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To whom it may concern:

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Results of Operations during the Second Quarter of Fiscal 2014

During the second quarter under review, the market for prescription pharmaceuticals followed a steady, albeit slow, upward path racking up a 2.7% increase from the previous quarter (estimates by Crecon Research & Consulting Inc.) supported by some positive factors including the progressive aging of the population and the sales of new drugs despite the negative impact of the continuing drug cost cutting policy.

Under these circumstances, the TOHO Group, aiming to achieve the medium-term management plan “Total Commitment to Good Health 14-16” announced in June this year, has been striving to strengthen ties with medical institutions by boldly promoting proposal-based marketing and sales as is witnessed by the fact that the pharmaceutical wholesaling business has proposed new service menus taking advantage of the Company’s unique customer support systems.

In addition, the Company 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 the NHI price and the market price. In the field of dispensing pharmacy operations, the Company has promoted the expansion of operations and the efficiency of management, as well as bringing higher added value to their businesses.

As a result, the Company’s operating results for the consolidated cumulative second quarter of the fiscal year ending March 2014 recorded 579,175 million yen in net sales (an increase of 4.1% on a year-on-year basis), marking a rate of achievement of 100.6% of the initial projection for the first-half, and operating income decreased by 10.3% on a year-on-year basis to 5,298 million yen with a rate of achievement of 101.9% of the initial projection for the first-half, and ordinary income was 8,387 million yen, a decrease of 2.9% on a year-on-year basis, marking a rate of achievement of 103.5% against the initial projection, and consolidated net income for the first half stood at 4,914 million yen, down by 4.5% from a year earlier, recording a rate of achievement of 104.6% against the initial projection. Meanwhile, the “loss before deduction of temporary consumption tax payment (non-deductible consumption tax, etc.)” that had traditionally been booked under the classification of “non-operating expenses” has started to be posted under a new accounting treatment employed from the first quarter of the consolidated fiscal year ending March 2014 as “selling, general and administrative (SG&A) expenses.” For the purpose of year-on-year comparison, the comparative figure of the previous year has been re-calculated based on the new accounting treatment.

1. Results in the second quarter of fiscal 2014 (Consolidated)

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

Unit: million yen, %

Consolidated	Net Sales	Operating Income	Ordinary Income	Quarterly net Income
First Half, Fiscal 2014	579,175	5,298	8,387	4,914
First Half, Fiscal 2013	556,184	5,907	8,640	5,145
YoY Change	22,990	-609	-252	-230
YoY Change Ratio (%)	104.1	89.7	97.1	95.5

(2) Comparison with the forecast for the first half of fiscal 2014

Unit: million yen, %

Consolidated	Net Sales	Operating Income	Ordinary Income	Quarterly net Income
First Half, Fiscal 2014	579,175	5,298	8,387	4,914
Forecasts for the First Half, Fiscal 2014	576,000	5,200	8,100	4,700
Achievement rate compared to the forecasts (%)	100.6	101.9	103.5	104.6

(3) Comparison with the forecast for full fiscal 2013

Unit: million yen, %

Consolidated	Net Sales	Operating Income	Ordinary Income	Quarterly net Income
First Half, Fiscal 2014	579,175	5,298	8,387	4,914
Forecast for the Fiscal 2014	1,181,000	14,700	20,400	11,600
Percentage against the Full-year Earnings Forecasts (%)	49.0	36.0	41.1	42.4

2. Forecast for fiscal 2014 (Full-year)

There has been no change in our forecast for fiscal 2014 performance from the figures announced on May 10, 2013.

