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To whom it may concern:

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### **Results of Operations for Fiscal Year Ended March 2011**

In the market for prescription pharmaceuticals, the new drug pricing system centering on the “promotional point addition system for new drug discovery/off label drug dissolution” was introduced on a trial basis in April 2010 and NHI drug prices were reduced by 6.5% on average. However, the market for the fiscal year ended March 2011 grew steadily at a growth rate of 2.5% against the same period of the previous year (estimates by Crecon Research & Consulting Inc.), supported by the aging of the population and the launching of new pharmaceuticals.

The TOHO HOLDINGS Group, while actively tackling existing problems in the distribution system, including correction of total value transactions, the issue of the gap between NHI prices and market prices and provisional shipping with the pricing yet to be negotiated, has strived to form reasonable selling prices based on the value of each pharmaceutical product and ensure adequate profits in accordance with the objectives of the introduction of the new drug pricing system.

After the Great East Japan Earthquake, which occurred on March 11 this year, the Company’s operations were hindered at first due to a power failure and disrupted communication systems at several operation bases including TBC Motomiya (located in Motomiya City in Fukushima prefecture), a distribution center for the Tohoku region. However, the Company implemented its backup activities from distribution centers in the Tokyo metropolitan area and operation bases in neighboring areas in accordance with the Company’s Business Continuity Plan and succeeded in securing a stable supply of prescription pharmaceuticals to the districts affected by the earthquake and tsunami.

Under these circumstances, the Company’s consolidated operating results for the fiscal year ended March 2011 recorded 1,059,612 million yen for net sales (an increase of 5.7% on a year-on-year basis). However, the consolidated operating income and ordinary income were 5,839 million yen (a decrease by 46.6% on a year-on-year basis) and 9,481 million yen (a drop by 32.9% on a year-on-year basis), respectively, due to intensified competition among wholesalers and the difficult conditions for price negotiations. With respect to extraordinary profits and losses, the Company posted extraordinary losses of 708 million yen for losses related to the Great East Japan Earthquake, 1,365 million yen for impairment losses and 1,323 million yen as provision of allowance for doubtful accounts, while recognizing extraordinary profits of 2,226 million yen for gains on the sale of investment securities. As a result, the consolidated net income was 7,283 million yen, a decrease by 11.9% on a year-on-year basis.

Each source of income for the fiscal year 2011 resulted in a decrease on a year-on-year basis despite the increase in net sales, however, the net sales and each source of income exceeded the estimate of the Revised Earnings Forecasts published on February 1, 2011.

## 1. Financial Results for Fiscal 2011 (Consolidated)

### (1) Comparison with the same period in the previous fiscal year

Unit: million yen, %

Consolidated	Net Sales	Operating Income	Ordinary Income	Net Income
Fiscal 2011	1,059,612	5,839	9,481	7,283
Fiscal 2010	1,002,122	10,939	14,133	8,263
YoY Change	57,490	-5,100	-4,652	-980
YoY Change Ratio	105.7	53.4	67.1	88.1

### (2) Comparison with the forecast for full fiscal 2011

Unit: million yen, %

Consolidated	Net Sales	Operating Income	Ordinary Income	Net Income
Fiscal 2011	1,059,612	5,839	9,481	7,283
Forecast for the Fiscal 2011 (After the revision)	1,043,000	5,600	8,900	6,800
Percentage against the Full-year Earnings Forecasts	101.6	104.3	106.5	107.1

### (3) Gross profit rates, SGA expenses rate, Operating income ratio and Ordinary income ratio (Year-on-year change Ratio)

Unit: %

Consolidated	Gross profit to net sales	SG&A expenses to net sales	Operating income to net sales	Ordinary income to net Sales
Fiscal 2011	8.1	7.6	0.6	0.9
Fiscal 2010	8.1	7.0	1.1	1.4
YoY Change Ratio	0.0	0.6	-0.5	-0.5

## 2. Forecast for fiscal 2012 (Full-year)

Unit: million yen, %

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share
Fiscal 2012	1,075,000	6,900	9,500	4,900	*62.68 yen
Fiscal 2011	1,059,612	5,839	9,481	7,283	97.83 yen
Increase/Decrease	15,388	1,061	19	-2,383	-35.15 yen
Increase/Decrease Ratio	1.5	18.2	0.2	-32.7	-35.8

\* Net income per share is calculated by including the 3,687,640 of new shares to be issued and allocated due to stock swap between SHOU EI CO., LTD. on April 1, 2011.

While fiscal 2012 is the year when no revision of the NHI drug prices is scheduled for the prescription pharmaceuticals market that the Company belongs to, it is very difficult to use the market to make forecasts for the following fiscal year due to uncertain factors, including the decline in medical examinations resulting from the sluggish economy, in addition to the extension of controls over medical fees, as well as difficult price negotiations and the negative impact of the Great East Japan Earthquake of March this year. However, the Company will strive to ensure appropriate profit levels through a rise in operating income by increasing the number of consolidated subsidiaries and further control of price management, and make efforts to increase commission revenues by expanding fee-based businesses.

