



Financial Results for the First Quarter of Fiscal Year 2008

July 28, 2008

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

Code: 4507

Representative: Title of Person in Charge: President

Contact responsibility: Title of Person in Charge: General Manager,
Public Relations Unit

Date of the filing of quarterly securities report (scheduled):

Listed Exchanges: Section I of Tokyo and Osaka

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(Note: All amounts are rounded down to the nearest million yen.)

1. Consolidated results for the period from April 1, 2008 to June 30, 2008

(1) Results of operations (% of change from previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2008	51,721	—	8,083	—	8,371	—	5,388	—
Three months ended June 30, 2007	50,215	8.7	7,995	53.4	8,549	66.2	5,374	76.2

	Earnings per share	Earnings per share (diluted)
	yen	yen
Three months ended June 30, 2008	16.08	—
Three months ended June 30, 2007	15.79	—

(2) Financial position

	Total assets	Net assets	Shareholders Equity ratio	Net assets per share
	Million yen	Million yen	%	yen
As of June 30, 2008	420,614	345,996	82.2	1,031.66
As of March 31, 2008	413,703	342,235	82.7	1,020.31

Reference: Shareholders' equity As of June 30, 2008: 345,706 million yen As of March 31, 2008: 341,928 million yen

2. Dividends

(Date of record)	Cash dividends per share				
	the First quarter	the Second quarter	the Third quarter	Year-end	Annual
	yen	yen	yen	yen	yen
Year ended March 31, 2008	—	10.00	—	12.00	22.00
Year ending March 31, 2009	—	—	—	—	28.00
Year ending March 31, 2009 (Forecast)	—	14.00	—	14.00	

Note: Revision of cash dividend forecast during this period : None

3. Forecasted consolidated results for the year ending March 31, 2009 (April 1, 2008 to March 31, 2009)

(% of change from previous year)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
For the six months ending September 30, 2008	106,000	—	17,500	—	17,500	—	11,000	—	32.82
For the year ending March 31, 2009	231,000	7.8	48,000	18.8	48,000	20.4	30,000	19.7	89.52

Note: Revision of forecast consolidated operating performance during this period : None

4. Others

- (1) Significant changes to consolidated subsidiaries during this period: None
- (2) Adoption of simplified financial accounting methods and special accounting methods for presenting quarterly consolidated financial statements: Yes
 Note: For details, please see page 3 "4.Others" of "Qualitative information on consolidated results and consolidated financial statements".

- (3) Changes in accounting principles and procedures, presentation methods and other matters related to preparation of the quarterly consolidated financial statements
- a) Changes and amendments of accounting standards : Yes
- b) Other changes : None
- Note: For details, please see page 3 "4.Others" of "Qualitative information on consolidated results and consolidated financial statements".

- (4) Number of shares issued (common stock)
- | | | | | |
|------------------------------------------------------------|----------------------------------|-------------------|----------------------|-------------------|
| a) Number of shares outstanding (including treasury stock) | As of June 30, 2008 | 351,136,165shares | As of March 31, 2008 | 351,136,165shares |
| b) Treasury stock | As of June 30, 2008 | 16,037,884shares | As of March 31, 2008 | 16,013,128shares |
| c) <i>Average number of shares outstanding</i> | | | | |
| during the period | | | | |
| | Three months ended June 30, 2008 | 335,106,084shares | | |
| | Three months ended June 30, 2007 | 340,439,205shares | | |

Notes

- This document contains various forward-looking statements based on assumptions, expectations, and plans regarding future events, circumstances, results, and aspirations. Forward-looking statements are subject to risks and uncertainties, related to the competitive environment and other factors, that may cause Shionogi & Co.'s actual future results to differ materially from those set forth in or implied by its forward-looking statements.
- As of the year ending March 31, 2009, the Company is applying the Accounting Standards Board of Japan (ASBJ) Statement No. 12, "Accounting Standard for Quarterly Financial Statements," and ASBJ Guidance No. 14, "Implementation Guidance on Accounting Standard for Quarterly Financial Statements." In addition, the Company prepares its quarterly financial statements in accordance with the Quarterly Financial Reporting Rules.

【Qualitative information on consolidated results and consolidated financial statements】

1. Qualitative information on results of operations

In the first quarter ended June 30, 2008, factors including drug price revisions in April 2008 and ongoing promotion of the use of generic drugs created a challenging environment in the pharmaceutical market in Japan. In these circumstances, the Shionogi Group concentrated its resources on the hyperlipidemia treatment Crestor, the antihypertensive Irbetan, which was launched in July 2008, and other new products, and continued to implement strategies that yield results.

For the first quarter ended June 30, 2008, net sales were ¥51,721 million, operating income was ¥8,083 million, ordinary income was ¥8,371 million and net income was ¥5,388 million.

With regard to net sales, despite the effect of drug price reductions on sales of existing products, overall sales of prescription drugs increased slightly compared with the same period of the previous fiscal year due to continued expansion of domestic market share for the hyperlipidemia treatment Crestor, as well as growth in sales of other products including the cancer pain treatment OxyContin and the anti-allergic Claritin. In addition, royalty income from industrial property rights, and exports and contract manufacturing also increased. As a result, net sales increased 3.0 percent overall compared with the same period of the previous fiscal year.

In terms of profit, gross profit increased 3.2 percent compared with the same period of the previous fiscal year due to the increase in royalty income, but operating income was essentially unchanged because research and development expenses increased 7.8 percent. Ordinary income decreased 2.1 percent, partly due to the effect of foreign exchange rates, and net income was basically flat, increasing 0.3 percent compared with the same period of the previous fiscal year.

2. Qualitative information on financial position

(1) Assets, Liabilities and Net Assets

As of June 30, 2008, total assets were ¥420,614 million, an increase of ¥6,910 million compared with the end of the previous fiscal year. Current assets increased ¥44 million from the end of the previous fiscal year to ¥195,008 million. Property, plant and equipment, net and investments and other assets increased ¥6,865 million to ¥225,605 million due to an increase in investment securities that resulted primarily from changes in stock prices.

Total liabilities increased ¥3,149 million compared with the end of the previous fiscal year to ¥74,617 million. Current liabilities increased ¥1,169 million to ¥43,613 million due to an increase in the reserve for bonuses and other factors. Non-current liabilities increased ¥1,980 million to ¥31,004 million, primarily due to an increase in deferred tax liabilities associated with an increase in the fair value of available-for-sale securities.

Net assets increased ¥3,760 million to ¥345,996 million. Shareholders' equity increased ¥1,316 million from the end of the previous fiscal year, reflecting an increase from net income and a decrease from payment of cash dividends. Valuation and translation adjustments increased ¥2,460 million from the end of the previous fiscal year to ¥24,350 million due to an increase in the fair value of available-for-sale securities.

As a result, the net worth ratio was 82.2 percent, compared with 82.7 percent at the end of the previous fiscal year.

(2) Cash Flow

Net cash provided by operating activities during the three months ended June 30, 2008 was ¥8,628 million. The principal factors were net income before income taxes and minority interests of ¥8,282 million, depreciation and amortization of ¥2,666 million, and a decrease in notes and accounts receivable—trade of 3,082 million, which provided cash, and income tax paid of ¥7,350 million, which used cash.

Net cash used in investing activities was ¥3,893 million, due to factors including purchases of property, plant and equipment totaling ¥1,846 million, and purchase of investment securities totaling ¥1,012 million.

Net cash used in financing activities was ¥4,269 million, primarily consisting of cash dividends paid of ¥4,022 million.

As a result, the increase in cash and cash equivalents during the first quarter was ¥190 million, and the balance of cash and cash equivalents as of June 30, 2008 was ¥67,800 million.

3. Qualitative information on forecasted consolidated results

We have not revised the performance forecasts announced on May 12, 2008.

4. Others

(1) Significant changes to consolidated subsidiaries resulting in change of scope of consolidation during the period

N/A

(2) Adoption of simplified methods of accounting

Simplified methods have been adopted for other items when the effect is immaterial.

(3) Changes in method of accounting

1. As of the year ending March 31, 2009, the Company is applying the Accounting Standards Board of Japan (ASBJ) Statement No. 12, "Accounting Standard for Quarterly Financial Statements," and ASBJ Guidance No. 14, "Implementation Guidance on Accounting Standard for Quarterly Financial Statements." In addition, the Company prepares its quarterly financial statements in accordance with the Quarterly Financial Reporting Rules.

2. Finance leases other than those under which the leased property is deemed transferred to the lessee were previously accounted for as operating leases. Effective from the fiscal year ending March 31, 2009, the Company is implementing early adoption of ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," and ASBJ Guidance No. 16, "Guidance on Accounting Standard for Lease Transactions," which requires that all finance leases be capitalized. In addition, leased assets under finance leases other than those under which the leased property is deemed transferred to the lessee are depreciated on a straight-line basis over their estimated useful lives (the lease period), with no residual value.

As a result of this change, compared with the previous method, leased assets of ¥4 million are accounted for in property, plant and equipment. The change has no effect on operating income, ordinary income, and income before income taxes and minority interests. Also, finance leases other than those under which the leased property is deemed transferred to the lessee will continue to be accounted for as operating leases if the lease period began prior to the fiscal year in which the new standard was adopted.

3. Inventories held for sale in the ordinary course of business were previously stated at cost determined principally by the gross average method. Effective from the fiscal year ending March 31, 2009, the Company adopted ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories." This standard requires that inventories held for sale in the ordinary course of business be stated at the lower of cost or net selling value on the balance sheet date. As a result of this change, operating income decreased by ¥34 million, ordinary income increased by ¥10 million, and income before income taxes and minority interests decreased by ¥78 million.

5. Consolidated Financial Statements

(1) Consolidated balance sheets

(Units : Millions of yen)

Account	period	As of June 30, 2008	(Reference) As of March 31, 2008
Assets			
Current assets			
Cash and deposits		10,723	11,709
Notes and accounts receivable-trade		64,475	67,605
Short-term investment securities		63,634	62,440
Merchandise		3,464	3,466
Finished goods		10,141	9,390
Semi-finished goods		4,482	5,871
Raw materials		5,411	4,310
Work in process		10,562	9,469
Other		22,125	20,714
Allowance for doubtful accounts		(13)	(13)
Total current assets		195,008	194,963
Non-current assets			
Total property, plant and equipment		71,043	70,377
Total intangible assets		6,056	5,618
Investments and other assets			
Investment securities		111,038	105,452
Other		37,587	37,457
Allowance for doubtful accounts		(120)	(165)
Total investments and other assets		148,505	142,744
Total non-current assets		225,605	218,739
Total assets		420,614	413,703

(Units : Millions of yen)

Account	period	As of June 30, 2008	(Reference) As of March 31, 2008
Liabilities			
Current liabilities			
Notes and accounts payable-trade		11,177	11,301
Income taxes payable		3,747	7,611
Provision			
Provision for bonuses		9,939	6,714
Other provision		925	1,010
Other		17,823	15,805
Total current liabilities		43,613	42,443
Non-current liabilities			
Provision			
Provision for retirement benefits		7,977	7,949
Other provision		155	168
Other		22,871	20,906
Total non-current liabilities		31,004	29,024
Total liabilities		74,617	71,468
Net assets			
Shareholders' equity			
Capital stock		21,279	21,279
Capital surplus		20,227	20,227
Retained earnings		299,179	297,811
Treasury stock		(19,330)	(19,280)
Total shareholders' equity		321,355	320,038
Valuation and translation adjustments			
Valuation difference on available-for-sale securities		24,703	22,068
Foreign currency translation adjustment		(352)	(178)
Total valuation and translation adjustments		24,350	21,889
Minority interests		290	307
Total net assets		345,996	342,235
Total liabilities and net assets		420,614	413,703

(2) Consolidated statements of income

For the first quarter ended June 30 , 2008

(Units : Millions of yen)

	Three months ended June 30, 2008
Net sales	51,721
Cost of sales	16,531
Gross profit	35,189
Selling, general and administrative expenses	27,105
Operating income	8,083
Non-operating income	
Interest income	140
Dividends income	629
Other	241
Total non-operating income	1,011
Non-operating expenses	
Interest expenses	14
Contribution	358
Foreign exchange losses	164
Other	186
Total non-operating expenses	724
Ordinary income	8,371
Extraordinary losses	
Loss on valuation of inventories	89
Total extraordinary losses	89
Income before income taxes and minority interests	8,282
Income taxes-current	3,592
Income taxes-deferred	(683)
Total income taxes	2,908
Minority interests in income	(14)
Net income	5,388

(3) Consolidated statements of cash flows

(Units : Millions of yen)

	Three months ended June 30, 2008
<hr/>	
Net cash provided by operating activities	
Income before income taxes	8,282
Depreciation and amortization	2,666
Increase in allowance for doubtful accounts	(45)
Interest and dividends income	(769)
Interest expenses	14
Foreign exchange losses	2
Decrease in notes and accounts receivable-trade	3,082
Increase in inventories	(1,603)
Increase in notes and accounts payable-trade	95
Other	3,481
Subtotal	<hr/> 15,207 <hr/>
Interest and dividends income received	781
Interest expenses paid	(10)
Income tax paid	(7,350)
Net cash provided by operating activities	<hr/> 8,628 <hr/>
Net cash used in investment activities	
Payments into time deposits	(1,098)
Proceeds from withdrawal of time deposits	932
Purchases of property, plant and equipment	(1,846)
Proceeds from sales of property, plant and equipment	35
Purchase of investment securities	(1,012)
Collection of loans receivable	1
Other	(906)
Net cash used in investment activities	<hr/> (3,893) <hr/>
Net cash used in financing activities	
Cash dividends paid	(4,022)
Repayments of installment payables	(2)
Other	(244)
Net cash used in financing activities	<hr/> (4,269) <hr/>
Effect of exchange rate change on cash and cash equivalents	(274)
Decrease in cash and cash equivalents	<hr/> 190 <hr/>
Cash and cash equivalents at beginning of period	<hr/> 67,609 <hr/>
Cash and cash equivalents at end of period	<hr/> 67,800 <hr/>

As of the year ending March 31, 2009, the Company is applying the Accounting Standards Board of Japan (ASBJ) Statement No. 12, "Accounting Standard for Quarterly Financial Statements," and ASBJ Guidance No. 14, "Implementation Guidance on Accounting Standard for Quarterly Financial Statements." In addition, the Company prepares its quarterly financial statements in accordance with the Quarterly Financial Reporting Rules.

(4) Notes on premise of going concern

N/A

(5) Notes to segment information

a. Business Segment Information

Three months ended June 30, 2008 (April 1, 2008 to June 30, 2008)

Because more than 90% of the total sales and operating income in all business segments were made in "Pharmaceuticals and related business", the disclosure of business segment information has been omitted.

b. Segment information by geographic area

Three months ended June 30, 2008 (April 1, 2008 to June 30, 2008)

Because more than 90% of the total sales were made in Japan, the disclosure of segment information by geographic area has been omitted.

c. Overseas sales

Three months ended June 30, 2008 (April 1, 2008 to June 30, 2008)

	Europe	Other	Total
I. Overseas sales (Units: Millions of yen)	8,074	1,180	9,254
II. Consolidated net sales (Units: Millions of yen)	—	—	51,721
III. Overseas sales as a percentage of to consolidated net sales (%)	15.6	2.3	17.9

(6) Notes on significant changes in stockholders' equity

N/A

(Reference : Consolidated financial statements for the first quarter ended June 30 , 2007)

(1) Consolidated statements of income (Summary)

(Units : Millions of yen)

Account	Three months ended June 30, 2007
	Amount
I Net sales	50,215
II Cost of sales	16,105
Gross profit	34,109
III Selling, general and administrative expenses 〔 Research and development expenses〕	26,114 [9,741]
Operating income	7,995
IV Non-operating income	1,223
V Non-operating expenses	669
Ordinary income	8,549
VI Extraordinary income	276
VII Extraordinary loss	25
Income before income taxes	8,800
Income taxes-current	1,957
Income taxes-deferred	1,474
Minority interests in loss and income	(5)
Net income	5,374

(2) Consolidated statements of cash flows (Summary)

(Units : Millions of yen)

	Three months ended June 30, 2007
	Amount
I Net cash provided by operating activities	
Income before income taxes and minority interests	8,800
Depreciation and amortization	2,271
Decrease in notes and accounts receivable-trade	506
Increase in inventories	(596)
Increase in notes and accounts payable-trade	532
Other	(5,145)
Subtotal	6,369
Interest and dividends income received	971
Interest expenses paid	(14)
Income tax paid	(6,990)
Net cash provided by operating activities	336
II Net cash used in investment activities	
Purchase of marketable securities and investment securities	(634)
Proceeds from sales of marketable securities and investment securities	731
Purchase of property, plant and equipment	(1,897)
Proceeds from sales of property, plant and equipment	15
Other	(198)
Net cash used in financing activities	(1,983)
III Net cash used in financing activities	
Cash dividends paid	(2,725)
Other	(235)
Net cash used in financing activities	(2,960)
IV Effect of exchange rate change on cash and cash equivalents	104
V Decrease in cash and cash equivalents	(4,502)
VI Cash and cash equivalents at beginning of period	74,546
VII Cash and cash equivalents at end of period	70,043

First Quarter Results for the year ending March 31, 2009 <Supplement>

28-Jul-08

SHIONOGI & CO., LTD.

1. Sales by Segment

(Units: 100 million yen)

	2008 1st half (forecast)	2008 full year (forecast)	2008 1st quarter (results)	2007 1st quarter (results)	change	% progress vs 1st half (forecast)
Pharmaceuticals and related business	1,046 (4.7)	2,273 (9.1)	511 (2.9)	496 (8.9)	15	48.9
Ethical drugs	765 (3.1)	1,629 (5.0)	380 (0.5)	378 (△ 0.1)	2	49.8
FLOMOX	115	270	61	65	△ 4	53.2
CRESTOR	80	190	38	19	19	47.4
RINDERON	53	100	26	27	△ 1	48.9
FLUMARIN	56	110	25	30	△ 5	44.4
VANCOMYCIN	48	95	23	30	△ 7	48.9
IMUNACE	53	105	20	32	△ 12	38.5
OXYCONTIN	39	82	20	16	4	52.5
CLARITIN	33	95	18	16	2	53.1
IRBETAN	6	20	8	-	8	129.7
FINIBAX	16	38	6	5	1	38.4
AVELOX	11	25	4	4	0	38.0
PIRFENIDONE	-	5	-	-	-	-
DIFFERIN	-	4	-	-	-	-
Export/Overseas operations	37 (25.2)	81 (28.8)	19 (25.4)	15 (28.3)	4	52.2
DORIPENEM	8	23	5	-	5	59.2
Contract manufacturing	29 (8.8)	63 (6.9)	12 (22.5)	9 (26.8)	3	41.9
OTC and quasi-drugs	28 (△ 3.5)	58 (2.2)	14 (△ 2.6)	14 (△ 4.0)	0	51.1
SEDES	12	25	6	6	0	50.1
POPON-S	6	11	3	3	0	44.0
Diagnostics	17 (0.0)	32 (△ 5.6)	9 (0.6)	9 (3.8)	0	54.3
Royalty income	170 (9.9)	410 (28.0)	75 (9.5)	69 (107.8)	6	44.4
CRESTOR	160	388	72	67	5	45.2
Other business	14 (△ 67.3)	37 (△ 36.6)	6 (14.5)	5 (△ 9.9)	1	43.7
Total	1,060 (1.8)	2,310 (7.8)	517 (3.0)	502 (8.7)	15	48.8

() Percentage change to the previous fiscal year

Sales of each product are shown on non-consolidated basis

2. Quarterly Financial Results Trends - 1

1. Quarterly Sales by Segment

(Units: 100 million yen)

FY2007	Apr.1-Jun.30 2007	Y on Y Change(%)	Jul.1-Sep.30 2007	Y on Y Change(%)	Oct.1-Dec.31 2007	Y on Y Change(%)	Jan.1-Mar.31 2008	Y on Y Change(%)
Pharmaceuticals and related business	496	8.9	502	10.9	574	7.0	510	7.9
Ethical Drugs	378	△ 0.1	363	2.4	441	2.6	368	3.6
FLOMOX	65	△ 8.5	59	△ 9.1	92	△ 1.7	71	△ 8.5
CRESTOR	19	-	25	140.9	31	-	29	154.7
RINDERON	27	△ 1.6	27	1.3	26	△ 0.6	20	△ 4.4
FLUMARIN	30	△ 11.9	33	△ 7.6	34	△ 6.5	24	△ 8.8
VANCOMYCIN	30	△ 19.0	25	△ 27.1	30	△ 4.5	21	△ 18.6
IMUNACE	32	4.7	33	23.1	26	△ 22.7	27	△ 0.9
OXYCONTIN	16	22.2	16	33.6	21	35.4	13	19.8
CLARITIN	16	20.9	12	8.2	15	△ 11.0	46	55.0
FINIBAX	5	16.6	7	47.8	7	23.5	6	19.7
AVELOX	4	△ 47.2	4	△ 8.3	7	△ 34.7	4	113.2
Export/Overseas operations	15	28.3	14	△ 8.1	13	3.9	19	61.5
DORIPENEM	-	-	1	-	1	-	3	-
Contract manufacturing	9	26.8	16	84.7	18	32.5	14	49.2
OTC and quasi-drugs	14	△ 4.0	14	△ 8.4	15	△ 12.1	11	△ 3.6
SEDES	6	△ 1.1	6	△ 13.5	7	△ 2.7	5	△ 7.1
POPON-S	3	△ 12.4	3	4.9	3	△ 20.6	2	3.9
Diagnostics	9	3.8	7	△ 1.7	8	7.9	8	△ 2.9
Royalty income	69	107.8	85	71.6	76	42.3	88	17.8
CRESTOR	67	112.8	77	83.5	74	41.9	81	18.1
Other business	5	△ 9.9	37	445.4	7	△ 77.5	7	△ 74.8
Total	502	8.7	539	17.4	582	1.8	518	2.9

FY2008	Apr.1-Jun.30 2008	Y on Y Change(%)
Pharmaceuticals and related business	511	2.9
Ethical Drugs	380	0.5
FLOMOX	61	△ 5.8
CRESTOR	38	99.9
RINDERON	26	△ 2.4
FLUMARIN	25	△ 17.3
VANCOMYCIN	23	△ 22.2
IMUNACE	20	△ 35.4
OXYCONTIN	20	27.7
CLARITIN	18	6.4
IRBETAN	8	-
FINIBAX	6	16.5
AVELOX	4	14.2
Export/Overseas operations	19	25.4
DORIPENEM	5	-
Contract manufacturing	12	22.5
OTC and quasi-drugs	14	△ 2.6
SEDES	6	△ 2.5
POPON-S	3	3.5
Diagnostics	9	0.6
Royalty income	75	9.5
CRESTOR	72	8.3
Other business	6	14.5
Total	517	3.0

2. Quarterly Financial Results Trends - 2

2. Quarterly Consolidated Statement of Income

(Units: 100 million yen)

FY2007	Apr.1-Jun.30 2007	Y on Y Change(%)	Jul.1-Sep.30 2007	Y on Y Change(%)	Oct.1-Dec.31 2007	Y on Y Change(%)	Jan.1-Mar.31 2008	Y on Y Change(%)
Net sales	502	8.7	539	17.4	582	1.8	518	2.9
Cost of sales	32.1 161	4.0	34.4 185	22.9	31.5 183	△ 8.0	30.1 155	△ 8.4
Gross profit	341	11.1	353	14.7	399	7.0	362	8.7
SG & A expenses	52.0 261	2.4	48.6 262	4.6	47.1 274	1.6	49.1 254	△ 1.1
Selling & General expenses	163	△ 0.2	163	0.6	163	△ 5.4	159	△ 0.3
R & D expenses	97	7.2	98	12.1	111	13.8	95	△ 2.3
Operating income	15.9 79	53.4	17.0 91	58.5	21.4 124	21.4	20.8 107	41.7
Non-operating gain & loss	5		△ 5		-		△ 4	
Ordinary income	17.0 85	66.2	15.9 86	47.5	21.3 124	20.1	19.9 102	51.7
Extraordinary gain & loss	2		-		-		△ 1	
Income before income taxes and minority interests	88		86		124		101	
Income taxes and minority interests	34		31		45		37	
Net income	10.7 53	76.2	10.0 54	61.9	13.6 79	25.5	12.3 63	8.0

FY2008	Apr.1-Jun.30 2008	Y on Y Change(%)
Net sales	517	3.0
Cost of sales	32.0 165	2.6
Gross profit	351	3.2
SG & A expenses	52.4 271	3.8
Selling & General expenses	166	1.4
R & D expenses	104	7.8
Operating income	15.6 80	1.1
Non-operating gain & loss	2	
Ordinary income	16.2 83	△ 2.1
Extraordinary gain & loss	0	
Income before income taxes and minority interests	82	
Income taxes and minority interests	28	
Net income	10.4 53	0.3

<In Japan>

Code No. (Generic name)	Category (Administration)	Indication	Stage	Origin	Development
SR47436 (Irbesartan)	Angiotensin II receptor antagonist (Oral)	Hypertension	Launch (July, 2008)	Sanofi-Aventis (France)	Co-development: Dainippon Sumitomo Pharma Co., Ltd.
S-7701 (Pirfenidone)	Anti-fibrosis (Oral)	Idiopathic pulmonary fibrosis	NDA submission (March,2007)	Marnac, Inc. (USA) & KDL, Inc. (Japan)	In-house
LY248686 (Duloxetine hydrochloride)	SNRI (serotonin & noradrenaline reuptake inhibitor) (Oral)	Depression	NDA submission (January,2008)	Eli Lilly and Company (USA)	In-house
LY248686 (Duloxetine hydrochloride)	SNRI (serotonin & noradrenaline reuptake inhibitor) (Oral)	Diabetic peripheral neuropathic pain	Phase 3	Eli Lilly and Company (USA)	Co-development: Eli Lilly Japan K.K.
S-4661 (Doripenem hydrate)	Carbapenem antibiotic (Injection)	Pediatric infection	Phase 3	In-house	In-house
S-4661 (Doripenem hydrate)	Carbapenem antibiotic (Injection)	Addition of new dosage regimen (1g t.i.d. for severe infection)	Phase 3	In-house	In-house
S-021812 (Peramivir)	Neuraminidase inhibitor (Injection)	Influenza infection	Phase 3 (in preparation)	BioCryst Pharmaceuticals, Inc. (USA)	In-house
S-013420	Novel macrolide antibiotic (Oral)	Bacterial infection	Phase 2b	Enanta Pharmaceuticals, Inc. (USA)	In-house
NS75B (Cetrorelix pamoate)	Gonadotropin releasing hormone antagonist (Injection)	Benign prostatic hypertrophy	Phase 2b	Æterna Zentaris GmbH (Canada)	In-house
NS75A (Cetrorelix acetate)	Gonadotropin releasing hormone antagonist (Injection)	Uterine myoma	Phase 2	Æterna Zentaris GmbH (Canada)	Co-development: Nippon Kayaku Co., Ltd.
S-777469	Selective cannabinoid 2 receptor agonist (Oral)	Atopic dermatitis	Phase 2a	In-house	In-house
S-888711	Small molecule TPO mimetic (Oral)	Thrombocytopenia	Phase 1	In-house	In-house
S-555739	Prostaglandin D2 receptor antagonist	Allergic disease	Phase 1	In-house	In-house

<Outside Japan>

Code No.	Category (Administration)	Indication	Stage	Origin	Development
S-2367	Neuropeptide Y Y5 receptor antagonist (Oral)	Obesity	USA: Phase 2b	In-house	In-house
S-777469	Selective cannabinoid 2 receptor agonist (Oral)	Atopic dermatitis	USA: Phase 2a	In-house	In-house
S-349572/S-265744/S-247303	Integrase inhibitor (Oral)	HIV infection	USA: Phase 2a (the most advanced phase)	Shionogi & GlaxoSmithKline	Shionogi-GlaxoSmithKline Pharmaceuticals LLC (USA)
S-0139	Endothelin A receptor antagonist (Injection)	Cerebrovascular diseases	Japan : Phase 2a Europe : Phase 1	In-house	In-house
S-555739	Prostaglandin D2 receptor antagonist	Allergic disease	Europe: Phase 1	In-house	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 EU: NDA submission (June, 2007)	In-house	Peninsula (USA) ↓ Johnson & Johnson (USA)
S-0373	Non-peptide mimetic of TRH (Oral)	Spinocerebellar ataxia	Phase 1	In-house	Kissei Pharmaceutical Co., Ltd.
S-3013	Secretory PLA2(sPLA2) inhibitor (Oral)	Atherosclerosis	USA: Phase 2	Shionogi & Eli Lilly and Company (USA)	Anthera (USA)

<In-Licensing Activity>

Generic name	Category (Administration)	Indication	Stage	Origin	Development
Adapalene gel	Retinoic acid nuclear receptor agonist (Topical)	Acne vulgaris	Approval (July, 2008)	Galderma (France)	Galderma K.K.

Since March, 2008

Change of phases	SR47436 (in Japan) : Approval → Launch
	S-021812 (in Japan) : Phase 2 → Phase 3 (in preparation)
	S-349572/S-265744/S-247303 (outside Japan) : Phase 1 (the most advanced phase) → Phase 2a (the most advanced phase)
	Adapalene gel (In-Licensing Activity) : NDA submission → Approval
Compound added to the list	S-4661 (in Japan) : Addition of new dosage regimen (1g t.i.d. for severe infection)
	S-555739 (in/outside Japan) : Initiation of Phase 1 study in Europe
	S-3013 (outside Japan) : License out to Anthera (USA)