

Financial Results for Year Ended Feb. 28, 2011

Supplementary Information

Securities ID Code: 7649, Part 1 of TSE and NSE

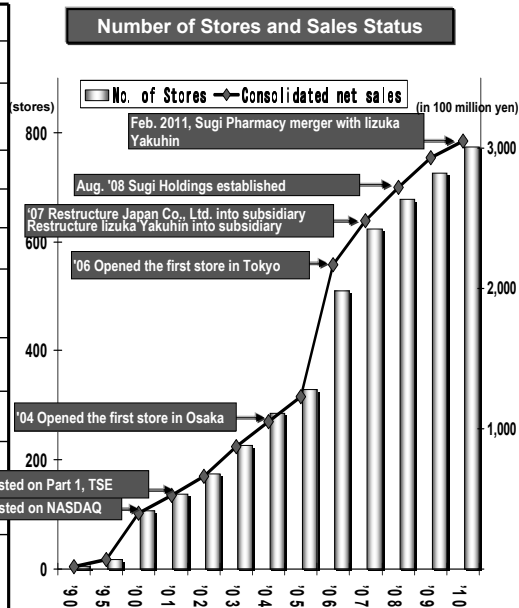
Sugi Holdings Co., Ltd.

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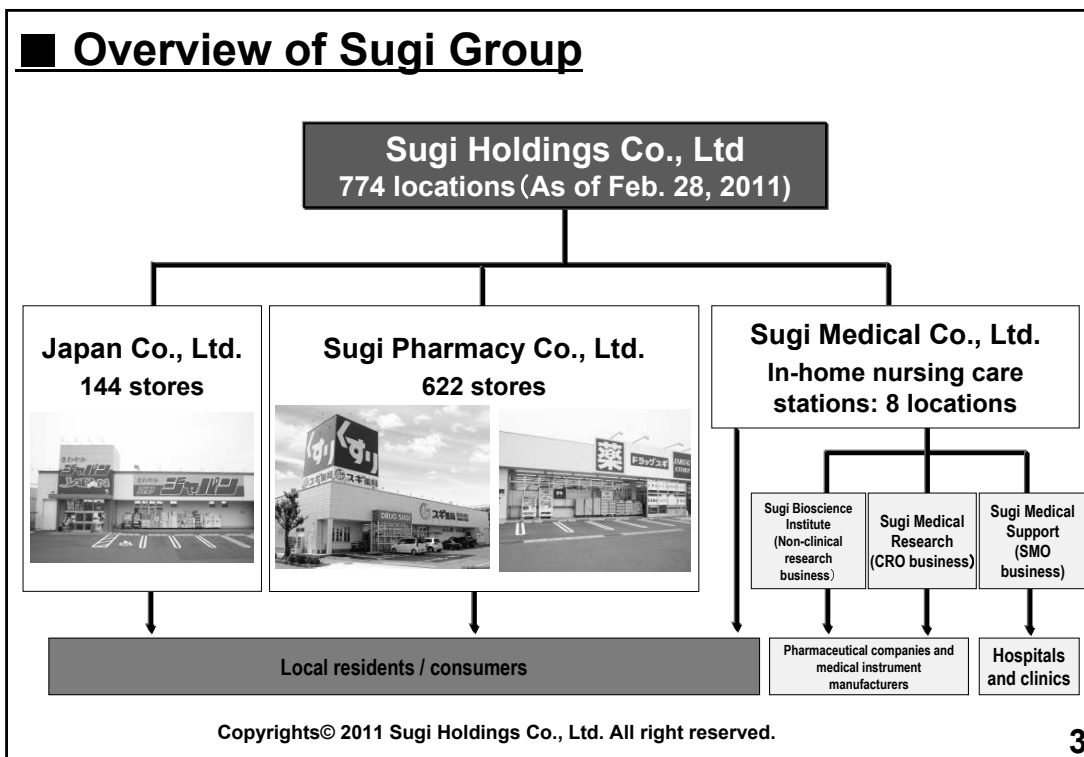
PROFILE

Company name	<i>Sugi Holdings Co., Ltd.</i>
Head office	1-8-4, Mikawaanjo-cho, Anjo-City, Aichi Pref.
Establishment	Sugi Pharmacy was established in December 1976 to sell prescription drugs and OTC drugs.
Founded	March 1982
Paid-in capital	JPY15,434,588,000
Fiscal year-end	End of February
Number of shares outstanding	63,330,838 shares
Number of stores	774 (as of Feb. 28, 2011)
Number of employees	4,047(full-time) (as of Feb. 28, 2011)
Net sales	JPY304,730 m (FY ended Feb. 28, 2011 - consolidated)
Operating Profit	JPY12,777 m(FY ended Feb. 28, 2011 - consolidated)
Description of business	Management of subsidiaries engaging in businesses including pharmacy business, drug store business, clinical research business, and in-home nursing care business



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New Store Openings FY2011/2

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■ Store Openings and Closings in FY 2011/2

* Please note that "FY2011/2" and "FY 2012/2" in this presentation refers to the fiscal year ended in February 2011, and the fiscal year ending February 2012, respectively. The same notation is used in other pages.

■ FY2011/2: 65 new stores opened, 16 stores closed

	FY2010/2	FY2011/2 1st Half			FY2011/2 2nd Half			FY2011/2 Full-Year		
	As of the Term-End	Store Openings	Store Closings	As of the Term-End	Store Openings	Store Closings	As of the Term-End	Store Openings	Store Closings	Change
Kanto Region	168	15	3	180	11	3	188	26	6	+20
Chubu Region	319	12	3	328	10	3	335	22	6	+16
Kansai Region	238	8	4	242	9	0	251	17	4	+13
Total	725	35	10	750	30	6	774	65	16	+49

	FY2010/2	FY2011/2 1st Half			FY2011/2 2nd Half			FY2011/2 Full-Year		
	As of the Term-End	Store Openings	Store Closings	As of the Term-End	Store Openings	Store Closings	As of the Term-End	Store Openings	Store Closings	Change
Sugi Pharmacy	505	31	5	531	30	5	556	61	10	+51
Japan	145	1	2	144	0	0	144	1	2	-1
Iizuka Yakuhin	70	0	3	67	0	1	66	0	4	-4
Visit Nursing Care ST	5	3	0	8	0	0	8	3	0	+3
Total	725	35	10	750	30	6	774	65	16	+49

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Financial Highlights for Year Ended Feb. 28, 2011 - Consolidated -

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Financial Highlights for Year Ended Feb. 28, 2011

■FY2011/2: Largest ever net sales (JPY304.7 billion) and operating profit (JPY12.8 billion) achieved

	FY2010/2 Full Year		FY2011/2 Full Year				Major Factors	
	Results (in million yen)	%	Results (in million yen)	%	Y o Y	vs. Budget (in %)		
Net Sales	293,511	100.0	304,730	100.0	103.8	98.8	-3,769	Weak sales of pollen allergy-related products
Gross Margin	76,289	26.0	80,618	26.5	105.7	99.8	-181	Budget 26.2% ↔ Results 26.5%
SG&A	66,143	22.5	67,841	22.3	102.6	97.5	-1,758	Subsidiaries' cost reduction effort
Operating Profit	10,145	3.5	12,777	4.2	125.9	114.1	+1,577	
Non-operating Income	3,332	1.1	3,493	1.1	104.8	138.6	+973	
Non-Operating Expenses	1,200	0.4	1,258	0.4	104.8	174.8	+538	
Recurring Profit	12,277	4.2	15,012	4.9	122.3	115.5	+2,012	
Extraordinary Income	—	—	—	—	—	—	—	
Extraordinary Loss	4,215	1.4	1,159	0.4	27.5	58.0	-840	FY 2010/2: Loss on sales of fixed assets JPY1.627 million, Impairment loss ¥1,601 million FY 2011/2: Impairment loss ¥1,025 million
Net Income before Income Tax	8,061	2.7	13,853	4.5	171.8	125.9	+2,853	
Income Taxes	2,881	1.0	4,853	1.6	168.5	114.2	+603	
Net Income	5,180	1.8	8,999	3.0	173.7	133.3	+2,249	

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FY2011/2 Consolidated SG&A Status

■FY2011/2: Largest ever net sales (JPY304.7 billion) and operating profit (JPY12.8 billion) achieved

	FY2010/2 Full Year		FY2011/2 Full Year			Major Factors	
	Results (in million yen)	%	Results (in million yen)	%	Y o Y Change		
Advertising Expenses	4,129	1.4	4,117	1.4	99.7	-12	Reduction in flyer advertising by dominant store openings
Premium Expenses	1,998	0.7	2,266	0.7	113.4	+268	Sales promotion in Sugi Pharmacy by point system, etc.
Total Selling Expenses	6,128	2.1	6,383	2.1	104.2	+255	
Personnel Expenses	31,845	10.8	32,160	10.6	101.0	+315	Full time +123, Part time - 370 (group wide, compared to previous year)
Rent Expenses	13,266	4.5	13,571	4.5	102.3	+305	
Depreciation Expenses	3,637	1.2	3,878	1.3	106.6	+240	Change in depreciation policy, etc.
Utilities Expenses	2,912	1.0	3,135	1.0	107.6	+222	Impact of extreme heat, etc.
Supplies Expenses	1,543	0.5	1,823	0.6	118.1	+279	Impact of store refurbishment, etc.
Tax and Public Charges	1,787	0.6	1,528	0.5	85.5	-259	
Commission Paid	1,803	0.6	2,039	0.7	113.1	+235	
Others	3,217	1.1	3,320	1.1	103.2	+103	
Total Administrative Expenses	28,170	9.6	29,297	9.6	104.0	+1,127	
Total SG&A Expenses	66,143	22.5	67,841	22.3	102.6	+1,697	

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Financial Highlights for Full Year Ended Feb. 28, 2011 - Subsidiaries -

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■ Financial Highlights - Sugi Pharmacy Co., Ltd. -

■FY2011/2: Largest ever net sales (¥218 billion) and operating income (¥10.8 billion) achieved

	FY2010/2 Full Year		FY2011/2 Full Year				
	Results (in million yen)	%	Results (in million yen)	%	Y o Y	vs. Budget (in %)	vs. Budget (in million yen)
Net Sales	205,243	100.0	217,981	100.0	106.2	99.5	-1,019
Gross Margin	58,616	28.6	62,975	28.9	107.4	100.6	+376
SG&A	49,251	24.0	52,219	24.0	106.0	99.5	-280
Operating Profit	9,365	4.6	10,755	4.9	114.8	106.5	+656

Full year overview

- ◆Net Sales: Existing store sales growth Budget :+0.8% ⇒ Result +0.2%
(Customer count -1.3%, Purchase per customer +1.5%)
- ◆Gross margin ratio: Budget 28.6% ⇒Result 28.9%
- ◆SG&A: Budget attainment 99.5% (Selling expenses 97.4%, Personnel 102.5%, Admin. expenses 96.7%)

(Note) For convenience of comparison with figures of the former Sugi Pharmacy, combined figures of Sugi Holdings, Sugi Pharmacy, and Sugi Medical (non-consolidated and excluding clinical research subsidiaries), are presented after elimination of inter-company transactions.

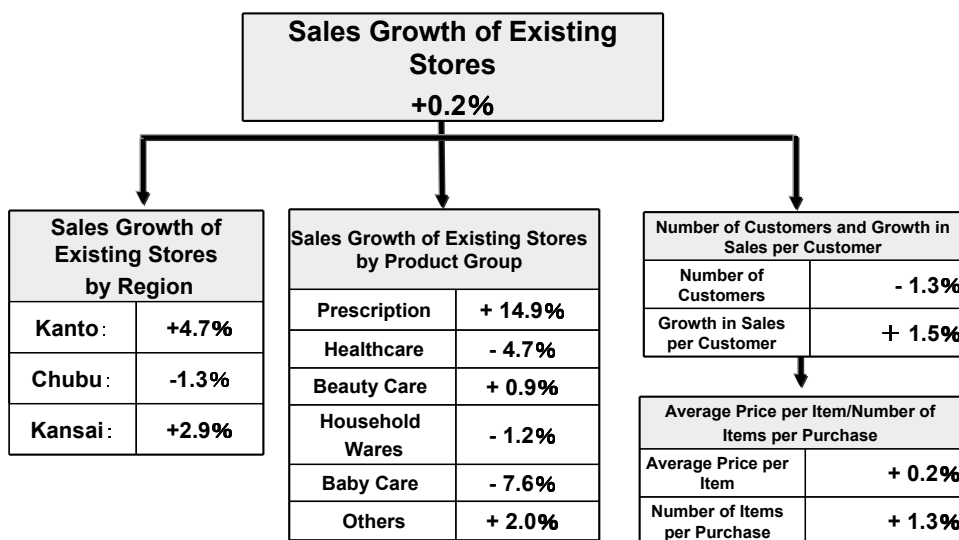
Sugi Pharmacy and Iizuka Yakuhin merged on Feb.1, 2011. This table excludes figures of Iizuka for February.

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■ Sales Trend at Existing Stores- Sugi Pharmacy Co., Ltd. -

■FY 2011/2: Sales of pollen allergy related products were weak, but existing store sales increased +0.2% supported by strong growth in prescription sales



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■ Sales Trend by Product Group - Sugi Pharmacy Co., Ltd. -

■FY 2011/2: Prescription accounts for 11.5% of total sales

(%)	Composition Ratio			Sales % Y o Y	Sales % vs. Budget	Gross Margin Rate			Gross Margin % vs. Budget
	FY2010/2 Full Year		FY2011/2 Full Year			FY2010/2 Full Year		FY2011/2 Full Year	
	Results	Budget	Results			Results	Budget	Results	
Prescription	10.4	10.5	11.5	117.0	109.2	33.0	32.8	33.4	111.2
Healthcare	27.2	27.0	25.8	100.9	95.1	38.3	38.8	37.5	91.8
Beauty Care	28.6	28.6	28.6	106.4	99.7	28.2	28.2	28.2	99.6
Subtotal	66.2	66.1	65.9	105.8	99.3	33.1	33.3	32.7	97.7
Household Wares	18.8	18.8	18.9	107.0	100.2	22.5	22.3	24.2	108.5
Baby Care	4.6	4.6	4.2	97.9	92.0	10.3	11.2	12.5	102.9
Others	10.4	10.6	10.9	111.1	103.0	18.9	17.9	20.2	116.2
Total	100.0	100.0	100.0	106.2	99.5	28.6	28.6	28.9	100.6

(Note) For convenience of comparison with figures of the former Sugi Pharmacy, combined figures of Sugi Holdings, Sugi Pharmacy, and Sugi Medical (non-consolidated and excluding clinical research subsidiaries), are presented after elimination of inter-company transactions
Sugi Pharmacy and Iizuka Yakuhin merged on Feb.1, 2011. This table excludes figures of Iizuka for February.

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■ Trend of SG&A Expenses - Sugi Pharmacy Co., Ltd. -

■FY 2011/2: 99.5% budget attainment by reduction of rent and other G&A expenses

	FY2010/2 Full Year		FY2011/2 Full Year						Major Factors
	Results (in million yen)	Ratio to Sales (%)	Results (in million yen)	Ratio to Sales (%)	Change from Last Year	Y o Y	vs. Budget (in %)	vs. Budget (in million yen)	
Advertising Expenses	3,290	1.6	3,274	1.5	-0.1	99.5	90.2	-356	Reduction in flyer advertising
Premium Expenses	1,768	0.9	2,120	1.0	+0.1	120.0	111.1	+221	Sales promotion by point system
Total Selling Expenses	5,058	2.5	5,395	2.5	0.0	106.7	97.4	-145	
Personnel Expenses	24,031	11.7	24,855	11.4	-0.3	103.4	102.5	+618	Full time +117, Part time -52 (compared to previous year)
Rent Expenses	9,207	4.5	9,866	4.5	0.0	107.2	93.1	-730	
Depreciation Expenses	2,512	1.2	2,942	1.3	+0.1	117.1	101.2	+34	
Utilities Expenses	1,888	0.9	2,122	1.0	+0.1	112.4	106.2	+124	Impact of extreme heat
Supplies Expenses	1,177	0.6	1,455	0.7	+0.1	123.6	96.8	-49	
Tax and Public Charges	1,582	0.8	1,392	0.6	-0.2	88.0	84.1	-263	
Commission Paid	1,289	0.6	1,553	0.7	+0.1	120.5	97.9	-33	
Others	2,502	1.2	2,635	1.2	0.0	105.3	106.6	+164	
Total Administrative Expenses	20,160	9.8	21,968	10.1	+0.3	109.0	96.7	-753	
Total SG&A Expenses	49,251	24.0	52,219	24.0	0.0	106.0	99.5	-280	

(Note) For convenience of comparison with figures of the former Sugi Pharmacy, combined figures of Sugi Holdings, Sugi Pharmacy, and Sugi Medical (non-consolidated and excluding clinical research subsidiaries), are presented after elimination of inter-company transactions.
Sugi Pharmacy and Iizuka Yakuhin merged on Feb.1, 2011. This table excludes figures of Iizuka for February.

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■ Financial Highlights - Japan Co., Ltd. -

■FY 2011/2: Operating income achieved 109% budget attainment

	FY2010/2 Full Year		FY2011/2 Full Year				
	Results (in million yen)	%	Results (in million yen)	%	Y o Y	vs. Budget (in %)	vs. Budget (in million yen)
Net Sales	70,434	100.0	70,392	100.0	99.9	96.4	-2,607
Gross Margin	14,288	20.3	14,463	20.5	101.2	98.4	-236
SG&A	11,785	16.7	11,955	17.0	101.4	96.4	-444
Operating Profit	2,503	3.6	2,507	3.6	100.2	109.0	+207

Full year overview
 ◆Net Sales: Existing store sales growth Budget :+0.7% ⇒ Result - 0.8%
 (Customer count -0.3%, Purchase per customer -0.6%)
 ◆Gross margin ratio: Budget 20.1% ⇒Result 20.5%
 (Ratio of Healthcare sales to total sales; 5.7% ⇒ 5.9%)
 ◆SG&A: Budget attainment 96.4%

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■ Financial Highlights - Iizuka Yakuhin Co., Ltd. -

■ FY 2011/2: Operating income of JPY67 million achieved

	FY2010/2 Full Year		FY2011/2 Full Year				
	Results (in million yen)	%	Results (in million yen)	%	Y o Y	vs. Budget (in %)	vs. Budget (in million yen)
Net Sales	16,177	100.0	14,736	100.0	91.1	95.1	-764
Gross Margin	3,588	22.2	3,426	23.3	95.5	95.2	-174
SG &A	4,053	25.1	3,358	22.8	82.9	98.8	-42
Operating Profit	-465	-2.9	67	0.5	—	33.9	-133

Full year overview

- ◆ Net Sales: Existing store sales growth Budget :+5.2% ⇒ Result +3.4%
(Customer count 0.0%, Purchase per customer +3.3%)
- ◆ Gross margin ratio: FY 2010/2 22.2% ⇒ FY 2011/2 23.3%
(Ratio of Beauty Care sales to total sales; 15.5% ⇒ 18.5%)
- ◆ SG&A: 82.9% budget attainment due to transfer of administrative function to SHD

(Note) Sugi Pharmacy and Iizuka Yakuhin merged on Feb.1, 2011. This table includes figures of Iizuka (before merger) for February.

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■ Financial Highlights - Clinical Research Business -

■ FY 2011/2: Significant reduction in operating loss by improved operating ratio

	FY2010/2 Full Year		FY2011/2 Full Year				
	Results (in million yen)	%	Results (in million yen)	%	Y o Y	vs. Budget (in %)	vs. Budget (in million yen)
Net Sales	2,320	100.0	2,573	100.0	110.9	99.8	-6
Gross Margin	51	2.2	600	23.3	1168.1	111.1	+60
SG &A	1,015	43.8	768	29.8	75.7	85.4	-131
Operating Profit	-963	-41.5	-168	-6.5	—	—	+191

(million yen)	2010/2 Full Year				2011/2 Full Year			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
New Orders	711	1,102	557	453	697	600	1,082	440
Balance of Orders	1,258	1,827	2,253	2,280	2,346	2,175	2,705	2,526

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Forecast for the Year Ending Feb.29, 2012

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■ P/L Forecast for the Year Ending Feb. 29, 2012 - Consolidated -

■FY 2012/2 target: Net sales JPY315 billion, Operating income JPY13 billion

	FY2011/2 Full Year		FY2012/2 Full Year Forecasts		
	Results (in million yen)	%	Forecast (in million yen)	%	Y o Y
Net Sales	304,730	100.0	315,000	100.0	103.4
Gross Margin	80,618	26.5	83,600	26.5	103.7
SG&A	67,841	22.3	70,600	22.4	104.1
Operating Profit	12,777	4.2	13,000	4.1	101.7
Recurring Profit	15,012	4.9	15,000	4.8	99.9
Net Income	8,999	3.0	8,000	2.5	88.9

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■ Forecasts for the Year Ending Feb. 29, 2012												
Net Sales to Operating Income - Consolidated -												
■FY 2012/2 target: Net sales JPY315 billion, Operating income JPY13 billion												
(in million yen.)	Net Sales			Gross Margin (Ratio %)			SG&A (Ratio %)			Operating Income (Ratio %)		
	FY2011/2 Results	FY2012/2 Forecasts	Y o Y %	FY2011/2 Results	FY2012/2 Forecasts	Y o Y %	FY2011/2 Results	FY2012/2 Forecasts	Y o Y %	FY2011/2 Results	FY2012/2 Forecasts	Y o Y %
Sugi Pharmacy	230,193	242,640	105.4	65,084 (28.3)	68,460 (28.2)	105.2	55,380 (24.1)	56,820 (23.4)	102.6	9,704 (4.2)	11,640 (4.8)	120.0
Japan	70,392	73,000	103.7	14,463 (20.5)	14,730 (20.2)	101.8	11,955 (17.0)	12,330 (16.9)	103.1	2,507 (3.6)	2,400 (3.3)	95.7
Clinical Research Business	2,573	2,630	102.2	600 (23.3)	525 (20.0)	87.5	768 (29.8)	770 (29.3)	100.3	-168 (-)	-245 (-)	-
Others	1,572	-3,270	-	471	-115	-	-262	680	-	734	-795	-
Consolidated	304,730	315,000	103.4	80,618 (26.5)	83,600 (26.5)	103.7	67,841 (22.3)	70,600 (22.4)	104.1	12,777 (4.2)	13,000 (4.1)	101.7

(Notes) Two years has passed since Sugi Holdings was established in Sept 2008. In Feb 2011, Iizuka Yakuhin merged into Sugi Pharmacy. Considering these circumstances, starting from the year ending Feb. 29, 2012, we will put more focus on disclosure of consolidated results, while disclosing figures of core businesses (Sugi Pharmacy, Japan and Clinical Research Business) as supplemental information.
Accordingly, the full year forecasts for Sugi Pharmacy in this table is non-consolidated forecasts only for Sugi Pharmacy, unlike the conventional forecasts that were summation of figures for Sugi Holdings, Sugi Pharmacy and Sugi Medical. Sugi Pharmacy's results for FY 2011/2 in this table are also restated on a non-consolidated basis (simple summation of results of Sugi Pharmacy and former Iizuka Yakuhin) for comparison purpose.
The variance between FY 2011/2 results and FY2012/2 forecasts includes impact of transfer of administrative function from Sugi Pharmacy to Sugi Holdings (approx. JPY1,380 million) implemented in FY 2011/2. Accordingly, FY2012/2 forecast also significantly varies from FY2010 results in "Others" segment.

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■ Preconditions of Forecasts for the Year Ending Feb. 29, 2012												
< Existing Stores Sales Growth >						< Store Opening & Closing >						
(%)	H1	H2	Full Year	(Store)	Openings	Closings	Total					
Sugi Pharmacy	+1.4	-0.1	+0.7	Sugi Pharmacy	61	15	46					
Japan	-0.2	-0.7	-0.4	Japan	5	0	5					
Group Total	+1.0	-0.2	+0.4	Visit Nursing Care ST	4	0	4					
				Group Total	70	15	55					
< Investment >						< Goodwill Amortization >						
(in million yen)	Amount				Goodwill Amortization Recording as SG&A	Negative goodwill Recording as non-operating income	Impact on ordinary income					
New stores	4,500			FY2011	30	278	+249					
Existing store refurbishment	1,000			FY2012	30	115	+86					
Investment in systems	500			FY2013	22	106	+83					
Group Total	6,000			FY2014	-	-	-					

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Medical Business - Sugi Pharmacy Group

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■ OTC Sales Trends – Sugi Pharmacy

■ After Revision in Japan's Pharmaceutical Affairs Act (June 2009)

< Growth Rate of All Stores Sales >

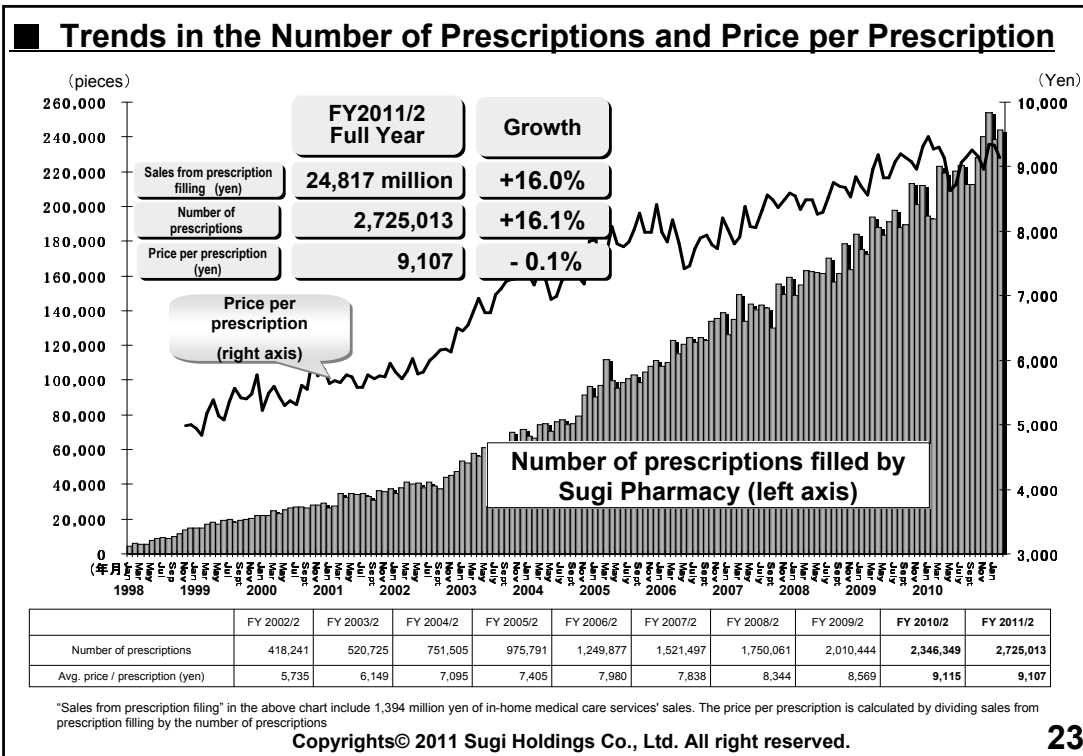
(%)	FY 2010/2			FY 2011/2			
	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Category 1	+18.8	+25.4	+14.5	+26.4	+16.5	+20.9	+19.7
Category Specified 2	+9.7	+1.9	-1.5	-1.4	+6.4	+11.7	+14.8
Category 2	+6.9	+4.4	-8.0	-9.7	-1.1	+9.0	+12.0
Category 3	+9.1	+2.5	-6.9	-13.3	-14.8	+0.5	+14.6
OTC Total	+8.7	+4.3	-4.7	-6.5	-2.1	+8.2	+13.4

< OTC Sales by Category (All Stores) >

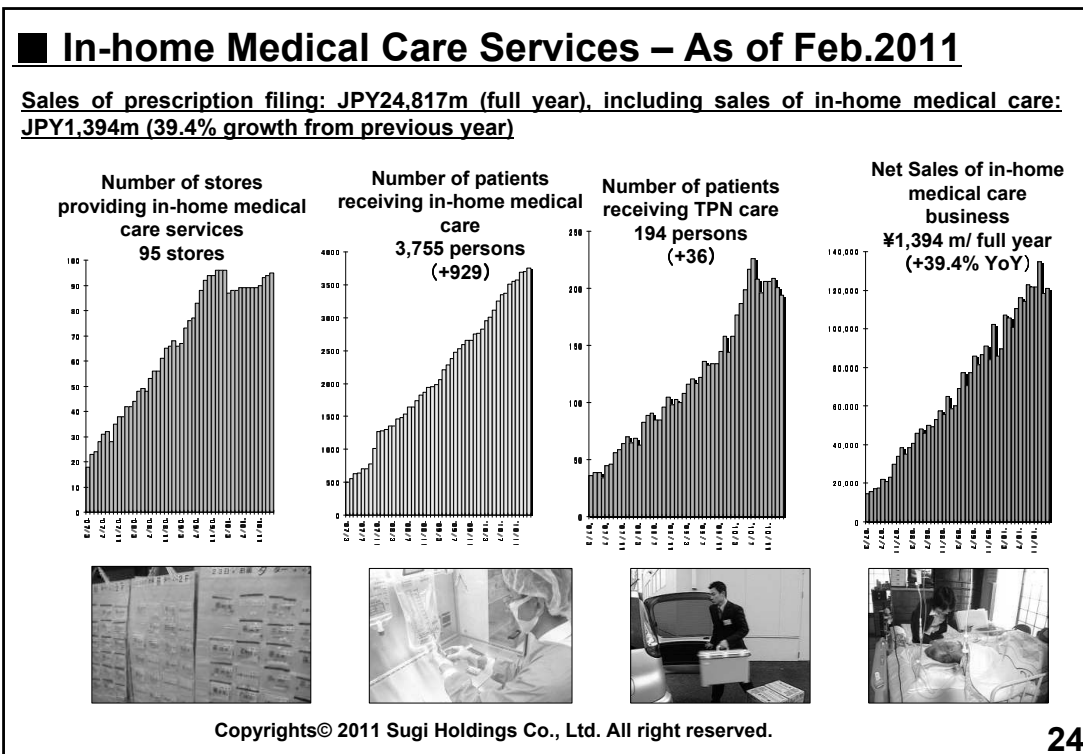
(%)	FY 2010/2			FY 2011/2			
	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Category 1	5.5	6.0	6.6	7.3	6.5	6.7	7.0
Category Specified 2	23.0	26.6	27.8	27.2	25.0	27.5	28.2
Category 2	44.4	40.5	41.3	42.1	44.9	40.8	40.8
Category 3	27.1	26.9	24.3	23.4	23.6	25.0	24.5

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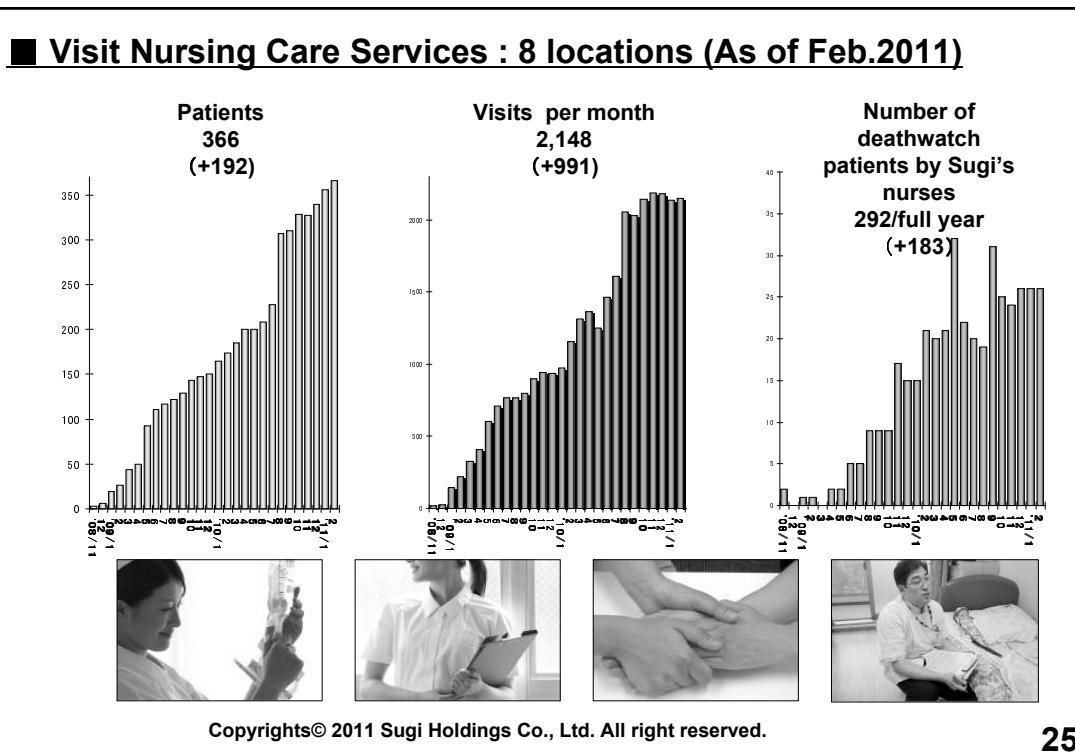
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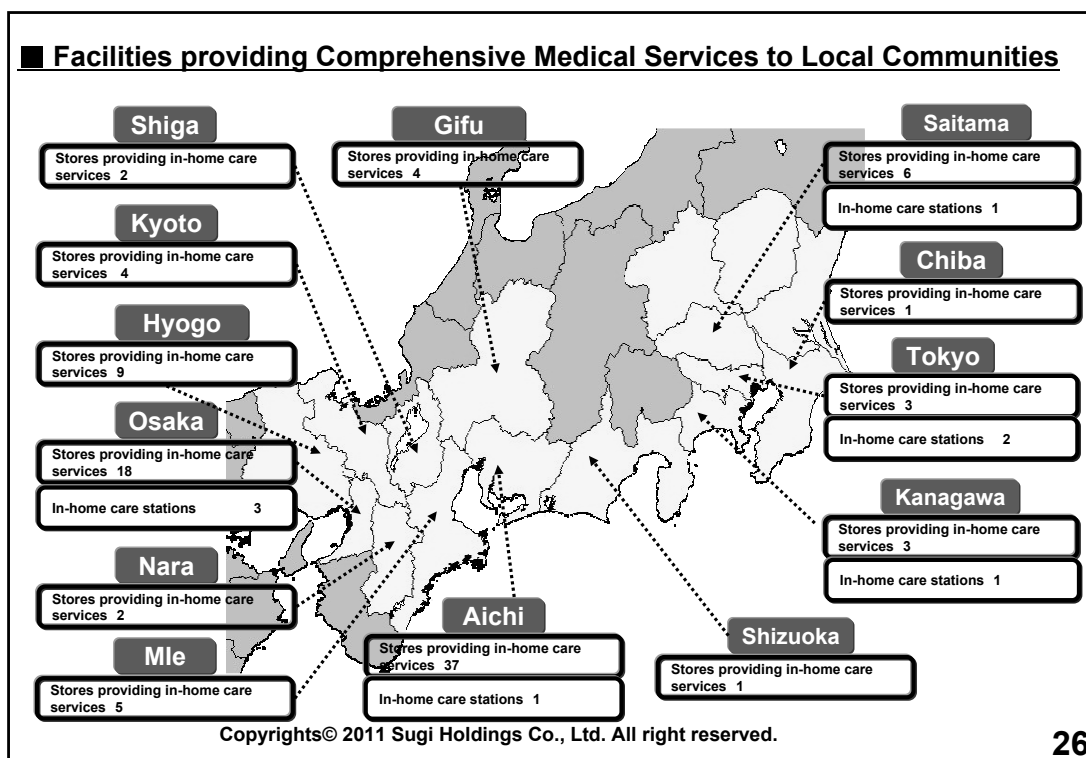
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■ Impact of Tohoku Region Pacific Coast Earthquake and Reconstruction Assistance Activities

◆ Earthquake damage and impact

	Affected stores	Impact on operation
Earthquake damage to stores	2 stores (Tsukuba, and Tsudanuma)	8 day closing in Tsukuba Store
Impact of rotating blackouts	190 stores * As of end of March	—

◆ Reconstruction Assistance Programs

Donation -Sugi Pharmacy Group: JPY100m donation

Employment Program - Full-time employment of up to 150 new graduates whose employment offer was cancelled due to the quake and students in quake-stricken areas

Other - Donation collecting activities at all Sugi Pharmacy Group stores



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- Sugi Pharmacy Group -

The forward-looking statements regarding business and other forecasts are Sugi Holdings management's decisions based on information currently available at the time the report was created, and contain risks and uncertainties.

We recommend that readers do not make their decisions solely relying on these forecasts, and readers are reminded that actual results may differ materially from these forecasts due to various circumstances beyond management's control.

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