



Consolidated Financial Results for the first quarter of fiscal year 2005

August 1, 2005

Name of Listed Company : **SHIONOGI & CO., LTD.** (URL <http://www.shionogi.co.jp>)
 Securities code number : 4507
 Listed Exchanges : Section 1 of Tokyo, Osaka and Nagoya, and Fukuoka and Sapporo
 Representative : Title of Person in Charge *President*
 : Name *Motozo Shiono*
 Contact responsibility : Title of Person in Charge *General Manager, Public Relations Unit*
 : Name *Noriyuki Kishida*
 Telephone : 06(6202)-2161

1. Basis of preparation

- (1) Adoption of simplified methods of accounting [Yes/No] : Yes
The Company has partially adopted simplified methods of accounting for inventory valuation and others.
- (2) Changes in method of accounting [Yes/No] : Yes
The Company has adopted "Accounting Standard for Impairment of Long-Lived Assets" since this quarter. As a result of this change, Income before income taxes and minority interests decreased by ¥440 million in comparison with the previous method.
- (3) Changes in the scope of consolidation or in the application of the equity method [Yes/No] : No

2. Financial Results for the period from April 1, 2005 to June 30, 2005

(1) Results of operations (Note: All amounts are rounded down to the nearest million yen.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2005	48,491	1.5	6,912	33.2	7,153	37.8	5,581	10.0
Three months ended June 30, 2004	47,771	(3.4)	5,190	-	5,192	-	5,071	-
Year ended March 31, 2005	199,364	(0.6)	28,729	41.6	27,804	58.1	18,941	759.6

	Earnings per share		Earnings per share (diluted)	
	Yen	Yen	Yen	Yen
Three months ended June 30, 2005	16.38	-	-	-
Three months ended June 30, 2004	14.67	-	-	-
Year ended March 31, 2005	54.64	-	-	-

(Notes) *The percentages shown under net sales, operating income, ordinary income and net income in the table above represent the change from the corresponding figures for the same period of the previous year.*

[Information on results of operations]

During the three months ended June 30, 2005, net sales were ¥48,491 million, operating income was ¥6,912 million, ordinary income was ¥7,153 million, and net income was ¥5,581 million. In the ethical drugs business, sales of Flomox, Claritin and other core products increased over the same period in the previous fiscal year. In addition, royalty income increased substantially. Although sales in other business decreased, overall net sales increased 1.5 percent compared to the same period in the previous fiscal year. Operating income and ordinary income increased by 33.2 percent and 37.8 percent, respectively, as the cost of sales ratio improved due to the increase in sales of core ethical drug products and the substantial increase in royalty income. Net income increased 10.0 percent. Shionogi recorded an extraordinary gain of ¥2,729 million due to the sale of stock and other factors during the quarter.

(2) Financial position

	Total assets	Shareholders' equity	Ratio of Shareholders' equity to total assets	Shareholders' equity per share
	Million yen	Million yen	%	Yen
As of June 30, 2005	374,891	302,977	80.8	889.26
As of June 30, 2004	386,871	295,469	76.4	854.37
As of March 31, 2005	396,998	299,847	75.5	879.79

[Cash Flows]

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the period
	Million yen	Million yen	Million yen	Million yen
Three months ended June 30, 2005	2,320	(1,109)	(22,601)	74,436
Three months ended June 30, 2004	5,732	(2,238)	(2,176)	69,906
Year ended March 31, 2005	28,551	9,784	(11,209)	95,719

[Information on changes in financial position]

As of June 30, 2005, total assets decreased ¥22,107 million and total liabilities decreased ¥25,233 million compared with the end of the previous fiscal year, due mainly to the redemption at maturity of bonds totaling ¥20.0 billion using internal funds. Shareholders' equity increased ¥3,130 million compared with the end of the previous fiscal year, mainly because Shionogi posted a profit for the period.

Cash and cash equivalents at the end of the first quarter totaled ¥74,436 million, a decrease of ¥21,283 million compared with the previous fiscal year-end. Net cash provided by operating activities was ¥2,320 million overall, as net income before income taxes and minority interests totaling ¥9,182 million was offset by payment of income taxes paid totaling ¥9,133 million. Net cash used in investing activities totaled ¥1,109 million, mainly due to purchases of property, plant and equipment. Net cash used in financing activities totaled ¥22,601 million, due to factors including the payment of cash dividends and the redemption of bonds.

(Reference) Financial Results (Non-consolidated) for the period from April 1, 2005 to June 30, 2005

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2005	44,309	4.2	6,165	53.4	7,063	56.8	5,806	23.6
Three months ended June 30, 2004	42,533	(6.3)	4,020	-	4,505	-	4,698	-
Year ended March 31, 2005	180,743	(1.4)	24,576	52.0	25,499	65.0	17,787	-

	Total assets	Shareholders' equity
	Million yen	Million yen
As of June 30, 2005	362,457	296,824
As of June 30, 2004	376,691	289,705
As of March 31, 2005	386,572	293,357

(Notes) The percentages shown under net sales, operating income, ordinary income and net income in the table above represent the change from the corresponding figures for the same period of the previous year.

[Reference]

Forecasted results for the year ending March 31, 2006 (April 1, 2005 to March 31, 2006)

	Net sales	Ordinary income	Net income
	Million yen	Million yen	Million yen
For the 6 months ending September 30, 2005	97,500	10,000	6,800
For the year ending March 31, 2006	206,000	28,500	18,000

(Reference) *Estimated earnings per share for FY 2005:* ¥52.83

[Information on forecasted results]

We have not revised the interim or annual forecasted results which were announced on May 16, 2005.

Forecasted results (Non-consolidated) for the year ending March 31, 2006 (April 1, 2005 to March 31, 2006)

	Net sales	Ordinary income	Net income	Annual dividend per share		
				Interim	Year end	
	Million yen	Million yen	Million yen	Yen	Yen	Yen
For the 6 months ending September 30, 2005	88,000	9,300	6,500	6 . 00	-	-
For the year ending March 31, 2006	187,000	27,000	17,500	-	6 . 00	12 . 00

(Reference) *Estimated earnings per share for FY 2005:* ¥51.36

(Notes) *These estimates on August 1, 2005 include a number of assumptions, forward - looking projections and plans. The actual results may differ substantially depending on the situation of competitors, uncertainties in the market.*

1.Consolidated Statements of Income

(Units: millions of yen)

	Three months ended June 30, 2005		Three months ended June 30, 2004		Increase (decrease)	(Reference) Year ended March 31, 2005	
	Amount	%	Amount	%		Amount	%
Net sales	48,491	100.0	47,771	100.0	720	199,364	100.0
Cost of sales	17,932	37.0	18,938	39.6	(1,006)	74,069	37.2
Gross profit	30,559	63.0	28,833	60.4	1,726	125,295	62.8
Selling, general and administrative expenses	23,646	48.7	23,642	49.5	4	96,566	48.4
Operating income	6,912	14.3	5,190	10.9	1,722	28,729	14.4
Non-operating income	979	2.0	1,016	2.1	(37)	2,726	1.4
Non-operating expenses	738	1.5	1,014	2.1	(276)	3,651	1.9
Ordinary income	7,153	14.8	5,192	10.9	1,961	27,804	13.9
Extraordinary gains	2,729	5.6	3,717	7.8	(988)	4,349	2.2
Extraordinary losses	700	1.5	91	0.2	609	498	0.2
Income before income taxes and minority interests	9,182	18.9	8,818	18.5	364	31,655	15.9
Income taxes, current	3,215	6.6	1,660	3.5	1,555	10,065	5.1
Income taxes, deferred	388	0.8	2,074	4.4	(1,686)	2,628	1.3
Minority interests	2	0.0	(11)	(0.0)	13	(18)	(0.0)
Net income	5,581	11.5	5,071	10.6	510	18,941	9.5
R&D expenses	6,968	14.4	7,723	16.2	(755)	29,409	14.8

2 . Consolidated Balance Sheets

(Units: millions of yen)

	As of June 30, 2005		(Reference) As of March 31, 2005		Increase (decrease)	As of June 30, 2004	
	Amount	%	Amount	%	Amount	Amount	%
Assets							
Current assets:							
Cash and deposits	81,200		105,395		(24,195)	76,339	
Notes and accounts receivable	69,786		73,458		(3,672)	69,972	
Inventories	30,726		29,696		1,030	32,598	
Other current assets	19,551		13,577		5,974	33,910	
Allowance for doubtful accounts	(66)		(63)		(3)	(60)	
Total current assets	201,198	53.7	222,064	55.9	(20,866)	212,761	55.0
Fixed assets:							
Property, plant and equipment:							
Buildings and structures	31,835		32,104		(269)	32,902	
Other	36,047		36,086		(39)	38,342	
Property, plant and equipment, net	67,883	18.1	68,191	17.2	(308)	71,245	18.4
Intangible fixed assets:							
Intangible fixed assets	6,719	1.8	7,146	1.8	(427)	4,997	1.3
Investments and other assets:							
Investments in securities	81,097		82,067		(970)	83,941	
Prepaid pension expenses	13,714		13,088		626	11,104	
Other	4,479		4,641		(162)	2,987	
Allowance for doubtful accounts	(200)		(200)		0	(166)	
Total investments and other assets	99,089	26.4	99,596	25.1	(507)	97,867	25.3
Total fixed assets	173,692	46.3	174,933	44.1	(1,241)	174,110	45.0
Total assets	374,891	100.0	396,998	100.0	(22,107)	386,871	100.0

(Units: millions of yen)

	As of June 30, 2005		(Reference) As of March 31, 2005		Increase (decrease)	As of June 30, 2004	
	Amount	%	Amount	%	Amount	Amount	%
Liabilities							
Current liabilities:							
Note and accounts payable	12,423		8,660		3,763	10,741	
Current portion of bonds	-		20,000		(20,000)	20,000	
Reserves:							
Reserve for bonuses	11,143		7,809		3,334	9,776	
Other reserves	777		807		(30)	644	
Other current liabilities	21,020		31,873		(10,853)	20,889	
Total current liabilities	45,364	12.1	69,151	17.4	(23,787)	62,052	16.0
Long-term liabilities:							
Reserves:							
Accrued retirement benefits for employees	8,520		8,321		199	8,325	
Other reserves	240		254		(14)	254	
Other long-term liabilities	17,575		19,207		(1,632)	20,558	
Total long-term liabilities	26,336	7.0	27,783	7.0	(1,447)	29,139	7.5
Total liabilities	71,701	19.1	96,934	24.4	(25,233)	91,191	23.5
Minority interests:							
Minority interests	211	0.1	217	0.1	(6)	210	0.1
Shareholders' equity:							
Common stock	21,279	5.7	21,279	5.4	0	21,279	5.5
Additional paid-in capital	20,227	5.4	20,227	5.1	0	20,227	5.2
Retained earnings	251,344	67.0	248,485	62.6	2,859	236,085	61.0
Unrealized gain on securities	20,442	5.5	19,964	5.0	478	21,205	5.5
Translation adjustments	(1,718)	(0.5)	(1,535)	(0.4)	(183)	(1,951)	(0.4)
Less treasury stock, at cost	(8,598)	(2.3)	(8,574)	(2.2)	(24)	(1,376)	(0.4)
Total shareholders' equity	302,977	80.8	299,847	75.5	3,130	295,469	76.4
Total liabilities, minority interests and shareholders' equity	374,891	100.0	396,998	100.0	(22,107)	386,871	100.0

3. Consolidated Statements of Cash Flows

(Units: millions of yen)

	Three months ended June 30, 2005	Three months ended June 30, 2004	(Reference) Year ended March 31, 2005
	Amount	Amount	Amount
Operating activities:			
Income before income taxes and minority interests	9,182	8,818	31,655
Depreciation	2,085	2,177	9,330
Decrease (Increase) in notes and accounts receivable, trade	3,679	1,485	(2,016)
Decrease (Increase) in inventories	(995)	187	4,314
Increase (decrease) in notes and accounts payable, trade	3,725	399	(1,685)
Other	(6,483)	(6,687)	(11,633)
Subtotal	11,193	6,381	29,965
Interest and dividend income received	463	632	1,279
Interest paid	(203)	(206)	(416)
Income taxes paid	(9,133)	(1,074)	(2,276)
Net cash provided by operating activities	2,320	5,732	28,551
Investing activities:			
Purchases of marketable securities or investments in securities	-	(1,753)	(4,157)
Proceeds from sales of marketable securities or investments in securities	-	1,087	23,313
Purchases of property, plant and equipment	(1,376)	(1,633)	(5,424)
Proceeds from sales of property, plant and equipment	144	188	533
Other	122	(127)	(4,479)
Net cash used in investing activities	(1,109)	(2,238)	9,784
Financing activities:			
Short-term loans, net	65	65	(125)
Repayment of long-term debt	-	(738)	(918)
Redemption of bonds	(20,000)	-	-
Dividends paid	(2,641)	(1,470)	(2,935)
Other	(26)	(33)	(7,231)
Net cash used in financing activities	(22,601)	(2,176)	(11,209)
Effect of exchange rate changes on cash and cash equivalents	107	(44)	(40)
Increase (decrease) in cash and cash equivalents	(21,283)	1,273	27,085
Cash and cash equivalents at beginning of period	95,719	68,623	68,623
Increase in cash and cash equivalents resulting from initial consolidation of a subsidiary	-	9	9
Cash and cash equivalents at end of period	74,436	69,906	95,719

4. Segment Information

[Business Segment Information]

Three months ended June 30, 2005

(Units: millions of yen)

Business Segment Account	Pharmaceuticals and related businesses	Capsule business	Other businesses	Total	Eliminations	Consolidated
Net sales and operating income:						
Net sales						
(1) Sales to third parties	45,158	2,760	572	48,491	-	48,491
(2) Intergroup sales and transfers	-	90	1,273	1,363	(1,363)	-
Total	45,158	2,850	1,845	49,855	(1,363)	48,491
Operating expenses	38,815	2,497	1,630	42,943	(1,364)	41,578
Operating income	6,342	353	215	6,911	1	6,912

Three months ended June 30, 2004

(Units: millions of yen)

Business Segment Account	Pharmaceuticals and related businesses	Capsule business	Other businesses	Total	Eliminations	Consolidated
Net sales and operating income:						
Net sales						
(1) Sales to third parties	43,366	2,870	1,533	47,771	-	47,771
(2) Intergroup sales and transfers	-	62	1,110	1,173	(1,173)	-
Total	43,366	2,933	2,644	48,944	(1,173)	47,771
Operating expenses	38,895	2,570	2,291	43,757	(1,176)	42,581
Operating income	4,471	363	352	5,187	3	5,190

(Reference) Year ended March 31, 2005

(Units: millions of yen)

Business Segment Account	Pharmaceuticals and related businesses	Capsule business	Other businesses	Total	Eliminations	Consolidated
Net sales and operating income:						
Net sales						
(1) Sales to third parties	184,074	11,895	3,394	199,364	-	199,364
(2) Intergroup sales and transfers	-	236	4,726	4,963	(4,963)	-
Total	184,074	12,132	8,121	204,328	(4,963)	199,364
Operating expenses	158,187	10,671	6,759	175,619	(4,983)	170,635
Operating income	25,886	1,460	1,361	28,709	20	28,729

(Notes) 1. *Businesses of the Shionogi & Co., Ltd and consolidated subsidiaries are segmented into Pharmaceuticals and related businesses, Capsule business and Other businesses, considering the types of products/merchandise handled and the similarities in their markets.*

2. *Major products/merchandise and services provided by each segment*

Business Segment	Major products/merchandise and services
Pharmaceuticals and related businesses	Ethical drugs, OTC drugs and Diagnostics
Capsule business	Capsules
Other businesses	Real estate leases, Physical distribution and other services

First Quarter Result for the year ending March 31, 2006 <Supplement>

August 1, 2005
SHIONOGI & CO., LTD.

Sales by segment

<Consolidated>

(Unit: Yen 100 million)

	2005 1st half (forecast)	2005 full year (forecast)	2005 1st quarter (result)	2004 1st quarter (result)	% increase vs previous year result	% progress vs 1st half forecast
Pharmaceuticals and related businesses	903	1,913	451	433	4.1	50.0
Ethical drugs	816	1,715	408	401	1.9	50.1
OTC and quasi-drugs	32	68	16	15	3.6	50.4
Diagnostics	15	30	9	9	4.1	62.4
Royalty income	40	100	17	8	104.9	44.1
Capsule business	57	118	27	28	3.8	48.4
Other businesses	15	29	5	15	62.7	38.1
Real estate/Logistic service etc.	15	29	5	15	62.7	38.1
Total	975	2,060	484	477	1.5	49.7

<Non-consolidated>

	2005 1st half (forecast)	2005 full year (forecast)	2005 1st quarter (result)	2004 1st quarter (result)	% increase vs previous year result	% progress vs 1st half forecast
Pharmaceuticals and related businesses	880	1,870	443	425	4.2	50.4
Ethical drugs	793	1,672	399	391	2.2	50.4
OTC and quasi-drugs	32	68	16	15	3.6	50.4
Diagnostics	15	30	9	9	4.1	62.4
Royalty income	40	100	17	8	104.9	44.1
Total	880	1,870	443	425	4.2	50.4

Main Products <Non-consolidated>

Ethical drugs

(Unit: Yen 100 million)

	2005 1st half (forecast)	2005 full year (forecast)	2005 1st quarter (result)	2004 1st quarter (result)	% increase vs previous year result	% progress vs 1st half forecast
Total ethical drugs	793	1,672	399	391	2.2	50.4
FLOMOX	150	340	76	72	6.2	50.7
FLUMARIN	83	160	42	43	2.8	50.5
VANCOMYCIN	82	155	44	40	8.8	53.3
CLARITIN	40	110	20	12	58.9	48.8
IMUNACE	55	107	27	25	7.3	49.6
RINDERON	56	105	27	28	3.6	48.1
OXYCONTIN	23	50	10	5	90.1	45.1
LONGES	25	47	12	13	7.5	46.9
MS CONTIN	24	45	10	17	40.1	42.5
KEFRAL	18	37	9	10	17.4	48.0
DOBUTREX	15	30	8	8	3.7	53.1

New products

CRESTOR	1	2	0	-	-	-
FINIBAX	-	10	-	-	-	-
MOXIFLOXACIN	-	10	-	-	-	-

OTC products

	2005 1st half (forecast)	2005 full year (forecast)	2005 1st quarter (result)	2004 1st quarter (result)	% increase vs previous year result	% progress vs 1st half forecast
Total OTC products	32	68	16	15	3.6	50.4
SEDES	14	30	7	7	3.9	47.0
POPON-S	6	15	3	2	33.2	53.5

Royalty income

	2005 1st half (forecast)	2005 full year (forecast)	2005 1st quarter (result)	2004 1st quarter (result)	% increase vs previous year result	% progress vs 1st half forecast
Total Royalty income	40	100	17	8	104.9	44.1
CRESTOR	32	85	14	7	111.4	44.8

Drugs Under Development

August 1, 2005

<In Japan>

Code No. (Generic name)	Category (Administration)	Indication	Stage	Origin/Development
S-4661 (Doripenem hydrate) Product name: Finibax	Carbapenem antibiotic (Injection)	Bacterial infection	Approved (July, 2005)	In-house
NS75A (Cetrorelix acetate)	Gonadotropin releasing hormone antagonist (Injection)	Prevention of premature ovulation during a controlled ovarian stimulation followed by assisted reproductive technology (ART).	NDA submission (December, 2000)	Licensed from Zentaris AG (Germany) / Co-developed with Nippon Kayaku Co., Ltd.
S-8116 (Oxycodone hydrochloride)	Immediate-release oxycodone (Oral)	Cancer pain	NDA submission (May, 2004)	Licensed from Mundipharma AG (Netherlands)
SCH29851 (Loratadine)	Histamine H1 receptor antagonist (Oral)	Additional indication: Pediatric use (allergic rhinitis and itch caused by various dermatitis)	NDA submission (September, 2004: Schering-Plough K.K)	Licensed from Schering-Plough Corp. (USA) / Co-developed with Schering-Plough K.K.
SR47436 (Irbesartan)	Angiotensin II receptor antagonist (Oral)	Hypertension	Phase3	Licensed from Sanofi SA (France) / Co-developed with Bristol Pharmaceuticals K.K.
LY248686 (Duloxetine hydrochloride)	SNRI (serotonin & norepinephrine reuptake inhibitor) (Oral)	Depression	Phase3	Licensed from Eli Lilly and Company (USA)
S-7701 (Pirfenidone)	Anti-fibrosis (Oral)	Idiopathic interstitial pulmonary fibrosis	Phase3	Licensed from Marnac, Inc. (USA)
NS75A (Cetrorelix acetate)	Gonadotropin releasing hormone antagonist (Injection)	Uterine myoma	Phase2	Licensed from Zentaris AG (Germany) / Co-developed with Nippon Kayaku Co., Ltd.
LY248686 (Duloxetine hydrochloride)	SNRI (serotonin & norepinephrine reuptake inhibitor) (Oral)	Diabetic Peripheral neuropathic pain	Phase2 (in preparation)	Licensed from Eli Lilly and Company (USA)
S-013420	Novel macrolide antibiotic (Oral)	Bacterial infection	Phase1	Licensed from Enanta Pharmaceuticals, Inc. (USA)
NS75B (Cetrorelix pamoate)	Gonadotropin releasing hormone antagonist (Injection)	Benign Prostatic Hypertrophy	Phase1	Licensed from Zentaris AG (Germany) / Co-developed with Nippon Kayaku Co., Ltd.
S-0373	Non-peptide mimetic of TRH (Oral)	Spinocerebellar ataxia, Parkinson's disease	Phase1 (in preparation)	In-house

<Outside Japan>

Code No.	Category (Administration)	Indication	Stage	Origin/Development
S-5751	Prostaglandin D2 receptor antagonist. (Oral)	Bronchial asthma	Japan: Phase 1 US: Phase 1/2	In-house
S-2367	Central nervous system antagonist (Oral)	Obesity	UK: Phase 1 USA: Phase 1b	In-house

<Shionogi-GlaxoSmithKline>

Code No.	Category (Administration)	Indication	Stage	Development
S-0139	Endothelin A receptor antagonist (Injection)	Cerebrovascular diseases	Japan: Phase 2a Europe: Phase 1	Shionogi-GlaxoSmithKline Pharmaceuticals LLC

<Out-Licensing Activity>

Code No. (Generic name)	Category (Administration)	Indication	Stage	License
S-4661 (Doripenem hydrate)	Carbapenem antibiotic (Injection)	Bacterial infection	Phase3	Licensed to Peninsula Pharmaceuticals, Inc (PPI). (May, 2003) Johnson & Johnson (USA) merged PPI (June, 2005)

<In-Licensed drug without development by Shionogi>

Code No. (Generic name)	Category (Administration)	Indication	Stage	License
BAY12-8039 (Moxifloxacin hydrochloride)	New quinolone antibiotic (Oral)	Bacterial infection	NDA submission (September, 2002: Bayer Yakuhin, Japan)	Licensed from Bayer Yakuhin, Ltd. (Japan) (October, 2003)