



Financial Results for the Third Quarter of Fiscal Year 2009

February 1, 2010

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

Listed Exchanges: Section I of Tokyo and Osaka

Code: 4507 URL: <http://www.shionogi.co.jp>

Representative: Isao Teshirogi, President

Contact responsibility: Noriyuki Kishida, General Manager of Public Relations Unit Tel.: (06)6202-2161

Scheduled date of quarterly securities report submission: February 10, 2010

Scheduled date of dividend payments: —

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

1. Consolidated results for the period from April 1, 2009 to December 31, 2009

(1) Consolidated operating results (% shows changes from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2009	206,451	25.2	35,028	52.6	33,389	42.6	25,535	135.3
Nine months ended December 31, 2008	164,874	—	22,959	—	23,408	—	10,852	—

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
Nine months ended December 31, 2009	76.24	—
Nine months ended December 31, 2008	32.39	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2009	523,769	324,022	61.8	966.12
As of March 31, 2009	501,852	310,093	61.7	924.43

Reference: Shareholders' equity As of December 31, 2009: 323,560 million yen As of March 31, 2009: 309,635 million yen

2. Dividends

(Date of record)	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2009	—	14.0	—	14.0	28.0
Year ending March 31, 2010	—	18.0	—		
Year ending March 31, 2010 (forecast)			—	18.0	36.0

Note: Revisions to dividend forecast during this period: None

3. Consolidated financial forecast for the year ending March 31, 2010

(% shows changes from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
For the year ending March 31, 2010	280,000	23.1	60,000	87.4	58,000	81.2	35,000	123.5	104.49

Note: Revisions to consolidated financial forecast during this period: None

4. Others

(1) Significant changes in subsidiaries during the period (changes in specified subsidiaries involving changes in scope of consolidation): None

(2) Adoption of simplified accounting methods and accounting methods specific to quarterly consolidated financial statements: Yes

Note: For details, please see page 4 "4.Others" of "Qualitative Information, Financial Statements".

(3) Changes in accounting principles, procedures and presentation methods for quarterly consolidated financial statements

a) Changes and amendments of accounting standards: None

b) Other changes: Yes

Note: For details, please see page 4 "4.Others" of "Qualitative Information, Financial Statements".

(4) Number of shares issued (common stock)

a) Number of shares issued (including treasury stock)

As of December 31, 2009: 351,136,165 shares

As of March 31, 2009: 351,136,165 shares

b) Number of treasury stock

As of December 31, 2009: 16,229,609 shares

As of March 31, 2009: 16,189,825 shares

c) Average number of shares issued during the period

Nine months ended December 31, 2009: 334,918,557 shares

Nine months ended December 31, 2008: 335,044,159 shares

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.

【Qualitative Information, Financial Statements】

1. Qualitative information regarding consolidated operating results

In the cumulative third quarter, the nine months ended December 31, 2009, the competitive environment of the pharmaceutical market in Japan was challenging due to factors including continuing expansion in the number of hospitals using the Diagnosis Related Group/Prospective Payment System (DRG/PPS) and the ongoing promotion of the use of generic drugs. Reform of the National Health Insurance (NHI) drug pricing system also took place and will substantially impact the pharmaceutical market. In these circumstances, the Shionogi Group pursued intensive initiatives to expand sales of products such as the hyperlipidemia treatment Crestor, as well as the hypertension treatment Irbetan, the topical treatment for acne vulgaris Differin Gel and the idiopathic pulmonary fibrosis treatment Pirespa, which were launched in the previous fiscal year. Further, in January 2010 Shionogi obtained approval for the manufacturing and marketing of the anti-influenza drug Rapiacta and has begun sales.

For the nine months ended December 31, 2009, net sales were ¥206,451 million, operating income was ¥35,028 million, ordinary income was ¥33,389 million and net income was ¥25,535 million.

In terms of sales, Crestor continued to gain market share, and Irbetan, Differin and Pirespa contributed. Although sales of existing products such as antibiotics decreased due to market contraction, overall sales of prescription drugs increased 0.5 percent from the same period of the previous fiscal year. Royalty income increased substantially from the same period of the previous fiscal year, and sales of consolidated subsidiary Shionogi Pharma, Inc. (formerly Sciele Pharma, Inc.) for the full nine months also contributed. As a result, total net sales increased 25.2 percent compared with the same period of the previous fiscal year.

In terms of profit, gross profit increased 32.5 percent compared with the same period of the previous fiscal year due to the contribution from Shionogi Pharma and the increase in royalty income. These factors and the impact of in-process R&D expenses in the same period of the previous fiscal year associated with the Sciele acquisition resulted in a substantial 52.6 percent increase in operating income. Likewise, ordinary income increased 42.6 percent. Net income increased 135.3 percent as a result of gain on exchange of shares accompanying the business combination that was recorded as extraordinary income.

2. Qualitative information regarding consolidated financial position

(1) Assets, Liabilities and Net Assets

As of December 31, 2009, total assets were ¥523,769 million, an increase of ¥21,916 million compared with the end of the previous fiscal year. Current assets increased ¥25,778 million from the end of the previous fiscal year to ¥228,503 million. This was primarily the result of an increase in cash on hand (short-term investment securities) due to the issuance of bonds. Noncurrent assets decreased ¥3,862 million to ¥295,266 million.

Total liabilities increased ¥7,988 million compared with the end of the previous fiscal year to ¥199,747 million. Current liabilities decreased ¥13,384 million to ¥63,419 million due to factors including repayment of short-term loans payable. Noncurrent liabilities increased ¥21,372 million to ¥136,327 million due to factors including the increase from the issuance of bonds.

Net assets increased ¥13,928 million compared with the end of the previous fiscal year to ¥324,022 million. Shareholders' equity increased ¥14,740 million to ¥341,356 million, reflecting factors including the increase from net income and a decrease due to cash dividends paid. Valuation and translation adjustments were negative ¥17,795 million, a decrease of ¥814 million, due to decreases in valuation difference on available-for-sale securities and foreign currency translation adjustment.

(2) Cash Flow

Net cash provided by operating activities during the nine months ended December 31, 2009 was ¥32,534 million, an increase of ¥12,196 million compared with the same period of the previous fiscal year. The principal factors included income before income taxes and minority interests of ¥38,218 million, depreciation and amortization of ¥13,157 million and income taxes paid of ¥12,938 million.

Net cash used in investing activities was ¥7,641 million, a decrease in cash used of ¥133,102 million compared with the same period of the previous fiscal year. Principal factors included purchases of property, plant and equipment totaling

¥6,116 million, proceeds from redemption of investment securities of ¥5,000 million and purchases of investments in subsidiaries in the same period of the previous fiscal year.

Net cash provided by financing activities was ¥1,361 million, a decrease of ¥99,057 million compared with the same period of the previous fiscal year. Principal factors included a net decrease in short-term loans payable of ¥10,000 million, cash dividends paid of ¥10,718 million and proceeds from issuance of bonds of ¥30,000 million.

As a result, cash and cash equivalents at the end of the cumulative third quarter totaled ¥76,941 million, an increase of ¥25,405 million compared with the end of the previous fiscal year.

3. Qualitative information regarding consolidated financial forecast

There are no revisions to the consolidated financial forecast announced on August 3, 2009.

4. Others

(1) Significant changes in subsidiaries during the period (changes in specified subsidiaries involving changes in scope of consolidation): None

(2) Adoption of simplified accounting methods and accounting methods specific to quarterly consolidated financial statements: There are no significant matters to report.

(3) Changes in accounting principles, procedures and presentation methods for quarterly consolidated financial statements:

1. Change in Method of Translation of Income and Expenses of Foreign Consolidated Subsidiaries

Shionogi formerly translated the income and expenses of foreign subsidiaries and affiliates to Japanese yen using the spot exchange rate on the balance sheet date. Beginning in the first quarter ended June 30, 2009, the Company has changed to a method of translating these amounts to Japanese yen using the average spot rate during the period.

The Company made this change to obtain a more accurate understanding of profit and loss by excluding excessive effects on income due to any sharp fluctuations in exchange rates on the balance sheet dates of foreign consolidated subsidiaries and affiliates.

As a result, for the nine months ended December 31, 2009, net sales increased ¥1,445 million, operating income decreased ¥127 million and ordinary income and income before income taxes and minority interests each increased ¥48 million compared with their respective amounts calculated using the former method.

2. Application of accounting standards for business combinations and related matters)

“Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (ASBJ) Statement No. 21, December 26, 2008), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, December 26, 2008), “Partial Amendments to Accounting Standard for Research and Development Costs” (ASBJ Statement No. 23, December 26, 2008), “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, December 26, 2008), “Revised Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16, released December 26, 2008), and “Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, December 26, 2008) can be applied from the first business combination or business divestiture implemented in the fiscal year commencing on or after April 1, 2009. Accordingly, effective from the third quarter of the fiscal year ending March 31, 2010, the Company has applied these standards and guidance.

5. Consolidated Financial Statements

(1) Consolidated balance sheets

Millions of yen

	As of December 31, 2009	(Reference) As of March 31, 2009
Assets		
Current assets		
Cash and deposits	31,683	23,349
Notes and accounts receivable-trade	78,429	75,380
Short-term investment securities	52,782	35,453
Merchandise and finished goods	26,647	20,632
Work in process	13,676	12,556
Raw materials and supplies	9,061	9,838
Other	16,232	25,525
Allowance for doubtful accounts	(11)	(12)
Total current assets	228,503	202,724
Noncurrent assets		
Property, plant and equipment	74,663	71,811
Intangible assets		
Goodwill	68,284	71,625
Other	47,486	48,763
Total intangible assets	115,771	120,388
Investments and other assets		
Investment securities	68,099	66,813
Other	36,852	40,236
Allowance for doubtful accounts	(121)	(121)
Total investments and other assets	104,830	106,928
Total noncurrent assets	295,266	299,128
Total assets	523,769	501,852
Liabilities		
Current liabilities		
Notes and accounts payable-trade	15,470	15,444
Short-term loans payable	—	10,000
Current portion of long-term loans payable	14,000	14,000
Income taxes payable	4,355	8,131
Provision for bonuses	3,446	5,325
Other provision	1,300	2,336
Other	24,847	21,566
Total current liabilities	63,419	76,804
Noncurrent liabilities		
Bonds payable	30,000	—
Long-term loans payable	83,837	91,000
Provision for retirement benefits	8,060	7,793
Other provision	—	155
Other	14,429	16,005
Total noncurrent liabilities	136,327	114,954
Total liabilities	199,747	191,759

Millions of yen

	As of December 31, 2009	(Reference) As of March 31, 2009
Net assets		
Shareholders' equity		
Capital stock	21,279	21,279
Capital surplus	20,227	20,227
Retained earnings	319,579	304,761
Treasury stock	(19,729)	(19,652)
Total shareholders' equity	341,356	326,616
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	8,162	8,207
Foreign currency translation adjustment	(25,957)	(25,188)
Total valuation and translation adjustments	(17,795)	(16,980)
Minority interests	461	458
Total net assets	324,022	310,093
Total liabilities and net assets	523,769	501,852

(2) Consolidated statements of income

Millions of yen

	Nine months ended December 31, 2008	Nine months ended December 31, 2009
Net sales	164,874	206,451
Cost of sales	52,160	57,131
Gross profit	112,714	149,320
Selling, general and administrative expenses	89,754	114,292
Operating income	22,959	35,028
Non-operating income		
Interest income	751	275
Dividends income	1,260	997
Other	534	689
Total non-operating income	2,546	1,962
Non-operating expenses		
Interest expenses	293	1,294
Contribution	845	903
Other	959	1,402
Total non-operating expenses	2,098	3,600
Ordinary income	23,408	33,389
Extraordinary income		
Gain on exchange from business combination	—	4,900
Gain on sales of investment securities	213	—
Total extraordinary income	213	4,900
Extraordinary loss		
Loss on valuation of investment securities	—	68
Loss on sales of noncurrent assets	—	3
Loss on disaster	253	—
Loss on valuation of inventories	89	—
Loss on sales of investment securities	25	—
Total extraordinary losses	368	71
Income before income taxes and minority interests	23,253	38,218
Income taxes-current	9,462	11,542
Income taxes-deferred	2,910	1,135
Total income taxes	12,372	12,678
Minority interests in income	27	5
Net income	10,852	25,535

(3) Consolidated statements of cash flows

Millions of yen

	Nine months ended December 31, 2008	Nine months ended December 31, 2009
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	23,253	38,218
Depreciation and amortization	8,709	13,157
Amortization of goodwill	—	2,837
Increase (decrease) in allowance for doubtful accounts	(46)	(0)
Interest and dividends income	(2,012)	(1,272)
Interest expenses	293	1,294
Foreign exchange losses (gains)	82	381
Other loss (gain)	*1 9,669	*2 (4,900)
Decrease (increase) in notes and accounts receivable-trade	(2,122)	(3,231)
Decrease (increase) in inventories	(6,119)	(6,427)
Increase (decrease) in notes and accounts payable-trade	1,918	30
Other, net	(2,021)	5,046
Subtotal	31,603	45,135
Interest and dividends income received	2,042	1,300
Interest expenses paid	(179)	(963)
Income taxes paid	(13,129)	(12,938)
Net cash provided by (used in) operating activities	20,337	32,534
Net cash provided by (used in) investing activities		
Payments into time deposits	(3,504)	(3,432)
Proceeds from withdrawal of time deposits	3,343	3,122
Purchase of short-term investment securities	(19)	(462)
Proceeds from sales and redemption of securities	2,020	2,454
Purchase of property, plant and equipment	(7,357)	(6,116)
Proceeds from sales of property, plant and equipment	57	48
Purchase of investment securities	(1,012)	(3,711)
Proceeds from sales of investment securities	18,198	—
Proceeds from redemption of investment securities	—	5,000
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(146,766)	—
Collection of loans receivable	3	2
Other, net	(5,706)	(4,546)
Net cash provided by (used in) investing activities	(140,744)	(7,641)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	100,000	(10,000)
Proceeds from long-term loans payable	10,000	337
Repayment of long-term loans payable	—	(7,500)
Proceeds from issuance of bonds	—	30,000
Cash dividends paid	(8,708)	(10,718)
Cash dividends paid to minority shareholders	(2)	(2)
Other, net	(870)	(754)
Net cash provided by (used in) financing activities	100,418	1,361
Effect of exchange rate change on cash and cash equivalents	(288)	(849)
Net increase (decrease) in cash and cash equivalents	(20,276)	25,405
Cash and cash equivalents at beginning of period	67,609	51,536
Cash and cash equivalents at end of period	47,332	76,941

(4) Going concern assumption

None

(5) Segment information

Business segment information

Nine months ended December 31, 2008 (April 1, 2008 to December 31, 2008)

Business segment information has been omitted because pharmaceuticals and related businesses operations account for more than 90% of net sales and operating income in all segments.

Nine months ended December 31, 2009 (April 1, 2009 to December 31, 2009)

Business segment information has been omitted because pharmaceuticals and related businesses operations account for more than 90% of net sales and operating income in all segments.

Geographical segment information

Nine months ended December 31, 2008 (April 1, 2008 to December 31, 2008)

Geographical segment information has been omitted because Japanese operations account for more than 90% of net sales in all segments.

Nine months ended December 31, 2009 (April 1, 2009 to December 31, 2009)

Millions of yen

	Japan	North America	Other	Total	Eliminations and corporate	Consolidated
Net sales						
(1) Sales to third parties	176,860	28,308	1,282	206,451	—	206,451
(2) Inter-group sales and transfers	252	2,201	37	2,491	(2,491)	—
Total	177,113	30,509	1,320	208,942	(2,491)	206,451
Operating income (loss)	35,329	2,242	293	37,865	(2,837)	35,028

Overseas sales

Nine months ended December 31, 2008 (April 1, 2008 to December 31, 2008)

Millions of yen

	Europe	Other	Total
I. Overseas sales	27,454	6,328	33,783
II. Consolidated net sales	—	—	164,874
III. Overseas sales as a percentage of consolidated net sales	16.7%	3.8%	20.5%

Nine months ended December 31, 2009 (April 1, 2009 to December 31, 2009)

Millions of yen

	Europe	North America	Other	Total
I. Overseas sales	36,678	33,379	3,258	73,316
II. Consolidated net sales	—	—	—	206,451
III. Overseas sales as a percentage of consolidated net sales	17.7%	16.2%	1.6%	35.5%

(6) Significant changes in shareholders' equity

None

(7) Note regarding consolidated statements of cash flows

*1 In-process R&D expenses resulting from acquisition

*2 Gain on exchange from business combination

Supplemental material for financial results for the 3rd quarter of fiscal year 2009

February 1, 2010

Shionogi & Co., Ltd.

1. Sales by Segment

(Billions of yen)

	FY2009 2H forecast	FY2009 forecast	FY2009 3Q actual	FY2008 3Q actual	FY2009 1Q-3Q actual	FY2008 1Q-3Q actual	Progress % vs. FY2009 forecast
Pharmaceuticals and related business	145.7	276.2	72.8	58.7	203.3	162.5	73.6
<i>change %</i>	22.0	23.8	23.9	2.2	25.2	3.2	
Ethical drugs	80.8	155.5	42.4	42.3	117.1	116.6	75.3
<i>change %</i>	2.3	1.5	0.3	(4.1)	0.5	(1.5)	
FLOMOX	12.7	24.0	7.9	8.8	19.2	20.9	79.9
CRESTOR	11.5	23.0	6.9	4.8	18.4	13.2	80.2
RINDERON	4.4	9.5	2.3	2.5	7.5	7.6	78.7
FLUMARIN	4.3	9.0	2.3	2.7	7.0	8.2	77.5
OXYCONTIN	4.6	8.8	2.5	2.4	6.7	6.3	76.5
CLARITIN	6.3	9.7	2.0	2.0	5.5	5.3	56.4
VANCOMYCIN	3.1	6.5	1.5	1.8	4.9	6.4	75.6
IMUNACE	2.0	4.6	1.1	1.2	3.7	4.8	80.0
FINIBAX	2.2	4.0	0.8	0.9	2.6	2.2	64.1
IRBETAN	2.3	3.5	1.2	0.1	2.5	1.1	70.3
DIFFERIN	1.8	2.8	0.6	0.7	1.6	0.7	58.4
PIRESPA	1.1	1.7	0.4	0.0	1.1	0.0	61.9
AVELOX	0.8	1.3	0.3	0.5	0.8	1.2	64.3
Export/Overseas operations	30.4	54.3	12.7	2.8	36.5	6.9	67.3
<i>change %</i>	109.5	191.6	346.7	104.1	426.7	59.7	
Shionogi Pharma, Inc.	24.7	43.0	9.9	-	28.3	-	65.8
DORIPENEM	2.1	5.0	1.3	1.5	4.2	2.6	83.3
Contract manufacturing	3.0	6.4	1.9	1.6	5.3	4.6	82.9
<i>change %</i>	8.5	11.0	20.5	(14.1)	15.7	2.5	
OTC and quasi-drugs	2.0	5.0	1.4	1.4	4.3	4.2	85.5
<i>change %</i>	(13.7)	(4.2)	(3.2)	(11.9)	1.6	(5.5)	
SEDES	1.0	2.4	0.6	0.6	1.9	1.8	82.5
POPON-S	0.4	1.0	0.3	0.3	0.9	0.8	83.7
Diagnostics	1.4	3.0	0.6	0.8	2.1	2.5	73.1
<i>change %</i>	(11.2)	(9.6)	(23.3)	(6.0)	(13.0)	(2.2)	
Royalty income	28.0	52.0	13.8	9.8	37.8	27.6	72.7
<i>change %</i>	46.6	41.0	40.8	27.7	37.1	19.2	
CRESTOR	27.0	49.5	13.2	9.3	35.7	25.9	72.2
Other business	1.7	3.8	1.0	1.1	3.1	2.4	82.4
<i>change %</i>	(45.0)	(14.2)	(5.0)	37.6	29.4	(52.2)	
Total	147.4	280.0	73.8	59.8	206.4	164.8	73.7
<i>change %</i>	20.3	23.1	23.4	2.7	25.2	1.5	

Note: Change % shows changes from the same period of the previous fiscal year
Sales of each product are shown on non-consolidated basis

2-1 Quarterly trend for FY2008 and FY2009 (Sales by Segment)

Fiscal year ended March 31, 2009

(Billions of yen)

	FY2008 1Q actual	Y on Y change %	FY2008 2Q actual	Y on Y change %	FY2008 3Q actual	Y on Y change %	FY2008 4Q actual	Y on Y change %
Pharmaceuticals and related business	51.1	2.9	52.6	4.8	58.7	2.2	60.6	18.7
Ethical drugs	38.0	0.5	36.2	(0.3)	42.3	(4.1)	36.7	(0.5)
FLOMOX	6.1	(5.8)	6.0	1.9	8.8	(4.4)	6.4	(9.4)
CRESTOR	3.8	99.9	4.6	79.7	4.8	55.0	4.5	56.1
RINDERON	2.6	(2.4)	2.6	(3.2)	2.5	(6.7)	2.0	(4.0)
FLUMARIN	2.5	(17.3)	3.0	(10.8)	2.7	(19.6)	1.9	(21.7)
OXYCONTIN	2.0	27.7	1.9	22.3	2.4	12.3	1.4	2.1
CLARITIN	1.8	6.4	1.5	25.1	2.0	32.6	4.4	(5.7)
VANCOMYCIN	2.3	(22.2)	2.3	(10.3)	1.8	(39.4)	1.7	(17.8)
IMUNACE	2.0	(35.4)	1.6	(52.2)	1.2	(53.3)	1.3	(51.8)
FINIBAX	0.6	16.5	0.7	10.1	0.9	15.7	0.7	17.7
IRBETAN	0.8	-	0.2	-	0.1	-	0.1	-
DIFFERIN	-	-	-	-	0.7	-	0.5	-
PIRESPA	-	-	-	-	0.04	-	0.1	-
AVELOX	0.4	14.2	0.2	(40.9)	0.5	(21.5)	0.3	(20.7)
Export/Overseas operations	1.9	25.4	2.2	53.3	2.8	104.1	11.7	502.3
Shionogi Pharma, Inc.	-	-	-	-	-	-	9.2	-
DORIPENEM	0.5	-	0.6	528.6	1.5	-	0.9	246.5
Contract manufacturing	1.2	22.5	1.8	8.6	1.6	(14.1)	1.2	(16.9)
OTC and quasi-drugs	1.4	(2.6)	1.4	(1.4)	1.4	(11.9)	1.0	(13.3)
SEDES	0.6	(2.5)	0.6	3.2	0.6	(15.8)	0.4	(14.5)
POPON-S	0.3	3.5	0.3	(12.0)	0.3	4.1	0.2	(9.7)
Diagnostics	0.9	0.6	0.8	(1.2)	0.8	(6.0)	0.8	(2.1)
Royalty income	7.5	9.5	10.2	19.3	9.8	27.7	9.3	4.6
CRESTOR	7.2	8.3	9.3	20.6	9.3	26.6	8.4	4.5
Other business	0.6	14.5	0.7	(80.8)	1.1	37.6	2.0	160.5
Total	51.7	3.0	53.3	(1.1)	59.8	2.7	62.6	20.8

Fiscal year ended March 31, 2010

	FY2009 1Q actual	Y on Y change %	FY2009 2Q actual	Y on Y change %	FY2009 3Q actual	Y on Y change %
Pharmaceuticals and related business	63.4	24.2	67.1	27.5	72.8	23.9
Ethical drugs	37.2	(2.2)	37.5	3.5	42.4	0.3
FLOMOX	5.8	(4.6)	5.5	(9.1)	7.9	(10.2)
CRESTOR	5.5	44.1	6.0	33.2	6.9	43.6
RINDERON	2.6	(1.2)	2.5	0.2	2.3	(5.3)
FLUMARIN	2.2	(12.9)	2.5	(14.7)	2.3	(16.6)
OXYCONTIN	2.2	6.5	2.0	6.0	2.5	6.5
CLARITIN	1.8	1.1	1.6	8.0	2.0	2.2
VANCOMYCIN	1.7	(26.3)	1.7	(24.2)	1.5	(18.1)
IMUNACE	1.3	(34.3)	1.3	(21.3)	1.1	(8.9)
FINIBAX	0.8	35.0	1.0	26.2	0.8	(6.5)
IRBETAN	0.4	(53.5)	0.8	359.7	1.2	-
DIFFERIN	0.5	-	0.5	-	0.6	(6.0)
PIRESPA	0.3	-	0.3	-	0.4	-
AVELOX	0.3	(26.7)	0.2	(10.4)	0.3	(42.8)
Export/Overseas operations	11.9	521.0	12.0	447.6	12.7	346.7
Shionogi Pharma, Inc.	9.5	-	8.8	-	9.9	-
DORIPENEM	1.2	157.5	1.7	189.2	1.3	(18.8)
Contract manufacturing	1.4	22.8	2.0	6.9	1.9	20.5
OTC and quasi-drugs	1.4	(0.8)	1.6	8.8	1.4	(3.2)
SEDES	0.6	5.7	0.8	12.0	0.6	(0.1)
POPON-S	0.2	(6.4)	0.4	30.4	0.3	(4.0)
Diagnostics	0.8	(10.7)	0.8	(4.7)	0.6	(23.3)
Royalty income	10.5	39.4	13.5	31.8	13.8	40.8
CRESTOR	10.0	38.2	12.5	34.4	13.2	41.5
Other business	0.5	(9.1)	1.6	114.2	1.0	(5.0)
Total	64.0	23.8	68.6	28.6	73.8	23.4

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

2-2 Quarterly trend for FY2008 and FY2009 (Consolidated statements of income)

Fiscal year ended March 31, 2009

(Billions of yen)

	FY2008 1Q Actual	Y on Y change %	FY2008 2Q Actual	Y on Y change %	FY2008 3Q Actual	Y on Y change %	FY2008 4Q Actual	Y on Y change %
Net sales	51.7	3.0	53.3	(1.1)	59.8	2.7	62.6	20.8
Cost of sales	32.0 16.5	2.6	30.8 16.4	(11.5)	32.1 19.1	4.8	30.0 18.7	20.3
Gross profit	35.1	3.2	36.8	4.3	40.6	1.7	43.8	21.0
SG & A expenses	52.4 27.1	3.8	49.7 26.5	1.1	60.4 36.1	31.6	55.6 34.8	36.6
Selling & general expenses	16.6	1.4	16.2	(1.0)	17.0	4.7	21.8	37.2
R & D expenses	10.4	7.8	10.2	4.5	19.0	71.0	12.9	35.7
Operating income	15.6 8.0	1.1	19.5 10.3	13.4	7.5 4.4	(64.0)	14.5 9.0	(15.9)
Non-operating income & expenses	0.2		0.2		0.0		(0.4)	
Ordinary income	16.2 8.3	(2.1)	19.9 10.5	23.2	7.4 4.4	(64.3)	13.7 8.5	(16.5)
Extraordinary income & loss	0.0		0.0		0.0		(1.0)	
Income before income taxes and minority interests	8.2		10.6		4.3		7.5	
Income taxes and minority interests	2.9		4.1		5.3		2.7	
Net income	10.4 5.3	0.3	12.1 6.4	19.1	- (0.9)	-	7.7 4.8	(24.6)

Fiscal year ending March 31, 2010

	FY2009 1Q Actual	Y on Y change %	FY2009 2Q Actual	Y on Y change %	FY2009 3Q Actual	Y on Y change %
Net sales	64.0	23.8	68.6	28.6	73.8	23.4
Cost of sales	26.9 17.2	4.1	28.7 19.6	19.5	27.5 20.2	5.7
Gross profit	46.8	33.1	48.9	32.7	53.5	31.8
SG & A expenses	63.6 40.7	50.3	54.2 37.2	40.3	49.3 36.3	0.6
Selling & general expenses	24.6	48.4	25.4	56.5	23.8	39.4
R & D expenses	16.1	53.4	11.8	14.8	12.5	(34.2)
Operating income	9.5 6.0	(24.8)	17.1 11.8	13.3	23.3 17.1	282.4
Non-operating income & expenses	(0.2)		(1.2)		(0.1)	
Ordinary income	9.1 5.8	(30.3)	15.4 10.5	(0.3)	23.0 16.9	282.8
Extraordinary income & loss	(0.1)		0.1		4.8	
Income before income taxes and minority interests	5.7		10.6		21.8	
Income taxes and minority interests	1.0		(3.7)		(7.9)	
Net income	7.2 4.6	(14.6)	10.2 6.9	8.4	18.9 13.9	-

3. Pipeline (as of February, 2010)

<In Japan>

Code No. (Generic name)	Category (Administration)	Indication	Stage	Origin	Development
S-021812 (Peramivir)	Neuraminidase inhibitor (Injection)	Influenza infection	Launch (January 2010)	BioCryst Pharmaceuticals, Inc. (USA)	In-house
LY248686 (Duloxetine hydrochloride)	S N R I (serotonin & noradrenaline reuptake inhibitor) (Oral)	Depression	Approval (January 2010)	Eli Lilly and Company (USA)	In-house
LY248686 (Duloxetine hydrochloride)	S N R I (serotonin & noradrenaline reuptake inhibitor) (Oral)	Diabetic peripheral neuropathic pain	NDA submission (September 2009)	Eli Lilly and Company (USA)	Co-development: Eli Lilly Japan K.K.
S-021812 (Peramivir)	Neuraminidase inhibitor (Injection)	Pediatric influenza infection	NDA submission (in preparation)	BioCryst Pharmaceuticals, Inc. (USA)	In-house
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-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 (Modithromycin)	Novel macrolide antibiotic (Oral)	Bacterial infection	Phase IIb	Enanta Pharmaceuticals, Inc. (USA)	In-house
NS75B (Cetrorelix pamoate)	Gonadotropin releasing hormone antagonist (Injection)	Benign prostatic hypertrophy	Phase IIb	Æterna Zentaris GmbH (Canada)	In-house
S-0139	Endothelin A receptor antagonist (Injection)	Cerebrovascular diseases	Phase IIa	In-house	In-house
S-555739	Prostaglandin D2 receptor antagonist (Oral)	Allergic disease	Phase IIa	In-house	In-house
S-2367 (Velneperit)	Neuropeptide Y Y5 receptor antagonist (Oral)	Obesity	Phase IIa	In-house	In-house
S-444823	Cannabinoid receptor agonist (Topical)	Atopic dermatitis	Phase IIa	In-house	In-house
S-288310	Peptide cancer vaccine (injection)	Bladder cancer	Phase I/II	OncoTherapy Science, Inc. (Japan)	In-house
S-888711	Small molecule TPO mimetic (Oral)	Thrombocytopenia	Phase I	In-house	In-house
S-297995	Peripheral opioid receptor antagonist (Oral)	Alleviation of opioid- induced adverse effect	Phase I	In-house	In-house

<Outside Japan>

Code No.	Category (Administration)	Indication	Stage	Origin	Development
S-2367 (Velneperit)	Neuropeptide Y Y5 receptor antagonist (Oral)	Obesity	USA: Phase IIb	In-house	In-house
S-349572/S-265744/S-247303	Integrase inhibitor (Oral)	HIV infection	USA, Europe: Phase IIb (the most advanced phase)	Shionogi & GlaxoSmithKline	Shionogi-GlaxoSmithKline Pharmaceuticals LLC (USA)
S-888711	Small molecule TPO mimetic (Oral)	Thrombocytopenia	USA: Phase II	In-house	In-house
S-555739	Prostaglandin D2 receptor antagonist (Oral)	Allergic disease	Europe: POM	In-house	In-house
S-0139	Endothelin A receptor antagonist (Injection)	Cerebrovascular diseases	Europe: Phase I	In-house	In-house
S-234462	Neuropeptide Y Y5 receptor antagonist (Oral)	Obesity	USA: Phase I	In-house	In-house
S-222611	Her2/EGFR dual inhibitor (Oral)	Malignant tumor	Europe: Phase Ib (in preparation)	In-house	In-house
S-707106	Insulin sensitizer (Oral)	Type 2 Diabetes	USA: 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: Approval	In-house	Peninsula (USA) ↓ Johnson & Johnson (USA)
S-0373	Non-peptide mimetic of TRH (Oral)	Spinocerebellar ataxia	Japan : Phase II	In-house	Kissei Pharmaceutical Co., Ltd.
S-3013 (Varespladib methyl)	Secretory PLA2(sPLA2) inhibitor (Oral)	Acute coronary syndromes Mixed dyslipidemia	USA, EU: Phase IIb	Shionogi & Eli Lilly and Company (USA)	Anthera (USA)

Since November, 2009

Change of phase	S-021812<In Japan> : NDA submission → Launch
	LY248686<In Japan> (Depression) : NDA submission → Approval
	S-021812<In Japan> : Phase III (pediatric) → NDA submission (in preparation)
	S-2367<In Japan> : Phase IIa (in preparation) → Phase IIa
	S-444823<In Japan> : Phase IIa (in preparation) → Phase IIa
	S-888711<Outside Japan> : Phase II (in preparation) → Phase II
	S-234462<Outside Japan> : Phase I (in preparation) → Phase I
Compound added to the list	S-707106<Outside Japan> : Phase I (in preparation)

<Shionogi Pharma, Inc.>

Product (Generic name)	Category (Administration)	Indication	Stage	Origin	Development
PrandiMet (Repaglinide and metformin HCl)	Fast-acting insulin secretagogue and metformin; antihyperglycemic insulin sensitizer (Oral)	Type 2 Diabetes	Launch January 2009	Novo Nordisk	Novo Nordisk
Ulesfia (Benzyl alcohol)	Topical benzyl alcohol pediculocide (Topical lotion)	Head lice	Launch July 2009	Summers Laboratories, Inc	Summers Laboratories, Inc
Prenate DHA (Vitamins, minerals, DHA and metafolin)	Vitamins, minerals, metafolin (active form of folate), omega-3 fatty acids (Oral)	Prenatal DHA vitamin	Launch April 2009 (NDA not required)	Shionogi Pharma, Inc.	Shionogi Pharma, Inc.
Adrenaclick (Epinephrine)	(Single-dose epinephrine auto-injector)	Anaphylaxis	Launch January 2010	Shionogi Pharma, Inc.	Shionogi Pharma, Inc.
Glycopyrrolate (Glycopyrrolate oral solution)	Anticholinergic (Oral)	Chronic moderate-to-severe drooling in pediatric patients	USA: NDA filed September 2009	Shionogi Pharma, Inc.	Shionogi Pharma, Inc.
Clonidine HCL (Clonidine hydrochloride)	Centrally acting alpha adrenergic agonist (Oral)	Attention Deficit Hyperactivity Disorder (ADHD)	USA: sNDA filed October 2009	Addrenex Pharmaceuticals, Inc.	Shionogi Pharma, Inc. and Addrenex Pharmaceuticals, Inc.
Pravastatin/Fenofibrate (Pravastatin/fenofibrate combination)	Statin-HMG-CoA reductase inhibitors, fenofibrate lipid regulating agent (Oral)	Lowering non-HDL cholesterol and triglycerides	USA: NDA filed November 2009	Galephar, PR Inc / SMB Laboratories	Shionogi Pharma, Inc. and SMB Laboratories
Prenate Elite (Vitamin, minerals and metafolin)	Vitamins, minerals, metafolin (active form of folate) (Oral)	Prenatal Vitamin	USA: NDA not required	Shionogi Pharma, Inc.	Shionogi Pharma, Inc.
Jenloga XR (Clonidine hydrochloride)	Centrally acting alpha adrenergic agonist (Oral)	Hypertension	USA: Phase III trial completed	Addrenex Pharmaceuticals, Inc	Shionogi Pharma, Inc. and Addrenex Pharmaceuticals, Inc.
PSD502 (Lidocaine/prilocaine)	Eutectic mixture of anesthetics (Metered-dose topical aerosol spray)	Premature Ejaculation (PE)	Europe: Phase III trial completed; USA: Second and final Phase III trial completed	Plethora Solutions Holdings PLC	Shionogi Pharma, Inc. and Plethora Solutions Holdings PLC
ADX415	2 alpha specific adrenergic agonist (Oral)	Hypertension	USA: Phase II trial (in preparation)	Addrenex Pharmaceuticals, Inc.	Shionogi Pharma, Inc.

Since November, 2009

Change of phases	Adrenaclick (Epinephrine): Phase III trial → Launch
	Pravastatin/Fenofibrate (Pravastatin/fenofibrate combination): Phase III safety and efficacy study completed → NDA filed
	ADX415: Phase II → Phase II trial (in preparation)