



# Financial Results for Fiscal Year 2015 (Consolidated)

May 11, 2016

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

Listed Exchanges: Section I of Tokyo

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

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Scheduled date of Annual General Meeting of Shareholders: June 23, 2016

Scheduled date of dividend payments: June 24, 2016

Scheduled date of annual securities report submission: June 23, 2016

Preparation of supplemental material for financial results: Yes

Holding of presentation for 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 March 31, 2016

### (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	%
Year ended March 31, 2016	309,973	13.1	91,406	81.5	100,869	29.5	66,687	51.4
Year ended March 31, 2015	273,991	(5.4)	50,365	(18.6)	77,880	25.2	44,060	8.5

Reference: Comprehensive income: Year ended March 31, 2016: 53,155 million yen ((10.0)%) Year ended March 31, 2015: 59,092 million yen ((14.8)%)

	Earnings per share	Earnings per share (diluted)	Return on Equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2016	204.83	201.70	13.6	16.2	29.5
Year ended March 31, 2015	132.67	132.04	9.4	13.2	18.4

Reference: Equity in earnings (losses) of affiliates: Year ended March 31, 2016: — million yen Year ended March 31, 2015: (1) million yen

### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2016	639,638	513,877	79.6	1,564.73
As of March 31, 2015	602,900	478,883	78.7	1,456.70

Reference: Shareholders' equity As of March 31, 2016: 509,439 million yen As of March 31, 2015: 474,259 million yen

### (3) Consolidated cash flows

	From operating activities	From investing activities	From financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2016	102,290	(32,894)	(18,525)	127,743
Year ended March 31, 2015	45,604	(31,696)	(46,211)	78,722

## 2. Dividends

(Date of record)	Dividends per share					Total dividends (Annual)	Payout ratio (consolidated)	Ratio of dividends to net assets
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Annual			
	yen	yen	yen	yen	yen	Millions of yen	%	%
Year ended March 31, 2015	—	24.00	—	28.00	52.00	17,153	39.2	3.7
Year ended March 31, 2016	—	28.00	—	34.00	62.00	20,185	30.3	4.1
Year ending March 31, 2017 (forecast)	—	34.00	—	34.00	68.00		31.2	

## 3. Consolidated financial forecast for the year ending March 31, 2017

(% 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
Six months ending September 30, 2016	145,000	4.9	33,000	(2.8)	33,000	(5.1)	21,000	(1.8)	64.50
Year ending March 31, 2017	318,000	2.6	91,500	0.1	101,500	0.6	71,000	6.5	218.07

## ※ Notes

- (1) Significant changes in subsidiaries during the period (changes in specified subsidiaries involving changes in scope of consolidation): None
- (2) 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 "4. Consolidated Financial Statements (5) Notes Changes in Accounting Policies" on page 15 of the supplemental materials for the Financial Results for the Fiscal Year 2015 (Consolidated)

- (3) Number of shares issued (common stock)
- a) Number of shares issued (including treasury stock)
- |                       |                    |
|-----------------------|--------------------|
| As of March 31, 2016: | 351,136,165 shares |
| As of March 31, 2015: | 351,136,165 shares |
- b) Number of treasury stock
- |                       |                   |
|-----------------------|-------------------|
| As of March 31, 2016: | 25,559,022 shares |
| As of March 31, 2015: | 25,564,239 shares |
- c) Average number of shares issued during the period
- |                       |                    |
|-----------------------|--------------------|
| As of March 31, 2016: | 325,578,864 shares |
| As of March 31, 2015: | 332,103,674 shares |

## (Reference) Non-consolidated financial results

### Non-consolidated results for the period from April 1, 2015 to March 31, 2016

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2016	283,428	14.8	102,212	66.5	103,642	47.2	74,975	77.9
Year ended March 31, 2015	246,980	(4.9)	61,398	(14.2)	70,409	(4.2)	42,153	(22.8)

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
Year ended March 31, 2016	230.28	226.77
Year ended March 31, 2015	126.93	126.33

- (2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2016	597,753	485,167	81.1	1,489.09
As of March 31, 2015	537,567	430,129	80.0	1,320.32

Reference: Shareholders' equity As of March 31, 2016: 484,814 million yen As of March 31, 2015: 429,859 million yen

### ※ Implementation Status of Audit Procedures

This Financial Results Report is exempt from the audit procedures stipulated under the Financial Instruments and Exchange Act of Japan. Audit procedures applicable to financial statements stipulated under the Financial Instruments and Exchange Act had not been completed at the time of disclosure of this Financial Results Report.

### ※ Explanation Concerning the Appropriate Use of Financial Results Forecasts and Other Special Instructions

(Cautionary note concerning forward-looking statements)

The forecast of financial results and forward-looking statements contained in this report are based on information currently available to the Company as well as certain assumptions that it judges to be reasonable. Actual results may differ materially due to a variety of factors.

For details of the assumptions used in the forecast of financial results and a cautionary note concerning appropriate use, please refer to "2. Financial forecast for the year ending March 31, 2017" on page 3 of the accompanying materials.

(Method of Obtaining Financial Results Supplementary Materials and Details of Results Briefing Meeting)

Financial results supplementary materials are posted via TDnet on the date of disclosure. The Company plans to hold a results briefing meeting for analysts on Thursday, May 12, 2016. Plans are also in place to post audio explanatory details together with financial results explanatory materials distributed to analysts on May 12, 2016 on the Company's website in a timely manner after the results briefing.

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## 1. Analysis of Financial Results

### (1) Analysis of results of operations

#### 1) Results for the fiscal year ended March 31, 2016

##### a. Sales and profit

Consolidated operating results

	<i>Billions of yen</i>			
	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
Year ended March 31, 2016	310.0	91.4	100.9	66.7
Year ended March 31, 2015	274.0	50.4	77.9	44.1
Percentage increase(decrease)	13.1	81.5	29.5	51.4

Net sales were ¥310.0 billion, a 13.1 percent increase year on year. Domestic prescription drug sales of ¥162.1 billion (0.4 percent increase), exports and overseas subsidiary sales of ¥29.7 billion (3.6 percent increase) and royalty income of ¥101.8 billion (67.8 percent increase) all contributed to sales growth.

Operating income increased 81.5 percent to a record ¥91.4 billion. Factors contributing to the increase in operating income included improvement in the cost-to-sales ratio as a result of a change in the co-marketing arrangement for the antidepressant drug and pain medication Cymbalta with Eli Lilly Japan K.K. ("Eli Lilly"), and more efficient use of selling, general and administrative expenses, including research and development expenses.

Ordinary income increased 29.5 percent to ¥100.9 billion, setting a new record for the fourth consecutive year. Dividend income from UK-based ViiV Healthcare Ltd. ("ViiV") decreased because two years of dividend income were recorded in the previous year due to a change in the timing of recognition of dividend income, whereas in fiscal 2015, one year of dividends was recorded as usual.

Profit attributable to owners of parent increased 51.4 percent to ¥66.7 billion because of payment of income taxes for prior years in the previous fiscal year, in addition to the increase in operating income.

##### ▪ Domestic sales of prescription drugs

Domestic sales of prescription drugs increased 0.4 percent year on year to ¥162.1 billion. Sales of the eight strategic products, centered on hyperlipidemia treatment Crestor, hypertension treatment Irbetan franchise and antidepressant drug Cymbalta expanded 3.8 percent year on year to ¥99.4 billion, which more than offset the decrease in sales of long-listed products and contributed to sales growth.

During fiscal 2015, Shionogi launched two new drugs in areas of high unmet medical need: MULPLETA, a treatment for thrombocytopenia, and Actair, a treatment for allergic rhinitis caused by mite allergen. In addition, the eight strategic products accounted for 61.3 percent of Shionogi's total domestic prescription drug sales, up from 59.3 percent in the previous fiscal year, as new products increased their share of the product portfolio, further reducing the risk of sales declines due to drug price reductions.

##### ▪ Exports/overseas subsidiary sales and royalty income

Exports and overseas subsidiary sales increased 3.6 percent year on year to ¥29.7 billion. In U.S. business, Ospemifene (ospemifene), a treatment for postmenopausal vulvar and vaginal atrophy (VVA), was the only drug that increased sales in the shrinking VVA market. In addition, the Shionogi Group began a phase III clinical trial for an additional indication to maximize the value of Ospemifene in the United States. In Europe, sales began under the brand name Senshio in Italy, which has an aging population.

Total royalty income increased 67.8 percent to ¥101.8 billion. Global sales of the anti-HIV drug Tivicay and the combination drug Triumeq, which Shionogi licensed to ViiV, exceeded £1.3 billion (approximately ¥230.0 billion), and royalties from ViiV increased ¥5.8 billion to ¥40.5 billion. Royalties from Crestor were ¥47.6 billion, an increase of 0.4 percent, partly because of the weak yen.

## b. Research and development

### ▪ Discovery research

During fiscal 2015, in addition to enhancing ongoing global development and discovery research programs, the Shionogi Group focused on raising research productivity in collaboration with outside institutions and building a highly competitive research foundation. As a result, Shionogi licensed a potential treatment for multidrug-resistant bacterial infections that was discovered by a Shionogi research laboratory, to GlaxoSmithKline plc. In addition, a potential treatment for Alzheimer's disease was discovered through joint research with a group company of Johnson & Johnson, and advanced it to the preclinical stage. In collaboration with outside institutions, Shionogi has accelerated discovery research in the areas of pain/CNS as well as emerging and re-emerging infectious diseases by cooperating with external partners such as PeptiDream Inc. and Nissan Chemical Industries, Ltd. and through external funding. In collaboration with academia, Shionogi collaborates with domestic universities and has also begun working on new discovery research in the UK by joining an industry-academic consortium in Cambridge.

### ▪ Global development

In fiscal 2015, the Shionogi Group upgraded its global development framework covering Japan, the United States, Europe and Asia and worked to further improve strategic decision-making functions with the aim of increasing the productivity of new drug development. As a result, the Shionogi Group independently conducted global development of naldemedine, a potential treatment for opioid-induced constipation that the Group has positioned as one of its next core products, and filed simultaneous applications for approval in Japan and the United States in March 2016. In addition, S-033188 for the treatment of influenza virus infections was designated for priority review by the Ministry of Health, Labour and Welfare of Japan. Overseas, phase III clinical trials on S-649266 for the treatment of multidrug-resistant gram-negative bacterial infections are under way. In Japan, Cymbalta, which the Shionogi Group has been co-developing with Eli Lilly, obtained approval for the additional indications of pain associated with fibromyalgia in May 2015 and pain associated with chronic lower back pain in March 2016. An application has also been filed for the additional indication of pain associated with osteoarthritis.

## 2) Financial forecast for the year ending March 31, 2017

The financial forecast for the year ending March 31, 2017 is as follows.

*Millions of yen*

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
Year ending March 31, 2017	318,000	91,500	101,500	71,000
Year ended March 31, 2016	309,973	91,406	100,869	66,687
Percentage increase	2.6	0.1	0.6	6.5

Although NHI drug price revisions were implemented in April 2016, Shionogi is projecting an increase in net sales because of the expected increase in royalty income with the expansion in global sales of Tivicay and Triumeq by ViiV. Expenses are projected to rise due to preparations for new product launches, but with the aforementioned increase in royalty income from Tivicay and Triumeq, operating income, ordinary income and profit attributable to owners of parent are each projected to increase.

## (2) Analysis of financial position

### 1) Assets, liabilities and net assets

As of March 31, 2016, total assets were ¥639,638 million, an increase of ¥36,738 million from a year earlier. Current assets increased ¥55,662 million, largely reflecting decreases in notes and accounts receivable – trade and inventories, and increases in cash and deposits and short-term investment securities. Non-current assets decreased ¥18,924 million, mainly due to a decrease associated with sales and lower valuation of investment securities and a decrease due to impairment losses on intangible assets and the effect of foreign currency translation.

Total liabilities were ¥125,761 million, an increase of ¥1,744 million from a year earlier. Current liabilities increased ¥4,188 million, mainly due to increases in income taxes payable and provision for bonuses. Non-current liabilities decreased ¥2,443 million, mainly reflecting a decrease in deferred tax liabilities due to a decline in the market value of stocks.

Net assets were ¥513,877 million, an increase of ¥34,993 million from a year earlier. Shareholders' equity increased ¥48,443 million due to profit attributable to owners of parent. Accumulated other comprehensive income decreased ¥13,264 million due to the effect of foreign exchange rates and stock prices. Subscription rights to shares increased ¥81 million to ¥352 million and non-controlling interests decreased ¥267 million to ¥4,085 million.

## 2) Cash flows

For the fiscal year ended March 31, 2016, in addition to the increase in income before income taxes, working capital was reduced due to a decrease in trade receivables, and dividend income also increased. As a result, net cash provided by operating activities increased ¥56,685 million to ¥102,290 million.

Net cash used in investing activities increased ¥1,198 million to ¥32,894 million due to payments into time deposits with terms of more than three months, which offset proceeds from redemption of bank debentures.

Net cash used in financing activities was ¥18,525 million, mainly due to cash dividends paid. As a result, cash and cash equivalents at the end of the period increased ¥49,021 million to ¥127,743 million.

### Cash flow indicators

	Year ended March 31, 2012	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2016
Net worth ratio	65.9%	73.1%	79.9%	78.7%	79.6%
Net worth ratio on market value basis	73.4%	113.2%	110.3%	216.3%	269.6%
Interest-bearing liabilities/Cash flow ratio	1.7	1.2	0.4	0.2	0.1
Interest coverage ratio (times)	44.5	55.0	87.3	145.1	533.6

Notes: *Net worth ratio: Total net assets/Total assets*

*Net worth ratio on market value basis: Total market value of stock/Total assets*

*Interest-bearing liabilities/Cash flow ratio: Interest-bearing liabilities/Net cash provided by operating activities*

*Interest coverage ratio: Net cash provided by operating activities/Interest expense*

1. All indicators are calculated on a consolidated basis.

2. Total market value of stock is calculated based on the total number of shares outstanding excluding treasury stock.

3. Net cash provided by operating activities is as reported in the consolidated statements of cash flows.

4. Interest-bearing liabilities are liabilities stated on the consolidated balance sheets on which interest is paid.

5. The Company changed its accounting policy for research and development expenses effective April 1, 2014. Figures for the fiscal year ended March 31, 2014 have been restated to reflect this change.

## (3) Fundamental policy on the appropriation of retained earnings and cash dividends for the fiscal years ended March 31, 2016 and ending March 31, 2017

In the new medium-term business plan Shionogi Growth Strategy 2020 (SGS2020), the Shionogi Group stated its policy of using dividends on equity (DOE) as an indicator to steadily increase dividends in proportion to growth, and set a DOE target of 3.5 percent or more for the fiscal year ended March 31, 2016.

Regarding results of initiatives in the fiscal year ended March 31, 2016, sales of Tivicay and Triumeq by ViiV are expanding steadily, deepening confidence that royalties and dividends from ViiV will support the Shionogi Group's revenue foundation over the medium and long term and contribute to growth. Furthermore, Shionogi's research and development activities also made steady progress, and preparations are under way for the global launch of Shionogi products that are currently in development. Therefore, Shionogi plans to pay a year-end dividend of ¥34 per share for the fiscal year ended March 31, 2016. Combined with the interim cash dividend, this will result in total annual cash dividends of ¥62 per share.

## 2. Management Policy

### (1) Fundamental management policy

Shionogi's corporate philosophy is to "constantly strive to provide medicine of the best possible kind essential for protection of people's health." For this purpose, we must create and manufacture progressively better pharmaceuticals, while ensuring that as many people as possible know about and use them. To accomplish this goal, we believe that having all of Shionogi's people improve technologies day by day enables us to contribute to expanding the benefits we offer our customers, shareholders, business partners, society, our employees, and all our other stakeholders.

### (2) Management strategy and challenges ahead

In SGS2020, the Shionogi Group is using a management-by-objective approach, annually updating its business plan for the three years ahead on a rolling basis to respond to changes in the external environment and achieve the targets for fiscal 2020. In fiscal 2016, the Group formulated and began implementing the business plan through fiscal 2018 based on the results of the previous year and new challenges.

#### 1) Discovery research

Due to rising medical costs with the aging of populations worldwide, there is a need for increasingly higher productivity in discovery research. Continuously creating better medicines at lower cost for patients is the challenge facing research-driven pharmaceutical companies. In response to this societal need, we will aim to create new global drugs to treat infectious diseases and pain/CNS, our areas of strength. We will also accelerate our discovery research program using various discovery approaches such as peptide drug discovery. To expand our competencies, we will promote industry-academia and business-to-business collaboration in Japan and overseas. In addition, we will accelerate exploratory research and clinical use of biomarkers, which can accurately measure disease progression and therapeutic effect, as well as development of diagnostics. Through these initiatives, we aim to maintain the share of compounds created at Shionogi research laboratories in our development pipeline at 50 percent or greater.

#### 2) CMC research <sup>\*1</sup>

We will respond quickly and flexibly to the relevant regulatory authorities for naldemedine, a potential treatment for opioid-induced constipation, for which we submitted applications simultaneously in March in Japan and the United States. In addition, we are preparing to submit an application for approval of S-649266 for treatment of multidrug-resistant gram-negative bacterial infections in the United States, and are making preparations for a phase III clinical trial and new drug application for S-033188 for the treatment of influenza virus infections in Japan. In domestic development, we will focus on research related to commercialization of a tamper resistant formulation of mainstay product OxyContin. We will continue to accelerate the progress of clinical development programs by using CMC technologies to drive development of high-value-added products, and will also focus on creation of new therapeutic entities <sup>\*2</sup>.

\*1: Research that integrates API process research, formulation development research and quality evaluation research

\*2: Development research for the addition of new dosage forms, new routes of administration and new indications using known compounds

#### 3) Global development

In fiscal 2016, functional enhancement and standardization of global operations will be a priority. Starting in fiscal 2017, the exclusivity periods of our eight strategic products in Japan will end one after another. Therefore, we will advance as many as seven global phase III clinical trials and steadily file applications for approval with the aim of the earliest possible launches. In support of that effort, we will continue to enhance strategic decision-making functions and utilize IT systems, clinical data, and investigator-initiated clinical research. Furthermore, we will enhance the functions of the Medical Affairs Department, plan and execute clinical research of Shionogi Group products, and accumulate medical evidence.

#### 4) Production and supply chain management

Public interest in the environmental, health and safety (EHS) initiatives of global companies is rising, and more customers are placing importance on EHS when they purchase products or select contract manufacturers.

In April 2016, the Shionogi Group established a new EHS Unit to assess the impact of the Group's business activities on EHS, set new goals and strengthen efforts for improvement. Particularly in procurement, manufacturing and supply activities, the Shionogi Group will conduct ongoing initiatives to promote the health and safety of its employees and people at affiliated companies and environmental preservation in local communities while continuing to economically provide stable supplies of high-quality products to the market.

## 5) Marketing and sales

In Japan, the Shionogi Group seeks to expand sales by concentrating resources on providing information about strategic products, including Crestor OD Tablets, which will be launched in June 2016. We will also promote appropriate use and work on phase IV development of Cymbalta, which was approved for the additional indication of pain associated with chronic low back pain in March 2016. Preparations have also begun for the launch of ADHD treatment S-877503, which is expected to be a future core product.

In overseas business, we will work to maximize the value of Osphena in the United States and Sensio in Europe. In the United States, preparations are moving forward for the launches of naldemedine, which we developed globally, and S-649266, a treatment for multidrug-resistant gram-negative bacterial infections.

To actualize its Management Policy – “to strive constantly to supply the best possible medicine to protect the health and well-being of the patients we serve” – on a global basis, the Shionogi Group will grow as a drug discovery-based pharmaceutical company and to contribute to the growth and advancement of the Japanese economy as a global pharmaceutical company that is trusted by patients, their families, healthcare providers and other stakeholders.

## 3. Accounting Standards

The Shionogi Group applies Japanese generally accepted accounting principles (GAAP), as they have reached a level of high quality and consistency with international standards as a result of convergence with International Financial Reporting Standards (IFRS), and are recognized by the European Union as equivalent to IFRS.

The Shionogi Group is taking steps toward adopting IFRS in the future, but has not yet set a timetable for adoption.



## 4. Consolidated Financial Statements

### (1) Consolidated balance sheets

Millions of yen

	As of March 31, 2015		As of March 31, 2016	
<b>Assets</b>				
Current assets				
Cash and deposits	*1	50,784	*1	80,230
Notes and accounts receivable-trade		70,584		65,207
Short-term investment securities		58,700		97,200
Merchandise and finished goods		18,943		21,263
Work in process		11,786		8,839
Raw materials and supplies		13,751		12,080
Deferred tax assets		13,538		13,301
Other		21,886		17,532
Allowance for doubtful accounts		(28)		(45)
Total current assets		259,948		315,611
Non-current assets				
Property, plant and equipment				
Buildings and structures		113,007		114,978
Accumulated depreciation		(65,730)		(67,992)
Buildings and structures, net		47,277		46,985
Machinery, equipment and vehicles		79,536		80,516
Accumulated depreciation		(69,692)		(70,583)
Machinery, equipment and vehicles, net		9,844		9,933
Land		8,409		8,408
Construction in progress		5,415		7,871
Other		36,971		37,519
Accumulated depreciation		(30,895)		(32,044)
Other, net		6,075		5,474
Total property, plant and equipment		77,022		78,673
Intangible assets				
Goodwill		46,534		41,208
Sales rights		29,055		26,282
Other		4,738		4,135
Total intangible assets		80,328		71,626
Investments and other assets				
Investment securities	*2	158,339	*2	146,451
Net defined benefit asset		18,439		19,663
Deferred tax assets		7,186		5,163
Other		1,696	*2	2,491
Allowance for doubtful accounts		(62)		(44)
Total investments and other assets		185,600		173,727
Total non-current assets		342,951		324,027
Total assets		602,900		639,638

Millions of yen

	As of March 31, 2015	As of March 31, 2016
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	11,572	11,050
Current portion of long-term loans payable	38	—
Income taxes payable	16,447	20,294
<b>Provision</b>		
Provision for bonuses	8,315	10,118
Provision for sales returns	2,873	2,414
Other provision	45	88
<b>Total provisions</b>	<b>11,233</b>	<b>12,621</b>
Other	*1 28,501	*1 28,016
<b>Total current liabilities</b>	<b>67,794</b>	<b>71,982</b>
<b>Non-current liabilities</b>		
Bonds payable	20,094	20,074
Long-term loans payable	10,000	10,000
Deferred tax liabilities	14,538	12,856
Net defined benefit liability	9,901	9,447
Other	1,688	1,400
<b>Total non-current liabilities</b>	<b>56,222</b>	<b>53,778</b>
<b>Total liabilities</b>	<b>124,016</b>	<b>125,761</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	21,279	21,279
Capital surplus	20,227	20,227
Retained earnings	455,497	503,946
Treasury stock	(49,754)	(49,759)
<b>Total shareholders' equity</b>	<b>447,249</b>	<b>495,693</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	28,675	26,748
Foreign currency translation adjustment	3,843	(7,333)
Remeasurements of defined benefit plans	(5,508)	(5,669)
<b>Total accumulated other comprehensive income</b>	<b>27,010</b>	<b>13,745</b>
Subscription rights to shares	270	352
Non-controlling interests	4,353	4,085
<b>Total net assets</b>	<b>478,883</b>	<b>513,877</b>
<b>Total liabilities and net assets</b>	<b>602,900</b>	<b>639,638</b>

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

### Consolidated statements of income

Millions of yen

	Year ended March 31, 2015		Year ended March 31, 2016	
Net sales	*1	273,991	*1	309,973
Cost of sales	*1, *2	82,189	*1, *2	74,758
Gross profit		191,801		235,214
Selling, general and administrative expenses	*3, *4	141,436	*3, *4	143,808
Operating income		50,365		91,406
Non-operating income				
Interest income		500		774
Dividends income		22,022		11,136
Foreign exchange gains		8,094		—
Other		878		752
Total non-operating income		31,495		12,663
Non-operating expenses				
Interest expenses		274		207
Contribution		1,160		1,069
Foreign exchange losses		—		828
Litigation expenses		625		339
Other		1,919		755
Total non-operating expenses		3,979		3,200
Ordinary income		77,880		100,869
Extraordinary income				
Gain on sales of investment securities		86		3,066
Gain on sales of non-current assets	*5	5,584		—
Gain on transfer of business	*6	189		—
Total extraordinary income		5,860		3,066
Extraordinary loss				
Impairment loss		—	*7	2,583
Settlement package	*8	1,306	*8	1,900
Special retirement expenses	*9	383	*9	1,295
Loss on valuation of investment securities		—		704
Total extraordinary losses		1,689		6,483
Income before income taxes		82,051		97,452
Income taxes-current		20,820		28,724
Income taxes for prior periods		13,543		—
Income taxes-deferred		3,468		2,100
Total income taxes		37,832		30,824
Profit		44,218		66,628
Profit (loss) attributable to non-controlling interests		158		(58)
Profit attributable to owners of parent		44,060		66,687

**Consolidated statements of comprehensive income***Millions of yen*

	Year ended March 31, 2015	Year ended March 31, 2016
Profit	44,218	66,628
Other comprehensive income		
Valuation difference on available-for-sale securities	3,385	(1,927)
Foreign currency translation adjustment	10,408	(11,384)
Remeasurements of defined benefit plans	1,079	(160)
Total other comprehensive income	* 14,873	* (13,473)
Comprehensive income	59,092	53,155
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	58,482	53,422
Comprehensive income attributable to non-controlling interests	610	(267)

**(3) Consolidated statements of changes in net assets**

Year ended March 31, 2015

	<i>Millions of yen</i>				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	21,279	20,227	429,526	(19,756)	451,277
Cumulative effects of changes in accounting policies			(2,014)		(2,014)
Restated balance	21,279	20,227	427,512	(19,756)	449,263
Changes of items during period					
Dividends of surplus			(16,075)		(16,075)
Profit attributable to owners of parent			44,060		44,060
Purchase of treasury stock				(30,016)	(30,016)
Disposal of treasury stock		0		17	18
Other					—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	0	27,984	(29,998)	(2,013)
Balance at the end of current period	21,279	20,227	455,497	(49,754)	447,249

	<i>Millions of yen</i>						Total net assets
	Accumulated other comprehensive income						
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	
Balance at the beginning of the period	25,289	(6,113)	(6,588)	12,587	207	3,762	467,836
Cumulative effects of changes in accounting policies							(2,014)
Restated balance	25,289	(6,113)	(6,588)	12,587	207	3,762	465,821
Changes of items during period							
Dividends of surplus							(16,075)
Profit attributable to owners of parent							44,060
Purchase of treasury stock							(30,016)
Disposal of treasury stock							18
Other							—
Net changes of items other than shareholders' equity	3,385	9,956	1,079	14,422	62	590	15,075
Total changes of items during period	3,385	9,956	1,079	14,422	62	590	13,061
Balance at the end of current period	28,675	3,843	(5,508)	27,010	270	4,353	478,883

Year ended March 31, 2016

	<i>Millions of yen</i>				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	21,279	20,227	455,497	(49,754)	447,249
Cumulative effects of changes in accounting policies					—
Restated balance	21,279	20,227	455,497	(49,754)	447,249
Changes of items during period					
Dividends of surplus			(18,232)		(18,232)
Profit attributable to owners of parent			66,687		66,687
Purchase of treasury stock				(25)	(25)
Disposal of treasury stock		(6)		20	14
Other		5	(5)		—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(0)	48,449	(4)	48,443
Balance at the end of current period	21,279	20,227	503,946	(49,759)	495,693

	<i>Millions of yen</i>						
	Accumulated other comprehensive income						
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at the beginning of the period	28,675	3,843	(5,508)	27,010	270	4,353	478,883
Cumulative effects of changes in accounting policies							—
Restated balance	28,675	3,843	(5,508)	27,010	270	4,353	478,883
Changes of items during period							
Dividends of surplus							(18,232)
Profit attributable to owners of parent							66,687
Purchase of treasury stock							(25)
Disposal of treasury stock							14
Other							—
Net changes of items other than shareholders' equity	(1,927)	(11,176)	(160)	(13,264)	81	(267)	(13,450)
Total changes of items during period	(1,927)	(11,176)	(160)	(13,264)	81	(267)	34,993
Balance at the end of current period	26,748	(7,333)	(5,669)	13,745	352	4,085	513,877

**(4) Consolidated statements of cash flows***Millions of yen*

	Year ended March 31, 2015	Year ended March 31, 2016
Net cash provided by (used in) operating activities		
Income before income taxes	82,051	97,452
Depreciation and amortization	12,672	12,578
Impairment loss	—	2,583
Amortization of goodwill	2,978	3,290
Loss (gain) on disposal of property, plant and equipment	(4,645)	283
Loss (gain) on sales of investment securities	(86)	(3,066)
Loss (gain) on valuation of investment securities	—	704
Loss (gain) on transfer of business	(189)	—
Increase (decrease) in net defined benefit liability	(480)	(1,722)
Interest and dividends income	(22,522)	(11,911)
Interest expenses	274	207
Foreign exchange losses (gains)	(7,109)	3,632
Decrease (increase) in notes and accounts receivable-trade	(5,752)	5,195
Decrease (increase) in inventories	4,700	1,939
Increase (decrease) in notes and accounts payable-trade	529	760
Increase (decrease) in accrued expenses	(2,365)	1,231
Increase (decrease) in accounts payable-other	1,542	669
Other, net	4,629	(755)
Subtotal	66,228	113,074
Interest and dividends income received	9,947	14,873
Interest expenses paid	(314)	(191)
Income taxes (paid) refund	(30,257)	(25,467)
Net cash provided by (used in) operating activities	45,604	102,290
Net cash provided by (used in) investing activities		
Payments into time deposits	(11,529)	(48,787)
Proceeds from withdrawal of time deposits	11,206	25,217
Purchase of short-term investment securities	(34,000)	(22,500)
Proceeds from sales and redemption of securities	10,000	25,000
Purchase of investment securities	(2,724)	(246)
Proceeds from sales of investment securities	544	4,021
Purchase of property, plant and equipment	(10,640)	(8,175)
Proceeds from sales of property, plant and equipment	8,277	11
Purchase of intangible assets	(2,739)	(6,925)
Payments for investments in capital of subsidiaries and associates	—	(543)
Purchase of investments in subsidiaries	(24)	—
Proceeds from transfer of business	235	—
Other, net	(302)	30
Net cash provided by (used in) investing activities	(31,696)	(32,894)

Millions of yen

	Year ended March 31, 2015	Year ended March 31, 2016
Net cash provided by (used in) financing activities		
Repayment of long-term loans payable	—	(38)
Proceeds from issuance of bonds	20,070	—
Redemption of bonds	(20,000)	—
Purchase of treasury stock	(30,050)	(25)
Cash dividends paid	(16,060)	(18,216)
Cash dividends paid to non-controlling interests	(19)	—
Other, net	(151)	(245)
Net cash provided by (used in) financing activities	(46,211)	(18,525)
Effect of exchange rate change on cash and cash equivalents	2,687	(1,847)
Net increase (decrease) in cash and cash equivalents	(29,616)	49,021
Cash and cash equivalents at beginning of period	108,338	78,722
Cash and cash equivalents at end of period	78,722	127,743



**(5) Notes****Going concern assumption**

None

**Changes in accounting policies**

## 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 consolidated financial statements for the fiscal year 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 fiscal year ended March 31, 2015 have been reclassified on the consolidated financial statements to reflect the change in presentation.

In the consolidated statements of cash flows, the classification of cash flows has been changed to record cash flows related to purchase or sale of investments in subsidiaries not involving changes in the scope of consolidation in "Net cash provided by (used in) financing activities," and to record expenses associated with purchase of investments in subsidiaries involving changes in the scope of consolidation, or cash flows related to expenses associated with purchase or sale of investments in subsidiaries not involving changes in the scope of consolidation, in "Net cash provided by (used in) operating activities."

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.

The Company has applied the transitional treatment stipulated in Article 26-4 of the Practical Guidelines on Accounting Standards for Preparing Consolidated Statements of Cash Flows, and did not reclassify comparative information in the consolidated statements of cash flows.

These changes have no material effect on the consolidated financial statements for the year ended March 31, 2016.

**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 consolidated financial statements.

**Changes in presentation methods**

## Consolidated statement of income

"Loss on disposal of noncurrent assets" posted under non-operating expenses for the previous fiscal year has been included in "Other" under non-operating expenses from the fiscal year ended March 31, 2016, since its amount no longer exceeds 10 percent of the total amount of non-operating expenses.

In order to reflect this change of presentation, the consolidated statements of income for the previous fiscal year have been reclassified.

As a result, ¥1,086 million presented as "Loss on disposal of noncurrent assets" under non-operating expenses in the consolidated statements of income for the previous fiscal year have been reclassified as "Other".

**Notes to consolidated balance sheets****\*1 Pledged assets and secured liabilities**

The assets listed below have been pledged as collateral against borrowings and other debts.

**1) Carrying value of pledged assets**

	As of March 31, 2015	As of March 31, 2016
Cash and deposits	6 million yen	6 million yen

**2) Liabilities secured by the above assets**

	As of March 31, 2015	As of March 31, 2016
'Other' of current liabilities	6 million yen	7 million yen

**\*2 Stocks etc, of unconsolidated subsidiaries and affiliates**

	As of March 31, 2015	As of March 31, 2016
Investments in securities (stocks etc.)	1,242 million yen	1,242 million yen
Other (Investments in capital)	—	573 million yen

**3 Guaranteed liabilities****Guarantee of loans from financial institutions and other companies not included in consolidation**

	As of March 31, 2015	As of March 31, 2016
Employee housing loans	5 million yen	4 million yen

**Notes to consolidated statements of income****\*1 Provision for (reversal of) sales returns included in net sales and cost of sales is as follows:**

	Year ended March 31, 2015	Year ended March 31, 2016
	(1,447) million yen	(458) million yen

**\*2 Inventories are stated at net selling value. The following inventory valuation totaling is included in cost of sales.**

	Year ended March 31, 2015	Year ended March 31, 2016
	1,688 million yen	1,184 million yen

**\*3 The major items and amounts included in selling, general and administrative expenses were as follows:**

	Year ended March 31, 2015	Year ended March 31, 2016
Sales promotional activities	16,912 million yen	18,028 million yen
Salaries	27,389	28,134
Provision for bonuses	4,505	5,647
Provision for directors' bonuses	45	88
Retirement benefit expenses	2,324	1,908
R & D expenses	48,870	49,787
[Provision for bonuses]	[2,488]	[3,122]
[Retirement benefit expenses]	[1,204]	[919]

**\*4 R&D expenses**

R&D expenses, which are included in SG&A expenses, were as follows. No R&D expenses are included in production expenses.

	Year ended March 31, 2015	Year ended March 31, 2016
	48,870 million yen	49,787 million yen

**\*5 Gain on sales of non-current assets**

Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

Buildings and land 5,584 million yen

**\*6 Gain on transfer of business**

Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

This gain is the transfer of all assets of the Company's wholly-owned subsidiary providing glycan analytical services in the United States.

**\*7 Impairment loss**

The Shionogi Group recognized asset impairment as follows:

Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

Location	Use	Class	Amount
The United Kingdom	Sales rights for a prescription drug	Sales rights	2,379 million yen
The United States	Sales rights for a prescription drug	Sales rights	204 million yen

The Shionogi Group categorizes assets for business operations into groups that are based on the product lines used in management accounting, and categorizes rental and underutilized assets individually.

Due to the termination of a development collaboration agreement between UK subsidiary Shionogi Limited and Egalet Corporation, the Shionogi Group recognized an impairment loss equal to the carrying value of sales rights related to the compound in development. In addition, U.S. subsidiary Shionogi Inc. recognized an impairment loss equal to the reduction in carrying value to the net realizable value of sales rights to a product following the transfer of the rights

**\*8 Settlement package**

Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

This expense is attributable to a lawsuit brought against Cowen Healthcare Royalty Partners by Shionogi Inc.

Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

This expense is attributable to Eli Lilly Japan K.K.

**\*9 Special retirement expenses**

Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

This expense is attributable to the retirement of Shionogi Inc.

Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

This expense is attributable to the retirement of Shionogi and Shionogi Inc.

Shionogi 1,003 million yen \*

Shionogi Inc. 292 million yen

\* Related to the system of transfers to subsidiaries

**Notes to consolidated statements of comprehensive income**

\* Amount of recycling and amount of income tax effect associated with other comprehensive income

	Year ended March 31, 2015	Year ended March 31, 2016
Valuation difference on available-for-sale securities		
Amount recognized in the period under review	4,018 million yen	(1,929) million yen
Amount of recycling	(67)	(2,361)
Before income tax effect adjustment	3,951	(4,291)
Amount of income tax effect	(565)	2,363
Valuation difference on available-for-sale securities	3,385	(1,927)
Deferred gains or losses on hedges		
Amount recognized in the period under review	(416)	(249)
Amount of recycling	416	249
Before income tax effect adjustment	—	—
Amount of income tax effect	—	—
Deferred gains or losses on hedges	—	—
Foreign currency translation adjustment		
Amount recognized in the period under review	10,426	(11,384)
Amount of recycling	(18)	—
Before income tax effect adjustment	10,408	(11,384)
Amount of income tax effect	—	—
Foreign currency translation adjustment	10,408	(11,384)
Remeasurements of defined benefit plans		
Amount recognized in the period under review	123	(1,258)
Amount of recycling	1,981	1,213
Before income tax effect adjustment	2,105	(44)
Amount of income tax effect	(1,025)	(116)
Remeasurements of defined benefit plans	1,079	(160)
Total other comprehensive income	14,873	(13,473)

**Notes to consolidated statement of changes in net assets**

Year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

## (1) Type and number of shares in issue and type and number of shares of treasury stock

	April 1, 2014	Increase	Decrease	Shares March 31, 2015
Shares in issue				
Common stock	351,136,165	—	—	351,136,165
Total	351,136,165	—	—	351,136,165
Treasury stock				
Common stock	16,242,701	9,336,238	14,700	25,564,239
Total	16,242,701	9,336,238	14,700	25,564,239

Note: 1. The increase in treasury stock by 9,336,238, including 9,329,900 shares acquisition based on the resolution of the Board of Directors and 6,338 shares reflects the purchase of odd-lot shares.

2. The decrease in treasury stock reflects the exercise of subscription rights to shares.

## (2) Matters concerning subscription rights and subscription rights owned by the Company

Category	Detail of subscription rights to shares	March 31, 2015
The Company (parent company)	Stock options	270 million yen
	Total	270 million yen

## (3) Dividends

## A) Dividend payments

Resolution	Category	Total dividends	Dividends per share	Dividend record date	Effective date
Annual General Meeting of Shareholders held on June 25, 2014	Common stock	8,037 million yen	24 yen	March 31, 2014	June 26, 2014
Meeting of Board of directors on October 29, 2014	Common stock	8,037 million yen	24 yen	September 30, 2014	December 1, 2014

## B) Dividends whose effective date is subsequent to March 31, 2015

Resolution	Category	Total dividends	Resolution	Dividends per share	Dividend record date	Effective date
Annual General Meeting of Shareholders to be held on June 24, 2015	Common stock	9,116 million yen	Retained earnings	28 yen	March 31, 2015	June 25, 2015

Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

## (1) Type and number of shares in issue and type and number of shares of treasury stock

	April 1, 2015	Increase	Decrease	Shares March 31, 2016
Shares in issue				
Common stock	351,136,165	—	—	351,136,165
Total	351,136,165	—	—	351,136,165
Treasury stock				
Common stock	25,564,239	5,183	10,400	25,559,022
Total	25,564,239	5,183	10,400	25,559,022

Note: 1. The increase in treasury stock reflects the purchase of odd-lot shares.

2. The decrease in treasury stock reflects the exercise of subscription rights to shares.

## (2) Matters concerning subscription rights and subscription rights owned by the Company

Category	Detail of subscription rights to shares	March 31, 2016
The Company (parent company)	Stock options	352 million yen
	Total	352 million yen

## (3) Dividends

## A) Dividend payments

Resolution	Category	Total dividends	Dividends per share	Dividend record date	Effective date
Annual General Meeting of Shareholders held on June 24, 2015	Common stock	9,116 million yen	28 yen	March 31, 2015	June 25, 2015
Meeting of Board of directors on October 29, 2015	Common stock	9,116 million yen	28 yen	September 30, 2015	December 1, 2015

## B) Dividends whose effective date is subsequent to March 31, 2016

The following is to be approved at the 151st Annual General Meeting of Shareholders to be held on June 23, 2016.

Resolution	Category	Total dividends	Resolution	Dividends per share	Dividend record date	Effective date
Annual General Meeting of Shareholders to be held on June 23, 2016	Common stock	11,069 million yen	Retained earnings	34 yen	March 31, 2016	June 24, 2016

**Notes to consolidated statements of cash flow**

\* Reconciliation of balance of cash and cash equivalents as of the period end with the amounts reported in the consolidated balance sheets:

	Year ended March 31, 2015	Year ended March 31, 2016
Cash and deposits	50,784 million yen	80,230 million yen
Time deposits with a maturity exceeding three months	(6,762)	(28,187)
Cash and cash equivalents including "Marketable securities"	34,700	75,700
Cash and cash equivalents	78,722	127,743

**Notes to segment information**

## Segment information

Year ended March 31, 2015 (April 1, 2014 to March 31, 2015) and Year ended March 31, 2016 (April 1, 2015 to March 31, 2016)

Shionogi group has a single business segment related to prescription drugs. The group operates research, development, purchase, manufacturing, and distributing prescription drugs and related businesses. While analysis of each product sales and profits or expenses of each subsidiary are made, decision of business strategy and allocation of the management resources, especially allocation of R&D expenses, are made on a company-wide basis. Therefore disclosure of segment information is omitted.

**Notes to amounts per share**

Item	Year ended March 31, 2015	Year ended March 31, 2016
Net assets per share	1,456.70 yen	1,564.73 yen
Earnings per share	132.67 yen	204.83 yen
Earnings per share (diluted)	132.04 yen	201.70 yen

Notes: 1. Information for the computation of Earnings per share and Earnings per share (diluted) is as follows.

Item	Year ended March 31, 2015	Year ended March 31, 2016
<i>Earnings per share</i>		
<i>Profit attributable to owners of parent</i>	<i>44,060 million yen</i>	<i>66,687 million yen</i>
<i>The amount which is not attributable to ordinary shareholders</i>	—	—
<i>Profit attributable to owners of parent related to common stocks</i>	<i>44,060 million yen</i>	<i>66,687 million yen</i>
<i>Average number of shares outstanding during the period</i>	<i>332,103 thousands of stocks</i>	<i>325,578 thousands of stocks</i>
<i>Earnings per share (diluted)</i>		
<i>Adjustments to profit attributable to owners of parent</i>	<i>(3) million yen</i>	<i>((13) million yen)</i>
<i>[Interest income, net tax]</i>	<i>[(3) million yen]</i>	<i>[(13) million yen]</i>
<i>Increase of common stock</i>	<i>1,560 thousands of stocks</i>	<i>4,988 thousands of stocks</i>
<i>[Bonds payable]</i>	<i>[1,376 thousands of stocks]</i>	<i>[4,787 thousands of stocks]</i>
<i>[Subscription rights to shares]</i>	<i>[184 thousands of stocks]</i>	<i>[200 thousands of stocks]</i>

2. Information for the computation of net assets per share is as follows.

Item	As of March 31, 2015	As of March 31, 2016
<i>Total net assets</i>	<i>478,883 million yen</i>	<i>513,877 million yen</i>
<i>Amount deducted from total net assets</i>	<i>4,623 million yen</i>	<i>4,438 million yen</i>
<i>[Amounts attributed to Subscription rights to shares in total net assets]</i>	<i>[270 million yen]</i>	<i>[352 million yen]</i>
<i>[Amounts attributed to non-controlling interests in total net assets]</i>	<i>[4,353 million yen]</i>	<i>[4,085 million yen]</i>
<i>Net assets at year end available to common stocks</i>	<i>474,259 million yen</i>	<i>509,439 million yen</i>
<i>Shares outstanding as of the period end</i>	<i>325,571 thousands of stocks</i>	<i>325,577 thousands of stocks</i>

**Important subsequent events**

None

## 5. Others

Change in Directors (Scheduled on June 23, 2016)

### (1) Change in Representative Directors

No change.

### (2) Change in Other Directors

- 1) Nominee for New Director  
Keiichi Ando (currently, President & CEO, New Kansai International Airport Co., Ltd.)
- 2) Retiring Outside Director  
Katsuhiko Machida
- 3) Nominee for New Standing Corporate Auditor  
Ikuo Kato (currently, Chairman, Shionogi Techno Advance Research Co., Ltd.)
- 4) Retiring Standing Corporate Auditor  
Mitsuaki Ohtani, Ph.D.

The change in Directors will be formally determined at the 151st Annual General Meeting of Shareholders to be held on June 23, 2016.