



Financial Results for the 1st Half of FY3/2009

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Sawai Pharmaceutical Co., Ltd.

First Section of the Tokyo Stock Exchange, TSE Code 4555

Overview of Financial Results for the 1st Half of FY3/2009

Increased Sales and Profits

Profits improved compared with forecasts on Aug.8, 2008

Deteriorated gross margin due to fierce market competition was recovered by SG&A expenses cut, etc.

	1 st Half of FY3/08		1 st Half of FY3/09		Year on Year		1 st Half of FY3/09 Forecasts on Aug.8,'08	
	Millions of Yen	/Sales	Millions of Yen	/Sales	Millions of Yen	RC	Millions of Yen	/Sales
Net Sales	18,037	100.0%	21,367	100.0%	3,330	18.5%	21,500	100.0%
Operating Income	1,580	8.8%	1,800	8.4%	220	13.9%	1,450	6.7%
Ordinary Income	1,260	7.0%	1,727	8.1%	467	37.1%	1,400	6.5%
Net Income	528	2.9%	920	4.3%	392	74.1%	800	3.7%

Sales by Marketing Channels

Robust sales increase through wholesalers

	1 st Half of FY3/08		1 st Half of FY3/09		Year on Year	
	Millions of Yen	/Sales	Millions of Yen	/Sales	Millions of Yen	RC
Agencies	10,093	55.9%	11,065	51.8%	972	9.6%
Wholesalers	6,341	35.2%	8,368	39.2%	2,027	32.0%
Others	1,602	8.9%	1,932	9.0%	330	20.6%
Total	18,037	100.0%	21,367	100.0%	3,330	18.5%

Sales per Medical Institution Types

Sales to the pharmacies increased due to medical system reform such as introduction of new prescription form

Institution Type	Nationwide Total Number	FY3/07		FY3/08	
		Sales Share	Number of Customers	Sales Share	Number of Customers
Hospitals	8,898	21.2%	6,760	20.6%	6,960
DPC Hospitals	360	3.2%	304	3.5%	309
	358	-	-	1.6%	297
Clinics	104,500	37.9%	30,400	35.6%	31,200
Dispensing Pharmacies	61,700	37.8%	39,000	40.4%	42,000
Others	-	3.1%	-	3.3%	-
Total		100%	76,160	100%	80,160

1 st Half of FY3/09			Year on Year
Sales Share	Number of Customers	Coverage Rate	Growth Rate
18.8%	6,980	78.4%	4.6%
3.0%	336	93.3%	2.1%
2.0%	319	89.1%	37.6%
31.0%	31,000	29.7%	1.7%
49.7%	43,000	69.7%	48.1%
0.8%	-	-	19.5%
100%	80,980		20.9%

Sales by Listed Years of Drugs

Increase in the sales of life style related drugs listed last 3 years
New products' sales are steady under the competitive environments

	1 st Half of FY3/08	1 st Half of FY3/09	Year on Year		FY3/09 Forecast	
	Millions of Yen	Millions of Yen	Millions of Yen	RC	Millions of Yen	Progress
Existing Drugs	8,354	8,811	457	5.5%	17,200	51.2%
Listed in FY 3/03	1,968	2,025	57	2.9%	4,200	48.2%
Listed in FY3/04	1,709	1,710	1	0.1%	4,600	37.2%
Listed in FY3/05	905	1,133	228	25.2%	2,600	43.6%
Listed in FY3/06	2,635	3,145	510	19.4%	6,800	46.3%
Listed in FY3/07	1,028	1,794	766	74.5%	3,500	51.3%
Listed in FY3/08	673	1,494	821	122.0%	2,400	62.3%
Listed in FY3/09	-	519	519	-	2,200	23.6%
Transferred Drug, etc.	762	731	31	-4.1%	1,500	48.8%
Total	18,037	21,367	3,330	18.5%	45,000	47.5%

Analysis of Income Statements

	1 st Half of FY3/08		1 st Half of FY3/09		Year on Year	
	Mil. Yen	/Sales	Mil. Yen	/Sales	Mil. Yen	RC
Net Sales	18,037	100.0%	21,367	100.0%	3,330	18.5%
Cost of Sales	9,779	54.2%	12,170	57.0%	2,391	24.4%
Gross Profit	8,258	45.8%	9,197	43.0%	939	11.4%
SG&A Expenses	6,677	37.0%	7,397	34.6%	720	10.8%
Operating Income	1,580	8.8%	1,800	8.4%	220	13.9%
Non-Operating Income and Expenditure	-320	-1.8%	-72	-0.3%	248	
Ordinary Income	1,260	7.0%	1,727	8.1%	467	37.1%
Extraordinary Gain and Loss	-221	-1.2%	-73	-0.3%	148	
Net Income	528	2.9%	920	4.3%	392	74.1%

Major Reasons of YOY changes (Millions of Yen)

Sales increase : + 1,500
Loss on disposal and reevaluation of inventories : 500

Personnel Cost : + 200
Advertising Cost : + 200
R&D Expenses : + 100

(FY3/08)
Loss on disposal of inventories : + 200

Analysis of Cash Flows Statement

	1 st Half of FY3/08	1 st Half of FY3/09
Income before Income Taxes and Minority Interests	1,038	1,653
Depreciation and Amortization	1,275	1,325
Working Capitals	181	-895
Other, net	-158	-1,061
Cash Flows from Operating Activities	2,336	1,022
Capital Expenditure	-3,666	-1,622
Other, net	-166	-154
Cash Flows from Investing Activities	-3,832	-1,776
Net Increase/Decrease of Short-and Long-term Bank Loans	-866	-55
Dividends, etc.	-470	-410
Cash Flows from Financing Activities	-1,336	-465
Net Increase in Cash and Cash Equivalents	-2,832	-1,219

Major Reasons of YOY changes (Millions of Yen)

Increase in notes and accounts receivables : 700
 Increase in inventories : 1,600
 Increase in accounts payable : + 1,400

Income taxes paid : 800

Payment for expansion project of Sanda Factory : 700

Payment for Dividends : 400

FY3/2009 Earnings Forecasts

Both Sales and Profits increase

Forecasts as of August 8, 2008 unchanged

	FY3/2008		FY3/2009		Year on Year	
	Millions of Yen	/Sales	Millions of Yen	/Sales	Millions of Yen	RC
Net Sales	37,631	100.0%	45,000	100.0%	7,369	19.6%
Cost of Sales	20,130	53.5%	25,000	55.6%	4,870	24.2%
Gross Profit	17,501	46.5%	20,000	44.4%	2,499	14.3%
SG&A Expenses	13,452	35.7%	15,500	34.4%	2,048	15.2%
Operating Income	4,048	10.8%	4,500	10.0%	452	11.2%
Ordinary Income	3,412	9.1%	4,200	9.3%	788	23.1%
Net Income	1,738	4.6%	2,300	5.1%	562	32.3%

However, in consideration of the 1st Half Results, the cost of sales (+500 million yen) and SG&A expenses (- 500 million yen) are changed.

Key Policies of the 2nd Half of FY3/2009

Reinforce Sales and Promotion Capability

- 1) Carry out Fair Valued Pricing
- 2) Promote Sales of Prioritized Products
- 3) Strengthen Support by Headquarters

“Selection and Focusing” in R&D

Streamlining of Manufacturing Costs