

Financial Results for the First Three 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.

April 28, 2015



TORII PHARMACEUTICAL CO., LTD.

I Summary Information

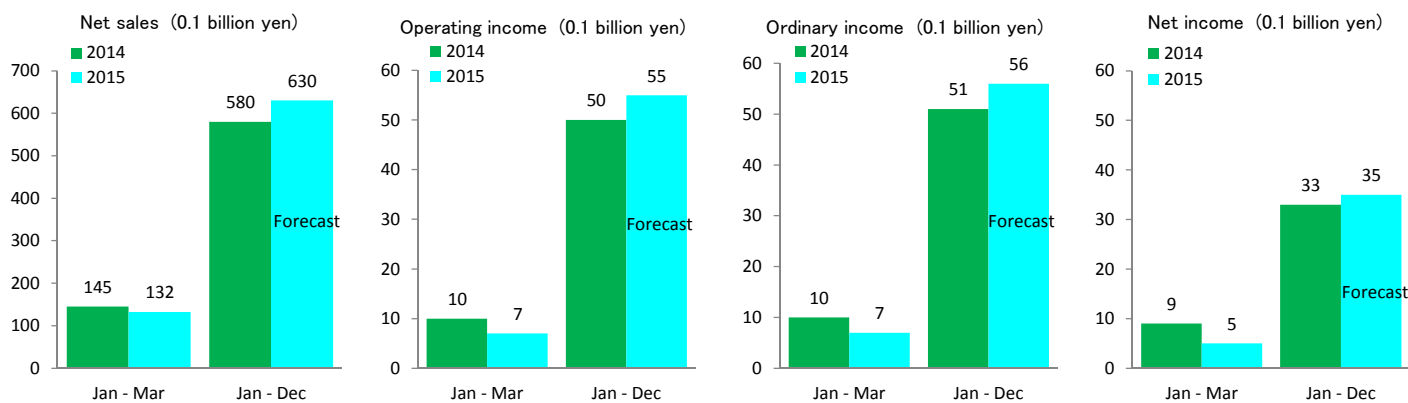
① Financial Results

(Millions of Yen)	2014 Jan - Mar A	FY2015 First three months B	Change B-A	Change (%) (B-A)/A	2014 Jan - Dec	FY2015 Full year forecast C	Progress ratio (%) B/C
Net sales	14,585	13,298	△1,286	△8.8	58,089	63,000	21.1
Operating income	1,001	745	△256	△25.6	5,033	5,500	13.6
Ordinary income	1,025	794	△231	△22.5	5,168	5,600	14.2
Net income	974	532	△441	△45.3	3,394	3,500	15.2

※ 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 Mar 2014, the same term of the last year, is presented with Financial Results for the First Three Months of FY2015. The calculation method of figures from Jan to Mar 2014 is explained on page 2. Figures from Jan to Dec 2014 is also presented with Full year forecast of FY2015. The calculation method of figures from Jan to Dec 2014 is explained on page 7.

(Reference)

R&D expenses	1,478	1,119	△359	△24.3	4,878	4,530	24.7
Earnings per share (EPS) (¥)	34.44	18.83	△15.61		119.94	123.68	
Return on equity (ROE) (%)	1.2	0.7	△0.5		4.3	—	
Ratio of ordinary income to total assets (%)	1.1	0.9	△0.2		5.6	—	
Ratio of operating income to net sales (%)	6.9	5.6	△1.3		8.7	—	
Return on assets (ROA) (%)	1.1	0.6	△0.5		3.7	—	



② Financial Conditions

(Millions of Yen)	December 31, 2014 A	March 31, 2015 B	Change B-A	Change (%) (B-A)/A
Total assets	92,550	94,119	1,568	1.7
Total equity	80,225	80,271	46	0.1
Equity ratio (%)	86.7	85.3	△1.4	
Book value per share (BPS) (¥)	2,834.82	2,836.46	1.64	

II Financial Results for the First Three 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 Mar 2014, is presented with Financial Results for the First Three Months of FY2015.

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

① Statement of Income

(Millions of Yen)	2014	FY2015	Change	Change (%)
	Jan - Mar A	First three months B		
Net sales	14,585	13,298	△1,286	△8.8
Sales of products ※	14,529	13,241	△1,288	△8.9
Renal disease and hemodialysis	6,130	5,717	△412	△6.7
Skin disease and allergens	2,851	2,543	△307	△10.8
HIV	4,106	3,612	△493	△12.0
Other	1,442	1,366	△76	△5.3
Rent income of real estate	55	57	1	3.1
Cost of sales	6,809	6,398	△410	△6.0
Cost of products sold	6,795	6,386	△408	△6.0
Cost of real estate rent	14	11	△2	△15.4
Gross profit	7,775	6,899	△876	△11.3
Selling, general and administrative expenses	6,774	6,154	△620	△9.2
R&D expenses	1,478	1,119	△359	△24.3
Other	5,296	5,035	△260	△4.9
Operating income	1,001	745	△256	△25.6
Non-operating income	26	51	24	—
Non-operating expenses	2	2	△0	—
Ordinary income	1,025	794	△231	△22.5
Extraordinary income	15	—	△15	—
Extraordinary loss	3	0	△2	—
Income before income taxes	1,038	793	△244	△23.6
Income taxes	63	260	197	—
Net income	974	532	△441	△45.3

※ For details, please refer to page 4.

(Reference) Ratio to net sales

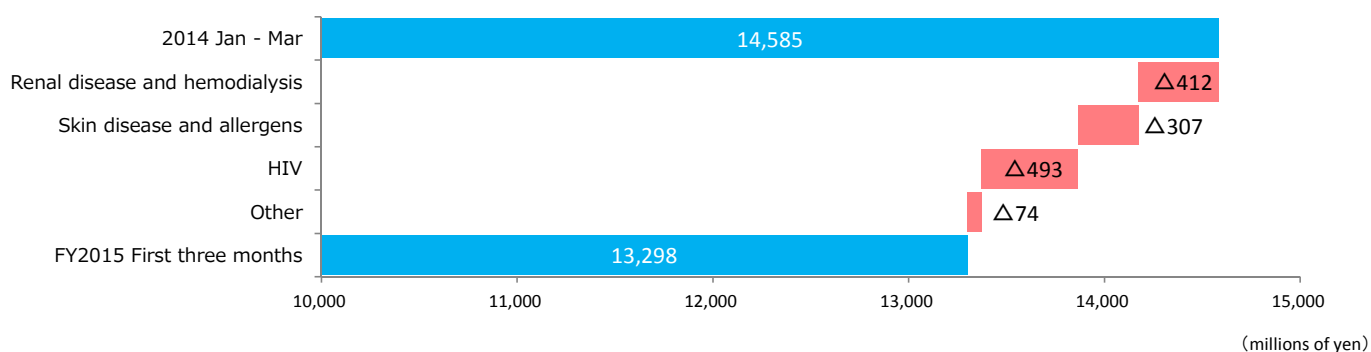
(%)	2014	FY2015	Change
	Jan - Mar A	First three months B	
Cost of sales	46.7	48.1	1.4
SG&A	46.4	46.3	△0.1
R&D expenses	10.1	8.4	△1.7
Operating income	6.9	5.6	△1.3
Ordinary income	7.0	6.0	△1.0
Net income	6.7	4.0	△2.7

〈Figures of Jan - Mar 2014 calculation method〉

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

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

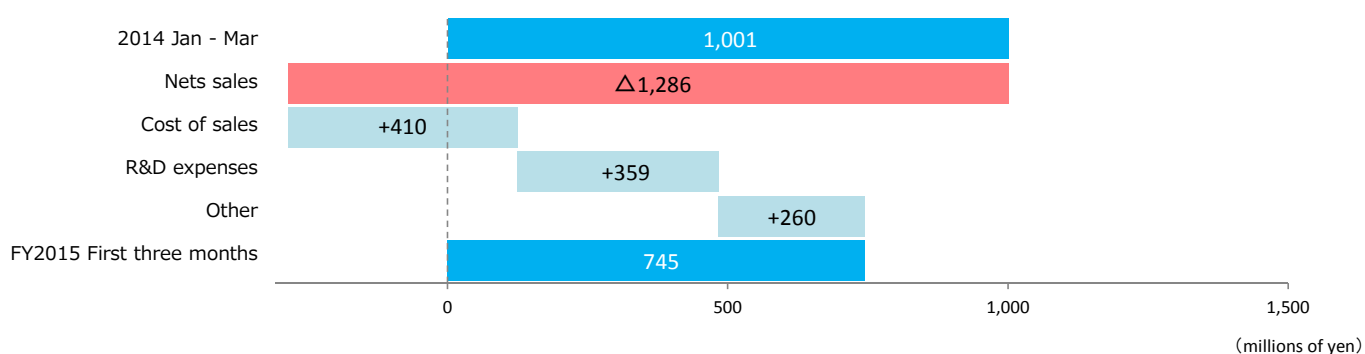
Net Sales (¥13,298 million : Decrease ¥1,286 million year-on-year)



Major factors in increase/decrease

Renal disease and hemodialysis	: Riona	Increase ¥ 936 million	REMITCH	Decrease ¥ 1,148 million
	: FUTHAN	Decrease ¥ 104 million		
Skin disease and allergens	: Dovonex	Decrease ¥ 177 million		
HIV	: Truvada	Decrease ¥ 562 million		
※ For details, please refer to "② Sales of Products" on page 4.				

Operating income (¥745 million : Decrease ¥256 million year-on-year)



Major factors in increase/decrease

Cost of sales	: Decrease in net sales (Temporary increase in demand prior to the consumption tax hikes in FY2013 and the impact of Drug Price revisions to the National Health Insurance Drug Price standards in April 2014)
R&D expenses	: Decrease in clinical study expenses
Other	: Decrease in sales promotion expenses

Ordinary income (¥794 million : Decrease ¥231 million year-on-year)

Special remarks: None

Net income (¥532 million : Decrease ¥441 million year-on-year)

Special remarks: None

② Sales of Products

<i>(Millions of Yen)</i>	2014	FY2015	Change	Change (%)
	Jan - Mar A	First three months B		
Sales of Products	14,529	13,241	△1,288	△8.9
REMITCH Oral anti-pruritus agent [Renal disease and hemodialysis]	4,407	3,258	△1,148	△26.1
Truvada Antiviral agent for HIV [HIV]	3,487	2,925	△562	△16.1
ANTEBATE ※1 Topical corticosteroid [Skin disease and allergens]	1,606	1,514	△92	△5.7
Riona ※2 Agent for hyperphosphatemia [Renal disease and hemodialysis]	–	936	936	–
FUTHAN ※1 Protease inhibitor [Renal disease and hemodialysis]	731	627	△104	△14.3
Stribild Antiviral agent for HIV [HIV]	523	622	99	18.9
BIO-THREE Viable bacterial preparations [Other]	503	518	14	2.9
KAYEXALATE ※1 Agent for hyperkalemia [Renal disease and hemodialysis]	515	513	△1	△0.3
URINORM ※1 Uricosuric agent [Renal disease and hemodialysis]	475	381	△93	△19.7
LOCOID ※1 Topical corticosteroid [Skin disease and allergens]	326	331	5	1.7
Dovonex Topical agent for psoriasis vulgaris [Skin disease and allergens]	480	302	△177	△37.0
ZEFNART Topical antifungal agent [Skin disease and allergens]	304	220	△84	△27.7
Magsent Tocolysis in threatened premature labor Eclampsia-suppressing and treatment [Other]	230	218	△12	△5.2
Other ※3	934	868	△66	△7.1

※1 In-house products

※2 Launched on May 12, 2014

※3 Sales for CEDARTOLEN, which was launched on October 8, 2014, amounted to ¥72 million.

(References) Sales and ratio of in-house products

<i>(Millions of Yen)</i>	2014	FY2015	Change	Change (%)
	Jan - Mar A	First three months B		
Sales of in-house products	4,134	3,871	△263	△6.4
Ratio of in-house product sales (%)	28.5	29.2	0.7	–

③ Balance Sheet

<i>(Millions of Yen)</i>	December 31, 2014 A	March 31, 2015 B	Change B-A	Change (%) (B-A)/A	Component ratio (%) (March 31, 2015)
Current assets	72,121	73,778	1,656	2.3	78.4
Cash and deposits	6,316	4,499	△1,816		
Deposits in the cash management system	14,978	12,832	△2,145		
Notes and accounts receivable-trade	25,901	24,397	△1,504		
Short-term investment securities	13,209	18,105	4,896		
Inventories	10,136	12,061	1,924		
Other	1,579	1,881	302		
Noncurrent assets	20,428	20,340	△87	△0.4	21.6
Property, plant and equipment	5,806	5,798	△7		
Intangible assets	818	882	63		
Investments and other assets	13,803	13,659	△144		
Investment securities	7,070	7,158	88		
Long-term prepaid expenses	5,230	5,006	△224		
Other	1,502	1,494	△7		
Total assets	92,550	94,119	1,568	1.7	100.0
Current liabilities	11,391	13,013	1,622	14.2	13.8
Accounts payable-trade	6,095	7,601	1,505		
Accounts payable-other	1,795	2,402	606		
Income taxes payable	273	294	21		
Accrued employees' bonuses	694	1,324	630		
Other	2,534	1,391	△1,142		
Long-term liabilities	933	833	△99	△10.6	0.9
Total liabilities	12,324	13,847	1,522	12.4	14.7
Shareholders' equity	79,847	79,814	△33	△0.0	84.8
Unrealized gain on available-for-sale securities	377	457	79	21.0	0.5
Total equity	80,225	80,271	46	0.1	85.3
Total liabilities and equity	92,550	94,119	1,568	1.7	100.0

Major factors in increase/decrease

(Current assets)

Notes and accounts receivable-trade : Decrease by Decrease in sales

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

Inventories : Increase in inventories of products

(Current liabilities)

Accounts payable-trade : Increase by increase in purchasing products

④ Capital Expenditures

(Millions of Yen)	2014	FY2015	Change	Change (%)
	Jan - Mar	First three months		
	A	B	B-A	(B-A)/A
Capital expenditures	211	426	214	101.6
PP&E	130	297	166	128.1
Intangible assets	81	128	47	58.9

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)	2014	FY2015	Change	Change (%)
	Jan - Mar	First three months		
	A	B	B-A	(B-A)/A
Depreciation	293	339	46	15.7
Amortization of long-term prepaid expenses	217	229	12	5.6

⑥ 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 	
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 February 4, 2015

•The TO-204(Allergen Extract Standardized HDM「TORII」) launched on April 21, 2015.(previous announcement : Development stage「Approval」)

•The TO-205(Scratch Test HDM Allergen Extract「TORII」) launched on April 21, 2015.(previous announcement : Development stage「Approval」)

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

① Statement of Income

(Millions of Yen)		2014 Jan - Dec A	FY2015 forecast B	Change B-A	Change (%) (B-A)/A
Net sales	※2	58,089	63,000	4,910	8.5
Sales of products	※1	57,864	62,830	4,965	8.6
Renal disease and hemodialysis		24,437	27,330	2,892	11.8
Skin disease and allergens		11,687	13,890	2,202	18.8
HIV		15,527	15,540	12	0.1
Other		6,210	6,070	△140	△2.3
Rent income of real estate		225	170	△55	△24.7
Cost of sales		27,396	30,700	3,303	12.1
Gross profit		30,693	32,300	1,606	5.2
SG&A		25,659	26,800	1,140	4.4
R&D expenses		4,878	4,530	△348	△7.1
Other		20,780	22,270	1,489	7.2
Operating income	※2	5,033	5,500	466	9.3
Ordinary income		5,168	5,600	431	8.3
Net income	※2	3,394	3,500	105	3.1

※1 For details, please refer to page 9.

※2 Target figures(Net Sales, Operating income and Net income) of FY2015 have not changed from those announced in the Medium Management Plan on April 25,2013.

(Reference) Ratio to net sales

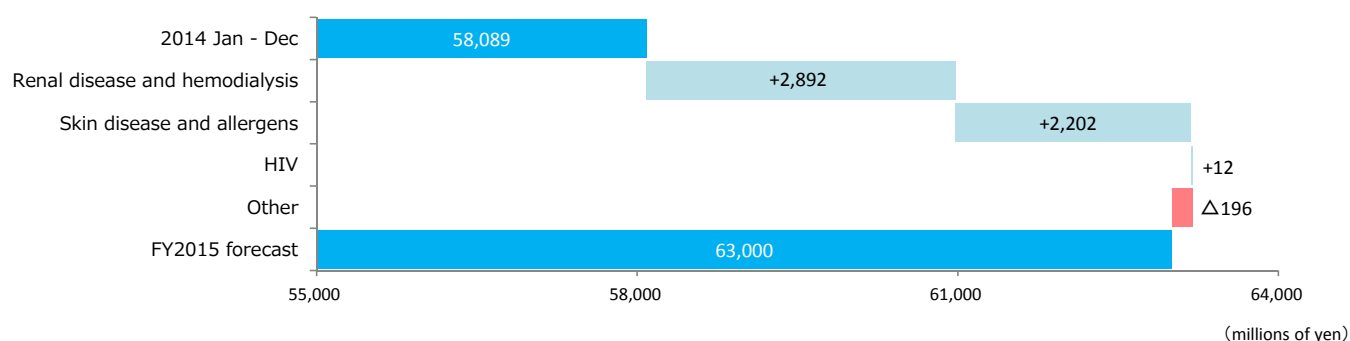
(%)		2014 Jan - Dec A	FY2015 forecast B	Change B-A
Cost of sales		47.2	48.7	1.5
SG&A		44.1	42.6	△1.5
R&D expenses		8.4	7.2	△1.2
Operating income		8.7	8.7	0.0
Ordinary income		8.9	8.9	0.0
Net income		5.8	5.6	△0.2

〈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 same term of the last year (Jan to Dec 2014)]

Net sales (¥63,000 million : Increase ¥4,910 million year-on-year)

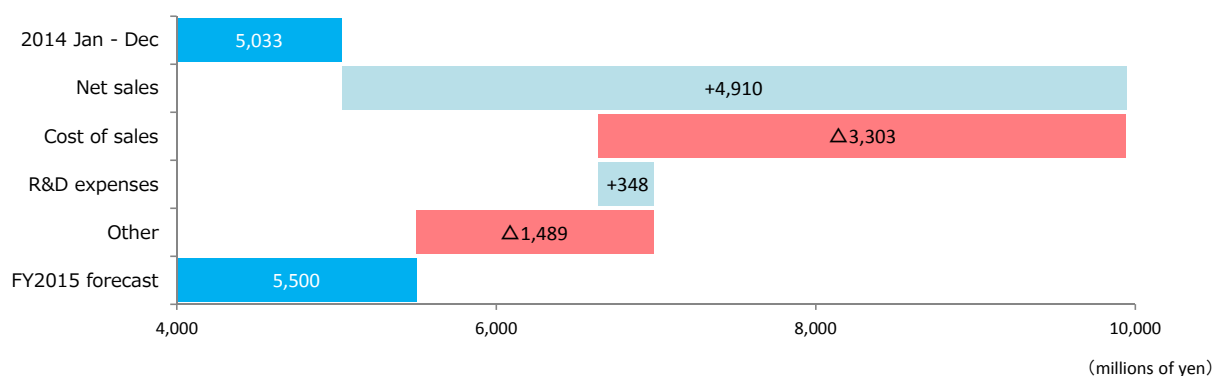


Major factors in increase/decrease

Renal disease and hemodialysis	: Riona	Increase	¥ 2,808 million	REMITCH	Increase	¥ 439 million
	KAYEXALATE	Increase	¥ 236 million	FUTHAN	Decrease	¥ 299 million
	URINORM	Decrease	¥ 291 million			
Skin disease and allergens	: CEDARTOLEN	Increase	¥ 2,739 million	ANTEBATE	Decrease	¥ 287 million
HIV	: Stribild	Increase	¥ 543 million	Truvada	Decrease	¥ 437 million

※ For details, please refer to "② Sales of Products" on page 9.

Operating income (¥5,500 million : Increase ¥466 million year-on-year)



Major factors in increase/decrease

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

Ordinary income (¥5,600 million : Increase ¥431 million year-on-year)

Special remarks: None

Net income (¥3,500 million : Increase ¥105 million year-on-year)

Special remarks: None

② Sales of Products

<i>(Millions of Yen)</i>	2014 Jan - Dec A	FY2015 forecast B	Change B-A	Change (%) (B-A)/A
Sales of Products	57,864	62,830	4,965	8.6
REMITCH Oral anti-pruritus agent [Renal disease and hemodialysis]	14,970	15,410	439	2.9
Truvada Antiviral agent for HIV [HIV]	12,717	12,280	△437	△3.4
ANTEBATE ※1 Topical corticosteroid [Skin disease and allergens]	6,747	6,460	△287	△4.3
Riona ※2 Agent for hyperphosphatemia [Renal disease and hemodialysis]	1,811	4,620	2,808	155.0
FUTHAN ※1 Protease inhibitor [Renal disease and hemodialysis]	3,499	3,200	△299	△8.6
Stribild Antiviral agent for HIV [HIV]	2,466	3,010	543	22.1
CEDARTOLEN ※1,3 Japanese cedar pollinosis (Allergen Immunotherapy) [Skin disease and allergens]	80	2,820	2,739	—
KAYEXALATE ※1 Agent for hyperkalemia [Renal disease and hemodialysis]	2,253	2,490	236	10.5
BIO-THREE Viable bacterial preparations [Other]	2,123	2,200	76	3.6
URINORM ※1 Uricosuric agent [Renal disease and hemodialysis]	1,901	1,610	△291	△15.3
Dovonex Topical agent for psoriasis vulgaris [Skin disease and allergens]	1,670	1,520	△150	△9.0
LOCOID ※1 Topical corticosteroid [Skin disease and allergens]	1,337	1,330	△7	△0.5
ZEFNART Topical antifungal agent [Skin disease and allergens]	1,450	1,320	△130	△9.0
Magsent Tocolysis in threatened premature labor Eclampsia-suppressing and treatment [Other]	1,192	1,260	67	5.7
Other	3,641	3,300	△341	△9.4

※1 In-house products

※2 Launched on May 12, 2014

※3 Launched on October 8, 2014

(References) Sales and ratio of in-house products

<i>(Millions of Yen)</i>	2014 Jan - Dec A	FY2015 forecast B	Change B-A	Change (%) (B-A)/A
Sales of in-house products	17,657	19,840	2,182	12.4
Ratio of in-house product sales (%)	30.5	31.6	1.1	—

③ Capital Expenditures

<i>(Millions of Yen)</i>	2014 Jan - Dec A	FY2015 forecast B	Change B-A	Change (%) (B-A)/A
Capital expenditures	1,726	2,277	550	31.9
PP&E	1,286	2,052	765	59.5
Intangible assets	440	225	△215	△48.9

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/Amortization

<i>(Millions of Yen)</i>	2014 Jan - Dec A	FY2015 forecast B	Change B-A	Change (%) (B-A)/A
Depreciation	1,218	1,382	163	13.5
Amortization of long-term prepaid expenses	918	812	△106	△11.6

⑤ Dividends

	FY2014 A	FY2015 forecast B	Change B-A	Change (%) (B-A)/A
Dividends per share (¥)	40	48	8	20.0
Dividends payout ratio (%)	46.8	38.8	-	-

【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