



TOWA PHARMACEUTICAL CO., LTD.

Supplementary material of financial results for the 1Q of the year ending March 2013

August, 2012

(stock ticker number : 4553)

Summary

- Sales increased by 18.2% year-on-year and progressed at a faster rate than the 2Q plan (13.6% increase year-on-year).
- Sales of existing products also increased due to Generic incentive for dispensing pharmacies revised in April 2012. The number of sold tablets increased by about 20% year-on-year.
- Sales in April are much more than the plan. On the other hand, sales in May and June are in line with the plan. The influences of Generic incentive for dispensing pharmacies revised in April 2012 have passed. There is no impact of promotion of generic name prescription to our sales so far.
- Atorvastatin gets in the leading products and the order is changing.
- COGS rate increased 3.2 point year-on-year. Factors of the change are as follows.
 - + Decline of selling price due to the NHI revision
 - + Depreciation cost of Yamagata Plant (remarks: minus of 1.5 point to the plan)
 - + Increased sales of existing products due to the revised Generic incentive for dispensing pharmacies
 - Raised operating rate of manufacture due to increased number of sold products
 - Increased sales of new products
- The number of sales offices became 47, which was 44 at the end of March.
- The sales ratio of dispensing pharmacies is increasing more.
- Long-term loan of 6.5 billion yen was taken, which is the last part of a series of planned bank loans for new Yamagata Plant.
- The plan disclosed on May 14th has been unchanged.

Outline of the financial results for the 1Q of the year ending March 2013

Period	13/3 1Q			12/3 1Q	
	(million Yen)	Ratio to sales (%)	Change in %	(million Yen)	Ratio to sales (%)
Net sales	13,755	100.0	+ 18.2	11,641	100.0
COGS	6,558	47.7	+ 26.5	5,183	44.5
SGA	4,732	34.4	+ 15.7	4,088	35.1
Operating income	2,463	17.9	+ 4.0	2,368	20.3
Ordinary income	2,233	16.2	- 7.5	2,413	20.7
Net income	1,367	9.9	- 8.1	1,488	12.8

Outline of the financial results for the 1Q of the year ending March 2013

(progress rate to 2Q plan)

Period	13/3 1Q			13/3 2Q plan (disclosed on May 14 th)	
	(million Yen)	Ratio to sales (%)	Progress rate in %	(million Yen)	Ratio to sales (%)
Net sales	13,755	100.0	52.5	26,200	100.0
COGS	6,558	47.7	52.9	12,400	47.3
SGA	4,732	34.4	45.9	10,300	39.3
Operating income	2,463	17.9	70.4	3,500	13.4
Ordinary income	2,233	16.2	64.7	3,450	13.2
Net income	1,367	9.9	63.6	2,150	8.2

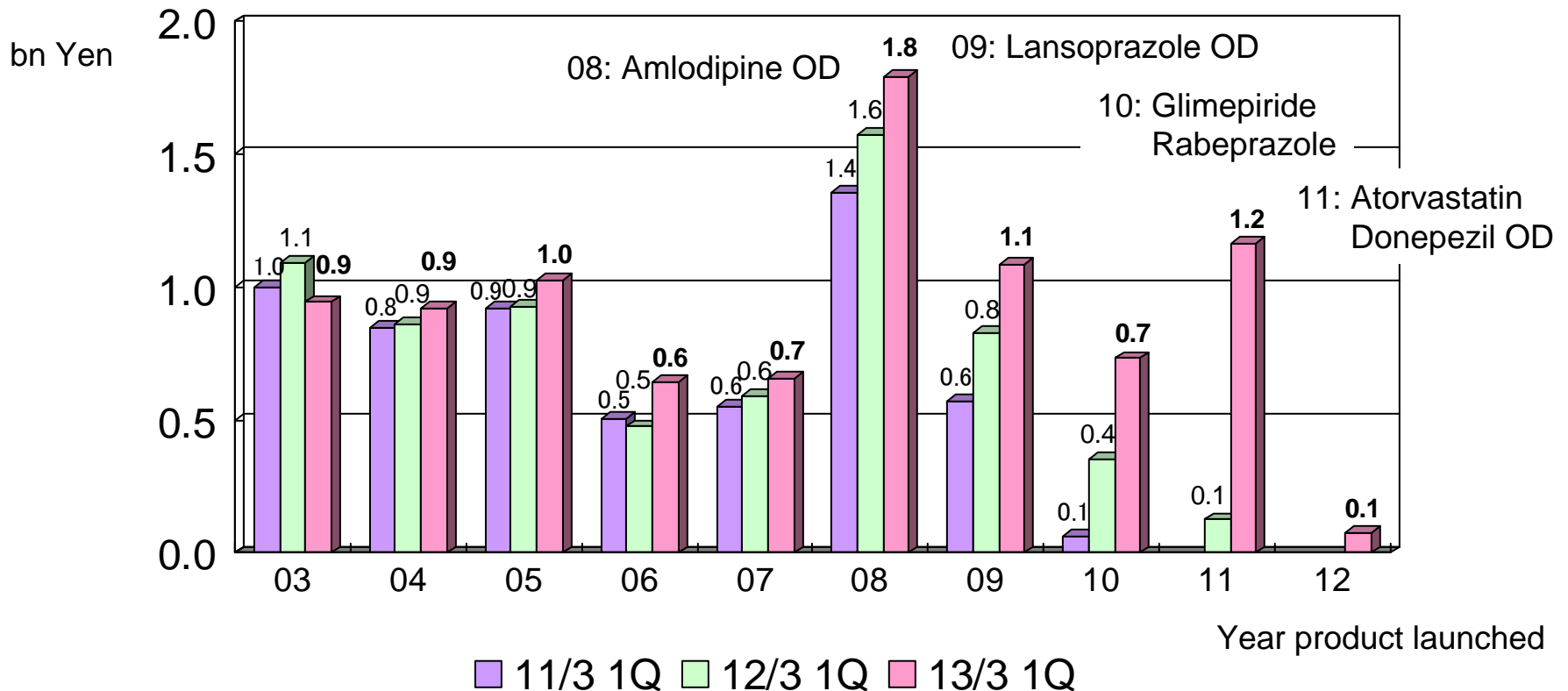
Outline of the financial results for the 1Q of the year ending March 2013

(non-consolidated)

Period	13/3 1Q			12/3 1Q	
	(million Yen)	Ratio to sales (%)	Change in %	(million Yen)	Ratio to sales (%)
Net sales	13,381	100.0	+ 18.6	11,281	100.0
COGS	6,343	47.4	+ 27.5	4,976	44.1
SGA	4,609	34.5	+ 16.2	3,967	35.2
Operating income	2,428	18.2	+ 3.9	2,336	20.7
Ordinary income	2,195	16.4	- 7.9	2,384	21.1
Net income	1,347	10.1	- 8.4	1,471	13.0

Sales of products by launched year

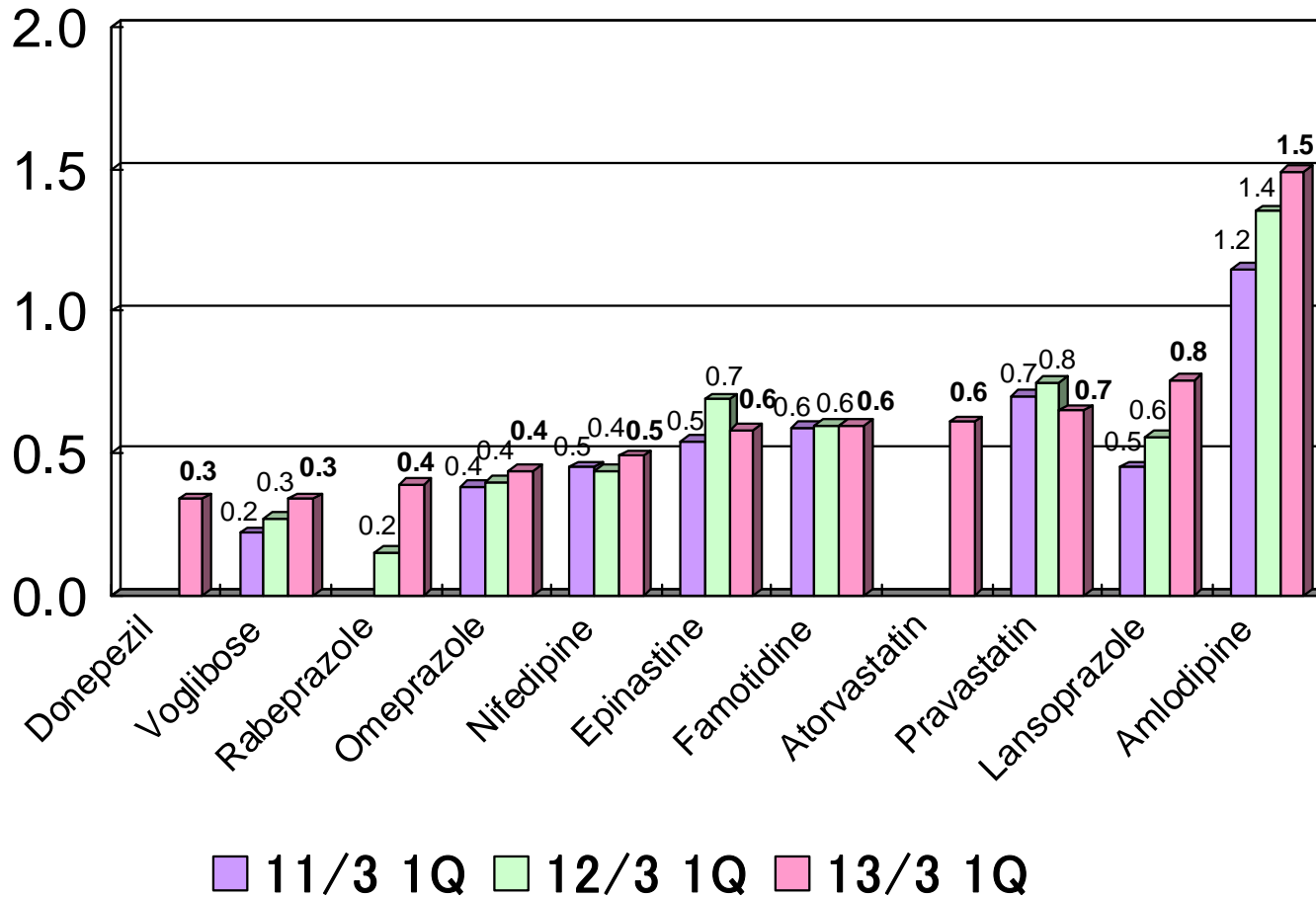
Products launched in 2011 contributed to sales increase significantly.



Sales of leading products

Atorvastatin gets in the leading products and the order is changing.

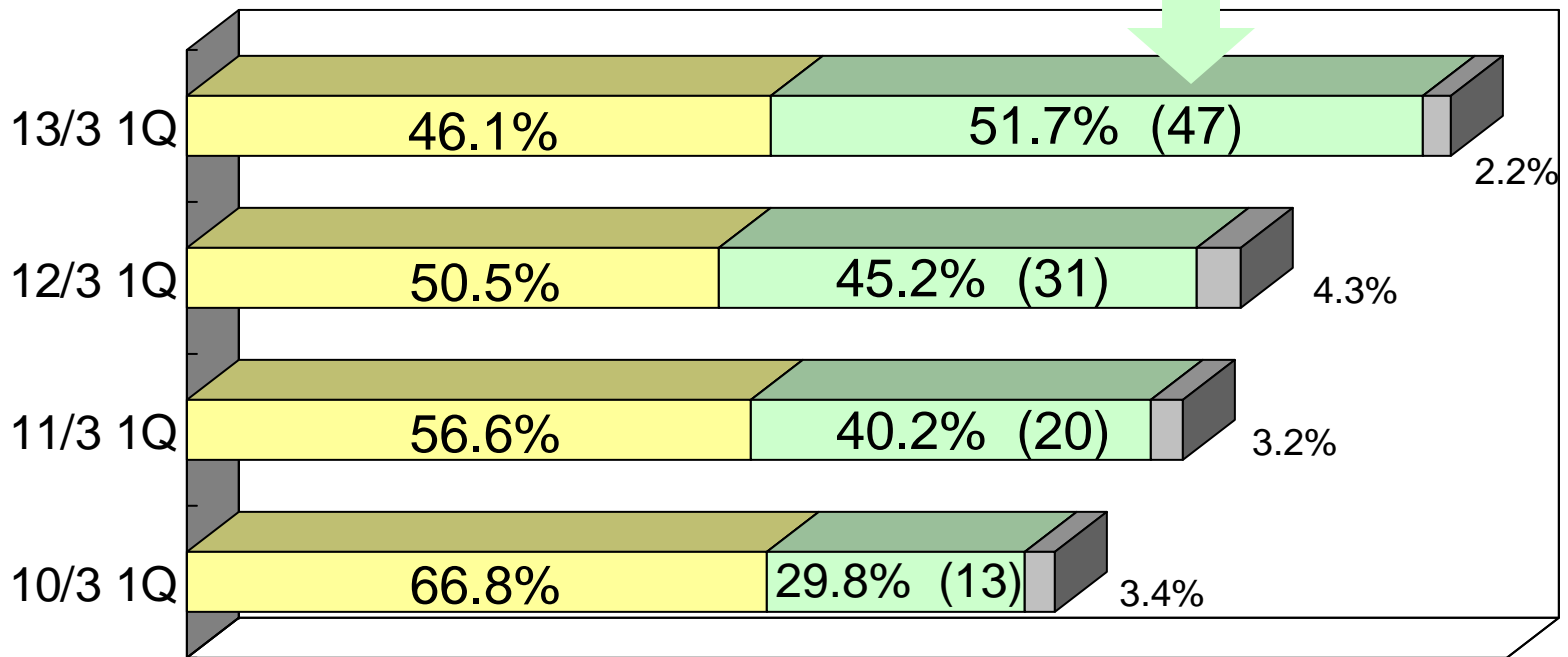
bn Yen



Sales of channels

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

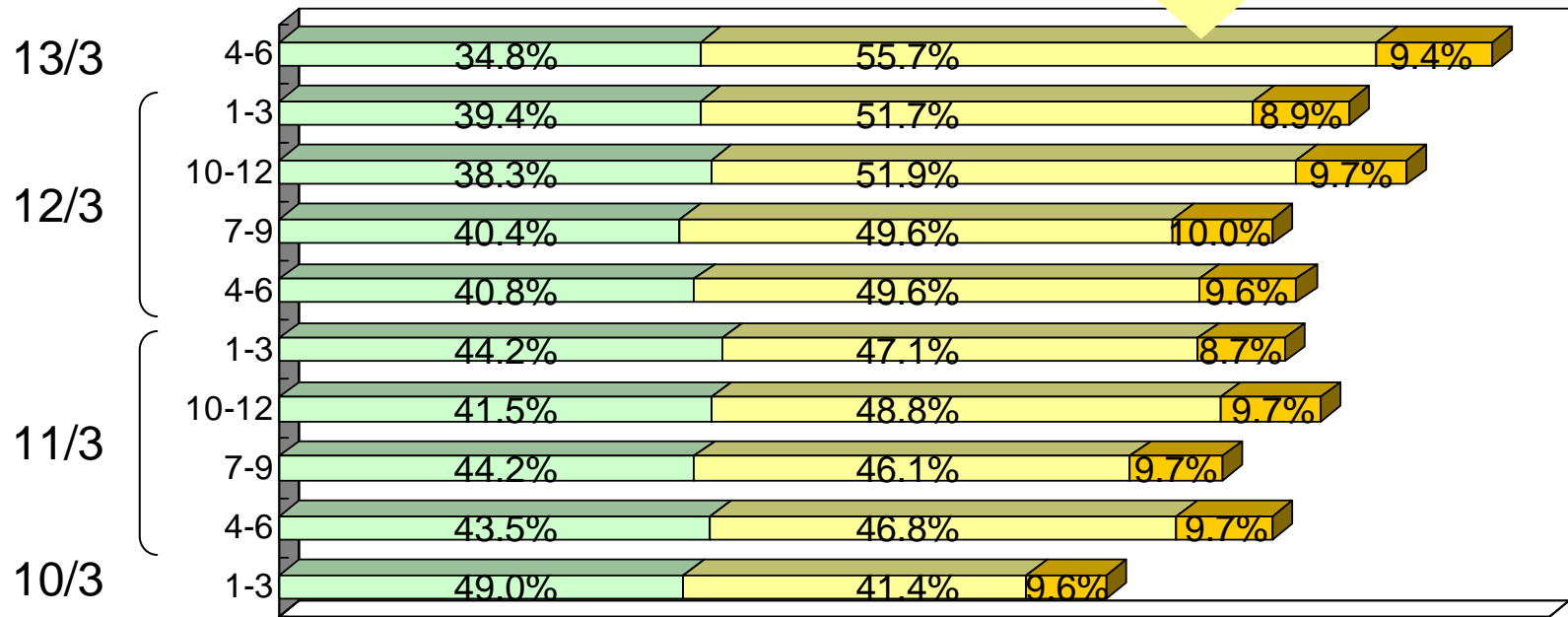
() is the number of sales offices.



■ Sales agents ■ Direct sales ■ Others

Sales of medical institutions

The sales ratio of dispensing pharmacies is increasing more.



■ General Practitioners ■ Dispensing Pharmacies ■ Hospitals

Excluding sales by other companies.

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

SGA

Period	13/3 1Q			12/3 1Q	
	(million Yen)	Ratio to sales (%)	Change in %	(million Yen)	Ratio to sales (%)
Labor	2,137	15.5	+ 13.9	1,877	16.1
R&D	1,013	7.4	+ 12.2	903	7.8
Ad.	181	1.3	- 27.5	250	2.2
Others	1,399	10.2	+ 32.4	1,057	9.1
SGA	4,732	34.4	+ 15.7	4,088	35.1

Major reasons of increase in others

Increase in depreciation cost

75 million yen

Increase in cost of packing and transportation

60 million yen

Balance Sheets

(million Yen)

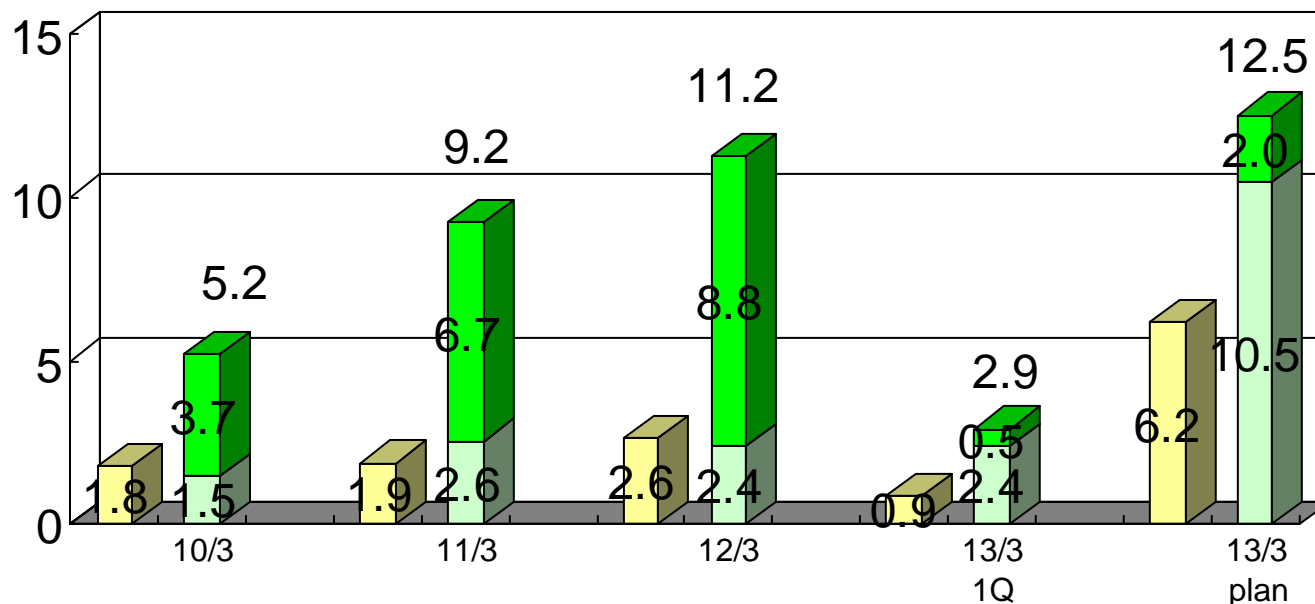
	12/6	12/3	Change
Cash and deposits	4,394	4,217	+ 177
Trade notes and accounts receivable	16,633	16,467	+ 166
Marketable securities	4,039	2,081	+1,958
Finished products	8,996	9,169	- 172
Other current assets	10,294	10,310	- 16
Total current assets	44,359	42,245	+2,113
Buildings and structures	20,611	19,230	+1,381
Machineries, equipments and carriers	5,547	4,943	+ 604
Other fixed assets	15,100	14,825	+ 274
Total fixed assets	41,259	38,998	+2,260
Total assets	85,618	81,244	+4,374

	12/6	12/3	Change
Trade notes and accounts payable	6,841	6,473	+ 368
Current portion of long-term debt	2,657	2,007	+ 649
Accrued income taxes	486	1,742	-1,256
Other current liabilities	7,892	9,602	-1,710
Total current liabilities	17,879	19,826	-1,947
Long-term debt	15,334	9,792	+5,541
Other long-term liabilities	1,116	1,131	- 14
Total long-term liabilities	16,450	10,923	+5,527
Total liabilities	34,329	30,750	+3,579
Total net assets	51,288	50,494	+ 794
Total liabilities and net assets	85,618	81,244	+4,374

Long-term loan of 6,500 million yen was taken in 1Q, which is the last part of a series of planned bank loans for new Yamagata Plant.

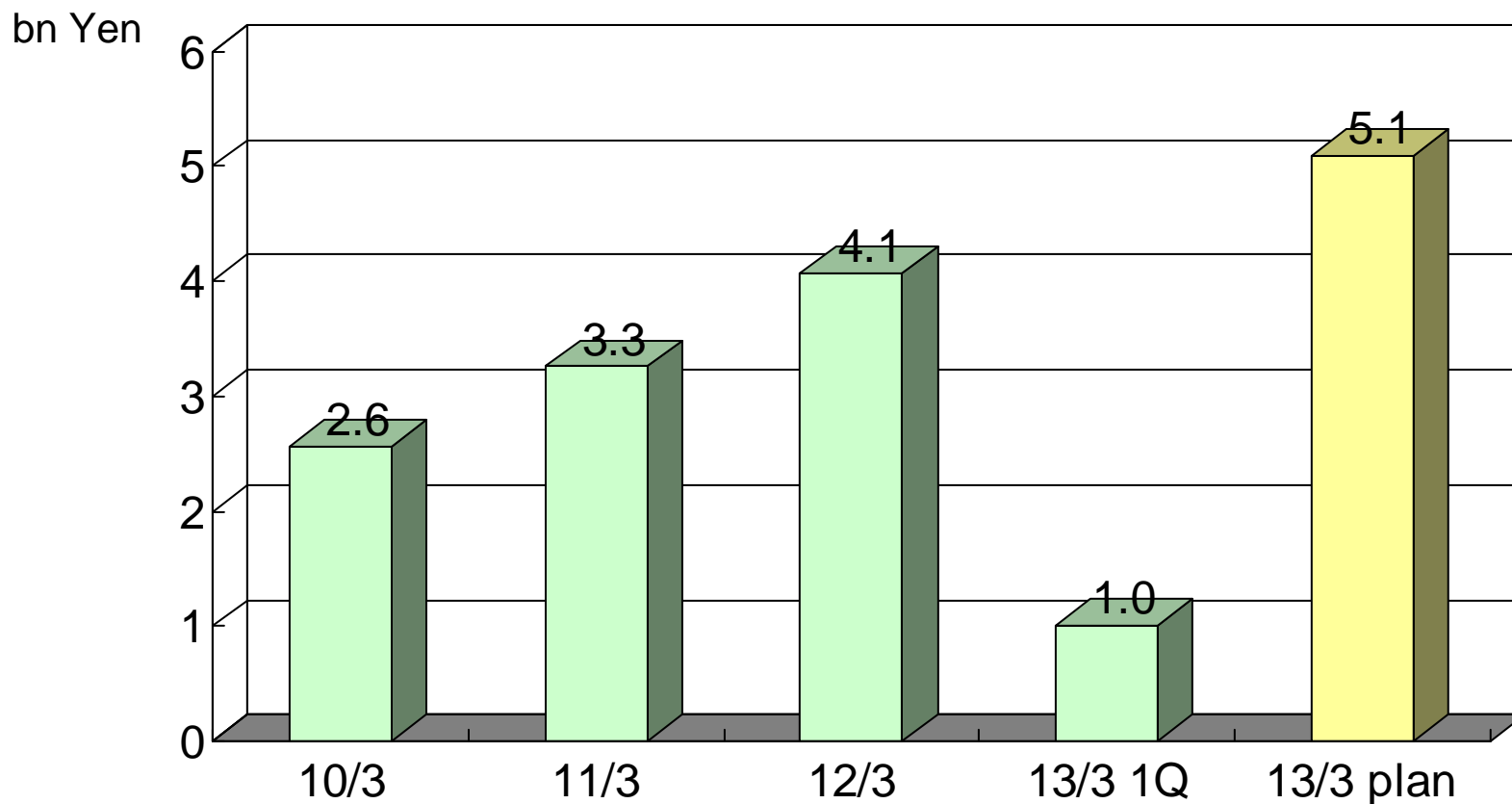
Capital expenditure and depreciation cost

bn Yen



- Capital expenditure for Yamagata Plant
- Capital expenditure excluding for Yamagata Plant
- Depreciation cost

R&D expenditure



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