



Financial Results for the Third Quarter of Fiscal Year 2007

January 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

Listed Exchanges: Section I of Tokyo and Osaka

URL <http://www.shionogi.co.jp>

Name: Motozo Shiono

Name: Noriyuki Kishida TEL: (06) 6202-2161

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

1. Consolidated results for the period from April 1, 2007 to December 31, 2007

(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	%
Nine months ended December 31, 2007	162,423	8.7	29,628	39.3	29,582	38.7	18,690	47.3
Nine months ended December 31, 2006	149,387	(1.7)	21,264	(13.5)	21,327	(15.3)	12,691	(39.4)
Year ended March 31, 2007	199,759	1.7	28,863	(1.2)	28,113	(5.2)	18,594	(18.2)

	Earnings per share	Earnings per share (diluted)
	yen	yen
Nine months ended December 31, 2007	55 . 20	—
Nine months ended December 31, 2006	37 . 27	—
Year ended March 31, 2007	54 . 61	—

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	yen
As of December 31, 2007	411,655	340,231	82.6	1,014 . 33
As of December 31, 2006	426,365	342,984	80.4	1,006 . 54
As of March 31, 2007	429,569	345,752	80.4	1,014 . 73

(3) 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
Nine months ended December 31, 2007	13,744	(1,301)	(16,873)	70,139
Nine months ended December 31, 2006	2,272	(8,114)	(6,925)	63,338
Year ended March 31, 2007	14,115	(8,418)	(7,180)	74,546

2. Forecasted consolidated results for the year ending March 31, 2008 (April 1, 2007 to March 31, 2008) (Reference)
 (% 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, 2008	215,000	7.6	40,000	38.6	40,000	42.3	24,000	29.1	70 . 88

3. Others

- (1) Significant changes to consolidated subsidiaries resulting in change of scope of consolidation during the period [Yes/No] : *No*
 (2) Adoption of simplified methods of accounting [Yes/No] : *Yes*
 (3) Changes in method of accounting [Yes/No] : *No*

Note: For details, please see page 4 "4.Others" of "Qualitative information on consolidated results and consolidated financial statements".

Note: These estimates on January 28, 2008 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.

【Qualitative information on consolidated results and consolidated financial statements】

1. Qualitative information on results of operations

For the nine months ended December 31, 2007, net sales were ¥162,423 million, operating income was ¥29,628 million, ordinary income was ¥29,582 million, and net income was ¥18,690 million.

With regard to net sales, steady expansion of domestic market share for the hyperlipidemia treatment Crestor contributed to sales growth. Nevertheless, overall sales of prescription drugs stayed a slight increase compared with the same period of the previous fiscal year due to a decrease in sales of Flomox, Flumarin, Vancomycin and other existing products. As a result of significant growth in royalty income from licensing fees, however, net sales increased 8.7 percent.

In terms of profit, the increase in royalty income reduced the cost of sales ratio 1.2 points to 32.6 percent from 33.8 percent in the same period of the previous fiscal year. As a result, gross profit increased 10.7 percent. Selling, general and administrative (SG&A) expenses increased 2.8 percent to ¥79,798 million due to factors including an 11.1 percent increase in research and development expenses. However, the increase in gross profit more than compensated for the increase in SG&A expenses. Consequently, operating income increased 39.3 percent compared with the same period of the previous fiscal year. In non-operating income and expenses, non-operating income increased due to higher interest and dividend income compared with the same period of the previous fiscal year, but non-operating expenses also increased due to increases in loss on disposal of inventories and loss on disposal of fixed assets. As a result, ordinary income increased 38.7 percent and net income increased 47.3 percent compared with the same period of the previous fiscal year.

2. Qualitative information on financial position

As of December 31, 2007, total assets were ¥411,655 million and net assets were ¥340,231 million.

Total assets decreased ¥17,914 million compared with the end of the previous fiscal year, primarily because of a decrease in cash and deposits due to the purchase of treasury stock, as well as a decrease in investment securities due to lower market values reflecting the downward trend of stock prices. As of December 31, 2007, certificates of deposit, which were formerly reported as cash and deposits, are reported as marketable securities. Total liabilities decreased ¥12,393 million, primarily due to a decrease in accrued income taxes. Net assets decreased ¥5,521 million compared with the end of the previous fiscal year. While retained earnings increased, total net assets decreased as a result of factors including the purchase of treasury stock and a decrease in valuation difference on available-for-sale securities.

Net cash provided by operating activities during the nine months ended December 31, 2007 was ¥13,744 million as a result of income taxes paid and other factors using cash that offset income before income taxes of ¥29,833 million. Net cash used in investment activities was ¥1,301 million, with purchases of property, plant and equipment partially offset by proceeds from withdrawal of time deposits exceeding three months. Net cash used in financing activities was ¥16,873 million, due to cash dividends paid and purchase of treasury stock. As a result, cash and cash equivalents as of December 31, 2007 totaled ¥70,139 million, a decrease of ¥4,406 million from the end of the previous fiscal year.

3. Qualitative information on forecasted consolidated results

We have not revised the performance forecasts announced on November 5, 2007.

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

The Company has partially adopted simplified methods of accounting for inventory valuation and others.

(3) Changes in method of accounting

N/A

5. Consolidated Financial Statements

(1) Consolidated Statements of Income

(Units : Millions of yen)

Account	period	Nine months ended December 31, 2007		Nine months ended December 31, 2006		Increase (decrease)		(Reference) Year ended March 31, 2007	
		Amount	%	Amount	%	Amount	%	Amount	%
I Net sales		162,423	100.0	149,387	100.0	13,036	8.7	199,759	100.0
II Cost of sales		52,996	32.6	50,521	33.8	2,475	4.9	67,542	33.8
Gross profit		109,427	67.4	98,866	66.2	10,561	10.7	132,216	66.2
III Selling, general and administrative expenses		79,798	49.2	77,601	52.0	2,197	2.8	103,353	51.7
[Research and development expenses]		[30,733]	[18.9]	[27,673]	[18.5]	[3,060]	[11.1]	[37,455]	[18.8]
Operating income		29,628	18.2	21,264	14.2	8,364	39.3	28,863	14.5
IV Non-operating income		2,795	1.7	2,359	1.6	436	18.5	3,368	1.7
V Non-operating expenses		2,842	1.7	2,296	1.5	546	23.8	4,118	2.1
Ordinary income		29,582	18.2	21,327	14.3	8,255	38.7	28,113	14.1
VI Extraordinary income		276	0.2	778	0.5	(502)	(64.5)	3,610	1.8
VII Extraordinary loss		25	0.0	—	—	25	—	—	—
Income before income taxes		29,833	18.4	22,106	14.8	7,727	35.0	31,723	15.9
Income taxes-current		6,825	4.2	4,402	3.0	2,423	55.0	8,702	4.4
Income taxes-deferred		4,307	2.7	4,981	3.3	(674)	(13.5)	4,387	2.2
Minority interests in loss and income		(10)	(0.0)	(30)	(0.0)	20	(64.6)	(39)	(0.0)
Net income		18,690	11.5	12,691	8.5	5,999	47.3	18,594	9.3

(2) Consolidated Balance Sheets

(Units : Millions of yen)

Account	As of December 31, 2007		(Reference) As of March 31, 2007		Increase (decrease)		As of December 31, 2006	
	Amount	%	Amount	%	Amount	%	Amount	%
(Assets)								
I Current assets								
Cash and deposits	28,956		86,853		(57,897)		75,597	
Notes and accounts receivable-trade	71,075		67,575		3,500		72,414	
Marketable securities	47,728		—		47,728		—	
Inventories	34,892		32,395		2,497		32,361	
Other	15,186		22,079		(6,893)		20,040	
Allowance for doubtful accounts	(12)		(12)		0		(12)	
Total current assets	197,827	48.1	208,890	48.6	(11,063)	(5.3)	200,401	47.0
II Fixed assets								
Property, plant and equipment								
Buildings and structures	31,616		31,142		474		30,617	
Other	38,738		36,672		2,066		37,284	
Total property, plant and equipment	70,354	17.1	67,815	15.8	2,539	3.7	67,901	15.9
Intangible fixed assets	5,901	1.4	6,135	1.4	(234)	(3.8)	6,475	1.5
Investments and other assets								
Investment securities	112,666		123,368		(10,702)		129,320	
Prepaid pension cost	22,552		20,168		2,384		18,982	
Other	2,522		3,360		(838)		3,449	
Allowance for doubtful accounts	(168)		(168)		0		(165)	
Total investments and other assets	137,572	33.4	146,728	34.2	(9,156)	(6.2)	151,586	35.6
Total fixed assets	213,828	51.9	220,679	51.4	(6,851)	(3.1)	225,964	53.0
Total assets	411,655	100.0	429,569	100.0	(17,914)	(4.2)	426,365	100.0

(Units : Millions of yen)

Account	period	As of December 31, 2007		(Reference) As of March 31, 2007		Increase (decrease)		As of December 31, 2006	
		Amount	%	Amount	%	Amount	%	Amount	%
(Liabilities)									
I Current liabilities									
Notes and accounts payable-trade		12,501		12,189		312		14,301	
Reserves									
Reserve for bonuses		3,412		5,958		(2,546)		3,612	
Other reserves		1,013		1,088		(75)		1,064	
Other		22,838		28,299		(5,461)		26,741	
Total current liabilities		39,766	9.6	47,535	11.1	(7,769)	(16.3)	45,720	10.7
II Non-current liabilities									
Reserves									
Reserve for retirement benefits		8,217		8,352		(135)		8,436	
Other reserves		168		185		(17)		185	
Other		23,272		27,742		(4,470)		29,039	
Total non-current liabilities		31,658	7.7	36,281	8.4	(4,623)	(12.7)	37,661	8.9
Total liabilities		71,424	17.3	83,817	19.5	(12,393)	(14.8)	83,381	19.6
(Net assets)									
I Owners' equity									
Capital stock		21,279	5.2	21,279	5.0	0	0.0	21,279	5.0
Capital surplus		20,227	4.9	20,227	4.7	0	0.0	20,227	4.7
Retained earnings		291,438	70.8	278,871	64.9	12,567	4.5	272,968	64.0
Treasury stock		(19,252)	(4.7)	(9,088)	(2.1)	(10,164)	111.8	(9,016)	(2.1)
Total owners' equity		313,692	76.2	311,289	72.5	2,403	0.8	305,458	71.6
II Valuation and translation adjustments									
Valuation difference on available-for-sale securities		26,433	6.4	34,262	7.9	(7,829)	(22.9)	37,409	8.7
Translation adjustment		(186)	(0.0)	(83)	(0.0)	(103)	122.7	(157)	(0.0)
Total valuation and translation adjustments		26,247	6.4	34,178	7.9	(7,931)	(23.2)	37,251	8.7
III Minority interests									
		291	0.1	283	0.1	8	2.9	274	0.1
Total net assets		340,231	82.7	345,752	80.5	(5,521)	(1.6)	342,984	80.4
Total liabilities and net assets		411,655	100.0	429,569	100.0	(17,914)	(4.2)	426,365	100.0

(3) Statements of Cash Flows

(Units : Millions of yen)

	Nine months ended December 31, 2007	Nine months ended December 31, 2006	(Reference) Year ended March 31, 2007
	Amount	Amount	Amount
I Net cash provided by operating activities			
Income before income taxes	29,833	22,106	31,723
Depreciation and amortization	7,576	6,414	8,797
Decrease (increase) in notes and accounts receivable-trade	(3,537)	(2,511)	2,330
Increase in inventories	(2,518)	(5,177)	(5,198)
Increase in notes and accounts payable-trade	329	4,073	1,956
Other	(8,799)	(11,135)	(13,981)
Subtotal	22,885	13,769	25,629
Interest and dividends income received	2,074	1,459	1,971
Interest expenses paid	(36)	(48)	(62)
Income tax paid	(11,179)	(12,909)	(13,423)
Net cash provided by operating activities	13,744	2,272	14,115
II Net cash used in investment activities			
Purchase of marketable securities and investment securities	(5,858)	(4,023)	(6,029)
Proceeds from sales of marketable securities and investment securities	3,308	2,524	5,010
Purchase of property, plant and equipment	(7,431)	(7,811)	(11,410)
Proceeds from sales of property, plant and equipment	10	12	28
Other	8,670	1,182	3,983
Net cash used in investment activities	(1,301)	(8,114)	(8,418)
III Net cash used in financing activities			
Cash dividends paid	(6,120)	(6,126)	(6,122)
Other	(10,753)	(799)	(1,058)
Net cash used in financing activities	(16,873)	(6,925)	(7,180)
IV Effect of exchange rate change on cash and cash equivalents	24	(35)	(113)
V Decrease in cash and cash equivalents	(4,406)	(12,804)	(1,596)
VI Cash and cash equivalents at beginning of period	74,546	76,142	76,142
VII Cash and cash equivalents at end of period	70,139	63,338	74,546

(4) Segment Information

[Business segment information]

[Nine months ended December 31, 2007]

(Units : Millions of yen)

Account \ Segment	Pharmaceuticals and related businesses	Other businesses	Total	Eliminations	Consolidated
Net sales and operating income:					
Net sales					
(1) Sales to third parties	157,357	5,065	162,423	—	162,423
(2) Inter-group sales and transfers	—	2,851	2,851	(2,851)	—
Total	157,357	7,917	165,275	(2,851)	162,423
Operating expenses	128,990	6,655	135,646	(2,851)	132,794
Operating income	28,366	1,262	29,628	0	29,628

[Nine months ended December 31, 2006]

(Units : Millions of yen)

Account \ Segment	Pharmaceuticals and related businesses	Other businesses	Total	Eliminations	Consolidated
Net sales and operating income:					
Net sales					
(1) Sales to third parties	144,597	4,790	149,387	—	149,387
(2) Inter-group sales and transfers	—	3,999	3,999	(3,999)	—
Total	144,597	8,789	153,387	(3,999)	149,387
Operating expenses	124,520	7,602	132,122	(3,999)	128,123
Operating income	20,077	1,187	21,264	0	21,264

(Reference) [Year ended March 31, 2007]

(Units : Millions of yen)

Account \ Segment	Pharmaceuticals and related businesses	Other businesses	Total	Eliminations	Consolidated
Net sales and operating income:					
Net sales					
(1) Sales to third parties	191,914	7,844	199,759	—	199,759
(2) Inter-group sales and transfers	—	4,883	4,883	(4,883)	—
Total	191,914	12,728	204,642	(4,883)	199,759
Operating expenses	164,757	11,022	175,779	(4,883)	170,895
Operating income	27,157	1,706	28,863	0	28,863

Third Quarter Results for the year ending March 31, 2008 < Supplement >

28-Jan-08
SHIONOGI & CO., LTD

① Sales by Segment

(Units: 100 millions of yen)

	FY2007 2H Forecast	FY2007 Forecast	Oct.1-Dec.31 2007	Oct.1-Dec.31 2006	Apr.1-Dec.31 2007	Apr.1-Dec.31 2006	% progress vs. FY2007 forecast
Pharmaceuticals and related business	1,098 (8.6)	2,096 (9.2)	574 (7.0)	537 (△ 0.6)	1,573 (8.8)	1,446 (0.9)	75.1
Ethical drugs	831 (5.8)	1,573 (3.5)	441 (2.6)	430 (△ 8.3)	1,183 (1.7)	1,164 (△ 5.6)	75.2
FLOMOX	170	294	92	93	216	229	73.4
FLUMARIN	60	123	34	36	97	106	79.1
IMUNACE	52	116	26	34	90	90	77.8
VANCOMYCIN	47	102	30	31	85	103	83.4
RINDERON	48	101	26	27	80	80	78.8
CRESTOR	64	108	31	3	75	14	69.8
OXYCONTIN	35	67	21	16	53	40	78.8
CLARITIN	54	83	15	17	44	42	52.8
FINIBAX	17	29	7	6	19	15	66.9
AVELOX	20	28	7	11	15	22	52.6
Export/Overseas operations	34 (31.7)	63 (19.3)	13 (3.9)	13 (△ 4.7)	43 (6.5)	41 (△ 11.3)	69.0
Contract manufacturing	27 (13.8)	53 (32.4)	18 (32.5)	14 (89.4)	44 (46.6)	31 (133.5)	84.4
OTC and quasi-drugs	32 (5.3)	61 (△ 0.5)	15 (△ 12.1)	18 (△ 1.4)	44 (△ 8.4)	49 (△ 3.5)	73.7
SEDES	14	26	7	7	19	21	74.3
POPON-S	5	11	3	3	8	9	74.1
Diagnostics	19 (16.3)	36 (8.7)	8 (7.9)	8 (△ 2.8)	25 (3.4)	25 (△ 3.7)	71.2
Royalty income	156 (19.9)	310 (45.8)	76 (42.3)	54 (130.5)	231 (68.8)	137 (111.6)	74.7
CRESTOR	146	290	74	52	218	126	75.1
Other business	12 (△ 82.9)	54 (△ 31.2)	7 (△ 77.5)	35 (249.0)	50 (5.8)	48 (94.0)	93.8
Total	1,109 (3.0)	2,150 (7.6)	582 (1.8)	572 (4.0)	1,624 (8.7)	1,493 (△ 1.7)	75.5

() 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 millions of yen)

FY2006	Apr.1-Jun.30 FY2006	Y on Y Change(%)	Jul.1-Sep.30 FY2006	Y on Y Change(%)	Oct.1-Dec.31 FY2006	Y on Y Change(%)	Jan.1-Mar.31 FY2006	Y on Y Change(%)
Pharmaceuticals and related business	456	1.0	452	2.5	537	△ 0.6	473	7.9
Ethical drugs	379	△ 3.5	354	△ 4.9	430	△ 8.3	355	△ 2.2
FLOMOX	71	△ 6.7	65	△ 13.4	93	△ 13.0	77	△ 6.2
FLUMARIN	34	△ 13.9	36	△ 15.9	36	△ 13.1	27	△ 13.9
IMUNACE	30	10.4	26	1.5	34	3.1	27	7.6
VANCOMYCIN	37	△ 14.7	35	△ 10.5	31	△ 29.6	26	△ 25.4
RINDERON	27	0.2	26	△ 2.6	27	△ 0.1	21	0.7
CRESTOR	1	600.0	11	-	3	903.6	11	-
OXYCONTIN	13	26.5	12	19.6	16	16.8	11	20.4
CLARITIN	14	△ 30.3	11	△ 14.0	17	△ 11.2	30	6.8
FINIBAX	5	-	5	552.2	6	88.5	5	33.1
AVELOX	7	-	4	-	11	△ 32.3	2	5.8
Export/Overseas operations	12	△ 9.9	15	△ 12.0	13	△ 4.7	12	0.0
Contract manufacturing	8	184.0	9	190.7	14	89.4	9	22.6
OTC and quasi-drugs	15	△ 5.2	15	△ 4.1	18	△ 1.4	12	△ 10.2
SEDES	6	△ 5.3	7	3.0	7	1.1	5	3.8
POPON-S	3	△ 9.3	3	△ 11.2	3	△ 3.0	2	△ 8.8
Diagnostics	9	△ 5.7	7	△ 2.5	8	△ 2.8	8	4.4
Royalty income	33	88.4	49	110.2	54	130.5	75	124.2
CRESTOR	31	119.0	42	140.2	52	139.3	68	145.1
Other business	6	3.7	6	△ 23.0	35	249.0	30	389.6
Total	461	△ 4.7	459	△ 5.0	572	4.0	503	13.2

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

Sales of each product are shown on non-consolidated basis

② Quarterly Financial Results Trends -2

2. Quarterly Consolidated Statement of Income

(Units: 100 millions of yen)

FY2006	Apr.1-Jun.30 FY2006	Y on Y Change(%)	Jul.1-Sep.30 FY2006	Y on Y Change(%)	Oct.1-Dec.31 FY2006	Y on Y Change(%)	Jan.1-Mar.31 FY2006	Y on Y Change(%)
Net sales	461	△ 4.7	459	△ 5.0	572	4.0	503	13.2
Cost of sales	33.5 154	△ 13.6	32.9 151	△ 15.2	34.8 199	9.2	33.8 170	15.7
Gross profit	307	0.5	308	1.0	373	1.4	333	12.0
SG & A expenses	55.2 254	7.8	54.5 250	△ 0.9	47.2 270	10.9	51.1 257	2.5
Selling & General expenses	164	△ 1.7	162	△ 4.2	172	6.1	159	△ 1.9
R & D expenses	90	30.4	87	5.8	97	20.6	97	10.4
Operating income	11.3 52	△ 24.6	12.6 57	10.2	18.0 102	△ 17.4	15.1 75	63.9
Non-operating gain & loss	△ 1		0		0		△ 8	
Ordinary income	11.1 51	△ 28.1	12.7 58	12.3	18.1 103	△ 19.3	13.5 67	51.3
Extraordinary gain & loss	-		5		2		28	
Income before income taxes and minority interests	51		63		106		96	
Income taxes and minority interests	20		29		43		37	
Net income	6.6 30	△ 45.4	7.3 33	22.6	11.0 62	△ 50.2	11.7 59	230.3

FY2007	Apr.1-Jun.30 FY2007	Y on Y Change(%)	Jul.1-Sep.30 FY2007	Y on Y Change(%)	Oct.1-Dec.31 FY2007	Y on Y Change(%)
Net sales	502	8.7	539	17.4	582	1.8
Cost of sales	32.1 161	4.0	34.4 185	22.9	31.5 183	△ 8.0
Gross profit	341	11.1	353	14.7	399	7.0
SG & A expenses	52.0 261	2.4	48.6 262	4.6	47.1 274	1.6
Selling & General expenses	163	△ 0.2	163	0.6	163	△ 5.4
R & D expenses	97	7.2	98	12.1	111	13.8
Operating income	15.9 79	53.4	17.0 91	58.5	21.4 124	21.4
Non-operating gain & loss	5		△ 5		0	
Ordinary income	17.0 85	66.2	15.9 86	47.5	21.3 124	20.1
Extraordinary gain & loss	2		-		-	
Income before income taxes and minority interests	88		86		124	
Income taxes and minority interests	34		31		45	
Net income	10.7 53	76.2	10.0 54	61.9	13.6 79	25.5

③ Under Development

Jan 2008

<In Japan>

Code No. (Generic name)	Category (Administration)	Indication	Stage	Origin	Development
SCH29851 (Loratadine)	Histamine H1 receptor antagonist (Oral)	Allergic rhinitis, urticaria and itch caused by various dermatitis	Launch (January, 2008)	Schering-Plough Corp. (USA)	Co-development: Schering-Plough K.K.
SR47436 (Irbesartan)	Angiotensin II receptor antagonist (Oral)	Hypertension	NDA submission (December, 2006)	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 & norepinephrine reuptake inhibitor) (Oral)	Depression	NDA submission (January,2008)	Eli Lilly and Company (USA)	In-house
LY248686 (Duloxetine hydrochloride)	SNRI (serotonin & norepinephrine 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-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-021812 (Peramivir)	Neuraminidase inhibitor (Injection)	Influenza infection	Phase 2	BioCryst Pharmaceuticals, Inc. (USA)	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-0139	Endothelin A receptor antagonist (Injection)	Cerebrovascular diseases	Japan: Phase 2a Europe: Phase 1	In-house	In-house
S-777469	Selective cannabinoid 2 receptor agonist (Oral)	Atopic dermatitis	USA: Phase 2a (in preparation)	In-house	In-house
S-349572/S-265744/S-247303	Integrase inhibitor (Oral)	HIV infection	USA: Phase 1 (the most advanced phase)	Shionogi & GlaxoSmithKline	Shionogi-GlaxoSmithKline Pharmaceuticals LLC (USA)

<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)

<In-Licensing Activity>

Generic name	Category (Administration)	Indication	Stage	Origin	Development
Adapalene gel	Retinoic acid nuclear receptor agonist (Topical)	Acne vulgaris	NDA submission (June, 2006)	Galderma (France)	Galderma K.K.

Since January, 2008

Change of phases	SCH29851 (in Japan) : Approval → Launch LY248686 (Depression) (in Japan) : Phase 3 → NDA submission S-777469 (in Japan) and (outside Japan) : Phase 1 → Phase 2a (in Japan), Phase 1 → In preparation for Phase 2a (in US) S-021812 (in Japan) : Phase 1 → Phase 2 S-555739 (in Japan) : In preparation for Phase 1 → Phase 1 S-349572 (outside Japan) : In preparation for Phase 1 → Phase 1
Compound added to the pipeline	S-265744, S-247303 (outside Japan) : In preparation for Phase 1 in HIV infection