

Summary of Consolidated Financial Results for the First Quarter of Fiscal 2012

August 1, 2011

Name of Listed Company: TOHO HOLDINGS CO., LTD. Listed: Tokyo Stock Exchange
 Securities Code Number: 8129 URL: <http://www.tohohd.co.jp/>
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Scheduled submission date for quarterly report: August 12, 2011 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 Results of Operations during the First Quarter of Fiscal 2012 (from April 1, 2011 to June 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 Quarter of Fiscal 2012	265,548	2.6	1,744	-37.1	2,905	-26.4	1,944	-1.3
First Quarter of Fiscal 2011	258,786	11.1	2,773	113.5	3,946	85.7	1,969	91.4

(Note) Comprehensive income: First Quarter of Fiscal 2012: 2,465 million yen (54.0%); First Quarter of Fiscal 2011: 1,601 million yen (- %)

	Current Net Income per Share	Current Net Income per Share - Diluted
	Yen	Yen
First Quarter of Fiscal 2012	24.88	--
First Quarter of Fiscal 2011	26.50	--

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholder's Equity per share
	Million yen	Million yen	%
First Quarter of Fiscal 2012	522,804	115,983	22.2
Fiscal 2011	518,389	110,916	21.4

(Reference) Shareholder's equity: First Quarter of Fiscal 2012: 115,983 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	—				
Fiscal 2012 (Projected)		8.00	—	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)

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

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Midterm (Amount)	530,000	2.0	2,900	-42.0	4,400	-38.4	2,300	-37.7	29.42
Full year	1,075,000	1.5	6,900	18.2	9,500	0.2	4,900	-32.7	62.68

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

4. Others

- (1) Changes in material subsidiaries during the first 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)
- (ii) Number of treasury stocks at end of fiscal year
- (iii) The average number of shares during the first quarter

First Quarter of FY2012	78,270,142	FY2011	74,582,502
First Quarter of FY2012	95,157	FY2011	95,157
First Quarter of FY2012	78,174,985	First Quarter of FY2011	74,328,242

* 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 First Quarter of Fiscal 2012

(1) Qualitative Information on Consolidated Results of Operations

The market for prescription pharmaceuticals during the first quarter of fiscal 2012 grew only 1.2% compared with the same period of the preceding year (estimates by Crecon Research & Consulting Inc.), due partly to the adverse effects of the Great East Japan Earthquake that occurred on March 11, 2011. In the preceding fiscal year, profitability ratio declined significantly, owing primarily to hikes in manufacturer invoice prices and difficult conditions for price negotiations with medical institutions, as well as intensified price competition among wholesalers. However, for fiscal 2012, based on the major business target of securing appropriate profits, the Company has been promoting proposal-based marketing and sales capitalizing on the competitive edge of the Company's unique customer support systems 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 NHI prices and market prices.

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" 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.

Under these circumstances, the Company's operating results for the consolidated cumulative first quarter of the fiscal year ending March 2012 recorded 265,548 million yen for net sales (an increase of 2.6% on a year-on-year basis), 1,744 million yen for operating income (a decrease of 37.1% on a year-on-year basis), 2,905 million yen for ordinary income (a decrease of 26.4% on a year-on-year basis), and 1,944 million yen for net income (a decrease of 1.3% on a year-on-year basis).

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

The pharmaceutical wholesaling operations for the first quarter grew more than the average growth rate of the market, supported by the business administration for ensuring appropriate profits and results from proposal-based marketing and sales. In the first quarter of the current fiscal year, the pharmaceutical wholesaling business posted net sales of 256,256 million yen (a year-on-year increase of 1.8%) and operating income of 685 million yen.

In the field of dispensing pharmacy operations, consolidated net sales for the first quarter were 18,110 million yen, a 20.2% increase compared with the same period of the previous year and operating income stood at 1,085 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 and CRO operations, net sales for the first quarter of fiscal 2012 amounted to 50 million yen and the operating income was minus 17 million yen.

In the information equipment sales operations, net sales for the first quarter of fiscal 2012 totaled 299 million yen, with an operating loss of 26 million yen.

(Note) Segment sales include inter-segment transactions.

(2) Qualitative Information on Consolidated Financial Position

(Assets)

Current assets decreased 0.7% from the end of the previous consolidated fiscal year to 386,038 million yen with an increase of cash and deposits of 230 million yen, and an increase in merchandise and finished goods of 1,854 million yen, and an increase in purchase rebates receivable of 596 million yen, and an increase in deferred tax assets of 223 million yen, and a decrease in notes and accounts receivable-trade of 5,803 million yen.

Noncurrent assets increased 5.4% from the end of the previous consolidated fiscal year, to 136,765 million yen, with an increase in buildings of 2,137 million yen, and an increase in land of 940 million yen, and an increase in investment securities of 4,185 million yen, and an increase in subsidiaries and affiliates' stocks of 869 million yen, and a decrease in construction in progress of 1,176 million yen.

As a result, consolidated net assets rose 0.9% from a year earlier, to 522,804 million yen.

(Liabilities)

Current liabilities increased 0.9% from the end of the previous consolidated fiscal year to 367,726 million yen with an increase of short-term loans payable of 4,328 million yen, and an increase in provision for bonuses of 1,724 million yen, and an increase in deposits received of 442 million yen and a decrease in notes and accounts payable-trade of 1,982 million yen, and a decrease in income taxes payable of 1,527 million yen.

Noncurrent liabilities decreased 8.8% from the end of the previous consolidated fiscal year, to 39,094 million yen with an increase in long-term lease obligations of 424 million yen, and an increase in deferred tax liabilities of 1,583 million yen and a decrease in long-term loans payable of 5,792 million yen.

As a result, total liabilities decreased 0.2% year-on-year to 406,821 million yen.

(Net assets)

Total net assets were up 4.6% from the end of the previous consolidated fiscal year, to 115,983 million yen, with an increase in capital surplus of 3,259 million yen, and an increase in retained earnings of 1,348 million yen, and an increase in valuation difference on available-for-sale securities of 520 million yen.

(3) Qualitative Information on Projected Consolidated Results of Operations

There are no changes in the projected consolidated results of operations for the cumulative second quarter of the fiscal year ending March 2012 and the full-term of fiscal 2012 published on May 11, 2011.

2. Matters Concerning Summary Information (Others)

(1) Changes in Material Subsidiaries during the First 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

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 (As of March 31, 2011)	End of consolidated this first quarter (June 30, 2011)
Assets		
Current assets		
Cash and deposits	33,169	33,400
Notes and accounts receivable-trade	258,654	252,851
Short-term investment securities	501	501
Merchandise and finished goods	64,052	65,907
Other	33,498	34,679
Allowance for doubtful accounts	-1,210	-1,301
Total current assets	388,666	386,038
Noncurrent assets		
Property, plant and equipment	59,346	61,758
Intangible assets		
Goodwill	16,144	15,744
Other	2,907	2,832
Total intangible assets	19,052	18,577
Investments and other assets		
Other	54,806	59,834
Allowance for doubtful accounts	-3,482	-3,404
Total investments and other assets	51,323	56,430
Total noncurrent asset	129,722	136,765
Total assets	518,389	522,804

(Million of yen)

	Fiscal 2011 (As of March 31, 2011)	End of consolidated this first quarter (June 30, 2011)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	336,090	334,107
Short-term loans payable	15,264	19,592
Current portion of bonds	370	356
Income taxes payable	2,464	937
Provision for bonuses	3,345	5,069
Provision for directors' bonuses	143	61
Provision for sales returns	335	298
Provision for disaster-related losses	298	256
Asset retirement obligations	1	0
Other	6,311	7,044
Total current liabilities	364,624	367,726
Noncurrent liabilities		
Bonds payable	30	30
Long-term loans payable	19,680	13,887
Provision for retirement benefits	2,273	2,050
Negative goodwill	3,637	3,367
Asset retirement obligations	673	676
Other	16,553	19,082
Total noncurrent liabilities	42,848	39,094
Total liabilities	407,472	406,821
Net assets		
Shareholders' equity		
Capital stock	10,649	10,649
Capital surplus	42,884	46,144
Retained earnings	58,177	59,526
Treasury stock	-47	-47
Total shareholders' equity	111,663	116,272
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,757	4,278
Revaluation reserve for land	-4,567	-4,567
Total accumulated other comprehensive income	-809	-289
Subscription rights to shares	62	—
Total net assets	110,916	115,983
Total liabilities and net assets	518,389	522,804

(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 quarter]

(Million of yen)

	Cumulative period for previous consolidated first quarter (from April 1, 2010 to June 30, 2010)	Cumulative period for this consolidated first quarter (from April 1, 2011 to June 30, 2011)
Net sales	258,786	265,548
Cost of sales	236,319	243,179
Gross profit	22,467	22,368
Selling, general and administrative expenses		
Directors' compensations, salaries and allowances	9,563	10,016
Provision for bonuses	1,542	1,759
Provision for directors' bonuses	36	24
Provision for accrued retirement benefits	133	85
Welfare expenses	1,565	1,727
Vehicle expenses	338	352
Provision of allowance for doubtful accounts	—	-19
Depreciation	677	648
Amortization of goodwill	501	576
Rent expenses	1,719	1,790
Taxes and dues	283	281
Other	3,330	3,381
Total selling, general and administrative expenses	19,693	20,624
Operating income	2,773	1,744
Non-operating income		
Interest income	38	30
Dividend income	391	581
Commission fee	619	678
Amortization of negative goodwill	519	270
Equity in earnings of affiliates	40	—
Other income	325	453
Total non-operating income	1,936	2,015
Non-operating expenses		
Interest expenses	155	129
Equity in losses of affiliates	—	9
Loss before deduction of temporary consumption tax payment	552	643
Miscellaneous loss	55	72
Total non-operating expenses	763	854
Ordinary income	3,946	2,905

(Million of yen)

	Cumulative period for previous consolidated first quarter (from April 1, 2010 to June 30, 2010)	Cumulative period for this consolidated first quarter (from April 1, 2011 to June 30, 2011)
Extraordinary income		
Gain on sales of noncurrent assets	0	2
Gains on sales of investment securities	7	0
Reversal of allowance for doubtful accounts	49	81
Gain on step acquisitions	—	252
Gain on transfer of business	9	—
Other	—	106
Total extraordinary income	67	442
Extraordinary loss		
Loss on disposal of noncurrent assets	11	25
Loss on valuation of investment securities	—	31
Loss on disaster	—	60
Loss on adjustment for changes of accounting standard for asset retirement obligations	334	—
Other	88	—
Total extraordinary loss	434	116
Income before income taxes	3,579	3,230
Income taxes-current	2,574	1,111
Income taxes-deferred	-952	174
Total income taxes	1,621	1,285
Income before minority interests	1,957	1,944
Minority interests in income	-11	—
Current net income	1,969	1,944

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

(Million of yen)

	Cumulative period for previous consolidated first quarter (from April 1, 2010 to June 30, 2010)	Cumulative period for this consolidated first quarter (from April 1, 2011 to June 30, 2011)
Income before minority interests	1,957	1,944
Other comprehensive income		
Valuation difference on available-for-sale securities	-397	517
Share of other comprehensive income of associates accounted for using equity method	40	2
Total other comprehensive income	-356	520
Comprehensive income	1,601	2,465
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,613	2,465
Comprehensive income attributable to minority interests	-12	—

(3) Notes Concerning Premise of a Going Business

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

Not applicable.

(4) Segmental Information

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

1. Outline of reportable segments

The reported segments of the Company are those business units included in the Company for which separate financial information is available and which are subject to regular review by the Board of Directors so that it can make decisions about resources to be allocated to them as well as assess their business performance.

The Group has put the pharmaceutical wholesaling and dispensing pharmacy businesses under the control of respective management companies. Each management company formulates comprehensive domestic strategies, while operating companies are engaged in actual operations.

Meanwhile, in the SMO and CRO and information equipment sales businesses, the Company and respective operating companies work together in formulating comprehensive domestic strategies as well as in actual operations.

Accordingly, the Company consists of business segments that are based on sales of prescription pharmaceuticals, medical care-related products and services, etc. and has four reportable segments, namely Pharmaceutical Wholesaling, Dispensing Pharmacy, SMO and CRO, and Information Equipment Sales.

Each of the segments is engaged in the following operations: Pharmaceutical Wholesaling, sales of pharmaceuticals, narcotics, reagents, etc., and sales of medical devices; Dispensing Pharmacy, insurance pharmacy and home medical care operations, and sales of pharmaceuticals; CRO and SMO, site management organization and contract research organization services; and Information Equipment Sales, design and sales of information processing equipment.

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

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

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

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

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

Not applicable.

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

1. Outline of reportable segments

The reported segments of the Company are those business units included in the Company for which separate financial information is available and which are subject to regular review by the Board of Directors so that it can make decisions about resources to be allocated to them as well as assess their business performance.

The Group has put the pharmaceutical wholesaling and dispensing pharmacy businesses under the control of respective management companies. Each management company formulates comprehensive domestic strategies, while operating companies are engaged in actual operations.

Meanwhile, in the SMO and CRO and information equipment sales businesses, the Company and respective operating companies work together in formulating comprehensive domestic strategies as well as in actual operations.

Accordingly, the Company consists of business segments that are based on sales of prescription pharmaceuticals, medical care-related products and services, etc. and has four reportable segments, namely Pharmaceutical Wholesaling, Dispensing Pharmacy, SMO and CRO, and Information Equipment Sales.

Each of the segments is engaged in the following operations: Pharmaceutical Wholesaling, sales of pharmaceuticals, narcotics, reagents, etc., and sales of medical devices; Dispensing Pharmacy, insurance pharmacy and home medical care operations, and sales of pharmaceuticals; CRO and SMO, site management organization and contract research organization services; and Information Equipment Sales, design and sales of information processing equipment.

2. 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) (Note2)
	Pharmaceutical Wholesaling (million yen)	Dispensing Pharmacy (million yen)	SMO and CRO (million yen)	Information equipment sales (million yen)	Total (million yen)		
Net Sales							
(1) Net sales to external customers	247,174	18,107	50	215	265,548	—	265,548
(2) Inter-segment internal net sales or transfers	9,081	3	—	84	9,168	-9,168	—
Total	256,256	18,110	50	299	274,717	-9,168	265,584
Segment income	685	1,085	-17	-26	1,726	17	1,744

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

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

3. 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 first quarter (from April 1, 2011 to June 30, 2011)

Not applicable.