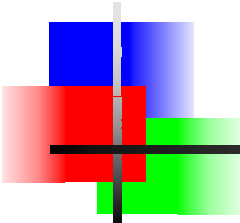


Financial results
for the 1st half of the year ending March 2009

November 10, 2008

Towa Pharmaceutical Co., Ltd.

(stock ticker number :4553)



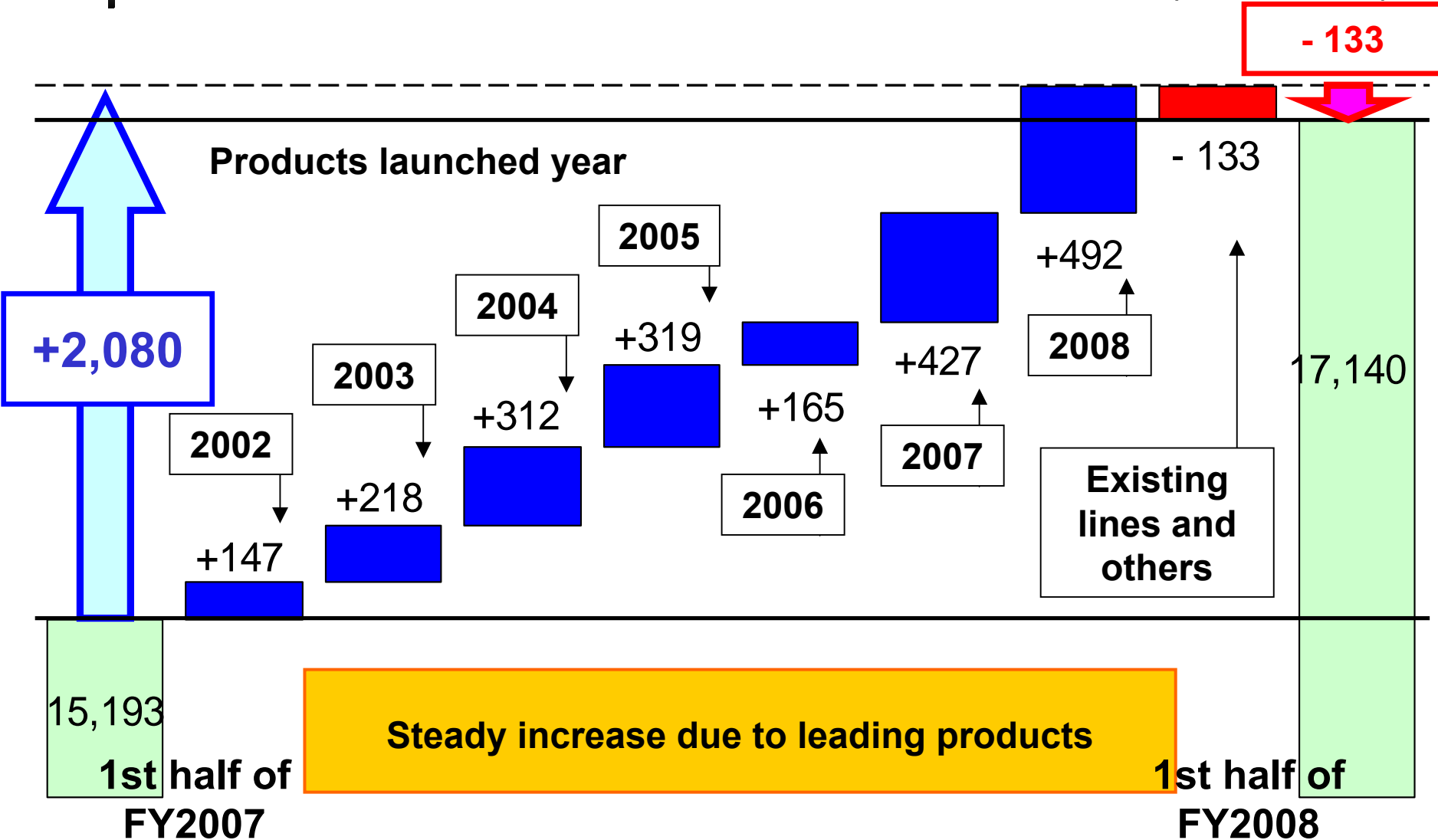
Outline of the financial results for the 1st half of the year ending March 2009 (FY2008)

(Yen in millions)

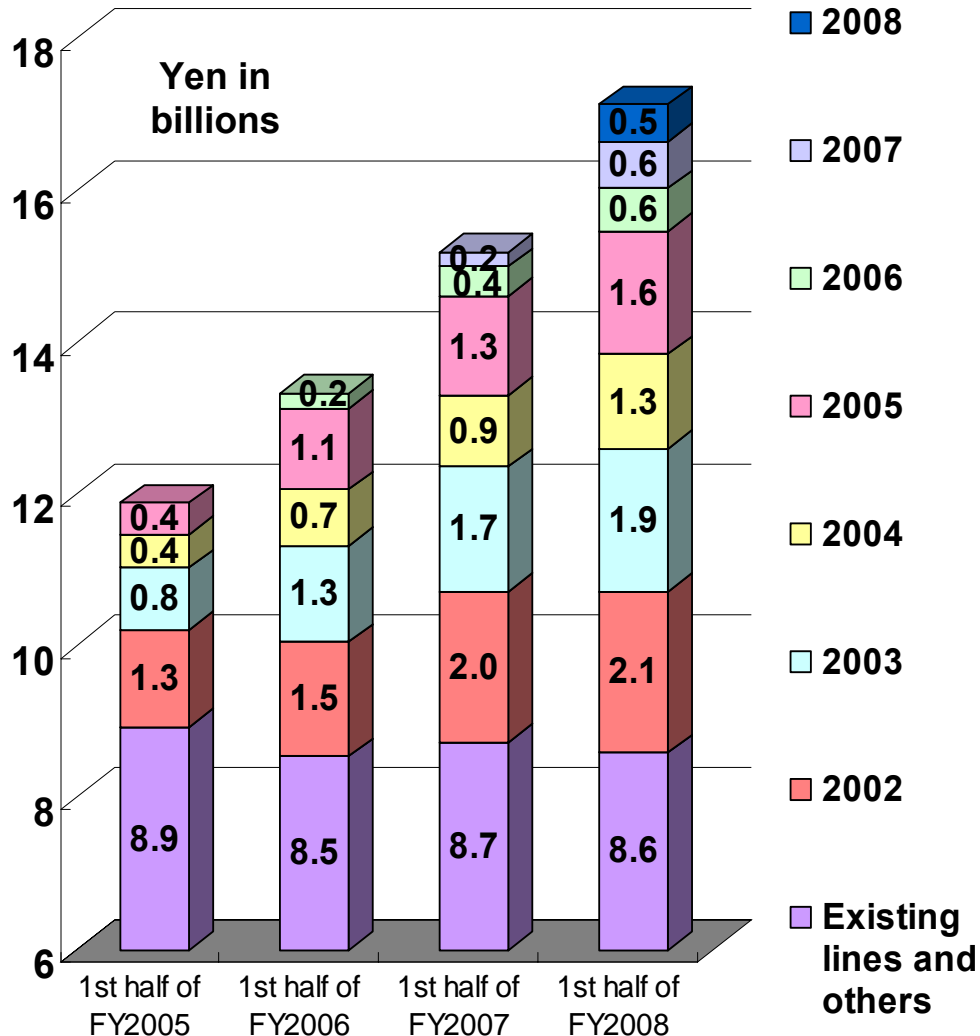
	1st half of FY2008			1st half of FY2007	
		ratio to sales	change in %		ratio to sales
Net Sales	17,140	-	+ 12.8 %	15,193	-
Gross Margin	8,263	48.2 %	+ 16.2 %	7,113	46.8 %
SGA	5,625	32.8 %	+ 21.1 %	4,647	30.6 %
Operating Income	2,637	15.4 %	+ 7.0 %	2,466	16.2 %
Ordinary Income	2,780	16.2 %	+ 11.2 %	2,501	16.5 %
Net Income	1,667	9.7 %	+ 17.2 %	1,422	9.4 %

Period-over-period sales change

(Yen in millions)



Sales of products by launched year



2008 (21 products)

Favorable introduction of Amlodipine and Amlodipine OD

2007 (22 products)

Sales increase by Voglibose OD and Levofolinate iv

2002-2005 products

Steady increase by leading products

2005 (35 products) Famotidine D

2004 (18 products) Nifedipine CR

2003 (13 products) Pravastatin

Simvastatin

2002 (22 products) Famotidine

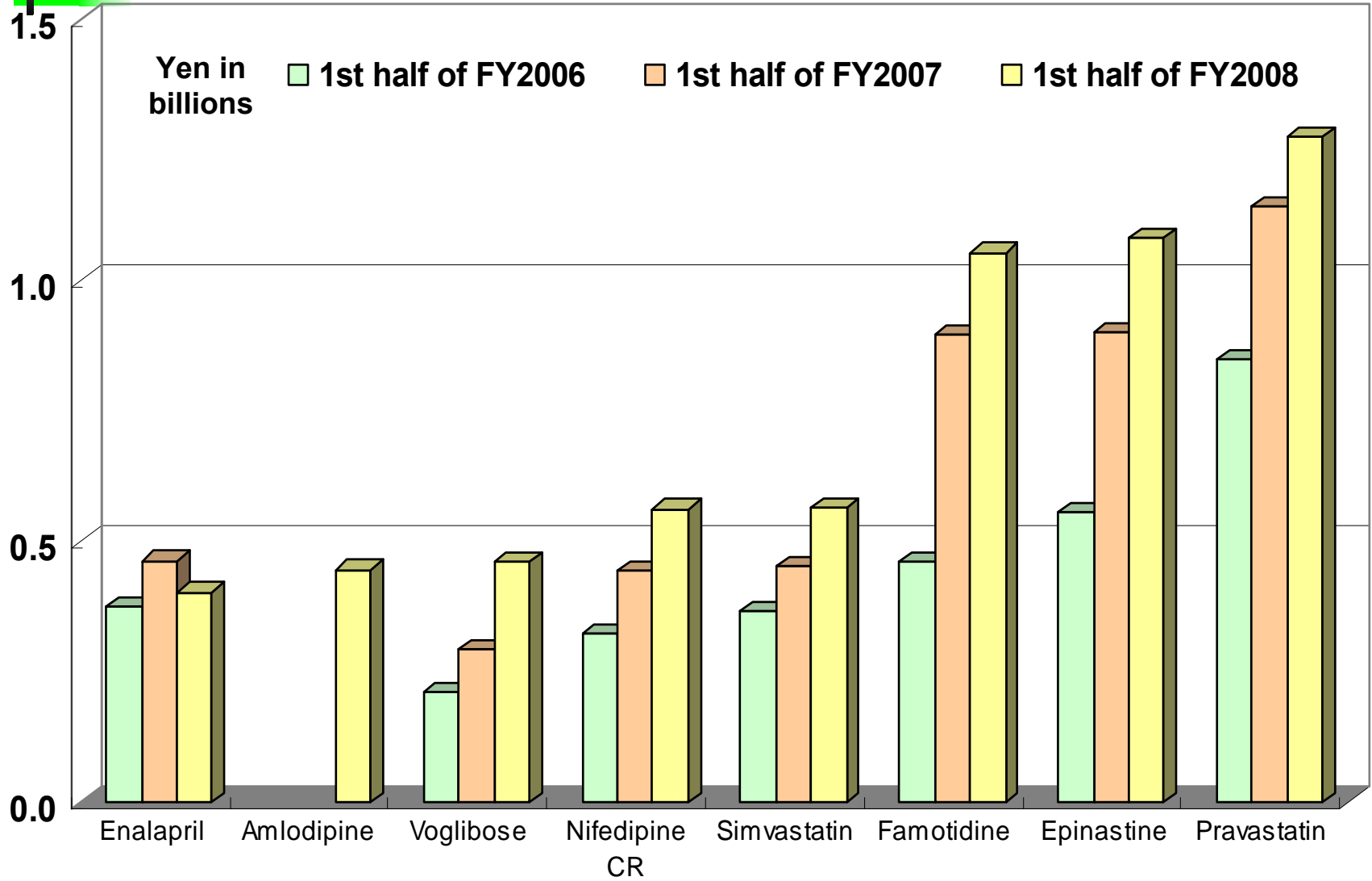
Enalapril

Existing lines and others

Steady sales

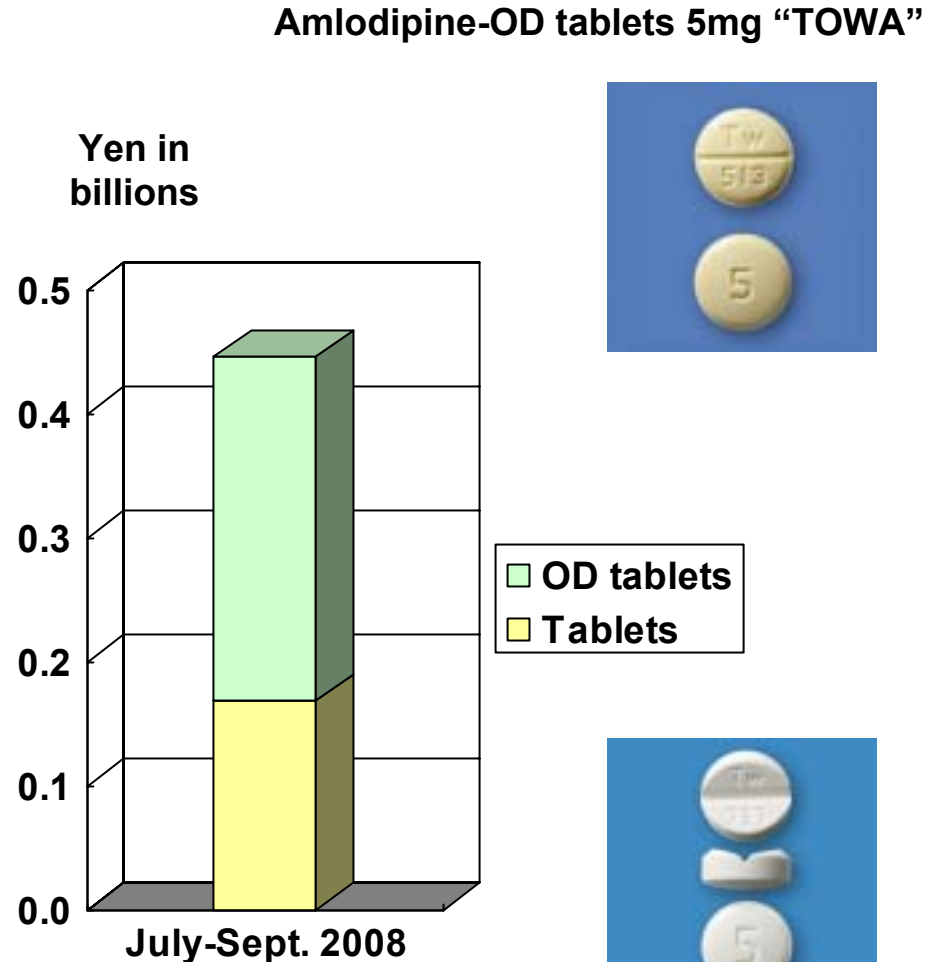
Sales of leading products

(non-consolidated)



Amlodipine tablets and OD tablets

- GE version of Amlodipine tablets was launched in July
- Only Towa launched OD tablets, while 34 companies launched normal tablets
- Target sales figure (FY2008): 0.7 billion yen (tablets and OD tablets)
- OD tablets accounts for ca. 60% of total Amlodipine sales



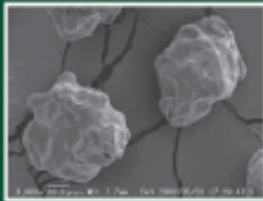
Formulation design of OD (orally-disintegrating) tablets

2種類の粒子を圧縮成型した錠剤です!

この製法は、アムロジピンOD錠「トーワ」、ファモスタジンD錠に用いています。

苦味マスキング粒子

(主薬含有)



速崩壊性粒子

(糖アルコール+崩壊剤等)

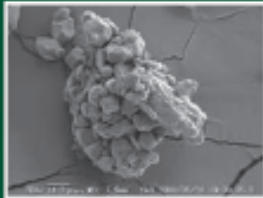
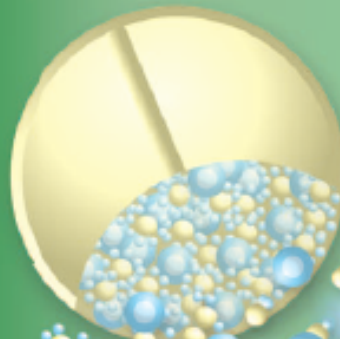


写真:アムロジピンOD錠「トーワ」

両粒子とも、平均粒子径は
100 μ m以下です。

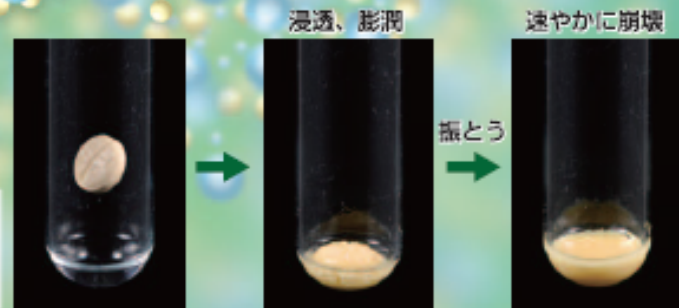


苦味をマスク、

速やかに崩壊し、

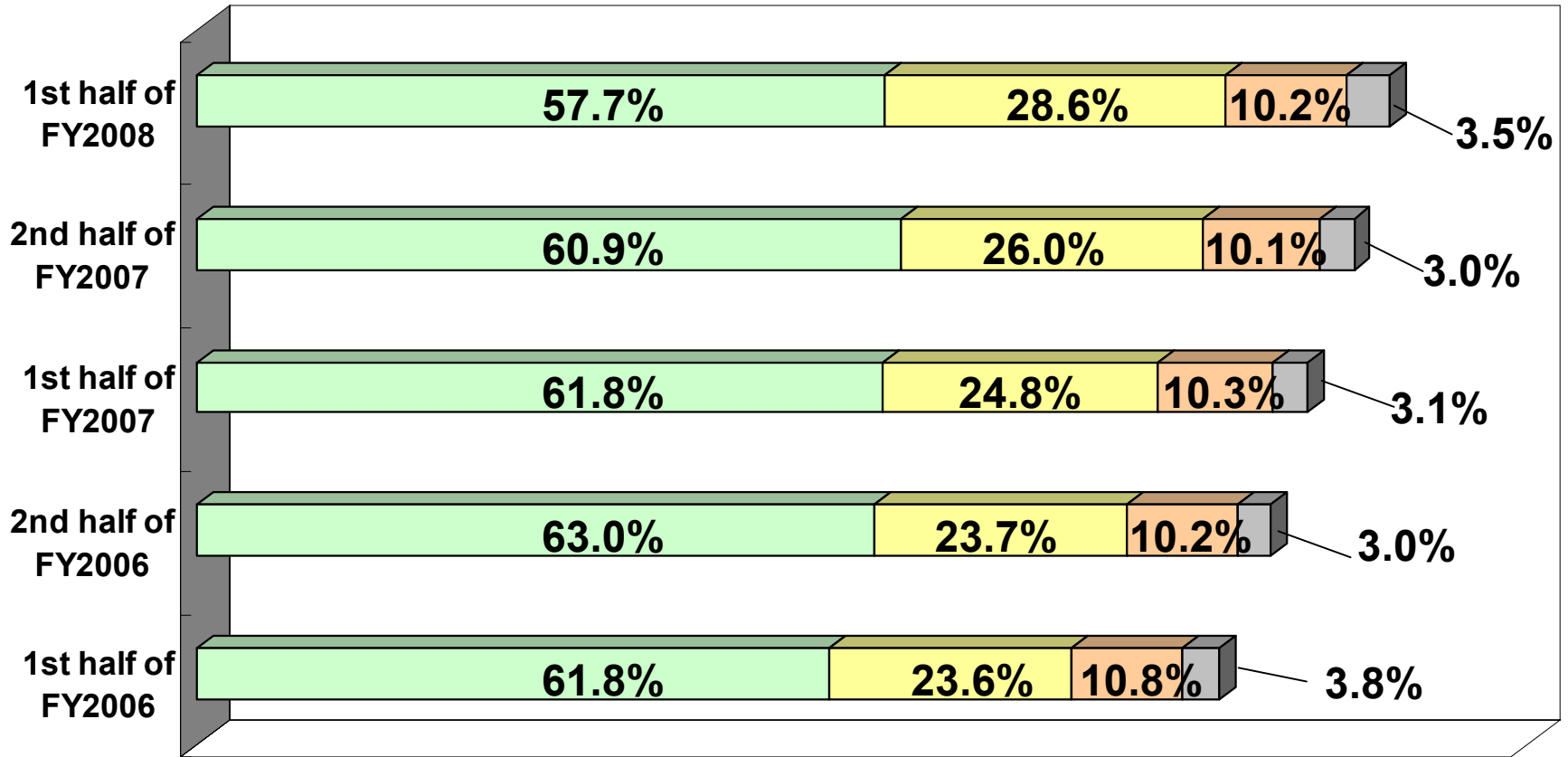
ザラツキません

試験薬:
アムロジピンOD錠5mg「トーワ」
水量:約 0.125mL
水温:約 23.2 $^{\circ}$ C



Sales of medical institutions

General Practitioners Dispensing Pharmacies Hospitals Others



Sales and general administrative expenses

(Yen in millions)

	1st half of FY2008	
		Period-over -period change
Labor cost	2,797	+ 372
(1st half of FY2007)	(2,425)	
R&D expenses	1,044	+ 260
(1st half of FY2007)	(784)	
Ad expenses	461	+ 74
(1st half of FY2007)	(387)	
Others	1,322	+ 272
(1st half of FY2007)	(1,050)	
SGA	5,625	+ 978
(1st half of FY2007)	(4,647)	

Increase of Labor cost

- Due to active recruitment

Increase of R&D expenses

- Due to less expenses in the previous period
- In line with budget in this period

Others

- Expenses for sales and marketing measures, etc.

Non-operating income & expenses and extraordinary gain & loss

(Yen in millions)

	1st half of FY2008	1st half of FY2007
Net sales	17,140	15,193
Gross margin	8,263	7,113
SGA	5,625	4,647
Operating income	2,637	2,466
Non-operating income	288	214
Profit on revaluation of currency swaps	142	—
Non-operating expenses	145	179
Loss on revaluation of currency swaps	—	29
Ordinary income	2,780	2,501
Extraordinary gain	330	13
Profit on termination of retirement benefit	231	—
Extraordinary loss	309	177
Loss on revaluation of marketable securities	201	—
Net income	1,667	1,422

Non-operating income and expenses

- Recorded 142 profit on revaluation of currency swaps due to weaker Yen

Exchange rate

As of the end of March 2008: 99.19 Yen/\$

As of the end of Sept. 2008: 102.57 Yen/\$

Extraordinary gain & loss

- 231 profit on introduction of defined contribution pension plan
- 201 loss on revaluation of marketable securities and 91 loss concerning Oita Plant closure

Balance Sheets

(Yen in millions)

	As of Sept. 30 2008	As of March 31 2008	changes
Cash and deposits	1,282	757	+ 526
Trade notes and account receivables	12,553	12,342	+ 211
Marketable securities	386	1,414	- 1,027
Inventories	9,923	9,366	+ 557
Currency swaps	368	225	+ 143
Other current assets	1,258	1,073	+ 185
Current assets	25,770	25,177	+ 593
Fixed assets	20,403	19,889	+ 514
Total assets	46,174	45,066	+ 1,108

Trade notes and account payables	4,086	4,479	- 392
Other current liabilities	4,744	4,559	+ 186
Current liabilities	8,831	9,038	- 207
Fixed liabilities	954	1,090	- 136
Total liabilities	9,785	10,128	- 343
Shareholders' equity	36,388	34,938	+ 1,451
Total liabilities and shareholders' equity	46,174	45,066	+ 1,108

Decrease of utilization of surplus funds

Response to sales increase in and stable supply to dispensing pharmacy market

Increase of capital expenditure for Okayama Plant renovation



Topics

- **The Closure of Oita Plant (Jan. 11, 2009)**
 - **Transfer of operations of Oita Plant to Okayama Plant in order to improve productivity and quality assurance system**
 - **The operations include packaging in small quantity and printing package inserts**
 - **The production volume of Oita Plant accounted for 68 million yen in FY2007**
 - **Accounted for 91 million yen loss for the impairment of land and production asset and premium severance pay in this period**
- **Newly established Product Information Department (Oct. 1, 2008)**
 - **Established in Pharmacovigilance & Quality Assurance Division**
 - **The Department collects and manages information from both inside and outside company in order to prepare the materials for proper use of the Towa's products.**



Topics

- **Renewal of Yamagata Plant**

- **New Plant will be constructed nearby existing Yamagata Plant**
- **Site acquisition for new plant in whole area of Zao Frontier Industrial Park (ex-Kaminoyama Race Course) in Kaminoyama city, Yamagata**
- **Planning in progress**
 - ✓ **Production facilities for oral drug and injection products**
 - ✓ **Production capacity: pending**
 - ✓ **Capital expenditure: pending**
 - ✓ **Establishment of production system for stable supply of high quality products of a global standard**
- **Start construction in Spring 2010, and complete in mid 2011**
- **New Plant will start production by March 2012**

Financial forecast for full year result (revised)

(Yen in millions)

	FY2008 (plan) (April 2008 - March 2009)			FY2007 (April 2007 - March 2008)	
		ratio to sales	change in %		ratio to sales
Net sales	35,300	-	12.1 %	31,495	-
Operating income	5,800	16.4 %	9.7 %	5,285	16.8 %
Ordinary income	6,000	17.0 %	16.6 %	5,146	16.3 %
Net income	3,750	10.6 %	39.3 %	2,692	8.5 %



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