



**Supplementary material of financial results  
for the 1Q of the year ending March 2012**

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**August, 2011**

**Towa Pharmaceutical Co., Ltd.**

**(stock ticker number : 4553)**



# Summary

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- 1Q sales increased by 6.4% year-on-year.
- The sales growth slowed down, because the influences of Generic incentive for dispensing pharmacies revised in April 2010 have passed.
- Sales plan of 08-10 products was not achieved.
- COGS dropped by high operation rates and the rebound of temporarily raised COGS in the previous year.
- R&D cost increased, but is still behind the budget.
- Accordingly, a remarkable profit increase was recorded.
- 2Q and full year forecasts are revised, because it will take time to realize sales increase by improvement of sales network, and the sales of the promising products of 2011 may fall below the original plan, etc.



# Outline of the financial results for the 1Q of the year ending March 2012

Period	12/3 1Q			11/3 1Q	
	(million Yen)	Ratio to sales (%)	Change in %	(million Yen)	Ratio to sales (%)
Net sales	11,641	100.0	+ 6.4	10,938	100.0
COGS	5,183	44.5	- 4.8	5,447	49.8
SGA	4,088	35.1	+11.2	3,675	33.6
Operating income	2,368	20.3	+30.5	1,815	16.6
Ordinary income	2,413	20.7	+39.3	1,732	15.8
Net income	1,488	12.8	+37.5	1,082	9.9



# Outline of the financial results for the 1Q of the year ending March 2012

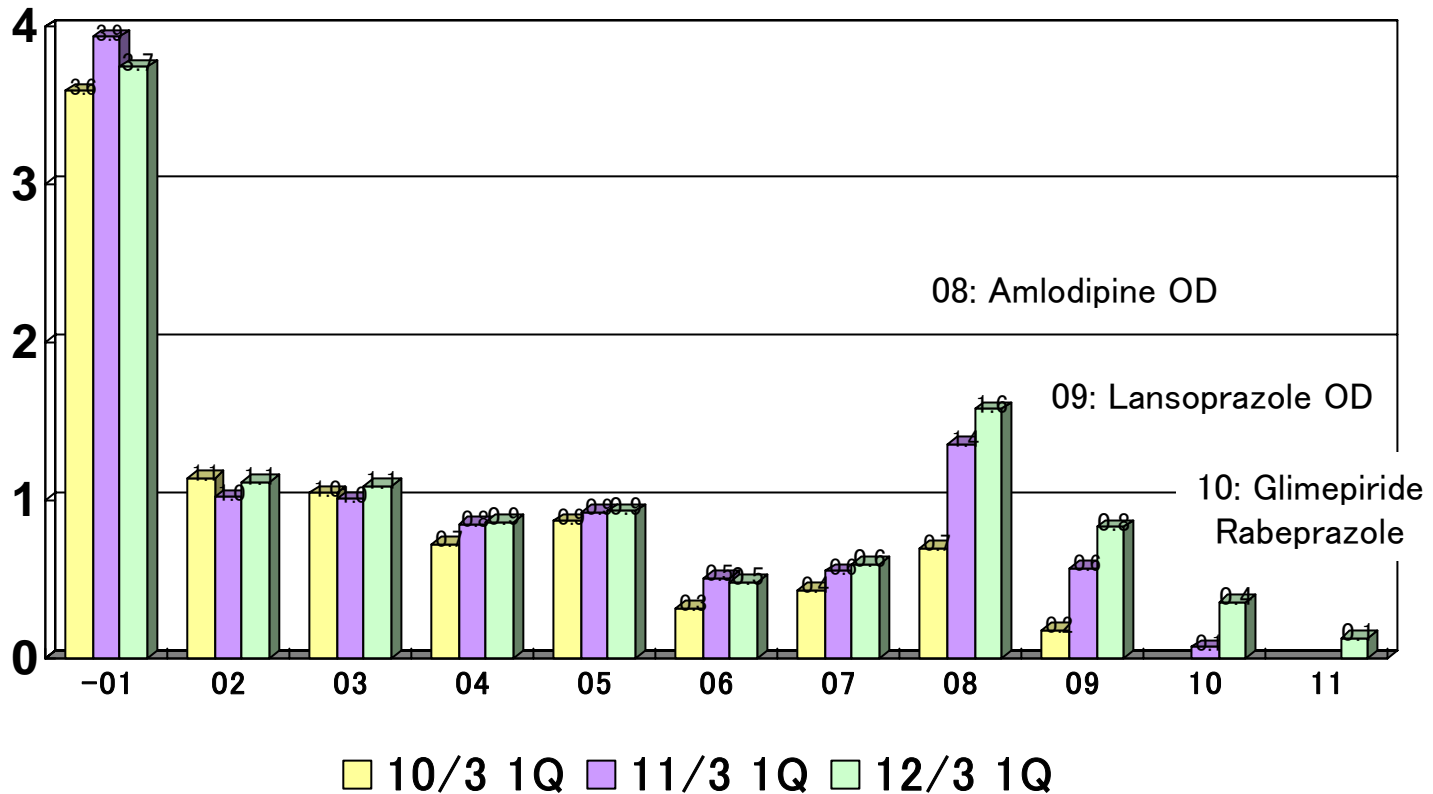
(non-consolidated)

Period	12/3 1Q			11/3 1Q	
	(million Yen)	Ratio to sales (%)	Change in %	(million Yen)	Ratio to sales (%)
Net sales	11,281	100.0	+ 6.5	10,593	100.0
COGS	4,976	44.1	- 6.2	5,304	50.1
SGA	3,967	35.2	+11.8	3,549	33.5
Operating income	2,336	20.7	+34.3	1,739	16.4
Ordinary income	2,384	21.1	+43.8	1,658	15.7
Net income	1,471	13.0	+41.7	1,038	9.8

# Sales of products by launched year

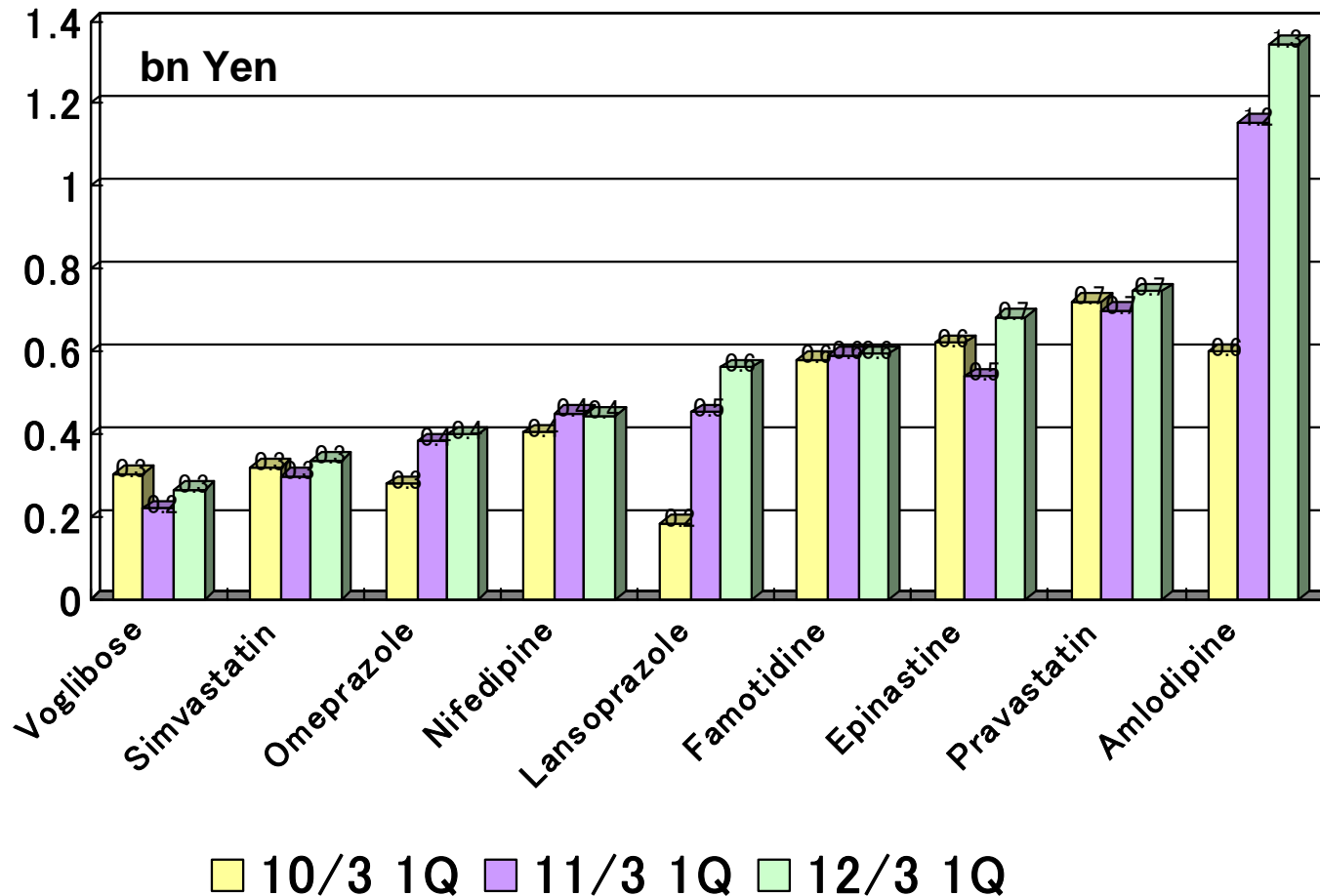
Sales plan of 08-10 products was not achieved.

bn Yen



# Sales of leading products

The sales growth of Amlodipine tends to slowed down.  
The sales of Lansoprazole does not increase compared to the plan.

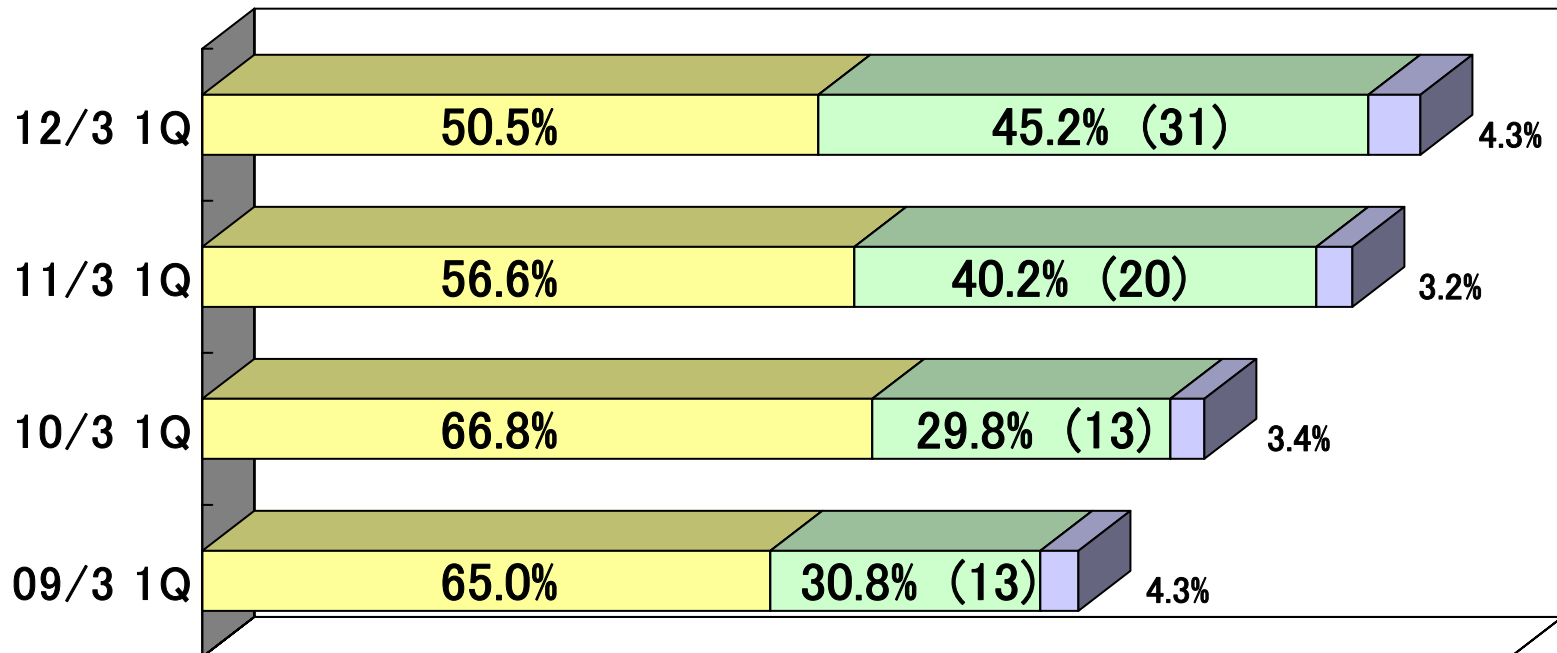


# Sales of channels

(non-consolidated)

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.

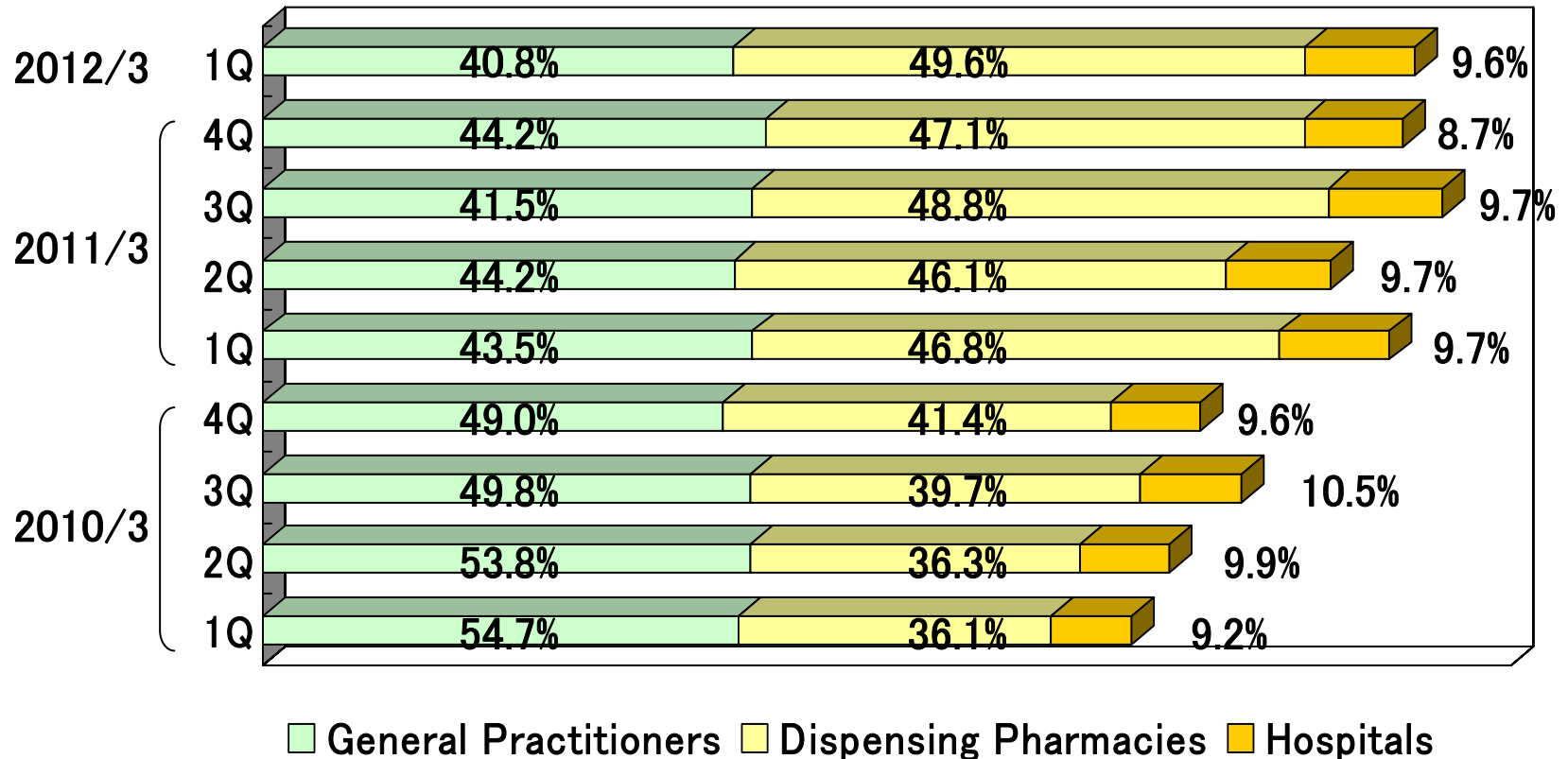


■ Sales agents ■ Direct sales ■ Others

# Sales of medical institutions

(non-consolidated)

The influences of Generic incentive for dispensing pharmacies revised in April 2010 have passed.  
Generic market shows signs of leveling off.



Excluding sales by other companies.

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



Period	12/3 1Q			11/3 1Q	
	(million Yen)	Ratio to sales (%)	Change in %	(million Yen)	Ratio to sales (%)
Labor	1,877	16.1	+10.6	1,697	15.5
R&D	903	7.8	+18.3	763	7.0
Ad.	250	2.2	+ 9.9	227	2.1
Others	1,057	9.1	+ 7.2	986	9.0
SGA	4,088	35.1	+11.2	3,675	33.6

# Financial forecast for the 2Q of the year ending March 2012

The original plan disclosed on May 13 has been revised.

Period	12/3 2Q revised plan (disclosed on Aug. 8 <sup>th</sup> )			11/3 2Q	
	(million Yen)	Ratio to sales (%)	Change in %	(million Yen)	Ratio to sales (%)
Net sales	23,200	100.0	+ 6.1	21,868	100.0
COGS	10,300	44.4	- 0.1	10,312	47.2
SGA	8,450	36.4	+18.9	7,110	32.5
Operating income	4,450	19.2	+ 0.1	4,445	20.3
Ordinary income	4,400	19.0	+ 4.3	4,219	19.3
Net income	2,700	11.6	+ 2.2	2,642	12.1

# Financial forecast for the year ending March 2012

The original plan disclosed on May 13 has been revised.

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
COGS	22,000	45.8	+ 3.0	21,348	46.3
SGA	17,600	36.7	+16.2	15,142	32.8
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

# Financial forecast for the 2Q of the year ending March 2012

The original plan disclosed on May 13 has been revised.

Period	12/3 2Q revised plan (disclosed on Aug. 8 <sup>th</sup> )			12/3 2Q original plan (disclosed on May 13 <sup>th</sup> )	
	(million Yen)	Ratio to sales (%)	Change in %	(million Yen)	Ratio to sales (%)
Net sales	23,200	100.0	-2,000	25,200	100.0
COGS	10,300	44.4	-1,200	11,500	45.6
SGA	8,450	36.4	- 50	8,500	33.7
Operating income	4,450	19.2	- 750	5,200	20.6
Ordinary income	4,400	19.0	- 750	5,150	20.4
Net income	2,700	11.6	- 450	3,150	12.5

# Financial forecast for the year ending March 2012

The original plan disclosed on May 13 has been revised.

Period	12/3 revised plan (disclosed on Aug. 8 <sup>th</sup> )			12/3 original plan (disclosed on May 13 <sup>th</sup> )	
	(million Yen)	Ratio to sales (%)	Change in %	(million Yen)	Ratio to sales (%)
Net sales	48,000	100.0	-3,700	51,700	100.0
COGS	22,000	45.8	-2,300	24,300	47.0
SGA	17,600	36.7	+ 500	17,100	33.1
Operating income	8,400	17.5	-1,900	10,300	19.9
Ordinary income	8,300	17.3	-1,900	10,200	19.7
Net income	5,100	10.6	-1,200	6,300	12.2

# Major products to be launched in November 2011

25 products in total

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



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