# Financial results for the year ended March 31, 2014

＜ Supplement ＞

**May 9, 2014**

SHIONOGI & CO., LTD.

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# 1. Financial results and forecast

*（billions of yen）*

| | FY2012 Results * | FY2013 Results | FY2014 Forecast | Change FY2013 | Change FY2014 | FY2014 1H Forecast |
|---|---|---|---|---|---|---|
| Net Sales | 282.9 | 289.7 | 269.0 | 6.8 | (20.7) | 130.0 |
| *change %* | *5.8* | *2.4* | *(7.2)* | | | *(6.3)* |
| Operating Income | 59.6 | 63.6 | 45.0 | 4.0 | (18.6) | 18.5 |
| *change %* | - | *6.7* | *(29.2)* | | | *(35.0)* |
| Ordinary Income | 58.9 | 63.9 | 50.0 | 5.0 | (13.9) | 24.0 |
| *change %* | *27.8* | *8.5* | *(21.8)* | | | *(13.8)* |
| Net Income | 66.7 | 41.8 | 33.0 | (24.9) | (8.8) | 16.0 |
| *change %* | *146.2* | *(37.3)* | *(21.1)* | | | *(25.3)* |

*Note: Change % shows changes from the same period of the previous fiscal year*
** Because of changing fiscal term, FY2012 results of Taiwan Shionogi & Co., Ltd. includes 15-month results from January 2012 to March 2013.*

*The Company has changed its presentation method for litigation expenses from FY2013.*
*Operating income for FY2012 has been restated to reflect this change.*
*However, the Y on Y change % has been omitted because it has not been calculated.*

## 2. Sales of main merchandise and finished goods

*(billions of yen)*

| | FY2012 Results | FY2013 Results | FY2014 Forecast | Change FY2013 | Change FY2014 | FY2014 1H Forecast |
|---|---|---|---|---|---|---|
| Prescription drugs | 165.7 | 168.3 | 167.0 | 2.6 | (1.3) | 80.5 |
| *change %* | *0.8* | *1.5* | *(0.8)* | | | *(0.5)* |
| CRESTOR | 38.1 | 41.1 | 42.5 | 3.0 | 1.4 | 21.0 |
| IRBETAN Franchise | 10.7 | 13.9 | 15.9 | 3.2 | 2.0 | 7.3 |
| CYMBALTA | 9.7 | 11.4 | 13.6 | 1.7 | 2.2 | 6.2 |
| Total of 3 key products | 58.5 | 66.3 | 72.0 | 7.8 | 5.7 | 34.5 |
| OXYCONTIN Franchise | 10.2 | 10.6 | 10.7 | 0.4 | 0.1 | 5.5 |
| FINIBAX | 5.0 | 4.7 | 4.6 | (0.3) | (0.1) | 2.3 |
| DIFFERIN | 4.0 | 4.4 | 4.6 | 0.4 | 0.2 | 2.1 |
| PIRESPA | 4.5 | 4.8 | 5.6 | 0.3 | 0.8 | 2.7 |
| RAPIACTA | 2.0 | 2.0 | 2.5 | 0.0 | 0.5 | 0.2 |
| Total of 8 strategic products | 84.2 | 92.9 | 100.0 | 8.7 | 7.1 | 47.3 |
| FLOMOX | 18.0 | 15.8 | 13.0 | (2.2) | (2.8) | 6.2 |
| RINDERON | 8.9 | 8.8 | 8.4 | (0.1) | (0.4) | 4.5 |
| CLARITIN | 6.3 | 4.9 | 4.1 | (1.4) | (0.8) | 1.7 |
| FLUMARIN | 6.0 | 5.4 | 4.4 | (0.6) | (1.0) | 2.3 |
| Export/Overseas subsidiaries | *1 30.6 | 34.0 | 31.3 | 3.4 | (2.7) | 15.0 |
| *change %* | *80.3* | *11.1* | *(8.0)* | | | *(2.3)* |
| Shionogi Inc. | 17.0 | 21.4 | 17.7 | 4.4 | (3.7) | 7.9 |
| Osphena | - | 1.1 | 7.0 | 1.1 | 5.9 | 2.5 |
| C&O | 5.8 | 5.9 | 7.5 | 0.1 | 1.6 | 3.4 |
| Contract manufacturing | 7.3 | 8.4 | 11.4 | 1.1 | 3.0 | 4.8 |
| *change %* | *(4.6)* | *15.5* | *36.1* | | | *(4.2)* |
| OTC and quasi-drugs | 5.2 | 4.5 | 4.6 | (0.7) | 0.1 | 2.4 |
| *change %* | *2.8* | *(12.6)* | *1.9* | | | *3.4* |
| Diagnostics | 2.2 | 2.0 | *2 - | (0.2) | - | *2 - |
| *change %* | *(18.4)* | *(9.0)* | *-* | | | *-* |
| Royalty income | 69.8 | 70.7 | 52.0 | 0.9 | (18.7) | 26.0 |
| *change %* | *1.7* | *1.2* | *(26.4)* | | | *(22.2)* |
| CRESTOR | 63.0 | 65.7 | 47.5 | 2.7 | (18.2) | 24.2 |
| Others | 2.1 | 1.8 | 2.7 | (0.3) | 0.9 | 1.3 |
| *change %* | *7.8* | *(12.7)* | *(29.2)* | | | *(24.3)* |
| Total | 282.9 | 289.7 | 269.0 | 6.8 | (20.7) | 130.0 |
| *change %* | *5.8* | *2.4* | *(7.2)* | | | *(6.3)* |

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

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

** 1. Because of changing fiscal term, FY2012 results of Taiwan Shionogi & Co., Ltd. includes 15-month sales from January 2012 to March 2013.*

** 2. From FY2014, "Diagnostics" is included in the "Others" item.*

## 3. Management index

( Management index trend )

| | | FY2011 | FY2012 | FY2013 |
|---|---|---|---|---|
| Ratio of operating income to net sales | % | 17.6 | 21.1 | 21.9 |
| Ratio of ordinary income to net sales | % | 17.2 | 20.8 | 22.1 |
| Ratio of net income to net sales | % | 10.1 | 23.6 | 14.4 |
| Total asset turnover | | 0.51 | 0.52 | 0.50 |
| Equity ratio | % | 65.9 | 73.1 | 80.1 |
| Return on asset（ROA) | % | 8.8 | 10.7 | 11.0 |
| Return on equity（ROE) | % | 8.1 | 17.5 | 9.4 |
| Dividend payout ratio | % | 49.4 | 21.1 | 36.8 |
| Dividends on Equity（DOE) | % | 4.0 | 3.7 | 3.5 |
| Earnings per share | yen | 80.93 | 199.25 | 124.91 |
| Earnings per share (diluted) | yen | 80.91 | 199.17 | 124.85 |

*The Company has changed its presentation method for litigation expenses from FY2013.*
*Ratio of operating income to net sales for FY2012 has been restated to reflect this change.*

## 4. Capital investments and depreciation cost

*(billions of yen)*

| | FY2012 Results | FY2013 Results | FY2014 Forecast | Change FY2013 | Change FY2014 | FY2014 1H Forecast |
|---|---|---|---|---|---|---|
| Investment in equipments | 11.4 | 9.0 | 11.5 | (2.4) | 2.5 | 6.9 |
| Depreciation cost | 11.9 | 12.9 | 12.9 | 1.0 | 0.0 | 6.3 |
| Amortization of goodwill | 3.2 | 2.7 | 2.7 | (0.5) | 0.0 | 1.4 |

## 5. R&D expenses

*(billions of yen)*

| | FY2012 Results | FY2013 Results | FY2014 Forecast | Change FY2013 | Change FY2014 | FY2014 1H Forecast |
|---|---|---|---|---|---|---|
| R&D expenses | 53.0 | 51.9 | 52.0 | (1.1) | 0.1 | 27.0 |
| *change %* | *(1.1)* | *(2.1)* | *0.1* | | | *5.5* |
| % to net sales | 18.7 | 17.9 | 19.3 | | | 20.8 |

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

## 6. Employees

| | FY2012 Results | FY2013 Results | FY2014 Forecast | Change FY2013 | Change FY2014 | FY2014 1H Forecast |
|---|---|---|---|---|---|---|
| Employees | 6,082 | 6,165 | 6,220 | 83 | 55 | 6,270 |

# 7. Consolidated statement of income

(Unites: Million yen)

| | FY2012 Results | FY2013 Results | Change |
|---|---|---|---|
| Net sales | 282,903 | 289,717 | 6,814 |
| Cost of sales | 78,574 | 77,993 | (581) |
| Gross profit | 204,329 | 211,724 | 7,395 |
| Selling, general and administrative expenses | 144,764 | 148,167 | 3,403 |
| Operating income | 59,565 | 63,556 | 3,991 |
| Non-operating income | 4,220 | 4,789 | 569 |
| Interest income | 381 | 376 | (5) |
| Dividends income | 1,691 | 1,690 | (1) |
| Foreign exchange gains | 1,377 | 1,662 | 285 |
| Other | 770 | 1,059 | 289 |
| Non-operating expenses | 4,863 | 4,439 | (424) |
| Interest expenses | 1,123 | 888 | (235) |
| Contribution | 1,363 | 1,413 | 50 |
| Litigation expenses | 716 | 1,235 | 519 |
| Other | 1,660 | 902 | (758) |
| Ordinary income | 58,922 | 63,906 | 4,984 |
| Extraordinary income | 41,680 | 4,757 | (36,923) |
| Gain on sales of non-current assets | 228 | 4,203 | 3,975 |
| Gain on sales of investment securities | 1,018 | 554 | (464) |
| Gain on exchange of investment securities | 40,433 | - | (40,433) |
| Extraordinary loss | 42,296 | 3,794 | (38,502) |
| Impairment loss | 40,835 | 878 | (39,957) |
| Business structure improvement expenses | - | 840 | 840 |
| Settlement package | 489 | 651 | 162 |
| Loss on penalty | 158 | 500 | 342 |
| Loss on disposal of non-current assets | - | 471 | 471 |
| Loss on valuation of Inventories | - | 451 | 451 |
| Loss on sales of non-current assets | 329 | - | (329) |
| Loss on disaster | 269 | - | (269) |
| Loss on valuation of investment securities | 124 | - | (124) |
| Special retirement expenses | 89 | - | (89) |
| Income before income taxes and minority interests | 58,306 | 64,869 | 6,563 |
| Income taxes-current | 763 | 11,561 | 10,798 |
| Income taxes-deferred | (9,295) | 11,375 | 20,670 |
| Income before minority interests | 66,838 | 41,932 | (24,906) |
| Minority interests in income | 110 | 101 | (9) |
| Net income | 66,727 | 41,831 | (24,896) |

Increase in:
Shionogi Inc.: 4.4 billion yen
Shionogi: 2.5 billion yen

Change in classification from Selling, general and administrative expenses to Non-operating expenses

FY2013: Sales of rental properties etc.
FY2012: Sales of land

FY2013 Shionogi:
Construction inprocess and buildings etc.
FY2012 Shionogi Inc.:
Goodwill and sales rights etc.

Due to reorganization of Shionogi Inc. operations etc.

Shionogi:
The removal cost of unused asetts in Aburahi Facilities

In connection with acquisition of global rights for Doripenem

FY2012: Due to decrease in Shionogi's income taxes because of loss on valuation of Shionogi Inc.'s stocks (The loss is eliminated upon consolidation.)

*The Company has changed its presentation method for litigation expenses from FY2013.*
*Selling, general and administrative expenses, Operating income and Non-operating expenses for FY2012 has been restated to reflect this change.*

# 8-1. Consolidated balance sheets (Assets)

(Unites: Million yen)

| | As of Mar. 31 2013 | As of Mar. 31 2014 | Change |
|---|---|---|---|
| (Assets) | | | |
| Current assets | | | |
| Cash and deposits | 21,575 | 34,238 | 12,663 |
| Notes and accounts receivable-trade | 67,908 | 64,290 | (3,618) |
| Short-term investment securities | 84,432 | 80,100 | (4,332) |
| Merchandise and finished goods | 26,531 | 24,005 | (2,526) |
| Work in process | 14,024 | 11,425 | (2,599) |
| Raw materials and supplies | 8,771 | 12,938 | 4,167 |
| Other | 43,612 | 26,154 | (17,458) |
| Allowance for doubtful accounts | (12) | (24) | (12) |
| Total current assets | 266,845 | 253,130 | (13,715) |
| Non-current assets | | | |
| Property, plant and equipment | 78,473 | 78,976 | 503 |
| Intangible assets | | | |
| Goodwill | 40,293 | 42,878 | 2,585 |
| Sales rights | 24,048 | 24,355 | 307 |
| Other | 6,123 | 5,590 | (533) |
| Total Intangible assets | 70,464 | 72,824 | 2,360 |
| Investments and other assets | | | |
| Investment securities | 122,628 | 149,519 | 26,891 |
| Other | 36,560 | 30,442 | (6,118) |
| Allowance for doubtful accounts | (90) | (90) | (0) |
| Total investments and other assets | 159,098 | 179,871 | 20,773 |
| Total non-current assets | 308,036 | 331,673 | 23,637 |
| Total assets | 574,882 | 584,803 | 9,921 |

Shionogi:
Decrease of income taxes receivable (money received)
Decrease of deferred tax assets (Resolution of the loss carried forward)

Increase /(decrease) by:
Amortization (2.7) billion yen
Exchange rate fluctuations 4.8 billion yen
C&O:
Purchase from minority shareholders 0.5 billion yen

Rise in stock markets

# 8-2. Consolidated balance sheets (Liabilities/Net Assets)

(Unites: Million yen)

| | As of Mar. 31 2013 | As of Mar. 31 2014 | Change |
|---|---|---|---|
| (Liabilities) | | | |
| Current liabilities | | | |
| Notes and accounts payable-trade | 10,734 | 9,627 | (1,107) |
| Short-term loans payable | 7,500 | - | (7,500) |
| Current portion of long-term loans payable | 31,500 | - | (31,500) |
| Current portion of bonds | - | 20,000 | 20,000 |
| Income taxes payable | 1,146 | 12,392 | 11,246 |
| Provision for bonuses | 7,134 | 7,071 | (63) |
| Provision for sales returns | 6,459 | 4,320 | (2,139) |
| Other provision | 26 | 21 | (5) |
| Other | 33,706 | 25,236 | (8,470) |
| Total current liabilities | 98,207 | 78,669 | (19,538) |
| Non-current liabilities | | | |
| Bonds payable | 20,000 | - | (20,000) |
| Long-term loans payable | 10,027 | 10,034 | 7 |
| Provision for retirement benefits | 8,995 | - | (8,995) |
| Net defined benefit liability | - | 9,967 | 9,967 |
| Other | 14,018 | 13,719 | (299) |
| Total non-current liabilities | 53,041 | 33,721 | (19,320) |
| Total liabilities | 151,249 | 112,390 | (38,859) |
| (Net Assets) | | | |
| Shareholders' equity | | | |
| Capital stock | 21,279 | 21,279 | - |
| Capital surplus | 20,227 | 20,227 | - |
| Retained earnings | 407,007 | 434,103 | 27,096 |
| Treasury stock | (19,741) | (19,756) | (15) |
| Total shareholders' equity | 428,772 | 455,854 | 27,082 |
| Accumulated other comprehensive income | | | |
| Valuation difference on available-for-sale securities | 16,055 | 25,289 | 9,234 |
| Deferred gains or losses on hedges | (450) | - | 450 |
| Foreign currency translation adjustment | (24,267) | (6,113) | 18,154 |
| Remeasurements of defined benefit plans | - | (6,588) | (6,588) |
| Total Accumulated other comprehensive income | (8,662) | 12,587 | 21,249 |
| Subscription rights to shares | 123 | 207 | 84 |
| Minority interests | 3,399 | 3,762 | 363 |
| Total net assets | 423,633 | 472,412 | 48,779 |
| Total liabilities and net assets | 574,882 | 584,803 | 9,921 |

Repayment of loans payable

Redemption of 3rd Series of Shionogi & Co., Ltd. Unsecured Straight bonds

FY2012: Shionogi Because of Net loss

Because of changing accounting standard for retirement benefits

Rising share value

Because of changing accounting standard for retirement benefits

## 9-1. Quarterly trend for FY2012 and FY2013 (Sales of main merchandise and finished goods)

Fiscal year ended March 31, 2013

*(Billions of yen)*

| FY2012 | FY2012 1Q actual | Y on Y change % | FY2012 2Q actual | Y on Y change % | FY2012 3Q actual | Y on Y change % | FY2012 4Q actual | Y on Y change % |
|---|---|---|---|---|---|---|---|---|
| Prescription drugs | 39.7 | 0.8 | 40.0 | 1.6 | 45.2 | (1.3) | 40.8 | 2.6 |
| CRESTOR | 8.6 | 2.7 | 10.0 | 13.3 | 9.8 | 4.1 | 9.7 | 6.4 |
| IRBETAN Franchise | 2.3 | 9.3 | 2.4 | 12.2 | 3.6 | 42.4 | 2.4 | 12.7 |
| CYMBALTA | 2.2 | 65.5 | 2.5 | 62.8 | 2.4 | 29.2 | 2.6 | 36.4 |
| Total of 3 key products | 13.1 | 11.0 | 14.9 | 19.1 | 15.8 | 14.4 | 14.7 | 11.8 |
| OXYCONTIN Franchise | 2.6 | 16.6 | 2.5 | 9.3 | 2.9 | 14.2 | 2.2 | 19.9 |
| FINIBAX | 1.2 | 23.4 | 1.2 | (2.6) | 1.5 | 6.3 | 1.1 | 3.5 |
| DIFFERIN | 0.9 | 8.4 | 1.0 | 18.4 | 1.1 | 10.0 | 1.0 | 3.0 |
| PIRESPA | 1.1 | 34.6 | 1.2 | 51.9 | 1.1 | 9.5 | 1.1 | 43.9 |
| RAPIACTA | 0.1 | 76.2 | 0.0 | - | 0.3 | 49.9 | 1.6 | 42.7 |
| Total of 8 strategic products | 18.9 | 13.6 | 20.9 | 18.1 | 22.8 | 13.8 | 21.6 | 14.8 |
| FLOMOX | 4.4 | (13.7) | 4.0 | (14.6) | 5.4 | (9.6) | 4.2 | (15.1) |
| RINDERON | 2.4 | 0.9 | 2.3 | (4.8) | 2.3 | (6.2) | 1.9 | (3.3) |
| CLARITIN | 1.3 | (28.0) | 0.9 | (32.5) | 1.3 | (43.0) | 2.8 | 17.0 |
| FLUMARIN | 1.5 | (14.8) | 1.7 | (2.7) | 1.5 | (7.2) | 1.3 | (29.7) |
| Export/Overseas subsidiaries | * 7.4 | 71.4 | 7.4 | - | 6.6 | (15.1) | 9.2 | 29.0 |
| Shionogi Inc. | 3.5 | 35.4 | 4.0 | - | 4.2 | 2.5 | 5.3 | 26.1 |
| C&O | 1.5 | - | 1.4 | - | 1.3 | 40.1 | 1.6 | 58.4 |
| Contract manufacturing | 2.3 | 39.7 | 2.2 | (0.4) | 1.3 | (35.2) | 1.5 | (16.3) |
| OTC and quasi-drugs | 1.3 | 4.9 | 1.5 | 2.4 | 1.2 | (4.8) | 1.2 | 9.9 |
| Diagnostics | 0.6 | (20.6) | 0.5 | (16.2) | 0.5 | (23.8) | 0.6 | (12.7) |
| Royalty income | 16.0 | 0.9 | 17.4 | (5.8) | 18.8 | 12.2 | 17.6 | 0.4 |
| CRESTOR | 14.7 | (3.5) | 16.0 | (6.4) | 15.7 | (2.0) | 16.6 | 1.0 |
| Others | 0.5 | (1.3) | 0.5 | 21.6 | 0.6 | 10.4 | 0.6 | (0.3) |
| Total | 67.8 | 6.4 | 69.5 | 15.3 | 74.1 | (0.8) | 71.5 | 4.3 |

Fiscal year ended March 31, 2014

| FY2013 | FY2013 1Q actual | Y on Y change % | FY2013 2Q actual | Y on Y change % | FY2013 3Q actual | Y on Y change % | FY2013 4Q actual | Y on Y change % |
|---|---|---|---|---|---|---|---|---|
| Prescription drugs | 40.4 | 1.9 | 40.5 | 1.1 | 46.5 | 2.9 | 40.9 | 0.2 |
| CRESTOR | 10.0 | 16.7 | 10.6 | 5.4 | 10.6 | 7.9 | 9.9 | 2.5 |
| IRBETAN Franchise | 2.9 | 23.7 | 3.8 | 58.2 | 3.9 | 9.6 | 3.3 | 35.1 |
| CYMBALTA | 2.6 | 19.4 | 2.6 | 6.8 | 3.1 | 28.3 | 3.1 | 17.1 |
| Total of 3 key products | 15.5 | 18.4 | 17.0 | 14.1 | 17.6 | 11.4 | 16.2 | 10.5 |
| OXYCONTIN Franchise | 2.7 | 5.9 | 2.7 | 5.4 | 3.1 | 6.4 | 2.1 | (0.5) |
| FINIBAX | 1.1 | (7.1) | 1.2 | (3.4) | 1.3 | (12.2) | 1.1 | (2.1) |
| DIFFERIN | 0.9 | 7.2 | 1.0 | (9.4) | 1.2 | 11.1 | 1.3 | 30.1 |
| PIRESPA | 1.2 | 15.1 | 1.2 | (10.8) | 1.4 | 26.8 | 1.0 | (1.1) |
| RAPIACTA | 0.1 | 36.0 | 0.0 | (83.4) | 0.4 | 8.1 | 1.5 | (1.9) |
| Total of 8 strategic products | 21.6 | 14.4 | 22.8 | 9.4 | 25.1 | 9.8 | 23.4 | 8.1 |
| FLOMOX | 3.9 | (11.9) | 3.6 | (11.0) | 4.6 | (14.0) | 3.7 | (10.8) |
| RINDERON | 2.4 | (0.4) | 2.3 | (2.3) | 2.2 | (1.6) | 1.9 | 2.0 |
| CLARITIN | 0.9 | (26.0) | 0.9 | (9.4) | 1.2 | (10.6) | 1.9 | (31.6) |
| FLUMARIN | 1.4 | (7.9) | 1.4 | (17.4) | 1.5 | (1.5) | 1.1 | (12.2) |
| Export/Overseas subsidiaries | 8.4 | 13.3 | 7.0 | (5.8) | 12.0 | 82.4 | 6.6 | (27.5) |
| Shionogi Inc. | 5.4 | 53.0 | 4.1 | 4.9 | 8.3 | 96.0 | 3.6 | (32.9) |
| Osphena | - | - | 0.1 | - | 0.4 | - | 0.6 | - |
| C&O | 1.3 | (14.2) | 1.6 | 13.5 | 1.3 | 2.7 | 1.7 | 2.8 |
| Contract manufacturing | 2.4 | 1.4 | 2.6 | 24.6 | 0.8 | (41.8) | 2.6 | 76.8 |
| OTC and quasi-drugs | 1.0 | (25.2) | 1.3 | (9.6) | 1.1 | (8.3) | 1.1 | (6.2) |
| Diagnostics | 0.4 | (22.6) | 0.4 | (34.7) | 0.5 | (6.8) | 0.7 | 25.3 |
| Royalty income | 14.0 | (12.5) | 19.4 | 11.6 | 18.1 | (3.6) | 19.2 | 8.5 |
| CRESTOR | 13.1 | (10.9) | 18.1 | 13.1 | 16.7 | 6.0 | 17.8 | 7.7 |
| Others | 0.6 | 33.2 | 0.3 | (46.2) | 0.5 | (13.8) | 0.4 | (13.9) |
| Total | 67.3 | (0.8) | 71.4 | 2.8 | 79.4 | 7.1 | 71.6 | 0.2 |

*Note: Sales of each product 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.*

## 9-2. Quarterly trend for FY2012 and FY2013 (Consolidated statements of income)

Fiscal year ended March 31, 2013

*(Billions of yen)*

| FY2012 | FY2012 1Q actual * | Y on Y change % | FY2012 2Q actual | Y on Y change % | FY2012 3Q actual | Y on Y change % | FY2012 4Q actual | Y on Y change % |
|---|---|---|---|---|---|---|---|---|
| **Net sales** | **67.8** | **6.4** | **69.5** | **15.3** | **74.1** | **(0.8)** | **71.5** | **4.3** |
| Cost of sales | 30.3<br>20.6 | 14.0 | 28.3<br>19.6 | 0.8 | 26.4<br>19.6 | (11.2) | 26.2<br>18.8 | 3.4 |
| Gross profit | 47.2 | 3.4 | 49.9 | 22.2 | 54.5 | 3.6 | 52.7 | 4.6 |
| SG & A expenses | 51.4<br>34.9 | – | 51.5<br>35.8 | – | 50.3<br>37.3 | – | 51.5<br>36.8 | – |
| Selling & general expenses | 23.1 | – | 22.6 | – | 22.6 | – | 23.5 | – |
| R & D expenses | 11.8 | (10.0) | 13.2 | 4.6 | 14.7 | 16.5 | 13.3 | (12.6) |
| **Operating income** | **18.2**<br>**12.4** | **–** | **20.2**<br>**14.1** | **–** | **23.3**<br>**17.3** | **–** | **22.2**<br>**15.9** | **–** |
| Non-operating income & expenses | (0.3) | | (1.0) | | 0.2 | | 0.5 | |
| **Ordinary income** | **17.8**<br>**12.1** | **3.2** | **18.7**<br>**13.0** | **93.4** | **23.6**<br>**17.5** | **8.4** | **22.9**<br>**16.3** | **41.7** |
| Extraordinary income & loss | (0.4) | | 0.1 | | 2.6 | | (2.9) | |
| Income before income taxes and minority interests | 11.7 | | 13.1 | | 20.1 | | 13.4 | |
| Income taxes and minority interests | 4.7 | | 5.2 | | 6.6 | | (25.0) | |
| **Net income** | **10.2**<br>**6.9** | **82.8** | **11.4**<br>**8.0** | **79.8** | **18.2**<br>**13.5** | **29.9** | **53.7**<br>**38.4** | **350.2** |

Fiscal year ended March 31, 2014

| FY2013 | FY2013 1Q actual | Y on Y change % | FY2013 2Q actual | Y on Y change % | FY2013 3Q actual | Y on Y change % | FY2013 4Q actual | Y on Y change % |
|---|---|---|---|---|---|---|---|---|
| **Net sales** | **67.3** | **(0.8)** | **71.4** | **2.8** | **79.4** | **7.1** | **71.6** | **0.2** |
| Cost of sales | 27.3<br>18.4 | (10.8) | 26.4<br>18.9 | (3.8) | 25.4<br>20.2 | 3.0 | 28.7<br>20.6 | 9.6 |
| Gross profit | 48.9 | 3.5 | 52.6 | 5.4 | 59.2 | 8.6 | 51.1 | (3.1) |
| SG & A expenses | 54.6<br>36.8 | 5.4 | 50.7<br>36.3 | 1.3 | 46.8<br>37.1 | (0.3) | 53.1<br>38.0 | 3.3 |
| Selling & general expenses | 23.6 | 2.2 | 23.8 | 5.4 | 24.8 | 9.9 | 24.0 | 2.4 |
| R & D expenses | 13.1 | 11.6 | 12.5 | (5.8) | 12.4 | (15.9) | 14.0 | 4.8 |
| **Operating income** | **18.1**<br>**12.2** | **(1.7)** | **22.8**<br>**16.3** | **16.0** | **27.8**<br>**22.1** | **27.8** | **18.2**<br>**13.0** | **(17.9)** |
| Non-operating income & expenses | 0.5 | | (1.1) | | 1.8 | | (0.8) | |
| **Ordinary income** | **18.8**<br>**12.6** | **4.6** | **21.3**<br>**15.2** | **16.7** | **30.1**<br>**23.9** | **36.6** | **17.0**<br>**12.2** | **(25.4)** |
| Extraordinary income & loss | 0.6 | | 3.8 | | - | | (3.3) | |
| Income before income taxes and minority interests | 13.2 | | 19.0 | | 23.9 | | 8.9 | |
| Income taxes and minority interests | 2.3 | | 8.4 | | 8.1 | | 4.3 | |
| **Net income** | **16.1**<br>**10.8** | **56.9** | **14.8**<br>**10.6** | **32.8** | **19.9**<br>**15.8** | **17.5** | **6.4**<br>**4.6** | **(88.0)** |

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

*The Company has changed its presentation method for litigation expenses from the first quarter of the fiscal year ended March 31, 2014.*
*SG & A expenses, Selling & general expenses, Operating income and Non-operating income & expenses for the fiscal year ended March 31, 2013 has been restated to reflect this change.*
*However, the Y on Y change % has been omitted because it has not been calculated.*

## 10. Consolidated affiliated companies and affiliated company accounted for by the equity method

＜Consolidated affiliated companies and affiliated companies accounted for by the equity method＞

| № | Company name | Location | Common stock | Business status | Establish | Closing date | Ownership (%) |
|---|---|---|---|---|---|---|---|
| 1 | Shionogi Pharma Chemicals Co., Ltd. | Tokushima, Japan | JPY 200 million | Mfg. of pharmaceutical raw materials | August 24, 1976 | March 31 | 100 |
| 2 | Saishin Igaku Co., Ltd. | Osaka, Japan | JPY 90 million | Publication of medical information | December 21, 1998 | March 31 | 100 |
| 3 | Shionogi General Service Co., Ltd. | Osaka, Japan | JPY 10 million | Real estate rental, Insurance agency and contract general services | November 2, 1992 | March 31 | 100 |
| 4 | Shionogi Analysis Center Co., Ltd. | Osaka, Japan | JPY 200 million | Contract testing and analysis on medicine | December 21, 2007 | March 31 | 100 |
| 5 | Aburahi AgroResearch Co., Ltd. | Shiga, Japan | JPY 10 million | Contract Laboratories for agro chemicals | February 26, 2004 | March 31 | ＊ 100 |
| 6 | Shionogi Techno Advance Research Co., Ltd. | Osaka, Japan | JPY 9 million | Contract support services for experimental research | September 8, 2010 | March 31 | 100 |
| 7 | Taiwan Shionogi & Co., Ltd. | Taipei, Taiwan, R.O.C. | TWD 92 million | Mfg. and sale of pharmaceuticals | December 26, 1963 | March 31 | 100 |
| 8 | Shionogi Inc. | Delaware, U.S.A. | USD 8 | Mfg. and sale of pharmaceuticals | August 25, 2008 | March 31 | 100 |
| 9 | SG Holding, Inc. | Delaware, U.S.A. | USD 140 | Holding company | September 10, 2001 | March 31 | ＊ 100 |
| 10 | Ezose Sciences Inc. | Delaware, U.S.A. | USD 15 | Serum glycan analysis contract services | March 3, 2009 | March 31 | ＊ 100 |
| 11 | C&O Pharmaceutical Technology (Holdings) Limited | Bermuda Islands | HKD 165,840 thousand | Mfg. and sale of pharmaceuticals | July 28, 2003 | December 31 | 71 |
| 12 | Shionogi Ltd. | London, U.K. | GBP 700 thousand | Contract research for pharmaceuticals | February 10, 2012 | March 31 | 100 |
| 13 | Beijing Shionogi Pharmaceutical Technology Limited | Beijing, China | JPY 30 million | Support services for development and sales | March 29, 2013 | December 31 | 100 |
| 14 | Shionogi Singapore Pte. Ltd. | Singapore | SGD 400 thousand | Development and sales | December 30, 2013 | March 31 | 100 |

＊Incl. Indirect ownership

*Note: Twenty-three consolidated affiliated companies and three affiliated companies accounted for by the equity method are not shown on this table as the scale of their business is very small.*

# 11. Pipeline (as of May 2014)

| Areas | Code No.<br>(Generic name)<br>【Product name】 | Category<br>(Administration) | Indication | Stage | Origin | Development |
|---|---|---|---|---|---|---|
| Infectious Diseases | S-649266 | Cephem antibiotic<br>(Injection) | Infection | Japan: Phase I<br>USA: Phase II | In-house | In-house |
| Metabolic Syndrome | S-556971 | Cholesterol absorption inhibitor<br>(Oral) | Dyslipidemia | Japan: Phase II | Kotobuki Pharmaceutical Co., Ltd. (Japan) | Shionogi/Kotobuki Pharmaceutical Co., Ltd. |
| | S-707106 | Insulin sensitizer<br>(Oral) | Type 2 diabetes | USA: Phase IIa | In-house | In-house |
| | S-237648 | Neuropeptide Y Y5 receptor antagonist<br>(Oral) | Obesity | Japan: Phase I | In-house | In-house |
| Pain | LY248686<br>Duloxetine hydrochloride<br>【Cymbalta®】 | SNRI (Serotonin & noradrenaline reuptake inhibitor)<br>(Oral) | Chronic low back pain | Japan: Phase III | Eli Lilly (USA) | Shionogi/Eli Lilly Japan K.K. |
| | S-297995<br>(Naldemedine) | Peripheral opioid receptor antagonist<br>(Oral) | Alleviation of opioid-induced adverse effects | Global: Phase III<br>Japan: Phase III | In-house | In-house |
| | S-117957 | Analgesic agent for neuropathic pain<br>(Oral) | Neuropathic pain | USA: POM (Proof of Mechanism) | Shionogi/Purdue Pharma L.P. (USA) | Shionogi/Purdue Pharma L.P. |
| | S-120083 | Analgesic agent for inflammatory pain<br>(Oral) | Inflammatory pain | Japan: Phase I | Shionogi/Purdue Pharma L.P. (USA) | Shionogi/Purdue Pharma L.P. |
| | S-010887 | Analgesic agent for neuropathic pain<br>(Oral) | Neuropathic pain | Japan: Phase I | In-house | In-house |
| Other | Ospemifene | Selective estrogen receptor modulator<br>(Oral) | Post-menopausal vaginal atrophy | USA: Approval (Feb. 2013)<br>Europe: NDA submission (Mar. 2013) | QuatRx Pharmaceuticals Company (USA) | Shionogi/QuatRx Pharmaceuticals Company |
| | S-524101 | Sublingual tablet of house-dust mite allergen extracts for immunotherapy | Allergic rhinitis caused by house-dust mite allergen | Japan: NDA submission (Apr. 2014) | Stallergenes SA (France) | In-house |
| | S-555739 | Prostaglandin D2 receptor antagonist<br>(Oral) | Allergic rhinitis | Japan: Phase III<br>USA: Phase IIa<br>Europe: POM (Proof of Mechanism) | In-house | In-house |
| | S-888711<br>(Lusutrombopag) | Small molecule TPO mimetic<br>(Oral) | Thrombocytopenia | USA, Europe: Phase II<br>Japan: Phase III | In-house | In-house |
| | S-877503<br>(Guanfacine hydrochloride) | Alpha-2A-adrenergic receptor agonist<br>(Oral) | ADHD | Japan: Phase II/III | Shire (Ireland) | Shionogi/Shire |
| | S-877489<br>(Lisdexamfetamine) | DA and NE reuptake inhibitor/Releaser of DA, NE<br>(Oral) | ADHD | Japan: Phase II | Shire (Ireland) | Shionogi/Shire |
| | S-588410 | Cancer peptide vaccine<br>(Injection) | Bladder cancer | Japan, Europe: Phase II | OncoTherapy Science, Inc. (Japan) | In-house |
| | S-488210 | Cancer peptide vaccine<br>(Injection) | Head and neck squamous cell carcinoma | Europe: Phase I/II | OncoTherapy Science, Inc. (Japan) | In-house |
| | S-646240 | Peptide vaccine<br>(Injection) | Age-related macular degeneration | Japan: Phase IIa | OncoTherapy Science, Inc. (Japan) | In-house |
| | S-222611 | HER2/EGFR dual inhibitor<br>(Oral) | Malignant tumor | Europe: Phase I/II | In-house | In-house |
| | S-525606 | Sublingual tablet of Japanese cedar allergen extracts for immunotherapy | Allergic rhinitis caused by Japanese cedar allergen | Japan: Phase I (in preparation) | Stallergenes SA (France) | In-house |

**<Out-Licensing Activity>**

| Code No.<br>(Generic name) | Category<br>(Administration) | Indication | Stage | Origin | Development |
|---|---|---|---|---|---|
| S/GSK1349572<br>(Dolutegravir) | Integrase inhibitor<br>(Oral) | HIV infection | Global: NDA submission<br>(Dec. 2012)<br>USA: Approval (Aug. 2013)<br>Europe: Approval (Jan. 2014)<br>Japan: Approval (Mar. 2014)<br>Other: Approval in 5 countries | Shionogi-ViiV Healthcare LLC | ViiV Healthcare Ltd. (UK) |
| Dolutegravir/Abacavir/Lamivudine | Integrase inhibitor/Nucleoside reverse transcriptase inhibitor<br>(Oral) | HIV infection | USA, Europe: NDA submission<br>(Oct. 2013) | Shionogi-ViiV Healthcare LLC | ViiV Healthcare Ltd. (UK) |
| S/GSK1265744 LAP* | Integrase inhibitor<br>(Injection) | HIV infection | USA: Phase II | Shionogi-ViiV Healthcare LLC | ViiV Healthcare Ltd. (UK) |
| S-0373 | Non-peptide mimetic of TRH<br>(Oral) | Spinocerebellar ataxia | Japan: Phase III | In-house | Kissei Pharmaceutical Co., Ltd. (Japan) |
| Janssen/Shionogi BACE inhibitor | BACE inhibitor<br>(Oral) | Alzheimer's disease | Europe: Phase I | 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<br>【Product name】 | Category<br>(Administration) | Indication | Stage | Origin | Development |
|---|---|---|---|---|---|
| Oxycodone hydrochloride hydrate<br>【OxyContin®】 | Natural opium alkaloids<br>(Oral) | For the treatment of moderate to severe chronic pain | Japan: Phase III | Napp Pharmaceuticals Limited (UK) | In-house |
| Duloxetine hydrochloride<br>【Cymbalta®】 | SNRI (Serotonin & noradrenaline reuptake inhibitor)<br>(Oral) | Fibromyalgia | Japan: NDA submission<br>(in preparation) | Eli Lilly (USA) | Shionogi/Eli Lilly Japan K.K. |
| Vancomycin hydrochloride<br>【Vancomycin】 | Glycopeptide antibiotic<br>(Drip infusion) | 1.<br><Spectrum> Vancomycin-sensitive Methicillin resistant coagulase negative Staphylococcus (MRCNS)<br><Indication> Septicemia, Infectious endocarditis, (Superficial) Secondary infections in trauma, Burns, Surgical wounds, etc., Osteomyelitis, Arthritis, Peritonitis, Bacterial meningitis<br>2.<br>Febrile Neutropenia suspected of MRSA or MRCNS infection | Japan: NDA submission<br>(Nov. 2013) | Eli Lilly (USA) | In-house |

**<Requested for development by academy>**

| Generic name<br>【Product name】 | Category<br>(Administration) | Indication | Stage | Origin | Development |
|---|---|---|---|---|---|
| Interferon gamma-1a<br>【Imunomax®-γ】 | Interferon gamma-1a<br>(Genetical recombination)<br>(Injection) | Mycosis fungoides/Sezary syndrome | Japan: NDA submission<br>(Aug. 2013) | Biogen Idec, Inc. (USA) | In-house |

**Since February 2014**

| | |
|---|---|
| Change of phase | S-649266: USA: Phase I → USA: Phase II |
| | S-524101: Japan: NDA submission (in preparation) → Japan: NDA submission (Apr. 2014) |
| | S/GSK1349572 (Dolutegravir): Japan: NDA submission (Dec. 2013) → Japan: Approval (Mar. 2014) |
| | Duloxetine hydrochloride【Cymbalta®】Fibromyalgia: Japan: Phase III → Japan: NDA submission (in preparation) |
| Compound added to the list | S-525606: Japan: Phase I (in preparation) |
| Compound erased from the list | S-234462: Japan: Closed (Mar. 2014) |
| | S-414114: For the main constituent of the development moved to AnGes MG, Inc. (May 2014) |