

Financial Results for the Fiscal Year 2012, Ended March 31, 2013

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※ This material is prepared based on Japan GAAP.

※ Amounts are rounded down to the nearest million yen.

April 25 2013

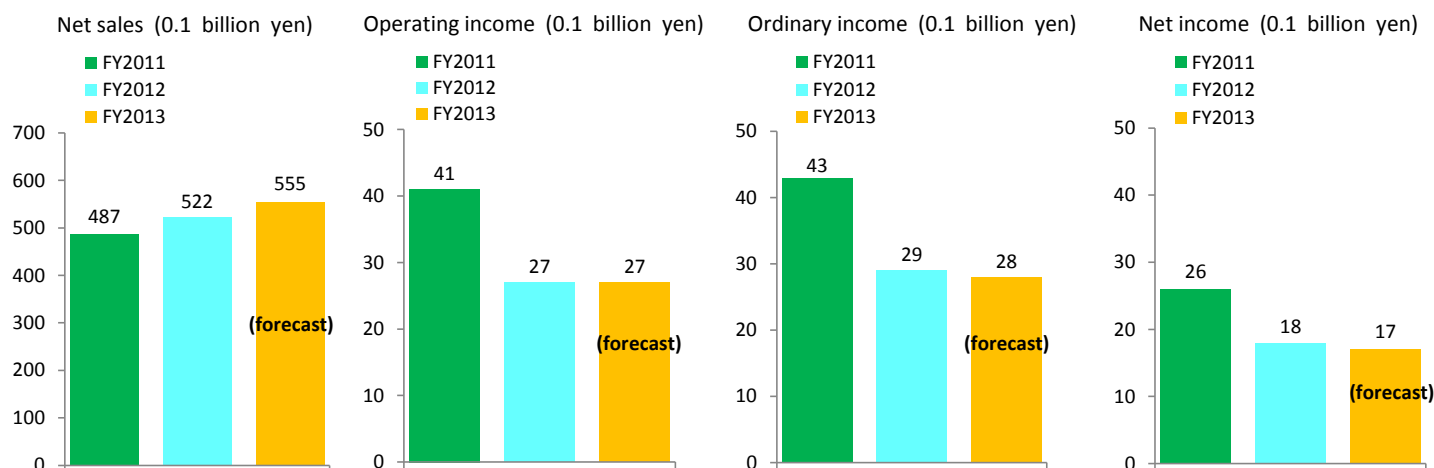


TORII PHARMACEUTICAL CO., LTD.

I Summary Information

① Financial Results

(Millions of Yen)	FY2011	FY2012	Change	Change (%)	FY2013 forecast	Change	Change (%)
	A	B	B-A	(B-A)/A	C	C-B	(C-B)/B
Net sales	48,717	52,294	3,576	7.3	55,500	3,205	6.1
Operating income	4,153	2,794	△1,359	△32.7	2,700	△94	△3.4
Ordinary income	4,338	2,952	△1,385	△31.9	2,800	△152	△5.2
Net income	2,611	1,849	△761	△29.2	1,700	△149	△8.1
(Reference)							
R&D expenses	4,631	7,824	3,192	68.9	7,200	△624	△8.0
Earnings per share (EPS) (¥)	92.27	65.36	△26.91		60.07	△5.29	
Return on equity (ROE) (%)	3.5	2.4	△1.1				
Ratio of ordinary income to total assets (%)	5.0	3.3	△1.7				
Ratio of operating income to net sales (%)	8.5	5.3	△3.2				
Return on assets (ROA) (%)	3.0	2.1	△0.9				



② Financial Conditions

(Millions of Yen)	March 31, 2012	March 31, 2013	Change	Change (%)
	A	B	B-A	(B-A)/A
Total assets	87,734	91,350	3,615	4.1
Total equity	75,832	76,700	867	1.1
Equity ratio (%)	86.4	84.0	△2.4	
Book value per share (BPS) (¥)	2,679.48	2,710.18	30.70	

II Financial Results for the FY2012

① Non-consolidated Statement of Income

(Millions of Yen)	FY2011	FY2012	Change	Change (%)
	A	B	B-A	(B-A)/A
Net sales	48,717	52,294	3,576	7.3
Sales of products ※	48,489	52,067	3,577	7.4
HIV	10,474	12,073	1,599	15.3
Renal disease and hemodialysis	11,276	14,088	2,812	24.9
Skin disease	11,139	11,514	374	3.4
Other	15,599	14,391	△1,208	△7.7
Rent income of real estate	228	226	△1	△0.6
Cost of sales	20,539	22,841	2,301	11.2
Cost of products sold	20,474	22,780	2,305	11.3
Cost of real estate rent	64	60	△3	△6.1
Gross profit	28,178	29,452	1,274	4.5
Selling, general and administrative expenses	24,024	26,658	2,633	11.0
R&D expenses	4,631	7,824	3,192	68.9
Other	19,392	18,834	△558	△2.9
Operating income	4,153	2,794	△1,359	△32.7
Non-operating income	187	215	28	—
Non-operating expenses	2	57	55	—
Ordinary income	4,338	2,952	△1,385	△31.9
Extraordinary income	810	—	△810	—
Extraordinary loss	93	22	△71	—
Income before income taxes	5,054	2,929	△2,125	△42.0
Income taxes	2,443	1,079	△1,363	△55.8
Net income	2,611	1,849	△761	△29.2

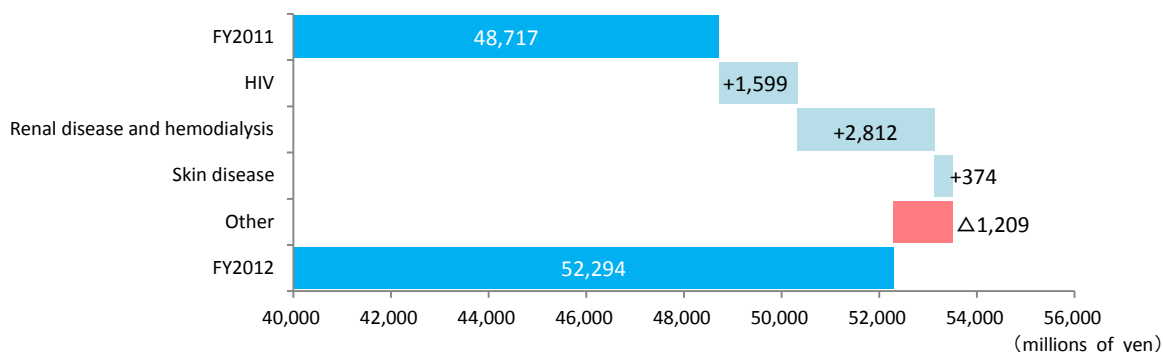
※ For details, please refer to page 4.

(Reference) Ratio to net sales

(%)	FY2011	FY2012	Change
	A	B	B-A
Cost of sales	42.2	43.7	1.5
SG&A	49.3	51.0	1.7
R&D expenses	9.5	15.0	5.5
Operating income	8.5	5.3	△3.2
Ordinary income	8.9	5.6	△3.3
Net income	5.4	3.5	△1.9

[Factors in increase/decrease compared with the last fiscal year]

Net sales (¥52,294 million : Increase ¥3,576 million year-on-year)

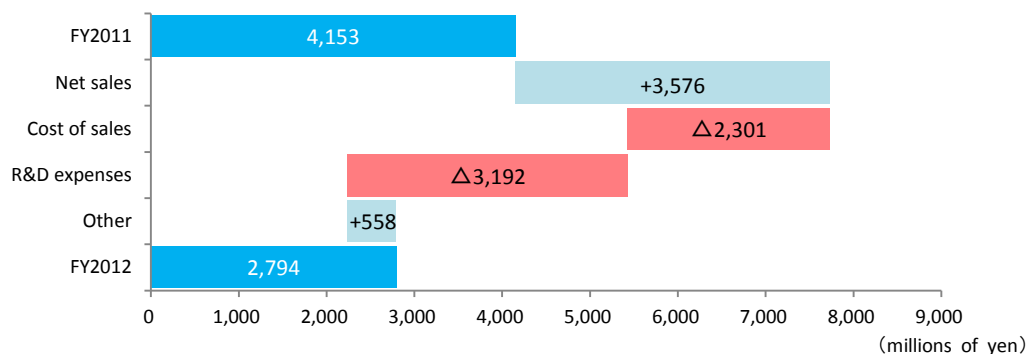


Major factors in increase/decrease

HIV	: Truvada	Increase ¥1,648million
Renal disease and hemodialysis	: REMITCH KAYEXALATE	Increase ¥2,371million Increase ¥441million
Other	: FUTHAN URINORM	Decrease ¥597million Decrease ¥487million

※For details, please refer to "② Sales of Products and Priority Categories" in page 4.

Operating income (¥2,794 million : Decrease ¥1,359 million year-on-year)



Major factors in increase/decrease

Cost of sales	: Increase in net sales and changes in sales mix among the products
R&D expenses	: Increase in clinical test expenses (TO-203)
Other	: Decrease in sales promotion expenses and supplies expenses

Ordinary income (¥2,952 million : Decrease ¥1,385 million year-on-year)

Special remarks: None

Net income (¥1,849 million : Decrease ¥761 million year-on-year)

The last fiscal year: Extraordinary income ¥800 million including a ¥784 million reimbursement resulting from the cancellation of a joint development project

② Sales of Products and Priority Categories

a.Sales of Products

(Millions of Yen)	FY2011	FY2012	Change	Change
	A	B	B-A	(%) (B-A)/A
Sales of Products	48,489	52,067	3,577	7.4
REMITCH Oral anti-pruritus agent	9,735	12,106	2,371	24.4
Truvada Antiviral agent for HIV	9,945	11,594	1,648	16.6
ANTEBATE ※ Topical corticosteroid	6,584	6,766	182	2.8
FUTHAN ※ Protease inhibitor	5,131	4,533	△597	△11.6
URINORM ※ Uricosuric agent	3,238	2,751	△487	△15.0
KAYEXALATE ※ Agent for hyperkalemia	1,540	1,982	441	28.6
Dovonex Topical agent for psoriasis vulgaris	1,808	1,892	84	4.7
BIO-THREE Viable bacterial preparations	1,712	1,886	173	10.2
ZEFNART Topical antifungal agent	1,403	1,505	102	7.3
LOCOID ※ Topical corticosteroid	1,344	1,350	5	0.4
Magsent Tocolysis in threatened premature labor	1,188	1,270	82	6.9
Other	4,857	4,428	△429	△8.8

※ In-house Products

b.Sales of Priority Categories

(Millions of Yen)	FY2011	FY2012	Change	Change
	A	B	B-A	(%) (B-A)/A
Sales of Products	48,489	52,067	3,577	7.4
HIV [Truvada, Other anti-HIV drugs]	10,474	12,073	1,599	15.3
Renal disease and hemodialysis [REMITCH, KAYEXALATE]	11,276	14,088	2,812	24.9
Skin disease [ANTEBATE, Dovonex, ZEFNART, LOCOID]	11,139	11,514	374	3.4
Other [FUTHAN, URINORM, BIO-THREE, Magsent, Other]	15,599	14,391	△1,208	△7.7

(References) Sales of in-house products and ratio of in-house products sales

(Millions of Yen)	FY2011	FY2012	Change	Change
	A	B	B-A	(%) (B-A)/A
Sales of in-house products	19,856	19,380	△476	△2.4
Ratio of in-house product sales (%)	41.0	37.2	△3.8	—

③ Non-consolidated Balance Sheet

(Millions of Yen)	March 31, 2012 A	March 31, 2013 B	Change B-A	Change (%) (B-A)/A	Component ratio (%) (March 31, 2013)
Current assets	70,352	71,492	1,140	1.6	78.3
Cash and deposits	25,106	5,903	△19,202		
Deposits in the CMS ※1	6,276	6,324	48		
Notes and accounts receivable-trade	19,580	20,248	668		
Short-term investment securities	11,200	29,197	17,997		
Inventories	6,342	7,530	1,187		
Other	1,846	2,288	442		
Noncurrent assets	17,382	19,857	2,475	14.2	21.7
Property, plant and equipment	5,297	5,652	354		
Intangible assets	704	639	△65		
Investments and other assets	11,380	13,566	2,185		
Investment securities	6,392	5,379	△1,012		
Long-term prepaid expenses	2,750	6,187	3,437		
Other	2,238	1,999	△238		
Total assets	87,734	91,350	3,615	4.1	100.0
Current liabilities	11,231	13,969	2,737	24.4	15.3
Accounts payable-trade	4,717	5,674	956		
Accounts payable-other	2,447	5,280	2,832		
Income taxes payable	1,706	713	△993		
Accrued employees' bonuses	1,156	1,210	53		
Other	1,202	1,090	△111		
Long-term liabilities	670	680	10	1.5	0.7
Total liabilities	11,902	14,650	2,747	23.1	16.0
Shareholders' equity	75,624	76,341	717	0.9	83.6
Unrealized gain on available-for-sale securities	208	358	150	72.4	0.4
Total equity	75,832	76,700	867	1.1	84.0
Total liabilities and equity	87,734	91,350	3,615	4.1	100.0

※1 "CMS (Deposits in the cash management system)" is fund deposited at Japan Tobacco Inc. ("JT") which controls the CMS of the JT group companies in Japan.

Major factors in increase/decrease	
(Current assets)	
Notes and accounts receivable-trade	: Increase by increase in sales
Short-term investment securities	: Increase by acquisition of certificates of deposit and commercial paper
Inventories	: Increase in inventories of products
(Noncurrent assets)	
PP&E	: Increase by investment in manufacturing facilities
Investment securities	: Decrease by transfer to short-term investment securities and increase by acquisition of debt securities
Long-term prepaid expenses	: Increase mainly by acquisition of marketing rights for an anti-HIV drug ※2
(Current liabilities)	
Accounts payable-trade	: Increase by increase in purchasing products
Accounts payable-other	: Increase by acquisition of marketing rights for an anti-HIV drug
(Equity)	
Shareholders' equity	: Increase in net income and decrease by payment of dividends

※2 Under the license agreement with JT on August 28, 2012, Torii has exclusive rights to commercialize an anti-HIV drug, "Stribild® Combination Tablets" in Japan. Torii is preparing for the launch of this drug in May, 2013.

④ Non-consolidated Statement of Cash Flows

(Millions of Yen)	FY2011	FY2012	Change	Change
	A	B	B-A	(%) (B-A)/A
Income before income taxes	5,054	2,929	△2,125	
Depreciation and amortization	1,194	1,061	△133	
Decrease (Increase) in trade notes and accounts receivable-trade	△1,145	△668	476	
Decrease (Increase) in inventories	△965	△1,187	△221	
Increase (Decrease) in trade notes and accounts payable-trade	900	956	55	
Increase (Decrease) in accounts payable-other	△113	3,011	3,125	
Decrease (Increase) in long-term prepaid expenses	399	△3,437	△3,836	
Income taxes paid	△2,073	△1,921	151	
Other-net	△212	△591	△379	
Net cash provided by (used in) operating activities	3,040	151	△2,888	△95.0
Purchases of property, plant and equipment	△455	△1,174	△719	
Purchases of intangible assets	△228	△176	51	
Other-net	3,835	2,226	△1,609	
Net cash provided by (used in) investing activities	3,151	874	△2,277	△72.2
Net cash provided by (used in) financing activities	△1,154	△1,181	△26	△2.3
Effect of exchange rate changes on cash and cash equivalents	-	-	-	-
Net increase (Decrease) in cash and cash equivalents	5,038	△154	△5,192	△103.1
Cash and cash equivalents, beginning of period	12,344	17,382	5,038	40.8
Cash and cash equivalents, end of period	17,382	17,228	△154	△0.9

※ Cash and cash equivalents consist of cash on hand and in banks without time deposits with maturities more than three months, deposits in the cash management system and marketable securities of which the period from the date of acquisition to the date of redemption is not more than three months.

Major factors in increase/decrease	
(Operating activities)	
Increase (Decrease) in accounts payable-other	: Increase by acquisition of marketing rights for an anti-HIV drug
Decrease (Increase) in long-term prepaid expenses	: Increase mainly by acquisition of marketing rights for an anti-HIV drug
(Investing activities)	
Purchases of property, plant and equipment	: Increase by investment in manufacturing facilities

⑤ Capital Expenditures

(Millions of Yen)	FY2011	FY2012	Change	Change
	A	B	B-A	(%) (B-A)/A
Capital expenditure	849	1,374	524	61.7
PP&E	613	1,241	628	102.6
Intangible assets	236	132	△104	△44.0

Descriptions of capital expenditures

- PP&E : Investment mainly in manufacturing facilities to commercialize allergen related products
- Intangible assets : Investment mainly in software such as a sales support system, aiming to streamline operations

⑥ Depreciation/Amortization

(Millions of Yen)	FY2011	FY2012	Change	Change
	A	B	B-A	(%) (B-A)/A
Depreciation	1,194	1,061	△133	△11.1
Amortization of long-term prepaid expenses	664	612	△52	△7.9

⑦ Research and Development

Development code	Indication	Formulation/ Route of administration	Development stage (domestic)					Remarks
			Phase I	Phase II	Phase III	Application	Approval	
Renal disease and hemodialysis								
JTT-751	Hyperphosphatemia	Oral				Application	<ul style="list-style-type: none"> ·Licensing agreement signed with Keryx for development and commercialization of hyperphosphatemia drug in Japan ·Co-development with JT ·NDA filing by JT on January 7, 2013 	
Allergens								
TO-194SL	Japanese cedar pollinosis (Immunotherapy)	Sublingual liquid				Application	<ul style="list-style-type: none"> ·In-house ·NDA filing by Torii on December 25, 2012 	
TO-203	House dust mite induced allergic asthma and rhinitis (Immunotherapy)	Sublingual tablet		Phase II / III			<ul style="list-style-type: none"> ·Licensing agreement signed with ALK for providing exclusive development and sales rights in Japan ·In-house 	
TO-204	House dust mite induced allergic asthma and rhinitis (Immunotherapy)	Injection			Phase III		<ul style="list-style-type: none"> ·Licensing agreement signed with ALK for providing exclusive development and sales rights in Japan ·In-house 	

III Financial Forecasts for the FY2013

① Non-consolidated Statement of Income

(Millions of Yen)	FY2012	FY2013 forecast	Change	Change (%)
	A	B	B-A	(B-A)/A
Net sales	52,294	55,500	3,205	6.1
Sales of products ※	52,067	55,280	3,212	6.2
Renal disease and hemodialysis	21,373	22,580	1,206	5.6
Skin disease and allergens	11,942	12,670	727	6.1
HIV	12,073	13,560	1,486	12.3
Other	6,678	6,470	△208	△3.1
Rent income of real estate	226	220	△6	△3.1
Cost of sales	22,841	24,800	1,958	8.6
Gross profit	29,452	30,700	1,247	4.2
SG&A	26,658	28,000	1,341	5.0
R&D expenses	7,824	7,200	△624	△8.0
Other	18,834	20,800	1,965	10.4
Operating income	2,794	2,700	△94	△3.4
Ordinary income	2,952	2,800	△152	△5.2
Net income	1,849	1,700	△149	△8.1

※ Some of the above titles and details of the sales of priority categories have been changed along with the New Medium-Term Management Plan (FY2013-FY2015). In "Financial Results for the FY2012" (p.2-p.4), those haven't been changed.

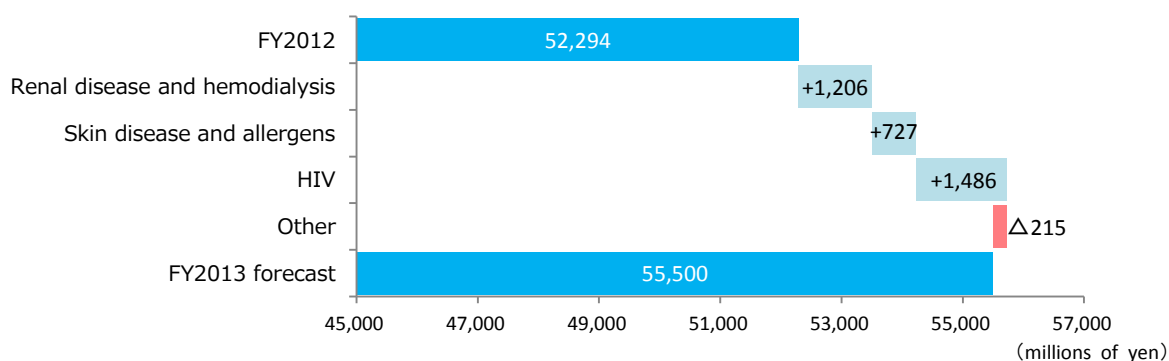
For details, please refer to page 10.

(Reference) Ratio to net sales

(%)	FY2012	FY2013 forecast	Change
	A	B	B-A
Cost of sales	43.7	44.7	1.0
SG&A	51.0	50.4	△0.6
R&D expenses	15.0	13.0	△2.0
Operating income	5.3	4.9	△0.4
Ordinary income	5.6	5.0	△0.6
Net income	3.5	3.1	△0.4

[Factors in increase/decrease compared with the FY2012]

Net sales (¥55,500 million : Increase ¥3,205 million year-on-year)

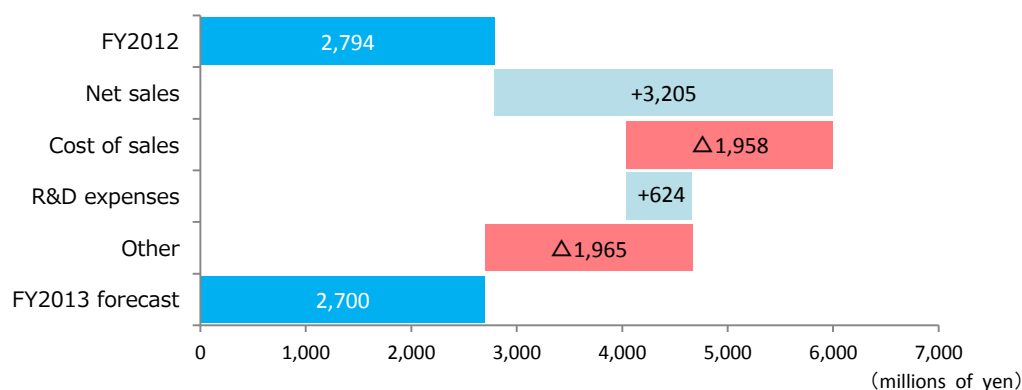


Major factors in increase/decrease

Renal disease and hemodialysis	: REMITCH	Increase ¥ 1,493million
	: URINORM	Decrease ¥ 451million
HIV	: Stribild	Increase ¥ 1,740million

※For details, please refer to "② Sales of Products and Priority Categories" in page 10.

Operating income (¥2,700 million : Decrease ¥94 million year-on-year)



Major factors in increase/decrease

Cost of sales	: Increase in net sales and changes in sales mix among the products
R&D expenses	: Increase in clinical study expenses
Other	: Increase in sales promotion expenses

Ordinary income (¥2,800 million : Decrease ¥152 million year-on-year)

Special remarks: None

Net income (¥1,700 million : Decrease ¥149 million year-on-year)

Special remarks: None

② Sales of Products and Priority Categories

a. Sales of Products

<i>(Millions of Yen)</i>	FY2012	FY2013 forecast	Change	Change (%)
	A	B	B-A	(B-A)/A
Sales of Products	52,067	55,280	3,212	6.2
REMITCH Oral anti-pruritus agent	12,106	13,600	1,493	12.3
Truvada Antiviral agent for HIV	11,594	11,400	△194	△1.7
ANTEBATE ※ Topical corticosteroid	6,766	7,090	323	4.8
FUTHAN ※ Protease inhibitor	4,533	4,340	△193	△4.3
KAYEXALATE ※ Agent for hyperkalemia	1,982	2,340	357	18.0
URINORM ※ Uricosuric agent	2,751	2,300	△451	△16.4
BIO-THREE Viable bacterial preparations	1,886	2,030	143	7.6
Dovonex Topical agent for psoriasis vulgaris	1,892	1,950	57	3.0
Stribild Antiviral agent for HIV	—	1,740	1,740	—
ZEFNART Topical antifungal agent	1,505	1,510	4	0.3
Magsent Tocolysis in threatened premature labor	1,270	1,370	99	7.8
LOCOID ※ Topical corticosteroid	1,350	1,360	9	0.7
Other	4,428	4,250	△178	△4.0

※ In-house Products

b. Sales of Priority Categories

<i>(Millions of Yen)</i>	FY2012	FY2013 forecast	Change	Change (%)
	A	B	B-A	(B-A)/A
Sales of Products	52,067	55,280	3,212	6.2
Renal disease and hemodialysis (REMITCH, FUTHAN, KAYEXALATE, URINORM)	21,373	22,580	1,206	5.6
Skin disease and allergens (ANTEBATE, Dovonex, ZEFNART, LOCOID)	11,942	12,670	727	6.1
HIV (Truvada, Stribild)	12,073	13,560	1,486	12.3
Other (BIO-THREE, Magsent)	6,678	6,470	△208	△3.1

※ Main products in each priority categories are mentioned in parentheses.

(References) Sales of in-house products and ratio of in-house product sales

<i>(Millions of Yen)</i>	FY2012	FY2013 forecast	Change	Change (%)
	A	B	B-A	(B-A)/A
Sales of in-house products	19,380	19,700	319	1.6
Ratio of in-house product sales (%)	37.2	35.6	△1.6	—

③ Capital Expenditures

<i>(Millions of Yen)</i>	FY2012	FY2013 forecast	Change	Change (%)
	A	B	B-A	(B-A)/A
Capital expenditure	1,374	957	△417	△30.4
PP&E	1,241	748	△493	△39.8
Intangible assets	132	209	76	57.6

④ Depreciation

<i>(Millions of Yen)</i>	FY2012	FY2013 forecast	Change	Change (%)
	A	B	B-A	(B-A)/A
Depreciation	1,061	1,164	102	9.6

⑤ Dividends

		FY2012	FY2013 forecast	Change	Change (%)
		A	B	B-A	(B-A)/A
Dividends per share	(¥)	40	40	0	0.0
Dividends payout ratio	(%)	61.2	66.6	5.4	—

【Important notes on forward-looking statements】

The forecasts presented in this material are forward-looking statements. Reflecting assumptions based on information available on the date of publication, these statements are subject to inherent risks and uncertainties. Accordingly, unforeseen factors may cause actual results to differ materially from the projections contained herein.

Torii will not necessarily revise this material regardless of any new information, future events or other results. At the present moment, the following matters may be pointed out as risks or uncertain factors that could affect the Company's future results (but such risks or uncertain factors are not limited to these):

- ◇Changes in Pharmaceutical Affairs Law, Other Acts or Regulations
- ◇Drug Price Adjustments
- ◇Adverse Drug Reactions
- ◇Delay or Discontinuance of Research and Development
- ◇Stoppage of Product Supply
- ◇Litigation Risk