

Financial Results for the First Nine Months of Fiscal Year Ending March 2014

I Summary Information	P.1
① Financial Results	P.1
② Financial Conditions	P.1
II Financial Results for the First Nine Months of FY2013	P.2
① Non-consolidated Statement of Income	P.2
② Sales of Products	P.4
③ Non-consolidated Balance Sheet	P.5
④ Capital Expenditures	P.6
⑤ Depreciation/Amortization	P.6
⑥ Research and Development	P.6
III Financial Forecasts for the FY2013	P.7
① Non-consolidated Statement of Income	P.7
② Sales of Products	P.8
③ Capital Expenditures	P.9
④ Depreciation	P.9
⑤ Dividends	P.9
【Important notes on forward-looking statements】	P.9

- ※ This material is prepared based on Japan GAAP.
- ※ Amounts are rounded down to the nearest million yen.

January 30, 2014

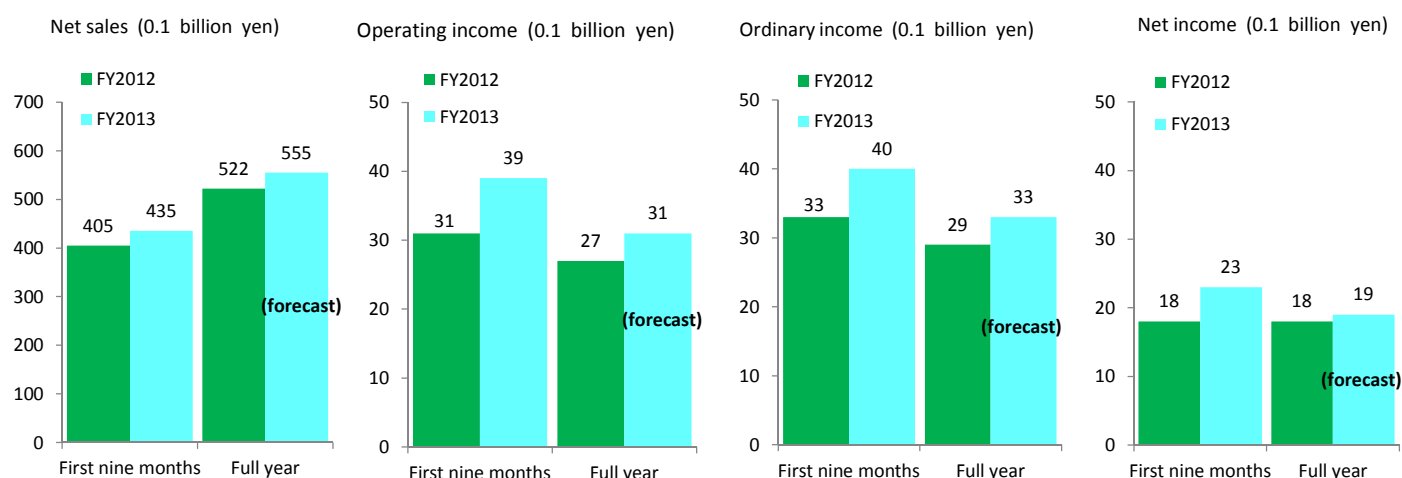


TORII PHARMACEUTICAL CO., LTD.

I Summary Information

① Financial Results

(Millions of Yen)	FY2012 First nine months A	FY2013 First nine months B	Change B-A	Change (%) (B-A)/A	FY2012 Full year	FY2013 Full year forecast C	Progress ratio (%) B/C
Net sales	40,527	43,524	2,997	7.4	52,294	55,500	78.4
Operating income	3,159	3,986	826	26.2	2,794	3,100	128.6
Ordinary income	3,312	4,098	786	23.7	2,952	3,300	124.2
Net income	1,892	2,378	485	25.6	1,849	1,900	125.2
(Reference)							
R&D expenses	5,838	5,184	△653	△11.2	7,824	7,000	74.1
Earnings per share (EPS) (¥)	66.87	84.03	17.16		65.36	67.14	
Return on equity (ROE) (%)	2.5	3.1	0.6		2.4	—	
Ratio of ordinary income to total assets (%)	3.7	4.5	0.8		3.3	—	
Ratio of operating income to net sales (%)	7.8	9.2	1.4		5.3	—	
Return on assets (ROA) (%)	2.1	2.6	0.5		2.1	—	



② Financial Conditions

(Millions of Yen)	March 31, 2013 A	December 31, 2013 B	Change B-A	Change (%) (B-A)/A
Total assets	91,350	90,659	△691	△0.8
Total equity	76,700	77,942	1,241	1.6
Equity ratio (%)	84.0	86.0	2.0	
Book value per share (BPS) (¥)	2,710.18	2,754.08	43.90	

II Financial Results for the First Nine Months of FY2013

① Non-consolidated Statement of Income

(Millions of Yen)	FY2012		FY2013		Change B-A	Change (%) (B-A)/A
	First nine months A	First nine months B	First nine months B	First nine months A		
Net sales	40,527	43,524	43,524	40,527	2,997	7.4
Sales of products ※	40,356	43,356	43,356	40,356	2,999	7.4
Renal disease and hemodialysis	16,623	17,583	17,583	16,623	959	5.8
Skin disease and allergens	9,265	9,659	9,659	9,265	394	4.3
HIV	9,220	10,952	10,952	9,220	1,731	18.8
Other	5,247	5,161	5,161	5,247	△86	△1.6
Rent income of real estate	170	168	168	170	△2	△1.3
Cost of sales	17,571	19,457	19,457	17,571	1,886	10.7
Cost of products sold	17,525	19,414	19,414	17,525	1,888	10.8
Cost of real estate rent	45	43	43	45	△2	△4.8
Gross profit	22,955	24,066	24,066	22,955	1,111	4.8
Selling, general and administrative expenses	19,795	20,080	20,080	19,795	284	1.4
R&D expenses	5,838	5,184	5,184	5,838	△653	△11.2
Other	13,957	14,896	14,896	13,957	938	6.7
Operating income	3,159	3,986	3,986	3,159	826	26.2
Non-operating income	174	131	131	174	△43	–
Non-operating expenses	21	18	18	21	△2	–
Ordinary income	3,312	4,098	4,098	3,312	786	23.7
Extraordinary loss	27	3	3	27	△23	–
Income before income taxes	3,285	4,095	4,095	3,285	810	24.7
Income taxes	1,392	1,717	1,717	1,392	324	23.3
Net income	1,892	2,378	2,378	1,892	485	25.6

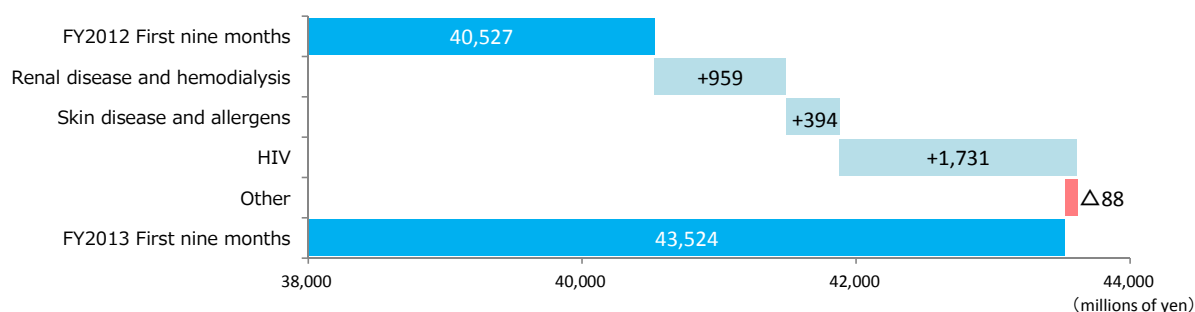
※ For details, please refer to page 4.

(Reference) Ratio to net sales

(%)	FY2012		FY2013		Change B-A
	First nine months A	First nine months B	First nine months B	First nine months A	
Cost of sales	43.4	44.7	44.7	43.4	1.3
SG&A	48.8	46.1	46.1	48.8	△2.7
R&D expenses	14.4	11.9	11.9	14.4	△2.5
Operating income	7.8	9.2	9.2	7.8	1.4
Ordinary income	8.2	9.4	9.4	8.2	1.2
Net income	4.7	5.5	5.5	4.7	0.8

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

Net Sales (¥43,524 million : Increase ¥2,997 million year-on-year)

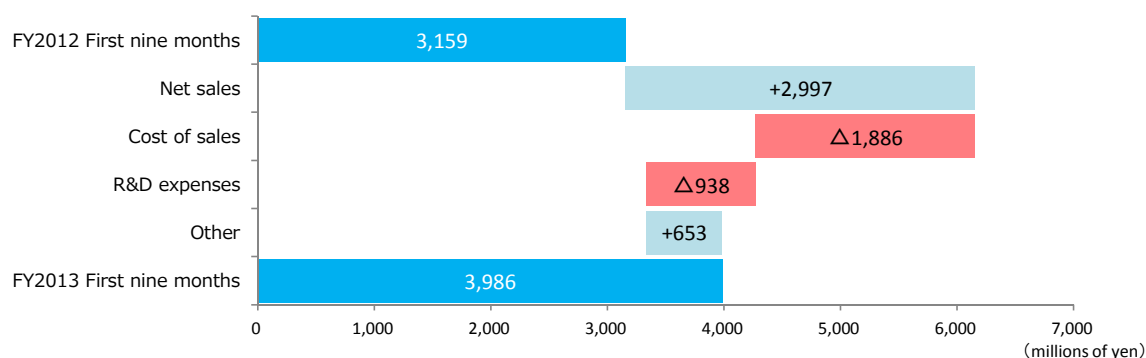


Major factors in increase/decrease

Renal disease	: REMITCH	Increase ¥1,308million	KAYEXALATE	Increase ¥251million
and hemodialys	: FUTHAN	Decrease ¥332million	URINORM	Decrease ¥267million
Skin disease	: ANTEBATE	Increase ¥345million		
and allergens				
HIV	: Truvada	Increase ¥1,096million	Stribild	Increase ¥696million

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

Operating income (¥3,986 million : Increase ¥826 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
Other	: Increase in sales promotion expenses and salaries, and amortization of marketing rights for a "Stribild® Combination Tablets"

Ordinary income (¥4,098 million : Increase ¥786 million year-on-year)

Special remarks: None

Net income (¥1,562 million : Increase ¥485 million year-on-year)

Special remarks: None

② Sales of Products

(Millions of Yen)	FY2012		FY2013		Change B-A	Change (%) (B-A)/A
	First nine months		First nine months			
	A	B	B	A		
Sales of Products	40,356	43,356	43,356	40,356	2,999	7.4
REMITCH Oral anti-pruritus agent [Renal disease and hemodialysis]	9,303	10,612	10,612	9,303	1,308	14.1
Truvada Antiviral agent for HIV [HIV]	8,844	9,940	9,940	8,844	1,096	12.4
ANTEBATE ※1 Topical corticosteroid [Skin disease and allergens]	5,190	5,535	5,535	5,190	345	6.7
FUTHAN ※1 Protease inhibitor [Renal disease and hemodialysis]	3,620	3,288	3,288	3,620	△332	△9.2
URINORM ※1 Uricosuric agent [Renal disease and hemodialysis]	2,186	1,919	1,919	2,186	△267	△12.2
KAYEXALATE ※1 Agent for hyperkalemia [Renal disease and hemodialysis]	1,511	1,762	1,762	1,511	251	16.6
BIO-THREE Viable bacterial preparations [Other]	1,437	1,563	1,563	1,437	125	8.7
Dovonex Topical agent for psoriasis vulgaris [Skin disease and allergens]	1,464	1,426	1,426	1,464	△37	△2.5
ZEFNART Topical antifungal agent [Skin disease and allergens]	1,272	1,309	1,309	1,272	36	2.9
LOCOID ※1 Topical corticosteroid [Skin disease and allergens]	1,030	1,064	1,064	1,030	34	3.4
Magsent Tocolysis in threatened premature labor Eclampsia-suppressing and treatment [Other]	1,039	1,018	1,018	1,039	△21	△2.1
Stribild ※2 Antiviral agent for HIV [HIV]	–	696	696	–	696	–
Other	3,454	3,218	3,218	3,454	△236	△6.8

※1 In-house products

※2 Launched on May 14, 2013

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

(Millions of Yen)	FY2012		FY2013		Change B-A	Change (%) (B-A)/A
	First nine months		First nine months			
	A	B	B	A		
Sales of in-house products	15,060	15,124	15,124	15,060	64	0.4
Ratio of in-house product sales (%)	37.3	34.9	34.9	37.3	△2.4	–

③ Non-consolidated Balance Sheet

(Millions of Yen)	March 31,	December 31,	Change	Change (%) (B-A)/A	Component ratio (%) (Dec 31, 2013)
	2013 A	2013 B			
Current assets	71,492	70,525	△967	△1.4	77.8
Cash and deposits	5,903	2,088	△3,814		
Deposits in the cash management system	6,324	15,963	9,638		
Notes and accounts receivable-trade	20,248	23,391	3,143		
Short-term investment securities	29,197	19,407	△9,790		
Inventories	7,530	7,470	△60		
Other	2,288	2,204	△84		
Noncurrent assets	19,857	20,134	276	1.4	22.2
Property, plant and equipment	5,652	5,891	238		
Intangible assets	639	591	△47		
Investments and other assets	13,566	13,651	84		
Investment securities	5,379	6,051	671		
Long-term prepaid expenses	6,187	5,606	△580		
Other	1,999	1,992	△6		
Total assets	91,350	90,659	△691	△0.8	100.0
Current liabilities	13,969	11,853	△2,115	△15.1	13.1
Accounts payable-trade	5,674	5,430	△243		
Accounts payable-other	5,280	2,443	△2,837		
Income taxes payable	713	1,305	592		
Accrued employees' bonuses	1,210	655	△555		
Other	1,090	2,019	928		
Long-term liabilities	680	863	183	26.9	0.9
Total liabilities	14,650	12,717	△1,932	△13.2	14.0
Shareholders' equity	76,341	77,586	1,245	1.6	85.6
Unrealized gain on available-for-sale securities	358	355	△3	△1.0	0.4
Total equity	76,700	77,942	1,241	1.6	86.0
Total liabilities and equity	91,350	90,659	△691	△0.8	100.0

Major factors in increase/decrease

(Current assets)

Notes and accounts receivable-trade : Increase by increase in sales

Short-term investment securities : Decrease by redemption of certificates of deposit and debt securities

(Noncurrent assets)

Investment securities : Increase by acquisition of debt securities and decrease by transfer to short-term investment securities

Long-term prepaid expenses : Decrease mainly by amortization of marketing rights

(Current liabilities)

Accounts payable-other : Decrease by upfront payment of acquisition of marketing rights for a "Stribild® Combination Tablets"

Accrued employees' bonuses : Decrease by payment of bonuses

(Equity)

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

④ Capital Expenditures

(Millions of Yen)	FY2012	FY2013	Change	Change (%)
	First nine months	First nine months		
	A	B	B-A	(B-A)/A
Capital expenditures	1,248	990	△257	△20.6
PP&E	1,147	888	△258	△22.6
Intangible assets	101	102	1	1.4

Descriptions of capital expenditures

PP&E : Investment mainly in manufacturing facilities aiming to improve productivity
 Intangible assets : Investment in software aiming to streamline operations

⑤ Depreciation/Amortization

(Millions of Yen)	FY2012	FY2013	Change	Change (%)
	First nine months	First nine months		
	A	B	B-A	(B-A)/A
Depreciation	778	795	16	2.1
Amortization of long-term prepaid expenses	462	627	165	35.8

⑥ Research and Development

Development code [Product Name]	Indication	Formulation/ Route of administration	Development stage (domestic)					Remarks
			Phase I	Phase II	Phase III	Application	Approval	
Renal disease and hemodialysis								
JTT-751 [Riona® Tablets]	Hyperphosphatemia	Oral					Approval	<ul style="list-style-type: none"> ·Licensing agreement signed with Keryx for development and commercialization of hyperphosphatemia drug in Japan ·Co-development with JT ·JT received manufacturing and marketing approval on January 17, 2014
Allergens								
TO-194SL [CEDARTOLEN® SUBLINGUAL DROP - Japanese Cedar Pollen]	Japanese cedar pollinosis (Allergen Immunotherapy)	Sublingual liquid					Approval	<ul style="list-style-type: none"> ·In-house ·Torii received manufacturing and marketing approval on January 17, 2014
TO-203	House dust mite induced allergic asthma and rhinitis (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
TO-204	House dust mite induced allergic asthma and rhinitis (Allergen Immunotherapy)	Injection					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 December 24, 2013
TO-205	Diagnostic product against house dust mite allergy	Skin prick test solution					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 December 24, 2013
TO-206	Japanese cedar pollinosis (Allergen Immunotherapy)	Sublingual tablet	Phase I					<ul style="list-style-type: none"> ·In-house
JTE-350	Diagnostic product [Histamine Dihydrochloride]	Positive control solution in the skin prick test			Phase III			<ul style="list-style-type: none"> ·Licensing agreement signed with ALK for providing exclusive development and sales rights in Japan ·Co-development with JT

※ 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 October 31, 2013 : manufacturing and marketing approval of JTT-751(Riona® Tablets) by JT
 manufacturing and marketing approval of TO-194SL(CEDARTOLEN® SUBLINGUAL DROP - Japanese Cedar Pollen) by Torii
 NDA filing of TO-204 and TO-205

Ⅲ Financial Forecasts for the FY2013

① Non-consolidated Statement of Income

(Millions of Yen)	FY2013 Full year previous forecast	FY2013 Full year revised forecast	Change	FY2012 Full year	Change	Change (%)
	A	B	B-A	C	B-C	(B-C)/C
Net sales	55,500	55,500	0	52,294	3,205	6.1
Sales of products ※	55,280	55,280	0	52,067	3,212	6.2
Renal disease and hemodialysis	22,520	22,530	10	21,373	1,156	5.4
Skin disease and allergens	12,430	12,160	△270	11,942	217	1.8
HIV	13,880	14,120	240	12,073	2,046	17.0
Other	6,450	6,470	20	6,678	△208	△3.1
Rent income of real estate	220	220	0	226	△6	△3.1
Cost of sales	24,900	24,900	0	22,841	2,058	9.0
Gross profit	30,600	30,600	0	29,452	1,147	3.9
SG&A	27,500	27,500	0	26,658	841	3.2
R&D expenses	7,000	7,000	0	7,824	△824	△10.5
Other	20,500	20,500	0	18,834	1,665	8.8
Operating income	3,100	3,100	0	2,794	305	10.9
Ordinary income	3,300	3,300	0	2,952	347	11.8
Net income	1,900	1,900	0	1,849	50	2.7

※ For details, please refer to page 8.

(Reference) Ratio to net sales

(%)	FY2013 Full year previous forecast	FY2013 Full year revised forecast	Change	FY2012 Full year	Change
	A	B	B-A	C	B-C
Cost of sales	44.9	44.9	0.0	43.7	1.2
SG&A	49.5	49.5	0.0	51.0	△1.5
R&D expenses	12.6	12.6	0.0	15.0	△2.4
Operating income	5.6	5.6	0.0	5.3	0.3
Ordinary income	5.9	5.9	0.0	5.6	0.3
Net income	3.4	3.4	0.0	3.5	△0.1

② Sales of Products

(Millions of Yen)	FY2013 Full year	FY2013 Full year	Change	FY2012	Change	Change
	previous forecast	revised forecast		Full year		
	A	B	B-A	C	B-C	(B-C)/C
Sales of Products	55,280	55,280	0	52,067	3,212	6.2
REMITCH Oral anti-pruritus agent [Renal disease and hemodialysis]	13,750	13,940	190	12,106	1,833	15.1
Truvada Antiviral agent for HIV [HIV]	12,000	12,560	560	11,594	965	8.3
ANTEBATE ※1 Topical corticosteroid [Skin disease and allergens]	7,180	6,980	△200	6,766	213	3.2
FUTHAN ※1 Protease inhibitor [Renal disease and hemodialysis]	4,030	3,950	△80	4,533	△583	△12.9
URINORM ※1 Uricosuric agent [Renal disease and hemodialysis]	2,400	2,370	△30	2,751	△381	△13.9
KAYEXALATE ※1 Agent for hyperkalemia [Renal disease and hemodialysis]	2,340	2,270	△70	1,982	287	14.5
BIO-THREE Viable bacterial preparations [Other]	1,990	2,000	10	1,886	113	6.0
Dovonex Topical agent for psoriasis vulgaris [Skin disease and allergens]	1,830	1,890	60	1,892	△2	△0.2
ZEFNART Topical antifungal agent [Skin disease and allergens]	1,600	1,530	△70	1,505	24	1.7
LOCOID ※1 Topical corticosteroid [Skin disease and allergens]	1,390	1,340	△50	1,350	△10	△0.7
Magsent Tocolysis in threatened premature labor Eclampsia-suppressing and treatment [Other]	1,340	1,340	0	1,270	69	5.5
Stribild ※2 Antiviral agent for HIV [HIV]	1,490	1,180	△310	–	1,180	–
Other	3,940	3,930	△10	4,428	△498	△11.2

※1 In-house products

※2 Launched on May 14, 2013

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

(Millions of Yen)	FY2013 Full year	FY2013 Full year	Change	FY2012	Change	Change
	previous forecast	revised forecast		Full year		
	A	B	B-A	C	B-C	(B-C)/C
Sales of in-house products	19,310	18,890	△420	19,380	△490	△2.5
Ratio of in-house product sales (%)	34.9	34.2	△0.7	37.2	△3.0	–

③ Capital Expenditures

(Millions of Yen)	FY2013 Full year previous forecast	FY2013 Full year revised forecast	Change	FY2012 Full year	Change	Change (%)
	A	B	B-A	C	B-C	(B-C)/C
Capital expenditures	1,316	1,362	46	1,374	△12	△0.9
PP&E	1,090	1,193	103	1,241	△48	△3.9
Intangible assets	226	169	△57	132	36	27.4

Descriptions of capital expenditures

PP&E	: Investment mainly in manufacturing facilities aiming to improve productivity
Intangible assets	: Investment in software aiming to streamline operations

④ Depreciation

(Millions of Yen)	FY2013 Full year previous forecast	FY2013 Full year revised forecast	Change	FY2012 Full year	Change	Change (%)
	A	B	B-A	C	B-C	(B-C)/C
Depreciation	1,015	1,003	△12	1,061	△58	△5.5

⑤ Dividends

	FY2013 Full year previous forecast	FY2013 Full year revised forecast	Change	FY2012 Full year	Change	Change (%)
	A	B	B-A	C	B-C	(B-C)/C
Dividends per share (¥)	40	40	0	40	0	0.0
Dividends payout ratio (%)	59.6	59.6	0.0	61.2	△1.6	—

[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 Revisions
- ◇Adverse Drug Reactions
- ◇Delay or Discontinuance of Research and Development
- ◇Stoppage of Product Supply
- ◇Litigation Risk