Financial Results for the Third Quarter of Fiscal Year 2012(Consolidated)

February 4, 2013

Name of Listed Company: **SHIONOGI & CO., LTD.** Listed Exchanges: Section I of Tokyo and Osaka

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

Representative: Isao Teshirogi, President and CEO

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Scheduled date of quarterly securities report submission: February 13, 2013

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, 2012 to December 31, 2012

(1) 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*	*%*
Nine months ended December 31, 2012	211,443	6.4	43,208	24.6	42,583	23.2	28,340	52.6
Nine months ended December 31, 2011	198,734	(8.5)	34,688	(2.9)	34,566	2.5	18,574	37.3

Note: Comprehensive income Nine months ended December 31, 2012 35,071 million yen (205.4 %)
Nine months ended December 31, 2011 11,482 million yen (- %)

	Earnings per share	Earnings per share (diluted)
	Yen	*Yen*
Nine months ended December 31, 2012	84.62	84.59
Nine months ended December 31, 2011	55.46	55.46

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	*Millions of yen*	*%*
As of December 31, 2012	527,889	368,944	69.3
As of March 31, 2012	522,161	347,198	65.9

Reference: Shareholders' equity As of December 31, 2012: 365,844 million yen As of March 31, 2012: 344,216 million yen

2. Dividends

	Dividends per share				
(Date of record)	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	Yen	*Yen*	*Yen*	*Yen*	*Yen*
Year ended March 31, 2012	—	20.00	—	20.00	40.00
Year ending March 31, 2013	—	20.00	—		
Year ending March 31, 2013 (forecast)				20.00	40.00

Note: Revisions of the most recent dividend forecast: None

3. Consolidated financial forecast for the year ending March 31, 2013

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

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	Millions of yen	*%*	*Millions of yen*	*%*	*Millions of yen*	*%*	*Millions of yen*	*%*	*Yen*
Year ending March 31, 2013	283,000	5.9	56,000	19.1	54,000	17.2	32,000	18.1	95.55

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.: None

b) Changes in accounting policies other than a) above: Yes

c) Changes in accounting estimates: Yes

d) Restatements: None

Note: Falls under Article 10, paragraph 5 of the Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements. 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 2012 (Consolidated)

(4) Number of shares issued (common stock)

a) Number of shares issued (including treasury stock)

As of December 31, 2012:	351,136,165 shares
As of March 31, 2012:	351,136,165 shares

b) Number of treasury stock

As of December 31 2012:	16,234,850 shares
As of March 31, 2012:	16,240,245 shares

c) Average number of shares issued during the period

Nine months ended December 31, 2012:	334,900,647 shares
Nine months ended December 31, 2011:	334,897,445 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, Financial Statements (3) Qualitative information regarding consolidated financial forecast" on page 2 of the supplemental materials for the Financial Results for the Third Quarter of Fiscal Year 2012 (Consolidated)

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1. Qualitative Information on Quarterly Financial Results

(1) Qualitative Information on Consolidated Operating Results

For the nine months ended December 31, 2012, net sales were ¥211,443 million, operating income was ¥43,208 million, ordinary income was ¥42,583 million, and net income was ¥28,340 million.

Regarding net sales, domestic sales of prescription drugs increased a marginal 0.3 percent compared with the same period of the previous fiscal year because growth in sales of Crestor, Irbetan and Cymbalta compensated for the impact of drug price revisions. Overseas, sales increased significantly because Shionogi Inc. recovered from substantial sales deductions recognized in the same period of the previous fiscal year and sales increased at Chinese subsidiary C&O Pharmaceutical Technology (Holdings) Limited. Furthermore, royalty income other than for Crestor increased. Overall, net sales increased 6.4 percent compared with the same period of the previous fiscal year.

Regarding profit, gross profit increased 9.0 percent compared with the same period of the previous fiscal year because of the increase in net sales and a lower cost of sales ratio due to the recovery in sales at Shionogi Inc. With the increase in selling, general and administrative expenses limited to 3.8 percent, operating income increased 24.6 percent and ordinary income increased 23.2 percent compared with the same period of the previous fiscal year. Net income increased 52.6 percent absent factors including the extraordinary loss in the United States in the same period of the previous fiscal year.

Shionogi and ViiV Healthcare Ltd. (ViiV) of the United Kingdom revised their agreement covering anti-HIV drugs. As a result, Shionogi recognized an extraordinary gain (gain on exchange of investment securities) of ¥41,118 million, which is the difference between the carrying value of the Shionogi Group's equity position in Shionogi-ViiV Healthcare L.P. and the market value (fair value) of a 10 percent equity position in ViiV. In addition, when revising the agreement Shionogi considered reallocation of the management resources of U.S. operations and tested for impairment of marketing rights and other assets associated with products that Shionogi Inc. handles. Regarding goodwill, Shionogi tested for impairment due to a change in grouping from the overall prescription drug business to U.S. operations. As a result, Shionogi recognized an impairment loss on fixed assets of ¥39,359 million.

(2) Qualitative Information on Consolidated Financial Position

As of December 31, 2012, total assets were ¥527,889 million, an increase of ¥5,727 million compared with the end of the previous fiscal year. Current assets decreased ¥1,356 million from the end of the previous fiscal year to ¥239,575 million, due mainly to factors including an increase in cash and deposits and notes and accounts receivable-trade and a decrease in short-term investment securities. Non-current assets increased ¥7,083 million from the end of the previous fiscal year to ¥288,314 million, mainly because goodwill and other intangible assets (marketing rights etc.) decreased due to impairment, while investment securities increased due to the acquisition of ViiV shares.

Total liabilities decreased ¥16,018 million compared with the end of the previous fiscal year to ¥158,944 million. Current liabilities decreased ¥2,462 million to ¥79,601 million. Factors that increased current liabilities included an increase in notes and accounts payable-trade and a transfer of long-term accounts payable from other non-current liabilities to current liabilities. Factors that reduced current liabilities included redemption of bonds. Non-current liabilities decreased ¥13,555 million to ¥79,343 million due to factors including a decrease in long-term loans payable and the transfer of long-term accounts payable from other non-current liabilities to current liabilities.

Net assets increased ¥21,746 million compared with the end of the previous fiscal year to ¥368,944 million. Shareholders' equity increased ¥14,950 million to ¥390,387 million, reflecting factors including net income and payment of cash dividends. Accumulated other comprehensive income increased ¥6,677 million to negative ¥24,543 million, primarily because of factors including a lower reduction in net assets from foreign currency translation adjustment due to foreign currency movements. In addition, subscription rights to shares increased ¥64 million and minority interests increased ¥53 million.

(3) Qualitative Information on Consolidated Financial Forecast

There are no revisions to the consolidated financial forecast announced on November 2, 2012.

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

Change in Method of Depreciation

The Shionogi Group have changed their method of depreciation for property, plant and equipment to the straight-line method as of the year ending March 31, 2013 from the declining balance method mainly used in the past.

Under the third medium-term business plan from fiscal 2010, the Shionogi Group is implementing a fundamental strategy of generating steady growth by transitioning its organization away from its former focus on products that grew rapidly soon after launch to a focus on eight strategic products that are expected to generate stable, long-term earnings. In addition, the Shionogi Group is developing globally by establishing bases in North America, Europe and Asia with the objective of globalizing new drug development.

Aiming to expand sales of the eight strategic products mentioned above, the Shionogi Group has nearly completed programs to consolidate and strengthen production facilities that included constructing a plant for solid preparations and strengthening tablet and granulation facilities. In addition, the Shionogi Group expects the eight strategic products to exceed 50 percent of prescription drug sales in Japan for the first time during fiscal 2012, and to account for a higher percentage in the future. A consolidated subsidiary established in the United Kingdom, Shionogi Ltd., began operations in fiscal 2012, giving the Shionogi Group bases in North America, Europe and Asia.

The Shionogi Group took this opportunity to review and change its method of depreciation for property, plant and equipment to the straight-line method for the reasons below because the Shionogi Group decided this would present its financial position more appropriately.

1. The Shionogi Group formerly focused on products that grew rapidly soon after launch, which enabled comparatively faster facility investment cost recovery. With the transition to a focus on eight strategic products that are expected to generate stable, long-term earnings, facility utilization should be more level and stable.
2. Consolidated overseas subsidiaries have conventionally mainly used the straight-line method. The Shionogi Group therefore needed to standardize its accounting policies with the use of the straight-line method to effectively and efficiently allocate resources among its unified network of bases in Japan, North America, Europe and Asia, and to support the construction, maintenance and operation of its global R&D, production and sales organization.

For the third quarter of fiscal 2012, the effect of this change compared with the former method increased Gross profit by ¥404 million, operating income by ¥2,271 million, and ordinary income and income before income taxes and minority interests by ¥2,396 million, respectively.

Additional Information

Change in closing date of consolidated subsidiary

As of the current fiscal year, the fiscal year end date of Taiwan Shionogi & Co., Ltd. has been changed from December 31 to March 31, the closing date of the consolidated financial statements. As a result of this change, the financial statements of Taiwan Shionogi & Co., Ltd. for the current fiscal year cover the 15 months from January 1, 2012 to March 31, 2013. Accordingly, its results for the twelve-month period from January 1, 2012 to December 31, 2012 are consolidated in these third-quarter financial results. For the period from January 1, 2012 to March 31, 2012, after eliminating intercompany transactions, Taiwan Shionogi & Co., Ltd.'s net sales, operating income, ordinary income and income before income taxes are ¥386 million, ¥145 million, ¥149 million and ¥149 million, respectively.

3. Consolidated Financial Statements

(1) Consolidated balance sheets

Millions of yen

	As of March 31, 2012	As of December 31, 2012
Assets		
Current assets		
Cash and deposits	18,427	23,146
Notes and accounts receivable-trade	65,568	69,727
Short-term investment securities	86,556	75,441
Merchandise and finished goods	26,040	29,302
Work in process	12,662	12,068
Raw materials and supplies	11,418	10,231
Other	20,275	19,667
Allowance for doubtful accounts	(17)	(11)
Total current assets	240,931	239,575
Non-current assets		
Property, plant and equipment	74,282	77,854
Intangible assets		
Goodwill	63,572	37,456
Other	43,121	29,336
Total intangible assets	106,694	66,793
Investments and other assets		
Investment securities	63,568	106,682
Other	36,783	37,065
Allowance for doubtful accounts	(97)	(81)
Total investments and other assets	100,253	143,666
Total non-current assets	281,230	288,314
Total assets	522,161	527,889
Liabilities		
Current liabilities		
Notes and accounts payable-trade	8,613	13,908
Current portion of long-term loans payable	14,000	14,000
Current portion of bonds	10,000	—
Income taxes payable	9,891	5,849
Provision for bonuses	6,745	4,180
Provision for sales returns	5,356	6,634
Other provision	25	—
Other	27,430	35,027
Total current liabilities	82,063	79,601
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	49,000	41,524
Provision for retirement benefits	8,793	8,968
Other	15,106	8,851
Total non-current liabilities	92,899	79,343
Total liabilities	174,963	158,944

Millions of yen

	As of March 31, 2012	As of December 31, 2012
Net assets		
Shareholders' equity		
Capital stock	21,279	21,279
Capital surplus	20,227	20,227
Retained earnings	353,676	368,620
Treasury stock	(19,746)	(19,739)
Total shareholders' equity	375,436	390,387
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,729	8,132
Deferred gains or losses on hedges	(141)	(193)
Foreign currency translation adjustment	(38,809)	(32,481)
Total accumulated other comprehensive income	(31,220)	(24,543)
Subscription rights to shares	58	123
Minority interests	2,923	2,976
Total net assets	347,198	368,944
Total liabilities and net assets	522,161	527,889

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

Consolidated statements of income

Millions of yen

	Nine months ended December 31, 2011	Nine months ended December 31, 2012
Net sales	198,734	211,443
Cost of sales	59,612	59,817
Gross profit	139,122	151,625
Selling, general and administrative expenses	104,433	108,417
Operating income	34,688	43,208
Non-operating income		
Interest income	241	225
Dividends income	1,058	1,015
Foreign exchange gains	213	537
Other	1,104	372
Total non-operating income	2,618	2,150
Non-operating expenses		
Interest expenses	1,004	891
Contribution	918	863
Other	816	1,019
Total non-operating expenses	2,740	2,775
Ordinary income	34,566	42,583
Extraordinary income		
Gain on sales of noncurrent assets	509	228
Gain on exchange of investment securities	—	41,118
Gain on sales of investment securities	152	1,017
Total extraordinary income	662	42,363
Extraordinary loss		
Loss on sales of noncurrent assets	—	240
Impairment loss	1,555	39,359
Loss on valuation of investment securities	487	375
Loss on penalty	1,334	88
Loss on disaster	1,089	—
Business structure improvement expenses	821	—
Total extraordinary losses	5,287	40,064
Income before income taxes and minority interests	29,940	44,882
Income taxes-current	13,271	15,454
Income taxes-deferred	(1,902)	1,032
Total income taxes	11,369	16,486
Income before minority interests	18,570	28,396
Minority interests in income (loss)	(3)	55
Net income	18,574	28,340

Consolidated statements of comprehensive income

Millions of yen

	Nine months ended December 31, 2011	Nine months ended December 31, 2012
Income before minority interests	18,570	28,396
Other comprehensive income		
Valuation difference on available-for-sale securities	(402)	402
Deferred gains or losses on hedges	444	(52)
Foreign currency translation adjustment	(7,130)	6,325
Total other comprehensive income	(7,088)	6,675
Comprehensive income	11,482	35,071
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	11,602	35,018
Comprehensive income attributable to minority interests	(119)	53

(3) Going concern assumption

None

(4) Significant changes in shareholders' equity

None

Supplemental material for financial results for the 3rd quarter of fiscal year 2012

February 4, 2013

Shionogi & Co., Ltd.

1. Sales of main merchandise and finished goods

(Billions of yen)

	FY2012 2H forecast	FY2012 forecast	FY2012 3Q actual	FY2011 3Q actual	FY2012 1Q-3Q actual	FY2011 1Q-3Q actual	Progress % vs. FY2012 forecast
Prescription drugs	88.9	168.6	45.2	45.9	124.9	124.6	74.1
change %	*3.8*	*2.6*	*(1.3)*	*4.5*	*0.3*	*4.7*	
CRESTOR	18.4	37.0	9.8	9.5	28.4	26.7	76.9
IRBETAN	5.3	10.0	3.6	2.5	8.3	6.8	82.7
CYMBALTA	6.1	10.8	2.4	1.9	7.1	4.7	65.7
Total of 3 key products	29.8	57.8	15.8	13.8	43.8	38.1	75.8
OXYCONTIN	5.1	10.2	2.9	2.6	8.0	7.1	78.6
FINIBAX	2.7	5.1	1.5	1.4	3.9	3.6	76.9
DIFFERIN	2.1	4.0	1.1	1.0	3.0	2.7	76.2
PIRESPA	2.6	4.9	1.1	1.0	3.4	2.6	69.3
RAPIACTA	2.4	2.5	0.3	0.3	0.4	0.3	17.1
Total of 8 strategic products	44.7	84.5	22.8	20.1	62.6	54.4	74.1
FLOMOX	9.5	17.9	5.4	6.0	13.8	15.8	77.2
RINDERON	4.3	9.0	2.3	2.5	7.0	7.3	78.1
CLARITIN	4.6	6.8	1.3	2.3	3.5	5.5	51.8
FLUMARIN	3.2	6.4	1.5	1.6	4.7	5.1	73.7
VANCOMYCIN	1.8	3.5	0.8	1.2	2.5	3.5	72.4
IMUNACE	0.8	1.6	0.4	0.5	1.2	1.7	73.0
Export/Overseas subsidiaries	13.5	28.3	6.6	7.8	* 21.4	9.8	75.5
change %	*(9.4)*	*66.6*	*(15.1)*	*(11.1)*	*117.7*	*(71.7)*	
Shionogi Inc.	8.0	15.5	4.2	4.1	11.7	1.7	75.6
C&O	2.7	5.6	1.3	0.9	4.2	0.9	75.3
DORIPENEM	0.4	1.8	(0.0)	1.6	1.4	3.5	76.7
Contract manufacturing	3.1	7.6	1.3	2.1	5.8	5.8	76.1
change %	*(17.3)*	*(0.0)*	*(35.2)*	*9.3*	*(1.1)*	*58.0*	
OTC and quasi-drugs	2.3	5.1	1.2	1.3	4.0	4.0	78.3
change %	*(0.8)*	*1.5*	*(4.8)*	*(4.1)*	*0.9*	*(4.6)*	
SEDES	1.1	2.3	0.6	0.5	1.8	1.8	76.8
POPON-S	0.4	0.9	0.2	0.2	0.7	0.7	74.7
Diagnostics	1.3	2.4	0.5	0.7	1.6	2.0	67.5
change %	*(4.2)*	*(11.4)*	*(23.8)*	*0.4*	*(20.3)*	*(5.2)*	
Royalty income	35.7	69.1	18.8	16.7	52.2	51.0	75.5
change %	*4.0*	*0.6*	*12.2*	*(0.3)*	*2.2*	*(1.2)*	
CRESTOR	32.3	63.0	15.7	16.0	46.4	48.3	73.7
Others	0.9	1.9	0.6	0.5	1.6	1.4	83.8
change %	*(12.2)*	*(1.0)*	*10.4*	*(33.2)*	*10.4*	*(24.8)*	
Total	145.7	283.0	74.1	74.7	211.4	198.7	74.7
change %	*1.7*	*5.9*	*(0.8)*	*1.1*	*6.4*	*(8.5)*	

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

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

** Because of changing fiscal term, FY2012 1Q-3Q actual of Taiwan Shionogi & Co., Ltd. includes 12-month sales from January to December 2012.*

2-1 Quarterly trend for FY2011 and FY2012 (Sales of main merchandise and finished goods)

Fiscal year ended March 31, 2012

(Billions of yen)

FY2011	FY2011 1Q actual	Y on Y change %	FY2011 2Q actual	Y on Y change %	FY2011 3Q actual	Y on Y change %	FY2011 4Q actual	Y on Y change %
Prescription drugs	39.3	3.6	39.4	6.1	45.9	4.5	39.8	(0.3)
CRESTOR	8.3	27.4	8.9	24.1	9.5	13.1	9.1	31.3
IRBETAN	2.1	31.0	2.2	27.0	2.5	15.1	2.2	21.1
CYMBALTA	1.3	261.0	1.5	190.6	1.9	113.0	1.9	113.3
Total of 3 key products	11.8	38.1	12.5	33.9	13.8	21.2	13.1	37.0
OXYCONTIN	2.2	(10.5)	2.3	(1.4)	2.6	(4.6)	1.8	(16.4)
FINIBAX	1.0	11.8	1.2	31.3	1.4	50.7	1.1	32.4
DIFFERIN	0.8	27.0	0.9	8.8	1.0	5.9	0.9	21.4
PIRESPA	0.8	21.7	0.8	37.8	1.0	21.1	0.8	10.9
RAPIACTA	0.0	-	0.0	-	0.3	-	1.1	98.5
Total of 8 strategic products	16.6	26.1	17.7	26.4	20.1	21.3	18.8	29.2
FLOMOX	5.1	(3.9)	4.7	(1.5)	6.0	(9.5)	5.0	(5.0)
RINDERON	2.4	(6.4)	2.4	(1.1)	2.5	4.5	1.9	(9.9)
CLARITIN	1.8	8.3	1.4	(2.7)	2.3	2.8	2.4	(49.4)
FLUMARIN	1.7	(3.5)	1.8	(16.1)	1.6	(19.8)	1.8	13.4
VANCOMYCIN	1.1	(7.3)	1.2	(16.0)	1.2	(12.7)	0.8	(27.3)
IMUNACE	0.6	(26.1)	0.6	(31.4)	0.5	(31.6)	0.4	(44.2)
Export/Overseas subsidiaries	4.3	(74.8)	(2.3)	-	7.8	(11.1)	7.2	164.4
Shionogi Inc.	2.5	(82.9)	(4.9)	-	4.1	(26.2)	4.2	850.3
C&O	-	-	-	-	0.9	-	1.0	-
DORIPENEM	0.5	0.5	1.4	(32.1)	1.6	(4.6)	0.8	54.1
Contract manufacturing	1.6	74.9	2.1	144.6	2.1	9.3	1.8	2.6
OTC and quasi-drugs	1.2	(6.9)	1.5	(3.0)	1.3	(4.1)	1.1	3.6
SEDES	0.6	8.9	0.7	(10.5)	0.5	(18.3)	0.5	16.4
POPON-S	0.2	(16.0)	0.3	7.2	0.2	30.5	0.1	(58.9)
Diagnostics	0.7	(2.5)	0.6	(13.1)	0.7	0.4	0.7	(5.8)
Royalty income	15.9	(3.6)	18.4	0.2	16.7	(0.3)	17.6	1.9
CRESTOR	15.2	(0.8)	17.1	(1.9)	16.0	5.7	16.4	0.6
Others	0.4	(19.1)	0.5	(19.8)	0.5	(33.2)	0.5	(72.3)
Total	63.7	(15.3)	60.3	(11.5)	74.7	1.1	68.5	5.3

Fiscal year ending March 31, 2013

FY2012	FY2012 1Q actual	Y on Y change %	FY2012 2Q actual	Y on Y change %	FY2012 3Q actual	Y on Y change %
Prescription drugs	39.7	0.8	40.0	1.6	45.2	(1.3)
CRESTOR	8.6	2.7	10.0	13.3	9.8	4.1
IRBETAN	2.3	9.3	2.4	12.2	3.6	42.4
CYMBALTA	2.2	65.5	2.5	62.8	2.4	29.2
Total of 3 key products	13.1	11.0	14.9	19.1	15.8	14.4
OXYCONTIN	2.6	16.6	2.5	9.3	2.9	14.2
FINIBAX	1.2	23.4	1.2	(2.6)	1.5	6.3
DIFFERIN	0.9	8.4	1.0	18.4	1.1	10.0
PIRESPA	1.1	34.6	1.2	51.9	1.1	9.5
RAPIACTA	0.1	76.2	0.0	-	0.3	49.9
Total of 8 strategic products	18.9	13.6	20.9	18.1	22.8	13.8
FLOMOX	4.4	(13.7)	4.0	(14.6)	5.4	(9.6)
RINDERON	2.4	0.9	2.3	(4.8)	2.3	(6.2)
CLARITIN	1.3	(28.0)	0.9	(32.5)	1.3	(43.0)
FLUMARIN	1.5	(14.8)	1.7	(2.7)	1.5	(7.2)
VANCOMYCIN	0.9	(22.2)	0.8	(32.5)	0.8	(27.4)
IMUNACE	0.4	(26.5)	0.4	(33.1)	0.4	(38.7)
Export/Overseas subsidiaries	* 7.4	71.4	7.4	-	6.6	(15.1)
Shionogi Inc.	3.5	35.4	4.0	-	4.2	2.5
C&O	1.5	-	1.4	-	1.3	40.1
DORIPENEM	0.6	8.4	0.8	(38.4)	(0.0)	(100.4)
Contract manufacturing	2.3	39.7	2.2	(0.4)	1.3	(35.2)
OTC and quasi-drugs	1.3	4.9	1.5	2.4	1.2	(4.8)
SEDES	0.5	(12.0)	0.7	6.1	0.6	(3.1)
POPON-S	0.3	5.9	0.2	1.9	0.2	(25.8)
Diagnostics	0.6	(20.6)	0.5	(16.2)	0.5	(23.8)
Royalty income	16.0	0.9	17.4	(5.8)	18.8	12.2
CRESTOR	14.7	(3.5)	16.0	(6.4)	15.7	(2.0)
Others	0.5	(1.3)	0.5	21.6	0.6	10.4
Total	67.8	6.4	69.5	15.3	74.1	(0.8)

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

** Because of changing fiscal term, FY2012 1Q actual of Taiwan Shionogi & Co., Ltd. includes 6-month sales from January to June 2012.*

2-2 Quarterly trend for FY2011 and FY2012 (Consolidated statements of income)

Fiscal year ended March 31, 2012

(Billions of yen)

FY2011	FY2011 1Q actual	Y on Y change %	FY2011 2Q actual	Y on Y change %	FY2011 3Q actual	Y on Y change %	FY2011 4Q actual	Y on Y change %
Net sales	**63.7**	**(15.3)**	**60.3**	**(11.5)**	**74.7**	**1.1**	**68.5**	**5.3**
Cost of sales	28.3 18.0	(13.5)	32.3 19.5	7.0	29.6 22.1	0.9	26.5 18.1	(12.7)
Gross profit	45.7	(16.0)	40.8	(18.3)	52.6	1.2	50.4	13.8
SG & A expenses	53.7 34.2	(26.3)	56.4 34.0	(12.1)	48.4 36.2	1.9	55.6 38.1	15.0
Selling & general expenses	21.2	(36.6)	21.4	(9.5)	23.6	(4.0)	22.8	7.3
R & D expenses	13.1	0.3	12.6	(16.0)	12.6	15.0	15.3	28.8
Operating income	**18.0** **11.5**	**43.7**	**11.3** **6.8**	**(39.7)**	**22.0** **16.4**	**(0.2)**	**18.0** **12.3**	**10.1**
Non-operating income & expenses	0.2		(0.0)		(0.3)		(0.8)	
Ordinary income	**18.3** **11.7**	**62.1**	**11.2** **6.7**	**(35.7)**	**21.6** **16.1**	**0.7**	**16.8** **11.5**	**0.6**
Extraordinary income & loss	(6.3)		2.4		(0.8)		0.0	
Income before income taxes and minority interests	5.4		9.2		15.4		11.6	
Income taxes and minority interests	1.6		4.7		5.0		3.0	
Net income	**5.9** **3.8**	**(21.7)**	**7.3** **4.4**	**117.1**	**13.9** **10.4**	**55.6**	**12.4** **8.5**	**31.2**

Fiscal year ending March 31, 2013

FY2012	FY2012 1Q actual *	Y on Y change %	FY2012 2Q actual	Y on Y change %	FY2012 3Q actual	Y on Y change %
Net sales	**67.8**	**6.4**	**69.5**	**15.3**	**74.1**	**(0.8)**
Cost of sales	30.3 20.6	14.0	28.3 19.6	0.8	26.4 19.6	(11.2)
Gross profit	47.2	3.4	49.9	22.2	54.5	3.6
SG & A expenses	51.7 35.0	2.4	51.7 36.0	5.7	50.5 37.4	3.4
Selling & general expenses	23.3	10.1	22.7	6.4	22.7	(3.6)
R & D expenses	11.8	(10.0)	13.2	4.6	14.7	16.5
Operating income	**18.0** **12.2**	**6.6**	**20.0** **13.9**	**104.8**	**23.1** **17.1**	**4.0**
Non-operating income & expenses	(0.1)		(0.9)		0.4	
Ordinary income	**17.8** **12.1**	**3.2**	**18.7** **13.0**	**93.4**	**23.6** **17.5**	**8.4**
Extraordinary income & loss	(0.4)		0.1		2.6	
Income before income taxes and minority interests	11.7		13.1		20.1	
Income taxes and minority interests	4.7		5.2		6.6	
Net income	**10.2** **6.9**	**82.8**	**11.4** **8.0**	**79.8**	**18.2** **13.5**	**29.9**

** Because of changing fiscal term, FY2012 1Q actual of Taiwan Shionogi & Co., Ltd. includes 6-month results from January to June 2012.*

3. Pipeline (as of February 2013)

Areas	Code No. (Generic name) 【Product name】	Category (Administration)	Indication	Stage	Origin	Development
Infectious Diseases	S-649266	Cephem antibiotic (Injection)	Infection	Japan: Phase I	In-house	Shionogi/ GlaxoSmithKline (UK)
Metabolic Syndrome	S-474474 (Irbesartan/ Trichlormethiazide combination)	Angiotensin receptor antagonist/Diuretic combination (Oral)	Hypertension	Japan: NDA submission (Jul. 2012)	Irbesartan: Sanofi (France) Trichlormethiazide: Shionogi	In-house
	S-2367 (Velneperit)	Neuropeptide Y Y5 receptor antagonist (Oral)	Obesity	Japan: Phase IIb	In-house	In-house
	S-556971	Cholesterol absorption inhibitor (Oral)	Dyslipidemia	Japan: Phase IIb	Kotobuki Pharmaceutical Co., Ltd. (Japan)	Shionogi/Kotobuki Pharmaceutical Co., Ltd.
	S-707106	Insulin sensitizer (Oral)	Type 2 diabetes	USA: Phase IIa	In-house	In-house
	S-234462	Neuropeptide Y Y5 receptor antagonist (Oral)	Obesity	USA: Phase I	In-house	In-house
Pain	S-297995 (Naldemedine)	Peripheral opioid receptor antagonist (Oral)	Alleviation of opioid-induced adverse effect	Global: Phase III (in preparation)	In-house	In-house
	S-117957	Analgesic agent for neuropathic pain (Oral)	Neuropathic pain	USA: Phase I	Shionogi/Purdue Pharma L.P. (USA)	Shionogi/Purdue Pharma L.P.
	S-120083	Analgesic agent for inflammatory pain (Oral)	Inflammatory pain	Japan: Phase I	Shionogi/Purdue Pharma L.P. (USA)	Shionogi/Purdue Pharma L.P.
Other	Ospemifene	Selective estrogen receptor modulator (Oral)	Post-menopausal vaginal atrophy	USA: NDA submission (Apr. 2012) Europe: NDA submission (in preparation)	QuatRx Pharmaceuticals Company (USA)	Shionogi/QuatRx Pharmaceuticals Company
	PSD502 (Lidocaine/Prilocaine)	Eutectic mixture of anesthetics (Metered-dose topical aerosol spray)	Premature ejaculation	USA: Phase III	Plethora Solutions Holdings PLC (UK)	Shionogi/Plethora Solutions Holdings PLC
	S-555739	Prostaglandin D2 receptor antagonist (Oral)	Allergic disease	Japan: Phase III USA: Phase IIa Europe: POM (Proof of Mechanism)	In-house	In-house
	S-524101	Sublingual tablet of house-dust mite allergen extracts for immunotherapy	Allergic rhinitis caused by house-dust mite allergen	Japan: Phase II/III	Stallergenes SA (France)	In-house
	S-888711 (Lusutrombopag)	Small molecule TPO mimetic (Oral)	Thrombocytopenia	USA, Europe: Phase II Japan: Phase IIb	In-house	In-house
	S-288310	Cancer peptide vaccine (Injection)	Bladder cancer	Asia: Phase I/II	OncoTherapy Science, Inc. (Japan)	In-house
	S-488410	Cancer peptide vaccine (Injection)	Esophageal cancer	Japan: Phase I/II	OncoTherapy Science, Inc. (Japan)	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 Ib	In-house	In-house
	S-646240	Peptide vaccine (Injection)	Age-related macular degeneration	Japan: Phase IIa	OncoTherapy Science, Inc. (Japan)	In-house
	S-877489 (Lisdexamfetamine)	DA and NE reuptake inhibitor/Releaser of DA, NE (Oral)	ADHD	Japan: Phase II (in preparation)	Shire (Ireland)	Shionogi/Shire
	S-877503 (Guanfacine hydrochloride)	Alpha-2A-adrenergic receptor agonist (Oral)	ADHD	Japan: Phase II/III (in preparation)	Shire (Ireland)	Shionogi/Shire

<Out-Licensing Activity>

Code No. (Generic name)	Category (Administration)	Indication	Stage	Origin	Development
S/GSK1349572 (Dolutegravir)	Integrase inhibitor (Oral)	HIV infection	Global: NDA submission (Dec. 2012)	Shionogi-ViiV Healthcare LLC	ViiV Healthcare Ltd. (UK)
S/GSK1265744 LAP*	Integrase inhibitor (Injection)	HIV infection	USA: Phase II	Shionogi-ViiV Healthcare LLC	ViiV Healthcare Ltd. (UK)
S-4661 (Doripenem hydrate)	Carbapenem antibiotic (Injection)	Bacterial infection	USA: Approval (Oct. 2007) Complicated intra-abdominal infections, Complicated urinary tract infections including pyelonephritis NDA submission (Jun. 2007) Hospital-acquired (nosocomial) pneumonia including ventilator-associated pneumonia Europe: Approval (Jul. 2008)	In-house	Johnson & Johnson (USA)
S-0373	Non-peptide mimetic of TRH (Oral)	Spinocerebellar ataxia	Japan: Phase II	In-house	Kissei Pharmaceutical Co., Ltd. (Japan)

*: 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: Clinical trial (in preparation)	Napp Pharmaceuticals Limited (UK)	In-house
Duloxetine hydrochloride 【Cymbalta®】	SNRI (Serotonin & noradrenaline reuptake inhibitor) (Oral)	Fibromyalgia	Japan: Phase III	Eli Lilly (USA)	Shionogi/Eli Lilly Japan K.K.
Vancomycin hydrochloride 【Vancomycin】	Glycopeptide antibiotic (Drip infusion)	<Spectrum> Methicillin-resistant coagulase-negative staphylococcus, Penicillin-resistant enterococcus <Indication> Gram-positive bacteria-associated bloodstream infection (including intravascular catheter-related infection), Febril neuropenia, Alternative agent in penicillin-allergic adults and children	Japan: To be determined	Eli Lilly (USA)	In-house
Cyclophosphamide hydrate 【Endoxan®】	Alkylating agent (Injection)	Pheochromocytoma	Japan: NDA submission (Nov. 2012)	Baxter (Germany)	In-house
Prednisolone 【Predonine®】	Synthetic corticosteroid (Oral)	Duchenne muscular dystrophy	Japan: NDA submission (in preparation)	In-house	In-house

<Requested for development by academy>

Generic name 【Product name】	Category (Administration)	Indication	Stage	Origin	Development
Metreleptin	Human leptin (Genetical recombination) (Injection)	Lipodystrophy	Japan: NDA submission (Jul. 2012)	Amylin Pharmaceuticals Inc. (USA)	In-house
Interferon gamma-1a 【Imunomax®-γ】	Interferon gamma-1a (Genetical recombination) (Injection)	Mycosis fungoides/Sezary syndrome	Japan: Phase II	Biogen Idec, Inc. (USA)	In-house
Metronidazole 【Fragyl®】	Antiprotozoal agent (Oral)	*Helicobacter pylori* gastritis	Japan: NDA submission (Aug. 2012)	Sanofi (France)	Co-development with 9 companies
Prednisolone 【Predonine®】	Synthetic corticosteroid (Injection/Oral)	Kawasaki disease (Acute stage)	Japan: NDA submission (Sep. 2012)	In-house	In-house

Since November 2012

Change of phase	S-556971: Japan: Phase IIa → Japan: Phase IIb
	S-555739: Japan: Phase IIb → Japan: Phase III
	S-877503: Japan: Phase II (in preparation) → Japan: Phase II/III (in preparation)
	S/GSK1349572: Global: NDA submission (in preparation) → Global: NDA submission (Dec. 2012)
	S/GSK1265744 LAP: USA: Phase I → USA: Phase II
Compound added to the list	Cyclophosphamide hydrate【Endoxan®】: Japan: NDA submission (Nov. 2012)
	Prednisolone【Predonine®】: Japan: NDA submission (in preparation)
	Metronidazole【Fragyl®】: Japan: NDA submission (Aug. 2012)
	Prednisolone【Predonine®】: Japan: NDA submission (Sep. 2012)
Compound erased	Metronidazole【Flagyl®】: Japan: Approval (Aug. 2012)
	Sulfamethoxazole/Trimethoprim combination【Baktar®】: Japan: Approval (Aug. 2012)