



TOWA PHARMACEUTICAL CO., LTD.

# Supplementary material of financial results for the 3Q of the year ending March 2012

February, 2012

(stock ticker number : 4553)

# Summary

- Sales increased by 6.9% year-on-year.
- Sales of Atorvastatins and Donepezils, launched in November 2011, get off to a good start.
- Sales and profits of 3Q recorded a little more than the level of revised plan disclosed in August.
- The number of sales offices became 43, which was 29 at the end of March.
- The construction of Yamagata Plant was completed in October 2011, and the process validation has started in December 2011. Its depreciation cost has begun to be accounted from December 2011.
- The revised plan disclosed on August 8 has been unchanged.

## Outline of the financial results for the 3Q of the year ending March 2012

Period	12/3 3Q			11/3 3Q	
	(million Yen)	Ratio to sales (%)	Change in %	(million Yen)	Ratio to sales (%)
Net sales	36,315	100.0	+ 6.9	33,961	100.0
COGS	16,361	45.1	+ 3.5	15,809	46.6
SGA	12,725	35.0	+17.2	10,859	32.0
Operating income	7,228	19.9	- 0.9	7,292	21.5
Ordinary income	7,388	20.3	+ 7.0	6,903	20.3
Net income	4,340	12.0	+ 0.7	4,311	12.7

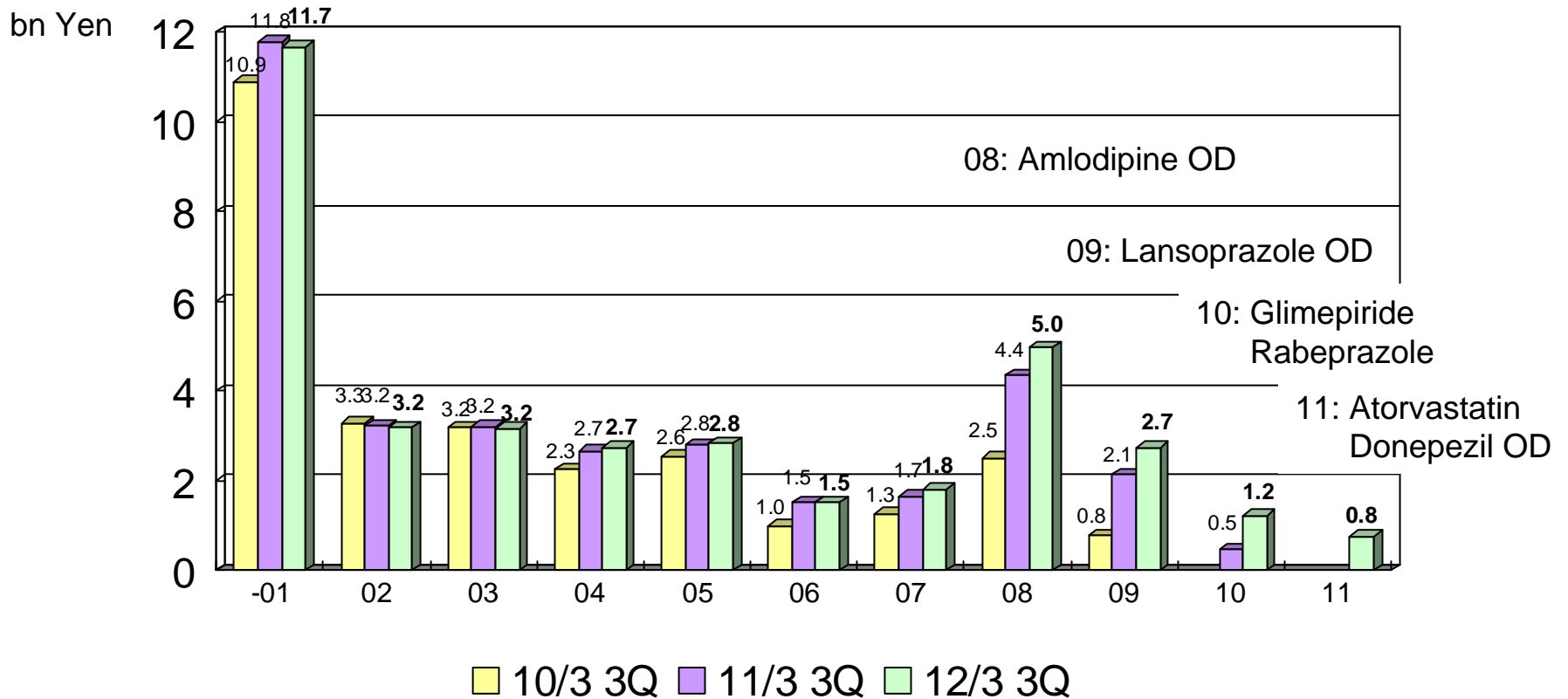
# Outline of the financial results for the 3Q of the year ending March 2012

(non-consolidated)

Period	12/3 3Q			11/3 3Q	
	(million Yen)	Ratio to sales (%)	Change in %	(million Yen)	Ratio to sales (%)
Net sales	35,174	100.0	+ 6.7	32,951	100.0
COGS	15,656	44.5	+ 1.8	15,376	46.7
SGA	12,354	35.1	+17.9	10,480	31.8
Operating income	7,163	20.4	+ 1.0	7,094	21.5
Ordinary income	7,330	20.8	+ 9.2	6,711	20.4
Net income	4,305	12.2	+ 2.8	4,189	12.7

# Sales of products by launched year

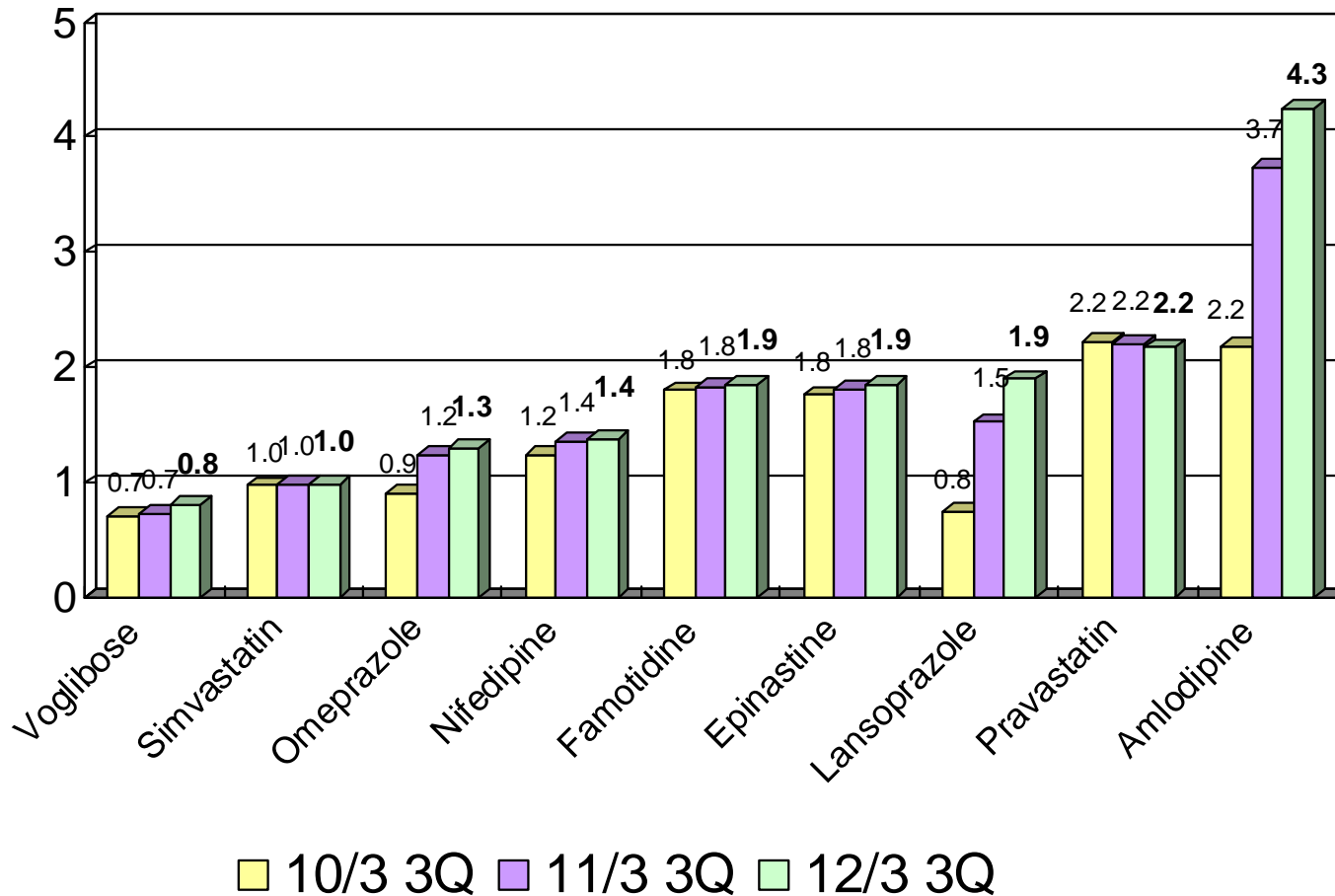
Sales of Atorvastatins and Donepezils, launched in November 2011, get off to a good start.



# Sales of leading products

Flat sales except Amlodipines and Lansoprazoles

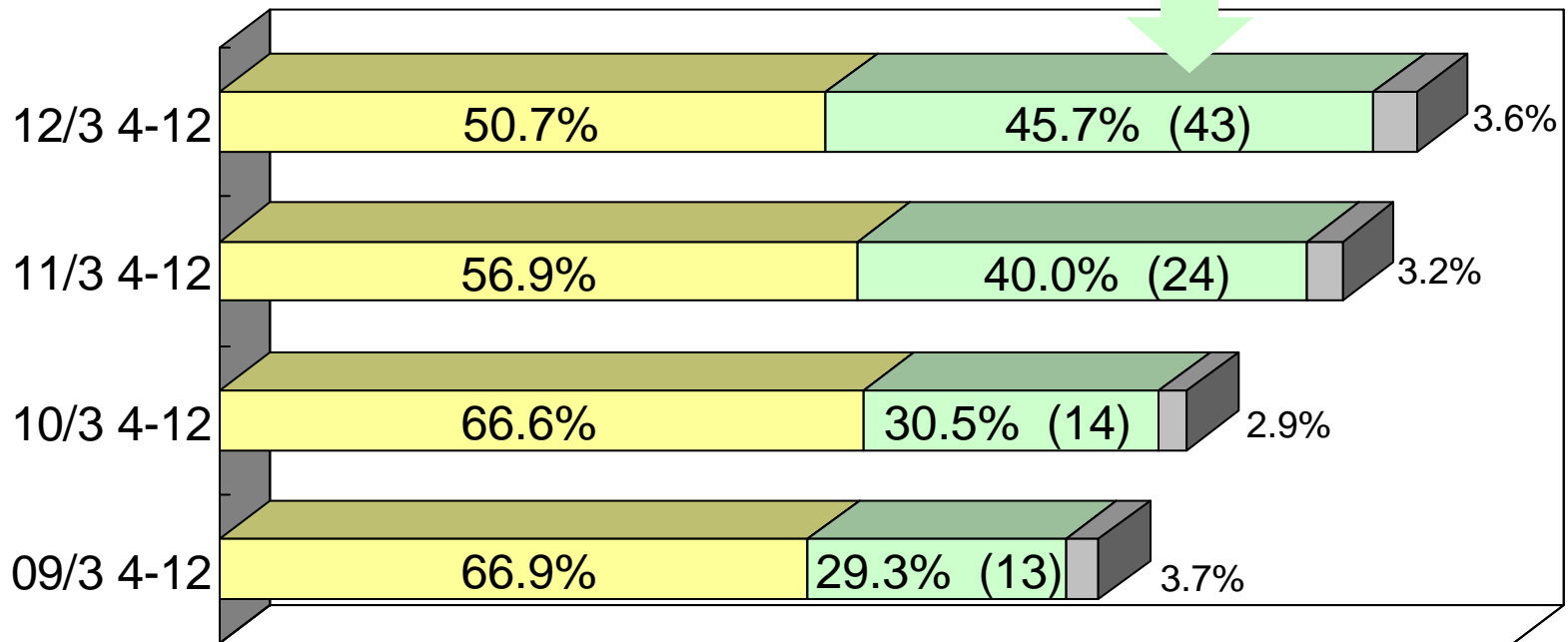
bn Yen



# Sales of channels

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

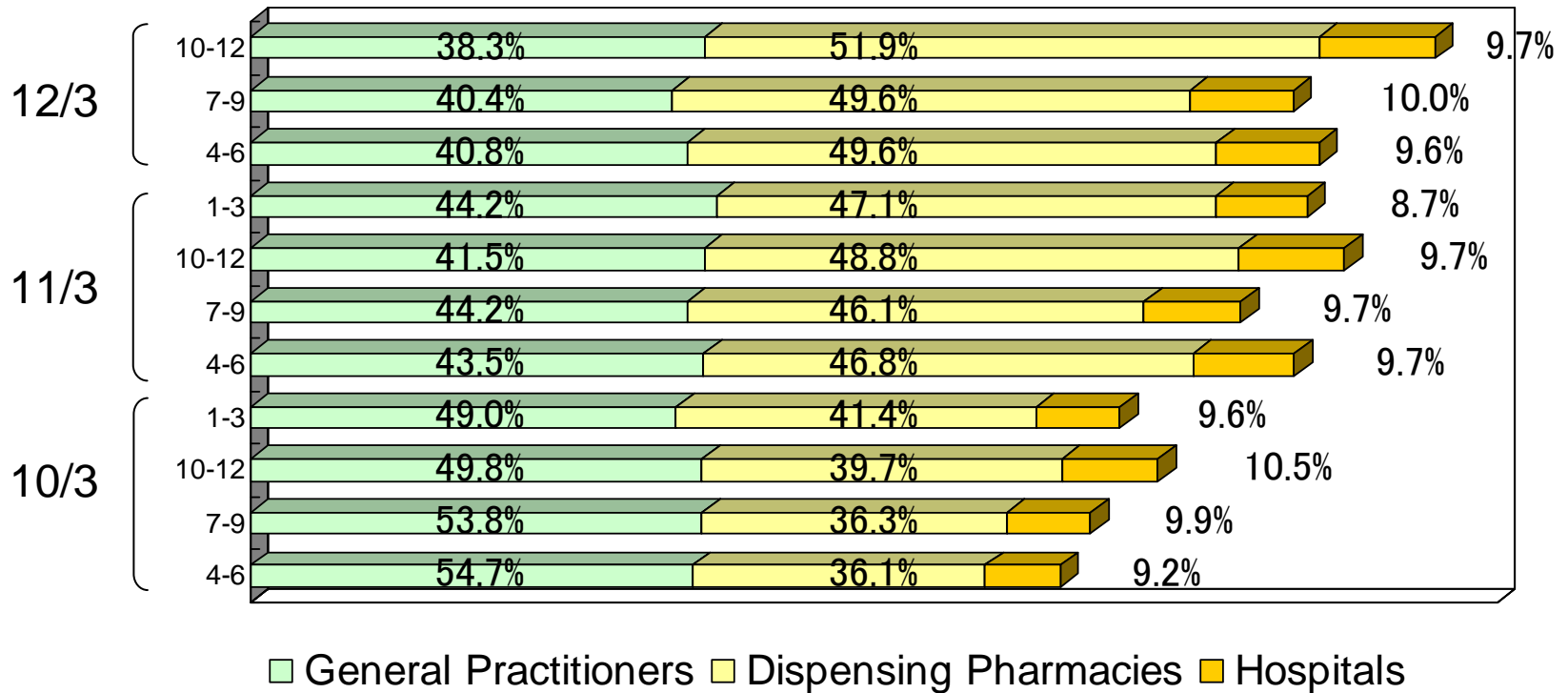
( ) is the number of sales offices.



■ 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 3Q			11/3 3Q	
	(million Yen)	Ratio to sales (%)	Change in %	(million Yen)	Ratio to sales (%)
Labor	5,810	16.0	+16.0	5,011	14.8
R&D	2,805	7.7	+16.0	2,417	7.1
Ad.	726	2.0	+17.4	618	1.8
Others	3,382	9.3	+20.3	2,812	8.3
SGA	12,725	35.0	+17.2	10,859	32.0

# Balance Sheets

(Million Yen)

	11/12	11/3	Change
Cash and deposits	4,029	9,531	-5,501
Trade notes and account receivables	16,625	16,024	+ 602
Inventories	16,515	13,480	+3,036
Other current assets	4,545	3,420	+1,125
Current assets	41,716	42,456	- 740
Fixed assets	37,458	30,508	+6,950
<b>Total assets</b>	<b>79,174</b>	<b>72,964</b>	<b>+6,210</b>

	11/12	11/3	Change
Trade notes and account payables	6,923	6,504	+419
Current portion of long-term debt	1,595	500	+1,095
Other current liabilities	9,423	9,895	- 471
<b>Current liabilities</b>	<b>17,942</b>	<b>16,899</b>	<b>+1,042</b>
Long-term debt	10,555	8,500	+2,055
Other fixed liabilities	998	900	+98
<b>Fixed liabilities</b>	<b>11,553</b>	<b>9,400</b>	<b>+2,153</b>
<b>Total liabilities</b>	<b>29,495</b>	<b>26,300</b>	<b>+3,195</b>
Shareholders' equity	49,679	46,664	+3,015
<b>Total liabilities and shareholders' equity</b>	<b>79,174</b>	<b>72,964</b>	<b>+6,210</b>

**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

# 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 <sup>th</sup> )			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

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