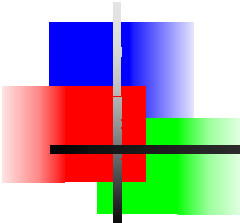


Financial results
for the 1st half of the year ending March 2008

November 9, 2007

Towa Pharmaceutical Co., Ltd.

(stock ticker number :4553)



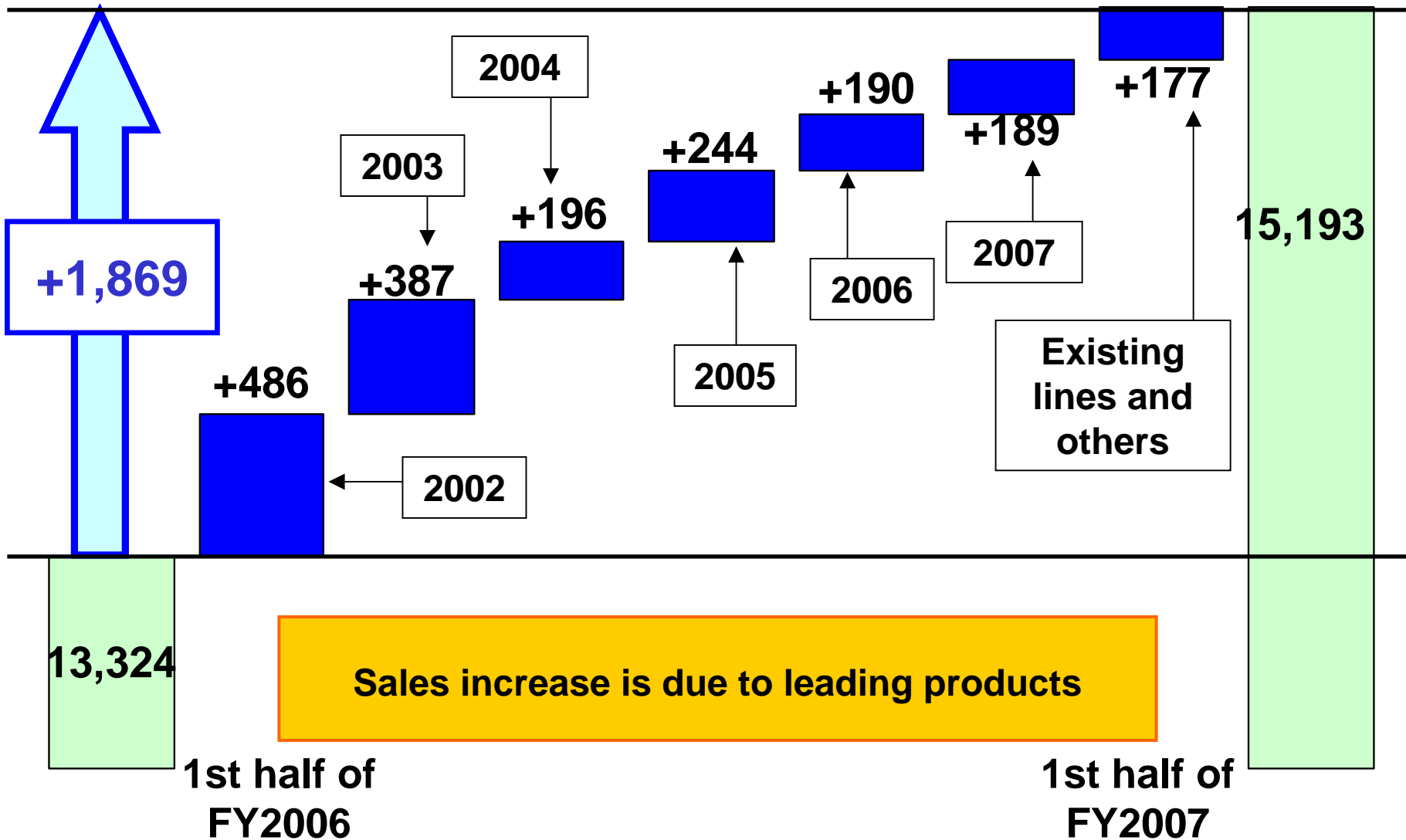
Outline of the financial results for the 1st half of the year ending March 2008 (FY2007)

(Yen in millions)

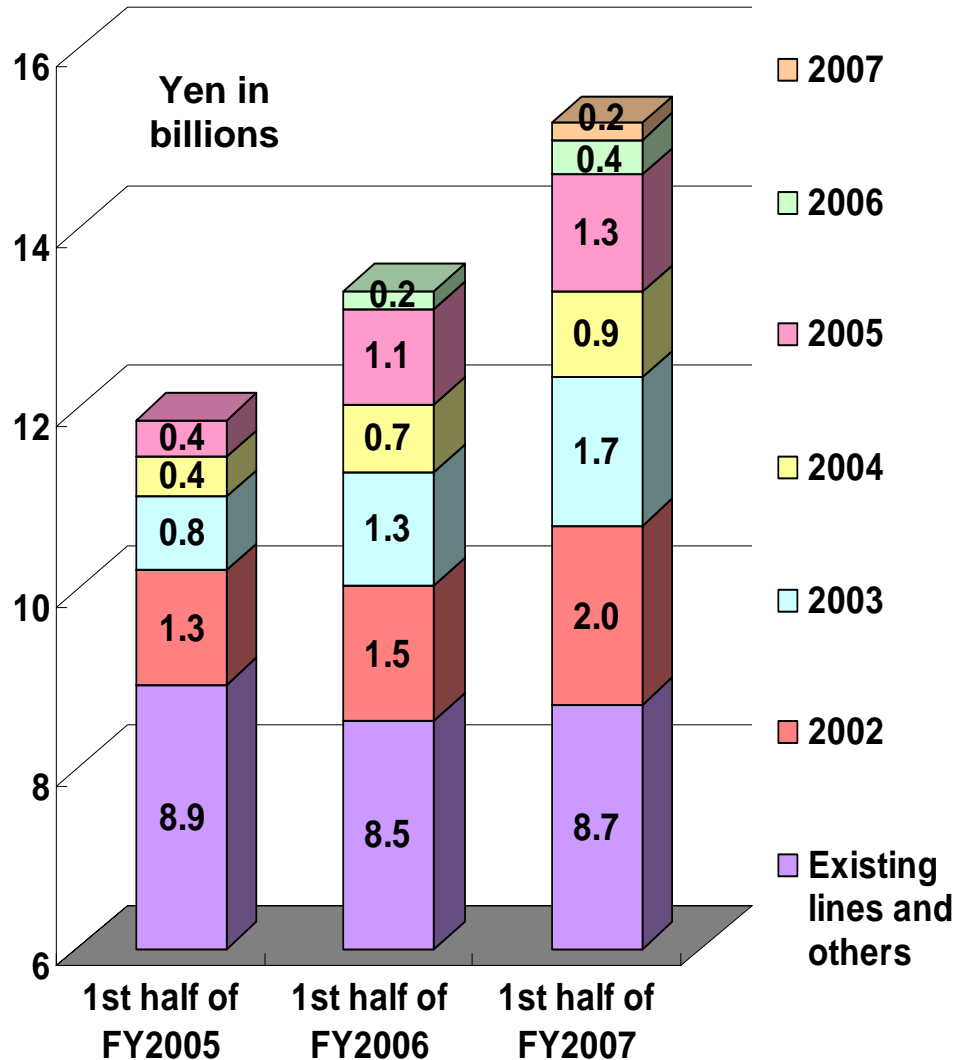
	1st half of FY2007			1st half of FY2006	
		ratio to sales	change in %		ratio to sales
Net Sales	15,193	-	+ 14.0 %	13,324	-
Gross Margin	7,113	46.8 %	+ 18.1 %	6,024	45.2 %
SGA	4,647	30.6 %	- 0.2 %	4,654	34.9 %
Operating Income	2,466	16.2 %	+ 80.0 %	1,369	10.3 %
Ordinary Income	2,501	16.5 %	+ 64.0 %	1,525	11.5 %
Net Income	1,422	9.4 %	+ 69.8 %	837	6.3 %

Period-over-period sales change

(Yen in millions)



Sales of products by launched year



2007 (22 products)

Behind on sales budget.
0.19 bn Yen sales
21.5% of annual budget

2006 (19 products)

Poor sales figures because of
fair pricing strategy

2002-2005 products

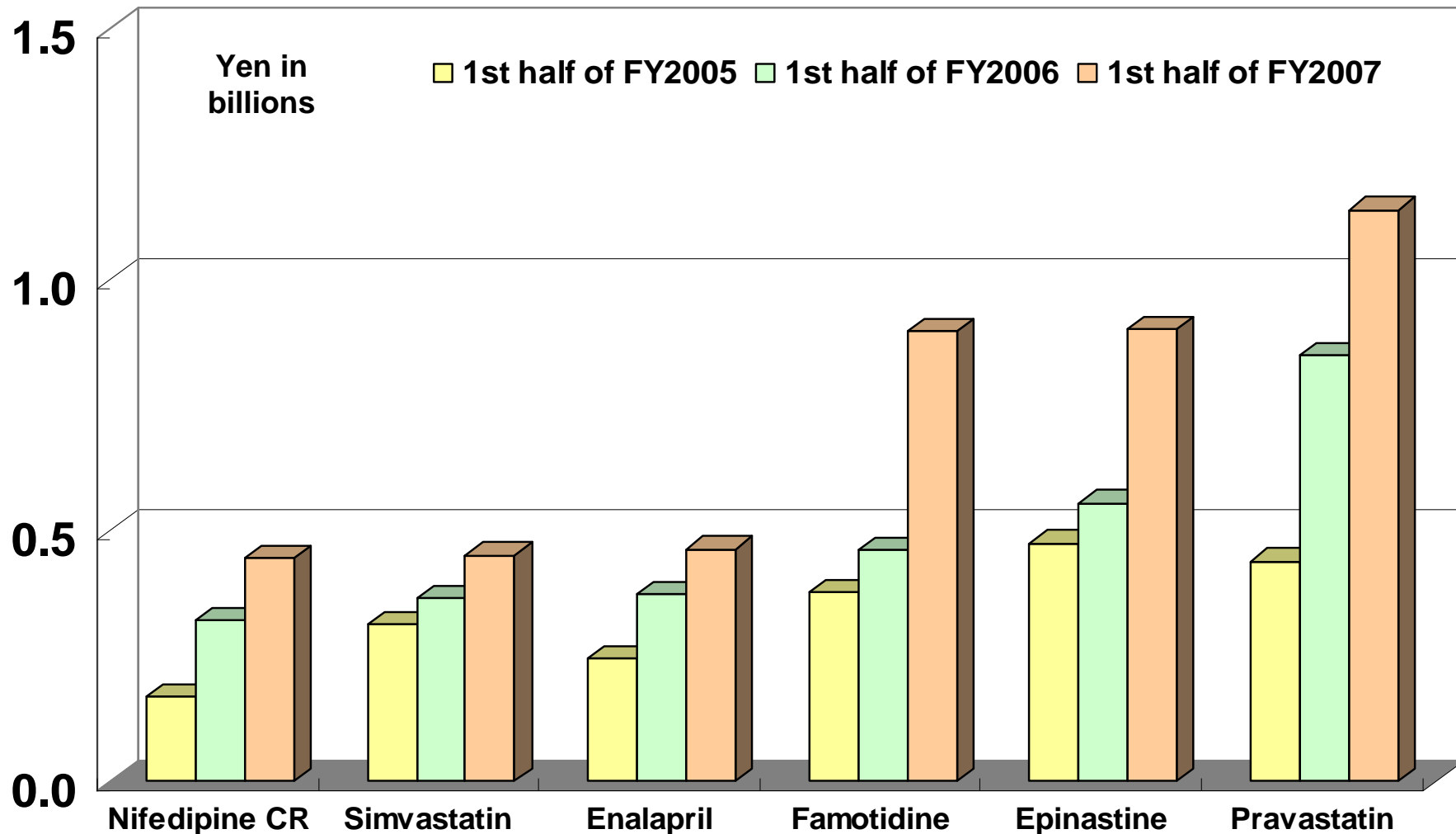
Steady increase by leading products
 2005 (35 products) Famotidine D
 2004 (18 products) Nifedipine CR
 2003 (14 products) Pravastatin
 Simvastatin
 2002 (23 products) Famotidine
 Enalapril

Existing lines and others

Steady sales

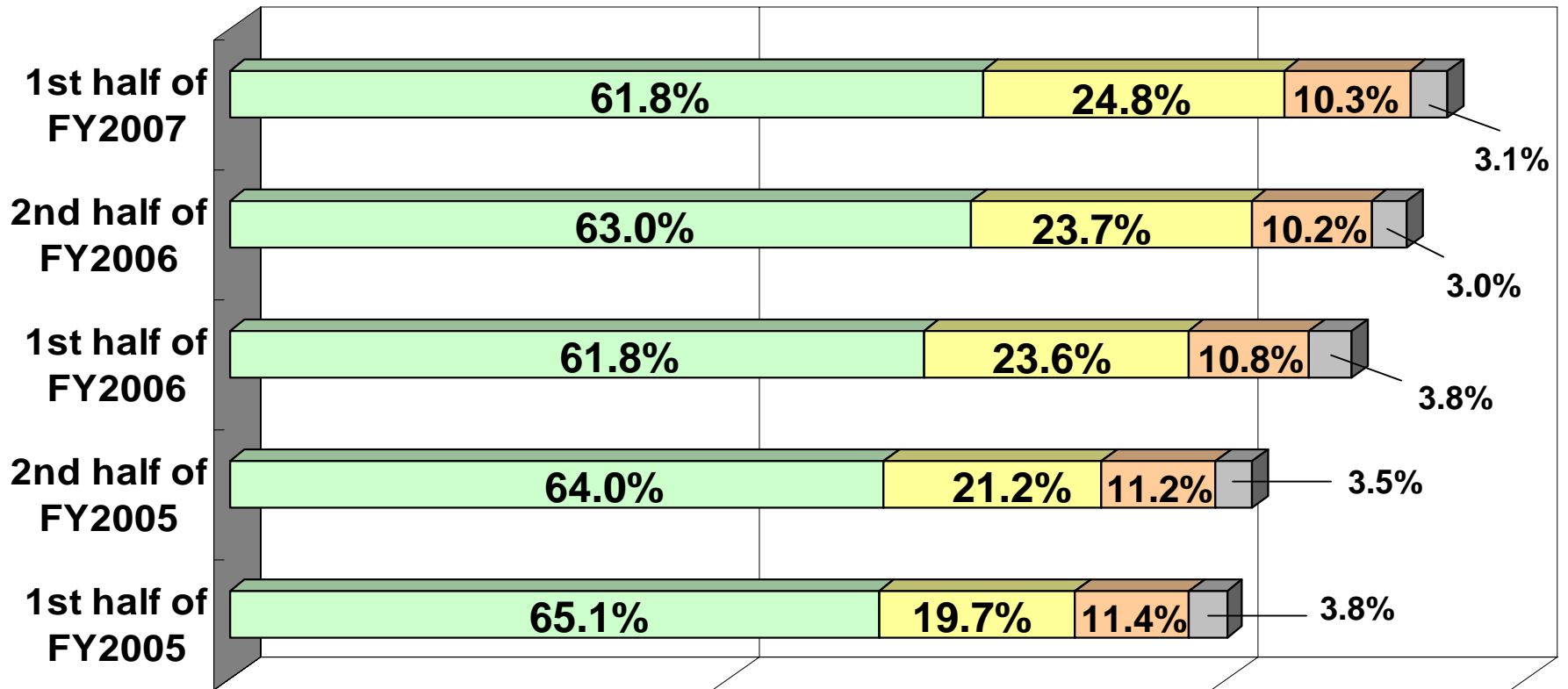
Sales of leading products

(non-consolidated)



Sales of medical institutions

(non-consolidated)



■ General Practitioners ■ Dispensing Pharmacies ■ Hospitals ■ Others

Sales and general administrative expenses

(Yen in millions)

	1st half of FY2007	
		Period-over -period change
Labor cost	2,425	+ 185
(1st half of FY2006)	(2,240)	
R&D expenses	784	- 236
(1st half of FY2006)	(1,020)	
Ad expenses	387	+ 15
(1st half of FY2006)	(371)	
Others	1,050	+ 28
(1st half of FY2006)	(1,022)	
SGA	4,647	- 7
(1st half of FY2006)	(4,654)	

Due to increase of accrued pension cost, etc.

Decrease of R&D expenses

- Decrease of number of BE studies

Non-operating income & expenses and extraordinary gain & loss

(Yen in millions)

	1st half of FY2007	1st half of FY2006
Net sales	15,193	13,324
Gross margin	7,113	6,024
SGA	4,647	4,654
Operating income	2,466	1,369
Non-operating income	214	281
Profit on revaluation of currency swaps	-	138
Non-operating expenses	179	125
Loss on revaluation of currency swaps	29	-
Ordinary income	2,501	1,525
Extraordinary gain	13	15
Extraordinary loss	177	116
Net income	1,422	837

Non-OP income and expenses

- Recorded 138 profit in previous period due to weaker Yen (0.43 Yen/\$)
- 29 loss due to stronger Yen in this period

Exchange rate

As of the end of March 2007: 117.05 Yen/\$

As of the end of Sept. 2007: 114.43 Yen/\$

Extraordinary loss

- 177 loss of accounting for the impairment of production asset for antibiotics products in Osaka Plant

Balance Sheets

(Yen in millions)

	As of Sept. 30 2007	As of March 31 2007	changes
Cash and deposits	1,780	1,179	+ 600
Trade notes and account receivables	11,193	11,801	- 608
Marketable securities	1,422	316	+ 1,106
Inventories	7,858	8,215	- 357
Currency swaps	614	644	- 29
Other current assets	1,075	1,223	- 148
Current assets	23,942	23,378	+ 563
Fixed assets	19,530	20,289	- 759
Total assets	43,473	43,668	- 195

Trade notes and account payables	3,174	4,066	- 891
Other current liabilities	4,908	5,211	- 303
Current liabilities	8,082	9,277	- 1,195
Fixed liabilities	1,172	1,120	+ 52
Total liabilities	9,254	10,397	- 1,143
Shareholders' equity	34,218	33,270	+ 947
Total liabilities and shareholders' equity	43,473	43,668	- 195

Due to sales decrease compared to 2nd half of FY2006

Increase in operation of safe and liquid financial product

Rebound decrease of inventory accumulation for preparing for moving to new Osaka Plant in the end of the previous period

Rebound decrease of further purchasing accompanied by inventory accumulation in the end of the previous period



Financial forecast for full year result

(Yen in millions)

	FY2007 (plan) (April 2007 - March 2008)			FY2006 (April 2006 - March 2007)	
		ratio to sales	change in %		ratio to sales
Net sales	32,400	-	+10.8 %	29,235	-
Operating income	5,600	17.3 %	+26.8 %	4,416	15.1 %
Ordinary income	5,800	17.9 %	+18.7 %	4,886	16.7 %
Net income	3,550	11.0 %	+36.6 %	2,598	8.9 %



Contact information

Yoshifumi TOGO
Deputy General Manager
Management Planning Development
Corporate Planning Division
Towa Pharmaceutical Co., Ltd.

y-togo@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