

Summary of Consolidated Financial Results for the First Quarter of Fiscal 2013

August 1, 2012

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

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 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 2013 (from April 1, 2012 to June 30, 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	%
First Quarter of Fiscal 2013	277,545	4.5	2,893	65.9	3,830	31.9	2,411	24.0
First Quarter of Fiscal 2012	265,548	2.6	1,744	-37.1	2,905	-26.4	1,944	-1.3

(Note) Comprehensive income: First Quarter of Fiscal 2013: 2,255 million yen (-8.5%); Fiscal 2012: 2,465 million yen (54.0%)

	Current Net Income per Share	Current Net Income per Share - Diluted
	Yen	Yen
First Quarter of Fiscal 2013	32.75	--
First Quarter of Fiscal 2012	24.88	--

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholder's Equity per share
	Million yen	Million yen	%
First Quarter of Fiscal 2013	542,561	123,474	22.8
Fiscal 2012	536,440	121,594	22.7

(Reference) Shareholder's equity: First Quarter of Fiscal 2013: 123,474 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	—				
Fiscal 2013 (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 2013 (from April 1, 2012 to March 31, 2013)

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

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

※ Notes

(1) Changes in material subsidiaries during the first 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 3 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 first quarter

First Quarter of FY2013	78,270,142	FY2012	78,270,142
First Quarter of FY2013	4,618,234	FY2012	4,618,030
First Quarter of FY2013	73,652,036	First Quarter of FY2012	78,174,985

* 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.

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1. Qualitative Information on Financial Results for the First Quarter of Fiscal 2013

(1) Qualitative Information on Consolidated Results of Operations

The market for prescription pharmaceuticals faced the revision of medical fees and NHI drug prices in April this year, and NHI drug prices were reduced by 6.0% on average (6.25% on average if the additional price reduction for long-listed drugs is included). In addition, measures to hold down medical expenses have been spreading, as seen in the accelerated use of generic drugs due partly to the promotion of generic name prescription. However, the market is continuing to grow moderately and constantly, assisted primarily by the progressive aging of the population and the sales of new drugs and orphan drugs.

Under these circumstances, the TOHO Group deployed proposal-based marketing and sales and expansion of fee-based businesses by taking advantage of its unique customer support systems, and continued to tackle 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 prices.

As a result, the Company's operating results for the consolidated cumulative first quarter of the fiscal year ending March 2013 recorded 277,545 million yen for net sales (an increase of 4.5% on a year-on-year basis), 2,893 million yen for operating income (an increase of 65.9% on a year-on-year basis), 3,830 million yen for ordinary income (an increase of 31.9% on a year-on-year basis), and 2,411 million yen for net income (an increase of 24.0% on a year-on-year basis).

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

In the pharmaceutical wholesaling operations, the Company strived to formulate reasonable selling prices in proportion to the value of each pharmaceutical product and to secure appropriate profits through the strict operation of the price lock system. In the first quarter of the current fiscal year, the pharmaceutical wholesaling business posted net sales of 267,814 million yen (a year-on-year increase of 4.5%) and segment income (operating income) of 2,136 million yen (a year-on-year increase of 211.8%).

In the field of dispensing pharmacy operations, consolidated net sales for the cumulative first quarter of the fiscal year 2013 were 19,489 million yen, up by 7.6% from the same period of the preceding year, assisted by activities to promote the expansion of operations and greater efficiency in the businesses of its existing subsidiaries, as well as to bring higher added value to their businesses. On the other hand, the segment income (operating income) decreased by 28.8% against the same period last year to 772 million yen, due partly to costs for opening new stores and hiring pharmacists.

In the SMO operations, net sales for the first quarter of fiscal 2013 amounted to 68 million yen (a year-on-year increase of 36.4%) and segment income (operating income) was 19 million yen.

In the information equipment sales operations, net sales for the first quarter of fiscal 2013 totaled 212 million yen (a year-on-year decrease of 29.0%), with a segment loss (operating loss) of 59 million yen.

(2) Qualitative Information on Consolidated Financial Position

(Assets)

Current assets increased 0.9% from the end of the previous consolidated fiscal year to 406,197 million yen with an increase of cash and deposits of 2,962 million yen, and an increase in merchandise and finished goods of 3,257 million yen, and a decrease in notes and accounts receivable-trade of 2,437 million yen.

Noncurrent assets increased 1.8% from the end of the previous consolidated fiscal year, to 136,364 million yen, with an increase in land of 2,134 million yen, and an increase in construction in progress of 2,073 million yen, and a decrease in goodwill of 202 million yen, and a decrease in software of 118 million yen, and a decrease in investment securities of 463 million yen, and a decrease in long-term loans receivable of 793 million yen.

As a result, consolidated net assets rose 1.1% from a year earlier, to 542,561 million yen.

(Liabilities)

Current liabilities increased 1.7% from the end of the previous consolidated fiscal year to 385,164 million yen with an increase of notes and accounts payable-trade of 10,345 million yen, and an increase in provision for bonuses of 1,657 million yen, and a decrease in short-term loans payable of 3,888 million yen, and a decrease in income taxes payable of 1,579 million yen.

Noncurrent liabilities decreased 6.1% from the end of the previous consolidated fiscal year, to 33,922 million yen with a decrease in long-term loans payable of 1,511 million yen, and a decrease in negative goodwill of 229 million yen, and a decrease in deferred tax liabilities of 144 million yen and.

As a result, total liabilities increased 1.0% year-on-year to 419,087 million yen.

(Net assets)

Total net assets were up 1.5% from the end of the previous consolidated fiscal year, to 123,474 million yen, with an increase in retained earnings of 2,036 million yen, and a decrease in valuation difference on available-for-sale securities of 156 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 2013 and the full-term of fiscal 2013 published on May 9, 2012.

2. Matters Concerning Summary Information (Notes)

(1) Changes in Material Subsidiaries during the First 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 first quarter of the current fiscal year ending March 2013 increased by one 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 first quarter (June 30, 2012)
Assets		
Current assets		
Cash and deposits	43,244	46,207
Notes and accounts receivable-trade	266,499	264,061
Short-term investment securities	1,087	512
Merchandise and finished goods	60,845	64,102
Other	31,618	32,049
Allowance for doubtful accounts	-763	-736
Total current assets	402,531	406,197
Noncurrent assets		
Property, plant and equipment	61,999	66,167
Intangible assets		
Goodwill	14,658	14,455
Other	2,966	2,859
Total intangible assets	17,624	17,315
Investments and other assets		
Other	56,333	54,881
Allowance for doubtful accounts	-2,047	-2,000
Total investments and other assets	54,285	52,880
Total noncurrent asset	133,908	136,364
Total assets	536,440	542,561

(Million of yen)

	Fiscal 2012 (As of March 31, 2012)	End of consolidated this first quarter (June 30, 2012)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	346,414	356,759
Short-term loans payable	15,735	11,847
Income taxes payable	3,745	2,165
Provision for bonuses	3,489	5,147
Provision for directors' bonuses	91	27
Provision for sales returns	291	307
Other	8,950	8,910
Total current liabilities	378,718	385,164
Noncurrent liabilities		
Bonds payable	30	30
Long-term loans payable	13,537	12,025
Provision for retirement benefits	1,985	2,042
Asset retirement obligations	729	730
Negative goodwill	2,097	1,867
Other	17,748	17,225
Total noncurrent liabilities	36,127	33,922
Total liabilities	414,845	419,087
Net assets		
Shareholders' equity		
Capital stock	10,649	10,649
Capital surplus	46,144	46,144
Retained earnings	67,536	69,572
Treasury stock	-4,036	-4,037
Total shareholders' equity	120,293	122,329
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,602	5,446
Revaluation reserve for land	-4,301	-4,301
Total accumulated other comprehensive income	1,300	1,144
Total net assets	121,594	123,474
Total liabilities and net assets	536,440	542,561

(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 first quarter (from April 1, 2011 to June 30, 2011)	Cumulative period for this consolidated first quarter (from April 1, 2012 to June 30, 2012)
Net sales	265,548	277,545
Cost of sales	243,179	253,238
Gross profit	22,368	24,306
Selling, general and administrative expenses		
Directors' compensations, salaries and allowances	10,016	10,431
Provision for bonuses	1,759	1,751
Provision for directors' bonuses	24	24
Provision for accrued retirement benefits	85	80
Welfare expenses	1,727	1,850
Vehicle expenses	352	384
Provision of allowance for doubtful accounts	-19	-61
Depreciation	648	687
Amortization of goodwill	576	602
Rent expenses	1,790	1,782
Taxes and dues	281	292
Other	3,381	3,586
Total selling, general and administrative expenses	20,624	21,413
Operating income	1,744	2,893
Non-operating income		
Interest income	30	28
Dividend income	581	534
Commission fee	678	663
Amortization of negative goodwill	270	229
Equity in earnings of affiliates	—	12
Other income	453	326
Total non-operating income	2,015	1,796
Non-operating expenses		
Interest expenses	129	107
Equity in losses of affiliates	9	—
Loss before deduction of temporary consumption tax payment	643	716
Miscellaneous loss	72	35
Total non-operating expenses	854	859
Ordinary income	2,905	3,830

(Million of yen)

	Cumulative period for previous consolidated first quarter (from April 1, 2011 to June 30, 2011)	Cumulative period for this consolidated first quarter (from April 1, 2012 to June 30, 2012)
Extraordinary income		
Gain on sales of noncurrent assets	2	153
Reversal of allowance for doubtful accounts	81	—
Gain on step acquisitions	252	—
Gain on redemption of investment securities	—	258
Other	106	31
Total extraordinary income	442	443
Extraordinary loss		
Loss on disposal of noncurrent assets	25	28
Loss on valuation of investment securities	31	37
Loss on disaster	60	—
Other	—	23
Total extraordinary loss	116	89
Income before income taxes	3,230	4,184
Income taxes-current	1,111	2,524
Income taxes-deferred	174	-751
Total income taxes	1,285	1,772
Income before minority interests	1,944	2,411
Current net income	1,944	2,411

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, 2011 to June 30, 2011)	Cumulative period for this consolidated first quarter (from April 1, 2012 to June 30, 2012)
Income before minority interests	1,944	2,411
Other comprehensive income		
Valuation difference on available-for-sale securities	517	-154
Share of other comprehensive income of associates accounted for using equity method	2	-1
Total other comprehensive income	520	-155
Comprehensive income	2,465	2,255
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,465	2,255
Comprehensive income attributable to minority interests	—	—

(3) Notes Concerning Premise of a Going Business

Cumulative period for this consolidated first quarter (from April 1, 2012 to June 30, 2012)

Not applicable.

(4) Segmental Information

I Cumulative period for previous consolidated first quarter (from April 1, 2011 to June 30, 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) (Note2)
	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	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 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 previous consolidated first quarter (from April 1, 2012 to June 30, 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) (Note2)
	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	257,815	19,484	68	176	277,545	—	277,545
(2) Inter-segment internal net sales or transfers	9,999	4	—	36	10,040	-10,040	—
Total	267,814	19,489	68	212	287,585	-10,040	277,545
Segment income	2,136	772	19	-59	2,869	24	2,893

(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 first quarter (from April 1, 2012 to June 30, 2012)

Not applicable.