking as extraordinary losses of 334 million yen in asset retirement obligations as the Accounting Standards for Asset Retirement Obligations have been applied from the current fiscal year, as well as 86 million yen in loss on revaluation of investments in securities.

As a result, consolidated net sales for the first quarter of fiscal 2011 stood at 258,786 million yen (a year-on-year increase of 11.1%), and consolidated operating income was 2,773 million yen (a year-on-year increase of 113.5%). Ordinary income was 3,946 million yen (a year-on-year increase of 85.7%), and net income for the first quarter was 1,969 million yen (a year-on-year increase of 91.4%).

The outline of operating results by business segment is as follows:

In the pharmaceutical wholesaling operations, sales of prescription pharmaceuticals have been hit by the NHI drug price revisions, effective from April 1 of this year, as a result of which NHI drug prices have been reduced by 5.75% on average (data released by the Ministry of Health, Labour and Welfare; the actual reduction rate that factors into the additional price reductions of 2.2% applied to long-listed drugs with generic competition is about 6.5% on average). Nevertheless, sales from the pharmaceutical wholesaling operations grew much faster than the market, supported by an increasing number of consolidated companies and the contribution from proposal-based marketing and sales presented above. In the first quarter of the current fiscal year, the pharmaceutical wholesaling business posted net sales of 251,609 million yen (a year-on-year increase of 11.3%) and operating income of 2,454 million yen. As a part of the business expansion of the Group, Nansei Pharmaceutical Co., Ltd. (headquartered in Naha city, Okinawa prefecture) became a wholly-owned subsidiary of TOHO PHARMACEUTICAL CO., LTD. (hereinafter “Toho Pharmaceutical”) through the stock transfer method on June 1, 2010. Then on June 4, 2010, Nansei Pharmaceutical increased its capital through a third-party allocation of shares, all of which were purchased by Toho Pharmaceutical. Upon the completion of the capital increase, Nansei Pharmaceutical changed its trade name to Okinawa Toho Co. Ltd. This business merger has expanded the network of the Kyoso Mirai Group to cover all 47 prefectures in the country. Furthermore, on July 1, 2010, Yamaguchi Toho Co., Ltd. integrated the pharmaceutical wholesaling business of ASUCOME CO., LTD. in Ibaraki prefecture through an absorption-type corporate split, strengthening the Group’s operating base in that prefecture.

In the dispensing pharmacy operations, net sales for the first quarter of fiscal 2011 amounted to 15,063 million yen (a year-on-year increase of 16.0%) and the operating income was 522 million yen. On July 1, 2010, Jus-Pharma Co., Ltd. absorbed Yagen Co., Ltd. On the same day, the Group’s dispensing pharmacy business was reorganized; the dispensing pharmacy operations implemented in Ibaraki prefecture by Tomonity Inc., Pharma Square Co., Ltd. and Nest Co., Ltd. were consolidated into Jus-Pharma Co., Ltd. with the aim of strengthening the Group’s operating base for the dispensing pharmacy business in that prefecture.

In the SMO and CRO operations, net sales for the first quarter of fiscal 2011 amounted to 46 million yen and the operating income was minus 25 million yen.

In the information equipment sales operations, net sales for the first quarter of fiscal 2011 totaled 123 million yen, with an operating loss of 163 million yen.

(Note) Segment sales include inter-segment transactions.

(2) Qualitative Information on Consolidated Financial Position

(Assets)

Current assets increased 5.8% from the end of the previous consolidated fiscal year to 385,480 million yen with an increase of cash and deposits of 18,020 million yen, and an increase in notes and accounts receivable-trade of 2,553 million yen, and an increase in merchandise and finished goods of 3,455 million yen and a decrease in short-term investment securities of 1,499 million yen, and a decrease in purchase rebates receivable of 1,819 million yen.

Noncurrent assets increased 0.8% from the end of the previous consolidated fiscal year, to 125,966 million yen, with an increase in stocks of subsidiaries and affiliates of 1,576 million yen.

As a result, consolidated net assets rose 4.5% from a year earlier, to 511,446 million yen.

(Liabilities)

Current liabilities increased 6.1% from the end of the previous consolidated fiscal year to 363,437 million yen with an increase of notes and accounts payable-trade of 21,419 million yen, and an increase in provision for bonuses of 1,448 million yen, and a decrease in accounts payable-other of 1,030 million yen, and a decrease in income taxes payable of 1,883 million yen.

Noncurrent liabilities decreased 3.1% from the end of the previous consolidated fiscal year, to 44,795 million yen with a decrease in long-term loans payable of 1,023 million yen.

As a result, total liabilities increased 5.0% year-on-year to 408,233 million yen.

(Net assets)

Total net assets were up 2.4% from the end of the previous consolidated fiscal year, to 103,213 million yen, with a 1,381 million yen increase in retained earnings and a 1,013 million yen decrease in treasury stock.

(Analysis of the Cash Flow Position)

Cash and cash equivalents (hereinafter referred to as “cash”) during this consolidated first quarter increased by 18,886 million yen from the end of the preceding consolidated fiscal year. As a result, the balance at the end of this first quarter totaled 41,531 million yen (an increase of 24,252 million yen on a year-on-year basis). The following describes the three categories of consolidated cash positions during this consolidated first quarter, as well as the factors responsible.

(Cash Flows from Operating Activities)

Cash flow from operating activities was an inflow of 18,600 million yen (an increase of 20,400 million yen on a year-on-year basis). Although inflow was secured by some positive factors such as income before income taxes of 3,579 million yen, an increase in provision for bonuses of 1,448 million yen, and an increase in notes and accounts payable-trade of 21,419 million yen, these were somewhat offset by negative factors including an increase in notes and accounts receivable of 2,513 million yen, an increase in inventories of 3,455 million yen, and payment of income taxes of 4,419 million yen.

(Cash Flows from Investing Activities)

Cash flow from investing activities was an inflow of 1,198 million yen (an increase of 1,101 million yen from the previous year), due to a net increase in cash of 866 million yen as the difference between payment for additions to time deposits and proceeds from sales of short-term investment securities of 1,500 million yen, and the payment for the acquisition of property, plant and equipment of 926 million yen.

(Cash Flows from Financing Activities)

Cash flow from financing activities was an outflow of 912 million yen (an decrease of 5,959 million yen on a year-on-year basis), due to a net increase in short-term loans payable of 949 million yen, repayment of long-term loans payable of 1,036 million yen, and the payment of cash dividends of 588 million yen.

(3) Qualitative Information on Projected Consolidated Results of Operations

There are no changes in the projected consolidated results of operations for the cumulative second quarter of the fiscal year ending March 2011 and the full-term of fiscal 2011 published on May 12, 2010.

2. Other Information

(1) Outline of Changes in Material Subsidiaries

Not Applicable

(2) Outline of Simplified Accounting Practices and Special Accounting Policy

(i) Simplified accounting processing methods

- Method of calculation of estimated doubtful debts in general credits

The loan-loss ratio and other items at the end of the first quarter of the current consolidated fiscal year are deemed not to have changed significantly from the end of the previous consolidated fiscal year. For this reason, the loan-loss ratio, etc. as of the end of the previous consolidated fiscal year are employed in calculating the estimated doubtful debts at the end of the first quarter under review.

- Method of evaluating inventory assets

With respect to the calculation of ending inventory for the consolidated first quarter under review, on-site inventory is skipped. Instead, a reasonable method based on the ending on-site inventory for the previous consolidated fiscal year is used to calculate inventory.

In addition, with respect to the devaluation of book value for inventory assets, we used the method to devalue book value by estimating fair selling prices for items the profitability of which has apparently declined.

- Method of calculation of deferred and accrued account items

We use the method to post deferred and accrued account items by estimated amounts based on reasonable calculation methods.

- Methods of calculation of corporate and other taxes, deferred tax assets, and deferred tax liabilities

With respect to the calculation of tax payable amounts, such as corporate tax, the method that limits addition/subtraction items and tax deduction to important ones is used.

Concerning the probability of deferred tax assets collection, the method of relying on business forecasts announced in the previous consolidated fiscal year and tax planning is used if it is deemed that there have been no significant changes in the management environment and no temporary differences since the end of the previous consolidated fiscal year. Meanwhile, the method of adding the effects of such significant changes to business forecasts announced in the previous consolidated fiscal year and tax planning is used if it is deemed that there have been significant changes in the management environment or temporary differences since the end of the previous consolidated fiscal year.

- Netting of credits, liabilities, and transactions between the Company and its consolidated subsidiaries

(Netting of credits and liabilities between the Company and its consolidated subsidiaries)

If the amount of credits and liabilities differ, the credits and liabilities are netted within a reasonable range without adjusting the differences.

(Netting of transactions between the Company and its consolidated subsidiaries)

If transaction amounts differ, but the difference is insignificant, the transactions are netted by adjusting to the amount of transaction posted by the seller.

- Erasure of unrealized gains and losses

The amount of inventory assets in the amount of ending inventory in the consolidated this quarter and the profit/loss ratio concerning the transactions are calculated in reasonable estimation.

(ii) Accounting processing particular to compilation of consolidated quarterly financial statements

Not applicable.

(3) Outline of Changes in accounting principles, procedures, presentation methods, etc.,

1. Changes in Accounting Principles

(i) 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”

From the first quarter of the current fiscal year, 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 quarterly consolidated financial statements as a result of this change was insignificant.

(ii) Application of the Accounting Standard for Asset Retirement Obligations

From the first quarter of the current fiscal year, 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.

This change has caused each of operating income and ordinary income to decrease by 12 million yen and income before income taxes for the first quarter to decline by 347 million yen. The change in asset retirement obligations stemming from the introduction of this new accounting standard is 733 million yen.

(iii) Application of the Accounting Standard for Business Combinations

From the first quarter of the current fiscal year, 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).

2. Changes in Presentation Method

Due to adoption of the “Cabinet Office Ordinance Partially Revising Regulation on Terminology, Forms and Preparation of Financial Statements” (Cabinet Office Ordinance No. 5; March 24, 2009) in accordance with the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22; December 26, 2008), “income before minority interests” is included in the consolidated financial statements for the first quarter of the current fiscal year.

(4) Outline of Material Events regarding Going Concern Assumption

Not applicable.

3. Quarterly Consolidated Financial Statements
 (1) Quarterly Consolidated Balance Sheets

(Million of yen)

	End of consolidated this first quarter (June 30, 2010)	Summarized consolidated balance sheet for the end of the previous consolidated fiscal year (March 31, 2010)
Assets		
Current assets		
Cash and deposits	45,214	27,194
Notes and accounts receivable-trade	254,018	251,465
Short-term investment securities	599	2,099
Merchandise and finished goods	59,231	55,776
Other	26,953	28,452
Allowance for doubtful accounts	-538	-523
Total current assets	385,480	364,464
Noncurrent assets		
Property, plant and equipment	58,858	58,273
Intangible assets		
Goodwill	15,067	15,535
Other	2,788	2,943
Total intangible assets	17,855	18,478
Investments and other assets		
Other	51,999	51,136
Allowance for doubtful accounts	-2,746	-2,900
Total investments and other assets	49,253	48,236
Total noncurrent asset	125,966	124,988
Total assets	511,446	489,452

(Million of yen)

	End of consolidated this first quarter (June 30, 2010)	Summarized consolidated balance sheet for the end of the previous consolidated fiscal year (March 31, 2010)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	334,252	312,833
Short-term loans payable	15,060	14,124
Current portion of bonds	233	245
Income taxes payable	2,333	4,216
Provision for bonuses	4,553	3,104
Provision for directors' bonuses	36	80
Provision for sales returns	324	304
Asset retirement obligations	6	—
Other	6,636	7,487
Total current liabilities	363,437	342,396
Noncurrent liabilities		
Bonds payable	347	372
Long-term loans payable	19,188	20,212
Provision for retirement benefits	4,557	4,583
Negative goodwill	4,698	5,217
Asset retirement obligations	730	—
Other	15,273	15,831
Total noncurrent liabilities	44,795	46,217
Total liabilities	408,233	388,613
Net assets		
Shareholders' equity		
Capital stock	10,649	10,649
Capital surplus	42,884	42,535
Retained earnings	53,683	52,302
Treasury stock	-47	-1,060
Total shareholders' equity	107,170	104,427
Unrealized gains on revaluation		
Valuation difference on available-for-sale securities	528	884
Revaluation reserve for land	-4,572	-4,572
Total unrealized gains on revaluation	-4,044	-3,688
Subscription rights to shares	62	62
Minority interests	25	37
Total net assets	103,213	100,838
Total liabilities and net assets	511,446	489,452

(2) Quarterly Consolidated Profit and Loss Statement
[Cumulative period for the consolidated first quarter]

(Million of yen)

	Cumulative period for previous consolidated first quarter (from April 1, 2009 to June 30, 2009)	Cumulative period for this consolidated first quarter (from April 1, 2010 to June 30, 2010)
Net sales	232,903	258,786
Cost of sales	215,004	236,319
Gross profit	17,898	22,467
Selling, general and administrative expenses		
Directors' compensations, salaries and allowances	7,954	9,563
Provision for bonuses	1,339	1,542
Provision for directors' bonuses	18	36
Provision for accrued retirement benefits for employees	74	133
Welfare expenses	1,321	1,565
Vehicle expenses	230	338
Provision of allowance for doubtful accounts	17	—
Depreciation	569	677
Amortization of goodwill	513	501
Rent expenses	1,426	1,719
Taxes and dues	192	283
Other	2,941	3,330
Total selling, general and administrative expenses	16,599	19,693
Operating income	1,298	2,773
Non-operating income		
Interest income	20	38
Dividend income	294	391
Commission fee	471	619
Amortization of negative goodwill	340	519
Equity in earnings of affiliates	1	40
Other income	255	325
Total non-operating income	1,383	1,936
Non-operating expenses		
Interest expenses	71	155
Loss before deduction of temporary consumption tax payment	439	552
Miscellaneous loss	46	55
Total non-operating expenses	556	763
Ordinary income	2,125	3,946

(Million of yen)

	Cumulative period for previous consolidated first quarter (from April 1, 2009 to June 30, 2009)	Cumulative period for this consolidated first quarter (from April 1, 2010 to June 30, 2010)
Extraordinary income		
Gain on sales of noncurrent assets	29	0
Gains on sales of investment securities	0	7
Reversal of allowance for doubtful accounts	—	49
Gain on transfer of business	27	9
Other	5	—
Total extraordinary income	61	67
Extraordinary loss		
Loss on disposal of noncurrent assets	16	11
Impairment loss	21	—
Provision of allowance for doubtful accounts	173	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	334
Other	20	88
Total extraordinary loss	231	434
Income before income taxes	1,956	3,579
Income taxes-current	1,336	2,574
Income taxes-deferred	-409	-952
Total income taxes	927	1,621
Income before minority interests	—	1,957
Minority interests in income	—	-11
Current net income	1,028	1,969

(3) Quarterly Consolidated Statements of Cash Flows

(Million of yen)

	Cumulative period for previous consolidated first quarter (from April 1, 2009 to June 30, 2009)	Cumulative period for this consolidated first quarter (from April 1, 2010 to June 30, 2010)
Net cash provided by (used in) operating activities		
Income before income taxes	1,956	3,579
Depreciation and amortization	569	677
Impairment loss	21	—
Amortization of goodwill	513	501
Amortization of negative goodwill	-340	-519
Increase (decrease) in provision for retirement benefits	-12	-26
Increase (decrease) in provision for sales returns	7	20
Increase (decrease) in provision for bonuses	1,242	1,448
Increase (decrease) in provision for directors' bonuses	-40	-43
Increase (decrease) in allowance for doubtful accounts	178	-139
Interest and dividend income	-315	-430
Interest expense	71	155
Loss (gain) on sales and retirement of noncurrent assets	-12	10
Loss (gain) on sales and valuation of investment securities	10	79
Loss on valuation of golf club memberships	—	0
Decrease (increase) in notes and accounts receivable-trade	-16,679	-2,513
Decrease (increase) in inventories	-6,014	-3,455
Decrease (increase) in other assets	53	2,425
Increase (decrease) in notes and accounts payable-trade	17,866	21,419
Increase (decrease) in other liabilities	-195	5
Increase (decrease) in accrued consumption taxes	-328	-1,331
Other loss (gain)	-245	70
Subtotal	-1,693	21,934
Interest and dividends income received	341	449
Interest expenses paid	-64	-153
Income taxes paid	-983	-4,419
Other	601	790
Net cash provided by (used in) operating activities	-1,799	18,600

(Million of yen)

	Cumulative period for previous consolidated first quarter (from April 1, 2009 to June 30, 2009)	Cumulative period for this consolidated first quarter (from April 1, 2010 to June 30, 2010)
Net cash provided by (used in) investment activities		
Payments into time deposits	-117	-451
Proceeds from withdrawal of time deposits	131	1,317
Proceeds from sales of short-term investment securities	—	1,500
Purchase of property, plant and equipment	-261	-926
Proceeds from sales of property, plant and equipment	190	3
Purchase of intangible assets	-92	-153
Proceeds from sales of intangible assets	8	1
Purchase of investment securities	-50	-31
Proceeds from sales of investment securities	631	21
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	390	—
Purchase of stocks of subsidiaries and affiliates	—	-138
Payments of loans receivable	-620	-16
Collection of loans receivable	81	75
Other	-195	-3
Net cash provided by (used in) investment activities	96	1,198
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	4,097	949
Proceeds from long-term loans payable	2,100	—
Repayment of long-term loans payable	-267	-1,036
Redemption of bonds	-100	-37
Purchase of treasury stock	-0	-0
Repayments of finance lease obligations	-195	-198
Cash dividends paid	-587	-588
Net cash provided by (used in) financing activities	5,046	-912
Net increase (decrease) in cash and cash equivalents	3,344	18,886
Cash and cash equivalents at beginning of year	13,091	22,645
Increase in cash and cash equivalents resulting from merger	433	—
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	410	—
Cash and cash equivalents at the end of first quarter	17,279	41,531

(4) Notes concerning premise of a going business
Not applicable.

(5) Segmental Information

[Segmental Information according to Types of Business]

Cumulative period for previous consolidated first quarter (from April 1, 2009 to June 30, 2009)

	Pharmaceutical Wholesaling (million yen)	Dispensing Pharmacy (million yen)	SMO and CRO (million yen)	Total (million yen)	Eliminations or corporate (million yen)	Consolidated (million yen)
Net Sales						
(1) Net sales to external customers	219,871	12,988	43	232,903	—	232,903
(2) Inter-segment internal net sales or transfers	6,216	2	—	6,218	(6,218)	—
Total	226,087	12,990	43	239,121	(6,218)	232,903
Operating income	756	613	-104	1,265	33	1,298

(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) SMO and CRO..... SMO and CRO services

[Segmental Information according to Geographical Locations]

Cumulative period for previous consolidated first quarter (from April 1, 2009 to June 30, 2009)

This disclosure is not applicable, because all the Group's consolidated subsidiaries are located in Japan.

[Overseas Sales]

Cumulative period for previous consolidated first quarter (from April 1, 2009 to June 30, 2009)

This disclosure is not applicable, because the Group generates no sales outside Japan.

[Segmental Information]
(Additional Information)

From the first quarter of 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.

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. Information about sales and profit or loss by reportable segment

Cumulative period for this consolidated first quarter (from April 1, 2010 to June 30, 2010)

	Reportable segments					Adjustments (million yen) (Note 1)	Amount on the quarterly consolidated profit and loss statement (million yen) (Note2)
	Pharmaceutical Wholesaling (million yen)	Dispensing Pharmacy (million yen)	SMO and CRO (million yen)	Information equipment sales (million yen)	Total (million yen)		
Net Sales							
(1) Net sales to external customers	243,581	15,059	46	99	258,786	—	258,786
(2) Inter-segment internal net sales or transfers	8,027	3	—	23	8,055	-8,055	—
Total	251,609	15,063	46	123	266,841	-8,055	258,786
Segment income	2,454	522	-25	-163	2,786	-13	2,773

(Note) 1. Adjustments represent elimination of internal transactions and unrealized profit.

2. The total amount of reportable segment income and the amount of operating income on the quarterly consolidated profit and loss statement correspond.

(6) Notes concerning Material Changes in Shareholders' Equity

Not applicable.