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

Summary of Consolidated Financial Results for FY2013
(Year ended March 31, 2014) 〔Japanese GAAP〕

April 17, 2014

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) Director & Executive Managing Officer	(Name) Kohichi Hashimoto
	Tel: +81-92-713-9181	E-mail: ir@sogo-medical.co.jp

Date of general shareholders’ meeting (as planned) : June 20, 2014
Dividend payable date (as planned) : June 23, 2014
Annual securities report filling date (as planned) : June 20, 2014
Supplemental material of annual results is available.
There will be a convening briefing of annual results for institutional investors and analysts.

(Amounts are rounded down.)

１. Consolidated Financial Results (from April 1, 2013 to March 31, 2014)

（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	%
FY2013	103,318	19.2	5,014	16.0	5,068	16.7	2,856	12.8
FY2012	86,658	8.0	4,324	(10.8)	4,343	(11.0)	2,532	1.1

Notes: Comprehensive income: ¥2,876 million for FY2013 (8.8 %) : ¥2,643 million for FY2012 (3.3 %)

	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	%	%	%
FY2013	395.64	－	12.6	8.2	4.9
FY2012	350.81	－	12.3	7.9	5.0

References: Investment profit (loss) on equity method: ¥－for FY2013 :¥－for FY2012

（２）Consolidated financial positions

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
FY2013	66,982	23,934	35.7	3,311.46
FY2012	57,138	21,636	37.8	2,993.28

References: Owner’s equity: ¥23,905 million for FY2013 :¥ 21,608 million for FY2012

（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
FY2013	7,461	(5,335)	(1,370)	5,851
FY2012	7,269	(3,380)	(2,777)	5,095

２．Dividends

	Dividend per share				
	First quarter	Second quarter	Third quarter	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2012	－	40.00	－	40.00	80.00
FY2013	－	40.00	－	40.00	80.00
FY2014(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	%	%
FY2012	577	22.8	2.8
FY2013	577	20.2	2.5
FY2014(forecast)		19.7	

３．Consolidated forecasts for FY2014 (from April 1, 2014 to March 31, 2015)

(% 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	52,481	6.9	1,727	(1.7)	1,655	(6.0)	878	(7.6)	121.63
Full-year	111,027	7.5	5,214	4.0	5,111	0.8	2,929	2.6	405.80

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 standard: None
② Changes in accounting policies other than ones based on revisions of accounting standard ①: None
③ Changes in accounting estimates: None
④ Retrospective restatement: None

（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):	FY2013: 7,670,078 shares	FY2012: 7,670,078 shares
②	Number of treasury stock at the end of fiscal year:	FY2013: 450,921 shares	FY2012: 450,911 shares
③	Average number of shares:	FY2013: 7,219,157 shares	FY2012: 7,219,212 shares

(Reference）Summary of Non-consolidated Financial Results

１． Non-consolidated Financial Results (from April 1, 2013 to March 31, 2014)

（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	%
FY2013	86,576	19.2	3,807	17.1	4,307	18.8	2,820	19.0
FY2012	72,608	7.2	3,250	(12.1)	3,624	(7.1)	2,370	11.3

	Net income per share	Diluted net income per share
	Yen	Yen
FY2013	390.70	–
FY2012	328.39	–

（２）Non-consolidated financial positions

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	yen
FY2013	60,830	22,167	36.4	3,070.65
FY2012	52,573	19,907	37.9	2,757.42

References: Owner’s equity: ¥ 22,167 million for FY2013 :¥ 19,906 million for FY2012

※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) Analysis of Operating Results” 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 FY2013

(in millions, except percentages)

	FY2012	Margin	FY2013	Margin	Change	Change
Sales	¥86,658	%	¥103,318	%	¥16,659	19.2%
Higashinihon	31,747		36,700		4,953	15.6
Medical practice support	8,145		10,177		2,032	24.9
Pharmacies	23,601		26,522		2,920	12.4
Nishinihon	20,067		27,390		7,323	36.5
Medical practice support	6,341		9,863		3,522	55.5
Pharmacies	13,725		17,526		3,801	27.7
Kyushu	33,249		37,238		3,988	12.0
Medical practice support	7,184		9,150		1,966	27.4
Pharmacies	26,065		28,087		2,022	7.8
Others	1,595		1,989		394	24.7
Operating Income	4,324	5.0	5,014	4.9	689	16.0
Higashinihon	1,282	4.0	1,289	3.5	6	0.5
Nishinihon	989	4.9	1,324	4.8	334	33.8
Kyushu	2,256	6.8	2,611	7.0	355	15.7
Others	247	15.5	346	17.4	99	40.2
Reconciliation	(452)	-	(558)	-	(105)	-
Ordinary Income	4,343	5.0	5,068	4.9	724	16.7
Net Income	2,532	2.9	2,856	2.8	323	12.8

In the year ended March 31, 2014, the final year of our medium-term management plan to “Grow as an attractive company through leveraging our DtoD systems and creating high-value pharmacies,” we continued to striving to build a base from which we can become the leader in all our business domains.

To achieve this, we bolstered practice start-up support and expanded high-value pharmacies. Additionally, we enhanced our human resources though practice process innovation (PPI) systems for practice start-up support, personnel introduction, and pharmacy management.

In practice start-up support, we conducted 314 projects, 99 projects more than in the previous fiscal year. This included support for doctors who planned to retire their practices through introduction of doctors who wish to start-up their own practices and support for new practices in health care malls. These projects have led to new lease contracts and 28 new openings of pharmacies.
The number of registered doctors who wish to transfer or start-up practices was 48,430 as of March 31, 2014, an increase of 7,652 compared to March 31, 2013.

We opened 78 new pharmacies (including 33 opened through M&A activities). As a result, the total number of pharmacies was 493 on March 31, 2014, 76 more than a year earlier. Of these 35 new pharmacies are in Higashinihon, 32 in Nishinihon, and 11 in Kyushu.
On April 1, 2014, we opened 10 new pharmacies. As a result, we operated a total of 503 pharmacies.

We also advanced other projects, such as health care mall operation, management contracting of medical institutions, and facility leasing.

Consequently, net sales increased 19.2% year on year, to ¥103,318 million, due to new openings in the pharmacy division and a rise in net sales in the leasing/installment division.
Operating income rose 16.0%, to ¥5,014 million. Ordinary income rose 16.7%, to ¥5,068 million. Net income rose 12.8%, to ¥2,856 million.

Segment financial results were as follows:

A　Higashinihon

Net sales for the year ended March 31, 2014, were ¥36,700 million, an increase of 15.6% year on year. The major factors for the increased net sales were higher pharmacy sales in the pharmacy division, a result of contributions from new openings and higher sales from existing pharmacies, as well as a rise in sales in the leasing/installment division.
Operating income was ¥1,289 million, an increase of 0.5%. The major factors for the increased operating income were rises in income in the consulting division and in net sales in the leasing/installment division, which offset an increase in selling, general and administrative expenses, such as amortization of goodwill and allocation amount of common expenses.

B Nishinihon

Net sales for the year ended March 31, 2014, were ¥27,390 million, an increase of 36.5% year on year. The major factors for the increased net sales were a large increase in sales in the leasing/installment division and boosted pharmacy sales in the pharmacy division due to contributions from new openings, including those conducted through M&A activities, and higher sales from existing pharmacies.
Operating income was ¥1,324 million, an increase of 33.8%. The major factors were a large increase in net sales in the pharmacy division.

C Kyushu

Net sales for the year ended March 31, 2014, were ¥37,238 million, an increase of 12.0% year on year. The major factors for the increased net sales were higher pharmacy sales in the pharmacy division, a result of higher sales from existing pharmacies and contributions from new openings, as well as a rise in sales in the leasing/installment division.
Operating income was ¥2,611 million, an increase of 15.7%. The major factors included the rise in income from higher sales in the pharmacy division and increased income in the consulting division.

D Others

Net sales for the year ended March 31, 2014, were ¥1,989 million, an increase of 24.7% year on year.
Operating income was ¥346 million, an increase of 40.2%. These increases were due to the opening of fee-based homes for the elderly.

②Forecasts for FY2014

	FY2013	FY2014 (Forecasts)	Change (amount)	Change (%)
	¥Millions	¥Millions	¥Millions	%
Net sales	103,318	111,027	7,709	7.5
Operating income	5,014	5,214	200	4.0
Ordinary income	5,068	5,111	43	0.8
Net income	2,856	2,929	73	2.6
Net income per share (¥)	395.64	405.80	-	-

In the year ending March 31, 2015, we will launch a new medium-term management plan. Under this plan, priority measures will include undertaking new businesses, improving existing businesses, and enhancing corporate value. For details, please refer to “2. Management Policies” on page 9.

We forecast that net sales in the year ending March 31, 2015, will be ¥111,027 million, an increase of 7.5%, operating income will be ¥5,214 million, an increase of 4.0%, ordinary income will be ¥5,111 million, an increase of 0.8%, and net income will be ¥2,929 million, an increase of 2.6% compared to the year ended March 31, 2014.

These figures will be accomplished by advancing the aforementioned measures.

(2) Analysis of Financial Positions

①Analysis of Assets, Liabilities, and Net Assets

(in millions except percentages and ratios)

	FY2012	FY2013	Change
Total Assets	¥57,138	¥66,982	¥9,844
including Cash and Deposits	5,115	5,873	757
Liabilities	35,501	43,048	7,547
including Interest-Bearing Debt *1	14,330	15,552	1,221
Net Assets	21,636	23,934	2,297
Shareholders' Equity Ratio (%)	37.8	35.7	(2.1)
Net Debt-to-Equity Ratio (times) *2	0.43	0.40	(0.02)

*1.Interest-Bearing Debts include lease obligations and accounts payable-installment purchases.

*2. Net Debt-to-Equity Ratio
=(Interest-Bearing Debts－Cash and Deposits) / Shareholders' Equity

As of March 31, 2014, total assets were ¥66,982 million, an increase of ¥9,844 million compared to March 31, 2013.
Current assets were ¥37,047 million, an increase of ¥6,863 million compared to March 31, 2013.The increase was due primarily to increases of ¥757 million in cash and deposits,¥3,999 million in notes and accounts receivable-trade, and ¥1,502 million in inventories of compared to March 31, 2013.
Non-current assets were ¥29,934 million, an increase of ¥2,981 million compared to March 31, 2013.The increase was due primarily to increases of ¥2,015 million in goodwill and ¥1,214 million in buildings and structures, which counteracted a decrease in property for lease of ¥1,114 million compared to March 31, 2013.

As of March 31, 2014, total liabilities were ¥43,048 million, an increase of ¥7,547 million compared to March 31, 2013.
Current liabilities were ¥30,358 million, an increase of ¥6,920 million compared to March 31, 2013. The increase was due primarily to increases of ¥5,306 million in notes and accounts payable-trade and ¥476 million in current portion of long-term loans payable.
Non-current liabilities were ¥12,689 million, an increase of ¥626 million compared to March 31, 2013.The increase was due primarily to an increase in long-term loans payable of ¥1,621 million, which offset a decrease in long-term accounts payable-installment purchases of ¥1,153 million. Interest-bearing debts (including lease obligations and accounts payable-installment purchases) were ¥15,552 million, an increase of ¥1,221 million compared to March 31, 2013. The net debt-to-equity ratio (interest-bearing debt less cash and deposits divided by shareholders’ equity) was 0.40 times, a decrease of 0.02 times compared to March 31, 2013.

As of March 31, 2014, net assets were ¥23,934 million, an increase of ¥2,297 million compared to March 31, 2013. Net income increased net assets by ¥2,856 million and dividends payment decreased net assets by ¥577 million. As a result, the capital adequacy ratio was 35.7%, a decrease of 2.1 percentage points compared to 37.8% on March 31, 2013.

②Cash Flows

On March 31, 2014, cash and cash equivalents was ¥5,851 million, an increase of ¥755 million (14.8%) compared to March 31, 2013. The primary factors were as follows:

(Cash Flows from Operating Activities)
Net cash provided by operating activities was ¥7,461 million in the year ended March 31, 2014. The major cash increases were ¥5,046 million from net income before income tax, ¥3,522 million from adjustment for depreciation and amortization, and ¥4,932 million from increase in notes and accounts payable-trade. The major cash decreases were ¥3,468 million from increase in notes and accounts receivable-trade, ¥1,222 from increase in inventories, and ¥1,842 million from income taxes paid.

(Cash Flows from Investing Activities)
Net cash used by investing activities was ¥5,335 million in the year ended March 31, 2014. Major cash outflows were ¥3,308 million for purchase of own-used assets and ¥2,277 million for purchase of investments in subsidiaries.

(Cash Flows from Financing Activities)
Net cash used by financing activities was ¥1,370 million in the year ended March 31, 2014. Major cash inflows came in the form of ¥3,650 million in proceeds from long-term loans payable. Major cash outflows were ¥1,910 million for repayments of long-term loans payable, ¥1,963 million for repayments of installments payable, ¥573 million for repayments of lease obligations, and ¥577 million for cash dividends paid.

(Reference) Cash flow-Related Indicators

	FY2009	FY2010	FY2011	FY2012	FY2013
Capital adequacy ratio (%)	43.3	40.5	36.7	37.8	35.7
Capital adequacy ratio (based on fair value) (%)	41.0	36.8	40.5	41.9	44.6
Interest-bearing debt to cash flows (%)	1.6	2.0	3.3	2.0	2.1
Interest coverage ratio (times)	63.7	56.0	34.2	49.1	57.1

Capital adequacy ratio: Shareholders' equity / Total assets

Capital adequacy ratio (based on fair value): Market capitalization / Total assets

Interest-bearing debt to cash flows: Interest-bearing debt / Cash flows

Interest coverage ratio: Cash flows / Interest paid

(Notes)
1. Each ratio is calculated using consolidated amounts.
2. Market capitalization is calculated using outstanding shares less treasury stock.
3. Cash flows and interest paid are clarified as net cash provided by (used in) operating activities.
4. Interest-bearing debt is all debt for which interest is paid interest.

2. Management Policies

(1) Medium-Term Management Plan “Further Challenge”

In Japan, rebuilding government finances has become a matter of utmost importance. As such, the consumption tax rate was raised in April 2014 as a means of helping secure stable financing resources for social security spending.

In the medical services area, medical spending is forecast to exceed ¥50 trillion by 2025. Patients have thus come to expect efficient and high-quality medical services. In light of these factors, in April 2014, the government revised reimbursement systems for medical services to better separate medical functions and promote increased coordination between these functions, improve in-home medical care, and establish comprehensive regional health-care systems.

We consider this significant turning point as an opportunity to better contribute to the society. One reason we feel the Company can accomplish this is the fact that it has continued to stay a step ahead of the times throughout its history, always considering what society needed and what customers desired while acting in accordance with its corporate concept of “good medicine through good management.”

Aiming to achieve our long-term vision, the new medium-term management plan has been formulated based on the concept of “Further Challenge - Toward a better society in which people can live with a sense of security-.” Additionally, we have set medium-term targets and defined priority initiatives to guide us on our quest to resolve the issues faced by society, which we will do by further advancing current initiatives will creating new services that meet social needs.

Through these efforts, we will work to build a better society through good medicine, which is our mission and the very reason for our existence.

(2) Long-Term Vision and Medium-Term Management Plan

①Long-Term Vision

"Establish a Japanese healthcare business model"

Our main objective is to create a Japanese-style healthcare system that helps create medical systems through which patients can receive efficient and high-quality medical treatments under a limited national budget.

②Medium-Term Management Plan (from April 2014 to March 2017)

Further Challenge -Toward a better society in which people can live with a sense of security-

We are striving to build a platform for regional healthcare networks by leading the industry with our DtoD (Doctor to Doctor) system and high-value pharmacies.

(3) Priority Initiatives

①Undertaking New Businesses

・We will provide support for managing and coordinating medical services ranging from acute medical care to in-home care to help build a platform for regional healthcare networks.

②Improving Existing Businesses

・We will provide medical support based around DtoD systems by constructing ideal health care malls, enhancing support for starting up practices, improving user services, and expanding stock-style businesses.

・We will create high-value pharmacies by helping pharmacists' fully utilize their skills to enhance coordination between pharmacies and medical institutions, make medical costs more reasonable, improve in-home medical care services and self-health-care support.

③Enhancing Corporate Value

・Acting in accordance with our management principle, we strive to always be an organization that grows with its employees and at which employees can take pride in their work and feel a sense of purpose.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(in millions)

	FY2012 (As of March.31, 2013)	FY2013 (As of March.31, 2014)
Assets		
Current assets		
Cash and deposits	¥ 5,115	¥ 5.873
Notes and accounts receivable-trade	14,327	18,326
Accounts receivable-installment sales	1,377	1,687
Lease receivables and investment assets	2,120	2,014
Inventories	4,973	6,475
Deferred tax assets	687	762
Other	1,595	1,933
Allowance for doubtful accounts	(13)	(26)
Total current assets	30,184	37,047
Noncurrent assets		
Property, plant and equipment		
Property for lease	7,985	6,871
Buildings and structures, net	6,203	7,418
Land	3,018	3,078
Other, net	1,591	2,065
Total property, plant and equipment	18,799	19,433
Intangible assets		
Goodwill	3,279	5,294
Other	711	953
Total intangible assets	3,990	6,248
Investments and other assets		
Investment securities	1,290	1,008
Deferred tax assets	587	568
Other	2,294	2,681
Allowance for doubtful accounts	(8)	(5)
Total investments and other assets	4,163	4,252
Total noncurrent assets	26,953	29,934
Total assets	57,138	66,982

(in millions)

	FY2012 (As of March.31, 2013)	FY2013 (As of March.31, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	¥ 15,065	¥ 20,372
Short-term loans payable	330	350
Current portion of long-term loans payable	1,679	2,155
Lease obligations	519	503
Accrued expenses	1,541	1,725
Income taxes payable	1,077	1,333
Deferred profit on installment sales	129	175
Other	3,093	3,743
Total current liabilities	23,437	30,358
Noncurrent liabilities		
Long-term loans payable	3,570	5,191
Lease obligations	824	944
Long-term accounts payable-installment purchase	5,604	4,450
Other	2,064	2,103
Total noncurrent liabilities	12,063	12,689
Total liabilities	35,501	43,048
Net assets		
Shareholders' equity		
Capital stock	3,513	3,513
Capital surplus	4,136	4,136
Retained earnings	14,779	17,058
Treasury stock	(1,043)	(1,043)
Total shareholders' equity	21,386	23,665
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	222	240
Total accumulated other comprehensive income	222	240
Subscription rights to shares	1	-
Minority interests	26	28
Total net assets	21,636	23,934
Total liabilities and net assets	57,138	66,982

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

(Consolidated Statements of Income)

(in millions)

	FY2012 (Apr.1, 2012-Mar.31, 2013)	FY2013 (Apr.1, 2013-Mar.31, 2014)
Net sales	¥ 86,658	¥ 103,318
Cost of sales	73,503	88,889
Gross profit	13,155	14,428
Selling, general and administrative expenses	8,831	9,414
Operating income	4,324	5,014
Non-operating income		
Dividends income	15	16
Dividends income of life insurance	12	-
Rent income	30	35
Other	93	130
Total non-operating income	151	183
Non-operating expenses		
Interest expenses	67	57
Other	65	71
Total non-operating expenses	132	128
Ordinary income	4,343	5,068
Extraordinary income		
Gain on sales of investment securities	178	41
Contributed income	23	7
Total extraordinary income	201	48
Extraordinary loss		
Impairment loss	4	34
Loss on sales of investment securities	-	26
Loss on valuation of investment securities	6	-
Litigation expenses	39	-
Office transfer expenses	35	9
Total extraordinary loss	85	70
Income before income taxes	4,460	5,046
Income taxes-current	1,747	2,082
Income taxes-deferred	175	105
Total income taxes	1,922	2,187
Income before minority interests	2,537	2,858
Minority interests in income	5	2
Net income	2,532	2,856

(Consolidated Statements of Comprehensive Income)

(in millions)

	FY2012 (Apr.1, 2012-Mar.31, 2013)	FY2013 (Apr.1, 2013-Mar.31, 2014)
Income before minority interests	¥ 2,537	¥ 2,858
Other comprehensive income		
Valuation difference on available-for-sale securities	106	18
Total other comprehensive income	106	18
Comprehensive income	2,643	2,876
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,638	2,874
Comprehensive income attributable to minority interests	5	2

(3) Consolidated Statements of Change in Net Assets

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

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

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

FY2013（from April 1, 2013 to March 31,2014） (in millions)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	3,513	4,136	14,779	(1,043)	21,386
Changes of items during the period					
Dividends from surplus			(577)		(577)
Net income			2,856		2,856
Purchase of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	2,278	(0)	2,278
Balance at the end of current period	3,513	4,136	17,058	(1,043)	23,665

	Accumulated other comprehensive income	Subscription rights to shares	Minority interests	Net assets
	Valuation difference on available-for-sale securities			
Balance at the beginning of current period	222	1	26	21,636
Changes of items during the period				
Dividends from surplus				(577)
Net income				2,856
Purchase of treasury stock				(0)
Net changes of items other than shareholders' equity	18	(1)	2	18
Total changes of items during the period	18	(1)	2	2,297
Balance at the end of current period	240	-	28	23,934

(4) Consolidated Statements of Cash Flows

(in millions)

	FY2012 (Apr.1, 2012-Mar.31, 2013)	FY2013 (Apr.1, 2013-Mar.31, 2014)
Net cash provided by (used in) operating activities		
Income before income taxes	¥ 4,460	¥5,046
Depreciation and amortization	3,267	3,522
Impairment loss	4	34
Interest and dividends income	(17)	(18)
Capital cost and interest expenses	148	126
Decrease (increase) in notes and accounts receivable-trade	622	(3,468)
Decrease (increase) in accounts receivable-installment	(1)	(264)
Net decrease (increase) in lease receivables and investment assets	54	106
Decrease (increase) in inventories	(1,003)	(1,222)
Increase (decrease) in notes and accounts payable-trade	1,529	4,932
Increase/decrease/ in other assets/liabilities	(118)	181
Other, net	261	439
Subtotal	9,207	9,416
Interest and dividends income received	17	18
Interest expenses paid	(148)	(130)
Income taxes paid	(1,807)	(1,842)
Net cash provided by (used in) operating activities	7,269	7,461
Net cash provided by (used in) investing activities		
Purchase of own-used assets	(3,032)	(3,308)
Proceeds from sales of own-used assets	349	88
Purchase of property for lease	(74)	(69)
Purchase of investment securities	-	(97)
Proceeds from sales of investment securities	341	444
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(455)	(2,277)
Payments of loans receivable	(191)	-
Other, net	(317)	(115)
Net cash provided by (used in) investing activities	(3,380)	(5,335)

(in millions)

	FY2012 (Apr.1, 2012-Mar.31, 2013)	FY2013 (Apr.1, 2013-Mar.31, 2014)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	¥ (12)	¥ 6
Proceeds from long-term loans payable	1,500	3,650
Repayment of long-term loans payable	(1,376)	(1,910)
Repayments of lease obligations	(593)	(573)
Repayments of installment payables	(1,755)	(1,963)
Cash dividends paid	(541)	(577)
Purchase of treasury stock	(0)	(0)
Other, net	1	(1)
Net cash provided by (used in) financing activities	(2,777)	(1,370)
Net increase (decrease) in cash and cash equivalents	1,111	755
Cash and cash equivalents at beginning of period	3,984	5,095
Cash and cash equivalents at end of period	5,095	5,851

(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: 18 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.
- 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.
- Taikodo yakkyoku honten Co., Ltd.
- T・M Yakkyoku Co., Ltd.
- Care Medical Co., Ltd.
- Beauty Drug Saito Co., Ltd.
- Nakano Pharmacy Co., Ltd.

Taikodo yakkyoku honten Co., Ltd. (all shares acquired on August 6, 2013), T・M Yakkyoku Co., Ltd. (all shares acquired on August 6, 2013), Care Medical Co., Ltd. (all shares acquired on December 27, 2013), Beauty Drug Saito Co., Ltd. (all shares acquired on March 28, 2014), Nakano Pharmacy Co., Ltd. (all shares acquired on March 28, 2014), were included in the scope of consolidation starting from April 1, 2013.

Sogo Medical Pharmacy Kanto Co., Ltd. (absorbed into the Company on April 1, 2013), was excluded from the scope of consolidation starting from April 1, 2013.

2. Equity-Method

None

3. Fiscal Periods of Consolidated Subsidiaries

Consolidated subsidiaries with fiscal-year ends different from that of the Company:

Nakano Pharmacy Co., Ltd.	May 31
Maeda & Co., Ltd.	June 30
T・M Yakkyoku Co., Ltd.	June 30
Taikodo yakkyoku honten Co., Ltd.	July 31
Sumiredo Pharmacy Co., Ltd.	August 31
Beauty Drug Saito Co., Ltd.	September 30
Yataya Pharmacy Co., Ltd.	October 31
Care Medical Co., Ltd.	December 31

When preparing consolidated financial statements, financial statements as of March 31, 2014, are used for these companies.

4. Significant Financial Accounting Principles

(1) Valuation basis and method of major assets

①Investment Securities

With market value:

By the mark-to-market method based on average market value over a period of one month prior to the date of settlement of the consolidated accounts (valuation differences are reported as a separate component of net assets and the sale price is determined by the moving-average method).

Without market value:

At cost, using the moving-average method

Investments in a limited investment partnership or a similar partnership (that can be considered as marketable securities in accordance with the Article 2 (2) of the Financial Instruments and Exchange Act) are stated at their net equity value on the most recent financial statements that are available on the settlement report day as specified in the partnership agreement.

②Inventories

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

(2)Depreciation

①Property for lease

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

②Plant, Property and Equipment and Intangible assets (Excluding rental assets, leasd assets (lessee) and plant property and equipment related to pharmacies opened after April 1, 2012)

Depreciation for plant, property and equipment is calculated by use of the declining balance method. Depreciation for intangible assets is calculated by use of the straight-line method.

Useful lives of building and structures range from 10 to 47 years.

③Leased 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 asset’s lease term of the assets and with no estimated salvage value.

④Plant property and equipment related to pharmacies opened after April 1, 2012

Depreciation is calculated by use of the straight-line method.

(3)Allowance

Allowance for Doubtful Accounts

Allowances are recognized for doubtful accounts. General provisions are determined on the basis of past credit loss experience, and specific provisions, such as loss apprehensive credits, are determined by considering individual collectability.

(4)Revenue and Expense Recognition

①Financing Leases (Lessor)

When the Company receives a lease payment, the Company recognizes the sale amount and cost of sale.

②Installment Sales

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

(5)Amortization of Goodwill Method and Period

Goodwill is amortized using the straight-line method over a period of no more than 10 years, with the reasonable period being decided for individual items.

(6) Scope of Funds Used to Prepare Consolidated Cash Flow Statements

Funds used to prepare the consolidated cash flow statements (cash and cash equivalents) include cash on hand, deposits withdrawable at immediate notice, and easily convertible short-term investments redeemable within 3 months of acquisition with minimal risk of fluctuations in value.

(7) Others

Consumption and Local Consumption Tax

The Company applies the tax exclusion method for consumption and local consumption tax. 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.

(Consolidated Balance Sheet)

1. Inventories

(in millions)

	FY2012	FY2013
Medical supplies	¥ 4,762	¥ 6,214
Merchandise	22	23
Costs on uncompleted construction contracts	8	34
Raw materials and supplies	179	202

2. Accumulated Depreciation

(in millions)

	FY2012	FY2013
Accumulated depreciation	¥ 12,618	¥ 14,901

3. Investment Securities for Affiliated Companies

(in millions)

	FY2012	FY2013
Investment securities	¥ 429	¥ -

4. Contingent Liabilities

(in millions)

FY2012		FY2013	
Kaze-No-Suzuran-Kai, etc (8people)	¥ 2,324	Kaze-No-Suzuran-Kai, etc (8 people)	¥2,456
Employees (10people)	11	Employees (10people)	11
Total	2,335	Total	2,467

(Consolidated Statements of Income)

1. Main Selling General and Administrative Expenses

(in millions)

	FY2012	FY2013
Salaries and allowances	¥ 3,108	¥ 3,193

2. Impairment Losses

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

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

We reported impairment loss for following groups:

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

For pharmacies that continue to record losses and are not expected to return to profitability, the Company reduces the book value of applicable pharmacies to a collectable amount, and then recognizes impairment loss as extraordinary loss. Impairment loss for the year ended March 31, 2013, was ¥4 million made up as follows: buildings and structures was ¥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 with consideration made for the materiality of each asset.

FY2013（from April 1, 2013 to March 31,2014）

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

We reported impairment loss for following groups:

Business	Place	Use	Classification	Amount (in millions)
Higashinihon	1 Pharmacy (Kanto)	Pharmacies	Buildings and structures, etc	¥ 11
Nishinihon	1 Pharmacy (Chugoku), 1 Office (Kinki)	Pharmacies Office	Buildings and structures, etc	11
Kyushu	1 Pharmacy (Kyushu)	Pharmacies	Buildings and structures, etc	5
Whole	Head office(Kyushu)	System	Software	5
			Total	34

For pharmacies that continue to operate at a deficit and are not expected to return to profitability, pharmacies and offices scheduled to be relocated, and old operating systems disposed of following the introduction of new systems, the Company reduces the book value of the applicable asset to a collectable amount, and then recognizes impairment loss as extraordinary loss. Impairment loss for the year ended March 31, 2014, was ¥34 million made up as follows: buildings and structures, etc. was ¥17 million, property, plant and equipment-other was ¥11 million, and intangible assets was ¥5 million.

The collectable amount is measured by a net sales price based on a land price or a fixed assets tax assessment value with consideration made for the materiality of each asset. The collectable amount of assets for disposal following the introduction of a new system was zero.

(Consolidated Statements of Cash Flows)

1. Items of Cash and Cash Equivalents

(in millions)

	FY2012	FY2013
Cash and deposits	¥ 5,115	¥ 5,873
Over three-month time deposit	(20)	(22)
Cash and Cash Equivalents	5,095	5,851

2. Significant Non-Cash Transactions

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.

FY2013 (from April 1, 2013 to March 31, 2014)

Assets and liabilities as a result of this fiscal year's financing lease transactions were ¥667 million, and ¥703 million respectively. Assets and liabilities as a result of this fiscal year's installment sales transactions were ¥918 million, and ¥964 million respectively.

(Segment Information)

1. Outline of Segment

Reportable segment are components of the Company for which separate financial information is available. The board of directors regularly evaluates these segments to make decisions about how to allocate resources and assess performance.

Our businesses consist of management consulting for medical institutions and medical doctors, DtoD (support system for medical practice succession, medical cooperatives, and practitioner recruitment), TV rental for patients in hospitals, leasing and installment payment sales of medical equipment, design and construction of medical institutions, pharmacies, managing fee-based residential homes for the elderly, and TV rental for hotels.

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

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.

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

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	19,093	11,547	15,123	45,764	3,278	49,042	8,095	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	2,052	1,247	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 (¥8,095 million) included elimination investment against equity (¥-5,114 million) and overall corporate assets (¥13,985 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) 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.

FY2013 (from April 1, 2013 to March 31, 2014)

(in millions)

	Reportable Segments				Others *1	Total	Reconciliations *2	consolidated amounts *3
	Higashinihon	Nishinihon	Kyushu	Total				
Sales								
Unaffiliated sales	¥ 36,700	¥ 27,390	¥ 37,238	¥ 101,329	¥ 1,989	¥103,318	—	¥ 103,318
Intersegment sales	19	346	3	369	2,457	2,826	¥ (2,826)	—
Total	36,719	27,737	37,241	101,698	4,446	106,145	(2,826)	103,318
Segment profit	1,289	1,324	2,611	5,225	346	5,572	(558)	5,014
Segment assets	22,936	15,651	16,524	55,112	3,285	58,398	8,584	66,982
Others								
Depreciation	1,052	923	921	2,897	289	3,187	335	3,522
Amortization of goodwill	415	140	22	578	0	579	—	579
Increase in assets	2,930	2,318	944	6,192	224	6,417	737	7,155

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 (¥558million) included elimination of intersegment sales (¥5million) and overall corporate expense (¥-563million). 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 (¥8,584 million) included elimination investment against equity (¥-7,529 million) and overall corporate assets (¥17,040 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 (¥737 million) was classified as head office’s networking systems and allocation of other reportable segments.

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

(Per Share Information)

	FY2012	FY2013
Net assets per share	¥ 2,993.28	¥ 3,311.46
Net income per share	350.81	395.64

Notes:

1. We calculate net assets per share according to the following financial information:

(in millions)

	FY2012	FY2013
Net assets	¥ 21,636	¥ 23,934
Deduction	27	28
(Subscription rights to shares)	1	-
(Minority interests)	26	28
Net assets attributable to common stocks	21,608	23,905

Number of common stocks at the end of FY2012and FY2013: 7,219,000 shares

2. We did not issue dilutive potential common shares for FY2012.
Therefore we did not report diluted earnings per share information.

3. We did not issue dilutive potential common shares for FY2013.
Therefore we did not report diluted earnings per share information.

4. We calculate net income per share according to the following financial information：

(in millions)

	FY2012	FY2013
Net income	¥ 2,532	¥ 2,856
(Preferred dividends)	-	-
Net income attributable to common stocks	2,532	2,856

Average number of common stocks for FY2012 and FY2013: 7,219,000 shares

The Company repurchased and then cancelled all 13,500 stock options issued following approval by the board of directors on April 18, 2012.

(Significant Subsequent Events)

None.