



Financial Results for the Second Quarter of Fiscal Year 2008

November 4, 2008

Name of Listed Company: **SHIONOGI & CO., LTD.** Listed Exchanges: Section I of Tokyo and Osaka
 Code: 4507 URL: <http://www.shionogi.co.jp>
 Representative: Title of Person in Charge: President Name: Isao Teshirogi
 Contact responsibility: Title of Person in Charge: General Manager, Public Relations Unit Name: Noriyuki Kishida TEL: (06)6202-2161
 Date of the filing of quarterly securities report (scheduled): November 12, 2008
 Starting date of dividend payment (scheduled): December 1, 2008

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

1. Consolidated results for the period from April 1, 2008 to September 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	%
Six months ended September 30, 2008	105,056	—	18,464	—	18,969	—	11,835	—
Six months ended September 30, 2007	104,167	13.0	17,145	56.1	17,150	56.2	10,788	68.7

	Earnings per share	Earnings per share (diluted)
	yen	yen
Six months ended September 30, 2008	35.32	—
Six months ended September 30, 2007	31.70	—

(2) Financial position

	Total assets	Net assets	Shareholders Equity ratio	Net assets per share
	Million yen	Million yen	%	yen
As of September 30, 2008	415,786	341,692	82.1	1,018.96
As of March 31, 2008	413,703	342,235	82.7	1,020.31

Reference: Shareholders' equity As of September 30, 2008: 341,367 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
Year ended March 31, 2008	—	10.00	—	12.00	22.00
Year ending March 31, 2009	—	14.00			
Year ending March 31, 2009 (Forecast)			—	14.00	28.00

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 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

Because the impact of making Sciele Pharma, Inc. a wholly owned subsidiary through acquisition is not yet determined, it is not included in the above forecasts. For details, please see page 4 "3. Qualitative information on forecasted consolidated results." of "Qualitative information on consolidated results and consolidated financial statements"

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 5 "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 : Yes
 Note: For details, please see page 5 "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 September 30, 2008	351,136,165shares
	As of March 31, 2008	351,136,165shares
b) Treasury stock	As of September 30, 2008	16,120,220shares
	As of March 31, 2008	16,013,128shares
c) <i>Average number of shares outstanding</i> during the period	Six months ended September 30, 2008	335,073,058shares
	Six months ended September 30, 2007	340,340,530shares

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 cumulative second quarter, the six months ended September 30, 2008, against a background of discussions on restraining rising healthcare costs, conditions in the pharmaceutical market in Japan became even more challenging due to the further acceleration of the promotion of the use of generic drugs and the Diagnosis Related Group/Prospective Payment System (DRG/PPS), and drug price revisions in April 2008 averaging 5.2 percent for the industry. All domestic pharmaceutical companies were pressed to develop world-class products, and initiatives including M&As between domestic and overseas enterprises were vigorously advanced.

Under these conditions, the Shionogi Group started the important fourth and final year of its second medium-term management plan (2005-2009) under newly appointed president Isao Teshirogi. In research and development, the Group continued to focus on creating and developing new world-class drugs, and on speeding up this process. In manufacturing, while always bearing in mind quality and stable supply, Shionogi continued to work to reduce costs through measures including reducing raw materials costs and improving manufacturing processes. In sales, however, in addition to hyperlipidemia treatment Crestor, which Shionogi has been promoting for some time, the Company launched antihypertensive Irbetan in July 2008, and is working vigorously to expand market share in the area of metabolic syndrome (MS). In addition, Shionogi further strengthened its activities in providing accurate information to expand its presence in antibiotics, and to alleviate pain and improve quality of life for cancer patients. Further, in September Shionogi reached an acquisition agreement with U.S. pharmaceutical company Sciele Pharma, Inc., which became a wholly owned subsidiary in October through a tender offer. Shionogi considers this purchase an important investment that will fully leverage the value of its original products and ensure long-term growth going forward by enhancing its overseas sales infrastructure.

Consolidated Results of Operations

(Units: Millions of yen, %)

	Net Sales	Operating Income	Ordinary Income	Net Income
Six months ended September 30, 2008	105,056	18,464	18,969	11,835
Six months ended September 30, 2007	104,167	17,145	17,150	10,788
Percent increase	0.9	7.7	10.6	9.7

For the six months ended September 30, 2008, sales of prescription drugs were essentially unchanged. Despite a substantial increase in sales of Crestor and the launch of Irbetan, sales of antibiotics and other products decreased due to the influence of factors including drug price revisions and a shrinking market. Royalty income from industrial property rights increased due to growth in overseas sales of Crestor by AstraZeneca, and sales of export-use doripenem to Johnson & Johnson increased. However, construction contracts at Shionogi Engineering Service Co., Ltd. decreased. As a result, overall net sales were ¥105,056 million, a 0.9 percent increase compared with the same period of the previous fiscal year.

In terms of profit, gross profit increased 3.7 percent due to changes in divisional structure including the increase in royalty income from industrial property rights and the decrease in construction contracts, which improved the cost of sales ratio. In selling, general and administrative expenses, research and development expenses increased, but this was absorbed by the increase in gross profit. As a result, operating income was ¥18,464 million, a 7.7 percent increase compared with the same period of the previous fiscal year, and ordinary income was ¥18,969 million, a 10.6 percent increase. Net income was ¥11,835 million, a 9.7 percent increase.

2. Qualitative information on financial position

(1) Assets, Liabilities and Net Assets

As of September 30, 2008, total assets were ¥415,786 million, an increase of ¥2,083 million compared with the end of the previous fiscal year. Current assets increased ¥23,618 million compared with the end of the previous fiscal year to ¥218,581 million because of the sale of investment securities in the second quarter and a shift to holdings of short-term investment securities to finance the October purchase of Sciele Pharma, Inc. However, non-current assets decreased ¥21,535 million to ¥197,204 million due to factors including the sale and decline in the fair value of investment securities.

Total liabilities increased ¥2,626 million compared with the end of the previous fiscal year to ¥74,094 million. Current liabilities increased ¥5,249 million to ¥47,692 million due to a valuation difference in forward foreign exchange contracts for the purchase of Sciele Pharma, Inc. In addition, non-current liabilities decreased ¥2,622 million to ¥26,402 million due to factors including a decrease in deferred tax liabilities associated with a decrease in the fair value of available-for-sale securities.

Net assets were ¥341,692 million, a decrease of ¥543 million compared with the end of the previous fiscal year. Shareholders' equity increased ¥7,577 million to ¥327,615 million due to factors including an increase from net income and a decrease from payment of cash dividends. In addition, valuation and translation adjustments decreased ¥8,138 million to ¥13,751 million due to factors including a decrease in the fair value of available-for-sale securities and the accrual of a valuation difference in forward foreign exchange contracts.

As a result, shareholders equity ratio was 82.1 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 six months ended September 30, 2008 was ¥18,342 million. The principal factors were income before income taxes of ¥18,909 million, depreciation and amortization of ¥5,549 million and a decrease in notes and accounts receivable—trade of ¥5,325 million, which provided cash, and an increase in inventories of ¥4,841 million and income tax paid of ¥7,504 million, which used cash.

Net cash provided by investing activities was ¥8,710 million due to factors including proceeds from sales of investment securities of ¥18,196 million and purchases of property, plant and equipment of ¥6,145 million, which used cash.

In addition, net cash used in financing activities was ¥4,630 million, primarily consisting of cash dividends paid of ¥4,020 million.

As a result, the increase in cash and cash equivalents during the six months ended September 30, 2008 was ¥22,280 million, and the balance of cash and cash equivalents as of June 30, 2008 was ¥89,889 million.

3. Qualitative information on forecasted consolidated results

(Units: Millions of yen, %)

	Net Sales	Operating Income	Ordinary Income	Net Income
Year ending March 31, 2009 (Forecast)	231,000	48,000	48,000	30,000
Year ended March 31, 2008 (Actual)	214,268	40,399	39,879	25,063
Percent increase	7.8	18.8	20.4	19.7

The lack of clarity in the recent economic environment has had various effects on business management. Because pressure to restrain healthcare costs remains strong, we project that the domestic market for prescription drugs will become increasingly challenging going forward.

Under these conditions, the Shionogi Group will focus on working steadily to achieve the targets of the second medium-term management plan for aggressively implementing measures for long-term development centered on the prescription drug business. In particular, in sales and marketing the Group will work to expand market share by focusing resources on Crestor, Irbetan and other new drugs that will become core products going forward, and steadily expanding sales regardless of the challenging market environment with products including Differin, a topical treatment for acne vulgaris launched in October 2008, and idiopathic pulmonary fibrosis treatment Pirespa, which is scheduled for launch in the second half of the fiscal year. In research and development, the Group will continue working to constantly create drugs that can compete internationally.

For the full fiscal year, the Company anticipates that it will achieve its initial forecast for net sales (announced May 12, 2008) due to an expected increase in sales of export-use doripenem and increased royalty income from industrial property rights, in addition to sales growth in domestic prescription drugs, especially Crestor and Irbetan.

With respect to profits, although research and development expenses are expected to increase, Shionogi projects that this increase will be absorbed by the expansion of net sales and that it will achieve its initial forecasts for operating income, ordinary income and net income.

Further, making Sciele Pharma, Inc. a wholly owned subsidiary through acquisition may impact consolidated results for the fiscal year ending March 31, 2009. Shionogi is currently calculating intangible fixed assets, costs of in-process research and development and goodwill, and plans to announce the impact of these items as soon as it is determined.

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

N/A

(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 ¥88 million, ordinary income increased by ¥0 million, and income before income taxes and minority interests decreased by ¥88 million.

5. Consolidated Financial Statements

(1) Consolidated balance sheets

(Units: Millions of yen)

	As of September 30, 2008	(Reference) As of March 31, 2008
Assets		
Current assets		
Cash and deposits	10,460	11,709
Notes and accounts receivable-trade	62,262	67,605
Short-term investment securities	86,130	62,440
Merchandise and finished goods	18,099	18,728
Work in process	12,284	9,469
Raw materials and supplies	8,518	5,882
Other	20,838	19,141
Allowance for doubtful accounts	(12)	(13)
Total current assets	218,581	194,963
Non-current assets		
Total property, plant and equipment	71,207	70,377
Total intangible assets	8,871	5,618
Investments and other assets		
Investment securities	79,581	105,452
Other	37,665	37,457
Allowance for doubtful accounts	(120)	(165)
Total investments and other assets	117,125	142,744
Total non-current assets	197,204	218,739
Total assets	415,786	413,703

(Units: Millions of yen)

	As of September 30, 2008	(Reference) As of March 31, 2008
Liabilities		
Current liabilities		
Notes and accounts payable-trade	12,211	11,301
Income taxes payable	6,123	7,611
Provision		
Provision for bonuses	6,310	6,714
Other provision	1,023	1,010
Other	22,023	15,805
Total current liabilities	47,692	42,443
Non-current liabilities		
Provision		
Provision for retirement benefits	7,884	7,949
Other provision	155	168
Other	18,362	20,906
Total non-current liabilities	26,402	29,024
Total liabilities	74,094	71,468
Net assets		
Shareholders' equity		
Capital stock	21,279	21,279
Capital surplus	20,227	20,227
Retained earnings	305,622	297,811
Treasury stock	(19,514)	(19,280)
Total shareholders' equity	327,615	320,038
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	17,853	22,068
Deferred gains or losses on hedges	(3,956)	—
Foreign currency translation adjustment	(145)	(178)
Total valuation and translation adjustments	13,751	21,889
Minority interests	324	307
Total net assets	341,692	342,235
Total liabilities and net assets	415,786	413,703

(2) Consolidated statements of income

For the Second quarter ended September 30 , 2008

(Units : Millions of yen)

	Six months ended September 30, 2008
Net sales	105,056
Cost of sales	32,979
Gross profit	72,077
Selling, general and administrative expenses	53,613
Operating income	18,464
Non-operating income	
Interest income	628
Dividends income	644
Other	392
Total non-operating income	1,664
Non-operating expenses	
Interest expenses	35
Contribution	632
Other	491
Total non-operating expenses	1,158
Ordinary income	18,969
Extraordinary income	
Gain on sales of investment securities	212
Total extraordinary income	212
Extraordinary loss	
Loss on disaster	157
Loss on valuation of inventories	89
Loss on sales of investment securities	25
Total extraordinary losses	272
Income before income taxes and minority interests	18,909
Income taxes-current	6,026
Income taxes-deferred	1,027
Total income taxes	7,054
Minority interests in income	19
Net income	11,835

(3) Consolidated statements of cash flows

(Units : Millions of yen)

	Six months ended September 30, 2008
<hr/>	
Net cash provided by operating activities	
Income before income taxes	18,909
Depreciation and amortization	5,549
Decrease in allowance for doubtful accounts	(45)
Interest and dividends income	(1,272)
Interest expenses	35
Foreign exchange gains	(45)
Decrease in notes and accounts receivable-trade	5,325
Increase in inventories	(4,841)
Increase in notes and accounts payable-trade	1,041
Other	(91)
Subtotal	<hr/> 24,566 <hr/>
Interest and dividends income received	1,295
Interest expenses paid	(14)
Income tax paid	(7,504)
Net cash provided by operating activities	<hr/> 18,342 <hr/>
Net cash provided by investment activities	
Payments into time deposits	(2,667)
Proceeds from withdrawal of time deposits	2,492
Purchase of short-term securities	(19)
Proceeds from sales and redemption of securities	2,020
Purchases of property, plant and equipment	(6,145)
Proceeds from sales of property, plant and equipment	36
Purchase of investment securities	(1,012)
Proceeds from sales of investment securities	18,196
Collection of loans receivable	3
Other	(4,193)
Net cash provided by investment activities	<hr/> 8,710 <hr/>
Net cash used in financing activities	
Cash dividends paid	(4,020)
Cash dividends paid to minority shareholders	(2)
Other	(607)
Net cash used in financing activities	<hr/> (4,630) <hr/>
Effect of exchange rate change on cash and cash equivalents	(143)
Net increase in cash and cash equivalents	<hr/> 22,280 <hr/>
Cash and cash equivalents at beginning of period	67,609
Cash and cash equivalents at end of period	<hr/> 89,889 <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

Six months ended September 30, 2008 (April 1, 2008 to September 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

Six months ended September 30, 2008 (April 1, 2008 to September 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

Six months ended September 30, 2008 (April 1, 2008 to September 30, 2008)

	Europe	Other	Total
I. Overseas sales (Units: Millions of yen)	17,737	3,714	21,452
II. Consolidated net sales (Units: Millions of yen)	—	—	105,056
III. Overseas sales as a percentage of to consolidated net sales (%)	16.9	3.5	20.4

Notes: 1. Country and regional segments are based on geographic proximity.

2. Main countries and regions included in each segment

(1) Europe: United Kingdom, Switzerland, Germany and others

(2) Others: North America, Asia and others

3. Overseas sales represent those of the Company and consolidated subsidiaries in countries areas outside Japan and include royalty income from industrial property rights.

(6) Notes on significant changes in stockholders' equity

N/A

(Reference : Consolidated financial statements for the Second quarter ended September 30 , 2007)

(1) Consolidated statements of income

(Units : Millions of yen)

Account	Period	Six months ended September 30, 2007	
		Amount	Percentage
Net sales		104,167	100.0
Cost of sales		34,685	33.3
Gross profit		69,482	66.7
Selling, general and administrative expenses		52,337	50.2
Operating income		17,145	16.5
Non-operating income		1,908	1.8
Interest income		670	
Dividends income		630	
Real estate rent		330	
Other		278	
Non-operating expenses		1,903	1.8
Interest expenses		43	
Contribution		532	
Loss on disposal of inventories		474	
Loss on disposal of fixed assets		531	
Other		320	
Ordinary income		17,150	16.5
Extraordinary income		276	0.2
Gain on sales of investment securities		276	
Extraordinary loss		25	0.0
Loss on sales of stocks of affiliates		25	
Income before income taxes		17,401	16.7
Income taxes-current		3,737	3.6
Income taxes-deferred		2,868	2.7
Minority interests in income		(6)	(0.0)
Net income		10,788	10.4

(2) Consolidated statements of cash flows

(Units: Millions of yen)

	Six months ended
	September 30, 2007
	Amount
I Net cash provided by operating activities	
Income before income taxes	17,401
Depreciation and amortization	4,711
Loss on disposal of property, plant and equipment	528
Gain on sales of investment securities	(276)
Decrease in allowance for doubtful accounts	(0)
Decrease in reserve for retirement benefits	(1,698)
Interest and dividends income	(1,300)
Interest expenses	43
Foreign exchange gain	(97)
Decrease in notes and accounts receivable-trade	3,324
Increase in inventories	(3,126)
Increase in notes and accounts payable-trade	398
Decrease in accrued expenses	(680)
Decrease in accounts payable-other	(5,599)
Other	1,229
Subtotal	14,857
Interest and dividends income received	1,473
Interest expenses paid	(24)
Income tax paid	(7,128)
Net cash provided by operating activities	9,178
II Net cash used in investment activities	
Payments into time deposits	(2,486)
Proceeds from withdrawal of time deposits	2,368
Purchase of marketable securities	(19)
Proceeds from sales and redemption of marketable securities	2,024
Purchase of investment securities	(5,204)
Proceeds from sales of investment securities	282
Purchases of property, plant and equipment	(4,779)
Proceeds from sales of property, plant and equipment	7
Collection of loans receivable	312
Purchase of stock of affiliates	(634)
Proceeds from sales of stock of affiliates	443
Other	(914)
Net cash used in investment activities	(8,598)
III Net cash used in financing activities	
Repayments of installment payables	(381)
Purchase of treasury stock	(976)
Cash dividends paid	(2,720)
Cash dividends paid to minority shareholders	(2)
Net cash used in financing activities	(4,081)
IV Effect of exchange rate change on cash and cash equivalents	87
V Decrease in cash and cash equivalents	(3,414)
VI Cash and cash equivalents at beginning of period	74,546
VII Cash and cash equivalents at end of period	71,131

**Financial Results for the Second Quarter
of Fiscal Year 2008**

< Supplement >

November 4, 2008

 **SHIONOGI & CO., LTD.**

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1. Financial Results and Forecast <Consolidated/Non-consolidated>

< Consolidated >

(Units: 100 millions of yen)

	FY2008 1H Actual	FY2008 2H Forecast	FY2008 Forecast	FY2007 1H Actual	FY2007 2H Actual	FY2007 Actual	Change		
							1H	2H	FY2008
Net Sales	1,050	1,260	2,310	1,041	1,101	2,142	9	159	168
	(0.9)	(14.4)	(7.8)	(13.0)	(2.3)	(7.3)			
Operating Income	184	296	480	171	232	403	13	64	77
	(7.7)	(27.0)	(18.8)	(56.1)	(30.1)	(40.0)			
Ordinary Income	189	291	480	171	227	398	18	64	82
	(10.6)	(27.7)	(20.4)	(56.2)	(32.6)	(41.9)			
Net Income	118	182	300	107	143	250	11	39	50
	(9.7)	(27.2)	(19.7)	(68.7)	(17.0)	(34.8)			

() Percentage change to the previous fiscal year

< Non-consolidated >

	FY2008 1H Actual	FY2008 2H Forecast	FY2008 Forecast	FY2007 1H Actual	FY2007 2H Actual	FY2007 Actual	Change		
							1H	2H	FY2008
Net Sales	1,000	1,200	2,200	962	1,048	2,010	38	152	190
	(3.9)	(14.5)	(9.5)	(9.4)	(7.3)	(8.2)			
Operating Income	162	283	445	151	212	363	11	71	82
	(7.6)	(32.7)	(22.3)	(66.9)	(34.4)	(46.2)			
Ordinary Income	179	281	460	159	213	372	20	68	88
	(12.4)	(31.9)	(23.5)	(58.0)	(34.0)	(43.3)			
Net Income	114	176	290	90	134	224	24	42	66
	(26.3)	(30.9)	(29.0)	(60.4)	(14.9)	(29.8)			

() Percentage change to the previous fiscal year

2. Financial Results of Significant Consolidated Subsidiaries

< Bushu Pharmaceuticals Ltd. >

(Units: millions of yen)

	FY2008 1H Actual	FY2008 2H Forecast	FY2008 Forecast	FY2007 1H Actual	FY2007 2H Actual	FY2007 Actual	Change		
							1H	2H	FY2008
Net Sales	4,604 (△ 4.5)	4,696 (4.3)	9,300 (△ 0.2)	4,821 (30.8)	4,500 (9.8)	9,321 (19.7)	△ 217	196	△ 21
Operating Income	513 (△ 5.1)	287 (△ 50.6)	800 (△ 28.6)	541 (48.2)	580 (9.1)	1,121 (24.8)	△ 28	△ 293	△ 321
Ordinary Income	453 (△ 2.7)	197 (△ 62.5)	650 (△ 34.3)	466 (75.2)	523 (△ 9.3)	989 (17.3)	△ 13	△ 326	△ 339
Net Income	252 (△ 5.8)	98 (△ 69.3)	350 (△ 40.3)	268 (91.4)	318 (△ 21.4)	586 (7.7)	△ 16	△ 220	△ 236

() Percentage change to the previous fiscal year

3. Sales by Segment

(Units: 100 million yen)

	FY2008 1H Actual	FY2008 2H Forecast	FY2008 Forecast	FY2007 1H Actual	FY2007 2H Actual	FY2007 Actual	Change		
							1H	2H	FY2008
Pharmaceuticals and related business	1,037 (3.8)	1,231 (13.4)	2,268 (8.8)	998 (9.9)	1,085 (7.4)	2,084 (8.6)	39	146	184
Ethical drugs	743 (0.1)	866 (7.0)	1,609 (3.7)	742 (1.1)	809 (3.1)	1,551 (2.1)	1	57	58
FLOMOX	121	154	275	124	162	286	△ 3	△ 8	△ 11
CRESTOR	83	117	200	44	60	104	39	57	96
FLUMARIN	55	55	110	63	58	122	△ 8	△ 3	△ 12
RINDERON	52	48	100	53	47	100	△ 1	1	0
VANCOMYCIN	46	49	95	55	51	106	△ 9	△ 2	△ 11
OXYCONTIN	40	45	85	32	34	66	8	11	19
IMUNACE	36	36	72	64	53	117	△ 28	△ 17	△ 45
CLARITIN	33	62	95	29	61	90	4	1	5
FINIBAX	13	20	33	12	13	25	1	7	8
IRBETAN	10	15	25	-	-	-	10	15	25
AVELOX	7	13	20	8	11	19	△ 1	2	1
PIRESPA	-	5	5	-	-	-	-	5	5
DIFFERIN	-	4	4	-	-	-	-	4	4
Export/Overseas operations	41 (38.8)	47 (41.0)	88 (40.0)	29 (7.8)	33 (31.1)	63 (19.0)	12	14	25
DORIPENEM	11	19	30	1	3	4	10	16	26
Contract manufacturing	30 (13.8)	33 (1.2)	63 (6.9)	26 (57.9)	32 (39.4)	58 (47.2)	4	1	5
OTC and quasi-drugs	28 (△ 2.0)	30 (6.6)	58 (2.2)	29 (△ 6.2)	27 (△ 8.7)	56 (△ 7.4)	△ 1	3	2
SEDES	12	13	25	12	12	24	0	1	1
POPON-S	5	6	11	6	5	11	△ 1	1	0
Diagnostics	17 (△ 0.2)	15 (△ 11.1)	32 (△ 5.6)	17 (1.2)	16 (2.4)	33 (1.8)	0	△ 1	△ 1
Royalty income	178 (14.9)	240 (45.0)	418 (30.5)	154 (86.1)	165 (28.0)	320 (50.7)	24	75	98
CRESTOR	166	228	394	144	154	298	22	74	96
Other business	13 (△ 68.9)	29 (83.7)	42 (△ 28.0)	42 (234.2)	15 (△ 76.2)	58 (△ 25.6)	△ 29	14	△ 16
Total	1,050 (0.9)	1,260 (14.4)	2,310 (7.8)	1,041 (13.0)	1,101 (2.3)	2,142 (7.3)	9	159	168

() Percentage change to the previous fiscal year

Sales of each product are shown on a non-consolidated basis

4-1. Quarterly Financial Results Trends (Quarterly Sales by Segment)

(Units: 100 million yen)

	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
FLUMARIN	30	△ 11.9	33	△ 7.6	34	△ 6.5	24	△ 8.8
RINDERON	27	△ 1.6	27	1.3	26	△ 0.6	20	△ 4.4
VANCOMYCIN	30	△ 19.0	25	△ 27.1	30	△ 4.5	21	△ 18.6
OXYCONTIN	16	22.2	16	33.6	21	35.4	13	19.8
IMUNACE	32	4.7	33	23.1	26	△ 22.7	27	△ 0.9
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

	Apr.1-Jun.30 2008	Y on Y Change(%)	Jul.1-Sep.30 2008	Y on Y Change(%)
Pharmaceuticals and related business	511	2.9	526	4.8
Ethical Drugs	380	0.5	362	△ 0.3
FLOMOX	61	△ 5.8	60	1.9
CRESTOR	38	99.9	46	79.7
FLUMARIN	25	△ 17.3	30	△ 10.8
RINDERON	26	△ 2.4	26	△ 3.2
VANCOMYCIN	23	△ 22.2	23	△ 10.3
OXYCONTIN	20	27.7	19	22.3
IMUNACE	20	△ 35.4	16	△ 52.2
CLARITIN	18	6.4	15	25.1
FINIBAX	6	16.5	7	10.1
IRBETAN	8	-	2	-
AVELOX	4	14.2	2	△ 40.9
Export/Overseas operations	19	25.4	22	53.3
DORIPENEM	5	-	6	528.6
Contract manufacturing	12	22.5	18	8.6
OTC and quasi-drugs	14	△ 2.6	14	△ 1.4
SEDES	6	△ 2.5	6	3.2
POPON-S	3	3.5	3	△ 12.0
Diagnostics	9	0.6	8	△ 1.2
Royalty income	75	9.5	102	19.3
CRESTOR	72	8.3	93	20.6
Other business	6	14.5	7	△ 80.8
Total	517	3.0	533	△ 1.1

4-2. Quarterly Financial Results Trends (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		0		△ 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(%)	Jul.1-Sep.30 2008	Y on Y Change(%)
Net sales	517	3.0	533	△ 1.1
Cost of sales	32.0 165	2.6	30.8 164	△ 11.5
Gross profit	351	3.2	368	4.3
SG & A expenses	52.4 271	3.8	49.7 265	1.1
Selling & General expenses	166	1.4	162	△ 1.0
R & D expenses	104	7.8	102	4.5
Operating income	15.6 80	1.1	19.5 103	13.4
Non-operating gain & loss	2		2	
Ordinary income	16.2 83	△ 2.1	19.9 105	23.2
Extraordinary gain & loss	0		0	
Income before income taxes and minority interests	82		106	
Income taxes and minority interests	29		41	
Net income	10.4 53	0.3	12.1 64	19.1

5. Capital investments and Depreciation Costs

(Units: 100 million yen)

	FY2008 1H Actual	FY2008 2H Forecast	FY2008 Forecast	FY2007 1H Actual	FY2007 2H Actual	FY2007 Actual	Change		
							1H	2H	FY2008
(Consolidated)									
Investment in equipments	59	101	160	61	70	131	△ 2	31	29
Depreciation costs	55	70	125	47	59	106	8	11	19
(Non-consolidated)									
Investment in equipments	54	91	145	56	65	121	△ 2	26	24
Depreciation costs	50	60	110	41	55	96	9	5	14

6. R&D Expenses

(Units: 100 million yen)

	FY2008 1H Actual	FY2008 2H Forecast	FY2008 Forecast	FY2007 1H Actual	FY2007 2H Actual	FY2007 Actual	Change		
							1H	2H	FY2008
(Consolidated)									
R&D expenses	207 (6.1%)	253 (21.8%)	460 (14.2%)	195 (9.6%)	207 (5.8%)	402 (7.6%)	12	46	58
% to Net sales	19.8	20.0	19.9	18.8	18.8	18.8			
(Non-consolidated)									
R&D expenses	207 (6.1%)	253 (22.1%)	460 (14.3%)	195 (9.5%)	207 (5.8%)	402 (7.6%)	12	46	58
% to Net sales	20.7	21.0	20.9	20.3	19.7	20.0			

() Percentage change to the previous fiscal year

7. Employees

	End of March 2007 Actual	End of Sep. 2007 Actual	End of March 2008 Actual	End of Sep. 2008 Actual	End of March 2009 Forecast	Change	
						Mar.2008~ Sep.2008	Sep..2008~ Mar.2009
Consolidated	4,958	5,050	4,982	5,128	4,980	146	△ 148
Non-consolidated	4,300	4,381	4,233	4,351	4,230	118	△ 121

8. Consolidated Affiliated Companies and Affiliated Company Accounted for by the Equity Method

< Consolidated Affiliated Companies >

No	Company name	Location	Common stock	Business status	Establish	Closing rate	Ownership (%)
1	Bushu Pharmaceuticals Ltd.	Saitama, Japan	JPY 1,000 million	Contract mfg. of pharmaceuticals	August 3, 1998	March 31	100
2	Nichia Pharmaceutical Industries Ltd.	Tokushima, Japan	JPY 200 million	Mfg. of pharmaceutical raw materials	August 24, 1976	March 31	75
3	Saishin Igaku Co., Ltd.	Osaka, Japan	JPY 90 million	Publication of medical information	December 21, 1998	March 31	100
4	Shionogi Engineering Service Co., Ltd.	Hyogo, Japan	JPY 20 million	Inspection and maintenance of pharmaceuticals mfg. equipment	November 2, 1992	March 31	100
5	Shionogi Buturyuu Service & Co., Ltd.	Osaka, Japan	JPY 10 million	Warehousing and logistic services	May 21, 1985	March 31	100
6	Shionogi General Service Co., Ltd.	Osaka, Japan	JPY 10 million	Traveling, Insurance agency	November 2, 1992	March 31	100
7	Shionogi Analysis Center Co., Ltd.	Hyogo, Japan	JPY 200 million	Contract testing and analysis on medicine	December 21, 2007	March 31	100
8	Aburahi AgroResearch Co., Ltd.	Shiga, Japan	JPY 10 million	Contract Laboratories for Agro Chemicals	February 26, 2004	March 31	* 100
9	Taiwan Shionogi & Co., Ltd.	Taipei, Taiwan, R.O.C.	TWS 92 million	Mfg. and sale of pharmaceuticals	December 26, 1963	December 31	100
10	Shionogi USA, INC.	Delaware, U.S.A.	US\$ 10 million	Contract research and sale for pharmaceuticals	February 15, 2001	December 31	100
11	SG Holding, INC.	Delaware, U.S.A.	US\$140	Holding company	September 10, 2001	December 31	100

< Affiliated Company Accounted for by the Equity Method >

No	Company name	Location	Common stock	Business status	Establish	Closing date	Ownership (%)
1	Shionogi-GlaxoSmithKline Holding L.P.	Cayman Islands	-	Holding company	October 19, 2001	December 31	* 50

9. Management Index (Consolidated)

< Management Index Trend (Consolidated) >

		FY2008 1H	FY2007	FY2007 1H	FY2006
Ratio of Operating Income to Net Sales	%	17.6	18.9	16.5	14.5
Ratio of Ordinary Income to Net Sales	%	18.1	18.6	16.5	14.1
Ration of Net Income to Net Sales	%	11.3	11.7	10.4	9.3
Total Asset Turnover		0.25	0.51	0.25	0.47
Equity Ratio	%	82.1	82.7	82.4	80.4
Return on Assets (ROA)	%	4.6	9.5	4.0	6.6
Return on Equity (ROE)	%	3.5	7.3	3.1	5.4
Dividend Payout Ratio	%	-	29.6	-	29.3
Earning Per Share	yen	35.32	74.21	31.70	54.61

10. Consolidated Statement of Income

(Units: millions of yen)

	FY2008 1H Actual	FY2007 1H Actual	Change	
I. Net sales	105,056	104,167	889	Decrease in cost of sales due to large construction with relatively high cost percentage occurred in consolidated affiliated company Shionogi Engineering Service Co., Ltd. in fiscal 2007
II. Cost of Sales	32,979	34,685	△ 1,706	
Gross profit	72,077	69,482	2,595	
III. SG & A expenses	53,613	52,337	1,276	Increase in SG&A expenses due to increased R&D expenses: + 1.2 billion yen
Operating income	18,464	17,145	1,319	
IV. Non-operating income	1,664	1,908	△ 244	Loss on disaster due to the Iwate-Miyagi Inland Earthquake
1. Interest income	628	670	△ 42	
2. Dividends income	644	630	14	
3. Other income	392	608	△ 216	Decrease in gain on sales of investment in securities, and loss on sales of investment in securities due to sales of government bonds
V. Non-operating expenses	1,158	1,903	△ 745	
1. Interest expenses	35	43	△ 8	
2. Contribution	632	532	100	
3. Other expenses	491	1,327	△ 836	
Ordinary income	18,969	17,150	1,819	
VI. Extraordinary income	212	276	△ 64	
Gain on sales of investment in securities	212	276	△ 64	
VII. Extraordinary loss	272	25	247	
1. Loss on disaster	157	-	157	
2. Loss on valuation of inventories	89	-	89	
3. Loss on sales of investment in securities	25	25	0	
Income before income taxes and minority interests	18,909	17,401	1,508	
Income taxes-current	6,026	3,737	2,289	
Income taxes-deferred	1,027	2,868	△ 1,841	
Minority interests in income(△)	△ 19	△ 6	△ 13	
Net income	11,835	10,788	1,047	

11-1. Consolidated Balance Sheets (Assets)

(Units: millions of yen)

	As of Sep.30 2008	As of Mar.31 2008	Change	
(Assets)				
I. Current assets				
1. Cash and deposits	10,460	11,709	△ 1,249	Increase in certificates of deposit due to sales of government bonds: + 20 billion yen
2. Notes and accounts receivable	62,262	67,605	△ 5,343	
3. Short-term investment securities	86,130	62,440	23,690	
4. Merchandise and finished goods	18,099	18,728	△ 629	Increase due to export expansion of Dripenem and launch of new products
5. Work in process	12,284	9,469	2,815	
6. Raw materials and supplies	8,518	5,882	2,636	
7. Other current assets	20,838	19,141	1,697	
Allowance for doubtful accounts	△ 12	△ 13	1	
Total current assets	218,581	194,963	23,618	
II. Non-current assets				
1. Property, plant and equipment	71,207	70,377	830	Increase in intangible assets due to increase in milestone payments of in-license products
2. Intangible assets	8,871	5,618	3,253	
3. Investment and other assets				
(1) Investment securities	79,581	105,452	△ 25,871	Decrease in investment securities due to sales of government bonds: △ 20 billion yen and decrease in investments in securities : △ 7.1 billion yen
(2) Other	37,665	37,457	208	
Allowance for doubtful accounts	△ 120	△ 165	45	
Total investments and other assets	117,125	142,744	△ 25,619	
Total non-current assets	197,204	218,739	△ 21,535	
Total assets	415,786	413,703	2,083	

11-2. Consolidated Balance Sheets (Liabilities/Net Assets)

(Units: millions of yen)

	As of Sep.30 2008	As of Mar.31 2008	Change
(Liabilities)			
I. Current liabilities			
1. Notes and accounts payable-trade	12,211	11,301	910
2. Income taxes payable	6,123	7,611	△ 1,488
3. Provision			
(1) Provision for bonuses	6,310	6,714	△ 404
(2) Other provision	1,023	1,010	13
4. Other current liabilities	22,023	15,805	6,218
Total current liabilities	47,692	42,443	5,249
II. Non-current liabilities			
1. Provision			
(1) Provision for retirement benefits	7,884	7,949	△ 65
(2) Other provision	155	168	△ 13
2. Other non-current liabilities	18,362	20,906	△ 2,544
Total non-current liabilities	26,402	29,024	△ 2,622
Total liabilities	74,094	71,468	2,626
(Net Assets)			
I. Shareholders' equity			
1. Capital stock	21,279	21,279	0
2. Capital surplus	20,227	20,227	0
3. Retained earnings	305,622	297,811	7,811
4. Treasury stock	△ 19,514	△ 19,280	△ 234
Total shareholders' equity	327,615	320,038	7,577
II. Valuation and translation adjustments			
1. Valuation difference on available-for-sale securities	17,853	22,068	△ 4,215
2. Deferred gains or losses on hedges	△ 3,956	-	△ 3,956
3. Foreign currency translation adjustments	△ 145	△ 178	33
Total valuation and translation adjustments	13,751	21,889	△ 8,138
III. Minority interests	324	307	17
Total net assets	341,692	342,235	△ 543
Total liabilities and net assets	415,786	413,703	2,083

Increase in other current liabilities and decrease in deferred gains or losses on hedges due to valuation difference on the forward exchange contracts prepared for acquisition of Sciele Pharma, Inc.

Decrease in other non-current liabilities, and valuation difference on available-for-sale securities due to decrease in investments in securities :
△ 7.1 billion yen

12. Main Events between April 2008 and October 2008

- Launched Irbetan[®] 50mg and 100mg Tablets, a hypertension treatment (July 1, 2008)
- Completed the acquisition of Sciele Pharma, Inc. (October 9, 2008: Eastern Daylight Time in the US)
- Received marketing and manufacturing approval for Pirespa[®] 200mg Tablet, an Idiopathic Pulmonary Fibrosis treatment (October 16, 2008)
- Launched Differin[®] Gel 0.1%, a topical treatment for acne vulgaris (October 21, 2008)

13. Acquisition of Sciele Pharma, Inc.

< Completion of Sciele Acquisition >

- October 8, 2008: Completion of the tender offer. 92.0% of the shares outstanding were tendered.
- October 9, 2008: Sciele became a wholly-owned subsidiary of Shionogi USA Holdings, Inc. by short-form merger
- Acquisition Price: \$31 per share, total \$1,099 million.
Total \$1,424 million including the redemption of senior convertible notes.
- Acquisition Financing: Bridge loans: 110 billion yen, Cash on hand: Approximately 45 billion yen.
In the future, after comprehensively examining market trends or costs, it is planned that bridge loans will be switched to permanent loans including long-term borrowing and corporate bonds.

< Benefits expected from Acquisition >

1. Increase profitability by selling Shionogi's in-house products through Sciele's sales force.
 - Immediately acquire a nationwide sales network with more than 700 MRs.
 - Utilize highly capable know-how concerning product launches and sales in the US.
 - Leverage Sciele's strong sales force in the cardiovascular and metabolic areas.
2. Enhance expertise in development activities and in-licensing activities in the US.
3. Cost reduction as a group by exchanging know-how on manufacturing.
4. Improve infrastructure of operating system in the US.
 - Strengthen functions of marketing, pharmaceutical affairs and administration.

< Impact on Financials >

(Units: million dollar)

< Financial Forecast of Sciele >	FY2008	FY2009	FY2010	FY2011
Sales	105	500	650	780
Operating income	30	140	200	250

* FY2008: Oct.-Dec.

- The valuation of IP R&D, intangible assets, goodwill and others for Purchase Price Allocation (PPA) is still going on. The impact on the financial statement of Shionogi for each following fiscal year will be announced as soon as PPA has been determined.
- Although there is a possibility that Shionogi's EPS in fiscal 2008 will be more dilutive than originally planned due to IP R&D and other factors, it is expected to become accretive from fiscal 2009 by the contribution of Sciele's profitability.

14. Drugs Under Development (as of November 2008)

<In Japan>

Code No. (Generic name)	Category (Administration)	Indication	Stage	Origin	Development
S-7701 (Pirfenidone)	Anti-fibrosis (Oral)	Idiopathic pulmonary fibrosis	Approval (October, 2008)	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 III	Eli Lilly and Company (USA)	Co-development: Eli Lilly Japan K.K.
S-4661 (Doripenem hydrate)	Carbapenem antibiotic (Injection)	Pediatric infection	Phase III	In-house	In-house
S-4661 (Doripenem hydrate)	Carbapenem antibiotic (Injection)	Addition of new dosage regimen (1g t.i.d. for serious infection)	Phase III	In-house	In-house
S-021812 (Peramivir)	Neuraminidase inhibitor (Injection)	Influenza infection	Phase III (Asian multi- national study)	BioCryst Pharmaceuticals, Inc. (USA)	In-house
S-811717 (Oxycodone hydrochloride)	Natural opium alkaloids (Injection)	For the treatment of moderate to severe pain in patients with cancer pain	Phase III	Napp Pharmaceutical Limited (UK)	In-house
S-013420	Novel macrolide antibiotic (Oral)	Bacterial infection	Phase IIb	Enanta Pharmaceuticals, Inc. (USA)	In-house
NS75B (Cetorelix pamoate)	Gonadotropin releasing hormone antagonist (Injection)	Benign prostatic hypertrophy	Phase IIb	Æterna Zentaris GmbH (Canada)	In-house
NS75A (Cetorelix acetate)	Gonadotropin releasing hormone antagonist (Injection)	Uterine myoma	Phase II	Æterna Zentaris GmbH (Canada)	Co-development: Nippon Kayaku Co., Ltd.
S-777469	Selective cannabinoid 2 receptor agonist (Oral)	Atopic dermatitis	Phase IIa	In-house	In-house
S-888711	Small molecule TPO mimetic (Oral)	Thrombocytopenia	Phase I	In-house	In-house
S-555739	Prostaglandin D2 receptor antagonist (Oral)	Allergic disease	Phase I	In-house	In-house

14. Drugs Under Development (as of November 2008)

<Outside Japan>

Code No.	Category (Administration)	Indication	Stage	Origin	Development
S-2367	Neuropeptide Y Y5 receptor antagonist (Oral)	Obesity	USA: Phase IIb	In-house	In-house
S-777469	Selective cannabinoid 2 receptor agonist (Oral)	Atopic dermatitis	USA: Phase IIa	In-house	In-house
S-349572/S-265744/S-247303	Integrase inhibitor (Oral)	HIV infection	USA: Phase IIa (the most advanced phase)	Shionogi & GlaxoSmithKline	Shionogi-GlaxoSmithKline Pharmaceuticals LLC (USA)
S-0139	Endothelin A receptor antagonist (Injection)	Cerebrovascular diseases	Japan: Phase IIa Europe: Phase I	In-house	In-house
S-555739	Prostaglandin D2 receptor antagonist (Oral)	Allergic disease	Europe: POM	In-house	In-house
S-222611	Her2/EGFR dual inhibitor (Oral)	Malignant tumor	Europe: Phase I (in preparation)	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: Approved (July, 2008)	In-house	Peninsula (USA) ↓ Johnson & Johnson (USA)
S-0373	Non-peptide mimetic of TRH (Oral)	Spinocerebellar ataxia	Phase II (in preparation)	In-house	Kissei Pharmaceutical Co., Ltd.
S-3013	Secretory PLA2(sPLA2) inhibitor (Oral)	Atherosclerosis	USA: Phase II	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	Launch (October, 2008)	Galderma (France)	Galderma K.K.

Since July, 2008

Change of phases	S-7701 (in Japan) : NDA submission → Approval
	S-021812 (in Japan) : In preparation for Phase III → Phase III (Asian multi-national study)
	S-555739 (outside Japan) : Phase I → POM (Proof of mechanism)
	S-0373 (out-Licensing Activity) : Phase I → In preparation for Phase II
	Adapalene gel (in-Licensing Activity) : Approval → Launch
Compound added to the list	S-811717 (in Japan) : Initiation of Phase III study
	S-222611 (outside Japan) : Preparation for Phase I study in Europe
Compound erased	SR47436 (in Japan) : Launched in July 2008