

# Summary of Consolidated Financial Results for the First Half of Fiscal Year Ending March 2012

November 8, 2011

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Quarterly supplemental explanatory material prepared: Applicable

Quarterly results briefing held: Applicable (For Institutional Investors and Analysts)

(Amounts are truncated to the nearest million yen.)

## 1. Consolidated Financial Results for the First Half of the Fiscal Year Ending March 2012

(from April 1, 2011 to September 30, 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        | %    |
| First Half of Fiscal 2012 | 539,360     | 3.8 | 4,110            | -18.8 | 6,059           | -15.1 | 3,364              | -8.9 |
| First Half of Fiscal 2011 | 519,858     | 9.1 | 5,060            | 73.5  | 7,140           | 61.1  | 3,692              | 61.5 |

(Note) Comprehensive income: First Half of Fiscal 2012: 3,826 million yen (26.2%); First Half of Fiscal 2011: 3,032 million yen (- %)

|                           | Current Net Income per Share | Current Net Income per Share - Diluted |
|---------------------------|------------------------------|----------------------------------------|
|                           | Yen                          | Yen                                    |
| First Half of Fiscal 2012 | 43.42                        | --                                     |
| First Half of Fiscal 2011 | 49.62                        | --                                     |

### (2) Consolidated Financial Position

|                           | Total Assets | Net Assets  | Shareholder's Equity per share |
|---------------------------|--------------|-------------|--------------------------------|
|                           | Million yen  | Million yen | %                              |
| First Half of Fiscal 2012 | 515,965      | 114,884     | 22.3                           |
| Fiscal 2011               | 518,389      | 110,916     | 21.4                           |

(Reference) Shareholder's equity: First Half of Fiscal 2012: 114,884 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 the dividend forecasts most recently announced: 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 |     | Net Income  |       | Net Income per Share |
|-----------|-------------|-----|------------------|------|-----------------|-----|-------------|-------|----------------------|
|           | Million yen | %   | Million yen      | %    | Million yen     | %   | Million yen | %     | Yen                  |
| Full year | 1,075,000   | 1.5 | 6,900            | 18.2 | 9,500           | 0.2 | 4,900       | -32.7 | 64.75                |

(Note) Revision of consolidated projected results of operations most recently announced: None

4. Others

(1) Changes in material subsidiaries during the first half 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)

|                      |            |                      |            |
|----------------------|------------|----------------------|------------|
| First Half of FY2012 | 78,270,142 | FY2011               | 74,582,502 |
| First Half of FY2012 | 3,088,157  | FY2011               | 95,157     |
| First Half of FY2012 | 77,491,769 | First Half of FY2011 | 74,408,500 |

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

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

\* 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.

Current net income per share projected is calculated by including the results of the acquisition of the treasury stock.

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## 1. Qualitative Information on Financial Results for the First Half of Fiscal 2012

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

During the consolidated cumulative period of the current second 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 SHOU EI CO., LTD. (headquartered in Aomori city, Aomori prefecture) a wholly owned subsidiary through stock swaps on April 1, 2011.

In addition, in April this 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.

Furthermore, the Company's subsidiary eKenkoshop Corporation started operation of a website "Okusuri Yoyaku (Drug Reservation)" (reservation system for OTC pharmaceutical products on the Internet) as a new service for consumers.

Under these circumstances, the Company's operating results for the consolidated cumulative first half of the fiscal year ending March 2012 recorded 539,360 million yen for net sales (an increase of 3.8% on a year-on-year basis), 4,110 million yen for operating income (a decrease of 18.8% on a year-on-year basis), 6,059 million yen for ordinary income (a decrease of 15.1% on a year-on-year basis), and 3,364 million yen for net income (a decrease of 8.9% 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 3.4% compared with the same period of the previous year (estimates by Crecon Research & Consulting Inc.), the Company could ensure the growth of sales at nearly 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 first half of the current fiscal year, the pharmaceutical wholesaling business posted net sales of 519,870 million yen (a year-on-year increase of 3.3%) and segment income (operating income) of 1,774 million yen.

In the field of dispensing pharmacy operations, consolidated net sales for the first half were 36,294 million yen, a 14.5% increase compared with the same period of the previous year and segment income (operating income) stood at 2,026 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 first half of fiscal 2012 amounted to 109 million yen and segment income (operating income) was 364 million yen.

In the information equipment sales operations, net sales for the first half of fiscal 2012 totaled 648 million yen, with an operating loss of 17 million yen.

(Note) Segment sales include inter-segment transactions.

## (2) Qualitative Information on Consolidated Financial Position

### (Assets)

Current assets as of the end of September 2011 decreased 2.6% from the end of the previous consolidated fiscal year to 378,745 million yen, due to a decline in cash and deposits and merchandise and finished goods by 8,076 million yen and by 4,041 million yen, respectively, despite an increase in notes and accounts receivable-trade of 805 million yen and increases in other current assets amounting to 1,403 million yen.

Noncurrent assets as of the end of September 2011 increased 5.8% compared with the end of the preceding consolidated fiscal year to 137,219 million yen, due mainly to an increase in buildings and structures of 2,155 million yen, an increase in tangible lease assets of 1,284 million yen and an increase in investment securities of 5,167 million yen, despite a decline in goodwill of 969 million yen.

As a result, consolidated net assets decreased 0.5% from a year earlier, to 515,965 million yen.

### (Liabilities)

Current liabilities decreased 1.4% from the end of the previous consolidated fiscal year to 359,611 million yen with an increase of short-term loans payable of 5,084 million yen, and a decrease in notes and accounts payable-trade of 10,323 million yen.

Noncurrent liabilities decreased 3.2% from the end of the previous consolidated fiscal year, to 41,469 million yen with an increase in long-term lease obligations of 1,079 million yen, and an increase in deferred tax liabilities of 1,647 million yen and a decrease in long-term loans payable of 3,400 million yen, and a decrease in negative goodwill of 864 million yen.

As a result, total liabilities decreased 1.6% year-on-year to 401,080 million yen.

### (Net assets)

Total net assets were up 3.6% from the end of the previous consolidated fiscal year, to 114,884 million yen, with an increase in capital surplus of 3,259 million yen, and an increase in retained earnings of 2,643 million yen, and an increase in valuation difference on available-for-sale securities of 461 million yen, and an increase in treasury stocks of 2,460 million yen.

### (Analysis of the Cash Flow Position)

Cash and cash equivalents (hereinafter referred to as “cash”) during this consolidated first half decreased by 9,297 million yen from the end of the preceding consolidated fiscal year. As a result, the balance at the end of this first half totaled 19,813 million yen (a decrease of 5,513 million yen on a year-on-year basis). The following describes the three categories of consolidated cash positions during this consolidated first half, as well as the factors responsible.

#### (Cash Flows from Operating Activities)

Cash flow from operating activities was an outflow of 5,926 million yen (a decrease in net cash provided by (used in) operating activities of 11,379 million yen on a year-on-year basis). Although the inflow was secured by some positive factors such as the income before income taxes of 6,236 million yen, depreciation and amortization of 1,310 million yen, amortization of goodwill of 1,146 million yen and a decrease in inventories of 5,596 million yen, these were surpassed by negative factors including the amortization of negative goodwill of 864 million yen, a decrease in provision for retirement benefits of 807 million yen, an increase in notes and accounts receivable-trade of 4,444 million yen, a decrease in notes and accounts payable-trade of 10,897 million yen and income taxes paid of 2,581 million yen.

#### (Cash Flows from Investing Activities)

Cash flow from investing activities was an outflow of 2,569 million yen (a decrease in net cash provided by (used in) investing activities of 2,720 million yen from the same period of the preceding year), since negative factors including the purchase of property, plant and equipment of 1,148 million yen, the purchase of stocks of subsidiaries and affiliates of 1,260 million yen and payments of loans receivable of 547 million yen exceeded positive factors such as the proceeds from sales of property, plant and equipment of 254 million yen and the collection of loans receivable of 222 million yen.

#### (Cash Flows from Financing Activities)

Cash flow from financing activities was an outflow of 1,710 million yen (despite an increase in net cash provided by (used in) financing activities of 1,469 million yen on a year-on-year basis), which is mainly attributable to a net decrease in short-term loans payable of 227 million yen, the purchase of treasury stocks of 2,460 million yen, repayments of finance lease obligations of 290 million yen and cash dividends paid of 595 million yen, despite a net increase in cash flow of 1,912 million yen after deducting the amount of repayment of long-term loans payable from proceeds from long-term loans payable.

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

The Company's performance for the first half of consolidated fiscal 2012 exceeded that estimated in the initial forecasts, the Company has not revised the consolidated earnings forecast for the full-term of the fiscal year ending March 2012 announced on May 11, 2011, due to uncertain factors, including the impact of the NHI drug price revisions in April next year.

2. Matters Concerning Summary Information (Others)

(1) Changes in Material Subsidiaries during the First Half 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

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).

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

(Million of yen)

|                                           | Fiscal 2011<br>(As of March 31, 2011) | End of consolidated this first half<br>(September 30, 2011) |
|-------------------------------------------|---------------------------------------|-------------------------------------------------------------|
| <b>Assets</b>                             |                                       |                                                             |
| Current assets                            |                                       |                                                             |
| Cash and deposits                         | 33,169                                | 25,093                                                      |
| Notes and accounts receivable-trade       | 258,654                               | 259,460                                                     |
| Short-term investment securities          | 501                                   | 501                                                         |
| Merchandise and finished goods            | 64,052                                | 60,010                                                      |
| Other                                     | 33,498                                | 34,901                                                      |
| Allowance for doubtful accounts           | -1,210                                | -1,221                                                      |
| <b>Total current assets</b>               | <b>388,666</b>                        | <b>378,745</b>                                              |
| Noncurrent assets                         |                                       |                                                             |
| Property, plant and equipment             | 59,346                                | 62,502                                                      |
| Intangible assets                         |                                       |                                                             |
| Goodwill                                  | 16,144                                | 15,175                                                      |
| Other                                     | 2,907                                 | 2,950                                                       |
| <b>Total intangible assets</b>            | <b>19,052</b>                         | <b>18,126</b>                                               |
| Investments and other assets              |                                       |                                                             |
| Other                                     | 54,806                                | 59,708                                                      |
| Allowance for doubtful accounts           | -3,482                                | -3,117                                                      |
| <b>Total investments and other assets</b> | <b>51,323</b>                         | <b>56,590</b>                                               |
| <b>Total noncurrent asset</b>             | <b>129,722</b>                        | <b>137,219</b>                                              |
| <b>Total assets</b>                       | <b>518,389</b>                        | <b>515,965</b>                                              |

(Million of yen)

|                                                       | Fiscal 2011<br>(As of March 31, 2011) | End of consolidated this first half<br>(September 30, 2011) |
|-------------------------------------------------------|---------------------------------------|-------------------------------------------------------------|
| <b>Liabilities</b>                                    |                                       |                                                             |
| Current liabilities                                   |                                       |                                                             |
| Notes and accounts payable-trade                      | 336,090                               | 325,766                                                     |
| Short-term loans payable                              | 15,264                                | 20,349                                                      |
| Current portion of bonds                              | 370                                   | 322                                                         |
| Income taxes payable                                  | 2,464                                 | 2,038                                                       |
| Provision for bonuses                                 | 3,345                                 | 3,425                                                       |
| Provision for directors' bonuses                      | 143                                   | 51                                                          |
| Provision for sales returns                           | 335                                   | 295                                                         |
| Provision for disaster-related losses                 | 298                                   | 121                                                         |
| Asset retirement obligations                          | 1                                     | -                                                           |
| Other                                                 | 6,311                                 | 7,241                                                       |
| <b>Total current liabilities</b>                      | <b>364,624</b>                        | <b>359,611</b>                                              |
| Noncurrent liabilities                                |                                       |                                                             |
| Bonds payable                                         | 30                                    | 30                                                          |
| Long-term loans payable                               | 19,680                                | 16,280                                                      |
| Provision for retirement benefits                     | 2,273                                 | 2,053                                                       |
| Asset retirement obligations                          | 673                                   | 681                                                         |
| Negative goodwill                                     | 3,637                                 | 2,773                                                       |
| Other                                                 | 16,553                                | 19,651                                                      |
| <b>Total noncurrent liabilities</b>                   | <b>42,848</b>                         | <b>41,469</b>                                               |
| <b>Total liabilities</b>                              | <b>407,472</b>                        | <b>401,080</b>                                              |
| <b>Net assets</b>                                     |                                       |                                                             |
| Shareholders' equity                                  |                                       |                                                             |
| Capital stock                                         | 10,649                                | 10,649                                                      |
| Capital surplus                                       | 42,884                                | 46,144                                                      |
| Retained earnings                                     | 58,177                                | 60,820                                                      |
| Treasury stock                                        | -47                                   | -2,507                                                      |
| <b>Total shareholders' equity</b>                     | <b>111,663</b>                        | <b>115,107</b>                                              |
| Accumulated other comprehensive income                |                                       |                                                             |
| Valuation difference on available-for-sale securities | 3,757                                 | 4,219                                                       |
| Revaluation reserve for land                          | -4,567                                | -4,442                                                      |
| <b>Total accumulated other comprehensive income</b>   | <b>-809</b>                           | <b>-222</b>                                                 |
| Subscription rights to shares                         | 62                                    | -                                                           |
| <b>Total net assets</b>                               | <b>110,916</b>                        | <b>114,884</b>                                              |
| <b>Total liabilities and net assets</b>               | <b>518,389</b>                        | <b>515,965</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 first half]

(Million of yen)

|                                                               | Cumulative period for<br>this consolidated second quarter<br>(from April 1, 2010 to September 30,<br>2010) | Cumulative period for<br>this consolidated second quarter<br>(from April 1, 2011 to September 30,<br>2011) |
|---------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| Net sales                                                     | 519,858                                                                                                    | 539,360                                                                                                    |
| Cost of sales                                                 | 474,862                                                                                                    | 494,243                                                                                                    |
| Gross profit                                                  | 44,995                                                                                                     | 45,117                                                                                                     |
| Selling, general and administrative expenses                  |                                                                                                            |                                                                                                            |
| Directors' compensations, salaries and allowances             | 19,271                                                                                                     | 19,785                                                                                                     |
| Provision for bonuses                                         | 3,137                                                                                                      | 3,408                                                                                                      |
| Provision for directors' bonuses                              | 66                                                                                                         | 46                                                                                                         |
| Provision for accrued retirement benefits                     | 238                                                                                                        | 145                                                                                                        |
| Welfare expenses                                              | 3,215                                                                                                      | 3,457                                                                                                      |
| Vehicle expenses                                              | 715                                                                                                        | 757                                                                                                        |
| Provision of allowance for doubtful accounts                  | -                                                                                                          | -217                                                                                                       |
| Depreciation                                                  | 1,328                                                                                                      | 1,310                                                                                                      |
| Amortization of goodwill                                      | 1,056                                                                                                      | 1,146                                                                                                      |
| Rent expenses                                                 | 3,514                                                                                                      | 3,560                                                                                                      |
| Taxes and dues                                                | 558                                                                                                        | 544                                                                                                        |
| Other                                                         | 6,834                                                                                                      | 7,061                                                                                                      |
| Total selling, general and administrative expenses            | 39,935                                                                                                     | 41,006                                                                                                     |
| Operating income                                              | 5,060                                                                                                      | 4,110                                                                                                      |
| Non-operating income                                          |                                                                                                            |                                                                                                            |
| Interest income                                               | 85                                                                                                         | 78                                                                                                         |
| Dividend income                                               | 396                                                                                                        | 602                                                                                                        |
| Commission fee                                                | 1,298                                                                                                      | 1,384                                                                                                      |
| Amortization of negative goodwill                             | 1,039                                                                                                      | 864                                                                                                        |
| Equity in earnings of affiliates                              | 54                                                                                                         | 6                                                                                                          |
| Other income                                                  | 725                                                                                                        | 634                                                                                                        |
| Total non-operating income                                    | 3,601                                                                                                      | 3,570                                                                                                      |
| Non-operating expenses                                        |                                                                                                            |                                                                                                            |
| Interest expenses                                             | 321                                                                                                        | 273                                                                                                        |
| Loss before deduction of temporary consumption<br>tax payment | 1,090                                                                                                      | 1,226                                                                                                      |
| Miscellaneous loss                                            | 108                                                                                                        | 121                                                                                                        |
| Total non-operating expenses                                  | 1,520                                                                                                      | 1,621                                                                                                      |
| Ordinary income                                               | 7,140                                                                                                      | 6,059                                                                                                      |

(Million of yen)

|                                                                                        | Cumulative period for<br>this consolidated second quarter<br>(from April 1, 2010 to September 30, 2010) | Cumulative period for<br>this consolidated second quarter<br>(from April 1, 2011 to September 30, 2011) |
|----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| Extraordinary income                                                                   |                                                                                                         |                                                                                                         |
| Gain on sales of noncurrent assets                                                     | 59                                                                                                      | 47                                                                                                      |
| Gains on sales of investment securities                                                | 162                                                                                                     | 117                                                                                                     |
| Reversal of allowance for doubtful accounts                                            | 91                                                                                                      | -                                                                                                       |
| Gain on transfer of business                                                           | 9                                                                                                       | -                                                                                                       |
| Gain on step acquisitions                                                              | -                                                                                                       | 252                                                                                                     |
| Gift of money for disasters                                                            | -                                                                                                       | 245                                                                                                     |
| Other                                                                                  | 50                                                                                                      | 107                                                                                                     |
| Total extraordinary income                                                             | 373                                                                                                     | 770                                                                                                     |
| Extraordinary loss                                                                     |                                                                                                         |                                                                                                         |
| Loss on disposal of noncurrent assets                                                  | 90                                                                                                      | 79                                                                                                      |
| Impairment loss                                                                        | -                                                                                                       | 194                                                                                                     |
| Loss on valuation of stocks of subsidiaries and affiliates                             | -                                                                                                       | 228                                                                                                     |
| Loss on revision of retirement benefit plan                                            | 107                                                                                                     | -                                                                                                       |
| Provision for loss on guarantees                                                       | 186                                                                                                     | -                                                                                                       |
| Loss on adjustment for changes of accounting standard for asset retirement obligations | 334                                                                                                     | -                                                                                                       |
| Other                                                                                  | 104                                                                                                     | 90                                                                                                      |
| Total extraordinary loss                                                               | 824                                                                                                     | 593                                                                                                     |
| Income before income taxes                                                             | 6,689                                                                                                   | 6,236                                                                                                   |
| Income taxes-current                                                                   | 3,624                                                                                                   | 2,056                                                                                                   |
| Income taxes-deferred                                                                  | -607                                                                                                    | 815                                                                                                     |
| Total income taxes                                                                     | 3,016                                                                                                   | 2,871                                                                                                   |
| Income before minority interests                                                       | 3,673                                                                                                   | 3,364                                                                                                   |
| Minority interests in income                                                           | -19                                                                                                     | -                                                                                                       |
| Current net income                                                                     | 3,692                                                                                                   | 3,364                                                                                                   |

Quarterly Consolidated Statements of Comprehensive Income  
[Cumulative period for the consolidated first half]

(Million of yen)

|                                                                                        | Cumulative period for<br>this consolidated second quarter<br>(from April 1, 2010 to September 30,<br>2010) | Cumulative period for<br>this consolidated second quarter<br>(from April 1, 2011 to September 30,<br>2011) |
|----------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| Income before minority interests                                                       | 3,673                                                                                                      | 3,364                                                                                                      |
| Other comprehensive income                                                             |                                                                                                            |                                                                                                            |
| Valuation difference on available-for-sale securities                                  | -681                                                                                                       | 462                                                                                                        |
| Share of other comprehensive income of associates<br>accounted for using equity method | 40                                                                                                         | -0                                                                                                         |
| Total other comprehensive income                                                       | -640                                                                                                       | 461                                                                                                        |
| Comprehensive income                                                                   | 3,032                                                                                                      | 3,826                                                                                                      |
| Comprehensive income attributable to                                                   |                                                                                                            |                                                                                                            |
| Comprehensive income attributable to owners of the<br>parent                           | 3,049                                                                                                      | 3,826                                                                                                      |
| Comprehensive income attributable to minority<br>interests                             | -17                                                                                                        | -                                                                                                          |

## (3) Quarterly Consolidated Statements of Cash Flows

(Million of yen)

|                                                                  | Cumulative period for<br>this consolidated first half<br>(from April 1, 2010 to September 30,<br>2010) | Cumulative period for<br>this consolidated first half<br>(from April 1, 2011 to September 30,<br>2011) |
|------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
| Net cash provided by (used in) operating activities              |                                                                                                        |                                                                                                        |
| Income before income taxes                                       | 6,689                                                                                                  | 6,236                                                                                                  |
| Depreciation and amortization                                    | 1,328                                                                                                  | 1,310                                                                                                  |
| Impairment loss                                                  | -                                                                                                      | 194                                                                                                    |
| Amortization of goodwill                                         | 1,056                                                                                                  | 1,146                                                                                                  |
| Amortization of negative goodwill                                | -1,039                                                                                                 | -864                                                                                                   |
| Increase (decrease) in provision for retirement benefits         | -1,161                                                                                                 | -807                                                                                                   |
| Increase (decrease) in provision for sales returns               | 5                                                                                                      | -52                                                                                                    |
| Increase (decrease) in provision for bonuses                     | 29                                                                                                     | 6                                                                                                      |
| Increase (decrease) in provision for directors' bonuses          | -13                                                                                                    | -191                                                                                                   |
| Increase (decrease) in allowance for doubtful accounts           | -242                                                                                                   | -471                                                                                                   |
| Increase (decrease) in the provision for disaster related losses | -                                                                                                      | -177                                                                                                   |
| Increase (decrease) in provision for loss on guarantees          | 186                                                                                                    | -                                                                                                      |
| Interest and dividend income                                     | -482                                                                                                   | -680                                                                                                   |
| Interest expense                                                 | 321                                                                                                    | 273                                                                                                    |
| Loss (gain) on sales and retirement of noncurrent assets         | 31                                                                                                     | 32                                                                                                     |
| Loss (gain) on sales and valuation of investment securities      | -60                                                                                                    | -94                                                                                                    |
| Loss on valuation of stocks of subsidiaries and affiliates       | -                                                                                                      | 228                                                                                                    |
| Loss (gain) on sales of golf club memberships                    | -                                                                                                      | 0                                                                                                      |
| Loss on valuation of golf club memberships                       | 0                                                                                                      | 0                                                                                                      |
| Decrease (increase) in notes and accounts receivable-trade       | 272                                                                                                    | -4,444                                                                                                 |
| Decrease (increase) in inventories                               | -2,265                                                                                                 | 5,596                                                                                                  |
| Decrease (increase) in other assets                              | 1,715                                                                                                  | -828                                                                                                   |
| Increase (decrease) in notes and accounts payable-trade          | 3,565                                                                                                  | -10,897                                                                                                |
| Increase (decrease) in other liabilities                         | 673                                                                                                    | 749                                                                                                    |
| Increase (decrease) in accrued consumption taxes                 | -1,947                                                                                                 | -719                                                                                                   |
| Other loss (gain)                                                | -326                                                                                                   | -517                                                                                                   |
| Subtotal                                                         | 8,336                                                                                                  | -4,973                                                                                                 |
| Interest and dividends income received                           | 486                                                                                                    | 696                                                                                                    |
| Interest expenses paid                                           | -302                                                                                                   | -270                                                                                                   |
| Income taxes paid                                                | -4,815                                                                                                 | -2,581                                                                                                 |
| Other                                                            | 1,748                                                                                                  | 1,202                                                                                                  |
| Net cash provided by (used in) operating activities              | 5,453                                                                                                  | -5,926                                                                                                 |

(Million of yen)

|                                                                                                  | Cumulative period for<br>this consolidated first half<br>(from April 1, 2010 to September 30,<br>2010) | Cumulative period for<br>this consolidated first half<br>(from April 1, 2011 to September 30,<br>2011) |
|--------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
| Net cash provided by (used in) investment activities                                             |                                                                                                        |                                                                                                        |
| Payments into time deposits                                                                      | -192                                                                                                   | -162                                                                                                   |
| Proceeds from withdrawal of time deposits                                                        | 1,204                                                                                                  | 311                                                                                                    |
| Proceeds from sales of short-term investment securities                                          | 1,598                                                                                                  | -                                                                                                      |
| Purchase of property, plant and equipment                                                        | -1,451                                                                                                 | -1,148                                                                                                 |
| Proceeds from sales of property, plant and equipment                                             | 213                                                                                                    | 254                                                                                                    |
| Purchase of intangible assets                                                                    | -316                                                                                                   | -349                                                                                                   |
| Proceeds from sales of intangible assets                                                         | 27                                                                                                     | 3                                                                                                      |
| Purchase of investment securities                                                                | -47                                                                                                    | -54                                                                                                    |
| Proceeds from sales of investment securities                                                     | 494                                                                                                    | 123                                                                                                    |
| Purchase of stocks of subsidiaries and affiliates                                                | -238                                                                                                   | -1,260                                                                                                 |
| Proceeds from sales of stocks of subsidiaries and affiliates                                     |                                                                                                        | 41                                                                                                     |
| Payments of loans receivable                                                                     | -1,040                                                                                                 | -547                                                                                                   |
| Collection of loans receivable                                                                   | 213                                                                                                    | 222                                                                                                    |
| Other                                                                                            | -314                                                                                                   | -3                                                                                                     |
| Net cash provided by (used in) investment activities                                             | 151                                                                                                    | -2,569                                                                                                 |
| Net cash provided by (used in) financing activities                                              |                                                                                                        |                                                                                                        |
| Net increase (decrease) in short-term loans payable                                              | -4,723                                                                                                 | -227                                                                                                   |
| Proceeds from long-term loans payable                                                            | 7,435                                                                                                  | 4,928                                                                                                  |
| Repayment of long-term loans payable                                                             | -4,811                                                                                                 | -3,015                                                                                                 |
| Payments for retirement by purchase of bonds                                                     | -34                                                                                                    | -                                                                                                      |
| Redemption of bonds                                                                              | -95                                                                                                    | -48                                                                                                    |
| Purchase of treasury stock                                                                       | -0                                                                                                     | -2,460                                                                                                 |
| Repayments of finance lease obligations                                                          | -361                                                                                                   | -290                                                                                                   |
| Cash dividends paid                                                                              | -588                                                                                                   | -595                                                                                                   |
| Net cash provided by (used in) financing activities                                              | -3,179                                                                                                 | -1,710                                                                                                 |
| Net increase (decrease) in cash and cash equivalents                                             | 2,425                                                                                                  | -10,205                                                                                                |
| Cash and cash equivalents at beginning of year                                                   | 22,645                                                                                                 | 29,111                                                                                                 |
| Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation | 256                                                                                                    | 907                                                                                                    |
| Cash and cash equivalents at the end of first half                                               | 25,327                                                                                                 | 19,813                                                                                                 |

(4) Notes Concerning Premise of a Going Business

Cumulative period for this consolidated first half (from April 1, 2011 to September 30, 2011)

Not applicable.

(5) Segmental Information

I Cumulative period for previous consolidated first half (from April 1, 2010 to September 30, 2010)

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

|                                                      | Reportable segments                            |                                         |                                 |                                                    |                        | Adjustments<br>(million yen)<br>(Note 1) | Amount on the<br>quarterly<br>consolidated profit<br>and loss statement<br>(million yen)<br>(Note2) |
|------------------------------------------------------|------------------------------------------------|-----------------------------------------|---------------------------------|----------------------------------------------------|------------------------|------------------------------------------|-----------------------------------------------------------------------------------------------------|
|                                                      | Pharmaceutical<br>Wholesaling<br>(million yen) | Dispensing<br>Pharmacy<br>(million yen) | SMO and<br>CRO<br>(million yen) | Information<br>equipment<br>sales<br>(million yen) | Total<br>(million yen) |                                          |                                                                                                     |
| Net Sales                                            |                                                |                                         |                                 |                                                    |                        |                                          |                                                                                                     |
| (1) Net sales to external<br>customers               | 487,562                                        | 31,683                                  | 202                             | 408                                                | 519,858                | —                                        | 519,858                                                                                             |
| (2) Inter-segment internal<br>net sales or transfers | 15,631                                         | 8                                       | —                               | 73                                                 | 15,713                 | -15,713                                  | —                                                                                                   |
| Total                                                | 503,194                                        | 31,692                                  | 202                             | 482                                                | 535,571                | -15,713                                  | 519,858                                                                                             |
| Segment income                                       | 4,391                                          | 1,058                                   | -43                             | -251                                               | 5,155                  | -95                                      | 5,060                                                                                               |

(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 first half (from April 1, 2011 to September 30, 2011)

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

|                                                      | Reportable segments                            |                                         |                      |                                                    |                        | Adjustments<br>(million yen)<br>(Note 1) | Amount on the<br>quarterly<br>consolidated profit<br>and loss statement<br>(million yen)<br>(Note2) |
|------------------------------------------------------|------------------------------------------------|-----------------------------------------|----------------------|----------------------------------------------------|------------------------|------------------------------------------|-----------------------------------------------------------------------------------------------------|
|                                                      | Pharmaceutical<br>Wholesaling<br>(million yen) | Dispensing<br>Pharmacy<br>(million yen) | SMO<br>(million yen) | Information<br>equipment<br>sales<br>(million yen) | Total<br>(million yen) |                                          |                                                                                                     |
| Net Sales                                            |                                                |                                         |                      |                                                    |                        |                                          |                                                                                                     |
| (1) Net sales to external<br>customers               | 502,466                                        | 36,285                                  | 109                  | 498                                                | 539,360                | —                                        | 539,360                                                                                             |
| (2) Inter-segment internal<br>net sales or transfers | 17,404                                         | 8                                       | —                    | 149                                                | 17,562                 | -17,562                                  | —                                                                                                   |
| Total                                                | 519,870                                        | 36,294                                  | 109                  | 648                                                | 556,922                | -17,562                                  | 539,360                                                                                             |
| Segment income                                       | 1,774                                          | 2,026                                   | 364                  | -17                                                | 4,147                  | -36                                      | 4,110                                                                                               |

(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.

(6) Notes concerning Material Changes in Shareholders' Equity

Cumulative period for this consolidated first quarter (from April 1, 2011 to September 30, 2011)

Not applicable.