

# Summary of Consolidated Financial Results for the Third Quarter of Fiscal 2012

February 1, 2012

Name of Listed Company: TOHO HOLDINGS CO., LTD. Listed: Tokyo Stock Exchange  
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Scheduled submission date for quarterly report: Feb 14, 2012 Planned Date of Dividends Payment: —  
 Quarterly supplemental explanatory material prepared: None  
 Quarterly results briefing held: None

(Amounts are truncated to the nearest million yen.)

## 1. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 2012 (from Apr 1, 2011 to Dec 31, 2011)

### (1) Consolidated Results of Operations (Cumulative)

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

	Net Sales		Operating Income		Ordinary Income		Current Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Third Quarter of Fiscal 2012	837,391	4.7	7,631	17.3	10,538	12.2	6,698	18.6
Third Quarter of Fiscal 2011	800,004	5.4	6,506	-2.2	9,392	4.1	5,650	10.6

	Current Net Income per Share	Current Net Income per Share - Diluted
	Yen	Yen
Third Quarter of Fiscal 2012	87.72	—
Third Quarter of Fiscal 2011	75.91	—

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholder's Equity Ratio
	Million yen	Million yen	%
Third Quarter of Fiscal 2012	561,225	115,489	20.6
Fiscal 2011	518,389	110,916	21.4

(Reference) Shareholder's equity: Third Quarter of Fiscal 2012: 115,489 million yen; Fiscal 2011 : 110,853 million yen

## 2. Historical Payment of Dividends

	Annual Cash Dividend per Share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2011	—	8.00	—	8.00	16.00
Fiscal 2012	—	8.00	—	—	—
Fiscal 2012 (Projected)	—	—	—	8.00	16.00

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

## 3. Consolidated Projected Results of Operations during Fiscal Year 2012 (from April 1, 2011 to March 31, 2012) (Percentages indicate the rate of change compared with the preceding fiscal year.)

	Net Sales		Operating Income		Ordinary Income		Current Net Income		Current Net Income per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year-end	1,094,000	3.2	10,800	85.0	14,000	47.7	8,500	16.7	112.30

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

4. Others

(1) Changes in material subsidiaries during the third quarter of fiscal 2012:N.A.

(Changes in special subsidiaries accompanying a change in the scope of consolidation)

Inclusion — ( — ) Exclusion — ( — )

(2) Application of accounting process which is peculiar to the compilation of consolidated quarterly financial statements: N.A.

(3) 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

(4) Number of shares outstanding (Common stock)

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

Third Quarter of FY2012	78,270,142	FY2011	74,582,502
Third Quarter of FY2012	4,617,659	FY2011	95,157
Third Quarter of FY2012	76,366,738	Third Quarter of FY2011	74,435,012

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

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

\* Indicates quarterly review procedure implementation status

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

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

Any forward-looking statements contained in this report, including performance projections, are based on information currently available to the Company as well as certain assumptions that the Company deemed rational at the time of release of this report, and may differ significantly from actual results due to a variety of factors. Please refer to Qualitative Information on Projected Consolidated Results of Operations on page 3 of this report (the Attached Document) for the suppositions on which the performance projections are based and points that have to be borne in mind for the use of such projections.

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## 1. Qualitative Information on Financial Results for the Third Quarter of Fiscal 2012

### (1) Qualitative Information on Consolidated Results of Operations

During the consolidated cumulative period of the current third quarter 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 SHOUUEI 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 April last year, the Group newly completed "TBC Kyushu (Arao city, Kumamoto prefecture)" as a distribution center, which replaced the functions of the distribution and delivery of pharmaceuticals to the Kyushu and Okinawa areas that were previously carried out by TBC Okayama, and improved the service in the field of distribution and diversified distribution risks. In addition, the TOHO Group announced on November 17, 2011, that it would construct two new distribution centers (TBC Saitama and TBC Hanshin, both provisional names) equipped with further-enhanced traceability and countermeasures against disasters based on lessons from the Great East Japan Earthquake to respond to the growth in transaction volumes and the expansion of the direct delivery of pharmaceuticals to customers in the near future.

Under these circumstances, the Company's operating results for the consolidated cumulative third quarter of the fiscal year ending March 2012 recorded 837,391 million yen for net sales (an increase of 4.7% on a year-on-year basis), 7,631 million yen for operating income (an increase of 17.3% on a year-on-year basis), 10,538 million yen for ordinary income (an increase of 12.2% on a year-on-year basis), and 6,698 million yen for net income (an increase of 18.6% on a year-on-year basis).

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

In the field of pharmaceutical wholesaling business, while sales of the market for prescription pharmaceuticals grew by 4.3% compared with the same period of the previous year (estimates by Crecon Research & Consulting Inc.), the Company could ensure the growth of sales at the same level as this industry average, supported mainly by the effects of business administration to secure appropriate profits and proposal-based marketing and sales. In the third quarter of the current fiscal year, the pharmaceutical wholesaling business posted net sales of 808,191 million yen (a year-on-year increase of 4.3%) and segment income (operating income) of 3,975 million yen.

In the field of dispensing pharmacy operations, consolidated net sales for the third quarter were 55,935 million yen, a 14.9% increase compared with the same period of the previous year and segment income (operating income) stood at 351 million yen, 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 third quarter of fiscal 2012 amounted to 184 million yen and segment income (operating income) was 449 million yen.

In the information equipment sales operations, net sales for the third quarter of fiscal 2012 amounted to 944 million yen and segment loss (operating loss) was 49 million yen.

(Note) Segment sales include inter-segment transactions.

## (2) Qualitative Information on Consolidated Financial Position

### (Assets)

Current assets as of the end of December 2011 increased 10.5% from the end of the previous consolidated fiscal year to 429,560 million yen, due to an increase in cash and deposits of 4,812 million yen, an increase in notes and accounts receivable-trade of 25,928 million yen and an increase in merchandise and finished goods of 8,724 million yen.

Noncurrent assets as of the end of December 2011 increased 1.5% compared with the end of the preceding consolidated fiscal year to 131,664 million yen, due to an increase in buildings and structures and tangible lease assets by 2,143 million yen and by 1,241 million yen, respectively, despite a decline in goodwill of 1,106 million yen.

### (Liabilities)

Current liabilities increased 12.2% from the end of the previous consolidated fiscal year to 408,940 million yen with an increase in notes and accounts payable-trade of 43,961 million yen, and an increase in short-term loans payable of 601 million yen, and a decrease in provision for bonuses of 1,667 million yen.

Noncurrent liabilities decreased 14.1% from the end of the previous consolidated fiscal year, to 36,795 million yen with a decrease in long-term loans payable of 4,769 million yen, and a decrease in negative goodwill of 1,310 million yen.

As a result, total liabilities increased 9.4% year-on-year to 445,735 million yen.

### (Net assets)

Total net assets were up 4.1% from the end of the previous consolidated fiscal year, to 115,489 million yen, with an increase in capital surplus of 3,259 million yen, and an increase in retained earnings of 5,291 million yen, and an increase in treasury stocks of 3,988 million yen.

## (3) Qualitative Information on Projected Consolidated Results of Operations

The Company has revised its consolidated full-year earnings forecast for the fiscal year ending March 2012 (April 1, 2011 - March 31, 2012) announced on May 11, 2011, taking into consideration the recent trends in performances.

As for the details, please refer to the Notice regarding the Revision of the Full-year Earnings Forecasts for the Fiscal Year ending March 2012 announced today (January 24, 2012).

## 2. Matters Concerning Summary Information (Others)

### (1) Changes in Material Subsidiaries during the Third Quarter of Fiscal 2012

Not Applicable.

### (2) Application of Accounting Process which is Peculiar to the Compilation of Consolidated Quarterly Financial Statements

Not Applicable.

### (3) Changes in Accounting Policies and Changes in Accounting Estimates, and Correction and Restatement

Not Applicable.

### (4) Additional Information

① 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 With the promulgation of the Act for Partial Revision of the Income Tax Act, etc. for the Purpose of 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.

Until March 31, 2012: 40.5%,

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 1,509 million yen and 154 million yen, respectively. On the other hand, the valuation difference on the available-for-sale securities and the revaluation reserve for land increased by 867 million yen and 141 million yen, respectively, and income taxes-deferred posted for the cumulative third quarter of the current fiscal year decreased by 654 million yen.

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

(Million of yen)

	Fiscal 2011 (As of March 31, 2011)	End of consolidated this third quarter (December 31, 2011)
<b>Assets</b>		
Current assets		
Cash and deposits	33,169	37,982
Notes and accounts receivable-trade	258,654	284,583
Short-term investment securities	501	502
Merchandise and finished goods	64,052	72,776
Other	33,498	34,939
Allowance for doubtful accounts	- 1,210	-1,223
<b>Total current assets</b>	<b>388,666</b>	<b>429,560</b>
Noncurrent assets		
Property, plant and equipment	59,346	62,303
Intangible assets		
Goodwill	16,144	15,038
Other	2,907	2,879
<b>Total intangible assets</b>	<b>19,052</b>	<b>17,917</b>
Investments and other assets		
Other	54,806	53,358
Allowance for doubtful accounts	- 3,482	-1,915
<b>Total investments and other assets</b>	<b>51,323</b>	<b>51,443</b>
<b>Total noncurrent asset</b>	<b>129,722</b>	<b>131,664</b>
<b>Total assets</b>	<b>518,389</b>	<b>561,225</b>

(Million of yen)

	Fiscal 2011 (As of March 31, 2011)	End of consolidated this third quarter (December 31, 2011)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	336,090	380,051
Short-term loans payable	15,264	15,865
Current portion of bonds	370	310
Income taxes payable	2,464	2,384
Provision for bonuses	3,345	1,677
Provision for directors' bonuses	143	67
Provision for sales returns	335	330
Provision for disaster-related losses	298	114
Asset retirement obligations	1	0
Other	6,311	8,138
<b>Total current liabilities</b>	<b>364,624</b>	<b>408,940</b>
Noncurrent liabilities		
Bonds payable	30	30
Long-term loans payable	19,680	14,911
Provision for retirement benefits	2,273	2,021
Asset retirement obligations	673	729
Negative goodwill	3,637	2,327
Other	16,553	16,776
<b>Total noncurrent liabilities</b>	<b>42,848</b>	<b>36,795</b>
<b>Total liabilities</b>	<b>407,472</b>	<b>445,735</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	10,649	10,649
Capital surplus	42,884	46,144
Retained earnings	58,177	63,468
Treasury stock	-47	-4,036
<b>Total shareholders' equity</b>	<b>111,663</b>	<b>116,226</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,757	3,564
Revaluation reserve for land	-4,567	-4,301
<b>Total accumulated other comprehensive income</b>	<b>-809</b>	<b>-737</b>
Subscription rights to shares	62	—
<b>Total net assets</b>	<b>110,916</b>	<b>115,489</b>
<b>Total liabilities and net assets</b>	<b>518,389</b>	<b>561,225</b>



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

Quarterly Consolidated Profit and Loss Statement

[Cumulative Period for the Consolidated Third Quarter]

(Million of yen)

	Cumulative period for this consolidated third quarter (from April 1, 2010 to December 31, 2010)	Cumulative period for this consolidated third quarter (from April 1, 2011 to December 31, 2011)
Net sales	800,004	837,391
Cost of sales	733,242	767,707
Gross profit	66,761	69,684
Selling, general and administrative expenses		
Directors' compensations, salaries and allowances	32,040	33,420
Provision for bonuses	1,807	1,632
Provision for directors' bonuses	96	64
Provision for accrued retirement benefits	332	158
Welfare expenses	4,941	5,260
Vehicle expenses	1,056	1,145
Provision of allowance for doubtful accounts	—	-263
Depreciation	2,051	2,082
Amortization of goodwill	1,594	1,736
Rent expenses	5,305	5,340
Taxes and dues	830	828
Other	10,197	10,645
Total selling, general and administrative expenses	60,254	62,053
Operating income	6,506	7,631
Non-operating income		
Interest income	125	109
Dividend income	602	1,008
Commission fee	1,933	2,064
Amortization of negative goodwill	1,310	1,310
Equity in earnings of affiliates	59	27
Other income	1,117	879
Total non-operating income	5,147	5,399
Non-operating expenses		
Interest expenses	444	393
Loss before deduction of temporary consumption tax payment	1,687	1,943
Miscellaneous loss	130	155
Total non-operating expenses	2,261	2,492
Ordinary income	9,392	10,538

(Million of yen)

	Cumulative period for this consolidated third quarter (from April 1, 2010 to December 31, 2010)	Cumulative period for this consolidated third quarter (from April 1, 2011 to December 31, 2011)
<b>Extraordinary income</b>		
Gain on sales of noncurrent assets	65	69
Gains on sales of investment securities	162	1,677
Reversal of allowance for doubtful accounts	121	—
Gain on transfer of business	9	—
Gain on step acquisitions	—	252
Gift of money for disasters	—	245
Other	66	107
<b>Total extraordinary income</b>	<b>425</b>	<b>2,353</b>
<b>Extraordinary loss</b>		
Loss on disposal of noncurrent assets	94	107
Impairment loss	49	207
Loss on sales of investment securities	24	0
Loss on valuation of investment securities	42	51
Loss on valuation of stocks of subsidiaries and affiliates	—	228
Loss on revision of retirement benefit plan	95	—
Provision for loss on guarantees	226	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	334	—
Other	2	69
<b>Total extraordinary loss</b>	<b>871</b>	<b>664</b>
<b>Income before income taxes</b>	<b>8,947</b>	<b>12,227</b>
Income taxes-current	4,028	4,515
Income taxes-deferred	-702	1,013
<b>Total income taxes</b>	<b>3,325</b>	<b>5,528</b>
<b>Income before minority interests</b>	<b>5,621</b>	<b>6,698</b>
Minority interests in income	-28	—
<b>Current net income</b>	<b>5,650</b>	<b>6,698</b>

Quarterly Consolidated Statements of Comprehensive Income  
[Cumulative Period for the Consolidated Third Quarter]

(Million of yen)

	Cumulative period for this consolidated third quarter (from April 1, 2010 to December 31, 2010)	Cumulative period for this consolidated third quarter (from April 1, 2011 to December 31, 2011)
Income before minority interests	5,621	6,698
Other comprehensive income		
Valuation difference on available-for-sale securities	4,048	-192
Revaluation reserve for land	—	141
Share of other comprehensive income of associates accounted for using equity method	41	-0
Total other comprehensive income	4,090	-52
Comprehensive income	9,712	6,646
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	9,739	6,646
Comprehensive income attributable to minority interests	-26	—

### (3) Notes Concerning Premise of a Going Business

Cumulative period for this consolidated third quarter (from April 1, 2011 to December 31, 2011)

Not applicable.

### (4) Segmental Information

I Cumulative period for previous consolidated third quarter (from April 1, 2010 to December 31, 2010)

#### 1. Information about sales and profit or loss by reportable segment

	Reportable segments					Adjustments (million yen) (Note 1)	Amount on the quarterly consolidated profit and loss statement (million yen) (Note 2)
	Pharmaceutical Wholesaling (million yen)	Dispensing Pharmacy (million yen)	SMO and CRO (million yen)	Information equipment sales (million yen)	Total (million yen)		
Net Sales							
(1) Net sales to external customers	750,469	48,672	311	551	800,004	—	800,004
(2) Inter-segment internal net sales or transfers	24,176	14	—	200	24,391	-24,391	—
Total	774,646	48,686	311	751	824,395	-24,391	800,004
Segment income	4,896	2,226	-96	-371	6,655	-148	6,506

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

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

#### 2. Information about impairment losses on noncurrent assets or goodwill by each business segment

Not applicable.

II Cumulative period for this consolidated third quarter (from April 1, 2011 to December 31, 2011)

#### 1. Information about sales and profit or loss by reportable segment

	Reportable segments					Adjustments (million yen) (Note 1)	Amount on the quarterly 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	780,592	55,922	184	692	837,391	—	837,391
(2) Inter-segment internal net sales or transfers	27,599	13	—	252	27,865	-27,865	—
Total	808,191	55,935	184	944	865,256	-27,865	837,391
Segment income	3,975	3,351	449	-49	7,727	-95	7,631

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

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

#### 2. Information about impairment losses on noncurrent assets or goodwill by each business segment

Not applicable.

### (5) Notes Concerning Material Changes in Shareholders' Equity

Cumulative period for this consolidated third quarter (from April 1, 2011 to December 31, 2011)

Not applicable.