

# Summary of Consolidated Financial Results for the Third Quarter of Fiscal 2013

February 1, 2013

Name of Listed Company: TOHO HOLDINGS CO., LTD. Listed: Tokyo Stock Exchange  
 Securities Code Number: 8129 URL: <http://www.tohold.co.jp>  
 Corporate Representative / Title Norio Hamada / President and Representative Director  
 Contact Representative / Title Mamoru Ogino / Corporate Officer and General Manager of Finance division  
 TEL: +81-3-4330-3735

Scheduled Submission Date for Quarterly Report: Feb 14, 2013 Planned Date of Dividends Payment: —  
 Quarterly Supplemental Explanatory Material Prepared: None  
 Quarterly Results Briefing Held: None

(Amounts are truncated to the nearest million yen.)

## 1. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 2013 (from Apr 1, 2012 to Dec 31, 2012)

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

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

	Net Sales		Operating Income		Ordinary Income		Current Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Third Quarter of Fiscal 2013	862,368	3.0	10,645	39.5	13,051	23.8	7,852	17.2
Third Quarter of Fiscal 2012	837,391	4.7	7,631	17.3	10,538	12.2	6,698	18.6

	Current Net Income per Share	Current Net Income per Share - Diluted
	Yen	Yen
Third Quarter of Fiscal 2013	107.58	—
Third Quarter of Fiscal 2012	87.72	—

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholder's Equity Ratio
	Million yen	Million yen	%
Third Quarter of Fiscal 2013	563,799	124,200	22.0
Fiscal 2012	536,440	121,594	22.7

(Reference) Shareholder's equity: Third Quarter of Fiscal 2013: 124,200 million yen; Fiscal 2012 : 121,594 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 2012	—	8.00	—	8.00	16.00
Fiscal 2013	—	8.00	—	—	—
Fiscal 2013 (Projected)	—	—	—	8.00	16.00

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

## 3. Consolidated Projected Results of Operations during Fiscal Year 2013 (from April 1, 2012 to March 31, 2013) (Percentages indicate the rate of change compared with the preceding fiscal year.)

	Net Sales		Operating Income		Ordinary Income		Current Net Income		Current Net Income per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year-end	1,140,000	2.9	15,700	11.6	18,400	3.8	10,400	-3.4	143.65

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

4. Others

(1) Changes in material subsidiaries during the third quarter of fiscal 2013: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.: Applicable

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

(iii) Changes in the accounting estimates: Applicable

(iv) Correction and Restatement: N.A

(Note) The Company has changed the method of depreciation for tangible fixed assets from the first quarter of the current fiscal year ending March 2013. The change has been applied under the “case when it is difficult to distinguish between a change in an accounting policy and a change in an accounting estimate.” For further details, refer to (3) Changes in Accounting Policies and Changes in Accounting Estimates, and the Correction and Restatement of “2. Matters Concerning Summary Information (Notes)” on page 4 of the Attached Document.

(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 third quarter

Third Quarter of FY2013	78,270,142	FY2012	78,270,142
Third Quarter of FY2013	7,690,341	FY2012	4,618,030
Third Quarter of FY2013	72,993,754	Third Quarter of FY2012	76,366,738

\* 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 determined to be rational at the time of the release of this report, and it is not intended that the Company undertake to achieve such results. Actual results may differ significantly from the projections above, 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 Third Quarter of Fiscal 2013

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

While the market for prescription pharmaceuticals for the consolidated cumulative third quarter of fiscal 2013 ending March 2013 grew by 2.3% on a year-on-year basis (estimates by Crecon Research & Consulting Inc.), the TOHO Group's pharmaceutical wholesaling operations for the cumulative third quarter showed a growth rate exceeding the average market growth rate, supported by the deployment of a "strategy of balance" between the proposal-based marketing and sales centered on customer support systems and the sales of new products with the potential for market growth in the near future.

In addition, today, while there is an increasing need to strengthen coordination between medical care and nursing care in response to changing medical needs due to the ageing of the society, the development and enhancement of the environment for providing support in the home is considered important. In this situation, many people involved in promoting home medical care have asked us, as a company that has a capillary distribution system for delivery to medical-care facilities, to develop a system for the smooth distribution of medical materials. In response to such requests from various quarters, the Company launched the wholesale distribution of medical materials in small lots on December 1, 2012, in order to deliver medical materials in the quantities needed, when they are needed, on a nationwide scale across Japan.

Under these circumstances, the Company's operating results for the consolidated cumulative third quarter of the fiscal year ending March 2013 recorded 862,368 million yen for net sales (an increase of 3.0% on a year-on-year basis), 10,645 million yen for operating income (an increase of 39.5% on a year-on-year basis), 13,051 million yen for ordinary income (an increase of 23.8% on a year-on-year basis), and 7,852 million yen for net income (an increase of 17.2% on a year-on-year basis).

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

In the pharmaceutical wholesaling operations, the net sales for the consolidated cumulative third quarter of fiscal 2013 were 830,561 million yen, up by 2.8% compared with the same period of the preceding year, supported by the high appreciation by medical institutions of the development of new service-menus and its addition to the Company's unique customer support systems, which the Company has promoted as one of its competitive advantages, as well as active sales promotion that advises immediate prescription for new products with the potential for market growth in the near future. In addition, the Company strictly operated a price lock system to secure appropriate profits based on price systems in accordance with the value of each product, and tackled improvements in relation to distribution problems, including total value transactions and the issue of the gap between the NHI price and the market prices as well as the problem of provisional shipping with the pricing yet to be negotiated. The Company has also promoted the expansion of fee-based businesses resulting from the sufficient use of Meissa and customer support systems, as well as cost reduction activities within the companies of the whole Group. As a result, the segment profits (operating income) were 7,650 million yen, an increase by 92.4% on a year-on-year basis.

In the field of dispensing pharmacy operations, the Company constantly expanded its business scale through setting up new dispensing pharmacies, however, the increased expenses for setting up new pharmacies and employing pharmacists have weighed on profits. As a result, the net sales for the consolidated cumulative third quarter were 59,913 million yen, an increase by 7.1% against the same period of the preceding year and segment profits (operating income) were 3,020 million yen, a decrease by 9.9% on a year-on-year basis.

In the SMO operations, net sales for the third quarter of fiscal 2013 amounted to 270 million yen (a year-on-year increase of 46.5%) and segment income (operating income) was 105 million yen.

In the information equipment sales operations, net sales for the third quarter of fiscal 2013 amounted to 966 million yen (a year-on-year increase of 2.3%) and segment loss (operating loss) was 41 million yen.

(Note) Segment sales include inter-segment transactions.

## (2) Qualitative Information on Consolidated Financial Position

### (Assets)

Current assets as of the end of December 2012 increased 5.2% from the end of the previous consolidated fiscal year to 423,581 million yen, due mainly to an increase in notes and accounts receivable-trade of 14,505 million yen, and an increase in merchandise and finished goods of 11,076 million yen, and an increase in purchase rebates receivable of 1,128 million yen, despite a decline in cash and deposits of 5,550 million yen.

Noncurrent assets as of the end of December 2012 increased 4.7% compared with the end of the preceding consolidated fiscal year to 140,218 million yen, due mainly to an increase in land of 1,949 million yen, an increase in construction in progress of 5,046 million yen and an increase in investment securities of 1,210 million yen, despite a decline in goodwill of 1,390 million yen.

As a result, consolidated net assets rose 5.1% from a year earlier, to 563,799 million yen.

### (Liabilities)

Current liabilities increased 7.2% from the end of the previous consolidated fiscal year to 406,113 million yen with an increase in notes and accounts payable-trade of 34,707 million yen, and a decrease in short-term loans payable of 4,978 million yen, and a decrease in provision for bonuses of 1,743 million yen.

Noncurrent liabilities decreased 7.3% from the end of the previous consolidated fiscal year, to 33,485 million yen, due to a decline in long-term loans payable and negative goodwill by 1,069 million yen and by 689 million yen.

As a result, total liabilities increased 6.0% year-on-year to 439,599 million yen.

### (Net assets)

Total net assets were up 2.1% from the end of the previous consolidated fiscal year, to 124,200 million yen, with an increase in retained earnings of 6,883 million yen, and an increase in treasury stocks of 4,992 million yen and an increase in valuation difference on available-for-sale securities of 715 million yen.

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

There are no changes in the projected consolidated results of operations for the full-term of fiscal 2013 published on May 9, 2012.

## 2. Matters Concerning Summary Information (Notes)

### (1) Changes in Material Subsidiaries during the Third Quarter of Fiscal 2013

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

(Change in the case when it is difficult to distinguish between a change in an accounting policy and a change in an accounting estimate)

With the revision of the Corporation Tax Law, the Company and its consolidated subsidiaries have applied the method of depreciation based on the revised Corporation Tax Law to their tangible fixed assets acquired from April 1, 2012, onward, from the first quarter of the current consolidated fiscal year ending March 2013.

As a result, operating income, ordinary income and income before income taxes for the cumulative third quarter of the current fiscal year ending March 2013 increased by 13 million yen respectively, compared with those based on the existing method.

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

(Million of yen)

	Fiscal 2012 (As of March 31, 2012)	End of consolidated this third quarter (As of December 31, 2012)
<b>Assets</b>		
Current assets		
Cash and deposits	43,244	37,694
Notes and accounts receivable-trade	266,499	281,004
Short-term investment securities	1,087	502
Merchandise and finished goods	60,845	71,922
Other	31,618	33,091
Allowance for doubtful accounts	-763	-633
<b>Total current assets</b>	<b>402,531</b>	<b>423,581</b>
Noncurrent assets		
Property, plant and equipment	61,999	68,818
Intangible assets		
Goodwill	14,658	13,267
Other	2,966	3,042
<b>Total intangible assets</b>	<b>17,624</b>	<b>16,310</b>
Investments and other assets		
Other	56,333	57,129
Allowance for doubtful accounts	-2,047	-2,039
<b>Total investments and other assets</b>	<b>54,285</b>	<b>55,089</b>
<b>Total noncurrent asset</b>	<b>133,908</b>	<b>140,218</b>
<b>Total assets</b>	<b>536,440</b>	<b>563,799</b>

(Million of yen)

	Fiscal 2012 (As of March 31, 2012)	End of consolidated this third quarter (As of December 31, 2012)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	346,414	381,122
Short-term loans payable	15,735	10,756
Current portion of bonds	—	20
Income taxes payable	3,745	3,397
Provision for bonuses	3,489	1,745
Provision for directors' bonuses	91	74
Provision for sales returns	291	328
Other	8,950	8,667
<b>Total current liabilities</b>	<b>378,718</b>	<b>406,113</b>
Noncurrent liabilities		
Bonds payable	30	—
Long-term loans payable	13,537	12,468
Provision for retirement benefits	1,985	2,072
Asset retirement obligations	729	746
Negative goodwill	2,097	1,407
Other	17,748	16,791
<b>Total noncurrent liabilities</b>	<b>36,127</b>	<b>33,485</b>
<b>Total liabilities</b>	<b>414,845</b>	<b>439,599</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	10,649	10,649
Capital surplus	46,144	46,144
Retained earnings	67,536	74,419
Treasury stock	-4,036	-9,029
<b>Total shareholders' equity</b>	<b>120,293</b>	<b>122,084</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,602	6,317
Revaluation reserve for land	-4,301	-4,301
<b>Total accumulated other comprehensive income</b>	<b>1,300</b>	<b>2,016</b>
<b>Total net assets</b>	<b>121,594</b>	<b>124,200</b>
<b>Total liabilities and net assets</b>	<b>536,440</b>	<b>563,799</b>



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

Quarterly Consolidated Profit and Loss Statement

[Cumulative Period for the Consolidated Third Quarter]

(Million of yen)

	Cumulative period for this consolidated third quarter (from April 1, 2011 to December 31, 2011)	Cumulative period for this consolidated third quarter (from April 1, 2012 to December 31, 2012)
Net sales	837,391	862,368
Cost of sales	767,707	787,169
Gross profit	69,684	75,199
Selling, general and administrative expenses		
Directors' compensations, salaries and allowances	33,420	34,774
Provision for bonuses	1,632	1,735
Provision for directors' bonuses	64	74
Provision for accrued retirement benefits	158	208
Welfare expenses	5,260	5,696
Vehicle expenses	1,145	1,157
Provision of allowance for doubtful accounts	-263	-105
Depreciation	2,082	2,138
Amortization of goodwill	1,736	1,805
Rent expenses	5,340	5,302
Taxes and dues	828	879
Other	10,645	10,886
Total selling, general and administrative expenses	62,053	64,554
Operating income	7,631	10,645
Non-operating income		
Interest income	109	94
Dividend income	1,008	1,006
Commission fee	2,064	2,142
Amortization of negative goodwill	1,310	689
Equity in earnings of affiliates	27	54
Other	879	1,076
Total non-operating income	5,399	5,063
Non-operating expenses		
Interest expenses	393	297
Loss before deduction of temporary consumption tax payment	1,943	2,105
Other	155	253
Total non-operating expenses	2,492	2,657
Ordinary income	10,538	13,051

(Million of yen)

	Cumulative period for this consolidated third quarter (from April 1, 2011 to December 31, 2011)	Cumulative period for this consolidated third quarter (from April 1, 2012 to December 31, 2012)
Extraordinary income		
Gain on sales of noncurrent assets	69	274
Gain on step acquisitions	252	—
Gain on redemption of investment securities	—	258
Gift of money for disasters	245	—
Other	1,785	246
Total extraordinary income	2,353	779
Extraordinary loss		
Loss on disposal of noncurrent assets	107	132
Impairment loss	207	—
Loss on valuation of stocks of subsidiaries and affiliates	228	—
Other	120	35
Total extraordinary loss	664	167
Income before income taxes	12,227	13,663
Income taxes-current	4,515	5,486
Income taxes-deferred	1,013	323
Total income taxes	5,528	5,810
Income before minority interests	6,698	7,852
Current net income	6,698	7,852

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

(Million of yen)

	Cumulative period for this consolidated third quarter (from April 1, 2011 to December 31, 2011)	Cumulative period for this consolidated third quarter (from April 1, 2012 to December 31, 2012)
Income before minority interests	6,698	7,852
Other comprehensive income		
Valuation difference on available-for-sale securities	-192	705
Revaluation reserve for land	141	—
Share of other comprehensive income of associates accounted for using equity method	-0	9
Total other comprehensive income	-52	715
Comprehensive income	6,646	8,567
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	6,646	8,567
Comprehensive income attributable to minority interests	—	—

(3) Notes Concerning Premise of a Going Business

Cumulative period for this consolidated third quarter (from April 1, 2012 to December 31, 2012)

Not applicable.

(4) Segmental Information

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

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

	Reportable segments					Adjustments (million yen) (Note 1)	Amount on the Quarterly Consolidated Profit and Loss Statement (million yen) (Note 2)
	Pharmaceutical Wholesaling (million yen)	Dispensing Pharmacy (million yen)	SMO (million yen)	Information Equipment Sales (million yen)	Total (million yen)		
Net Sales							
(1) Net sales to external customers	780,592	55,922	184	692	837,391	—	837,391
(2) Inter-segment internal net sales or transfers	27,599	13	—	252	27,865	-27,865	—
Total	808,191	55,935	184	944	865,256	-27,865	837,391
Segment income	3,975	3,351	449	-49	7,727	-95	7,631

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

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

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

Not applicable.

II Cumulative period for this consolidated third quarter (from April 1, 2012 to December 31, 2012)

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

	Reportable segments					Adjustments (million yen) (Note 1)	Amount on the Quarterly Consolidated Profit and Loss Statement (million yen) (Note 2)
	Pharmaceutical Wholesaling (million yen)	Dispensing Pharmacy (million yen)	SMO (million yen)	Information Equipment Sales (million yen)	Total (million yen)		
Net Sales							
(1) Net sales to external customers	801,427	59,900	270	769	862,368	—	862,368
(2) Inter-segment internal net sales or transfers	29,133	13	—	196	29,343	-29,343	—
Total	830,561	59,913	270	966	891,712	-29,343	862,368
Segment income	7,650	3,020	105	-41	10,735	-90	10,645

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

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

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

Not applicable.

(5) Notes Concerning Material Changes in Shareholders' Equity

Cumulative period for this consolidated third quarter (from April 1, 2012 to December 31, 2012)

Not applicable.