

May 11, 2016

To whom it may concern:

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Results of Operations for the Fiscal Year Ended March 2016

TOHO HOLDINGS CO., LTD. announces that it has released consolidated financial results for the fiscal year ended March 2016.

The market for ethical pharmaceuticals in the current consolidated accounting year grew substantially when compared with the previous year owing to significant expansion of the curative drugs for hepatitis C, which exceeded our expectations to a large extent, especially during the third quarter and thereafter as well as the contribution of new pharmaceuticals including orphan drugs, in spite of influence from the penetration of medical care cost containment efforts including the promotion of using generics.

On the one hand, with the progress of the aging of population, the measures are being promoted to establish a community comprehensive healthcare system which aims to realize efficient and high-quality medical care in addition to securing the operation of a stable and sustainable healthcare insurance system for the future, and changes in the market environment are expected in the future.

Under these circumstances, as a distribution company group engaged in the areas of medical care, health and nursing care with the two business lines of drug wholesaling and dispensing pharmacies at our core, in order to respond to a rapidly changing environment in the future, our group has addressed the development and the proposal of various customer support systems to solve the problems which patients and medical institutions are burdened with, has contributed to the formulation of a community comprehensive healthcare system, and has promoted innovative changes to the value-added service type of business model which exerts its intrinsic value across a wide range of areas.

In the drug wholesaling business, at the same time as intending to secure a fair profit, we have also enhanced the functions of our distribution center and call center, have further promoted “the reform of business transactions and distribution of goods as one and the same” intending to reduce all operation costs and streamline operations from order receipt to delivery, and have intended to reduce costs through the promotion of hiring the needed personnel including those in indirect departments.

In the dispensing pharmacy business, regarding the operation of stores, which is closely attached to local healthcare, at the same time as intending to improve profitability by providing high value-add in response to the revision of dispensing fees, we have addressed the cost reduction measures by standardizing store operations and by aggregating operations back to head office.

Consequently, the business performance of the current consolidated accounting year has resulted in a significant increase in revenue and profit, as shown in the table on the following page, in which the contribution of the new pharmaceuticals, including the curative drugs for hepatitis C and the orphan drugs, the expanding number of contracts for our own customer support systems, especially for the medication history preparation support system with automatic speech recognition “ENIFvoice SP,” and “the first medical examination reception service,” have all contributed to business performance, and in which, in addition to the stable contribution from other services, the

reductions in selling and administrative expenses has also had an effect.

For your further reference, we have achieved historical maximums for all items of net sales, operating income, ordinary income and profit attributable to owners of parent.

1. Financial Results for Fiscal Year Ended March 2016 (Consolidated)

Unit: million yen (Amounts are truncated to the nearest million yen.)

Consolidated	Net Sales	Operating Income	Ordinary Income	Profit Attributable to Owners of Parent
FY Ended March 2016	1,308,474	28,618	34,493	21,771
Forecast for the FY Ended March 2016	1,300,000	28,000	34,000	21,000
Percentage against the Full-year Earnings Forecasts (%)	100.7	102.2	101.5	103.7
YoY Change Ratio (%)	112.6	285.7	216.9	160.8

2. Forecast for Fiscal Year Ending March 2017 (Consolidated)

(% denotes the increase-decrease rate of the current full business year to the previous period, and for the first six months period, the current first six months to the same six months in the previous business 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
First Six Months	641,000	6.4	9,500	55.5	12,200	33.1	7,700	80.0	112.22
FY Ending March 2017	1,285,000	-1.8	18,700	-34.7	24,000	-30.4	14,900	-31.6	217.16

