



## Financial Results for the Third Quarter of Fiscal Year 2011(Consolidated)

January 30, 2012

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

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Scheduled date of quarterly securities report submission: February 10, 2012

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, 2011 to December 31, 2011

(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, 2011	198,734	(8.5)	34,688	(2.9)	34,566	2.5	18,574	37.3
Nine months ended December 31, 2010	217,273	5.2	35,708	1.9	33,723	1.0	13,528	(47.0)

Note: Comprehensive income Nine months ended December 31, 2011 11,482 million yen (- %)   
 Nine months ended December 31, 2010 (6,050) million yen (- %)

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
Nine months ended December 31, 2011	55.46	55.46
Nine months ended December 31, 2010	40.40	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2011	503,660	329,345	64.8
As of March 31, 2011	523,242	328,096	62.7

Reference: Shareholders' equity As of December 31, 2011: 326,184 million yen As of March 31, 2011: 328,096 million yen

### 2. Dividends

(Date of record)	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
Year ended March 31, 2011	Yen —	Yen 20.00	Yen —	Yen 20.00	Yen 40.00
Year ending March 31, 2012	—	20.00	—		
Year ending March 31, 2012 (forecast)				20.00	40.00

Note: Revisions of the most recent dividend forecast: None

### 3. Consolidated financial forecast for the year ending March 31, 2012

(% 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, 2012	269,000	(4.7)	46,000	(1.9)	44,000	(2.6)	27,000	34.8	80.62

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

#### 4. Others

(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: None

c) Changes in accounting estimates: None

d) Restatements: None

(4) Number of shares issued (common stock)

a) Number of shares issued (including treasury stock)

As of December 31, 2011: 351,136,165 shares

As of March 31, 2011: 351,136,165 shares

b) Number of treasury stock

As of December 31, 2011: 16,239,373 shares

As of March 31, 2011: 16,237,775 shares

c) Average number of shares issued during the period

Nine months ended December 31, 2011: 334,897,445 shares

Nine months ended December 31, 2010: 334,903,240 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 "Qualitative Information on Consolidated Financial Forecast" on page 2 of the supplemental materials for the "Financial Results for the First Quarter of Fiscal Year 2011(Consolidated)"*

## CONTENTS

1. Qualitative Information, Financial Statements .....	2
(1) Qualitative information regarding consolidated operating results .....	2
(2) Qualitative information regarding consolidated financial position .....	2
(3) Qualitative information regarding consolidated financial forecast.....	2
2. Consolidated Financial Statements .....	3
(1) Consolidated balance sheets.....	3
(2) Consolidated statements of income and Consolidated statements of comprehensive income .....	5
Consolidated statements of income.....	5
Consolidated statements of comprehensive income .....	6
(3) Going concern assumption .....	6
(4) Significant changes in shareholders' equity .....	6

## **1. Qualitative Information on Quarterly Financial Results**

### **(1) Qualitative Information on Consolidated Operating Results**

During the third quarter, the nine months ended December 31, 2011, market conditions in the pharmaceutical industry in Japan became increasingly challenging amid ongoing policies to restrain healthcare costs. Competition also intensified in overseas markets due to factors including the increasing momentum toward international alliance strategies. In these circumstances, the Shionogi Group worked energetically in Japan to expand sales of strategic products including the hyperlipidemia treatment Crestor, the hypertensive Irbetan and the antidepressant Cymbalta. In overseas markets, the Shionogi Group focused on U.S. subsidiary Shionogi Inc. in implementing initiatives to strengthen its overseas business.

For the nine months ended December 31, 2011, net sales were ¥198,734 million, operating income was ¥34,688 million, ordinary income was ¥34,566 million, and net income was ¥18,574 million.

Regarding net sales, domestic sales of prescription drugs increased 4.7 percent overall compared with the same period of the previous fiscal year due to growth in sales of Crestor, Irbetan and Cymbalta, and steady sales of other strategic products. Overseas, sales decreased significantly for the first six months of the fiscal year compared with the same period of the previous fiscal year due to revision of allowances for sales deductions (product returns and rebates) at Shionogi Inc. However, the Shionogi Group achieved its overseas sales targets for the three months ended December 31, 2011 (October 2011-December 2011). As a result, net sales for the nine months ended December 31, 2011 decreased 8.5 percent overall compared with the same period of the previous fiscal year.

Regarding profit, gross profit decreased 11.0 percent compared with the same period of the previous fiscal year, mainly because of the decrease in sales at Shionogi Inc. mentioned above. However, the decrease in operating income was limited to 2.9 percent because of reduced expenses as a result of the impact of the Great East Japan Earthquake and Group-wide efforts to reduce expenses. Ordinary income increased 2.5 percent due in part to the reduced impact of foreign currency translation compared with the same period of the previous fiscal year, and net income increased 37.3 percent because of factors including lower extraordinary loss than in the same period of the previous fiscal year.

### **(2) Qualitative Information on Consolidated Financial Position**

As of December 31, 2011, total assets were ¥503,660 million, a decrease of ¥19,581 million compared with the end of the previous fiscal year. Current assets decreased ¥22,591 million from the end of the previous fiscal year to ¥234,345 million mainly due to the use of cash and deposits to pay taxes and to acquire shares of China subsidiary C&O Pharmaceutical Technology (Holdings) Limited and a decrease in short-term investment securities. Non-current assets increased ¥3,009 million from the end of the previous fiscal year to ¥269,314 million.

Total liabilities decreased ¥20,830 million compared with the end of the previous fiscal year to ¥174,315 million. Current liabilities decreased ¥3,003 million to ¥76,816 million due to factors including an increase from the shift of bonds payable due within one year to the current portion of bonds and a decrease in income taxes payable. Non-current liabilities decreased ¥17,827 million to ¥97,498 million mainly because of the shift of bonds payable to the current portion of bonds mentioned above and a decrease in long-term loans payable.

Net assets increased ¥1,248 million compared with the end of the previous fiscal year to ¥329,345 million. Shareholders' equity increased ¥5,176 million to ¥366,910 million, reflecting factors including net income and payment of cash dividends. Accumulated other comprehensive income decreased ¥7,088 million to negative ¥40,725 million, primarily because of a lower valuation difference on available-for-sale securities due to a drop in market value and a greater reduction in net assets from foreign currency translation adjustment. Minority interests totaled ¥3,101 million because C&O Pharmaceutical Technology (Holdings) Limited became a consolidated subsidiary.

As a result, the shareholders' equity ratio increased from 62.7 percent at the end of the previous fiscal year to 64.8 percent.

### **(3) Qualitative Information on Consolidated Financial Forecast**

There are no revisions to the consolidated financial forecast announced on October 28, 2011.

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

	As of March 31, 2011	As of December 31, 2011
<b>Assets</b>		
Current assets		
Cash and deposits	27,579	17,466
Notes and accounts receivable-trade	69,498	69,763
Short-term investment securities	88,914	74,708
Merchandise and finished goods	24,369	27,617
Work in process	13,294	11,821
Raw materials and supplies	9,675	14,564
Other	23,618	18,422
Allowance for doubtful accounts	(12)	(19)
Total current assets	256,937	234,345
Non-current assets		
Property, plant and equipment	70,220	74,387
Intangible assets		
Goodwill	58,830	60,701
Other	40,762	43,715
Total intangible assets	99,593	104,417
Investments and other assets		
Investment securities	60,654	55,401
Other	35,957	35,205
Allowance for doubtful accounts	(121)	(97)
Total investments and other assets	96,491	90,509
Total non-current assets	266,304	269,314
Total assets	523,242	503,660
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	12,884	15,166
Current portion of long-term loans payable	14,000	14,000
Current portion of bonds	—	10,000
Income taxes payable	13,510	2,635
Provision for bonuses	7,059	4,052
Provision for sales returns	1,775	5,692
Other provision	1,514	171
Other	29,075	25,098
Total current liabilities	79,819	76,816
Non-current liabilities		
Bonds payable	30,000	20,000
Long-term loans payable	63,000	55,500
Provision for retirement benefits	8,573	8,830
Other	13,752	13,167
Total non-current liabilities	115,325	97,498
Total liabilities	195,145	174,315

*Millions of yen*

	As of March 31, 2011	As of December 31, 2011
Net assets		
Shareholders' equity		
Capital stock	21,279	21,279
Capital surplus	20,227	20,227
Retained earnings	339,970	345,149
Treasury stock	(19,743)	(19,745)
Total shareholders' equity	361,733	366,910
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,732	3,330
Deferred gains or losses on hedges	(288)	155
Foreign currency translation adjustment	(37,081)	(44,211)
Total accumulated other comprehensive income	(33,637)	(40,725)
Subscription rights to shares	—	58
Minority interests	—	3,101
Total net assets	328,096	329,345
Total liabilities and net assets	523,242	503,660

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

## Consolidated statements of income

*Millions of yen*

	Nine months ended December 31, 2010	Nine months ended December 31, 2011
Net sales	217,273	198,734
Cost of sales	60,958	59,612
Gross profit	156,314	139,122
Selling, general and administrative expenses	120,605	104,433
Operating income	35,708	34,688
Non-operating income		
Interest income	280	241
Dividends income	1,096	1,058
Subsidy income	—	500
Other	466	816
Total non-operating income	1,843	2,618
Non-operating expenses		
Interest expenses	1,128	1,004
Contribution	833	918
Foreign exchange losses	1,151	—
Other	715	816
Total non-operating expenses	3,828	2,740
Ordinary income	33,723	34,566
Extraordinary income		
Gain on sales of noncurrent assets	—	509
Gain on sales of investment securities	—	152
Gain on forgiveness of debts	279	—
Gain on negative goodwill	243	—
Total extraordinary income	523	662
Extraordinary loss		
Impairment loss	7,346	1,555
Loss on penalty	—	1,334
Loss on disaster	—	1,089
Business structure improvement expenses	4,143	821
Loss on valuation of investment securities	134	487
Other	334	—
Total extraordinary losses	11,957	5,287
Income before income taxes and minority interests	22,289	29,940
Income taxes-current	12,505	13,271
Income taxes-deferred	(3,775)	(1,902)
Total income taxes	8,730	11,369
Income before minority interests	13,559	18,570
Minority interests in income (loss)	30	(3)
Net income	13,528	18,574

## Consolidated statements of comprehensive income

*Millions of yen*

	Nine months ended December 31, 2010	Nine months ended December 31, 2011
Income before minority interests	13,559	18,570
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,233)	(402)
Deferred gains or losses on hedges	—	444
Foreign currency translation adjustment	(16,375)	(7,130)
Total other comprehensive income	(19,609)	(7,088)
Comprehensive income	(6,050)	11,482
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(6,080)	11,602
Comprehensive income attributable to minority interests	30	(119)

## (3) Going concern assumption

None

## (4) Significant changes in shareholders' equity

None



# Supplemental material for financial results for the 3rd quarter of fiscal year 2011

January 30, 2012

Shionogi & Co., Ltd.

## 1. Sales of main merchandise and finished goods

(Billions of yen)

	FY2011 2H	FY2011	FY2011	FY2010	FY2011	FY2010	Progress	FY2011	FY2011
	original	original	3Q	3Q	1Q-3Q	1Q-3Q	% vs.	revised	change
	forecast	forecast	actual	actual	actual	actual	FY2011	forecast	from
							forecast		original
Prescription drugs	87.1	165.8	45.9	43.9	124.6	119.0	75.1	165.8	-
<i>change %</i>	4.0	4.4	4.5	3.3	4.7	1.6		4.4	
CRESTOR	19.4	36.6	9.5	8.4	26.7	22.0	72.8	36.6	-
IRBETAN	5.4	9.7	2.5	2.2	6.8	5.5	69.6	9.7	-
CYMBALTA	3.3	6.1	1.9	0.9	4.7	1.8	77.4	6.1	-
Total of 3 key products	28.1	52.4	13.8	11.4	38.1	29.3	72.8	52.4	-
OXYCONTIN	5.4	9.9	2.6	2.7	7.1	7.5	71.5	9.9	-
FINIBAX	2.4	4.6	1.4	1.0	3.6	2.8	79.0	4.6	-
DIFFERIN	1.9	3.6	1.0	1.0	2.7	2.4	75.4	3.6	-
PIRESPA	1.8	3.4	1.0	0.8	2.6	2.1	76.4	3.4	-
RAPIACTA	1.4	1.4	0.3	(0.3)	0.3	(0.3)	18.0	1.4	-
Total of 8 strategic products	41.0	75.3	20.1	16.6	54.4	43.7	72.3	75.3	-
FLOMOX	11.1	20.9	6.0	6.6	15.8	16.7	75.5	20.9	-
RINDERON	4.7	9.5	2.5	2.3	7.3	7.4	76.6	9.5	-
CLARITIN	4.0	7.2	2.3	2.2	5.5	5.3	75.8	7.2	-
FLUMARIN	2.9	6.4	1.6	2.1	5.1	6.0	80.4	6.4	-
VANCOMYCIN	2.1	4.4	1.2	1.4	3.5	4.0	79.3	4.4	-
IMUNACE	1.1	2.3	0.5	0.9	1.7	2.5	75.5	2.3	-
Export/Overseas subsidiaries	13.3	15.3	7.8	8.7	9.8	34.7	64.4	16.7	1.4
<i>change %</i>	15.4	(59.3)	(11.1)	(31.5)	(71.7)	(5.1)		(55.5)	
Shionogi Inc.	8.2	5.7	4.1	5.6	1.7	26.6	29.0	5.7	-
C&O	-	-	0.9	-	0.9	-	-	1.9	1.9
DORIPENEM	2.9	4.8	1.6	1.7	3.5	4.2	72.6	4.2	(0.6)
Contract manufacturing	4.1	7.8	2.1	1.9	5.8	3.7	75.0	7.8	-
<i>change %</i>	11.7	44.2	9.3	0.3	58.0	(30.2)		44.2	
OTC and quasi-drugs	2.6	5.3	1.3	1.3	4.0	4.2	74.7	4.9	(0.4)
<i>change %</i>	11.2	2.4	(4.1)	(3.4)	(4.6)	(3.8)		(5.4)	
SEDES	1.2	2.5	0.5	0.7	1.8	2.0	72.7	2.2	(0.3)
POPON-S	0.4	0.9	0.2	0.2	0.7	0.7	78.6	0.9	-
Diagnostics	1.5	2.8	0.7	0.7	2.0	2.1	72.7	2.8	-
<i>change %</i>	3.8	(2.1)	0.4	7.5	(5.2)	(2.2)		(2.1)	
Royalty income	35.7	70.0	16.7	16.7	51.0	51.6	72.9	69.0	(1.0)
<i>change %</i>	4.8	1.6	(0.3)	21.5	(1.2)	36.6		0.1	
CRESTOR	35.0	67.3	16.0	15.2	48.3	48.0	71.9	65.8	(1.5)
Others	1.1	2.0	0.5	0.7	1.4	1.9	72.5	2.0	-
<i>change %</i>	(57.7)	(45.3)	(33.2)	(28.7)	(24.8)	(38.8)		(45.3)	
Total	145.0	269.0	74.7	73.9	198.7	217.3	73.9	269.0	-
<i>change %</i>	4.3	(4.7)	1.1	0.1	(8.5)	5.2		(4.7)	

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

Sales of each product are shown on non-consolidated basis

\* Because of changing fiscal term, FY2010 1Q-3Q actuals of subsidiaries in the United States include 12-month sales from January to December 2010.

## 2-1 Quarterly trend for FY2010 and FY2011 (Sales of main merchandise and finished goods)

Fiscal year ended March 31, 2011

(Billions of yen)

FY2010	FY2010 1Q actual	Y on Y change %	FY2010 2Q actual	Y on Y change %	FY2010 3Q actual	Y on Y change %	FY2010 4Q actual	Y on Y change %
Prescription drugs	38.0	2.1	37.1	(0.9)	43.9	3.3	39.9	12.7
CRESTOR	6.6	19.9	7.1	17.5	8.4	21.0	6.9	20.4
IRBETAN	1.6	347.9	1.7	95.9	2.2	75.0	1.8	37.9
CYMBALTA	0.4	-	0.5	-	0.9	-	0.9	-
Total of 3 key products	8.5	46.6	9.4	34.8	11.4	40.1	9.6	36.3
OXYCONTIN	2.5	13.7	2.3	13.5	2.7	7.7	2.1	20.2
FINIBAX	0.9	5.2	0.9	0.6	1.0	18.1	0.8	1.0
DIFFERIN	0.6	32.2	0.9	53.5	1.0	54.4	0.7	42.9
PIRESPA	0.7	150.1	0.6	75.3	0.8	79.7	0.7	47.9
RAPIACTA	(0.0)	-	0.0	-	(0.3)	-	0.6	1.6
Total of 8 strategic products	13.2	37.6	14.0	30.1	16.6	32.1	14.5	30.3
FLOMOX	5.3	(8.6)	4.8	(12.6)	6.6	(16.6)	5.2	8.0
RINDERON	2.5	(1.1)	2.5	(2.8)	2.3	(0.5)	2.2	8.0
CLARITIN	1.6	(8.0)	1.5	(13.2)	2.2	9.1	4.7	31.5
FLUMARIN	1.8	(16.5)	2.1	(17.5)	2.1	(9.9)	1.5	(9.0)
VANCOMYCIN	1.2	(29.4)	1.4	(19.1)	1.4	(6.9)	1.0	(13.3)
IMUNACE	0.8	(40.8)	0.8	(32.9)	0.9	(23.1)	0.6	(30.0)
Export/Overseas subsidiaries	17.1	42.6	8.9	(24.9)	8.7	(31.5)	2.7	(78.3)
Shionogi Inc.	* 15.2	58.8	5.8	(33.8)	5.6	(43.5)	0.4	(95.8)
DORIPENEM	0.5	(57.3)	2.0	16.3	1.7	35.8	0.5	(54.7)
Contract manufacturing	1.0	(35.7)	0.8	(55.4)	1.9	0.3	1.7	(19.4)
OTC and quasi-drugs	1.4	(3.9)	1.4	(4.1)	1.3	(3.4)	1.1	(8.9)
SEDES	0.6	(10.5)	0.7	(0.2)	0.7	16.5	0.4	(0.6)
POPON-S	0.3	14.0	0.2	(29.4)	0.2	(38.2)	0.2	(14.7)
Diagnostics	0.7	(9.7)	0.8	(2.2)	0.7	7.5	0.7	(4.9)
Royalty income	16.4	56.6	18.4	36.4	16.7	21.5	17.4	(10.0)
CRESTOR	15.4	53.6	17.4	38.7	15.2	15.1	16.2	14.2
Others	0.6	2.8	0.6	(60.5)	0.7	(28.7)	1.7	83.7
Total	75.2	17.5	68.1	(0.7)	73.9	0.1	65.1	(9.7)

Fiscal year ending March 31, 2012

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

Note: Sales of each product are shown on non-consolidated basis

\* Because of changing fiscal term, FY2010 1Q actuals of subsidiaries in the United States include 6-month sales from January to June 2010.

## 2-2 Quarterly trend for FY2010 and FY2011 (Consolidated statements of income)

Fiscal year ended March 31, 2011

(Billions of yen)

FY2010	FY2010 1Q actual *	Y on Y change %	FY2010 2Q actual	Y on Y change %	FY2010 3Q actual	Y on Y change %	FY2010 4Q actual	Y on Y change %
<b>Net sales</b>	<b>75.2</b>	<b>17.5</b>	<b>68.1</b>	<b>(0.7)</b>	<b>73.9</b>	<b>0.1</b>	<b>65.1</b>	<b>(9.7)</b>
Cost of sales	27.7 20.9	21.2	26.7 18.2	(7.4)	29.6 21.9	8.0	31.9 20.8	8.6
Gross profit	54.4	16.1	49.9	2.0	52.0	(2.9)	44.3	(16.3)
SG & A expenses	61.7 46.4	13.9	56.8 38.7	4.0	48.1 35.5	(2.3)	50.9 33.1	(6.7)
Selling & general expenses	33.4	35.4	23.6	(7.0)	24.5	3.1	21.3	(12.0)
R & D expenses	13.0	(19.1)	15.1	27.5	11.0	(12.5)	11.8	4.4
<b>Operating income</b>	<b>10.6</b> <b>8.0</b>	<b>31.1</b>	<b>16.5</b> <b>11.3</b>	<b>(4.3)</b>	<b>22.3</b> <b>16.5</b>	<b>(4.1)</b>	<b>17.2</b> <b>11.2</b>	<b>(35.8)</b>
Non-operating income & expenses	(0.8)		(0.8)		(0.5)		0.3	
<b>Ordinary income</b>	<b>9.6</b> <b>7.2</b>	<b>23.6</b>	<b>15.4</b> <b>10.5</b>	<b>(0.7)</b>	<b>21.7</b> <b>16.0</b>	<b>(5.7)</b>	<b>17.6</b> <b>11.5</b>	<b>(33.2)</b>
Extraordinary income & loss	(2.1)		(4.1)		(5.2)		(0.6)	
Income before income taxes and minority interests	5.1		6.4		10.8		10.8	
Income taxes and minority interests	0.3		4.4		4.1		4.3	
<b>Net income</b>	<b>6.4</b> <b>4.8</b>	<b>4.9</b>	<b>3.0</b> <b>2.0</b>	<b>(70.9)</b>	<b>9.0</b> <b>6.7</b>	<b>(52.2)</b>	<b>10.0</b> <b>6.5</b>	<b>(50.4)</b>

Fiscal year ending March 31, 2012

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

\* Because of changing fiscal term, FY2010 1Q actuals of subsidiaries in the United States include 6-month results from January to June 2010.

### 3. Pipeline (as of January 2012)

Areas	Code No. (Generic name) 【Product name】	Category (Administration)	Indication	Stage	Origin	Development
Metabolic Syndrome	S-474474 (Irbesartan/trichlormethiazide combination)	Angiotensin receptor blocker/diuretic combination (Oral)	Hypertension	Japan: Phase III	Irbesartan: Sanofi (France) Trichlormethiazide: Shionogi	In-house
	S-2367 (Velneperit)	Neuropeptide Y Y5 receptor antagonist (Oral)	Obesity	Japan: Phase II	In-house	In-house
	S-707106	Insulin sensitizer (Oral)	Type 2 Diabetes	USA: Phase IIa	In-house	In-house
	S-234462	Neuropeptide Y Y5 receptor antagonist (Oral)	Obesity	USA: Phase I	In-house	In-house
Infectious Diseases	S-4661 (Doripenem hydrate) 【Finibax®】	Carbapenem antibiotic (Injection)	Pediatric infection	Japan: NDA submission (August 2011)	In-house	In-house
	S-349572 (Dolutegravir)	Integrase inhibitor (Oral)	HIV infection	Global: Phase III	Shionogi-ViiV Healthcare LLC	Shionogi-ViiV Healthcare LLC
	S-265744 LAP	Integrase inhibitor (Injection; Long acting parenteral formulation)	HIV infection	USA: Phase I	Shionogi-ViiV Healthcare LLC	Shionogi-ViiV Healthcare LLC
Pain	LY248686 (Duloxetine hydrochloride) 【Cymbalta®】	SNRI (Serotonin & noradrenaline reuptake inhibitor) (Oral)	Diabetic peripheral neuropathic pain	Japan: NDA submission (September 2009)	Eli Lilly and Company (USA)	Shionogi/Eli Lilly Japan K.K.
	S-811717 (Oxycodone hydrochloride hydrate) 【OxiFast®】	Natural opium alkaloids (Injection)	For the treatment of moderate to severe pain in patients with cancer pain	Japan: Approval (January 2012)	Napp Pharmaceuticals Limited (UK)	In-house
	S-297995	Peripheral opioid receptor antagonist (Oral)	Alleviation of opioid-induced adverse effect	USA: Phase IIb Japan: Phase IIb	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.
Women's Health	PSD502 (Lidocaine/prilocaine)	Eutectic mixture of anesthetics (Metered-dose topical aerosol spray)	Premature ejaculation	USA, Europe: Phase III	Plethora Solutions Holdings PLC (UK)	Shionogi/Plethora Solutions Holdings PLC
	Ospemifene	Selective estrogen receptor modulator (Oral)	Post-menopausal vaginal atrophy	USA: NDA submission (in preparation)	QuatRx Pharmaceuticals Company (USA)	Shionogi/QuatRx Pharmaceuticals Company
Other	S-555739	Prostaglandin D2 receptor antagonist (Oral)	Allergic disease	Japan: Phase IIb USA: Phase I 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 (in preparation)	Stallergenes SA (France)	In-house
	S-888711	Small molecule TPO mimetic (Oral)	Thrombocytopenia	USA, Europe: Phase II Japan: Phase IIa	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-222611	HER2/EGFR dual inhibitor (Oral)	Malignant tumor	Europe: Phase Ib	In-house	In-house
	S-488210	Cancer peptide vaccine (Injection)	Head and neck squamous cell carcinoma	Europe: Phase I/II (in preparation)	OncoTherapy Science, Inc. (Japan)	In-house

<Out-Licensing Activity>

Code No. (Generic name)	Category (Administration)	Indication	Stage	Origin	Development
S-4661 (Doripenem hydrate)	Carbapenem antibiotic (Injection)	Bacterial infection	USA: Approval (October 2007) Complicated intra-abdominal infections, Complicated urinary tract infections including pyelonephritis NDA submission (June 2007) Hospital-acquired (nosocomial) pneumonia including ventilator-associated pneumonia Europe: Approval (July 2008)	In-house	Johnson & Johnson (USA)
S-3013 (Varespladib methyl)	Secretory PLA2(sPLA2) inhibitor (Oral)	Acute coronary syndromes	USA, Europe: Phase III	Shionogi/Eli Lilly and Company (USA)	Anthera Pharmaceuticals, Inc. (USA)
S-0373	Non-peptide mimetic of TRH (Oral)	Spinocerebellar ataxia	Japan: Phase II	In-house	Kissei Pharmaceutical Co., Ltd. (Japan)

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

Generic name 【Product name】	Category (Administration)	Indication	Stage	Origin	Development
Metronidazole 【Flagyl®】	Antibacterial and antiprotozoal agent (Oral)	Infections caused by anaerobic bacteria, Amebiasis, Giardiasis	NDA submission (in preparation)	Sanofi (France)	In-house
Metronidazole 【Flagyl®】	Antibacterial and antiprotozoal agent (Oral or Intravaginal)	Bacterial vaginosis	NDA submission (in preparation)	Sanofi (France)	In-house
Lisinopril hydrate 【Longes®】	ACE inhibitor (Oral)	Childhood hypertension	NDA submission (in preparation)	Merck & Co., Inc. (USA)/ AstraZeneca (UK)	Shionogi/AstraZeneca
Ifosfamide 【Ifamide】	Antineoplastic agent (Injection)	Malignant lymphoma	NDA submission	Baxter (USA)	In-house
Sulfamethoxazole/ trimethoprim combination 【Baktar®】	Synthetic folate-antagonist/ anti-infectives combination (Oral)	Prophylaxis and treatment of <i>Pneumocystis carinii</i>	NDA submission (in preparation)	GSK (UK)/Shionogi	In-house
Oxycodone hydrochloride hydrate 【OxyContine®, OxiNorm®】	Natural opium alkaloids (Oral)	For the treatment of moderate to severe chronic pain	Clinical trial (in preparation)	Napp Pharmaceuticals Limited (UK)	In-house
Duloxetine hydrochloride 【Cymbalta®】	SNRI (Serotonin & noradrenaline reuptake inhibitor) (Oral)	Fibromyalgia	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), Febrile neutropenia, Alternative agent in penicillin-allergic adults and children	To be determined	Eli Lilly (USA)	In-house

<Since October 2011>

Change of phase	S-811717: Japan: NDA submission (August 2011) → Approved (January 2012)
	Metronidazole 【Flagyl®】: NDA submission (in preparation) → NDA submission
	Ifosfamide 【Ifamide】: Malignant lymphoma in childhood → Malignant lymphoma, NDA submission (in preparation) → NDA submission
	Oxycodone hydrochloride hydrate 【Oxycontine®, Oxinorm®】: To be determined → Clinical trial (in preparation)
	Duloxetine hydrochloride 【Cymbalta®】: Clinical trial (in preparation) → Phase III
Compound added to the list	S-117957: USA: Phase I
	S-488210: Europe: Phase I/II (in preparation)
Compound erased	Cyclophosphamide hydrate 【Endoxan®】: Approval (September 2011)