

Summary of Consolidated Financial Results for the Third Quarter of Fiscal Year Ending March 31, 2016

February 1, 2016

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Scheduled Submission Date for Quarterly Report: February 12, 2016 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 Third Quarter of Fiscal Year ending March 31, 2016 (from April 1, 2015 to December 31, 2015)

(1) Consolidated Results of Operations (Cumulative)

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

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine Months ended December 2015	970,279	10.5	14,336	81.5	18,798	51.9	10,330	-6.1
Nine Months ended December 2014	877,782	-2.3	7,900	-24.3	12,371	-18.1	10,997	20.4

(Note) Comprehensive income: Nine Months ended December 2015: 14,546 million yen (20.8%); Nine Months ended December 2014: 12,045 million yen (26.7%)

	Current Net Income per Share		Current Net Income per Share - Diluted	
	Yen		Yen	
Nine Months ended December 2015	150.06		136.49	
Nine Months ended December 2014	146.03		145.89	

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholder's Equity Ratio
	Million yen	Million yen	%
Nine Months ended December 2015	702,800	166,938	23.7
Fiscal Year ended March 2015	599,950	157,371	26.2

(Reference) Shareholder's equity: Nine Months ended December 2015: 166,881 million yen; Fiscal Year ended March 2015: 157,333 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 Year ended March 2015	—	12.00	—	12.00	24.00
Fiscal Year ending March 2016	—	13.00	—		
Fiscal Year ending March 2016 (Projected)				13.00	26.00

(Note) Revision of the dividend forecasts most recently announced: None

3. Projected Consolidated Results of Operations during Fiscal Year Ending March 2016 (from April 1, 2015 to March 31, 2016)

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

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent		Net Income per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	1,250,000	7.6	15,900	58.7	21,800	37.1	11,600	-14.3	168.64

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

※ Notes

- (1) Changes in material subsidiaries during the third quarter ended December 2015: N.A.
 (Changes in special subsidiaries accompanying a change in the scope of consolidation)
 Inclusion — (Company name:) Exclusion —(Company name:)
- (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: N.A
 (iv) Correction and Restatement: N.A

For details, please refer to (3) Changes in Accounting Policies and Changes in Accounting Estimates, and Correction and Restatement in the section 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)

Third Quarter ended December 2015	78,270,142	Fiscal Year ended March 2015	78,270,142
Third Quarter ended December 2015	9,657,575	Fiscal Year ended March 2015	8,236,448
Third Quarter ended December 2015	68,842,580	Third Quarter ended December 2014	75,306,403

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

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

* Indicates quarterly review procedure implementation status

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

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

Any forward-looking statements contained in this report, including performance projections, are based on information currently available to the Company as well as certain assumptions that the Company 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 Third Quarter ended December 2015

(1) Explanation of Management Results

In spite of the adverse effects of ongoing measures to curtail medical expenses as seen in the increasing use of generic drugs, the prescription pharmaceuticals market achieved a 7.9% positive growth during the nine months ended December 31, 2015 under review, compared to the same period of the previous year (estimated by CRECON Research & Consulting Inc.), mainly due to the market growth by new drugs and those eligible for the price premium to promote the development of new drugs and eliminate off-label use. The pharmaceutical wholesaling business of the TOHO HOLDINGS Group posted an 11.0% year-on-year increase.

In order to respond to future changes in the market environment, the TOHO Group has been developing and proposing various customer support systems that are designed to solve the problems and issues facing patients and medical institutions, and has thereby promoted shifting to a business model that focuses on the provision of value-added services, of which the existence value will be demonstrated across a wide range of areas relevant to medical care and health. The Group also tackles various tasks to contribute to construction of a community-based comprehensive care system by reviewing service provision of medical care and nursing care in the future.

The Company's consolidated operating results for the cumulative nine months ended December 31, 2015 recorded 970,279 million yen for net sales (an increase of 10.5% on a year-on-year basis), 14,336 million yen for operating income (an increase of 81.5% on a year-on-year basis), 18,798 million yen for ordinary income (an increase of 51.9% on a year-on-year basis), and 10,330 million yen for net income attributable to the shareholders of the parent company (a decrease of 6.1% on a year-on-year basis).

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

The pharmaceutical wholesaling business has strived to both secure appropriate profits and increase fee-based business, while reducing operating cost. This business segment has also promoted proposal-based marketing and sales activities, which are centered on the unique customer support systems, for instance, by proposal that integrates the series of Dispensing ENI-Pharma, which comprehensively supports dispensing pharmacy operations, and ENIFvoice SP, a voice-recognition medication history recording support system and by focusing on Initial Examination Reservation Service, an Internet environment where a patient who is searching the internet for the first medical institution can appoint in advance the first medical examination via a medical institution's website or medical institutions search site.

As a result, the pharmaceutical wholesaling business posted net sales of 932,386 million yen (an increase of 11.0% on a year-on-year basis) and segment income (operating income) of 12,707 million yen (an increase of 67.7% on a year-on-year basis).

The dispensing pharmacy business has endeavored to expand its operations. At the same time, it has implemented both profitability enhancement measures through its store management in response to the direction of dispensing fees, and cost reduction measures such as the standardization of store operations and consolidation of some operations into headquarters.

As a result, the dispensing pharmacy business posted net sales of 73,505 million yen (an increase of 7.1% on a year-on-year basis) and segment income (operating income) of 1,908 million yen (an increase of 315.8% on a year-on-year basis).

In the SMO operations, net sales amounted to 401 million yen (an increase of 66.4% on a year-on-year basis) and segment income (operating income) was 222 million yen (an increase of 155.3% on a year-on-year basis), assisted by a constant increase in commissioned business.

In the information equipment sales operations, net sales totaled 891 million yen (a decrease of 1.9% on a year-on-year basis), with a segment loss (operating loss) of 113 million yen.

(Note) Segment net sales include inter-segment transactions.

(2) Explanation of Financial Position

(Assets)

Current assets increased 22.6% from the end of the previous consolidated fiscal year to 527,166 million yen with an increase in cash and deposits of 12,878 million yen, and an increase in notes and accounts receivable-trade of 67,398 million yen, and an increase in merchandise and finished goods of 14,879 million yen.

Noncurrent assets increased 3.4% from the end of the previous consolidated fiscal year, to 175,633 million yen, with an increase in investment securities of 8,024 million yen, and a decrease in goodwill of 1,806 million yen.

As a result, consolidated net assets increased 17.1% from the end of the previous consolidated fiscal year, to 702,800 million yen.

(Liabilities)

Current liabilities increased 24.5% from the end of the previous consolidated fiscal year to 485,764 million yen with an increase in notes and accounts payable-trade of 104,070 million yen, and a decrease in income taxes payable of 3,435 million yen, and a decrease in accrued consumption taxes of 3,426 million yen.

Noncurrent liabilities decreased 4.4% from the end of the previous consolidated fiscal year, to 50,096 million yen with a decrease in long-term loans payable of 2,839 million yen.

As a result, total liabilities increased 21.1% from the end of the previous consolidated fiscal year, to 535,861 million yen.

(Net assets)

Total net assets increased 6.1% from the end of the previous consolidated fiscal year to 166,938 million yen. This is partly due to an increase in treasury stocks of 3,263 million yen, while retained earnings increased by 8,652 million yen, and valuation difference on available-for-sale securities increased by 4,215 million yen.

(3) Explanation of Projections of Consolidated Operating Results for Fiscal Year ending March 2016
There are no changes in the projected consolidated results of operations for the full-term of fiscal year published on November 6, 2015.

2. Matters Concerning Summary Information (Notes)

(1) Changes in Material Subsidiaries during the Third Quarter ended December 2015
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 Accounting Policies)

(Application of the Accounting Standard for Business Combinations and the like)

The Company has applied the “Accounting Standard for Business Combinations” (The Accounting Standards Board of Japan (ASBJ) Statement No.21 issued on September 13, 2013), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No.22 issued on September 13, 2013), and the “Accounting Standard for Business Divestitures” (ASBJ Statement No.7 issued on September 13, 2013), etc. since this consolidated first quarter. Accordingly, the Company has recorded the amount of difference due to the change in the Company’s interests in subsidiaries accounted for using the equity method, over which the Company has maintained control as “capital surplus” and has also changed the relevant accounting policy to a method by which acquisition-related expenses shall be recognized as expenses in the consolidated fiscal year when the said expenses are incurred. As for business combinations to be implemented after the beginning of this consolidated first quarter, the relevant accounting policy will be changed to a method by which review of each allocated amount of any acquisition cost determined on the basis of the provisional accounting treatment shall be reflected in the quarterly consolidated financial statements for the consolidated quarterly accounting period to which the date of the relevant business combination belongs. In addition, the Company has changed the presentment of quarterly net income, etc. and has also changed the presentation term from “minority interests” to “non-controlling interests.” In order to reflect these changes in the presentment, the Company has restated the quarterly consolidated financial statements for the consolidated cumulative third quarter of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

With regard to the application of the Accounting Standard for Business Combinations and the like, the Company has complied with the transitional treatment as stipulated in Paragraph 58-2 (4) of the Accounting Standard for Business Combinations, Paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements, and Paragraph 57-4 (4) of the Accounting Standard for Business Divestitures, and the application shall be effective from the beginning of this consolidated first quarter onward into the future.

For reference, please note that the effect on the quarterly consolidated financial statements for this consolidated cumulative third quarter is minor.

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

(Unit: million yen)

	Previous fiscal year (As of March 31, 2015)	End of this third quarter (As of December 31, 2015)
Assets		
Current assets		
Cash and deposits	44,510	57,388
Notes and accounts receivable-trade	279,119	346,518
Short-term investment securities	602	603
Merchandise and finished goods	73,229	88,108
Other	32,983	34,937
Allowance for doubtful accounts	-411	-389
Total current assets	430,034	527,166
Noncurrent assets		
Property, plant and equipment	84,516	84,310
Intangible assets		
Goodwill	9,108	7,302
Other	3,053	2,595
Total intangible assets	12,162	9,897
Investments and other assets		
Investment securities	64,354	72,379
Other	10,664	10,802
Allowance for doubtful accounts	-1,783	-1,757
Total investments and other assets	73,236	81,424
Total noncurrent asset	169,915	175,633
Total assets	599,950	702,800

(Unit: million yen)

	Previous fiscal year (As of March 31, 2015)	End of this third quarter (As of December 31, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	360,689	464,759
Short-term loans payable	6,868	5,218
Income taxes payable	6,454	3,019
Provision for bonuses	3,557	1,659
Provision for directors' bonuses	78	57
Provision for sales returns	337	432
Provision for loss on dissolution of employees' pension fund	170	170
Other	12,025	10,447
Total current liabilities	390,179	485,764
Noncurrent liabilities		
Bonds payable	15,071	15,060
Long-term loans payable	8,768	5,929
Provision for retirement benefits	1,636	1,735
Asset retirement obligations	1,084	1,096
Negative goodwill	102	82
Other	25,735	26,193
Total noncurrent liabilities	52,398	50,096
Total liabilities	442,578	535,861
Net assets		
Shareholders' equity		
Capital stock	10,649	10,649
Capital surplus	47,814	47,814
Retained earnings	95,862	104,515
Treasury stock	-13,024	-16,287
Total shareholders' equity	141,303	146,691
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,306	24,522
Revaluation reserve for land	-4,276	-4,333
Total accumulated other comprehensive income	16,030	20,189
Subscription rights to shares	37	57
Total net assets	157,371	166,938
Total liabilities and net assets	599,950	702,800

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

(Unit: million yen)

	From April 1, 2014 to December 31, 2014	From April 1, 2015 to December 31, 2015
Net sales	877,782	970,279
Cost of sales	797,273	884,033
Gross profit	80,508	86,245
Selling, general and administrative expenses		
Directors' compensations, salaries and allowances	35,599	34,936
Provision for bonuses	1,727	1,651
Provision for directors' bonuses	58	57
Retirement benefit expenses	157	186
Welfare expenses	5,944	5,813
Vehicle expenses	1,176	956
Provision of allowance for doubtful accounts	-58	-39
Depreciation	3,515	3,494
Amortization of goodwill	1,899	1,920
Rent expenses	5,278	5,216
Taxes and dues	941	1,090
Expense before deduction of temporary consumption tax payment	3,817	4,066
Other	12,548	12,558
Total selling, general and administrative expenses	72,608	71,909
Operating income	7,900	14,336
Non-operating income		
Interest income	31	46
Dividend income	1,148	934
Commission fee	2,183	2,297
Amortization of negative goodwill	355	19
Equity in earnings of affiliates	16	47
Other	1,612	1,724
Total non-operating income	5,347	5,070
Non-operating expenses		
Interest expenses	254	154
Expenses of real estate rent	444	347
Other	177	106
Total non-operating expenses	876	608
Ordinary income	12,371	18,798

(Unit: million yen)

	From April 1, 2014 to December 31, 2014	From April 1, 2015 to December 31, 2015
Extraordinary income		
Gain on sales of noncurrent assets	59	153
Gains on sales of investment securities	6,207	—
Other	113	24
Total extraordinary income	6,380	177
Extraordinary loss		
Loss on disposal of noncurrent assets	164	285
Loss on valuation of investment securities	—	1,219
Impairment loss	260	128
Provision for loss on dissolution of employee's pension fund	170	—
Other	31	5
Total extraordinary loss	626	1,639
Income before income taxes	18,124	17,336
Income taxes-current	8,255	5,730
Income taxes-deferred	-1,127	1,275
Total income taxes	7,127	7,006
Current net income	10,997	10,330
Profit attributable to owners of parent	10,997	10,330

Quarterly Consolidated Statements of Comprehensive Income

(Unit: million yen)

	From April 1, 2014 to December 31, 2014	From April 1, 2015 to December 31, 2015
Current net income	10,997	10,330
Other comprehensive income		
Valuation difference on available-for-sale securities	1,014	4,204
Share of other comprehensive income of associates accounted for using equity method	33	11
Total other comprehensive income	1,048	4,215
Comprehensive income	12,045	14,546
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	12,045	14,546
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes of Quarterly Consolidated Financial Statements

(Notes Concerning Premise of a Going Business)

Not applicable.

(Notes concerning Material Changes in Shareholders' Equity)

Cumulative period for this consolidated third quarter (from April 1, 2015 to December 31, 2015)

Not applicable

(Segmental Information)

I Cumulative period for previous consolidated third quarter (from April 1, 2014 to December 31, 2014)

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	808,185	68,628	241	727	877,782	—	877,782
(2) Inter-segment internal net sales or transfers	31,705	36	—	181	31,924	-31,924	—
Total	839,891	68,664	241	908	909,706	-31,924	877,782
Segment profit	7,575	458	86	-127	7,994	-94	7,900

(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, 2015 to December 31, 2015)

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	895,649	73,486	401	741	970,279	—	970,279
(2) Inter-segment internal net sales or transfers	36,736	19	—	149	36,906	-36,906	—
Total	932,386	73,505	401	891	1,007,185	-36,906	970,279
Segment profit	12,707	1,908	222	-113	14,724	-388	14,336

(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