



Financial Results for the Third Quarter of Fiscal Year 2015(Consolidated)

February 1, 2016

Name of Listed Company: **SHIONOGI & CO., LTD.**

Listed Exchanges: Section I of Tokyo

Code: 4507 URL: <http://www.shionogi.co.jp>

Representative: Isao Teshirogi, President and CEO

Contact responsibility: Hiroki Takagi, Vice President, Corporate Communications Department

Tel.: (06)6202-2161

Scheduled date of quarterly securities report submission: February 10, 2016

Scheduled date of dividend payments: —

Preparation of supplemental material for the quarterly financial results: Yes

Holding of presentation for the quarterly financial results: Yes (for investment analysts)

(Note: All amounts are rounded down to the nearest million yen.)

1. Consolidated results for the period from April 1, 2015 to December 31, 2015

(1) Consolidated operating results (% shows changes from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2015	225,923	12.8	65,456	81.5	66,542	28.7	41,669	58.7
Nine months ended December 31, 2014	200,269	(8.2)	36,066	(26.1)	51,722	3.5	26,261	(27.4)

Note: Comprehensive income Nine months ended December 31, 2015: 49,558 million yen (24.8%)
 Nine months ended December 31, 2014: 39,721 million yen ((36.4)%)

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
Nine months ended December 31, 2015	127.99	126.02
Nine months ended December 31, 2014	78.56	78.46

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2015	631,013	510,281	80.2
As of March 31, 2015	602,900	478,883	78.7

Reference: Shareholders' equity As of December 31, 2015: 505,764 million yen As of March 31, 2015: 474,259 million yen

2. Dividends

(Date of record)	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2015	—	24.00	—	28.00	52.00
Year ending March 31, 2016	—	28.00			
Year ending March 31, 2016 (forecast)			—	32.00	60.00

Note: Revisions of the most recent dividend forecast: None

3. Consolidated financial forecast for the year ending March 31, 2016

(% shows changes from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending March 31, 2016	301,500	10.0	78,000	54.9	88,000	13.0	59,000	33.9	181.22

Note: Revisions of the most recent consolidated financial forecast: None

※ Notes

- (1) Significant changes in subsidiaries during the period (changes in specified subsidiaries involving changes in scope of consolidation): None
- (2) Adoption of accounting methods specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes/restatements of accounting estimates
- a) Changes in accounting policies in connection with amendments to accounting standards, etc.: Yes
 - b) Changes in accounting policies other than a) above: None
 - c) Changes in accounting estimates: None
 - d) Restatements: None

Note: For details, please see "2. Summary Data (Notes) (3) Changes in Accounting Policies, Changes/Restatements of Accounting Estimates" on page 3 of the supplemental materials for the Financial Results for the Third Quarter of Fiscal Year 2015 (Consolidated).

- (4) Number of shares issued (common stock)
- a) Number of shares issued (including treasury stock)

As of December 31, 2015:	351,136,165 shares
As of March 31, 2015:	351,136,165 shares
 - b) Number of treasury stock

As of December 31, 2015:	25,558,832 shares
As of March 31, 2015:	25,564,239 shares
 - c) Average number of shares issued during the period

Nine months ended December 31, 2015:	325,579,416 shares
Nine months ended December 31, 2014:	334,280,812 shares

※ Implementation status of quarterly review procedures

This summary of quarterly results is exempt from the quarterly review procedures based on the Financial Instruments and Exchange Act. Review procedures for the quarterly financial statements based on the Financial Instruments and Exchange Act had not been completed at the time of disclosure of this summary of quarterly results.

※ Notes to consolidated financial forecasts and other items

The forecasts and other forward-looking statements contained in this document are based on the information currently available and certain assumptions that it judges to be reasonable. Actual results may differ materially due to a variety of factors. For the assumptions used in forecasts and precautionary statements regarding the use of the forecasts, please refer to "1. Qualitative Information on Quarterly Financial Results (3) Description of Consolidated Financial Forecast" on page 2 of the supplemental materials for the Financial Results for the Third Quarter of Fiscal Year 2015 (Consolidated).

CONTENTS

1. Qualitative Information on Quarterly Financial Results	2
(1) Description of consolidated operating results	2
(2) Description of consolidated financial position	2
(3) Description of consolidated financial forecast	2
2. Summary Data (Notes)	3
(1) Significant changes in subsidiaries during the period (changes in specified subsidiaries involving changes in scope of consolidation)	3
(2) Adoption of accounting methods specific to the preparation of quarterly consolidated financial statements	3
(3) Changes in accounting policies, changes/restatements of accounting estimates	3
3. Consolidated Financial Statements	4
(1) Consolidated balance sheets	4
(2) Consolidated statements of income and Consolidated statements of comprehensive income	6
Consolidated statements of income	6
Consolidated statements of comprehensive income	7
(3) Notes	8
Going concern assumption	8
Significant changes in shareholders' equity	8

1. Qualitative Information on Quarterly Financial Results

(1) Description of Consolidated Operating Results

For the nine months ended December 31, 2015 (April 1, 2015 to December 31, 2015), net sales were ¥225,923 million, operating income was ¥65,456 million, ordinary income was ¥66,542 million and profit attributable to owners of parent was ¥41,669 million.

Sales in the domestic pharmaceutical market increased 2.2 percent compared with the same period of the previous fiscal year with the contribution of strategic products Crestor and Irbetan as well as Cymbalta, for which a change in the agreement with Eli Lilly Japan K.K. took effect in the first quarter. Outside Japan, total overseas sales, including the sale of rights to a product, rose 6.6 percent compared with the same period of the previous fiscal year, due to solid sales of Ospheña, a treatment for post-menopausal vaginal atrophy, by U.S. subsidiary Shionogi Inc. Contract manufacturing sales decreased 45.9 percent due to the change in the agreement for Cymbalta, but royalty income showed a substantial increase of 61.4 percent with steady growth in global sales of the anti-HIV drugs Tivicay and Triumeq, and total net sales increased 12.8 percent compared with the same period of the previous fiscal year.

Operating income rose 81.5 percent compared with the same period of the previous fiscal year, reflecting a 20.7 percent increase in gross profit due to the growth in royalties mentioned above. Despite this increase in operating income, ordinary income increased only 28.7 percent because of a substantial decline in foreign exchange gains compared with the same period of the previous fiscal year and because of dividends received from ViiV Healthcare in the same period of the previous fiscal year. Profit attributable to owners of parent increased 58.7 percent because of provision for income taxes for prior years in the same period of the previous fiscal year. The termination of joint development with Egalet Corporation resulted in an impairment loss on intangible assets (sales rights) related to compounds in development in the third quarter.

(2) Description of Consolidated Financial Position

As of December 31, 2015, total assets were ¥631,013 million, an increase of ¥28,113 million from the end of the previous fiscal year. Current assets were ¥281,689 million, an increase of ¥21,740 million from the end of the previous fiscal year. The main factors were a decrease due to collection of accounts receivable recorded in the previous fiscal year (dividends received from ViiV Healthcare, included in "Other" in current assets) and increases in cash and deposits and short-term investment securities. Non-current assets increased ¥6,372 million to ¥349,324 million, mainly due to an increase in investment securities as a result of higher stock prices.

Total liabilities decreased ¥3,284 million from the end of the previous fiscal year ¥120,732 million. Current liabilities decreased ¥5,446 million to ¥62,348 million, mainly due to the payment of income taxes payable and consumption taxes payable (included in "Other" in current liabilities). Non-current liabilities increased ¥2,162 million to ¥58,384 million.

Net assets increased ¥31,397 million from the end of the previous fiscal year to ¥510,281 million. Shareholders' equity increased ¥23,427 million to ¥470,677 million as a result of factors including an increase from profit attributable to owners of parent and a decrease due to cash dividends paid. Accumulated other comprehensive income increased ¥8,077 million to ¥35,087 million, mainly because of an increase in valuation difference on available-for-sale securities due to higher stock prices. Subscription rights to shares increased ¥81 million to ¥352 million and non-controlling interests decreased ¥189 million to ¥4,164 million.

(3) Description of Consolidated Financial Forecast

There are no revisions to the consolidated financial forecast announced on October 29, 2015.

2. Summary Data (Notes)

(1) Significant changes in subsidiaries during the period (changes in specified subsidiaries involving changes in scope of consolidation)

None

(2) Adoption of accounting methods specific to the preparation of quarterly consolidated financial statements

None

(3) Changes in accounting policies, changes/restatements of accounting estimates

Application of Accounting Standard for Business Combinations, etc.

Effective April 1, 2015, the Company has applied “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, issued on September 13, 2013), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, issued on September 13, 2013) and “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, issued on September 13, 2013). As a result, the method of recording the amount of difference caused by changes in the Company’s ownership interests in subsidiaries in the case of subsidiaries under ongoing control of the Company was changed to record it as capital surplus, and the method of recording acquisition-related costs was changed to recognition as expenses for the fiscal year in which they are incurred. Furthermore, for business combinations carried out on or after April 1, 2015, the accounting method was changed to reflect the reviewed acquisition cost allocation resulting from the finalization of the tentative accounting treatment in the quarterly consolidated financial statements for the quarterly period in which the business combination occurs. In addition, the presentation of net income has been changed, and the presentation of minority interests has been changed to non-controlling interests. The third quarter ended December 31, 2014 and fiscal year ended March 31, 2015 have been reclassified on the quarterly consolidated financial statements and consolidated financial statements to reflect the change in presentation.

The Accounting Standard for Business Combinations, etc. is applied from April 1, 2015 into the future in accordance with the transitional measures provided in Paragraph 58-2 (4) of the Accounting Standard for Business Combinations, Paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements and Paragraph 57-4 (4) of the Accounting Standard for Business Divestitures.

There is no effect on the quarterly consolidated financial statements for the third quarter ended December 31, 2015.

Application of Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

Effective April 1, 2015, the Company has applied “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (Practical Issues Task Force (“PITF”) No. 18, issued March 26, 2015). In accordance with the transitional measures provided in PITF No. 18, U.S. subsidiary Shionogi Inc. amortizes goodwill for which it has selected amortization treatment based on Financial Accounting Standards Board (“FASB”) Accounting Standards Codification, Topic 350, “Intangibles—Goodwill and Other” using the remaining amortization period of goodwill on the consolidated financial statements.

There is no effect on the quarterly consolidated financial statements.

3. Consolidated Financial Statements**(1) Consolidated balance sheets***Millions of yen*

	As of March 31, 2015	As of December 31, 2015
Assets		
Current assets		
Cash and deposits	50,784	78,852
Notes and accounts receivable-trade	70,584	70,426
Short-term investment securities	58,700	65,800
Merchandise and finished goods	18,943	22,276
Work in process	11,786	7,888
Raw materials and supplies	13,751	14,880
Other	35,425	21,592
Allowance for doubtful accounts	(28)	(27)
Total current assets	259,948	281,689
Non-current assets		
Property, plant and equipment	77,022	77,670
Intangible assets		
Goodwill	46,534	44,109
Other	33,794	32,221
Total intangible assets	80,328	76,330
Investments and other assets		
Investment securities	158,339	165,409
Other	27,323	29,957
Allowance for doubtful accounts	(62)	(43)
Total investments and other assets	185,600	195,323
Total non-current assets	342,951	349,324
Total assets	602,900	631,013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	11,572	13,643
Income taxes payable	16,447	11,635
Provision for bonuses	8,315	5,476
Provision for sales returns	2,873	2,658
Other provision	45	—
Other	28,540	28,933
Total current liabilities	67,794	62,348
Non-current liabilities		
Bonds payable	20,094	20,079
Long-term loans payable	10,000	10,000
Net defined benefit liability	9,901	9,893
Other	16,226	18,411
Total non-current liabilities	56,222	58,384
Total liabilities	124,016	120,732

Millions of yen

	As of March 31, 2015	As of December 31, 2015
Net assets		
Shareholders' equity		
Capital stock	21,279	21,279
Capital surplus	20,227	20,227
Retained earnings	455,497	478,928
Treasury stock	(49,754)	(49,758)
Total shareholders' equity	447,249	470,677
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	28,675	35,107
Deferred gains or losses on hedges	—	(11)
Foreign currency translation adjustment	3,843	4,010
Remeasurements of defined benefit plans	(5,508)	(4,019)
Total accumulated other comprehensive income	27,010	35,087
Subscription rights to shares	270	352
Non-controlling interests	4,353	4,164
Total net assets	478,883	510,281
Total liabilities and net assets	602,900	631,013

(2) Consolidated statements of income and Consolidated statements of comprehensive income

Consolidated statements of income

Millions of yen

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Net sales	200,269	225,923
Cost of sales	58,772	55,178
Gross profit	141,497	170,745
Selling, general and administrative expenses	105,430	105,288
Operating income	36,066	65,456
Non-operating income		
Interest income	325	515
Dividends income	9,387	1,234
Other	8,868	731
Total non-operating income	18,582	2,481
Non-operating expenses		
Interest expenses	219	158
Contribution	671	603
Other	2,035	634
Total non-operating expenses	2,926	1,396
Ordinary income	51,722	66,542
Extraordinary income		
Gain on sales of investment securities	86	3,066
Gain on sales of non-current assets	5,503	—
Gain on transfer of business	184	—
Total extraordinary income	5,774	3,066
Extraordinary loss		
Impairment loss	—	2,449
Settlement package	1,270	1,900
Total extraordinary losses	1,270	4,349
Income before income taxes	56,226	65,258
Income taxes-current	15,307	20,300
Income taxes for prior periods	13,582	—
Income taxes-deferred	960	3,371
Total income taxes	29,851	23,672
Profit	26,375	41,586
Profit(loss) attributable to non-controlling interests	113	(83)
Profit attributable to owners of parent	26,261	41,669

Consolidated statements of comprehensive income

Millions of yen

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Profit	26,375	41,586
Other comprehensive income		
Valuation difference on available-for-sale securities	822	6,432
Deferred gains or losses on hedges	(267)	(11)
Foreign currency translation adjustment	11,834	62
Remeasurements of defined benefit plans	957	1,488
Total other comprehensive income	13,346	7,972
Comprehensive income	39,721	49,558
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	39,599	49,747
Comprehensive income attributable to non-controlling interests	122	(189)

(3) Notes

Going concern assumption

None

Significant changes in shareholders' equity

None

Supplemental material for financial results for the 3rd quarter of fiscal year 2015

February 1, 2016

Shionogi & Co., Ltd.

1. Sales of main merchandise and finished goods

(Billions of yen)

	FY2015 2H forecast	FY2015 forecast	FY2015 3Q actual	FY2014 3Q actual	FY2015 1Q-3Q actual	FY2014 1Q-3Q actual	Progress % vs. FY2015 forecast
Prescription drugs	88.6	167.0	45.0	43.8	123.4	120.8	73.9
<i>change %</i>	4.9	3.5	2.7	(5.8)	2.2	(5.2)	
CRESTOR	24.0	44.4	13.2	11.1	33.6	32.1	75.6
IRBETAN Franchise	8.7	17.0	3.7	3.9	12.0	11.4	70.8
CYMBALTA	10.2	17.4	4.3	3.0	11.5	8.5	66.1
Total of 3 key products	42.9	78.8	21.2	17.9	57.1	52.0	72.5
OXYCONTIN Franchise	5.5	10.7	2.8	2.9	8.0	8.2	74.8
FINIBAX	1.7	3.8	0.9	1.1	3.0	3.0	79.1
DIFFERIN	2.2	3.8	0.7	1.1	2.3	2.9	59.6
PIRESPA	2.6	5.4	1.9	1.4	4.6	4.0	86.1
RAPIACTA	2.8	2.8	0.5	1.1	0.4	1.1	16.0
Total of 8 strategic products	57.8	105.3	28.0	25.5	75.5	71.2	71.7
FLOMOX	5.4	11.2	3.1	3.7	8.9	9.5	79.1
RINDERON	3.1	7.4	2.1	2.1	6.4	6.2	85.9
CLARITIN	2.6	4.2	1.0	0.9	2.6	2.5	62.9
FLUMARIN	1.6	4.0	1.0	1.2	3.4	3.6	84.7
Export/Overseas subsidiaries	15.7	30.4	8.0	7.5	22.7	21.3	74.9
<i>change %</i>	5.4	6.0	6.5	(37.0)	6.6	(21.9)	
Shionogi Inc.	9.0	17.4	4.8	4.6	13.2	12.0	76.1
Osphena	4.8	7.4	1.2	1.4	3.8	3.1	51.0
C&O	4.7	8.0	1.3	1.7	4.7	5.0	58.3
Contract manufacturing	3.9	7.6	1.6	3.0	5.4	9.9	70.0
<i>change %</i>	(55.4)	(51.3)	(45.4)	288.7	(45.9)	70.0	
OTC and quasi-drugs	2.1	4.7	1.2	1.2	3.8	3.6	81.2
<i>change %</i>	0.8	3.0	5.2	7.5	5.0	6.3	
Royalty income	51.3	88.8	30.9	14.0	68.4	42.3	77.0
<i>change %</i>	58.5	46.3	120.0	(22.4)	61.4	(17.8)	
CRESTOR	45.0	80.0	12.0	10.7	35.7	35.1	75.9
HIV Franchise *			13.7	1.3	25.0	1.3	
Others	1.6	3.0	0.9	0.8	2.3	2.3	75.7
<i>change %</i>	1.4	(2.2)	1.9	(11.1)	(3.1)	(12.2)	
Total	163.2	301.5	87.6	70.4	225.9	200.3	74.9
<i>change %</i>	13.2	10.0	24.4	(11.3)	12.8	(8.2)	

Note: Change % shows changes from the same period of the previous fiscal year

Sales of each product are shown on non-consolidated basis

* Forecast on royalty income by CRESTOR and HIV Franchise is indicated in sum total.

2-1. Quarterly trend for FY2014 and FY2015 (Sales of main merchandise and finished goods)

Fiscal year ended March 31, 2015

(Billions of yen)

FY2014	FY2014 1Q actual	Y on Y change %	FY2014 2Q actual	Y on Y change %	FY2014 3Q actual	Y on Y change %	FY2014 4Q actual	Y on Y change %
Prescription drugs	38.7	(4.3)	38.3	(5.5)	43.8	(5.8)	40.6	(0.7)
CRESTOR	10.8	8.2	10.3	(3.2)	11.1	4.4	11.4	15.7
IRBETAN Franchise	3.7	30.4	3.8	(0.1)	3.9	(0.8)	3.7	12.7
CYMBALTA	2.5	(2.5)	3.0	10.9	3.0	(4.2)	2.4	(18.0)
Total of 3 key products	17.1	10.5	16.9	(0.4)	17.9	1.7	17.8	8.9
OXYCONTIN Franchise	2.7	(1.7)	2.6	(1.7)	2.9	(6.6)	2.1	(3.5)
FINIBAX	0.9	(22.0)	1.0	(7.8)	1.1	(18.4)	1.0	(11.9)
DIFFERIN	0.9	(5.8)	0.9	(5.1)	1.1	(13.9)	1.0	(19.7)
PIRESPA	1.3	2.9	1.3	19.4	1.4	3.3	1.4	23.7
RAPIACTA	0.1	(30.7)	(0.0)	-	1.1	172.9	1.4	(2.6)
Total of 8 strategic products	22.9	6.0	22.8	(0.1)	25.5	1.6	24.6	5.2
FLOMOX	3.1	(19.6)	2.7	(25.3)	3.7	(19.2)	3.1	(19.3)
RINDERON	2.1	(13.2)	2.1	(8.8)	2.1	(8.2)	1.7	(8.8)
CLARITIN	0.9	(7.8)	0.7	(16.7)	0.9	(21.0)	1.8	(6.4)
FLUMARIN	1.1	(21.0)	1.3	(6.3)	1.2	(21.8)	1.0	(10.9)
Export/Overseas subsidiaries	6.0	(28.7)	7.8	11.9	7.5	(37.0)	7.4	9.3
Shionogi Inc.	2.8	(47.0)	4.6	9.9	4.6	(44.9)	3.9	11.6
Osphena	0.8	-	0.9	833.0	1.4	227.2	1.5	158.1
C&O	1.8	37.6	1.5	(6.8)	1.7	31.4	1.9	15.8
Contract manufacturing	3.5	49.0	3.4	24.6	3.0	288.7	5.7	123.0
OTC and quasi-drugs	1.1	11.3	1.4	1.4	1.2	7.5	0.9	(15.0)
Royalty income	12.7	(9.8)	15.6	(19.3)	14.0	(22.4)	18.4	(4.4)
CRESTOR	11.8	(10.1)	12.6	(30.2)	10.7	(35.7)	12.3	(30.9)
HIV Franchise	-	-	-	-	1.3	-	4.5	-
Others	0.7	(29.9)	0.8	14.2	0.8	(11.1)	0.8	(36.8)
Total	62.7	(6.7)	67.1	(6.1)	70.4	(11.3)	73.8	2.9

Fiscal year ending March 31, 2016

FY2015	FY2015 1Q actual	Y on Y change %	FY2015 2Q actual	Y on Y change %	FY2015 3Q actual	Y on Y change %
Prescription drugs	39.7	2.6	38.7	1.2	45.0	2.7
CRESTOR	10.6	(1.8)	9.8	(4.4)	13.2	18.8
IRBETAN Franchise	4.1	9.4	4.2	11.6	3.7	(4.0)
CYMBALTA	3.5	36.2	3.7	27.5	4.3	44.0
Total of 3 key products	18.2	6.3	17.7	4.7	21.2	18.1
OXYCONTIN Franchise	2.6	(4.2)	2.6	(0.5)	2.8	(2.7)
FINIBAX	1.0	11.7	1.1	6.6	0.9	(17.5)
DIFFERIN	0.9	(2.6)	0.7	(24.0)	0.7	(33.3)
PIRESPA	1.6	24.1	1.2	(11.2)	1.9	35.1
RAPIACTA	(0.0)	-	(0.0)	-	0.5	(58.3)
Total of 8 strategic products	24.2	5.7	23.3	2.1	28.0	9.7
FLOMOX	2.8	(9.4)	2.9	9.9	3.1	(17.3)
RINDERON	2.2	4.3	2.1	0.5	2.1	1.4
CLARITIN	0.8	(11.1)	0.8	15.9	1.0	13.3
FLUMARIN	1.1	4.3	1.2	(5.3)	1.0	(14.1)
Export/Overseas subsidiaries	7.2	19.3	7.6	(2.9)	8.0	6.5
Shionogi Inc.	4.4	53.8	4.0	(11.6)	4.8	5.1
Osphena	1.3	66.4	1.3	41.8	1.2	(16.8)
C&O	1.6	(11.9)	1.8	18.2	1.3	(24.1)
Contract manufacturing	1.5	(57.6)	2.2	(33.7)	1.6	(45.4)
OTC and quasi-drugs	1.2	12.4	1.3	(1.4)	1.2	5.2
Royalty income	13.5	6.9	23.9	53.0	30.9	120.0
CRESTOR	11.2	(4.5)	12.4	(1.6)	12.0	12.0
HIV Franchise	1.4	-	10.0	-	13.7	945.2
Others	0.7	(1.1)	0.7	(10.5)	0.9	1.9
Total	63.9	1.8	74.4	10.9	87.6	24.4

Note: Sales of each merchandise and finished goods are shown on non-consolidated basis.

2-2. Quarterly trend for FY2014 and FY2015 (Consolidated statements of income)

Fiscal year ended March 31, 2015

(Billions of yen)

FY2014	FY2014 1Q actual	Y on Y change %	FY2014 2Q actual	Y on Y change %	FY2014 3Q actual	Y on Y change %	FY2014 4Q actual	Y on Y change %
Net sales	62.7	(6.7)	67.1	(6.1)	70.4	(11.3)	73.7	2.9
Cost of sales	31.6 19.8	8.1	27.3 18.3	(3.1)	29.3 20.6	2.2	31.8 23.4	13.9
Gross profit	42.9	(12.3)	48.8	(7.2)	49.8	(15.9)	50.3	(1.5)
SG & A expenses	55.6 34.9	(5.3)	50.9 34.1	(7.1)	51.8 36.5	(5.0)	48.8 36.0	(5.2)
Selling & general expenses	23.1	(2.2)	22.7	(4.7)	24.1	(2.9)	22.7	(5.5)
R & D expenses	11.7	(10.7)	11.4	(11.5)	12.4	(8.7)	13.3	(4.7)
Operating income	12.8 8.0	(33.6)	21.9 14.7	(7.3)	19.0 13.3	(36.0)	19.4 14.3	9.3
Non-operating income & expenses	5.6		3.1		7.0		11.9	
Ordinary income	21.7 13.6	8.4	26.5 17.8	20.7	28.8 20.3	(10.4)	35.5 26.2	113.6
Extraordinary income & loss	-		0.2		4.3		(0.3)	
Income before income taxes	13.6		18.0		24.6		25.8	
Income taxes and profit attributable to non-controlling interests	3.3		18.6		8.0		8.0	
Profit attributable to owners* of parent	16.5 10.3	(4.6)	(0.9) (0.6)	(4.6)	23.5 16.6	9.8	24.1 17.8	299.3

Fiscal year ending March 31, 2016

FY2015	FY2015 1Q actual	Y on Y change %	FY2015 2Q actual	Y on Y change %	FY2015 3Q actual	Y on Y change %
Net sales	63.9	1.8	74.4	10.9	87.6	24.4
Cost of sales	28.3 18.0	(9.0)	24.7 18.4	0.5	21.4 18.7	(9.2)
Gross profit	45.8	6.8	56.0	14.8	68.9	38.4
SG & A expenses	52.1 33.3	(4.5)	46.5 34.6	1.4	42.7 37.4	2.6
Selling & general expenses	22.7	(1.9)	23.4	3.2	23.9	(0.5)
R & D expenses	10.6	(9.5)	11.2	(2.1)	13.5	8.6
Operating income	19.6 12.5	55.7	28.8 21.4	45.9	36.0 31.5	136.2
Non-operating income & expenses	2.1		(1.2)		0.2	
Ordinary income	22.9 14.6	7.1	27.1 20.2	13.5	36.2 31.8	56.4
Extraordinary income & loss	-		(0.1)		(1.1)	
Income before income taxes	14.6		20.0		30.6	
Income taxes and profit attributable to non-controlling interests	4.9		8.3		10.3	
Profit attributable to owners* of parent	15.1 9.7	(6.4)	15.8 11.7	-	23.1 20.3	22.5

* The Company changed "Profit attributable to owners of parent" from "Net income".

3. Pipeline (as of February 2016)

Areas	Code No. (Generic name) 【Product name】	Category (Administration)	Indication	Stage	Origin	Development
Infectious disease	S-649266	Cephem antibiotic (injection)	Severe Gram-negative infections	Global: Phase II & III	In-house	In-house
	S-033188	Anti-influenza virus infection (oral)	Influenza virus infection	Japan: Phase II	In-house	In-house
Pain/CNS	LY248686 (duloxetine hydrochloride) 【Cymbalta®】	SNRI (serotonin & noradrenaline reuptake inhibitor) (oral)	Pain associated with chronic low back pain	Japan: NDA submission (Dec. 2014)	Eli Lilly (USA)	Shionogi/Eli Lilly Japan K.K.
	S-877503 (guanfacine hydrochloride)	Alpha-2A-adrenergic receptor agonist (oral)	ADHD (pediatric)	Japan: NDA submission (Jan. 2016)	Shire (Ireland)	Shionogi/Shire
	LY248686 (duloxetine hydrochloride) 【Cymbalta®】	SNRI (serotonin & noradrenaline reuptake inhibitor) (oral)	Pain associated with osteoarthritis	Japan: NDA submission (in preparation)	Eli Lilly (USA)	Shionogi/Eli Lilly Japan K.K.
	S-297995 (naldemedine tosilate)	Peripheral opioid receptor antagonist (oral)	Opioid-induced constipation	Global: NDA submission (in preparation)	In-house	In-house
	S-877489 (lisdexamfetamine)	DA and NE reuptake inhibitor/releases of DA, NE (oral)	ADHD (pediatric)	Japan: Phase III	Shire (Ireland)	Shionogi/Shire
	S-877503 (guanfacine hydrochloride)	Alpha-2A-adrenergic receptor agonist (oral)	ADHD (adult)	Japan: Phase III	Shire (Ireland)	Shionogi/Shire
	S-120083	Analgesic agent for inflammatory pain (oral)	Inflammatory pain	Japan: Phase I	Shionogi/Purdue Pharma L.P. (USA)	Shionogi/Purdue Pharma L.P.
	S-010887	Analgesic agent for neuropathic pain (oral)	Neuropathic pain	Japan: Phase I	In-house	In-house
	S-117957	Agent for insomnia (oral)	Insomnia	USA: Phase I	Shionogi/Purdue Pharma L.P. (USA)	Shionogi/Purdue Pharma L.P.
Metabolic disorder	S-237648	Neuropeptide Y Y5 receptor antagonist (oral)	Obesity	Japan: Phase II	In-house	In-house
	S-707106	Insulin sensitizer (oral)	Type 2 diabetes	USA: Phase IIa	In-house	In-house
Frontier	S-888711 (lusutrombopag) 【MULPLETA®】(Japan)	Thrombopoetin (TPO) receptor agonist (oral)	Thrombocytopenia associated with chronic liver disease	Japan: Approval (Sep. 2015) Global: Phase III	In-house	In-house
	Ospemifene 【USA: Ospheña®】 【EU: Senshio®】	Selective estrogen receptor modulator (oral)	Vaginal dryness associated with postmenopausal VVA	USA: Phase III	QuatRx (USA)	In-house
	S-524101	Sublingual tablet of house-dust mite allergen extracts for immunotherapy (sublingual)	Pediatric patients with perennial allergic rhinitis caused by HDM	Japan: Phase III	Stallergenes (France)	In-house
	S-588410	Cancer peptide vaccine (injection)	Esophageal cancer	Japan: Phase III	OncoTherapy Science, Inc. (Japan)	In-house
	S-555739	Prostaglandin D2 receptor antagonist (oral)	Allergic rhinitis	Japan: Phase III USA: Phase IIa Europe: POM (Proof of Mechanism)	In-house	In-house
	S-588410	Cancer peptide vaccine (injection)	Bladder cancer	Japan, Europe: Phase II	OncoTherapy Science, Inc. (Japan)	In-house
	S-525606	Sublingual tablet of Japanese cedar allergen extracts for immunotherapy (sublingual)	Allergic rhinitis caused by Japanese cedar allergen	Japan: Phase II	Stallergenes (France)	In-house
	S-488210	Cancer peptide vaccine (injection)	Head and neck squamous cell carcinoma	Europe: Phase I/II	OncoTherapy Science, Inc. (Japan)	In-house
S-222611	HER2/EGFR dual inhibitor (oral)	Malignant tumor	Europe: Phase I/II	In-house	In-house	

<Out-Licensing Activity>

Code No. (Generic name)	Category (Administration)	Indication	Stage	Origin	Development
S/GSK1265744 LAP* (cabotegravir)	Integrase inhibitor (injection)	For the treatment and prevention for HIV infection	USA: Phase II	Shionogi-ViiV Healthcare LLC	ViiV Healthcare Ltd. (UK)
S-0373	Non-peptide mimetic of TRH (oral)	Spinocerebellar ataxia	Japan: Phase III	In-house	Kissei Pharmaceutical Co., Ltd. (Japan)
Janssen/Shionogi BACE inhibitor	BACE inhibitor (oral)	Alzheimer's disease	Global: Phase II/III	In-house	Janssen Pharmaceuticals, Inc. (USA)

*: Long acting parenteral formulation

<Drugs to acquire new indication requested by the Ministry of Health, Labour and Welfare>

Generic name 【Product name】	Category (Administration)	Indication	Stage	Origin	Development
Oxycodone hydrochloride hydrate 【OxyContin®】	Natural opium alkaloids (oral)	For the treatment of moderate to severe chronic pain	Japan: Phase III	Napp Pharmaceuticals Limited (UK)	In-house

Since October 2015

Change of phase	S-649266: Global: Phase II → Global: Phase II, Phase III
	S-877503: ADHD (pediatric) : Japan: NDA submission (in preparation)→NDA submission (Jan. 2016)
Compound added to the list	Ospemifene: Vaginal dryness associated with postmenopausal VVA: USA: Phase III
	S-877503: ADHD (adult): Japan: Phase III
Compound erased from the list	S-718632 (hydorcodone): Termination of Egalet collaboration (Dec.2015)