



**Supplementary material of financial results
for the year ended March 2011**

May, 2011

Towa Pharmaceutical Co., Ltd.

(stock ticker number : 4553)



Summary

- Net Sales accounts 46.1 bn Yen, 18.2% increase compared to 2010/3. Sales to dispensing pharmacies increased due to the revision of GE incentive for dispensing pharmacies. In terms of products, sales of existing lines increased as well as Amlodipine and Lansoprazole.
- Sales to dispensing pharmacies keeps high level. Sales to dispensing pharmacies is more than that to general practitioners.
- Ratio of direct sales in net sales increased due to changing sales agent to sales office and opening new offices (14 offices increased to 29), and increased headquarter transaction.
- 2012/3 plan is 12% increase in net sales due to contribution of Amlodipine, Lansoprazole and newly launched products, despite of a lack of the influence of the revision of GE incentive for dispensing pharmacies. The plan supposes little influence of the Great East Japan Earthquake.

Outline of the financial results for the year ended March 2011

Period	11/3			10/3	
	(million Yen)	Ratio to sales (%)	Change in %	(million Yen)	Ratio to sales (%)
Net sales	46,145	100.0	+18.2	39,043	100.0
COGS	21,348	46.3	+13.6	18,793	48.1
SGA	15,142	32.8	+21.1	12,504	32.0
Operating income	9,654	20.9	+24.7	7,744	19.8
Ordinary income	9,396	20.4	+26.5	7,430	19.0
Net income	5,846	12.7	+27.1	4,601	11.8

Outline of the financial results for the year ended March 2011 (variation from plan)

Period	11/3			11/3 plan (disclosed on Nov. 8th)	
	(million Yen)	Ratio to sales (%)	Change in %	(million Yen)	Ratio to sales (%)
Net sales	46,145	100.0	+ 1.9	45,300	100.0
COGS	21,348	46.3	+ 0.2	21,300	47.0
SGA	15,142	32.8	+ 1.6	14,900	32.9
Operating income	9,654	20.9	+ 6.1	9,100	20.1
Ordinary income	9,396	20.4	+ 6.8	8,800	19.4
Net income	5,846	12.7	+ 6.3	5,500	12.1

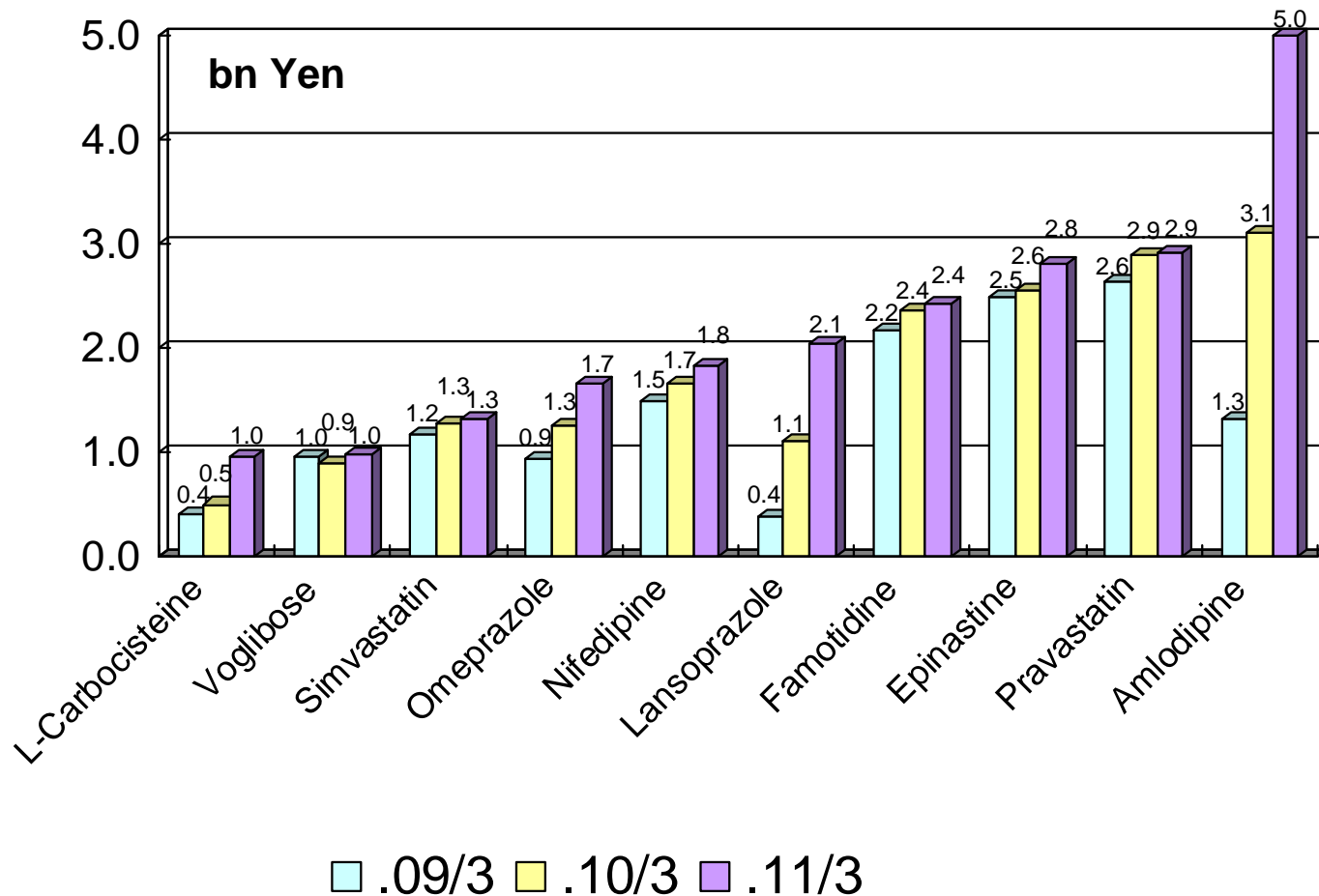
Outline of the financial results for the year ended March 2011

(non-consolidated)

Period	11/3			10/3	
	(million Yen)	Ratio to sales (%)	Change in %	(million Yen)	Ratio to sales (%)
Net sales	44,780	100.0	+18.4	37,836	100.0
COGS	20,754	46.3	+14.0	18,205	48.1
SGA	14,639	32.7	+21.5	12,049	31.8
Operating income	9,386	21.0	+23.8	7,581	20.0
Ordinary income	9,137	20.4	+25.6	7,272	19.2
Net income	5,683	12.7	+25.6	4,525	12.0

Sales of leading products

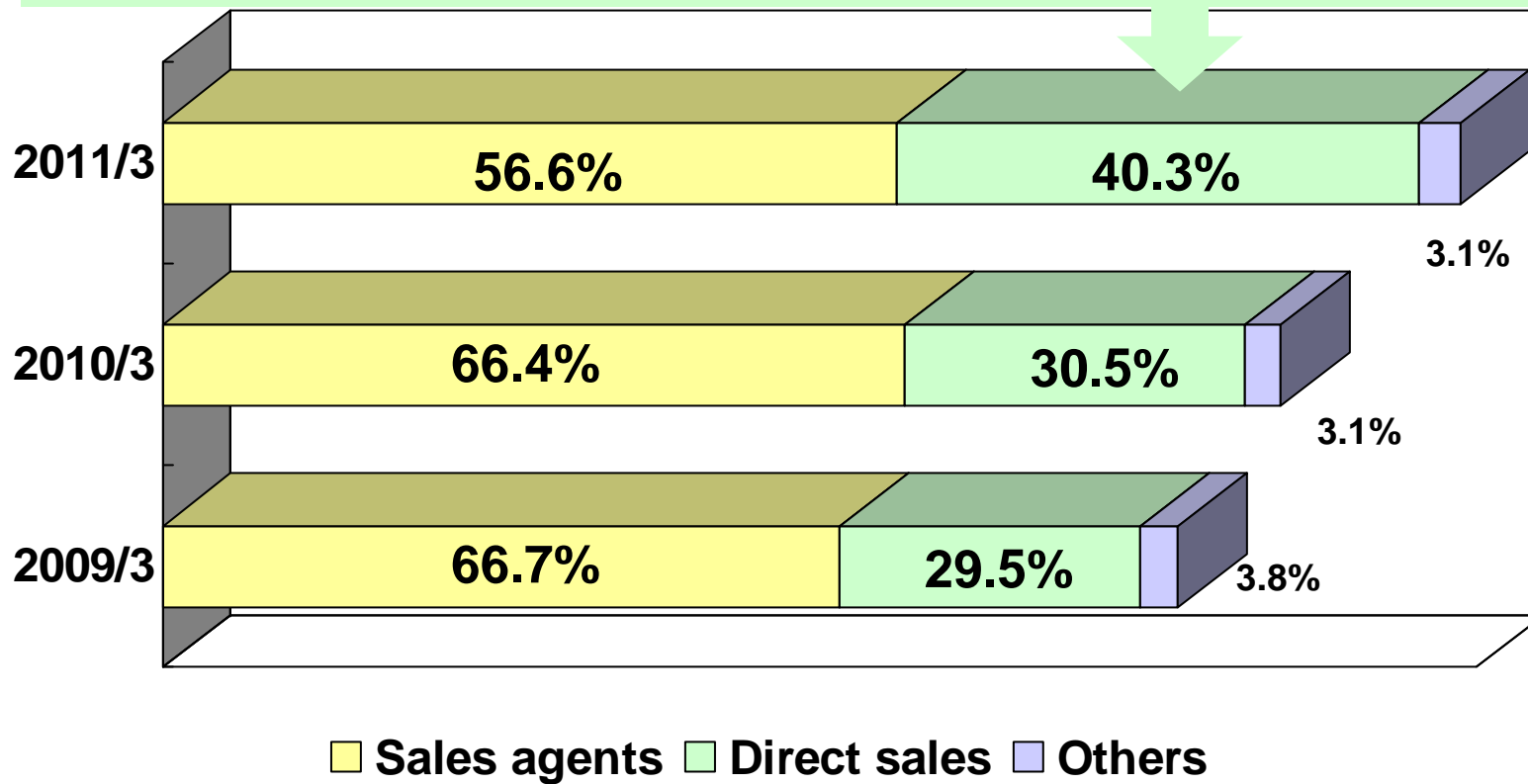
Amlodipine is top sales in the category of active ingredient.
OD tablets account for its 72%.



Sales of channels

(non-consolidated)

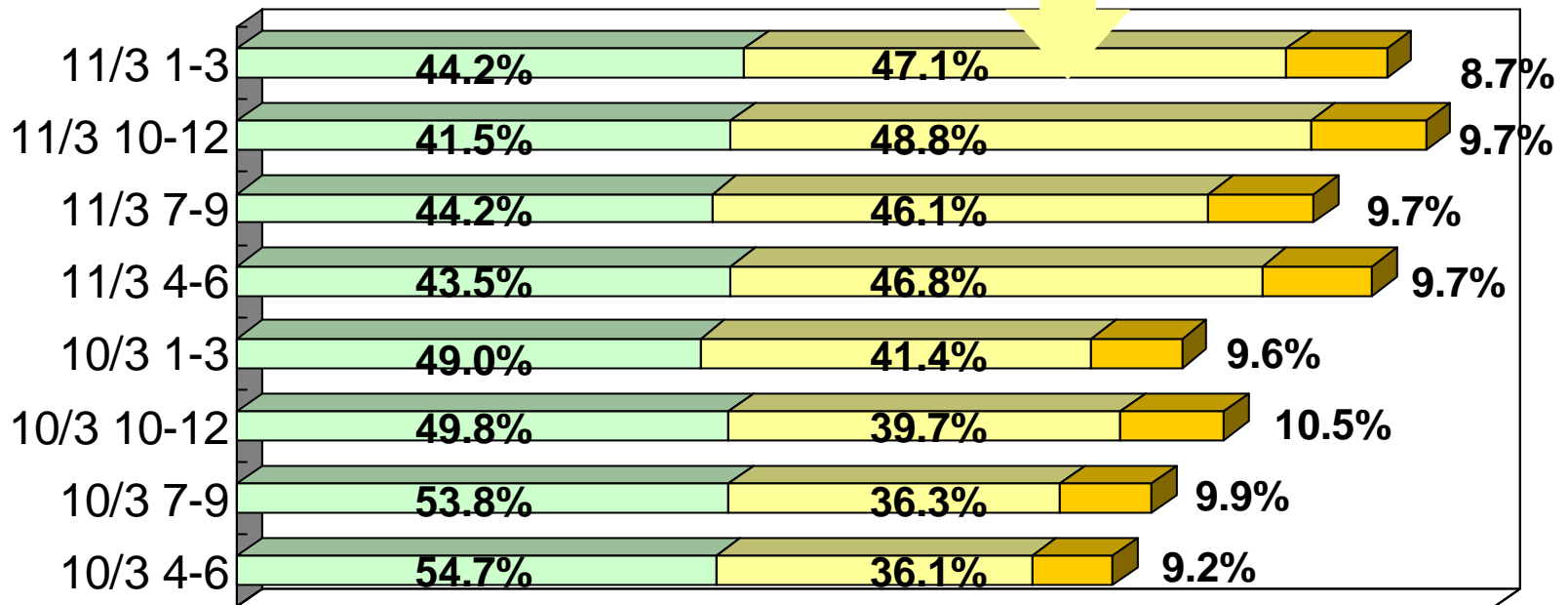
Ratio of direct sales increased due to changing sales agent to sales office and opening new offices (14 offices increased to 29), and increased headquarter transaction.



Sales of medical institutions

(non-consolidated)

After steep rise due to the revision of GE incentive for dispensing pharmacies from April 2010, sales to dispensing pharmacies remains on the high level after June.



■ General Practitioners
 ■ Dispensing Pharmacies
 ■ Hospitals

Excluding sales by other companies.

Assuming sales of general practitioners, dispensing pharmacies and hospitals is 100%.

Period	11/3			10/3	
	(million Yen)	Ratio to sales (%)	Change in %	(million Yen)	Ratio to sales (%)
Labor	6,761	14.7	+14.9	5,886	15.1
R&D	3,260	7.1	+27.1	2,565	6.6
Ad.	881	1.9	+ 8.4	812	2.1
Others	4,239	9.2	+30.4	3,250	8.3
SGA	15,142	32.8	+21.1	12,504	32.0

Balance Sheets

(Million Yen)

	11/3	10/3	Change
Cash and deposits	9,531	10,941	-1,410
Trade notes and account receivables	16,024	14,726	+1,297
Inventories	13,480	10,841	+2,638
Other current assets	3,420	1,174	+2,246
Current assets	42,456	37,684	+4,771
Fixed assets	30,508	22,820	+7,687
Total assets	72,964	60,504	+12,459

Increase of inventories

= increase of finished products and raw materials

Increase of fixed assets

= increase of construction in progress
(Yamagata plant)

Increase of long-term debt

=Bank loan for Yamagata plant

	11/3	10/3	Change
Trade notes and account payables	6,504	5,557	+ 947
Accrued liabilities	500	0	+ 500
Other current liabilities	9,895	8,002	+1,892
Current liabilities	16,899	13,560	+3,339
Long-term debt	8,500	4,000	+4,500
Other fixed liabilities	900	998	- 98
Fixed liabilities	9,400	4,998	+4,401
Total liabilities	26,300	18,559	+7,741
Shareholders' equity	46,664	41,945	+4,718
Total liabilities and shareholders' equity	72,964	60,504	+12,459

Statement of Cash Flows

(Million Yen)

	11/3	10/3
Net profit before tax	9,435	7,334
Depreciation cost	1,873	1,787
Increase of inventories	-2,638	-1,405
Tax paid	-3,315	-2,877
Net cash provided by operating activities	5,739	6,557

	11/3	10/3
Cash deposit paid	-10,500	-9,500
Cash deposit repaid	12,000	4,500
Payments for tangible assets	-8,594	-2,338
Net cash used in investing activities	-7,854	-7,280

	11/3	10/3
Cash provided by long-term debt	5,000	4,000
Dividends paid	-1,072	-775
Net cash provided by financing activities	4,220	3,222

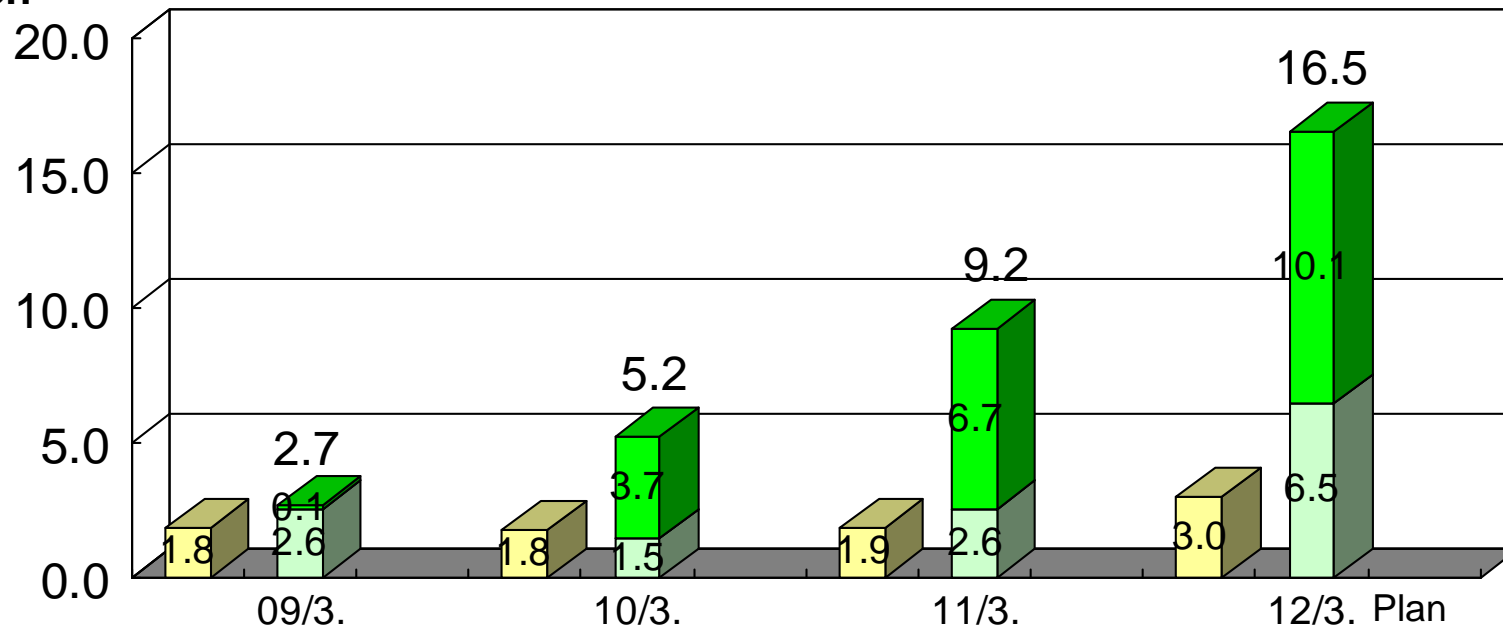
	11/3	10/3
Effect of exchange rate changes on cash and cash equivalents	-16	16
Net increase in cash and cash equivalents	2,089	2,516
Cash and cash equivalents at beginning of the period	5,941	3,425
Cash and cash equivalents at end of the period	8,031	5,941

Financial forecast for the year ending March 2012

Period	12/3 plan			11/3	
	(million Yen)	Ratio to sales (%)	Change in %	(million Yen)	Ratio to sales (%)
Net sales	51,700	100.0	+12.0	46,145	100.0
COGS	24,300	47.0	+13.8	21,348	46.3
SGA	17,100	33.1	+12.9	15,142	32.8
Operating income	10,300	19.9	+ 6.7	9,654	20.9
Ordinary income	10,200	19.7	+ 8.6	9,396	20.4
Net income	6,300	12.2	+ 7.8	5,846	12.7

Capital expenditure and depreciation cost

bn Yen

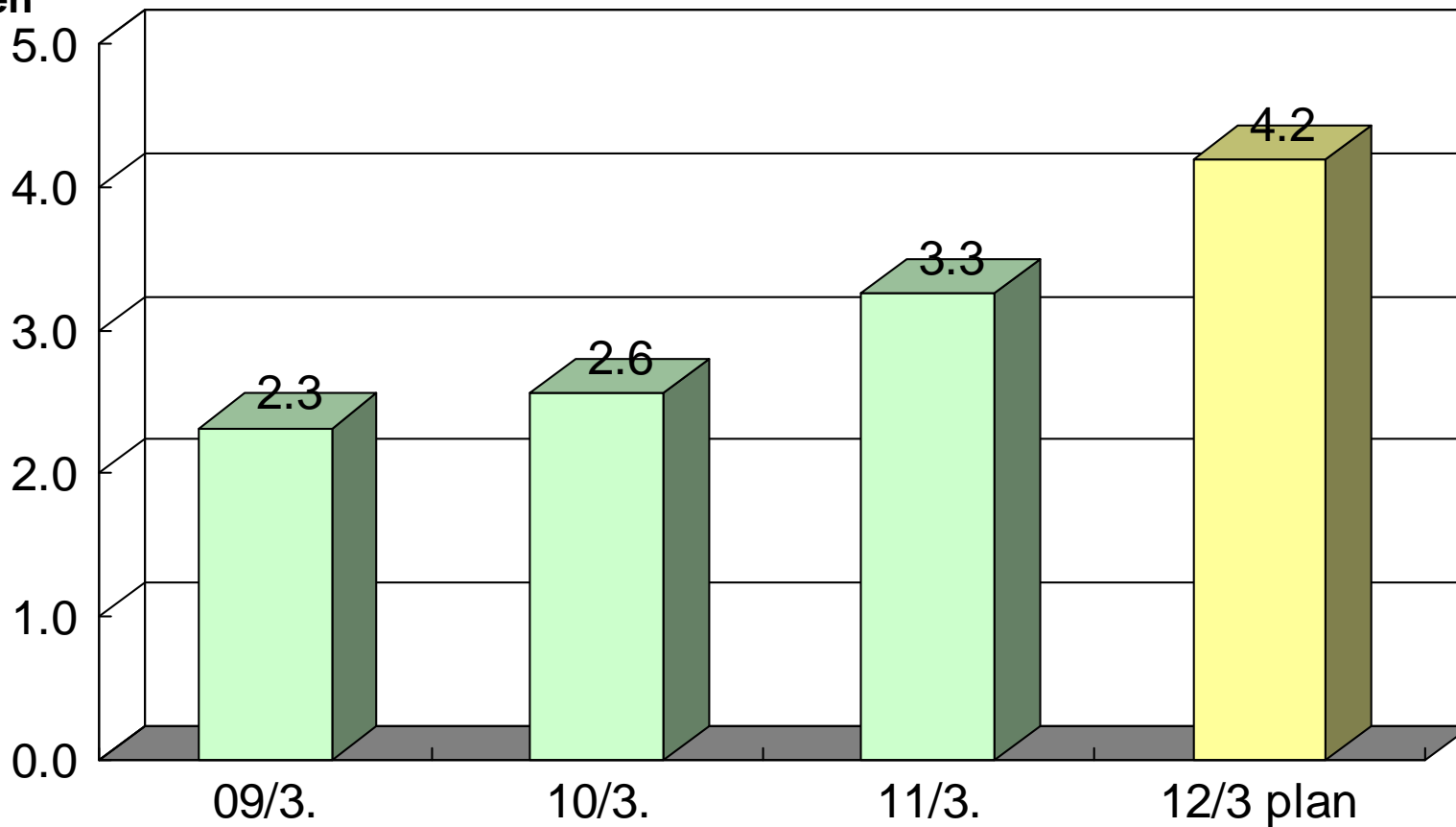


- Capital expenditure for Yamagata Plant
- Capital expenditure excluding for Yamagata Plant
- Depreciation cost

R&D expenditure

Increasing R&D expenditure due to many promising products under development in 2014

bn Yen



Major products to be launched in June

The MHLW postponed new products launch in May until around June by Influences of the Great East Japan Earthquake.

Therapeutic Category	Product Name	Branded products (Company name)	Sales (bn Yen / year)
Insulin-sensitizing agent -Type 2 diabetes mellitus agent-	PIOGLITAZONE-OD TABLETS 15mg "TOWA"	Actos OD Tablets 15 (Takeda)	2
	PIOGLITAZONE-OD TABLETS 30mg "TOWA"	Actos OD Tablets 30 (Takeda)	1
	PIOGLITAZONE TABLETS 15mg "TOWA"	Actos Tablets 15 (Takeda)	318
	PIOGLITAZONE TABLETS 30mg "TOWA"	Actos Tablets 30 (Takeda)	209
Cerebral protective drug (Free radical scavenger)	EDARAVONE INTRAVENOUS INFUSION 30mg "TOWA"	Radicut Inj. 30mg (Tanabe-Mitsubishi)	133

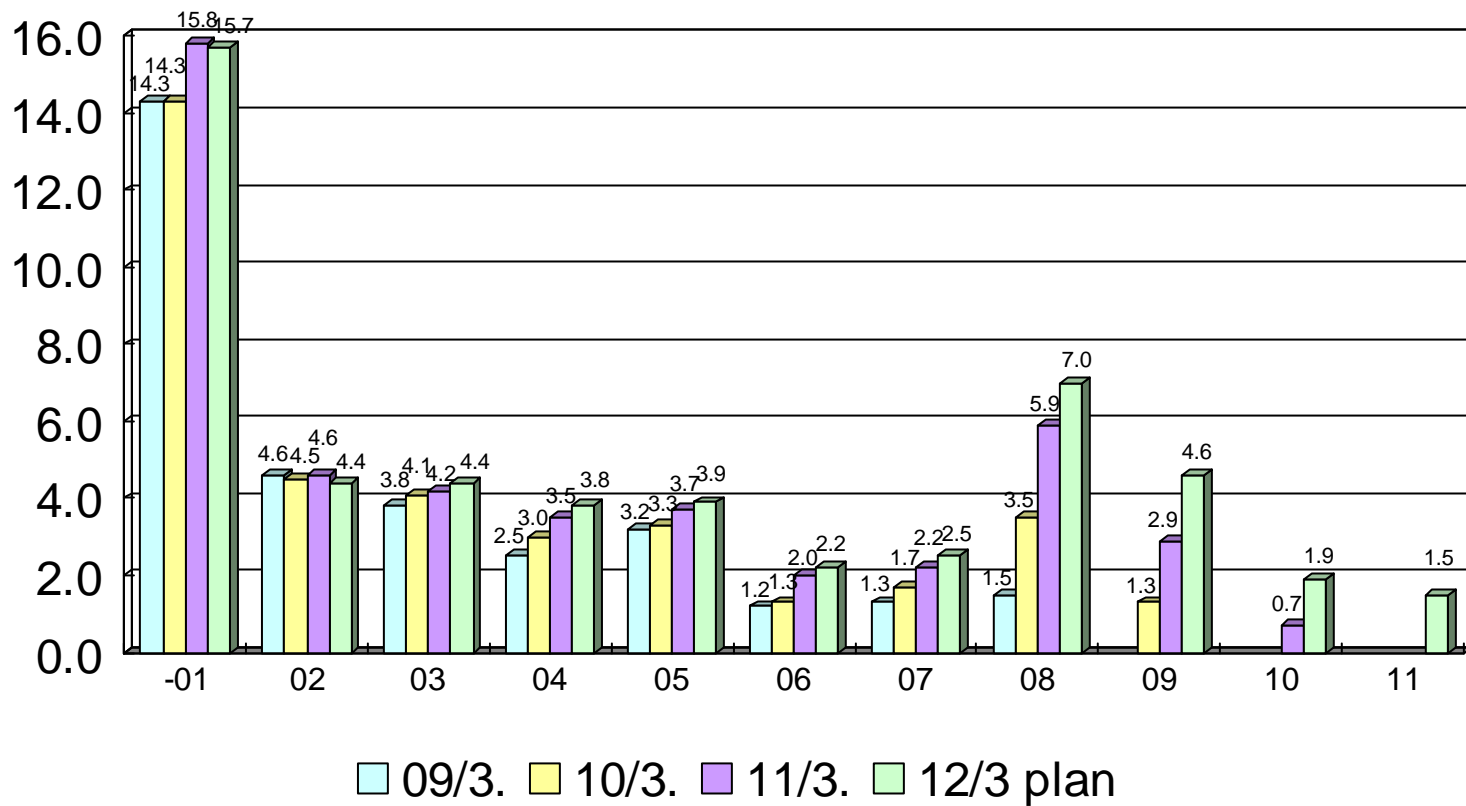
19 products in total

Sales results and forecast of products by launched year

Sales of 08 products (Amlodipine OD Tablets) and 09 products (Lansoprazole OD Tablets) significantly increased.

bn Yen

1.5 bn Yen plan with promising products to be launched in 2011



Influences of the Great East Japan Earthquake on Towa's business operation in Tohoku area

As of May 10

Yamagata Plant

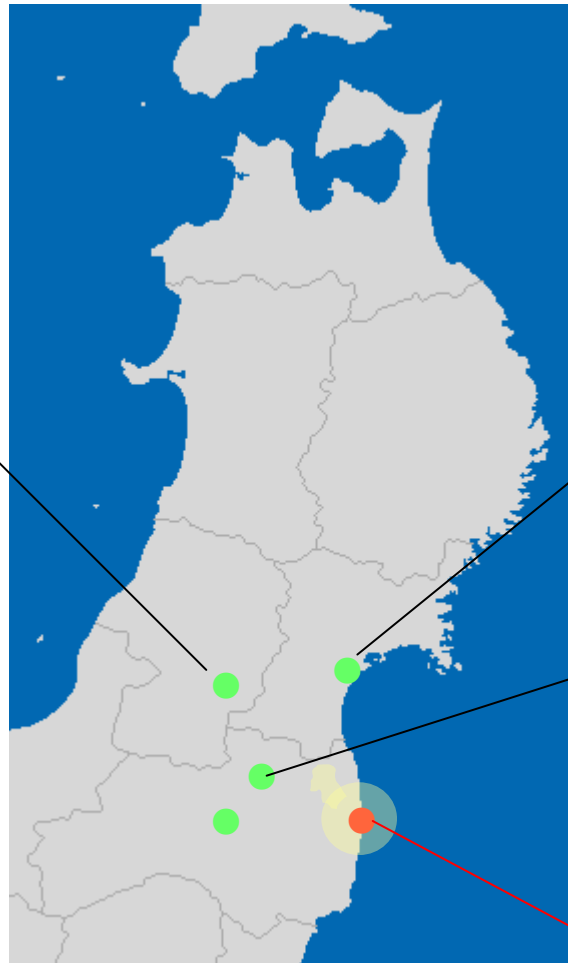
No damages on buildings under construction
Operation will start by March 2012, which is originally planned, though possible delay on its construction.

Yamagata Daiichi Plant

Employees and Buildings: No damage
Oral drug: Normal operation
Injection drug: Stopped because of break on air conditioning by temporary electric outage on March 11-12. The operation restarted from April 27th after restoration of sterile environment.

Yamagata Distribution Center

Employees and Buildings: No damage
Operation: Restored normal operation after April 2nd, after temporary transition to emergency shipment of in-house network



Sendai Sales Branch

Employees: No damage
Buildings: Partially destroyed
Operation: Best effort for stable supply for our customers.

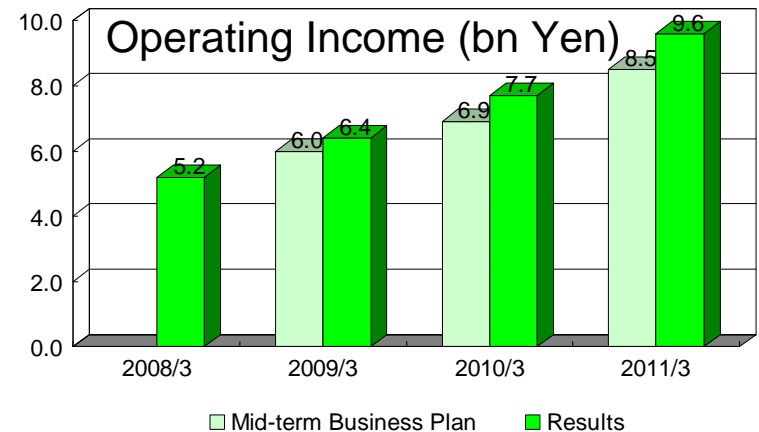
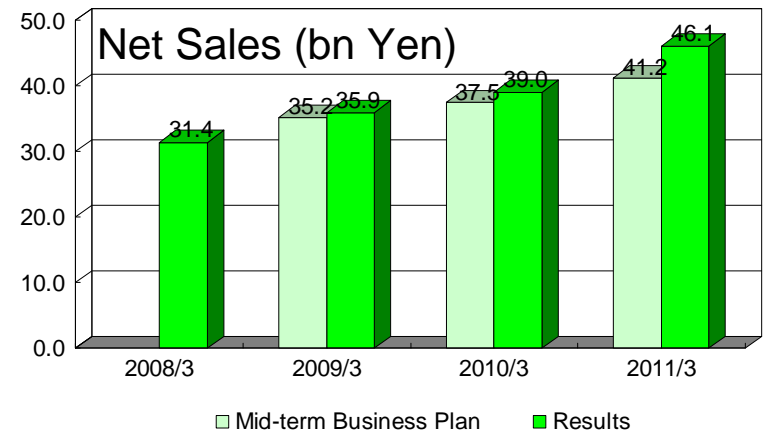
Fukushima Prefecture

MRs temporarily stayed home after the earthquake, but restarted stable supply outside of evacuated area

Fukushima Daiichi Nuclear Power Plant

New Mid-term Business Plan

- Mid-term Business Plan: (2008/4-2011/3)
- New Mid-term Business Plan (2011/4-2014/3) would be drawn up and disclosed in May 2011, but was postponed until November in order to examine possible impact of the Great East Japan Earthquake.





Contact information

**Management Planning Development
Corporate Planning Division
Towa Pharmaceutical Co., Ltd.**

ir@towayakuhin.co.jp

TEL : +81-6-6900-9101

FAX : +81-6-6900-0634

Disclaimer

This presentation contains forward-looking statements related to management's expectations about future business conditions. Actual business conditions may differ significantly from management's expectation and accordingly affect the Company's sales and profitability. Actual results may differ because of factors over which the Company has no control, including unexpected changes in competitive and economic conditions, government regulations, technology and other factors