

Financial Results for the First Six Months of Fiscal Year Ending December 2015

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※ This material is prepared based on Japan GAAP.

※ Amounts are rounded down to the nearest million yen.

July 29, 2015



TORII PHARMACEUTICAL CO., LTD.

I Summary Information

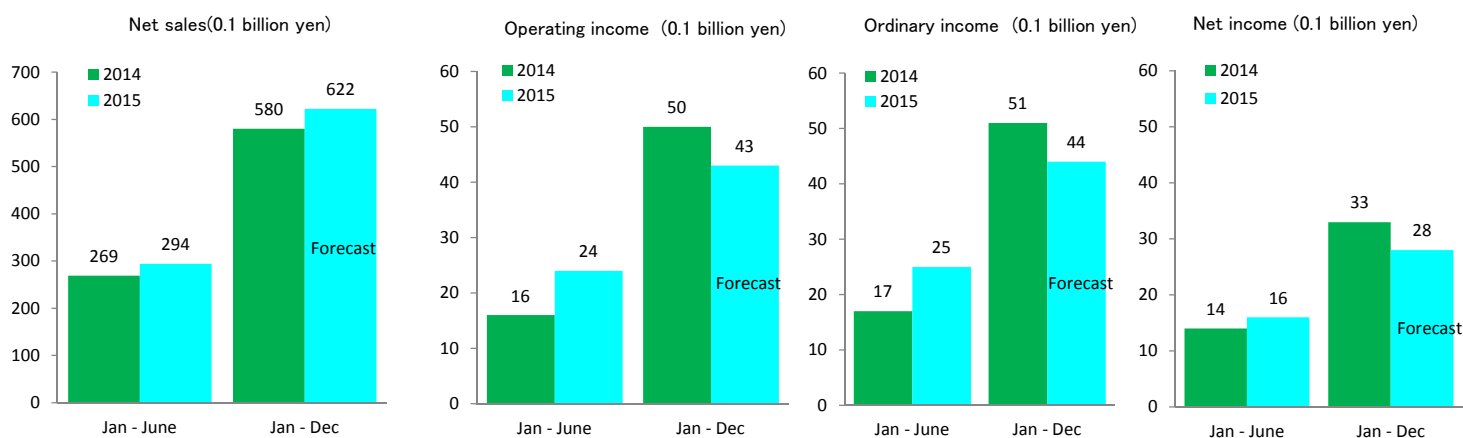
① Financial Results

(Millions of Yen)	2014 Jan - June A	FY2015 First six months B	Change B-A	Change (%) (B-A)/A	2014 Jan - Dec	FY2015 revised forecast C	Progress ratio (%) B/C
Net sales	26,940	29,434	2,493	9.3	58,089	62,200	47.3
Operating income	1,687	2,461	774	45.9	5,033	4,300	57.2
Ordinary income	1,746	2,541	795	45.6	5,168	4,400	57.8
Net income	1,410	1,632	222	15.8	3,394	2,800	58.3

※ Torii has changed the closing date of the accounting period from March 31 to December 31 since FY2014. FY2014 covered nine months from April to December 2014. Therefore figures from Jan to June 2014, the same term of the last year, is presented with Financial Results for the First Six Months of FY2015. The calculation method of figures from Jan to June 2014 is explained on page 2. Figures from Jan to Dec 2014 is also presented with revised forecast of FY2015. The calculation method of figures from Jan to Dec 2014 is explained on page 8.

(Reference)

R&D expenses	2,620	2,350	△269	△10.3	4,878	5,430	43.3
Earnings per share (EPS) (¥)	49.84	57.70	7.86		119.94	98.94	
Return on equity (ROE) (%)	1.8	2.0	0.2		4.3	—	
Ratio of ordinary income to total assets (%)	1.9	2.7	0.8		5.6	—	
Ratio of operating income to net sales (%)	6.3	8.4	2.1		8.7	—	
Return on assets (ROA) (%)	1.6	1.7	0.1		3.7	—	



② Financial Conditions

(Millions of Yen)	December 31, 2014 A	June 30, 2015 B	Change B-A	Change (%) (B-A)/A
Total assets	92,550	94,465	1,915	2.1
Total equity	80,225	81,504	1,279	1.6
Equity ratio (%)	86.7	86.3	△0.4	
Book value per share (BPS) (¥)	2,834.82	2,880.06	45.24	

II Financial Results for the First Six Months of FY2015

※ Torii has changed the closing date of the accounting period from March 31 to December 31 since FY2014.

Figures from Jan to June 2014, is presented with Financial Results for the First Six Months of FY2015.

The calculation method of figures from Jan to June 2014 is explained below.

① Statement of Income

(Millions of Yen)	2014	FY2015	Change B-A	Change (%) (B-A)/A
	Jan - June A	First six months B		
Net sales	26,940	29,434	2,493	9.3
Sales of products ※	26,828	29,313	2,484	9.3
Renal disease and hemodialysis	10,913	12,959	2,045	18.7
Skin disease and allergens	5,771	5,718	△53	△0.9
HIV	7,200	7,678	478	6.6
Other	2,942	2,957	14	0.5
Rent income of real estate	111	120	8	7.6
Cost of sales	12,511	14,159	1,647	13.2
Cost of products sold	12,483	14,133	1,650	13.2
Cost of real estate rent	28	25	△2	△9.0
Gross profit	14,428	15,274	845	5.9
Selling, general and administrative expenses	12,741	12,812	71	0.6
R&D expenses	2,620	2,350	△269	△10.3
Others	10,121	10,461	340	3.4
Operating income	1,687	2,461	774	45.9
Non-operating income	64	82	18	—
Non-operating expenses	5	2	△2	—
Ordinary income	1,746	2,541	795	45.6
Extraordinary income	15	—	△15	—
Extraordinary loss	6	41	34	—
Income before income taxes	1,755	2,500	745	42.5
Income taxes	344	867	523	—
Net income	1,410	1,632	222	15.8

※ For details, please refer to page 4.

(Reference) Ratio to net sales

(%)	2014	FY2015	Change B-A
	Jan - June A	First six months B	
Cost of sales	46.4	48.1	1.7
SG&A	47.3	43.5	△3.8
R&D expenses	9.7	8.0	△1.7
Operating income	6.3	8.4	2.1
Ordinary income	6.5	8.6	2.1
Net income	5.2	5.5	0.3

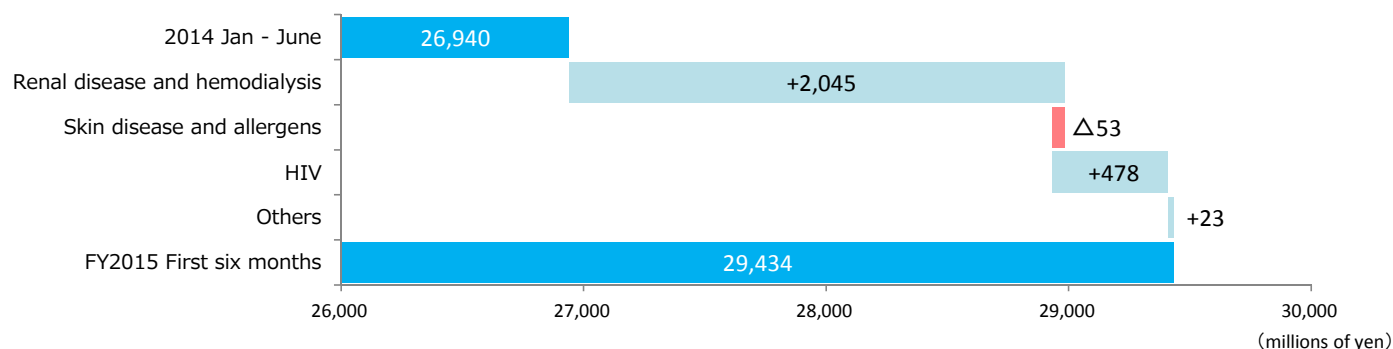
〈Figures of Jan - June 2014 calculation method〉

Jan - Mar 2014 (FY2013 (12 months) – FY2013 First nine months (9 months))

+ Apr - June 2014 (FY2014 First three months (3 months))

[Factors in increase/decrease compared with the same term of the last year (Jan to June 2014)]

Net Sales (¥29,434 million : Increase ¥2,493 million year-on-year)

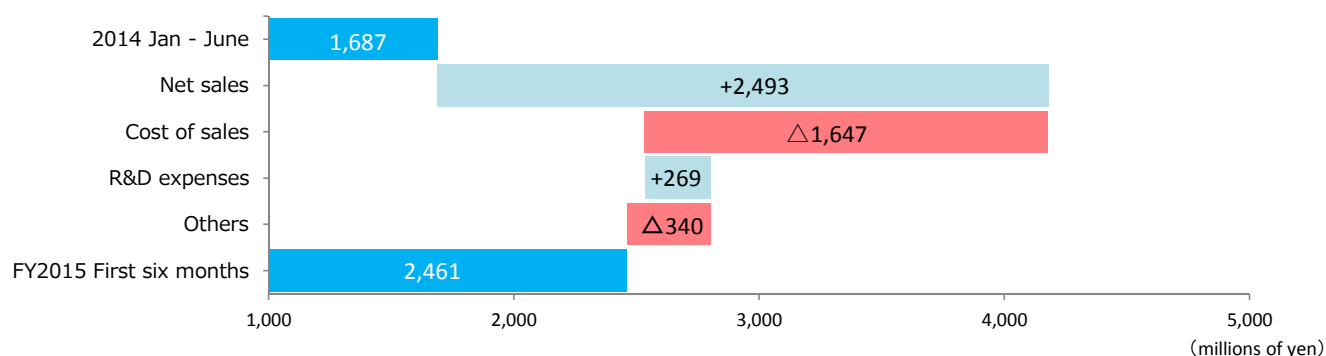


Major factors in increase/decrease

Renal disease and hemodialysis	: Riona	Increase	¥ 1,950 million	REMITCH	Increase	¥ 378 million
				URINORM	Decrease	¥ 167 million
				FUTHAN	Decrease	¥ 129 million
Skin disease and allergens	: Dovonex	Decrease	¥ 218 million	CEDARTOLEN	Increase	¥ 152 million
HIV	: Stribild	Increase	¥ 389 million	Truvada	Increase	¥ 132 million

※ For details, please refer to "② Sales of Products" on page 4.

Operating income (¥2,461 million : Increase ¥774 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	: Decrease in clinical study expenses
Others	: Increase in labor costs

Ordinary income (¥2,541 million : Increase ¥795 million year-on-year)

Special remarks: None

Net income (¥1,632 million : Increase ¥222 million year-on-year)

Special remarks: None

② Sales of Products

(Millions of Yen)	2014		FY2015		Change B-A	Change (%) (B-A)/A
	Jan - June A		First six months B			
Sales of Products	26,828		29,313		2,484	9.3
REMITCH	7,041		7,419		378	5.4
Oral anti-pruritus agent [Renal disease and hemodialysis]						
Truvada	5,999		6,131		132	2.2
Antiviral agent for HIV [HIV]						
ANTEBATE ※1	3,319		3,369		49	1.5
Topical corticosteroid [Skin disease and allergens]						
Riona ※2	271		2,221		1,950	719.6
Agent for hyperphosphatemia [Renal disease and hemodialysis]						
FUTHAN ※1	1,567		1,438		△129	△8.3
Protease inhibitor [Renal disease and hemodialysis]						
Stribild	1,022		1,411		389	38.1
Antiviral agent for HIV [HIV]						
KAYEXALATE ※1	1,073		1,087		14	1.4
Agent for hyperkalemia [Renal disease and hemodialysis]						
BIO-THREE	1,005		1,078		72	7.2
Viable bacterial preparations [Other]						
URINORM ※1	959		791		△167	△17.5
Uricosuric agent [Renal disease and hemodialysis]						
LOCOID ※1	688		723		34	5.1
Topical corticosteroid [Skin disease and allergens]						
Dovonex	874		656		△218	△25.0
Topical agent for psoriasis vulgaris [Skin disease and allergens]						
ZEFNART	664		615		△49	△7.5
Topical antifungal agent [Skin disease and allergens]						
Magsent	502		502		△0	△0.0
Tocolysis in threatened premature labor Eclampsia-suppressing and treatment [Other]						
Others ※3	1,837		1,865		28	1.5

※1 In-house products

※2 Launched on May 12, 2014

※3 Including CEDARTOLEN, launched on October 8, 2014, the sales of which is amounted to ¥152 million.

(References) Sales and ratio of in-house products

(Millions of Yen)	2014		FY2015		Change B-A	Change (%) (B-A)/A
	Jan - June A		First six months B			
Sales of in-house products	8,550		8,498		△52	△0.6
Ratio of in-house product sales (%)	31.9		29.0		△2.9	—

③ Balance Sheet

(Millions of Yen)	December 31, 2014 A	June 30, 2015 B	Change B-A	Change (%) (B-A)/A	Component ratio (%) (June 30, 2015)
Current assets	72,121	74,772	2,650	3.7	79.2
Cash and deposits	6,316	13,056	6,739		
Deposits in the cash management system	14,978	5,657	△9,320		
Notes and accounts receivable-trade	25,901	25,279	△622		
Short-term investment securities	13,209	17,804	4,594		
Inventories	10,136	11,022	885		
Others	1,579	1,952	373		
Noncurrent assets	20,428	19,693	△734	△3.6	20.8
Property, plant and equipment	5,806	5,871	65		
Intangible assets	818	857	39		
Investments and other assets	13,803	12,964	△839		
Investment securities	7,070	6,753	△317		
Long-term prepaid expenses	5,230	4,789	△441		
Others	1,502	1,421	△80		
Total assets	92,550	94,465	1,915	2.1	100.0
Current liabilities	11,391	12,100	708	6.2	12.8
Accounts payable-trade	6,095	6,193	98		
Accounts payable-other	1,795	2,440	645		
Income taxes payable	273	918	644		
Accrued employees' bonuses	694	667	△26		
Others	2,534	1,880	△653		
Long-term liabilities	933	860	△72	△7.8	0.9
Total liabilities	12,324	12,961	636	5.2	13.7
Shareholders' equity	79,847	80,913	1,066	1.3	85.7
Unrealized gain on available-for-sale securities	377	591	213	56.5	0.6
Total equity	80,225	81,504	1,279	1.6	86.3
Total liabilities and equity	92,550	94,465	1,915	2.1	100.0

Major factors in increase/decrease

(Current assets)

Short-term investment securities : Increase by acquisition of money trust and decrease by redemption of money trust

Inventories : Increase in inventories of products

(Equity)

Shareholders' equity : Increase in net income and decrease by payment of dividends

④ Statement of Cash Flows

(Millions of Yen)	2014	FY2015	Change B-A
	Jan - June	First six months	
	A	B	
Income before income taxes	1,755	2,500	745
Depreciation and amortization	558	700	142
Decrease in trade notes and accounts receivable-trade	1,306	622	△683
Increase in inventories	△2,281	△885	1,395
Increase in trade notes and accounts payable-trade	1,536	98	△1,438
Increase (Decrease) in accounts payable-other	△528	437	966
Decrease (Increase) in long-term prepaid expenses	△81	441	522
Income taxes paid	△1,138	△239	898
Other-net	△758	△867	△108
Net cash provided by operating activities	367	2,809	2,441
Purchases of property, plant and equipment	△246	△457	△210
Purchases of intangible assets	△167	△210	△43
Other-net	1,903	901	△1,002
Net cash provided by investing activities	1,489	233	△1,256
Net cash used in financing activities	△685	△723	△38
Net Increase in cash and cash equivalents	1,172	2,319	1,146
Cash and cash equivalents, beginning of period	29,352	31,894	2,542
Cash and cash equivalents, end of period	30,524	34,213	3,689

(※) 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 in inventories : Jan-June 2014 Increase in inventories of products

Increase in trade notes and accounts payable-trade : Jan-June 2014 Increase by purchase of products

(Investing activities)

Other-net : Jan-June 2014 Redemption of securities

⑤ Capital Expenditures

(Millions of Yen)	2014	FY2015	Change	Change (%)
	Jan - June	First six months		
	A	B	B-A	(B-A)/A
Capital expenditures	500	875	375	75.0
PP&E	348	704	355	102.1
Intangible assets	151	171	19	12.9

Descriptions of capital expenditures

PP&E	: Investment in manufacturing facilities related to allergen products and manufacturing facilities aiming to improve productivity
Intangible assets	: Investment in software aiming to streamline operations

⑥ Depreciation/Amortization

(Millions of Yen)	2014	FY2015	Change	Change (%)
	Jan - June	First six months		
	A	B	B-A	(B-A)/A
Depreciation	558	700	142	25.5
Amortization of long-term prepaid expenses	459	451	△7	△1.7

⑦ Research and Development

Development code	Indication	Formulation/ Route of administration	Development stage (domestic)					Remarks
			Phase I	Phase II	Phase III	Application	Approval	
Skin disease and allergens								
TO-203	House dust mite induced allergic rhinitis (Allergen Immunotherapy)	Sublingual tablet				Application	<ul style="list-style-type: none"> •Licensing agreement signed with ALK for providing exclusive development and sales rights in Japan •In-house •NDA filing by Torii on January 26, 2015 	
	House dust mite induced allergic asthma (Allergen 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 	
	House dust mite induced allergic rhinitis in children (Allergen Immunotherapy)	Sublingual tablet			Phase III preparing		<ul style="list-style-type: none"> •Licensing agreement signed with ALK for providing exclusive development and sales rights in Japan •In-house 	
TO-206	Japanese cedar pollinosis (Allergen Immunotherapy)	Sublingual tablet		Phase II / III			<ul style="list-style-type: none"> •In-house 	
JTE-350	Diagnostic product (Histamine Dihydrochloride)	Positive control solution in the skin prick test				Application	<ul style="list-style-type: none"> •Licensing agreement signed with ALK for providing exclusive development and sales rights in Japan •Co-development with JT •NDA filing by JT on December 22, 2014 	

※ This drug is one of the medical products publicly offered for a development company by the Study Group on Unapproved and Off-label Drugs of High Medical Need, set up by the Ministry of Health, Labour and Welfare

Updates since the previous announcement on April 28, 2015

•Phase III study of TO-203 in preparation for the indication of house dust mite allergy (allergic rhinitis in children)

III Financial Forecasts for the FY2015

※ Torii has changed the closing date of the accounting period from March 31 to December 31 since FY2014.
 Figures from Jan to Dec 2014, is presented with FY2015 forecasts. The calculation method of figures from Jan to Dec 2014 is explained below.

① Statement of Income

(Millions of Yen)	FY2015	FY2015	Change	2014	Change	Change
	previous forecast	revised forecast		Jan - Dec		
	A	B	B-A	C	B-C	(%) (B-C)/C
Net sales	63,000	62,200	△800	58,089	4,110	7.1
Sales of products ※	62,830	61,990	△840	57,864	4,125	7.1
Renal disease and hemodialysis	27,330	27,520	190	24,437	3,082	12.6
Skin disease and allergens	13,890	12,230	△1,660	11,687	542	4.6
HIV	15,540	15,840	300	15,527	312	2.0
Other	6,070	6,400	330	6,210	189	3.0
Rent income of real estate	170	210	40	225	△15	△7.0
Cost of sales	30,700	30,500	△200	27,396	3,103	11.3
Gross profit	32,300	31,700	△600	30,693	1,006	3.3
SG&A	26,800	27,400	600	25,659	1,740	6.8
R&D expenses	4,530	5,430	900	4,878	551	11.3
Others	22,270	21,970	△300	20,780	1,189	5.7
Operating income	5,500	4,300	△1,200	5,033	△733	△14.6
Ordinary income	5,600	4,400	△1,200	5,168	△768	△14.9
Net income	3,500	2,800	△700	3,394	△594	△17.5

※ For details, please refer to page 10.

(Reference) Ratio to net sales

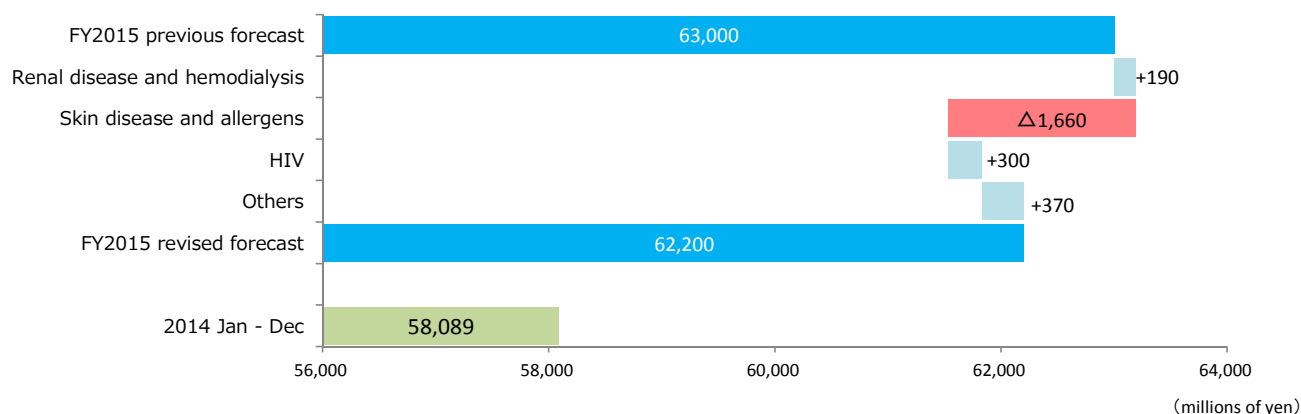
(%)	FY2015	FY2015	Change	2014	Change
	previous forecast	revised forecast		Jan - Dec	
	A	B	B-A	C	B-C
Cost of sales	48.7	49.0	0.3	47.2	1.8
SG&A	42.6	44.1	1.5	44.1	0.0
R&D expenses	7.2	8.7	1.5	8.4	0.3
Operating income	8.7	6.9	△1.8	8.7	△1.8
Ordinary income	8.9	7.1	△1.8	8.9	△1.8
Net income	5.6	4.5	△1.1	5.8	△1.3

〈Figures of Jan - Dec 2014 calculation method〉

Jan - Mar 2014 (FY2013 (12 months) – FY2013 First nine months (9 months))
 + Apr - Dec 2014 (FY2014 (9 months))

[Factors in increase/decrease compared with the previous forecast for the FY2015]

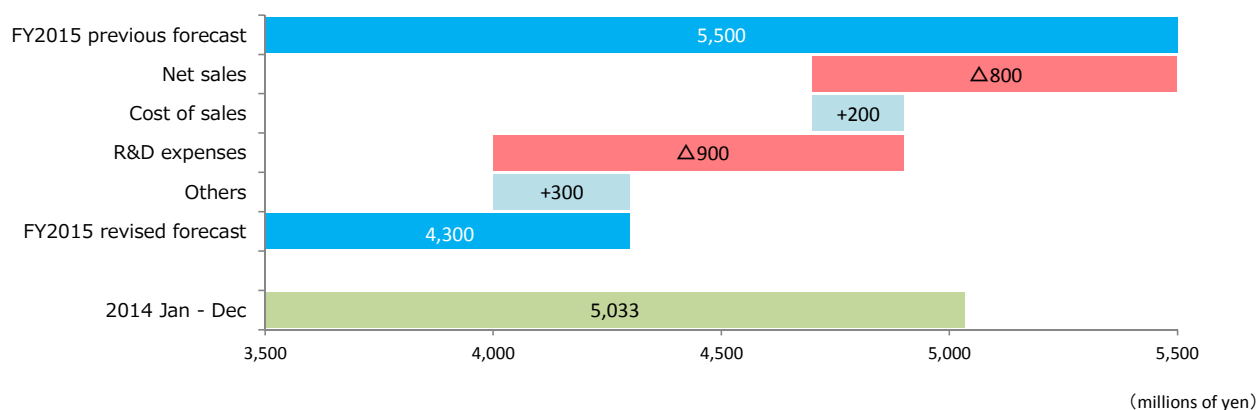
Net Sales (¥ 62,200 million : Decrease ¥ 800 million)



Major factors in increase/decrease					
Renal disease and hemodialysis	: REMITCH	Increase	¥ 250 million		
Skin disease and allergens	: CEDARTOLEN	Decrease	¥ 1,580 million	Dovonex	Decrease ¥ 320 million
	: ANTEBATE	Increase	¥ 330 million		
HIV	: Truvada	Increase	¥ 370 million		

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

Operating income (¥ 4,300 million : Decrease ¥ 1,200 million)



Major factors in increase/decrease	
Cost of sales	: Decrease in net sales and changes in sales mix among the products
R&D expenses	: Increase in clinical study expenses (TO-203 in children)
Others	: Decrease in promotion expenses

Ordinary income (¥ 4,400 million : Decrease ¥ 1,200 million)

Special remarks: None

Net income (¥ 2,800 million : Decrease ¥ 700 million)

Special remarks: None

② Sales of Products

(Millions of Yen)	FY2015	FY2015	Change	2014	Change	Change
	previous forecast	revised forecast		Jan - Dec		
	A	B	B-A	C	B-C	(%) (B-C)/C
Sales of Products	62,830	61,990	△840	57,864	4,125	7.1
REMITCH Oral anti-pruritus agent [Renal disease and hemodialysis]	15,410	15,660	250	14,970	689	4.6
Truvada Antiviral agent for HIV [HIV]	12,280	12,650	370	12,717	△67	△0.5
ANTEBATE ※1 Topical corticosteroid [Skin disease and allergens]	6,460	6,790	330	6,747	42	0.6
Riona ※2 Agent for hyperphosphatemia [Renal disease and hemodialysis]	4,620	4,800	180	1,811	2,988	164.9
FUTHAN ※1 Protease inhibitor [Renal disease and hemodialysis]	3,200	3,130	△70	3,499	△369	△10.6
Stribild Antiviral agent for HIV [HIV]	3,010	2,920	△90	2,466	453	18.4
BIO-THREE Viable bacterial preparations [Other]	2,200	2,390	190	2,123	266	12.6
KAYEXALATE ※1 Agent for hyperkalemia [Renal disease and hemodialysis]	2,490	2,360	△130	2,253	106	4.7
URINORM ※1 Uricosuric agent [Renal disease and hemodialysis]	1,610	1,570	△40	1,901	△331	△17.4
LOCOID ※1 Topical corticosteroid [Skin disease and allergens]	1,330	1,400	70	1,337	62	4.7
CEDARTOLEN ※1,3 Japanese cedar pollinosis (Allergen Immunotherapy) [Skin disease and allergens]	2,820	1,240	△1,580	80	1,159	-
ZEFNART Topical antifungal agent [Skin disease and allergens]	1,320	1,220	△100	1,450	△230	△15.9
Dovonex Topical agent for psoriasis vulgaris [Skin disease and allergens]	1,520	1,200	△320	1,670	△470	△28.1
Magsent Tocolysis in threatened premature labor Eclampsia-suppressing and treatment [Other]	1,260	1,100	△160	1,192	△92	△7.8
Others	3,300	3,560	260	3,641	△81	△2.2

※1 In-house products

※2 Launched on May 12, 2014

※3 Launched on October 8, 2014

(References) Sales and ratio of in-house products

(Millions of Yen)	FY2015	FY2015	Change	2014	Change	Change
	previous forecast	revised forecast		Jan - Dec		
	A	B	B-A	C	B-C	(%) (B-C)/C
Sales of in-house products	19,840	18,300	△1,540	17,657	642	3.6
Ratio of in-house product sales (%)	31.6	29.5	△2.1	30.5	△1.0	-

③ Capital Expenditures

(Millions of Yen)	FY2015 previous forecast A	FY2015 revised forecast B	Change B-A	2014 Jan - Dec C	Change B-C	Change (%) (B-C)/C
Capital expenditures	2,277	2,487	210	1,726	760	44.1
PP&E	2,052	2,066	14	1,286	779	60.6
Intangible assets	225	421	196	440	△19	△4.3

Descriptions of capital expenditures

PP&E	: Investment in manufacturing facilities related to allergen products and manufacturing facilities aiming to improve productivity
Intangible assets	: Investment in software aiming to streamline operations

④ Depreciation/Amortization

(Millions of Yen)	FY2015 previous forecast A	FY2015 revised forecast B	Change B-A	2014 Jan - Dec C	Change B-C	Change (%) (B-C)/C
Depreciation	1,382	1,405	23	1,218	186	15.3
Amortization of long-term prepaid expenses	812	820	8	918	△98	△10.7

⑤ Dividends

	FY2015 previous forecast A	FY2015 revised forecast B	Change B-A	FY2014 C	Change B-C	Change (%) (B-C)/C
Dividends per share ※ (¥)	48	48	0	40	8	20.0
Dividends payout ratio (%)	38.8	48.5	9.7	46.8	1.7	—

※ On July 29, 2015, the Board of Directors resolved to pay an interim dividend of 24 yen per share for the FY2015.

【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 and Medical Device Law, Other Acts or Regulations
- ◇Delay or Discontinuance of Research and Development
- ◇Drug Price Listing and Revisions
- ◇Adverse Drug Reactions
- ◇Stoppage of Product Supply and Product Recall
- ◇Litigation Risk