Summary of Consolidated Financial Results of Fiscal 2012

May 9, 2012

Name of Listed Company: TOHO HOLDINGS CO., LTD. Listed: Tokyo Stock Exchange
Securities Code Number: 8129 URL: http://www.tohohd.co.jp
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Planned Date of General Meeting of Shareholders: Jun 26, 2012 Planned Date of Dividends Payment: Jun 7, 2012
Planned Date of Filing of Annual Securities: Jun 26, 2012
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 2012 (from April 1, 2011 to March 31, 2012)

(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 2012	1,108,089	4.6	14,073	141.0	17,732	87.0	10,766	47.8
Fiscal 2011	1,059,612	5.7	5,839	-46.6	9,481	-32.9	7,283	-11.9

(Note) Comprehensive income: Fiscal 2012:12,751 million yen (26.0%); Fiscal 2011:10,119 million yen (14.0%)

	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 2012	142.24	―	9.1	3.3	1.3
Fiscal 2011	97.83	―	6.9	1.9	0.6

(Reference) Equity in earnings (losses) of equity-method investees : Fiscal 2012: 51 million yen; Fiscal 2011: 121 million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholder’s Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
Fiscal 2012	536,440	121,594	22.7	1,650.93
Fiscal 2011	518,389	110,916	21.4	1,488,23

(Reference) Shareholder’s equity: Fiscal 2012: 121,594 million yen; Fiscal 2011: 110,853 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 2012	19,366	1,415	-12,460	38,588
Fiscal 2011	9,726	-1,200	-2,315	29,111

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 2011	―	8.00	―	8.00	16.00	1,191	16.4	1.1
Fiscal 2012	―	8.00	―	8.00	16.00	1,190	11.2	1.0
Fiscal 2013 (Projected)	―	8.00	―	8.00	16.00		11.3	

3. Consolidated Projected Results of Operations during Fiscal Year 2013 (from April 1, 2012 to March 31, 2013)

(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 2013	556,000	3.1	7,100	72.7	8,500	40.3	4,900	45.6	66.53
Year-end	1,140,000	2.9	15,700	11.6	18,400	3.8	10,400	-3.4	141.20

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 policies and changes in accounting estimates, and correction and restatement

(i) Changes in accounting policies with revisions in the accounting standards, etc.: N.A.

(ii) Changes in accounting policies other than those under the item (i): N.A.

(iii) Changes in the accounting estimates: N.A

(iv) Correction and Restatement: N.A

(3) Number of shares outstanding (Common stock)

(i) Number of shares outstanding at end of fiscal year (Including common stock for treasury)	FY2012	78,270,142	FY2011	74,582,502
(ii) Number of treasury stocks at end of fiscal year	FY2012	4,618,030	FY2011	95,157
(iii) The average number of shares during fiscal year	FY2012	75,691,834	FY2011	74,447,927

(Reference) Summary of Non-consolidated Financial Statements

1. Non-Consolidated Results of Operations for the March 2012 (from April 1, 2011 to March 31, 2012)

(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 2012	3,683	-35.7	912	-69.6	2,565	-28.8	7,240	-2.1
Fiscal 2011	5,728	60.8	3,004	239.1	3,604	175.3	7,395	881.5

	Net Income per Share	Net Income per Share - Diluted
	yen	yen
Fiscal 2012	95.64	—
Fiscal 2011	99.32	—

(2) Non-consolidated Financial Position

	Total Asset	Net Assets	Shareholder's Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	yen
Fiscal 2012	118,677	81,708	68.8	1,109.21
Fiscal 2011	114,728	74,132	64.6	994.24

(Reference) Shareholder's Equity Fiscal 2012 :81,708 million yen Fiscal 2011 : 74,069 million yen

* Status of the implementation of the audit procedure

- The Financial Results of Fiscal 2012 were exempt from the audit procedure based on the Financial Instruments and Exchange Act. As of the Fiscal 2012 disclosure, the audit procedure for the financial statements of Fiscal 2012 has not been completed.

* 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. 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 2 of the Attached Document.
- The Company plans to hold a briefing on the financial results for institutional investors and analysts on May 17, 2012. The Company also intends to provide on its website a record of the progress of the session and the outline of the briefing (voice recording), together with the briefing material.

Contents of Attached Document

1. Management Results

(1) Analysis Concerning Management Result

During the consolidated cumulative period of the fiscal year ending March 2012, the TOHO Group has been promoting proposal-based marketing and sales by taking advantage of its unique customer support systems based on the major business target of securing appropriate profits, and has been tackling improvements in relation to distribution problems, including provisional shipping with the pricing yet to be negotiated, total value transactions and the issue of the gap between the NHI price and the market price.

With respect to the progress in expanding the scale of the Group's business, the Company made SHOUEI CO., LTD. (headquartered in Aomori city, Aomori prefecture) a wholly owned subsidiary through stock swaps on April 1, 2011. (Shouei merged into TOHO PHARMACEUTICAL CO., LTD., a wholly owned subsidiary of the Company, on January 1, 2012.) Furthermore, on October 1, 2011, TOHO PHARMACEUTICAL CO., LTD. made Koizumi Yakuhin Co., Ltd., which is engaged in the wholesaling business dealing with reagents (headquartered in Sendai city, Miyagi prefecture), its wholly owned subsidiary.

In addition to the completion of TBC Kyushu (Arao city, Kumamoto prefecture) as a new distribution center in April 2011, the Company announced in November last year its plan for the construction of new distribution centers ("TBC Saitama" and "TBC Hanshin"; provisional names) that will respond to the expected growth in sales in the near future and the expansion of direct delivery systems to customers and take into account a further improvement of traceability and disaster countermeasures based on lessons from the Great East Japan Earthquake, and construction started in April this year. Furthermore, the Company plans to start the construction of a new distribution center in Sapporo (by transferring "TBC Sapporo (annex)") in August this year.

Under these circumstances, the Company's operating results for the consolidated cumulative period of the fiscal year ending March 2012 recorded 1,108,089 million yen for net sales (an increase of 4.6% on a year-on-year basis), 14,073million yen for operating income (an increase of 141.0% on a year-on-year basis), 17,732 million yen for ordinary income (an increase of 87.0% on a year-on-year basis), and 10,766million yen for net income (an increase of 47.8% on a year-on-year basis), and the Company was able to achieve a record-setting performance in all the indicators.

(Segment Performance)

In the field of pharmaceutical wholesaling operations, while sales in the market for prescription pharmaceuticals grew steadily about 4.4% compared with the preceding year (estimates by Crecon Research & Consulting Inc.), the Company's consolidated net sales for the fiscal year that ended March 2012 were 1,067,350 million yen (up 4.2%, year on year), representing growth at nearly the same level as the market average. This was supported primarily by the effects of proposal-based marketing and sales based mainly on customer support systems, despite the implementation of thorough price controls. The consolidated operating income for the term was 9,309 million yen, a rise by 226.2% on a year-on-year basis, backed up by strict administration of the price lock system and the outcome of fee-based businesses through customer support systems, etc. In addition, the sales mentioned above include internal sales between segments of 36,154 million yen.

In the Dispensing Pharmacy operations, net sales for the current consolidated fiscal year amounted to 75,691 million yen (up 13.7%, year on year), and the operating income was 4,612 million yen (up 29.1%, year on year), assisted by the effects of the increase in the number of newly consolidated subsidiaries in the preceding year and steady growth in existing subsidiaries.

In the SMO operations, net sales for the current consolidated fiscal year amounted to 215 million yen (down 42.8%, year on year), and the operating income was 399 million yen.

In the information equipment sales operations, net sales for the fiscal 2012 totaled 1,344 million yen (up 11.7%, year on year), with an operating income of 65 million yen.

(Projections for the Next Fiscal Year)

As for the prescription pharmaceuticals market, to which the Company belongs, the market is expected to continue growing steadily but moderately. Such stable growth is expected to be assisted mainly by the sales of new drugs and high-priced pharmaceuticals including orphan drugs, and the further aging of the society, as seen in the estimate of 2.2% overall growth on a year-on-year basis (by Crecon Research & Consulting Inc.). This estimate is despite uncertain factors such as decline in the number of medical examinations resulting from the sluggish economy in addition to the fact that the current fiscal year is the year for the NHI drug price revisions that have reduced the NHI drug price by an average of 6.0% (an average of 6.25% if a further reduction in long-listed drugs is taken into account) and the penetration of health care cost control measures such as promotion of the utilization of generic drugs.

In the pharmaceutical wholesaling operations, the Company will make efforts to secure appropriate profits by further ensuring price controls while carrying out price negotiations according to the category of drugs, as well as increasing the fee income by expanding its fee-based businesses. With regard to the dispensing pharmacy business, existing consolidated companies aim to continue boosting their management efficiency and implementing increasingly higher value-added operations. Accordingly, net sales for the next fiscal year ending March 2013 are projected to be 1,140,000 million yen (up 2.9% from the previous year), with the operating income estimated at 15,700 million yen (up 11.6%), ordinary income, 18,400 million yen (up 3.8%), and net income, 10,400 million yen (down 3.4%).

(2) Analysis Concerning the Financial Position

①State of assets, liabilities, and net assets

(i)Asset

Consolidated current assets as of the end of March 2012 increased 3.6% from the end of the previous consolidated fiscal year to 402,531 million yen, due mainly to an increase in cash and deposits of 10,074 million yen, an increase in notes and accounts receivable-trade of 7,844 million yen, a decrease in merchandise and finished goods of 3,206 million yen, a decrease in deferred tax assets of 2,346 million yen, and a decrease in allowance for doubtful accounts of 446 million yen.

Noncurrent assets as of the end of March 2012 increased 3.2% from the end of the previous year to 133,908 million yen, due primarily to an increase in buildings and structures of 1,994 million yen, an increase in lease assets of 1,339 million yen, an increase in investment securities of 2,614 million yen, and a decrease in goodwill of 1,486 million yen.

As a result, consolidated total assets as of the end of March 2012 increased 3.5% from the end of the previous consolidated fiscal year to 536,440 million yen.

(ii)Liability

Current liabilities increased 3.9% from the end of the previous consolidated fiscal year to 378,718 million yen with an increase in notes and accounts payable-trade of 10,324 million yen, an increase in current portion of long-term loans payable of 5,375 million yen, an increase in income taxes payable of 1,281 million yen, an increase in accrued consumption taxes of 1,061 million yen, and a decrease in short-term loans payable of 4,903 million yen.

Noncurrent liabilities decreased 15.7% from the end of the previous consolidated fiscal year, to 36,127 million yen with an increase in lease obligations of 978 million yen, a decrease in long-term loans payable of 6,143 million yen, and a decrease in negative goodwill of 1,539 million yen.

As a result, total liabilities increased 1.8% year-on-year to 414,845 million yen.

(iii)Net assets

Total net assets were up 9.6% from the end of the previous consolidated fiscal year, to 121,594 million yen, with an increase in capital surplus of 3,259 million yen, and an increase in retained earnings of 9,359 million yen, and an increase in treasury stocks of 3,989 million yen, and an increase in valuation difference on available-for-sale securities of 1,844 million yen.

②Cash Position

Cash and cash equivalents (hereinafter referred to as “cash”) during this consolidated fiscal year increased by 9,477 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 38,588 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 19,366million yen (an increase of 9,640 million yen on a year-on-year basis). Although inflow was secured by some positive factors such as income before income taxes of 18,999 million yen, depreciation of 2,837 million yen, decrease in inventories of 4,842 million yen, and an increase in notes and accounts payable-trade of 9,546 million yen, these were somewhat offset by negative factors including a decrease in allowance for doubtful accounts of 1,998 million yen, an increase in notes and accounts receivable-trade of 10,083 million yen, and income taxes paid of 5,032 million yen.

(ii) Cash Flows from Investing Activities

Cash flow from investing activities was an inflow of 1,415 million yen (an increase of 2,616 million yen from the previous year). Positive factors, such as a net increase in cash of 803 million yen as the difference between payment for additions to time deposits and proceeds from refunds from time deposits, and a net increase in cash of 4,155 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 1,946 million yen, and Purchase of stocks of subsidiaries and affiliates of 1,363 million yen.

(iii) Cash Flows from Financing Activities

Cash flow from financing activities was an outflow of 12,460 million yen (an decrease of 10,144 million yen from the previous year), due to net decrease in short-term loans payable of 5,113 million yen, net decrease in long-term loans payable of 1,074 million yen, purchase of treasury stock of 3,989 million yen, repayments of finance lease obligations of 714 million yen, and cash dividends paid of 1,197 million yen.

(Reference) Trends in key indicators of cash flows

	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012
Shareholder’s Equity Ratio (%)	19.9	19.5	20.6	21.4	22.7
Shareholder’s Equity Ratio at Market Value (%)	37.2	14.0	18.4	13.0	20.2
Ratio of cash flows to interest-bearing debts (%)	—	1.0	1,838.8	363.6	151.3
Interest Coverage Ratio (time)	—	75.6	4.9	18.8	37.3

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 9, 2012).

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 Group's operating results tend to be affected by the unwillingness of medical institutions etc. to buy prior to the revisions in the NHI Drug Price Standards and the price trends after the reduction in the NHI drug prices.

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. 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, the Group's operating results may be affected if the NHI Drug Price Standards are revised or if dispensary fees are revised.

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.

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. 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. 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.

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," 59 subsidiaries, and 12 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 4 divisions are the same as the categories of the segments described in "Segmental Information" on page 37.

(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), three non-consolidated 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 mentioned above supply these products to 31 subsidiaries (Dispensing pharmacies business : Phrama-Daiwa, Tomonity, Pharma Square, Nest, Japan Pharmacy, Mirai, Seiko Medical Brain, J. Mirai Medical, VEGA PHARMA, Jus-Pharma, and 21 others) and six affiliated companies (Wakaba, and five 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 10 consolidated subsidiaries (Pharma-Daiwa, Tomonity, Pharma Square, Nest, Japan Pharmacy, Mirai, Seiko Medical Brain, J. Mirai Medical, VEGA PHARMA, Jus-Pharma), 21 non-consolidated subsidiaries and six associate companies (Wakaba, and five 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

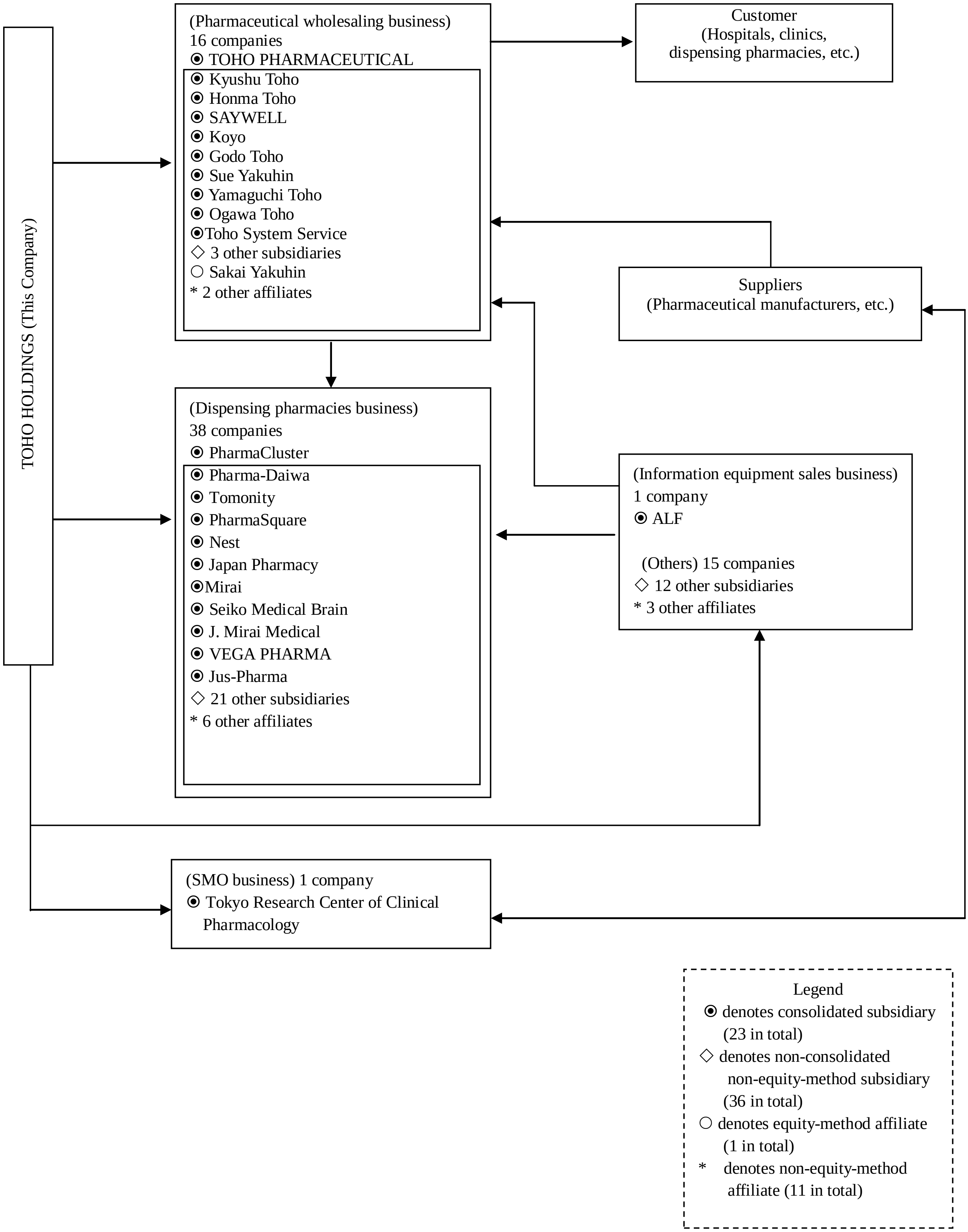
The Tokyo Research Center of Clinical Pharmacology, a consolidated subsidiary, undertakes SMO (Site Management Organization) operations.

(4) Information Equipment Sales Operations

ALF, a consolidated subsidiary, undertakes manufacture and marketing of information processing equipment.

Other companies (12 non-consolidated subsidiaries and 3 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	Chuoh-ku, 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.
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.
Japan Pharmacy	Chuoh-ku, Tokyo	50	Operation of dispensing pharmacies	100.00	Supplied pharmaceuticals by a consolidated subsidiary.
Mirai	Nishi -ku, Niigata City, Niigata	36	Operation of dispensing pharmacies	100.00 (100.00)	Supplied pharmaceuticals by a consolidated subsidiary.
Seiko Medical Brain	Hakata-Ku, Fukuoka City, Fukuoka	30	Operation of dispensing pharmacies	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	Fujiidera 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.
Tokyo Research Center of Clinical Pharmacology	Shinjuku -ku, Tokyo	401	SMO	100.00	Supported financially by Company. Company represented on Board of Directors.
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. Company represented on Board of Directors. 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 and SAYWELL (excluding internal sales posted between consolidated companies) account for more than 10% of total consolidated sales.

Major profit/loss information

(i) TOHO PHARMACEUTICAL

①Net sales 1,045,985 million yen
②Ordinary income 6,487 million yen
③Net income 2,951 million yen
④Net Assets 14,710 million yen
⑤Total Assets 419,577 million yen

(i i) SAYWELL

①Net sales 145,123 million yen
②Ordinary income 2,961 million yen
③Net income 1,689 million yen
④Net Assets 27,650 million yen
⑤Total Assets 61,949 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. 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.

(2) Target Managerial Indicators

As for the medium- to long-term targets, the Company aims to realize a ratio of ordinary income to net sales of 2% through striving to improve the high value-added business portfolio and the ratio of SG&A expenses to net sales of 4% in the field of pharmaceutical wholesaling operations, by promoting measures to improve management efficiency.

(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.

(4) Company Issues that Need Addressing

<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.

<Business Continuity Plan>

Based on the experience of the Great East Japan Earthquake, the Company has promoted an increase in the number of sites equipped with emergency power generating equipment, including power generators, as a means to deal with power failures and an installation of cold-containers that can maintain the temperature for 24 hours. Meanwhile, the Company has been implementing the application of a thorough East and West Japan Dual-Center system to the core systems and various servers, and fully duplicating peripheral systems, some of which have not yet been transferred for duplication. The Company will continue to carry out a variety of disaster countermeasures, including the duplication of marketing and sales information system.

In addition, the Company has established a new manual for disaster countermeasures in May this year after completely reviewing the existing manual.

<Global Environment Conservation Activities>

Among the TOHO HOLDINGS Group, mainly the Company and TOHO PHARMACEUTICAL CO., LTD. are tackling the promotion of global environment conservation activities.

During fiscal 2012, the Company took electricity saving measures together with all the Group companies in response to the government’s emergency electricity saving measures. Since the electric power supply and demand situation continues to be uncertain, emergency electricity saving measures are expected to be taken to the extent of it constituting a public movement throughout the country in fiscal 2013.

The Group is committed to deploying energy saving activities that combine improvements in productivity with a reasonable level of energy consumption, without limiting its efforts only to saving electricity.

≪Pharmaceutical Wholesaling Business≫

<Promotion of Distribution Improvements>

In response to the Urgent Proposal that the Council Concerning Improvement of the Distribution of Prescription Pharmaceuticals announced in September 2007 and reported to the special committee for NHI drug prices of the Central Social Insurance Medical Council in October of the same year, the Company has been conducting activities directed toward the correction of provisional shipping with the pricing yet to be negotiated, total value transactions and the issue of the gap between NHI prices and market prices throughout the TOHO HOLDINGS Group.

In March 2012, the Federation of Japan Pharmaceutical Wholesalers Associations announced in a statement that the Federation would 1) enforce a clear statement in advance of the contract terms, confirmation of them through memorandum of understanding, and one price for one drug transactions between member entities of the Nippon Pharmacy Association, and 2) consult with pharmaceutical manufacturers while aiming to establish manufacturer invoice prices commensurate with the value in order to contribute to the formation of prevailing market prices commensurate with the value.

The TOHO HOLDINGS Group considers the year 2012 to be the starting year of the 3rd round for the improvement of distribution systems and will strive to deal with the issues described in the statement above with unwavering resolve, establish the distribution of prescription pharmaceuticals based on the viewpoint of serving the public and promote the improvement of distribution systems so as to increase its 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. During the consolidated fiscal year under review, the Company made SHOUEI CO., LTD. (headquartered in Aomori city, Aomori prefecture) a wholly owned subsidiary on April 1, 2011, and Shouei merged into TOHO PHARMACEUTICAL CO., LTD., on January 1, 2012. Furthermore, on October 1, 2011, TOHO PHARMACEUTICAL CO., LTD. made Koizumi Yakuhin Co., Ltd., which is engaged in the wholesaling business dealing with reagents (headquartered in Sendai city, Miyagi prefecture), its wholly owned subsidiary.

<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>

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 opened the 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 started the operation of this website in October 2011.

<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.

<Distribution 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).

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. 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 addition, the Group newly constructed TBC Kyushu in Arao city, Kumamoto prefecture (completed in April 2011), aiming to improve distribution services in the Kyushu area. And the Group started the construction of TBC Hanshin (Itami city, Hyogo prefecture) and TBC Saitama (Kuki city, Saitama prefecture) in April 2012. Furthermore, the Company plans to start the construction of a new distribution center in Sapporo (by transferring “TBC Sapporo (annex)”) in August this year.

<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), e-ENIF.net (an Internet-based inventory management and order placement support system), ENIFvoice SP (a voice-recognition medication history recording support system), and ENIFwin Nex-Sus (An integrated in-hospital distribution and inventory-management 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.

The Company started, in the current consolidated fiscal year, the sales of "the first medical examination reception service" system aimed at supporting the acquisition of new patients at a clinic.

≪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. 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.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: million yen)

	Fiscal 2011 (As of March 31, 2011)	Fiscal 2012 (As of March 31, 2012)
Assets		
Current assets		
Cash and deposits	*3 33,169	*3 43,244
Notes and accounts receivable-trade	258,654	266,499
Short-term investment securities	501	1,087
Merchandise and finished goods	64,052	60,845
Deferred tax assets	4,845	2,498
Purchase rebates receivable	13,548	13,852
Others	15,104	15,268
Allowance for doubtful accounts	-1,210	-763
Total current assets	388,666	402,531
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	*3 18,131	*3 20,125
Vehicles, net	20	31
Land	*3,*5 37,651	*3,*5 37,916
Lease assets, net	1,156	2,495
Construction in progress	1,403	452
Others	983	977
Total property, plant and equipment	*1 59,346	*1 61,999
Intangible assets		
Goodwill	16,144	14,658
Others	2,907	2,966
Total intangible assets	19,052	17,624
Investments and other assets		
Investment securities	*2,*3 40,595	*2,*3 43,210
Long-term loans receivable	3,342	3,784
Deferred tax assets	769	395
Others	10,098	8,943
Allowance for doubtful accounts	-3,482	-2,047
Total investments and other assets	51,323	54,285
Total noncurrent assets	129,722	133,908
Total assets	518,389	536,440

(Unit: million yen)

	Fiscal 2011 (As of March 31, 2011)	Fiscal 2012 (As of March 31, 2012)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	*3 336,090	*3 346,414
Short-term loans payable	*3,*6 9,519	*3,*6 4,615
Current portion of bonds	370	—
Current portion of long-term loans payable	*3 5,744	*3 11,119
Lease obligations	589	983
Income taxes payable	2,464	3,745
Accrued expenses	2,164	2,306
Provision for bonuses	3,345	3,489
Provision for directors' bonuses	143	91
Provision for sales returns	335	291
Provision for disaster losses	298	—
Asset retirement obligations	1	—
Others	3,557	5,660
Total current liabilities	364,624	378,718
Noncurrent liabilities		
Bonds payable	30	30
Long-term loans payable	*3 19,680	*3 13,537
Lease obligations	1,443	2,422
Deferred tax liabilities	10,968	11,304
Provision for retirement benefits	2,273	1,985
Deferred tax liabilities for land revaluation	*5 1,273	*5 1,142
Asset retirement obligations	673	729
Negative goodwill	3,637	2,097
Others	2,868	2,878
Total noncurrent liabilities	42,848	36,127
Total liabilities	407,472	414,845
Net assets		
Shareholders' equity		
Capital stock	10,649	10,649
Capital surplus	42,884	46,144
Retained earnings	58,177	67,536
Treasury stock	-47	-4,036
Total shareholders' equity	111,663	120,293
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,757	5,602
Revaluation reserve for land	*5 -4,567	*5 -4,301
Total accumulated other comprehensive income	-809	1,300
Subscription rights to shares	62	—
Total net assets	110,916	121,594
Total liabilities and net assets	518,389	536,440

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

(Unit: million yen)

	Fiscal 2011 (From April 1, 2010 to March 31, 2011)	Fiscal 2012 (From April 1, 2011 to March 31, 2012)
Net sales	1,059,612	1,108,089
Cost of sales	973,436	1,010,888
Gross profit	86,176	97,200
Provision for sales returns	31	-55
Gross profit-net	86,144	97,256
Selling, general and administrative expenses		
Directors' compensations, salaries and allowances	41,738	43,268
Provision for bonuses	3,298	3,473
Provision for directors' bonuses	143	91
Provision for retirement benefits	395	200
Provision of allowance for doubtful accounts	—	-226
Welfare expenses	6,666	7,094
Vehicle expenses	1,396	1,526
Depreciation	2,754	2,837
Amortization of goodwill	2,178	2,337
Rent expenses	7,082	7,131
Taxes and dues	1,103	1,100
Others	13,548	14,349
Total selling, general and administrative expenses	80,305	83,183
Operating income	5,839	14,073
Non-operating income		
Interest income	174	154
Dividend income	613	1,016
Commission fee	2,610	2,811
Real estate rent	342	389
Amortization of negative goodwill	1,580	1,539
Equity in earnings of affiliates	121	51
Other income	1,192	1,074
Total non-operating income	6,634	7,037
Non-operating expenses		
Interest expenses	586	519
Commitment fee	47	54
Loss before deduction of temporary consumption tax payment	2,244	2,529
Miscellaneous losses	114	275
Total non-operating expenses	2,992	3,379
Ordinary income	9,481	17,732

(Unit: million yen)

	Fiscal 2011 (From April 1, 2010 to March 31, 2011)	Fiscal 2012 (From April 1, 2011 to March 31, 2012)
Extraordinary income		
Gain on sales of noncurrent assets	*1 80	*1 69
Gain on sales of investment securities	2,226	1,677
Gain on revision of retirement benefit plan	128	43
Gain on step acquisitions	—	252
Gift of money for disasters	—	245
Others	60	81
Total extraordinary income	2,496	2,370
Extraordinary losses		
Loss on disposal of noncurrent assets	*2 218	*2 189
Loss on valuation of investment securities	160	13
Impairment loss	*3 1,365	*3 493
Loss on valuation of stocks of subsidiaries and affiliates	—	338
Provision of allowance for doubtful accounts	1,323	—
Loss on disaster	708	59
Loss on adjustment for changes of accounting standard for asset retirement obligations	334	—
Others	391	8
Total extraordinary losses	4,502	1,103
Income before income taxes	7,475	18,999
Income taxes-currents	4,748	5,925
Income taxes-deferred	-4,517	2,307
Total income taxes	231	8,233
Income before minority interests	7,243	10,766
Minority interests in loss	-39	—
Net income	7,283	10,766

Consolidated Statements of Comprehensive Income

(Unit: million yen)

	Fiscal 2011 (From April 1, 2010 to March 31, 2011)	Fiscal 2012 (From April 1, 2011 to March 31, 2012)
Income before minority interests	7,243	10,766
Other comprehensive income		
Valuation difference on available-for-sale securities	2,833	1,834
Revaluation reserve for land	—	141
Share of other comprehensive income of associates accounted for using equity method	41	9
Total other comprehensive income	2,875	*1 1,985
Comprehensive income	10,119	12,751
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	10,156	12,751
Comprehensive income attributable to minority interests	-37	—

(3) Consolidated Statement of Changes in Shareholders' Equity

(Unit: million yen)

	Fiscal 2011 (From April 1, 2010 to March 31, 2011)	Fiscal 2012 (From April 1, 2011 to March 31, 2012)
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	42,535	42,884
Changes of items during the period		
Issuance of new shares	—	3,259
Increase by share exchanges	348	—
Total changes of items during the period	348	3,259
Balance at the end of current period	42,884	46,144
Retained earnings		
Balance at the end of previous period	52,302	58,177
Changes of items during the period		
Change of scope of consolidation	-218	-84
Dividends from surplus	-1,184	-1,197
Net income	7,283	10,766
Reversal of revaluation reserve for land	-5	-124
Total changes of items during the period	5,875	9,359
Balance at the end of current period	58,177	67,536
Treasury stock		
Balance at the end of previous period	-1,060	-47
Changes of items during the period		
Purchase of treasury stock	-1	-3,989
Disposal of treasury stock	1,013	—
Total changes of items during the period	1,012	-3,989
Balance at the end of current period	-47	-4,036

(Unit: million yen)

	Fiscal 2011 (From April 1, 2010 to March 31, 2011)	Fiscal 2012 (From April 1, 2011 to March 31, 2012)
Total shareholder’s equity		
Balance at the end of previous period	104,427	111,663
Changes of items during the period		
Issuance of new shares	—	3,259
Increase by share exchanges	348	—
Change of scope of consolidation	-218	-84
Dividends from surplus	-1,184	-1,197
Net income	7,283	10,766
Purchase of treasury stock	-1	-3,989
Disposal of treasury stock	1,013	—
Reversal of revaluation reserve for land	-5	-124
Total changes of items during the period	7,236	8,630
Balance at the end of current period	111,663	120,293
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	884	3,757
Changes of items during the period		
Net changes of items other than shareholders' equity	2,873	1,844
Total changes of items during the period	2,873	1,844
Balance at the end of current period	3,757	5,602
Revaluation reserve for land		
Balance at the end of previous period	-4,572	-4,567
Changes of items during the period		
Net changes of items other than shareholders' equity	5	266
Total changes of items during the period	5	266
Balance at the end of current period	-4,567	-4,301
Total accumulated other comprehensive income		
Balance at the end of previous period	-3,688	-809
Changes of items during the period		
Net changes of items other than shareholders' equity	2,879	2,110
Total changes of items during the period	2,879	2,110
Balance at the end of current period	-809	1,300

(Unit: million yen)

	Fiscal 2011 (From April 1, 2010 to March 31, 2011)	Fiscal 2012 (From April 1, 2011 to March 31, 2012)
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	—	-62
Total changes of items during the period	—	-62
Balance at the end of current period	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	—
Total changes of items during the period	-37	—
Balance at the end of current period	—	—
Total net assets		
Balance at the end of previous period	100,838	110,916
Changes of items during the period		
Issuance of new shares	—	3,259
Increase by share exchanges	348	—
Change of scope of consolidation	-218	-84
Dividends from surplus	-1,184	-1,197
Net income	7,283	10,766
Purchase of treasury stock	-1	-3,989
Disposal of treasury stock	1,013	—
Reversal of revaluation reserve for land	-5	-124
Net changes of items other than shareholders' equity	2,841	2,047
Total changes of items during the period	10,077	10,677
Balance at the end of current period	110,916	121,594

(4) Consolidated Statements of Cash Flows

(Unit: million yen)

	Fiscal 2011 (From April 1, 2010 to March 31, 2011)	Fiscal 2012 (From April 1, 2011 to March 31, 2012)
Net cash provided by (used in) operating activities		
Income before income taxes	7,475	18,999
Depreciation	2,754	2,837
Impairment loss	1,365	493
Amortization of goodwill	2,178	2,337
Amortization of negative goodwill	-1,580	-1,539
Increase (decrease) in provision for retirement benefits	-2,342	-876
Increase (decrease) in provision for sales returns	31	-55
Increase (decrease) in provision for bonuses	205	28
Increase (decrease) in provision for directors' bonuses	62	-151
Increase (decrease) in allowance for doubtful accounts	1,264	-1,998
Increase (decrease) in the provision for disaster losses	298	-298
Interest and dividends income	-787	-1,170
Interest expense	586	519
Loss (gain) on sales and retirement of noncurrent assets	138	119
Loss (gain) on sales and valuation of investment securities	-2,040	-1,661
Loss (gain) on sales of stocks of subsidiaries and affiliates	—	338
Loss (gain) on sales of golf club memberships	16	-0
Loss on valuation of golf club memberships	19	1
Decrease (increase) in notes and accounts receivable-trade	-6,291	-10,083
Decrease (increase) in inventories	-7,887	4,842
Decrease (increase) in other assets	-1,013	-762
Increase (decrease) in notes and accounts payable-trade	21,781	9,546
Increase (decrease) in other liabilities	992	2,079
Increase (decrease) in accrued consumption taxes	-3,522	-1,519
Others	-905	-1,031
Subtotal	12,800	20,992
Interest and dividends income received	811	1,185
Interest expenses paid	-517	-519
Income taxes paid	-6,456	-5,032
Others	3,087	2,740
Net cash provided by (used in) operating activities	9,726	19,366

(Unit: million yen)

	Fiscal 2011 (From April 1, 2010 to March 31, 2011)	Fiscal 2012 (From April 1, 2011 to March 31, 2012)
Net cash provided by (used in) investment activities		
Payments into time deposits	-256	-1,160
Proceeds from withdrawal of time deposits	1,402	1,964
Proceeds from sales of short-term investment securities	1,598	—
Purchase of property, plant and equipment	-3,452	-1,946
Proceeds from sales of property, plant and equipment	502	452
Purchase of intangible assets	-1,078	-1,149
Proceeds from sales of intangible assets	35	6
Purchase of investment securities	-2,664	-130
Proceeds from sales of investment securities	6,405	4,285
Purchase of investments in subsidiaries resulting in change in scope of consolidation	*2 -1,788	—
Purchase of stocks of subsidiaries and affiliates	-583	-1,363
Proceeds from sales of stocks of subsidiaries and affiliates	—	41
Expenditures for the performance of asset retirement obligations	—	-6
Payments of loans receivable	-1,760	-1,144
Collection of loans receivable	521	1,653
Other	-82	-86
Net cash provided by (used in) investment activities	-1,200	1,415
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	-165	-5,113
Proceeds from long-term loans payable	7,735	5,373
Repayment of long-term loans payable	-7,717	-6,447
Payments for retirement by purchase of bonds	-34	—
Redemption of bonds	-253	-370
Purchase of treasury stock	-1	-3,989
Repayments of finance lease obligations	-694	-714
Cash dividends paid	-1,184	-1,197
Net cash provided by (used in) financing activities	-2,315	-12,460
Net increase (decrease) in cash and cash equivalents	6,210	8,322
Cash and cash equivalents at beginning of period	22,645	29,111
Increase in cash and cash equivalents resulting from merger	—	247
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	256	907
Cash and cash equivalents at end of period	*1 29,111	*1 38,588

(5) Notes regarding the Going Concern Assumption

This disclosure is not applicable

(6) Basis of Presenting Consolidated Financial Statements

1. Scope of Consolidation

(1) Number of Consolidated Subsidiaries: 23

The identities of primary consolidated subsidiaries are provided in "State of Associated Companies."

The company made SHOEI its consolidated subsidiaries during the consolidated fiscal year through stock acquisition.

TOHO PHARMACEUTICAL and SHOEI merged during the consolidated fiscal year, and TOHO PHARMACEUTICAL was left as the surviving company.

Zenkaido (surviving company) and Chuoh Medical merged in the consolidated fiscal year, and changed the company name to Mirai.

Seiko (surviving company), Himawari Pharmacy, Medical Brain and Medical Assist merged in the consolidated fiscal year, and changed the company name to Seiko Medical Brain.

Tokyo Clinical CRO Co., Ltd. was excluded from the scope of the consolidation due to the liquidation of the company during the current consolidated fiscal year.

(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.

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:

Square・One

(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.

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.

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

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:	8 - 50 years
Vehicles and carriers:	4 - 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.

(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 2012 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.

12 consolidated subsidiaries (TOHO PHARMACEUTICAL (provision succeeded to from SHOUEI due to consolidation), Sue Yakuhin, Tomonity, Pharma Square, Nest, Japan Pharmacy, Mirai, J.Mirai Medical, VEGA PHARMA, Jus-Pharma, Tokyo Research Center of Clinical Pharmacology, 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. Calculation of the retirement benefit liability is based on the simplified method.

(Additional Information)

One consolidated subsidiary (Koyo) shifted all tax-qualified retirement annuity plans and lump-sum retirement allowance plans to a defined contribution pension program on April 1, 2011. This consolidated subsidiary has 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 43 million yen in association with the shifts.

(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.

(7) Additional Information

① Application of the Accounting Standard for Accounting Changes and Error Corrections

For changes in accounting policies and corrections of prior period errors to be executed from the start of the current fiscal year, the Company has applied the Accounting Standard for Accounting Changes and Error Corrections (ASBJ Statements No. 24, dated December 4, 2009) and the Guidance on Accounting Standard for Accounting Changes and Error Corrections (ASBJ Guidance No. 24, dated December 4, 2009).

② Effects of changes in the corporate income tax rates, etc.

Creating a Taxation System That Responds to Changes in Economic and Social Structures (Law Number: 114, 2011) and the Act on Special Measures for Securing the Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake (Law Number: 117, 2011) on December 2, 2011, the tax rates for corporate income taxes shall be changed from the fiscal year commencing April 1, 2012 onward. Consequently, the legal effective tax rates to be used for the calculation of deferred tax assets and deferred tax liabilities shall be as follows, according to the periods for the settlement of temporary differences.

From April 1, 2012 to March 31, 2015: 38.0%, and

From April 1, 2015 onward: 35.6%

As a result of the changes in the above corporate income tax rates, the net deferred tax liabilities (after the deduction of deferred tax assets) and deferred tax liabilities concerning revaluation decreased by 1,591 million yen and 157 million yen, respectively. On the other hand, the valuation difference on the available-for-sale securities and the revaluation reserve for land increased by 1,022 million yen and 141 million yen, respectively, and income taxes-deferred posted for the consolidated fiscal year decreased by 585 million yen.

(8)Notes to Consolidated Financial Statements
(Notes to Consolidated Balance Sheets)

*1 Accumulated depreciation of property, plant and equipment:

	Fiscal 2011 (As of March 31, 2011)	Fiscal 2012 (As of March 31, 2012)
	34,039 million yen	36,215 million yen

*2 Investments in non-consolidated subsidiaries and affiliates:

	Fiscal 2011 (As of March 31, 2011)	Fiscal 2012 (As of March 31, 2012)
Investment securities	5,096 million yen	5,745 million yen

*3 Assets pledged as collateral and liabilities secured by collateral
Classified assets pledged

	Fiscal 2011 (As of March 31, 2011)	Fiscal 2012 (As of March 31, 2012)
Time deposits	647 million yen	308 million yen
Buildings	2,459 million yen	2,101 million yen
Land	7,242 million yen	6,188 million yen
Investment securities	2,038 million yen	2,034 million yen
Total	12,389 million yen	10,632 million yen

Liabilities secured by collateral

	Fiscal 2011 (As of March 31, 2011)	Fiscal 2012 (As of March 31, 2012)
Notes and accounts payable	19,978 million yen	30,648 million yen
Short-term loans payable and long-term debt (including current portion of long-term debt due within one year)	1,741 million yen	1,695 million yen
Total	21,719 million yen	32,344 million yen

The assets below have been pledged as collateral concerning nonconsolidated subsidiaries

	Fiscal 2011 (As of March 31, 2011)	Fiscal 2012 (As of March 31, 2012)
Time deposits	20 million yen	20 million yen

*4 Liabilities guaranteed
①Bank loans guaranteed

	Fiscal 2011 (As of March 31, 2011)	Fiscal 2012 (As of March 31, 2012)
Wakaba	152 million yen	106 million yen
Akagi Jibiinkoka &3 other cases	71 million yen	34 million yen
Total	224 million yen	141 million yen

② Accounts payable guaranteed

	Fiscal 2011 (As of March 31, 2011)	Fiscal 2012 (As of March 31, 2012)
Kyoei yakuhin	62 million yen	82 million yen

③ Leases guaranteed

	Fiscal 2011 (As of March 31, 2011)	Fiscal 2012 (As of March 31, 2012)
Akagi Jibiinkoka	26 million yen	21 million yen

*5 Land revaluation

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

	Fiscal 2011 (As of March 31, 2011)	Fiscal 2012 (As of March 31, 2012)
Difference in value of land revalued between market and revalued book value at fiscal year-end	1,731 million yen	1,845 million yen

*6 The Consolidated subsidiaries have been lending commitment agreements with 10 trading banks to facilitate efficient procurement of working funds.

	Fiscal 2011 (As of March 31, 2011)	Fiscal 2012 (As of March 31, 2012)
Lending commitments	17,000 million yen	17,000 million yen
Balance borrowed	― million yen	― million yen
Total remainder	17,000 million yen	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.

	Fiscal 2011 (As of March 31, 2011)	Fiscal 2012 (As of March 31, 2012)
Lending commitments	4,800 million yen	1,000 million yen
Balance borrowed	4,800 million yen	― million yen
Total remainder	― million yen	1,000 million yen

(Notes to Consolidated Profit and Loss Statement)

*1 Gains on sales of noncurrent assets comprising:

	Fiscal 2011 (From April 1, 2010 to March 31, 2011)	Fiscal 2012 (From April 1, 2011 to March 31, 2012)
Gain on sale of buildings	25 million yen	18 million yen
Gain on sales of land	52 million yen	50 million yen
Gain on sale of vehicles and carriers	1 million yen	0 million yen
Total	80 million yen	69 million yen

*2 Losses on disposal of noncurrent assets comprise:

	Fiscal 2011 (From April 1, 2010 to March 31, 2011)	Fiscal 2012 (From April 1, 2011 to March 31, 2012)
Loss on retirement of buildings	120 million yen	121 million yen
Loss on retirement of tools, furniture and fixtures	12 million yen	37 million yen
Loss on retirement of software	0 million yen	0 million yen
Loss on sale of buildings	23 million yen	― million yen
Loss on sale of land	60 million yen	29 million yen
Loss on sale of vehicles and carries	0 million yen	― million yen
Total	218 million yen	189 million yen

*3 Impairment losses

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

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

Location	Purpose	Class
Kohchi Sales Office and 9 other sites	Real estate for business use	Land, buildings, furniture and fixtures
Aoba ward Sendai and 2 other sites	Real estate for rent	Land and buildings
Former Okayama Sales Department and 26 other sites	Real estate unused	Land and buildings
—	—	Good will

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 85 million 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.

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.

Fiscal 2012 (From April 1, 2011 to March 31, 2012)

Location	Purpose	Class
Kohchi Sales Office and 9 other sites	Real estate for business use	Land, buildings, furniture and fixtures
Mito city, Ibaraki and 1 other site	Real estate for rent	Land and buildings
Former Niigata Sales Office and 22 other sites	Real estate unused	Land and buildings

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 113 million yen. It comprised 99 million yen on land and 13 million yen on buildings and 0 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 33 million yen. It comprised 26 million yen on land and 6 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.

In relation to unused real estate that is not used for business purposes, an impairment loss of 347 million yen was recognized due to the continuous decline in market prices. It comprised 318 million yen on land and 29 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.

(Notes to Consolidated Statements of Comprehensive Income)

Fiscal 2012 (From April 1, 2011 to March 31, 2012)

*1 Recycling and tax effects concerning other comprehensive income

Valuation difference on available-for-sale securities	
Amount accrued for the current term	3,417 million yen
Recycling	-1,678 million yen
Before tax effect adjustment	1,738 million yen
Tax effects	95 million yen
Valuation difference on available-for-sale securities	1,834 million yen
Revaluation reserve for land	
Amount accrued for the current term	—
Recycling	—
Before tax effect adjustment	—
Tax effects	141 million yen
Revaluation reserve for land	141 million yen
Share of other comprehensive income of associates accounted for using equity method	
Amount accrued for the current term	9 million yen
Total other comprehensive income	1,985 million yen

(Notes to Consolidated Statement of Changes in Shareholders' Equity)
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 (No.1)	74,582	—	—	74,582
Total	74,582	—	—	74,582
Treasury stock				
Common stocks (No.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

Fiscal 2012 (From April 1, 2011 to March 31, 2012)

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 2011 (in thousand stocks)	No. of stocks increased during fiscal 2012 (in thousand stocks)	No. of stocks decreased during fiscal 2012 (in thousand stocks)	No. of stocks as of the end of fiscal 2012 (in thousand stocks)
Outstanding stocks				
Common stocks (No.1)	74,582	3,687	－	78,270
Total	74,582	3,687	－	78,270
Treasury stock				
Common stocks (No.2)	95	4,522	－	4,618
Total	95	4,522	－	4,618

(Note) 1. The increase of 3,687,000 shares in outstanding common stocks represents the shares newly issued for the stock swap with SHOEI.

2. The increase of 4,522,000 shares in treasury common stocks represents an increase of 4,522,000 shares authorized by the Board of Directors and an increase of 0 shares as a result of the purchase of odd-lot shares.

2. Dividends

(1) Dividend Payment

Resolution	Type of shares	Total dividend amount (million yen)	Dividend per share (yen)	Record date	Effective date
May 11, 2011 Board of directors	Common stock	595	8	March 31, 2011	Jun 9, 2011
November 8, 2011 Board of directors	Common stock	601	8	September 30, 2011	December 5, 2011

(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 9, 2012 Board of directors	Common stock	589	Retained earnings	8	March 31, 2012	June 7, 2012

(Notes to Consolidated Statements of Cash Flows)

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

(As of March 31, 2011)

(million yen)

Cash on hand and on deposit	33,169
Time deposits maturing beyond three months of deposit	-4,559
Short-term investments (investment securities) becoming due within three months of acquisition	501
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:

(million yen)

・Japan Pharmacy

Current assets	1,772
Noncurrent assets	247
Goodwill	1,841
Current liabilities	-1,016
Noncurrent liabilities	-240
Acquisition price of stock in Japan Pharmacy	2,603
Japan Pharmacy's cash and cash equivalents	-814
Balance: Net payment for acquisition of stock in Japan Pharmacy	1,788

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 674 million yen.

Fiscal 2012 (From April 1, 2011 to March 31, 2012)

*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, 2012)

(million yen)

Cash on hand and on deposit	43,244
Time deposits maturing beyond three months of deposit	-5,158
Short-term investments (investment securities) becoming due within three months of acquisition	502
Cash and cash equivalents	38,588

――――――――

3 Details of important non-monetary transactions

①Breakdown of assets and liabilities succeeded through mergers

Assets and liabilities succeeded to from Medical Brain and Medical Assist, which merged with the Company's consolidated subsidiary, Seiko, during the consolidated fiscal year, are as follows:

(million yen)

Current assets	662
Noncurrent assets	168
Total assets	830
Current liabilities	573
Noncurrent liabilities	237
Total liabilities	811

②Breakdown of assets and liabilities acquired through stock exchanges

Assets and liabilities acquired through share exchanges with Shouei during the current consolidated fiscal year are as follows.

In addition, the increase in the capital surplus (legal capital surplus) is 3,259 million yen due to the issue of new stocks following the share exchanges.

(million yen)

Current assets	14,868
Noncurrent assets	5,796
Total assets	20,664
Current liabilities	15,051
Noncurrent liabilities	2,081
Total liabilities	17,133

③The amounts of assets and liabilities related to finance leases newly accounted for in the current term were 1,885 million yen.

(Segmental Information)

(Segmental Information)

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 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 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; SMO, site management 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.

Amounts for inter-segment internal net sales or transfers are based on prevailing market prices.

3. Information about sales, profit or loss, asset and other items by reportable segment

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

	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	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.

Fiscal 2012 (from April 1, 2011 to March 31, 2012)

	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)	SMO (million yen)	Information equipment sales (million yen)	Total (million yen)		
Net Sales							
(1) Net sales to external customers	1,031,195	75,673	215	1,004	1,108,089	—	1,108,089
(2) Inter-segment internal net sales or transfers	36,154	17	—	340	36,513	-36,513	—
Total	1,067,350	75,691	215	1,344	1,144,602	-36,513	1,108,089
Segment profit	9,309	4,612	399	65	14,386	-313	14,073
Segment assets	458,167	42,635	861	1,759	503,423	33,017	536,440
Other items							
Depreciation	1,506	564	9	9	2,089	748	2,837
Amortization of goodwill	351	1,984	1	—	2,337	—	2,337
Amortization of negative goodwill	1,517	22	—	—	1,539	—	1,539
Impairment loss	436	57	—	—	493	—	493
Investment in equity-method affiliate	982	—	—	—	982	—	982
Unamortized balance of goodwill	1,458	13,197	2	—	14,658	—	14,658
Unamortized balance of negative goodwill	1,942	154	—	—	2,097	—	2,097
Increase in property, plant and equipment and intangible assets	3,408	1,074	—	256	4,739	-16	4,723

(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 43,671 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.

(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.

Fiscal 2012 (from April 1, 2011 to March 31, 2012)
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.

Fiscal 2012 (from April 1, 2011 to March 31, 2012)
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.

Fiscal 2012 (from April 1, 2011 to March 31, 2012)
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.

Fiscal 2012 (from April 1, 2011 to March 31, 2012)
Not applicable.

(Information per Share)

	Fiscal 2011 (From April 1, 2010 to March 31, 2011)	Fiscal 2012 (From April 1, 2011 to March 31, 2012)
Net asset per share	1,488.23 yen	1,650.93 yen
Net income per share	97.83 yen	142.24 yen

(Note) 1. A description of the fully diluted net income per share after adjustments on potential shares is omitted since no potential shares exist.

2. The basis of the calculation of net income per share and fully diluted net income per share after adjustments on potential shares is as follows:

Item	Fiscal 2011 (From April 1, 2010 to March 31, 2011)	Fiscal 2012 (From April 1, 2011 to March 31, 2012)
Net income per share		
Net income (million yen)	7,283	10,766
Amount not related to shareholders of common stock (million yen)	—	—
Net income from common stock (million yen)	7,283	10,766
Average number of shares of outstanding common stock during fiscal year (in units of 1000)	74,447	75,691
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)	Subscription rights to shares became void due to the expiry of the exercise period on June 30, 2011.

3. The basis of the calculation of the net asset per share is as follows:

Item	Fiscal 2011 (From April 1, 2010 to March 31, 2011)	Fiscal 2012 (From April 1, 2011 to March 31, 2012)
Total net asset on consolidated balance sheet (million yen)	110,916	121,594
Amounts to be deducted from total net assets (million yen)	62	—
(Subscription rights to shares) (million yen)	(62)	(—)
(Minority interest) (million yen)	(—)	(—)
Net assets concerning common stocks at the end of the term (million yen)	110,853	121,594
Number of shares of common stock used in calculating net asset per share (in units of 1000)	74,487	73,652

(Significant Subsequent Events)
Not applicable.

(Disclosure omitted)
Notes regarding lease transactions, financial instruments, marketable securities, derivative transactions, retirement benefits, stock options, etc., tax effect accounting, business combinations, asset retirement obligations, rental property and other real estate, and related party information etc. were omitted, since the need for their disclosure in brief announcements of financial results is considered not significant.

5. Non-consolidated Financial Statements

(1) Balance Sheets

(Unit: million yen)

	Fiscal 2011 (As of March 31, 2011)	Fiscal 2012 (As of March 31, 2012)
Assets		
Current assets		
Cash and deposits	2,924	2,874
Accounts receivable-trade	2	—
Short-term investment securities	—	575
Prepaid expenses	6	32
Deferred tax assets	69	247
Other accounts receivable	701	336
Short-term loans receivable	25,782	22,873
Others	58	63
Allowance for doubtful accounts	-4	-20
Total current assets	29,541	26,983
Noncurrent assets		
Property, plant and equipment		
Buildings, net	8,254	8,812
Structures, net	202	223
Tools, furniture and fixtures, net	20	14
Land	15,316	15,249
Lease assets, net	178	141
Construction in progress	1,248	342
Total property, plant and equipment	25,220	24,784
Intangible assets		
Leasehold right	145	145
Software	257	131
Total intangible assets	402	276
Investments and other assets		
Investment securities	27,693	31,580
Stocks of subsidiaries and affiliates	20,560	25,022
Investment in capital	60	—
Investments in capital of subsidiaries and affiliates	157	157
Long-term loans receivable	869	769
Long-term loans receivable from subsidiaries and affiliates	9,236	8,234
Claims provable in bankruptcy, claims provable in rehabilitation and other	2,543	2,543
Long-term prepaid expenses	0	12
Others	254	231
Allowance for doubtful accounts	-1,811	-1,919
Total investments and other assets	59,563	66,632
Total noncurrent assets	85,187	91,693
Total assets	114,728	118,677

(Unit: million yen)

	Fiscal 2011 (As of March 31, 2011)	Fiscal 2012 (As of March 31, 2012)
Liabilities		
Current liabilities		
Short-term loans payable	4,800	—
Current portion of long-term loans payable	5,153	10,613
Lease obligations	38	38
Accounts payable-other	404	310
Accrued expenses	39	38
Income taxes payable	—	1,540
Deposits received	91	1,677
Provision for bonuses	37	39
Provision for directors' bonuses	33	25
Total current liabilities	10,598	14,283
Noncurrent liabilities		
Long-term loans payable	18,580	12,386
Lease obligations	148	109
Deferred tax liabilities	7,844	7,935
Deferred tax liabilities for land revaluation	1,273	1,142
Provision for retirement benefits	6	6
Provision for loss on guarantees	73	73
Asset retirement obligations	88	90
Negative goodwill	1,323	519
Others	660	420
Total noncurrent liabilities	29,997	22,685
Total liabilities	40,596	36,968

(Unit: million yen)

	Fiscal 2011 (As of March 31, 2011)	Fiscal 2012 (As of March 31, 2012)
Net assets		
Shareholders' equity		
Capital stock	10,649	10,649
Capital surplus		
Legal capital surplus	42,917	46,177
Other capital surplus	790	790
Total Capital surplus	43,707	46,967
Retained earnings		
Legal retained earnings	664	664
Other retained earnings		
Reserve for reduction entry of land	1,075	1,141
General reserve	6,336	6,336
Retained earnings brought forward	7,875	13,726
Total retained earnings	15,951	21,868
Treasury stock	-87	-4,076
Total shareholders' equity	70,221	75,409
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	8,392	10,576
Revaluation reserve for land	-4,544	-4,278
Total valuation and translation adjustments	3,848	6,298
Subscription rights to shares	62	—
Total net assets	74,132	81,708
Total liabilities and net assets	114,728	118,677

(2) Profit and Loss Statement

(Unit: million yen)

	Fiscal 2011 (From April 1, 2010 to March 31, 2011)	Fiscal 2012 (From April 1, 2011 to March 31, 2012)
Operating revenue		
Income of management guidance	972	1,024
Income of real estate rent	1,432	1,439
Dividends income	3,322	1,219
Total Operating revenue	5,728	3,683
Operating expenses		
Real estate related expenses	752	800
General and administrative expenses		
Directors' compensations, salaries and allowances	684	674
Provision for bonuses	37	39
Provision for directors' bonuses	33	25
Provision for retirement benefits	0	0
Welfare expenses	52	72
Advertising expenses	50	144
Vehicle expenses	1	1
Provision of allowance for doubtful accounts	—	123
Depreciation	414	170
Rent expenses	148	144
Taxes and dues	158	138
Commission fee	200	217
Miscellaneous expenses	187	216
Total operating expenses	2,723	2,771
Operating income	3,004	912
Non-operating income		
Interest income	480	486
Dividend income	285	687
Commission fee	75	78
Real estate rent	4	4
Amortization of negative goodwill	86	803
Other income	100	51
Total non-operating income	1,033	2,113
Non-operating expenses		
Interest expenses	404	425
Commitment fee	7	6
Miscellaneous loss	20	27
Total non-operating expenses	433	459
Ordinary income	3,604	2,565

(Unit: million yen)

	Fiscal 2011 (From April 1, 2010 to March 31, 2011)	Fiscal 2012 (From April 1, 2011 to March 31, 2012)
Extraordinary income		
Gain on sales of noncurrent assets	—	0
Gains on sales of investment securities	4,723	3,266
Gain on extinguishment of tie-in shares	1,284	2,652
Gain on reversal of subscription rights to shares	—	62
Gift of money for disasters	—	212
Total extraordinary income	6,007	6,195
Extraordinary loss		
Loss on disposal of noncurrent assets	46	45
Loss on sales of investment securities	—	2
Loss on valuation of investment securities	47	16
Loss on valuation of stocks of subsidiaries and affiliates	1,141	—
Impairment loss	214	104
Provision of allowance for doubtful accounts	596	—
Provision for loss on guarantees	73	—
Loss on disaster	116	42
Loss on adjustment for changes of accounting standard for asset retirement obligations	35	—
Others	—	0
Total extraordinary loss	2,270	211
Income before income taxes	7,341	8,549
Income taxes-current	244	1,817
Income taxes-deferred	-297	-507
Total income taxes and other	-53	1,309
Net income	7,395	7,240

(3) Statement of Changes in Shareholders' Equity

(Unit: million yen)

	Fiscal 2011 (From April 1, 2010 to March 31, 2011)	Fiscal 2012 (From April 1, 2011 to March 31, 2012)
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	42,917	42,917
Changes of items during the period		
Issuance of new shares	—	3,259
Total changes of items during the period	—	3,259
Balance at the end of current period	42,917	46,177
Other capital surplus		
Balance at the end of previous period	441	790
Changes of items during the period		
Increase by share exchanges	348	—
Total changes of items during the period	348	—
Balance at the end of the current period	790	790
Total capital surplus		
Balance at the end of previous period	43,358	43,707
Changes of items during the period		
Issuance of new shares	—	3,259
Increase by share exchanges	348	—
Total changes of items during the period	348	3,259
Balance at the end of the current period	43,707	46,967
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	1,084	1,075
Changes of items during the period		
Reversal of reserve for reduction entry of land	-9	-19
Increase in the reserve with the change in the effective corporate income tax rates	—	85
Total changes of items during the period	-9	65
Balance at the end of the current period	1,075	1,141
General reserve		
Balance at the end of previous period	10,336	6,336
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	6,336	6,336

(Unit: million yen)

	Fiscal 2011 (From April 1, 2010 to March 31, 2011)	Fiscal 2012 (From April 1, 2011 to March 31, 2012)
Retained earnings brought forward		
Balance at the end of previous period	-2,339	7,875
Changes of items during the period		
Dividends from surplus	-1,184	-1,197
Current net income	7,395	7,240
Reversal of reserve for reduction entry of land	9	19
Increase in the reserve with the change in the effective corporate income tax rates	—	-85
Reversal of revaluation reserve for land	-5	-124
Reversal of general reserve	4,000	—
Total changes of items during the period	10,214	5,851
Balance at the end of the current period	7,875	13,726
Total retained earnings		
Balance at the end of previous period	9,745	15,951
Changes of items during the period		
Dividends from surplus	-1,184	-1,197
Current net income	7,395	7,240
Reversal of reserve for reduction entry of land	—	—
Increase in the reserve with the change in the effective corporate income tax rates	—	—
Reversal of revaluation reserve for land	-5	-124
Reversal of general reserve	—	—
Total changes of items during the period	6,205	5,917
Balance at the end of the current period	15,951	21,868
Treasury stock		
Balance at the end of previous period	-1,099	-87
Changes of items during the period		
Purchase of treasury stock	-1	-3,989
Disposal of treasury stock	1,013	—
Total changes of items during the period	1,012	-3,989
Balance at the end of current period	-87	-4,076
Total shareholder’s equity		
Balance at the end of previous period	62,654	70,221
Changes of items during the period		
Issuance of new shares	—	3,259
Increase by share exchanges	348	—
Dividends from surplus	-1,184	-1,197
Current net income	7,395	7,240
Purchase of treasury stock	-1	-3,989
Disposal of treasury stock	1,013	—
Reversal of revaluation reserve for land	-5	-124
Total changes of items during the period	7,566	5,188
Balance at the end of current period	70,221	75,409

(Unit: million yen)

	Fiscal 2011 (From April 1, 2010 to March 31, 2011)	Fiscal 2012 (From April 1, 2011 to March 31, 2012)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	1,279	8,392
Changes of items during the period		
Net changes of items other than shareholders' equity	7,112	2,184
Total changes of items during the period	7,112	2,184
Balance at the end of the current period	8,392	10,576
Revaluation reserve for land		
Balance at the end of previous period	-4,549	-4,544
Changes of items during the period		
Net changes of items other than shareholders' equity	5	266
Total changes of items during the period	5	266
Balance at the end of current period	-4,544	-4,278
Total valuation and translation adjustments		
Balance at the end of previous period	-3,270	3,848
Changes of items during the period		
Net changes of items other than shareholders' equity	7,118	2,450
Total changes of items during the period	7,118	2,450
Balance at the end of the current period	3,848	6,298
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	—	-62
Total changes of items during the period	—	-62
Balance at the end of the current period	62	—
Total net assets		
Balance at the end of previous period	59,447	74,132
Changes of items during the period		
Issuance of new shares	—	3,259
Increase by share exchanges	348	—
Dividends from surplus	-1,184	-1,197
Current net income	7,395	7,240
Purchase of treasury stock	-1	-3,989
Disposal of treasury stock	1,013	—
Reversal of revaluation reserve for land	-5	-124
Net changes of items other than shareholders' equity	7,118	2,387
Total changes of items during the period	14,685	7,576
Balance at the end of current period	74,132	81,708

(4) Notes regarding the Going Concern Assumption

This disclosure is not applicable