This summary is a translation of 'KESSAN TANSHIN' which is an unaudited report.

Summary of Consolidated Financial Results for FY2012

(Year ended March 31, 2013) 〔Japanese GAAP〕

April 17, 2013

Company name: SOGO MEDICAL CO., LTD.
Stock exchange listings: Tokyo, 1st Section
Securities code: 4775 URL: http://www.sogo-medical.co.jp/english/
Representative: (Title) President & Representative Director (Name) Itsuo Tashiro
Inquiries: (Title) Managing Director (Name) Kohichi Hashimoto
Tel: +81-92-713-9181 E-mail: ir@sogo-medical.co.jp
Date of general shareholders' meeting (as planned) : June 21, 2013
Dividend payable date (as planned) : June 24, 2013
Annual securities report filling date (as planned) : June 21, 2013
Supplemental material of annual results is available.
There will be a briefing of annual results for institutional investors and analysts.

(Amounts are rounded down.)

１． Consolidated Financial Results (from April 1, 2012 to March 31, 2013)

（１） Consolidated operating results

(% indicates year-on-year change.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY2012	86,658	8.0	4,324	(10.8)	4,343	(11.0)	2,532	1.1
FY2011	80,222	10.2	4,848	16.9	4,881	15.9	2,504	15.6

Notes: Comprehensive income: ¥2,643 million for FY2012 (3.3 %) :¥2,560 million for FY2011 (19.3%)

	Net income per share	Diluted net income per share	Net income to shareholders' equity ratio	Ordinary income to total assets ratio	Operating income to net sales ratio
	Yen	Yen	%	%	%
FY2012	350.81	－	12.3	7.9	5.0
FY2011	346.93	－	13.6	10.2	6.0

References: Investment profit (loss) on equity method: ¥－for FY2012 :¥－for FY2011

（２） Consolidated financial positions

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
FY2012	57,138	21,636	37.8	2,993.28
FY2011	53,160	19,511	36.7	2,702.78

References: Owner's equity: ¥21,608 million for FY2012 :¥ 19,511 million for FY2011

（３） Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and equivalents, end of period
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
FY2012	7,269	(3,380)	(2,777)	5,095
FY2011	4,484	(4,086)	(170)	3,984

２．Dividends

	Dividend per share				
	First quarter	Second quarter	Third quarter	Fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
FY2011	―	35.00	―	35.00	70.00
FY2012	―	40.00	―	40.00	80.00
FY2013(forecast)	―	40.00	―	40.00	80.00

	Total dividend paid	Payout ratio (Consolidated)	Ratio of total amount of dividends to net assets (Consolidated)
	Millions of Yen	%	%
FY2011	505	20.2	2.7
FY2012	577	22.8	2.8
FY2013(forecast)		20.2	

３．Consolidated forecasts for FY2013 (from April 1, 2013 to March 31, 2014)

(% indicates year-on-year change.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Interim	45,466	13.7	1,665	8.4	1,653	5.7	864	(8.6)	119.70
Full-year	100,044	15.4	5,055	16.9	5,042	16.1	2,853	12.7	395.28

４．Others

（１）Material changes in subsidiaries during this period
(changes in scope of consolidations resulting from change is subsidiaries): None

（２）Changes in accounting policies and accounting estimates, retrospective restatement
① Changes in accounting policies based on revisions of accounting standards: None
② Changes in accounting policies other than ones based on revisions of accounting standard ①: Yes
③ Changes in accounting estimates: Yes
④ Retrospective restatement: None

Note: Please refer to "3. Consolidated Financial Statements (5) Notes to Consolidated Financial Statements" on page.19 for Changes in accounting policies

（３）Number of issued and outstanding shares (common stock)

①	Number of issued and outstanding shares at the end of fiscal year (including treasury stock):	FY2012: 7,670,078 shares	FY2011: 7,670,078 shares
②	Number of treasury stock at the end of fiscal year:	FY2012: 450,911 shares	FY2011: 450,861 shares
③	Average number of shares:	FY2012: 7,219,212 shares	FY2011: 7,219,220 shares

(Reference) Summary of Non-consolidated Financial Results

１． Non-consolidated Financial Results (from April 1, 2012 to March 31, 2013)

（１）Non-consolidated operating Results (% indicates year-on-year change.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY2012	72,608	7.2	3,250	(12.1)	3,624	(7.1)	2,370	11.3
FY2011	67,759	8.9	3,698	12.1	3,901	9.9	2,130	1.4

	Net income per share	Diluted net income per share
	Yen	Yen
FY2012	328.39	－
FY2011	295.09	－

（２）Non-consolidated financial positions

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	yen
FY2012	52,573	19,907	37.9	2,757.42
FY2011	49,614	17,971	36.2	2,489.43

References: Owner's equity: ¥19,906 million for FY2012 :¥ 17,971 million for FY2011

※Expression of implementation status of audit procedures

This summary is exempt from financial audit, to conform with "The Financial Instruments and Exchange Law" of Japan. The financial audit has not been completed.

※ Notes for using forecasted information and others

These forecasts are based on currently available information. Actual financial results could differ from the forecast due to various factors. Please refer to "1. Operating Results (1) Operating Results Analysis" on page.2 for assumptions and cautions on the use of these financial forecasts.

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1. Operating Results

(1) Analysis of Operating Results

①Operating Results for FY2012

(in millions, except percentages)

	FY2011	Margin	FY2012	Margin	Change	Change
Sales	¥80,222	%	¥86,658	%	¥6,436	8.0%
Higashinihon	28,223		31,747		3,523	12.5
Medical practice support	7,621		8,145		523	6.9
Pharmacies	20,601		23,601		3,000	14.6
Nishinihon	18,664		20,067		1,402	7.5
Medical practice support	6,038		6,341		302	5.0
Pharmacies	12,625		13,725		1,099	8.7
Kyushu	32,010		33,249		1,238	3.9
Medical practice support	6,243		7,184		940	15.1
Pharmacies	25,766		26,065		298	1.2
Others	1,324		1,595		271	20.5
Operating Income	4,848	6.0	4,324	5.0	(524)	(10.8)
Higashinihon	1,282	4.5	1,282	4.0	0	0.1
Nishinihon	1,246	6.7	989	4.9	(256)	(20.6)
Kyushu	2,390	7.5	2,256	6.8	(133)	(5.6)
Others	353	26.7	247	15.5	(105)	(30.0)
Reconciliation	(423)	-	(452)	-	(28)	-
Ordinary Income	4,881	6.1	4,343	5.0	(537)	(11.0)
Net Income	2,504	3.1	2,532	2.9	28	1.1

FY2012 was the second year of our current three-year medium-term management plan to ‘Grow as an attractive company through leveraging our D to D systems and creating high-value pharmacies’ which was launched in April 2011. SOGO MEDICAL (hereinafter “the company” in this summary) aims to create the foundation to be the leader in all our business domains by the final year of the medium-term management plan. To achieve that, the company strengthened practice start-up support, expanded “high-value pharmacies” and promoted projects such as health care malls. Additionally, the company cultivated human resources and enhanced process management.

The company supported 215 cases of practice start-up for doctors (up 55 cases from one year earlier), and composite transactions involving leasing and other transactions increased.

The company opened 53 new pharmacies (21 pharmacies in Higashinihon, 20 pharmacies in Nishinihon, 12 pharmacies in Kyushu). Of these 21 pharmacies were opened by doctors to whom the company provided practice start-up support. As a result, there were 417 pharmacies at FY2012 year end. The company aims to increase the number of SOGO pharmacies to 500 by March 31, 2014.

As a result of aggressive project promotion, the number of pharmacy, health care mall and facility leasing projects increased compared to FY2011.

Sales in FY2012 were ¥86,658 million, an increase of 8.0% compared to FY2011. The increase was due primarily to boosted pharmacy sales through new openings, and M&A activities, and increased leasing/installment sales through new contracts. Operating income in FY2012 was ¥4,324 million, a decrease of 10.8% compared to FY2011. Ordinary income in FY2012 was ¥4,343 million, a decrease of 11.0%. Net income in FY2012 was ¥2,532 million, an increase of 1.1%. The primary reasons are a decline in the rental sector as a reaction to the special demand in FY2011 accompanying the shift to all-digital terrestrial broadcasting (hereinafter “reactionary drop after high TV replacement demand”), and revisions of dispensing fees.

Segment financial results were as follows:

From the first quarter, reportable segments were changed from ‘practice start-up support’, ‘pharmacies’ and ‘others’ to ‘Higashinihon’, ‘Nishinihon’, and ‘Kyushu’. The company reorganized our organization by region to develop regional strategies and allow rapid decision-making about business operations.

A　Higashinihon

Sales in FY2012 were ¥31,747 million, an increase of 12.5% compared to FY2011. Despite the reactionary drop after high TV replacement demand, sales increased due primarily to a big increase of leasing/installment sales and boosted pharmacy sales through new openings and subsidiaries which the company acquired in FY2011. Operating income was ¥1,282 million, an increase of 0.1% compared to FY2011, despite an increase in amortization.

B　Nishinihon

Sales in FY2012 were ¥20,067 million, an increase of 7.5% compared to FY2011. The sales increase was due primarily to increased pharmacy sales, leasing/installment sales, and design/construction sales. Operating income was ¥989 million, a decrease of 20.6% compared to FY2011. The decrease was due primarily to increased salaries and the reactionary drop after high TV replacement demand.

C　Kyushu

Sales in FY2012 were ¥33,249 million, an increase of 3.9% compared to FY2011. The sales increase was due primarily to increased leasing/installment sales and consulting sales. Operating income was ¥2,256 million, a decrease of 5.6%. The decrease was due primarily to revised dispensing fees, although pharmacy sales were increased through new openings.

D　Others

Sales in FY2012 were ¥1,595 million, an increase of 20.5%, while operating income was ¥247 million, a decrease of 30.0% compared to FY2011.

②Forecasts for FY2013

The company aims to create the foundation to be the leader in all our business domains in FY2013 as well as in FY2012. The main priority initiatives are to strengthen branch offices (both regional field expertise and headquarters' role in providing support to offices), to expand the number of ‘high-value pharmacies’ (increase the number of openings, acquire prescriptions through DtoD operations, and enhance quality), to strengthen qualitative and quantitative support for practice start-up and personal introduction to doctors, and to make process management more thorough. Additionally, the company has taken on new business supporting regional health care network infrastructure. In detail, the company is promoting projects such as health care malls, hospital management contracting, facility leasing, and has launched serviced housing for the elderly which is coordinated with health care.

Through the activity above, the company forecasts that total sales will be ¥100,044 million, an increase of 15.4%, operating income will be ¥5,055 million, an increase of 16.9%, ordinary income will be ¥5,042 million, an increase of 16.1%, and net income will be ¥2,853 million, an increase of 12.7% compared to FY2012.

(2) Analysis of Financial Positions

①Analysis of Assets, Liabilities, and Net Assets

(in millions except percentages and ratios)

	FY2011	FY2012	Change
Total Assets	¥53,160	¥57,138	¥3,977
including Cash and Deposits	4,004	5,115	1,111
Liabilities	33,648	35,501	1,853
including Interest-Bearing Debt *1	14,579	14,330	(249)
Net Assets	19,511	21,636	2,124
Shareholders' Equity Ratio	36.7%	37.8%	1.1%
Net Debt-to-Equity Ratio *2	0.5times	0.4times	(0.1)times

*1.Interest-Bearing Debts include lease obligations and long-term accounts payable-installment purchase.

*2. Net Debt-to-Equity Ratio

=(Interest-Bearing Debts－Cash and Deposits)÷Shareholders' Equity

As of March 31, 2013, total assets were ¥57,138million, an increase of ¥ 3,977 million compared to FY2011.Current assets were ¥30,184million, an increase of ¥1,592 million compared to FY2011.
The increase was due primarily to an increase in cash and deposits of ¥1,111 million, and in inventories of ¥1,044 million, and a decrease in notes and accounts receivable-trade of ¥495 million compared to FY2011.

Non-current assets were ¥26,953 million, an increase of ¥2,385 million compared to FY2011.
The increase was due primarily to an increase in buildings and structures of ¥1,805 million compared to FY2011 due to the acquisition of Sun Villa Co., Ltd’s serviced housing for the elderly on June 15, 2012.

As of March 31, 2013, total liabilities were ¥35,501 million, an increase of ¥1,853milion compared to FY2011.

Current liabilities were ¥23,437 million, an increase of ¥1,728 million compared to FY2011.
The increase was due primarily to an increase in notes and accounts payable-trade of ¥1,651 million.

Non-current liabilities were ¥12,063 million, an increase of ¥124 million compared to FY2011.
The increase was due primarily to an increase in other liabilities of ¥1,025 million, despite a decrease in long-term loans payable of ¥177 million, and a decrease in long-term accounts payable-installment of ¥636 million. Interest-bearing debts (including lease obligations and long-term accounts payable-installment) were ¥14,330 million, a decrease of ¥249 million compared to FY2011. Net debt-to-equity ratio was 0.4 times, a decrease of 0.1 times compared to FY2011.

As of March 31, 2013, net assets were ¥21,636 million, an increase of ¥2,124 million compared to

FY2011. Net income increased net assets by ¥2,532 million and dividends payment decreased net assets by ¥541 million. As a result, capital adequacy ratio was 37.8%, an increase of 1.1% compared to 36.7% in FY2011.

②Cash Flows

As of March 31, 2013, cash and cash equivalent was ¥5,095 million, an increase of ¥1,111 million (27.9%) compared to FY2011. The primary factors were as follows:

(Cash Flows from Operating Activities)

Cash provided by operating activities totaled ¥7,269 million, an increase of 62.1% compared to FY2011. The major cash increases were ¥4,460 million for net income before income tax, ¥3,267 million for adjusted for non-cash provision of depreciation and amortization. The major cash decrease was ¥1,807 million for income taxes paid.

(Cash Flows from Investing Activities)

Cash used by investing activities totaled ¥3,380 million, an increase of 17.3% compared to FY2011. The major cash decreases were ¥3,032 million for acquisition of own-used assets and ¥455 million for investment in subsidiaries.

(Cash Flows from Financing Activities)

Cash used by financing activities totaled ¥2,777 million, an increase of ¥2,607 million compared to FY2011. The major cash increase was ¥1,500 million in long-term loans payable. The major cash decreases were ¥1,755 million for repayment of installments payable, ¥1,376 million for repayments of loans payable, ¥593 million for repayment of lease obligations, and ¥541 million for dividends payments.

2. Management Policies

(1) Basic Policy

Our long-term vision is to establish a Japanese health care business model. Achieving that goal means contributing to building a better society by accomplishing the goals of the current medium-term management plan. This requires that each employee in the Sogo Medical Group maintains a sense of pride and mission in executing high-quality work.

(2) Medium-Term Management Plans

SOGO MEDICAL aims to grow as an attractive company providing value-adding DtoD systems and operating high-value pharmacies

(3) Medium-Term Targets

- Consolidated Net Sales: ¥ 100,000 million
- Consolidated Ordinary Income: ¥ 5,000 million

(4) Main Priority Initiatives

- Be a leader in the community through our DtoD systems and high-value pharmacy offerings.
- Take on new business involving regional health care network infrastructure.
- Grow with our employees, foster a corporate atmosphere that allows the uninhibited expression of opinions, and be a company that meets the needs of regional communities.

(5) FY2013 Targets

- Practice startup support: 750 cases (from FY2011 to FY2013)
- Sogo Pharmacies: 500 pharmacies (FY2013)
- Management contracting: 30 cases (FY2013)
- Attractive Company for Applicants: Top 10 in each Regional Areas

3. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(in millions)

		FY2011		FY2012
Assets				
Current assets				
Cash and deposits		¥ 4,004		¥ 5,115
Notes and accounts receivable-trade		14,823		14,327
Accounts receivable-installment sales		1,404		1,377
Lease receivables and investment assets		2,175		2,120
Inventories	*1	3,928	*1	4,973
Deferred tax assets		746		687
Other		1,532		1,595
Allowance for doubtful accounts		(23)		(13)
Total current assets		28,592		30,184
Noncurrent assets				
Property, plant and equipment				
Property for lease		8,723		7,985
Buildings and structures, net		4,398		6,203
Land		2,650		3,018
Other, net		1,544		1,591
Total property, plant and equipment	*2	17,315	*2	18,799
Intangible assets				
Goodwill		2,736		3,279
Other		812		711
Total intangible assets		3,548		3,990
Investments and other assets				
Investment securities	*3	1,321	*3	1,290
Deferred tax assets		664		587
Other		1,717		2,294
Allowance for doubtful accounts		(0)		(8)
Total investments and other assets		3,703		4,163
Total noncurrent assets		24,568		26,953
Total assets		53,160		57,138

(in millions)

	FY2011	FY2012
Liabilities		
Current liabilities		
Notes and accounts payable-trade	¥ 13,414	¥ 15,065
Short-term loans payable	260	330
Current portion of long-term loans payable	1,297	1,679
Lease obligations	547	519
Accrued expenses	1,381	1,541
Income taxes payable	1,156	1,077
Deferred profit on installment sales	157	129
Other	3,493	3,093
Total current liabilities	21,709	23,437
Noncurrent liabilities		
Long-term loans payable	3,747	3,570
Lease obligations	912	824
Long-term accounts payable-installment purchase	6,240	5,604
Other	1,038	2,064
Total noncurrent liabilities	11,939	12,063
Total liabilities	33,648	35,501
Net assets		
Shareholders' equity		
Capital stock	3,513	3,513
Capital surplus	4,136	4,136
Retained earnings	12,788	14,779
Treasury stock	(1,043)	(1,043)
Total shareholders' equity	19,395	21,386
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	116	222
Total accumulated other comprehensive income	116	222
Subscription rights to shares	-	1
Minority interests	-	26
Total net assets	19,511	21,636
Total liabilities and net assets	53,160	57,138

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

(Consolidated Statement of Income)

(in millions)

		FY2011		FY2012
Net sales		¥ 80,222		¥ 86,658
Cost of sales		67,186		73,503
Gross profit		13,035		13,155
Selling, general and administrative expenses	*1	8,187	*1	8,831
Operating income		4,848		4,324
Non-operating income				
Dividends income		21		15
Dividends income of life insurance		10		12
Rent income		29		30
Other		78		93
Total non-operating income		140		151
Non-operating expenses				
Interest expenses		53		67
Other		53		65
Total non-operating expenses		107		132
Ordinary income		4,881		4,343
Extraordinary income				
Gain on sales of investment securities		-		178
Contributed income		-		23
Total extraordinary income		-		201
Extraordinary loss				
Impairment loss	*2	20	*2	4
Loss on valuation of investment securities		53		6
Dismantlement expense		44		-
Litigation expenses		-		39
Office transfer expenses		-		35
Total extraordinary loss		118		85
Income before income taxes		4,762		4,460
Income taxes-current		1,949		1,747
Income taxes-deferred		308		175
Total income taxes		2,258		1,922
Income before minority interests		2,504		2,537
Minority interests in income		-		5
Net income		2,504		2,532

(Consolidated Statement of Comprehensive Income)

(in millions)

		FY2011		FY2012
Income before minority interests		¥ 2,504		¥ 2,537
Other comprehensive income				
Valuation difference on available-for-sale securities		55		106
Total other comprehensive income	*1	55	*1	106
Comprehensive income		2,560		2,643
Comprehensive income attributable to				
Comprehensive income attributable to owners of the parent		2,560		2,638
Comprehensive income attributable to minority interests		-		5

(3) Consolidated Statement of Change in Net Assets

(in millions)

	FY2011	FY2012
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	¥ 3,513	¥ 3,513
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	3,513	3,513
Capital surplus		
Balance at the beginning of current period	4,136	4,136
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	4,136	4,136
Retained earnings		
Balance at the beginning of current period	10,753	12,788
Changes of items during the period		
Dividends from surplus	(469)	(541)
Net income	2,504	2,532
Total changes of items during the period	2,035	1,991
Balance at the end of current period	12,788	14,779
Treasury stock		
Balance at the beginning of current period	(1,043)	(1,043)
Changes of items during the period		
Purchase of treasury stock	(0)	(0)
Total changes of items during the period	(0)	(0)
Balance at the end of current period	(1,043)	(1,043)
Total shareholders' equity		
Balance at the beginning of current period	17,360	19,395
Changes of items during the period		
Dividends from surplus	(469)	(541)
Net income	2,504	2,532
Purchase of treasury stock	(0)	(0)
Total changes of items during the period	2,035	1,991
Balance at the end of current period	19,395	21,386

(in millions)

	FY2011	FY2012
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	¥ 60	¥ 116
Changes of items during the period		
Net changes of items other than shareholders' equity	55	106
Total changes of items during the period	55	106
Balance at the end of current period	116	222
Subscription rights to shares		
Balance at the beginning of current period	-	-
Changes of items during the period		
Net changes of items other than shareholders' equity	-	1
Total changes of items during the period	-	1
Balance at the end of current period	-	1
Minority interests		
Balance at the beginning of current period	-	-
Changes of items during the period		
Net changes of items other than shareholders' equity	-	26
Total changes of items during the period	-	26
Balance at the end of current period	-	26
Net assets		
Balance at the beginning of current period	17,421	19,511
Changes of items during the period		
Dividends from surplus	(469)	(541)
Net income	2,504	2,532
Purchase of treasury stock	(0)	(0)
Net changes of items other than shareholders' equity	55	133
Total changes of items during the period	2,090	2,124
Balance at the end of current period	19,511	21,636

(4) Consolidated Statement of Cash Flows

(in millions)

	FY2011	FY2012
Net cash provided by (used in) operating activities		
Income before income taxes	¥ 4,762	¥ 4,460
Depreciation and amortization	2,821	3,267
Impairment loss	20	4
Increase (decrease) in allowance for doubtful accounts	3	(40)
Interest and dividends income	(21)	(17)
Capital cost and Interest expenses	131	148
Decrease (increase) in notes and accounts receivable-trade	(3,408)	622
Decrease (increase) in accounts receivable-installment	(268)	(1)
Net decrease (increase) in lease receivables and investment assets	(234)	54
Decrease (increase) in inventories	29	(1,003)
Increase (decrease) in notes and accounts payable-trade	856	1,529
Increase(decrease) in other assets/liabilities	1,256	(118)
Other, net	493	302
Subtotal	6,444	9,207
Interest and dividends income received	21	17
Interest expenses paid	(130)	(148)
Income taxes paid	(1,850)	(1,807)
Net cash provided by (used in) operating activities	4,484	7,269
Net cash provided by (used in) investing activities		
Purchase of own-used assets	(1,476)	(3,032)
Proceeds from sales of own-used assets	-	349
Purchase of property for lease	(225)	(74)
Purchase of investment securities	(429)	-
Proceeds from sales of investment securities	-	341
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(1,971)	(455)
Payments of loans receivable	-	(191)
Other, net	15	(317)
Net cash provided by (used in) investing activities	(4,086)	(3,380)

(in millions)

	FY2011	FY2012
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	¥ (10)	¥ (12)
Proceeds from long-term loans payable	3,150	1,500
Repayment of long-term loans payable	(950)	(1,376)
Repayments of lease obligations	(517)	(593)
Repayments of installment payables	(1,372)	(1,755)
Cash dividends paid	(469)	(541)
Purchase of treasury stock	(0)	(0)
Other, net	-	1
Net cash provided by (used in) financing activities	(170)	(2,777)
Net increase (decrease) in cash and cash equivalents	227	1,111
Cash and cash equivalents at beginning of period	3,756	3,984
Cash and cash equivalents at end of period	*1 3,984	*1 5,095

(5) Notes to Consolidated Financial Statements

(Note on the Going-Concern Assumption)

None.

(Basic Information of Consolidated Financial Statements)

1. Scope of Consolidation

Number of Consolidated Subsidiaries: 14 Companies

- Somtech Co., Ltd.
- Sogo Healthcare Service Co., Ltd.
- Sogo Medipro Co.,Ltd.
- Sogo Real Estate Co., Ltd.
- SME Co., Ltd.
- Sogo Medical Pharmacy Chubu Co., Ltd.
- Sogo Medical Pharmacy Kanto Co., Ltd.
- Aoba Pharmacy Co., Ltd.
- Maeda & Co., Ltd.
- Yataya Pharmacy Co., Ltd.
- Sumiredo Pharmacy Co., Ltd.
- Sogo Media Supply Co., Ltd.
- Sogo Care Network Co., Ltd.
- Sun Villa Co., Ltd.

Sun Villa Co., Ltd. (shares acquired on June 15, 2012), Yataya Pharmacy Co., Ltd. (all shares acquired on November 1, 2012), and Sumiredo Pharmacy Co., Ltd. (all shares acquired on December 3, 2012) are included in the scope of consolidation in this consolidated fiscal year. Shinkugenuma Co, Ltd and Hibari Co, Ltd (both of which were consolidated subsidiaries absorbed into the company on October 1, 2012) are excluded from the scope of consolidation in this consolidated financial year.

2. Equity-Method

The company exempts Rising Holdings Co., Ltd. to apply the equity-method. The investor’s investment income and earnings are insignificant, so there is no material influence on the consolidated financial statements on the whole.

3. Fiscal Periods of Consolidated Subsidiaries

Fiscal periods of consolidated subsidiaries which were different from the fiscal period of the parent company were as follows:

Maeda & Co., Ltd.	at the end of June
Sumiredo Pharmacy Co., Ltd.	at the end of August
Yataya Pharmacy Co., Ltd.	at the end of October

When the company prepares consolidated financial statements as of the date of March 31, 2013, the company uses three companies' financial statements as of March 31, 2013.

4. Significant Financial Accounting Principles

①Assets valuation

A　Investment securities

If the quoted market price is available, the company applies a fair-value method. The fair-value was measured at the average market price for March, 2013. Changes in fair value are recognized as other comprehensive income.

If the quoted market price is not available, the company applies a moving average cost method.

B　Inventories

Inventories are mainly reported using the lower of cost or market price. The costs are calculated using the simple average method.

②Depreciation

A　Rental Assets

Depreciation is calculated by use of the straight-line method over each rental term of the assets.

B　Leased Assets (Lessee)

Leased Assets are classified as property, plant and equipment and intangible assets. Depreciation is calculated by use of the straight-line method over each lease term of the assets and no estimated salvage value.

C　Other Assets

Depreciations for other property, plant and equipment are calculated by use of the declining balance method over estimated useful lives of the assets, which range from ten to forty-seven years.

Depreciations for other intangible assets are calculated by use of the straight-line method over estimated useful lives of the assets.

③Allowance

Allowance for Doubtful Accounts

Allowances are recognized for doubtful accounts. The company estimates the amount of uncollectable receivables based on historical experiences, credit qualities of our customers and other factors that may affect customers' ability to pay.

④Revenue and Expense Recognition

A Financing Leases (Lessor)

When the company receives a lease payment, the company recognizes the amount of cash received as revenue and the amount of cash received excluded interest portion as cost of sales.

B Installment Sales

When the company delivers a good, the company recognizes the full contract amount as accounts receivable-installment sales. When a due date is arrived, the company reports both the installment sale and the installment cost. Additionally, the company recognizes an unrealized income corresponding to accounts receivable-installment sales which the due date is not arrived at year end, as deferred profit on installment sales.

C Financial Expenses

The company divides financial expenses into two categories based on the resources. One is the financial expense related to operating assets. The other is the financial expense related to other assets. The former is included in the cost of sales, and the latter is classified as non-operating expense.

⑤Amortization

Goodwill is amortized using the straight-line method over reasonable years within ten years.

⑥Cash and Cash Equivalent

Cash is cash on hand and on demand deposit. Cash equivalent is a financial instrument that is both, easily convertible into a known amount of cash and original maturity of three months or less from the date of purchase. It is so close to maturity that the company has very little risk of change in value, due to changes in interest rate.

⑦ Others

Consumption and Local Consumption Tax

The company applies the tax excluded accounting method. The consumption tax amount not subject to tax credit related to property, plant and equipment is classified as an investment and other assets. The other assets are depreciated using the straight-line method over five years. The other consumption tax amount not subject to tax credit is classified as a period expense.

(Changes in accounting policies)

FY2012 (from April 1, 2012 to March 31, 2013)

(Changes in accounting policies which are difficult to distinguish from changes in estimates)

The depreciation method for property, plant and equipment related to pharmacies

① Depreciation was previously calculated by use of the declining balance method. The company changed the depreciation method to the straight-line method for property, plant and equipment related to newly open pharmacies. When the company changed to the current new pharmacy opening policies, and considered the future operating circumstances for pharmacies, the straight-line method was found to be reasonable to ensure appropriate cost allocations.

There was no material influence on profits and loss for FY2012.

② Due to revised corporation tax law, the company changed to the depreciation method required by corporation tax law for property, plant and equipment assets purchased after April 1, 2012, excluding rental assets, lessors' lease assets, and assets related to new pharmacies.

There was no material influence on profits and loss for FY2012.

(Consolidated Balance Sheet)

*1. Inventories

(in millions)

	FY2011	FY2012
Medical supplies	¥ 3,749	¥ 4,762
Merchandise	22	22
Costs on uncompleted construction contracts	9	8
Raw materials and supplies	148	179

*2. Accumulated Depreciation

(in millions)

	FY2011	FY2012
Accumulated depreciation	¥ 8,824	¥ 12,618

*3. Investment Securities for Affiliated Companies

(in millions)

	FY2011	FY2012
Investment securities	¥ 429	¥ 429

4. Contingent Liabilities

(in millions)

FY2011		FY2012	
Kaze-No-Suzuran-Kai, etc (9 people)	¥ 2,289	Kaze-No-Suzuran-Kai, etc (10 people)	¥ 2,324
Employees (8 people)	9	Employees (9 people)	10
Total	2,298		2,334

(Consolidated Statement of Income)

*1. Main Selling General and Administrative Expenses

(in millions)

	FY2011	FY2012
Salaries and allowances	¥ 3,023	¥ 3,104

*2. Impairment Losses

FY2011（from April 1, 2011 to March 31,2012）

The company divides assets into groups based on a minimum unit which generates cash flows. Specifically, the minimum unit for pharmacies is divided based on each pharmacy.

The company reported impairment loss for following groups:

Business	Place	Use	Classification	Amount (in millions)
Pharmacies	3 Pharmacies (Chugoku, Shikoku, Kyushu)	Pharmacies	Buildings and structures	¥ 20
Total				20

If a pharmacy continues to operate at a deficit, and is not expected to go into the black, the company reduces the pharmacy’s book value to a collectable amount, and then recognizes impairment loss as extraordinary loss. Impairment loss for FY2011 was ¥20 million made up as follows: buildings and structures was ¥10 million, land was ¥8 million and other was ¥1 million.

The collectable amount is measured by a net sales price based on a land price or a fixed assets tax assessment value. The company considers the materiality of each asset.

FY2012（from April 1, 2012 to March 31,2013）

The company divides assets into groups based on a minimum unit which generates cash flows. Specifically, the minimum unit for pharmacies is divided based on each pharmacy.

The company reported impairment loss for following groups:

Business	Place	Use	Classification	Amount (in millions)
Pharmacies	1 Pharmacy (Kyushu)	Pharmacies	Buildings, etc	¥ 4
Total				4

If a pharmacy continues to operate at a deficit, and is not expected to go into the black, the company reduces the pharmacy's book value to a collectable amount, and then recognizes impairment loss as extraordinary loss. Impairment loss for FY2012 was ¥4 million made up as follows: buildings, etc were ¥4 million and other was ¥0 million.

The collectable amount is measured by a net sales price based on a land price or a fixed assets tax assessment value. The company considers the materiality of each asset.

(Consolidated Statement of Cash Flows)

*1. Items of Cash and Cash Equivalent

(in millions)

	FY2011	FY2012
Cash and deposits	¥ 4,004	¥ 5,115
Over three-month time deposit	(20)	(20)
Cash and Cash Equivalent	3,984	5,095

2. Significant Non-Cash Transactions

FY2011 (from April 1, 2011 to March 31, 2012)

Assets and liabilities as a result of this fiscal year's financing lease transactions were ¥433 million, and ¥455 million respectively. Assets and liabilities as a result of this fiscal year's installment sales transactions were ¥5,132 million, and ¥5,400 million respectively.

FY2012 (from April 1, 2012 to March 31, 2013)

Assets and liabilities as a result of this fiscal year's financing lease transactions were ¥464 million, and ¥486 million respectively. Assets and liabilities as a result of this fiscal year's installment sales transactions were ¥1,281 million, and ¥1,347 million respectively.

(Segment Information)

1. Outline of Segment

The company identifies a reportable segment by a component of the company about which separate financial information is available that is evaluated regularly by a board of directors who make decisions about how to allocate resources and assess performance.

The company's reportable segments are now 'Higashinihon', 'Nishinihon' and 'Kyushu' to allow for development of regional strategies and rapid decision-making about business operations.

Changes in reportable segments

From this consolidated fiscal year, reportable segments were changed from 'practice start-up support', 'pharmacies' and 'others' to 'Higashinihon', 'Nishinihon', and 'Kyushu'. The company reorganized our organization by region to develop regional strategies and allow rapid decision-making about business operations.

The company reports segment information at '3. Segment Sales, Profit (Loss), and Assets' using the new segments.

2. Accounting Method for Segment Sales, Profit (Loss), and Assets

The accounting method for reportable segments was almost the same as the 'Basic Information of Consolidated Financial Statements'.

Each segment profit (loss) is calculated based on operating income. Intersegment sales and transfer pricing are calculated by market prices.

As mentioned at 'Changes in accounting policies', depreciation was previously calculated by use of the declining balance method. The company changed the depreciation method to the straight-line method for property, plant and equipment related to newly open pharmacies. When the company changed to the current new pharmacy opening policies, and considered the future operating circumstances for pharmacies, the straight-line method was found to be reasonable to ensure appropriate cost allocations.

There was no material influence on profits and loss for FY2012.

As mentioned at 'changes in accounting policies', due to revised corporation tax law, the company changed to the depreciation method required by corporation tax law for property, plant and equipment assets purchased after April 1, 2012, excluding rental assets, lessors' lease assets, and assets related to new pharmacies.

There was no material influence on profits and loss for FY2012.

3. Segment Sales, Profit (Loss), and Assets

FY2011 (from April 1, 2011 to March 31, 2012)

(in millions)

	Reportable Segments				Others *1	Total	Reconciliations *2	consolidated amounts *3
	Higashinihon	Nishinihon	Kyushu	Total				
Sales								
Unaffiliated sales	¥ 28,223	¥ 18,664	¥ 32,010	¥ 78,898	¥ 1,324	¥ 80,222	─	¥ 80,222
Intersegment sales	46	16	7	71	512	583	¥ (583)	─
Total	28,269	18,681	32,018	78,969	1,836	80,806	(583)	80,222
Segment profit	1,282	1,246	2,390	4,918	353	5,272	(423)	4,848
Segment assets	16,316	11,795	15,841	43,953	1,584	45,538	7,622	53,160
Others								
Depreciation	739	844	763	2,348	195	2,543	278	2,821
Amortization of goodwill	206	32	12	252	─	252	─	252
Increase in assets	4,017	2,371	2,472	8,861	367	9,229	(438)	8,790

Notes:

*1. Others includes items such as TV rental for hotels, which are not classified as reportable segments.

*2. Reconciliations were as follows:

(1) Reconciliation for reportable segment loss (¥423 million) included elimination of intersegment sales (¥11 million) and overall corporate expense (¥(435) million). The overall corporate expense was classified as selling general and administrative expenses and was not allocated to reportable segments.

(2) Reconciliation for reportable segment assets (¥7,622 million) included elimination investment against equity (¥(4,656) million) and overall corporate assets (¥12,801 million). The overall assets were classified as parent company's deposits and were not allocated to reportable segments.

(3) Assets included property, plant and equipment and intangible assets. Reconciliation of increase of those assets ((¥438) million) was classified as the parent company's investment in plant and equipment relating to networking.

*3. Reportable segment profits were reconsolidated with the operating income of the consolidated income statement.

FY2012 (from April 1, 2012 to March 31, 2013)

(in millions)

	Reportable Segments				Others *1	Total	Reconciliations *2	consolidated amounts *3
	Higashinihon	Nishinihon	Kyushu	Total				
Sales								
Unaffiliated sales	¥ 31,747	¥ 20,067	¥ 33,249	¥ 85,063	¥ 1,595	¥ 86,658	—	¥ 86,658
Intersegment sales	25	11	3	41	810	851	¥ (851)	—
Total	31,772	20,079	33,253	85,104	2,406	87,510	(851)	86,658
Segment profit	1,282	989	2,256	4,529	247	4,776	(452)	4,324
Segment assets	16,917	11,351	15,059	43,328	3,278	46,607	10,531	57,138
Others								
Depreciation	906	861	907	2,675	254	2,930	337	3,267
Amortization of goodwill	348	36	22	406	0	407	—	407
Increase in assets	2,213	1,085	1,294	4,594	402	4,996	435	5,431

Notes:

*1. Others include items such as TV rental for hotels, which are not classified as reportable segments.

*2. Reconciliations were as follows:

(1) Reconciliation for reportable segment loss (¥452 million) included elimination of intersegment sales (¥6 million) and overall corporate expense (¥(459) million). The overall corporate expense was classified as selling general and administrative expenses and was not allocated to reportable segments.

(2) Reconciliation for reportable segment assets (¥10,175 million) included elimination investment against equity (¥(5,114) million) and overall corporate assets (¥13,627 million). The overall assets were classified as parent company's deposits and were not allocated to reportable segments.

(3) Assets included property, plant and equipment and intangible assets. Reconciliation of increase of those assets (¥435 million) were classified as the parent company's investment in plant and equipment relating to networking.

*3. Reportable segment profits were reconsolidated with the operating income of the consolidated income statement.

(Per Share Information)

	FY2011	FY2012
Net assets per share	¥ 2,702.78	¥ 2,993.28
Net income per share	346.93	350.81

Notes:

1. The company calculates net assets per share according to the following financial information:

(in millions)

	FY2011	FY2012
Net assets	¥ 19,511	¥ 21,636
Deduction	―	27
(Subscription rights to shares)	―	1
(Minority interests)	―	26
Net assets attributable to common stocks	19,511	21,608

Number of common stocks at the end of FY2011and FY2012: 7,219,000 shares

2. The company did not issue dilutive potential common shares for FY2011.Therefore the company did not report diluted earnings per share information.

3. The company did not issue dilutive potential common shares for FY2012.
Therefore the company did not report diluted earnings per share information.

4. The company calculates net income per share according to the following financial information：

(in millions)

	FY2011	FY2012
Net income	¥ 2,504	¥ 2,532
(Preferred dividends)	―	―
Net income attributable to common stocks	2,504	2,532

Average number of common stocks for FY2011 and FY2012: 7,219,000 shares

(Significant Subsequent Events)

FY2011(from April 1, 2011 to March 31, 2012) and FY2012 (from April 1, 2012 to March 31, 2013)

None.

4. Other Information

(1) The Business Conditions of Products, Orders and Sales

(in millions except percentages)

	FY2011	FY2012	Change	Change
Sales	¥ 80,222	¥ 86,658	¥ 6,436	8.0%
Medical Practice Support	20,201	22,062	1,861	9.2
Consulting	1,289	1,334	45	3.5
Consulting	733	806	72	9.9
Doctor practice transfer/ Practice start-up support	556	528	(27)	(4.9)
Rental	7,333	5,795	(1,537)	(21.0)
Sales *1	2,864	1,373	(1,491)	(52.1)
Rental	4,468	4,422	(46)	(1.0)
Leasing and Installment	9,104	12,979	3,875	42.6
Sales *1	7,414	9,458	2,044	27.6
Leasing	1,305	3,075	1,769	135.5
Installment sales	383	445	61	16.1
Others	2,473	1,952	(521)	(21.1)
Design and construction	1,842	1,209	(632)	(34.3)
Operating in-hospital store	458	434	(24)	(5.2)
Others	173	308	135	78.2
Pharmacies	59,062	63,420	4,358	7.4
Dispensing sales	58,198	62,337	4,139	7.1
Prescription drug sales	43,688	46,212	2,523	5.8
Dispensing technical fees	14,509	16,125	1,615	11.1
Non-prescription drug sales	864	1,082	218	25.3
Others	959	1,175	216	22.5

Notes:

*1. Sales are recognized when the company sells leasing contracts and rental contracts to other leasing companies. The company receives lease payments from the original lessee on behalf of the leasing companies, and pays the lease payments to the leasing companies. The company's income from sales is the difference between the sales price to the leasing companies and the purchase price from suppliers of underlying assets.