



TOWA PHARMACEUTICAL CO., LTD.

Supplementary material of financial results for the 2Q of the year ending March 2012

November, 2011

(stock ticker number : 4553)

Summary

- Sales increased by 5.5% year-on-year.
- Sales of 2Q show the same tendency as that of 1Q, the similar level of revised plan disclosed in August.
- Sales of the products launched in and before 2007 remain at the same level, while sales of products launched in and after 2008 is increasing.
- The number of sales offices became 36, which was 29 at the end of March.
- No major change in GPs, Dispensing Pharmacies and HPs
- The revised plan disclosed on August 8 has been unchanged.
- Atorvastatin tablets will be launched in November, which is expected to be the major products.

Outline of the financial results for the 2Q of the year ending March 2012

Period	12/3 2Q			11/3 2Q	
	(million Yen)	Ratio to sales (%)	Change in %	(million Yen)	Ratio to sales (%)
Net sales	23,060	100.0	+ 5.5	21,868	100.0
COGS	10,412	45.2	+ 1.0	10,312	47.2
SGA	7,990	34.7	+12.4	7,110	32.5
Operating income	4,658	20.2	+ 4.8	4,445	20.3
Ordinary income	4,762	20.7	+12.9	4,219	19.3
Net income	2,915	12.6	+10.3	2,642	12.1

Outline of the financial results for the 2Q of the year ending March 2012

(comparison with the revised plan)

Period	12/3 2Q			12/3 2Q revised plan (disclosed on Aug. 8 th)	
	(million Yen)	Ratio to sales (%)	Change in %	(million Yen)	Ratio to sales (%)
Net sales	23,060	100.0	- 0.6	23,200	100.0
COGS	10,412	45.2	+ 1.1	10,300	44.4
SGA	7,990	34.7	- 5.4	8,450	36.4
Operating income	4,658	20.2	+ 4.7	4,450	19.2
Ordinary income	4,762	20.7	+ 8.2	4,400	19.0
Net income	2,915	12.6	+ 8.0	2,700	11.6

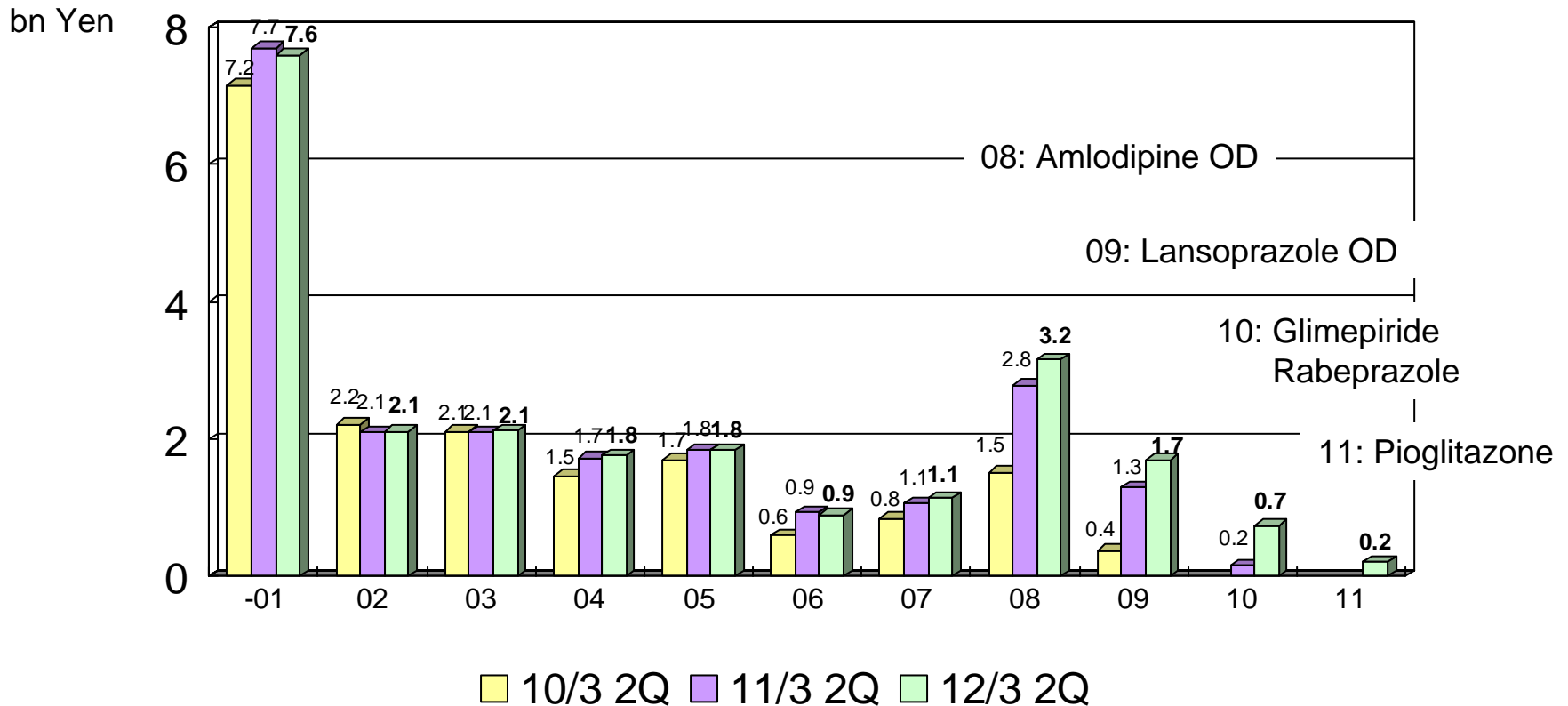
Outline of the financial results for the 2Q of the year ending March 2012

(non-consolidated)

Period	12/3 2Q			11/3 2Q	
	(million Yen)	Ratio to sales (%)	Change in %	(million Yen)	Ratio to sales (%)
Net sales	22,331	100.0	+ 5.4	21,181	100.0
COGS	9,954	44.6	- 0.6	10,012	47.3
SGA	7,747	34.7	+13.0	6,856	32.4
Operating income	4,629	20.7	+ 7.4	4,312	20.4
Ordinary income	4,738	21.2	+15.9	4,090	19.3
Net income	2,903	13.0	+13.7	2,553	12.1

Sales of products by launched year

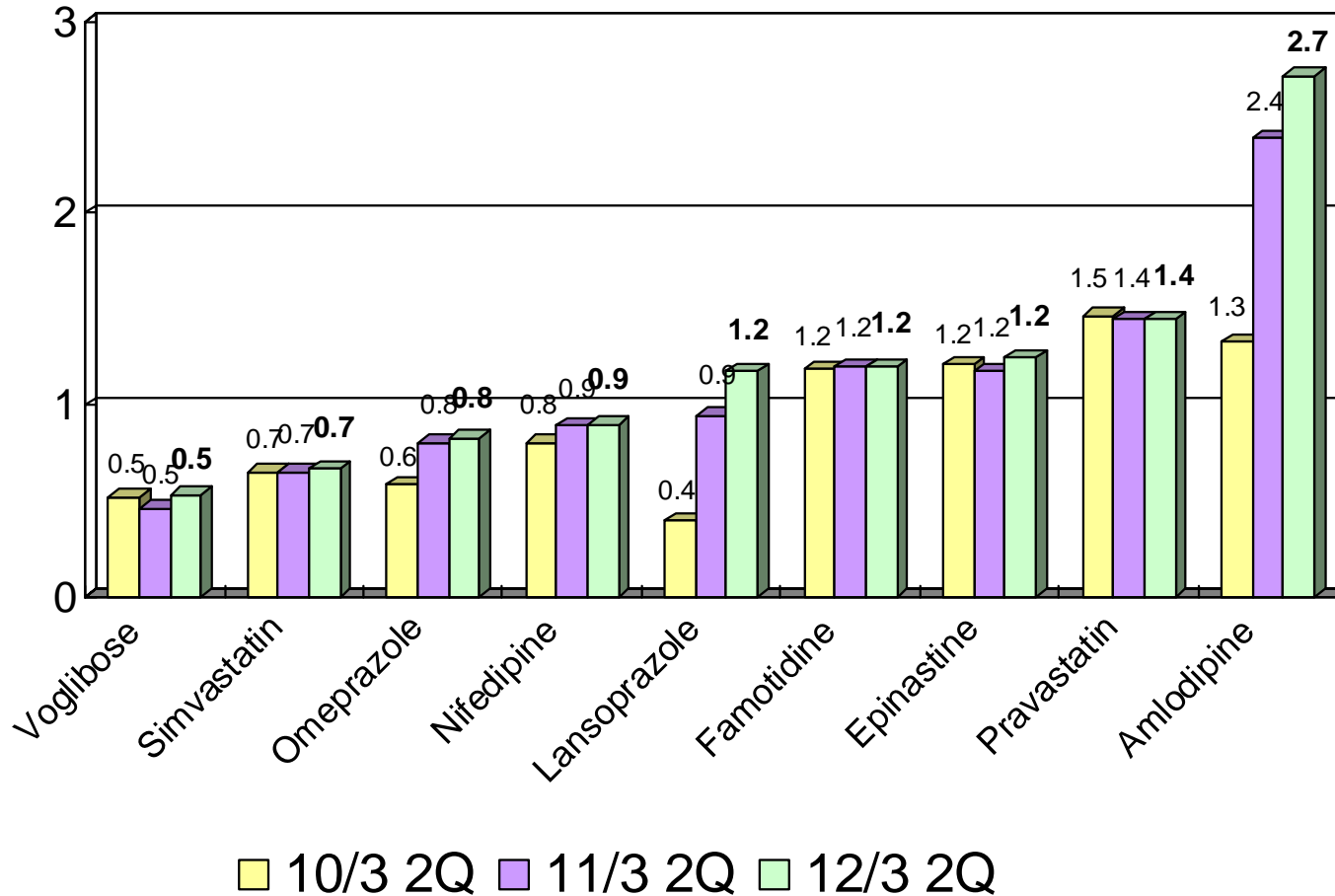
Sales of the products launched in and before 2007 remain at the same level, while sales of products launched in and after 2008 is increasing.



Sales of leading products

Flat sales except Amlodipines and Lansoprazoles

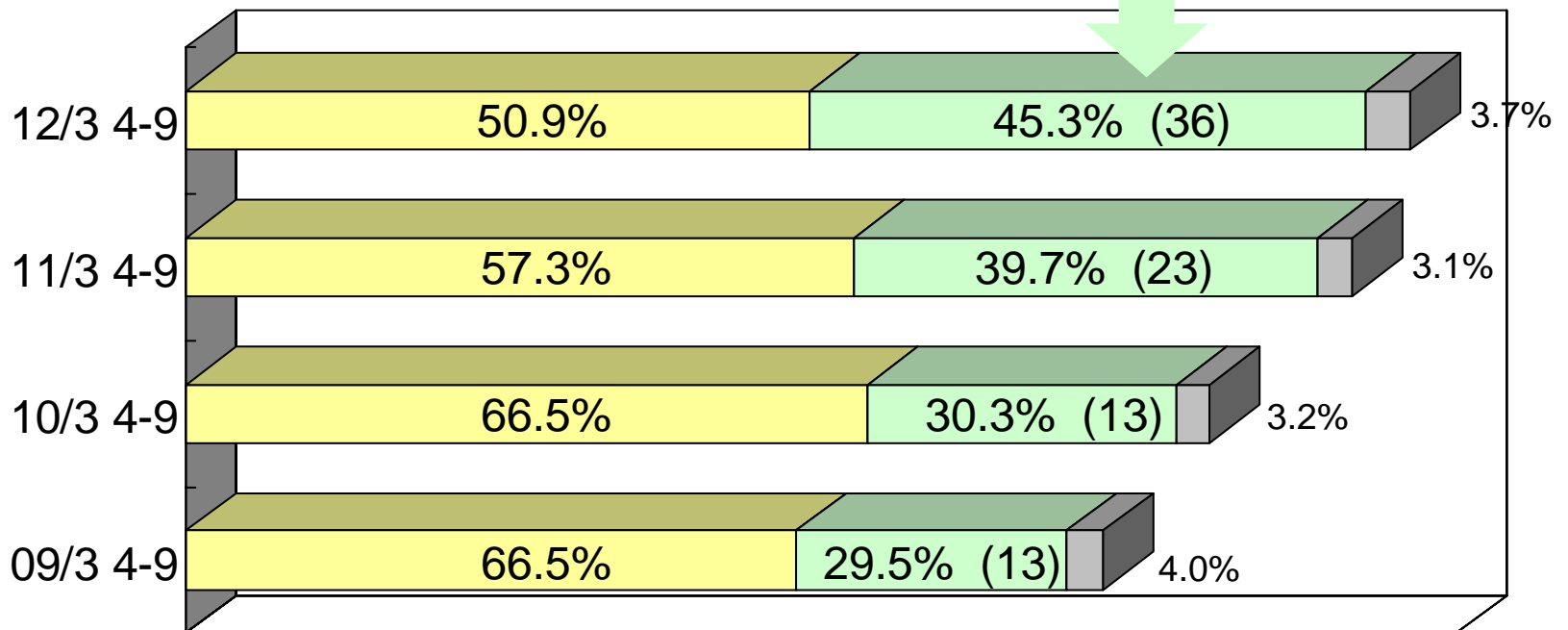
bn Yen



Sales of channels

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

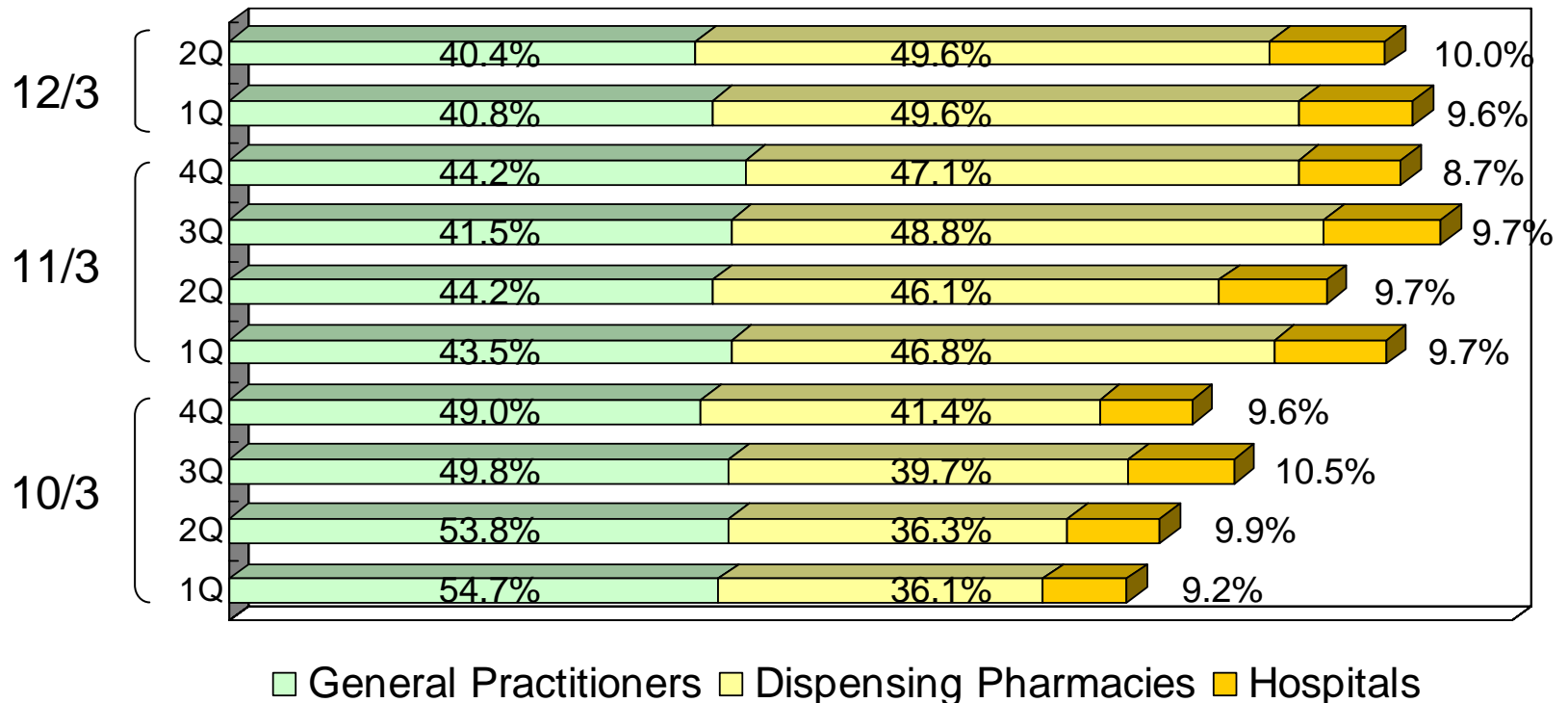
() is the number of sales offices.



■ Sales agents ■ Direct sales ■ Others

Sales of medical institutions

No major change in GPs, Dispensing Pharmacies and HPs



Excluding sales by other companies.

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

SGA

Period	12/3 2Q			11/3 2Q	
	(million Yen)	Ratio to sales (%)	Change in %	(million Yen)	Ratio to sales (%)
Labor	3,662	15.9	+11.7	3,279	15.0
R&D	1,741	7.6	+ 8.7	1,602	7.3
Ad.	397	1.7	+11.0	357	1.6
Others	2,189	9.5	+17.0	1,870	8.6
SGA	7,990	34.7	+12.4	7,110	32.5

Balance Sheets

(Million Yen)

	11/9	11/3	Change
Cash and deposits	7,198	9,531	-2,333
Trade notes and account receivables	14,704	16,024	-1,319
Inventories	15,984	13,480	+2,503
Other current assets	6,257	3,420	+2,837
Current assets	44,145	42,456	+1,689
Fixed assets	31,927	30,508	+1,420
Total assets	76,072	72,964	+3,108

	11/9	11/3	Change
Trade notes and account payables	6,708	6,504	+203
current portion of long-term debt	1,495	500	+995
Other current liabilities	7,526	9,895	-2,368
Current liabilities	15,730	16,899	-1,169
Long-term debt	10,405	8,500	+1,905
Other fixed liabilities	978	900	+78
Fixed liabilities	11,383	9,400	+1,983
Total liabilities	27,114	26,300	+813
Shareholders' equity	48,958	46,664	+2,294
Total liabilities and shareholders' equity	76,072	72,964	+3,108

Increase of inventories
 = increase of finished products due to production transfer to Yamagata Plant
Increase of fixed assets
 = increase of construction of Yamagata plant
Increase of long-term debt
 =Bank loan for Yamagata plant

Statement of Cash Flows

(Million Yen)

	12/3 2Q	11/3 2Q
Net profit before tax	4,667	4,208
Depreciation cost	958	866
Increase of inventories	-2,503	-1,441
Tax paid	-2,040	-1,774
Net cash provided by operating activities	2,066	2,081

	12/3 2Q	11/3 2Q
Cash deposit paid	-5,000	-5,000
Cash deposit repaid	3,500	6,000
Payments for tangible assets	-3,761	-5,008
Net cash used in investing activities	-5,490	-4,133

	12/3 2Q	11/3 2Q
Cash provided by long-term debt	3,000	5,000
Dividends paid	-600	-556
Net cash provided by financing activities	2,295	4,539

	12/3 2Q	11/3 2Q
Effect of exchange rate changes on cash and cash equivalents	-31	-6
Net increase in cash and cash equivalents	-1,159	2,480
Cash and cash equivalents at beginning of the period	8,031	5,941
Cash and cash equivalents at end of the period	6,871	8,422

Financial forecast for the year ending March 2012

The revised plan disclosed on August 8 has been unchanged.

Period	12/3 revised plan (disclosed on Aug. 8 th)			11/3	
	(million Yen)	Ratio to sales (%)	Change in %	(million Yen)	Ratio to sales (%)
Net sales	48,000	100.0	+ 4.0	46,145	100.0
Operating income	8,400	17.5	-13.0	9,654	20.9
Ordinary income	8,300	17.3	-11.7	9,396	20.4
Net income	5,100	10.6	-12.8	5,846	12.7

Major products to be launched in November 2011

Therapeutic Category	Product Name	Branded Products (Company)	Sales (bn Yen / year)
HMG-CoA Reductase Inhibitor	ATORVASTATIN TABLETS 5mg "TOWA"	Lipitor Tablets 5mg (Astellas)	26.5
	ATORVASTATIN TABLETS 10mg "TOWA"	Lipitor Tablets 10mg (Astellas)	81.7
Therapeutic Agent for Alzheimer-type Dementia	DONEPEZIL HYDROCHLORIDE TABLETS 3mg "TOWA"	Aricept Tablets 3mg (Eisai)	1.2
	DONEPEZIL HYDROCHLORIDE TABLETS 5mg "TOWA"	Aricept Tablets 5mg (Eisai)	32.3
	DONEPEZIL HYDROCHLORIDE-OD TABLETS 3mg "TOWA"	Aricept D Tablets 3mg (Eisai)	2.8
	DONEPEZIL HYDROCHLORIDE-OD TABLETS 5mg "TOWA"	Aricept D Tablets 5mg (Eisai)	75.0

27 products in total

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