



Financial Results for the Third Quarter of Fiscal Year 2010

January 31, 2011

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

Listed Exchanges: Section I of Tokyo and Osaka

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

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Scheduled date of quarterly securities report submission: February 10, 2011

Scheduled date of dividend payments: —

Preparation of supplemental material for the quarterly financial results: Yes

Holding of presentation for the quarterly financial results: Yes (for investment analysts)

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

1. Consolidated results for the period from April 1, 2010 to December 31, 2010

(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, 2010	217,273	5.2	35,708	1.9	33,727	1.0	13,528	(47.0)
Nine months ended December 31, 2009	206,451	25.2	35,028	52.6	33,389	42.6	25,535	135.3

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
Nine months ended December 31, 2010	40.40	—
Nine months ended December 31, 2009	76.24	—

(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, 2010	505,691	322,689	63.8	963.54
As of March 31, 2010	540,761	341,976	63.2	1,019.71

Reference: Shareholders' equity As of December 31, 2010: 322,689million yen As of March 31, 2010: 341,504 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, 2010	—	18.00	—	18.00	36.00
Year ending March 31, 2011	—	20.00	—		
Year ending March 31, 2011 (forecast)				20.00	40.00

Note: Revisions to dividend forecast during this period: None

3. Consolidated financial forecast for the year ending March 31, 2011

(% shows changes from 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
Year ending March 31, 2011	283,000	1.6	54,000	3.0	51,500	1.9	30,000	(22.3)	89.58

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 "(2) Adoption of simplified accounting methods and accounting methods specific to quarterly consolidated financial statements" of "2. Others".

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

a) Changes and amendments of accounting standards: Yes

b) Other changes: Yes

Note: For details, please see page 4 "(3) Changes in accounting principles, procedures and presentation methods for quarterly consolidated financial statements" of "2. Others".

(4) Number of shares issued (common stock)

a) Number of shares issued (including treasury stock)

As of December 31, 2010: 351,136,165 shares

As of March 31, 2010: 351,136,165 shares

b) Number of treasury stock

As of December 31, 2010: 16,236,291 shares

As of March 31, 2010: 16,231,245 shares

c) Average number of shares issued during the period

Nine months ended December 31, 2010: 334,903,240 shares

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

※ *Implementation status of quarterly review procedures*

This summary of quarterly results is exempt from the quarterly review procedures based on the Financial Instruments and Exchange Act. Review procedures for the quarterly financial statements based on the Financial Instruments and Exchange Act had not been completed at the time of disclosure of this summary of quarterly results.

※ *Notes to consolidated financial forecasts and other items*

The forecasts and other forward-looking statements contained in this document are based on the information currently available and certain assumptions that it judges to be reasonable. Actual results may differ materially due to a variety of factors.

For the assumptions used in forecasts and precautionary statements regarding the use of the forecasts, please refer to "Qualitative information regarding consolidated financial forecast" on page 3 of the supplemental materials for the "Financial Results for the Third Quarter of Fiscal Year 2010"

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1. Qualitative Information on Consolidated Financial Statements

(1) Qualitative information on consolidated operating results

In the cumulative third quarter, the nine months ended December 31, 2010, the market environment for pharmaceuticals was even more challenging than usual as National Health Insurance (NHI) drug price revisions that averaged 6.5 percent through the industry were implemented in April 2010 in Japan, while on the other hand companies in Japan and overseas worked to maintain or expand their market shares to offset the decreases resulting from the “2010 problem” of product patent expirations. Under these conditions, the Shionogi Group devoted its efforts to increasing sales of drugs, mainly prescription drugs, including the hyperlipidemia treatment Crestor, the hypertension treatment Irbetan, the antidepressant Cymbalta, the topical treatment for acne vulgaris Differin and the idiopathic pulmonary fibrosis treatment Pirespa, and has steadily expanded their market shares. Moreover, U.S. operations, the Group’s first step toward globalization, implemented initiatives to rebuild results, which had declined in the first quarter, as well as cost reductions including integration of locations and a cutback in personnel. Although sales in the third quarter did not meet the target as a result of a partial product recall, the Group has prospects of ridding itself of unprofitable business practices and is changing to a structure that constantly generates profit.

For the nine months ended December 31, 2010, net sales were ¥217,273 million, operating income was ¥35,708 million, ordinary income was ¥33,723 million and net income was ¥13,528 million.

Sales of Crestor, Irbetan and Cymbalta increased, and Differin and Pirespa also contributed to net sales. However, sales of existing products including antibiotics decreased due in part to the effects of NHI drug price revisions, and overall sales of prescription drugs increased 1.6 percent from the same period of the previous fiscal year. Royalty income increased significantly compared with the same period of the previous fiscal year, but with a decrease in sales of U.S. subsidiary Shionogi Inc. and the absence of domestic subsidiary Bushu Pharmaceuticals Ltd. due to its sale, overall net sales increased 5.2 percent compared with the same period of the previous fiscal year.

In terms of profit, gross profit increased 4.7 percent compared with the same period of the previous fiscal year due to the increase in royalty income, but operating income increased 1.9 percent due to a 5.5 percent rise in selling, general and administrative expenses. Similarly, ordinary income increased 1.0 percent. Net income decreased 47.0 percent compared with the same period of the previous fiscal year due to extraordinary losses including impairment loss related to Shionogi Inc. and business structure improvement expenses, as well as the gain on exchange of shares recorded as extraordinary income in the same period of the previous fiscal year.

(2) Qualitative information on consolidated financial position

a) Assets, Liabilities and Net Assets

As of December 31, 2010, total assets were ¥505,691 million, a decrease of ¥35,070 million compared with the end of the previous fiscal year. Current assets decreased ¥9,626 million from the end of the previous fiscal year to ¥241,037 million. This was primarily the result of a decrease in cash and deposits and accounts receivable – trade at an overseas subsidiary, as well as a decrease in the valuation of these assets due to the strong yen exchange rate. Non-current assets decreased ¥25,443 million to ¥264,653 million due to amortization of goodwill, amortization and impairment of other intangible assets and the effect of currency exchange fluctuations.

Total liabilities decreased ¥15,783 million compared with the end of the previous fiscal year to ¥183,001 million. Current liabilities decreased ¥5,886 million to ¥60,942 million due to income taxes payable and other factors. Non-current liabilities decreased ¥9,896 million to ¥122,059 million due to factors including the conversion of long-term loans to short-term loans.

Net assets decreased ¥19,286 million compared with the end of the previous fiscal year to ¥322,689 million. Shareholders’ equity increased ¥794 million to ¥355,238 million, reflecting factors including an increase from net income and a decrease due to cash dividends paid. Valuation and translation adjustments were negative ¥32,548 million, a decrease of ¥19,609 million, due to a more negative foreign currency translation adjustment and a decrease in valuation difference on available-for-sale securities.

b) Cash Flow

Net cash provided by operating activities during the nine months ended December 31, 2010 was ¥34,025 million, an increase of ¥1,490 million from the same period of the previous fiscal year. Principal factors providing cash included income before income taxes and minority interests of ¥22,289 million, depreciation and amortization of ¥14,124 million and income taxes paid of ¥21,447 million.

Net cash used in investing activities was ¥16,537 million due to factors including purchase of property, plant and equipment totaling ¥9,598 million and purchase of investment securities totaling ¥3,083 million. Due to proceeds from redemption of investment securities in the same period of the previous fiscal year, net cash used in investing activities increased ¥8,896 million compared with the same period of the previous fiscal year.

Net cash used in financing activities was ¥20,447 million, due to factors including repayment of loans totaling ¥7,500 million and cash dividends paid of ¥12,717 million. This was an increase in cash used of ¥21,809 million compared with the same period of the previous fiscal year.

As a result, cash and cash equivalents at the end of the third quarter totaled ¥91,979 million, a net decrease of ¥5,683 million compared with the end of the previous fiscal year.

(3) Qualitative information on consolidated financial forecast

There are no revisions to the consolidated financial forecast announced on October 22, 2010.

2. Others

(1) Significant changes in subsidiaries during the period: 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

a) Closing date of consolidated subsidiaries

Ten of Shionogi's consolidated subsidiaries are overseas subsidiaries. One overseas consolidated subsidiary closes its accounts on December 31. The consolidated financial statements have been prepared using that subsidiary's financial statements as of December 31. Necessary adjustments have been made to reflect any significant transactions occurring from January 1 to March 31.

Moreover, from the fiscal year ending March 31, 2011, Shionogi Inc. (name changed from Shionogi USA Holdings, Inc. in July 2010) and 8 other companies have changed their fiscal year-end dates to March 31.

As a result, these 9 consolidated subsidiaries will have 15-month fiscal years from January 1, 2010 to March 31, 2011.

Due to this change in fiscal years, the consolidated statements of income for the third quarter ended December 31, 2010 include the results for these companies for the 12 months beginning January 1, 2010. Compared with the previous standard, net sales increased ¥9,682 million, operating income decreased ¥609 million, ordinary income decreased ¥574 million, income before income taxes and minority interests decreased ¥1,013 million, and net income decreased ¥632 million.

b) Changes in method of presentation

Due to the application of a Cabinet Office Ordinance partially revising regulations concerning financial statements (Cabinet Office Ordinance No. 5, March 24, 2009) based on "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, December 26, 2008), from the first quarter ended June 30, 2010 the Company presents "Income before minority interests."

(4) Going concern assumption: None

3. Consolidated Financial Statements**(1) Consolidated balance sheets***Millions of yen*

	As of December 31, 2010	As of March 31, 2010
Assets		
Current assets		
Cash and deposits	25,178	33,532
Notes and accounts receivable-trade	71,741	79,414
Short-term investment securities	75,470	70,677
Merchandise and finished goods	26,926	26,931
Work in process	13,434	14,058
Raw materials and supplies	10,730	8,350
Other	17,566	17,710
Allowance for doubtful accounts	(11)	(11)
Total current assets	241,037	250,664
Non-current assets		
Property, plant and equipment	64,302	62,447
Intangible assets		
Goodwill	58,500	69,874
Other	40,349	49,190
Total intangible assets	98,849	119,065
Investments and other assets		
Investment securities	66,147	71,870
Other	35,474	36,835
Allowance for doubtful accounts	(121)	(121)
Total investments and other assets	101,501	108,584
Total non-current assets	264,653	290,097
Total assets	505,691	540,761
Liabilities		
Current liabilities		
Notes and accounts payable-trade	14,290	13,400
Current portion of long-term loans payable	14,000	14,000
Income taxes payable	5,479	13,479
Provision for bonuses	3,815	6,473
Other provision	1,056	1,316
Other	22,301	18,159
Total current liabilities	60,942	66,829
Non-current liabilities		
Bonds payable	30,000	30,000
Long-term loans payable	69,500	77,000
Provision for retirement benefits	8,507	8,077
Other	14,051	16,878
Total non-current liabilities	122,059	131,955
Total liabilities	183,001	198,785

Millions of yen

	As of December 31, 2010	As of March 31, 2010
Net assets		
Shareholders' equity		
Capital stock	21,279	21,279
Capital surplus	20,227	20,227
Retained earnings	333,472	332,669
Treasury stock	(19,741)	(19,733)
Total shareholders' equity	355,238	354,443
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	7,128	10,362
Foreign currency translation adjustment	(39,677)	(23,301)
Total valuation and translation adjustments	(32,548)	(12,939)
Minority interests	—	471
Total net assets	322,689	341,976
Total liabilities and net assets	505,691	540,761

(2) Consolidated statements of income

Millions of yen

	Nine months ended December 31, 2009	Nine months ended December 31, 2010
Net sales	206,451	217,273
Cost of sales	57,131	60,958
Gross profit	149,320	156,314
Selling, general and administrative expenses	114,292	120,605
Operating income	35,028	35,708
Non-operating income		
Interest income	275	280
Dividends income	997	1,096
Other	689	466
Total non-operating income	1,962	1,843
Non-operating expenses		
Interest expenses	1,294	1,128
Contribution	903	833
Foreign exchange losses	—	1,151
Other	1,402	715
Total non-operating expenses	3,600	3,828
Ordinary income	33,389	33,723
Extraordinary income		
Gain on forgiveness of debts	—	279
Gain on negative goodwill	—	243
Gain on exchange from business combination	4,900	—
Total extraordinary income	4,900	523
Extraordinary loss		
Impairment loss	—	7,346
Business structure improvement expenses	—	4,143
Loss on valuation of investment securities	68	—
Loss on sales of non-current assets	3	—
Other	—	468
Total extraordinary losses	71	11,957
Income before income taxes and minority interests	38,218	22,289
Income taxes-current	11,542	12,505
Income taxes-deferred	1,135	(3,775)
Total income taxes	12,678	8,730
Income before minority interests	—	13,559
Minority interests in income (loss)	5	30
Net income	25,535	13,528

(3) Consolidated statements of cash flows

Millions of yen

	Nine months ended December 31, 2009	Nine months ended December 31, 2010
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	38,218	22,289
Depreciation and amortization	13,157	14,124
Impairment loss	—	7,346
Amortization of goodwill	2,837	3,557
Increase (decrease) in allowance for doubtful accounts	(0)	—
Interest and dividends income	(1,272)	(1,376)
Interest expenses	1,294	1,128
Foreign exchange losses (gains)	381	706
Other loss (gain)	(4,900)	—
Decrease (increase) in notes and accounts receivable-trade	(3,231)	6,660
Decrease (increase) in inventories	(6,427)	(2,113)
Increase (decrease) in notes and accounts payable-trade	30	1,031
Other, net	5,046	1,760
Subtotal	45,135	55,117
Interest and dividends income received	1,300	1,379
Interest expenses paid	(963)	(1,023)
Income taxes paid	(12,938)	(21,447)
Net cash provided by (used in) operating activities	32,534	34,025
Net cash provided by (used in) investing activities		
Payments into time deposits	(3,432)	(3,051)
Proceeds from withdrawal of time deposits	3,122	3,099
Purchase of short-term investment securities	(462)	(9,843)
Proceeds from sales of short-term investment securities	2,454	9,359
Purchase of property, plant and equipment	(6,116)	(9,598)
Proceeds from sales of property, plant and equipment	48	52
Purchase of investment securities	(3,711)	(3,083)
Proceeds from redemption of investment securities	5,000	—
Collection of loans receivable	2	1
Other, net	(4,546)	(3,474)
Net cash provided by (used in) investing activities	(7,641)	(16,537)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(10,000)	—
Proceeds from long-term loans payable	337	—
Repayment of long-term loans payable	(7,500)	(7,500)
Proceeds from issuance of bonds	30,000	—
Cash dividends paid	(10,718)	(12,717)
Cash dividends paid to minority shareholders	(2)	(2)
Other, net	(754)	(227)
Net cash provided by (used in) financing activities	1,361	(20,447)
Effect of exchange rate change on cash and cash equivalents	(849)	(2,723)
Net increase (decrease) in cash and cash equivalents	25,405	(5,683)
Cash and cash equivalents at beginning of period	51,536	97,663
Cash and cash equivalents at end of period	76,941	91,979

(4) Going concern assumption

None

(5) Segment information

Business segment information

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, 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, 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%

Segment information

Shionogi group has a single business segment related to prescription drugs. The group operates research, development, purchase, manufacturing, and distributing prescription drugs and related businesses. While analysis of each product sales and profits or expenses of each subsidiary are made, decision of business strategy and allocation of the management resources, especially allocation of R&D expenses, are made on a company-wide basis. Therefore disclosure of segment information is omitted.

(6) Significant changes in shareholders' equity

None

Supplemental material for financial results for the 3rd quarter of fiscal year 2010

January 31, 2011

Shionogi & Co., Ltd.

1. Sales of main products

(Billions of yen)

	FY2010 2H	FY2010	FY2010 3Q	FY2009 3Q	FY2010	FY2009	Progress	FY2010	FY2010
	original forecast	original forecast	actual	actual	1Q-3Q actual	1Q-3Q actual	% vs. FY2010 forecast	revised forecast	change from original
Prescription drugs	80.3	155.4	43.9	42.4	119.0	117.1	76.6	155.4	-
change %	3.1	1.9	3.3	0.3	1.6	0.5		1.9	
CRESTOR	15.5	29.2	8.4	6.9	22.0	18.4	75.5	29.2	-
IRBETAN	4.5	7.8	2.2	1.2	5.5	2.5	70.1	7.8	-
CYMBALTA	1.7	2.6	0.9	-	1.8	-	68.2	2.6	-
Total of 3 key strategic products	21.7	39.6	11.4	8.2	29.3	20.9	74.0	39.6	-
OXYCONTIN	5.0	9.8	2.7	2.5	7.5	6.7	76.5	9.8	-
FINIBAX	2.2	4.0	1.0	0.8	2.8	2.6	68.9	4.0	-
DIFFERIN	1.5	3.0	1.0	0.6	2.4	1.6	80.5	3.0	-
PIRESPA	1.7	3.0	0.8	0.4	2.1	1.1	68.6	3.0	-
RAPIACTA	1.8	1.8	(0.3)	-	(0.3)	-	-	1.8	-
Total of 8 new products	34.0	61.2	16.6	12.5	43.7	32.8	71.5	61.2	-
FLOMOX	10.0	20.1	6.6	7.9	16.7	19.2	83.0	20.1	-
RINDERON	4.1	9.1	2.3	2.3	7.4	7.5	80.9	9.1	-
FLUMARIN	3.0	6.9	2.1	2.3	6.0	7.0	86.2	6.9	-
CLARITIN	5.1	8.2	2.2	2.0	5.3	5.5	64.6	8.2	-
VANCOMYCIN	1.7	4.3	1.4	1.5	4.0	4.9	92.5	4.3	-
IMUNACE	1.6	3.2	0.9	1.1	2.5	3.7	77.3	3.2	-
Export/Overseas subsidiaries	18.2	44.2	8.7	12.7	34.7	36.5	78.5	43.2	(1.0)
change %	(27.9)	(9.9)	(31.5)	346.7	(5.1)	426.7		(12.0)	
Shionogi Inc.	12.9	*1 33.9	5.6	9.9	*2 26.6	28.3	78.5	*1 32.9	(1.0)
DORIPENEM	2.9	5.4	1.7	1.3	4.2	4.2	77.6	5.4	-
Contract manufacturing	1.6	3.4	1.9	1.9	3.7	5.3	108.8	4.4	1.0
change %	(60.6)	(54.2)	0.3	20.5	(30.2)	15.7		(40.7)	
OTC and quasi-drugs	2.7	5.5	1.3	1.4	4.2	4.3	75.5	5.5	-
change %	7.1	1.1	(3.4)	(3.2)	(3.8)	1.6		1.1	
SEDES	1.1	2.4	0.7	0.6	2.0	1.9	82.0	2.4	-
POPON-S	0.6	1.1	0.2	0.3	0.7	0.9	62.3	1.1	-
Diagnostics	1.3	2.8	0.7	0.6	2.1	2.1	76.6	2.8	-
change %	(3.6)	(4.9)	7.5	(23.3)	(2.2)	(13.0)		(4.9)	
Royalty income	33.5	68.3	16.7	13.8	51.6	37.8	75.6	68.3	-
change %	1.3	19.8	21.5	40.8	36.6	37.1		19.8	
CRESTOR	30.7	63.5	15.2	13.2	48.0	35.7	75.5	63.5	-
Others	2.2	3.4	0.7	1.0	1.9	3.1	56.4	3.4	-
change %	12.6	(16.4)	(28.7)	(5.0)	(38.8)	29.4		(16.4)	
Total	139.7	283.0	73.9	73.8	217.2	206.4	76.8	283.0	-
change %	(4.3)	1.6	0.1	23.4	5.2	25.2		1.6	

Note: Change % shows changes from the same period of the previous fiscal year

Sales of each product are shown on non-consolidated basis

Because of changing fiscal term

*1 Include 15-month forecasts from January 2010 to March 2011 of subsidiaries in the United States.

*2 Include 12-month actuals from January to December 2010 of subsidiaries in the United States.

2-1 Quarterly trend for FY2009 and FY2010 (Sales of main products)

Fiscal year ended March 31, 2010

(Billions of yen)

	FY2009 1Q actual	Y on Y change %	FY2009 2Q actual	Y on Y change %	FY2009 3Q actual	Y on Y change %	FY2009 4Q actual	Y on Y change %
Pharmaceuticals and related business	63.4	24.2	67.1	27.5	72.8	23.9	71.1	17.3
Ethical drugs	37.2	(2.2)	37.5	3.5	42.4	0.3	35.4	(3.4)
CRESTOR	5.5	44.1	6.0	33.2	6.9	43.6	5.8	26.3
FLOMOX	5.8	(4.6)	5.5	(9.1)	7.9	(10.2)	4.8	(24.6)
RINDERON	2.6	(1.2)	2.5	0.2	2.3	(5.3)	2.1	1.9
CLARITIN	1.8	1.1	1.6	8.0	2.0	2.2	3.6	(18.3)
FLUMARIN	2.2	(12.9)	2.5	(14.7)	2.3	(16.6)	1.7	(10.2)
OXYCONTIN	2.2	6.5	2.0	6.0	2.5	6.5	1.8	30.4
VANCOMYCIN	1.7	(26.3)	1.7	(24.2)	1.5	(18.1)	1.2	(28.8)
IMUNACE	1.3	(34.3)	1.3	(21.3)	1.1	(8.9)	0.9	(29.1)
IRBETAN	0.4	(53.5)	0.8	359.7	1.2	-	1.4	919.3
FINIBAX	0.8	35.0	1.0	26.2	0.8	(6.5)	0.8	14.4
DIFFERIN	0.5	-	0.5	-	0.6	(6.0)	0.6	5.1
PIRESPA	0.3	-	0.3	-	0.4	-	0.5	280.8
AVELOX	0.3	(26.7)	0.2	(10.4)	0.3	(42.8)	0.2	(37.0)
RAPIACTA	-	-	-	-	-	-	0.6	-
Export/Overseas operations	11.9	521.0	12.0	447.6	12.7	346.7	12.5	7.1
Shionogi Pharma, Inc.	9.5	-	8.8	-	9.9	-	10.4	12.2
DORIPENEM	1.2	157.5	1.7	189.2	1.3	(18.8)	1.0	16.7
Contract manufacturing	1.4	22.8	2.0	6.9	1.9	20.5	2.1	79.6
OTC and quasi-drugs	1.4	(0.8)	1.6	8.8	1.4	(3.2)	1.0	10.1
SEDES	0.6	5.7	0.8	12.0	0.6	(0.1)	0.4	8.0
POPON-S	0.2	(6.4)	0.4	30.4	0.3	(4.0)	0.2	1.4
Diagnostics	0.8	(10.7)	0.8	(4.7)	0.6	(23.3)	0.7	(5.7)
Royalty income	10.5	39.4	13.5	31.8	13.8	40.8	19.2	106.6
CRESTOR	10.0	38.2	12.5	34.4	13.2	41.5	14.3	69.4
Other business	0.5	(9.1)	1.6	114.2	1.0	(5.0)	1.0	(53.4)
Total	64.0	23.8	68.6	28.6	73.8	23.4	72.1	15.0

Fiscal year ending March 31, 2011

	FY2010 1Q actual	Y on Y change %	FY2010 2Q actual	Y on Y change %	FY2010 3Q actual	Y on Y change %
Prescription drugs	38.0	2.1	37.1	(0.9)	43.9	3.3
CRESTOR	6.6	19.9	7.1	17.5	8.4	21.0
IRBETAN	1.6	347.9	1.7	95.9	2.2	75.0
CYMBALTA	0.4	-	0.5	-	0.9	-
Total of 3 key strategic products	8.5	46.6	9.4	34.8	11.4	40.1
OXYCONTIN	2.5	13.7	2.3	13.5	2.7	7.7
FINIBAX	0.9	5.2	0.9	0.6	1.0	18.1
DIFFERIN	0.6	32.2	0.9	53.5	1.0	54.4
PIRESPA	0.7	150.1	0.6	75.3	0.8	79.7
RAPIACTA	0	-	0	-	(0.3)	-
Total of 8 new products	13.2	37.6	14.0	30.1	16.6	32.1
FLOMOX		(0.9)	4.8	(12.6)	6.6	(16.6)
RINDERON		(0.1)	2.5	(2.8)	2.3	(0.5)
FLUMARIN	1.8	(16.5)	2.1	(17.5)	2.1	(9.9)
CLARITIN	1.6	(8.0)	1.5	(13.2)	2.2	9.1
VANCOMYCIN	1.2	(29.4)	1.4	(19.1)	1.4	(6.9)
IMUNACE	0.8	(40.8)	0.8	(32.9)	0.9	(23.1)
Export/Overseas subsidiaries	17.1	42.6	8.9	(24.9)	8.7	(31.5)
Shionogi Inc.	15.2	58.8	5.8	(33.8)	5.6	(43.5)
DORIPENEM	0.5	(57.3)	2.0	16.3	1.7	35.8
Contract manufacturing	1.0	(35.7)	0.8	(55.4)	1.9	0.3
OTC and quasi-drugs	1.4	(3.9)	1.4	(4.1)	1.3	(3.4)
SEDES	0.6	(10.5)	0.7	(0.2)	0.7	16.5
POPON-S	0.3	14.0	0.2	(29.4)	0.2	(38.2)
Diagnostics	0.7	(9.7)	0.8	(2.2)	0.7	7.5
Royalty income	16.4	56.6	18.4	36.4	16.7	21.5
CRESTOR	15.4	53.6	17.4	38.7	15.2	15.1
Others	0.6	2.8	0.6	(60.5)	0.7	(28.7)
Total	75.2	17.5	68.1	(0.7)	73.9	0.1

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

Because of changing fiscal term, FY2010 1Q actuals of subsidiaries in the United States include 6-month sales from January to June 2010.

2-2 Quarterly trend for FY2009 and FY2010 (Consolidated statements of income)

Fiscal year ended March 31, 2010

(Billions of yen)

	FY2009 1Q Actual	Y on Y change %	FY2009 2Q Actual	Y on Y change %	FY2009 3Q Actual	Y on Y change %	FY2009 4Q Actual	Y on Y change %
Net sales	64.0	23.8	68.6	28.6	73.8	23.4	72.0	15.0
Cost of sales	26.9 17.2	4.1	28.7 19.6	19.5	27.5 20.2	5.7	26.6 19.1	1.9
Gross profit	46.8	33.1	48.9	32.7	53.5	31.8	52.9	20.6
SG & A expenses	63.6 40.7	50.3	54.2 37.2	40.3	49.3 36.3	0.6	49.3 35.5	2.0
Selling & general expenses	24.6	48.4	25.4	56.5	23.8	39.4	24.1	10.6
R & D expenses	16.1	53.4	11.8	14.8	12.5	(34.2)	11.3	(12.5)
Operating income	9.5 6.0	(24.8)	17.1 11.8	13.3	23.3 17.1	282.4	24.2 17.4	92.3
Non-operating income & expenses	(0.2)		(1.2)		(0.1)		(0.2)	
Ordinary income	9.1 5.8	(30.3)	15.4 10.5	(0.3)	23.0 16.9	282.8	23.8 17.1	99.3
Extraordinary income & loss	(0.1)		0.1		4.8		3.1	
Income before income taxes and minority interests	5.7		10.6		21.8		20.3	
Income taxes and minority interests	1.0		(3.7)		(7.9)		(7.2)	
Net income	7.2 4.6	(14.6)	10.2 6.9	8.4	18.9 13.9	-	18.2 13.0	172.2

Fiscal year ending March 31, 2011

	FY2010 1Q Actual	Y on Y change %	FY2010 2Q Actual	Y on Y change %	FY2010 3Q Actual	Y on Y change %
Net sales	75.2	17.5	68.1	(0.7)	73.9	0.1
Cost of sales	27.7 20.8	21.2	26.7 18.2	(7.4)	29.6 21.9	8.0
Gross profit	54.3	16.1	49.9	2.0	52.0	(2.9)
SG & A expenses	61.7 46.4	13.9	56.8 38.6	4.0	48.1 35.5	(2.3)
Selling & general expenses	33.3	35.4	23.6	(7.0)	24.5	3.1
R & D expenses	13.0	(19.1)	15.0	27.5	10.9	(12.5)
Operating income	10.6 7.9	31.1	16.5 11.2	(4.3)	22.3 16.4	(4.1)
Non-operating income & expenses	(0.7)		(0.7)		(0.4)	
Ordinary income	9.6 7.2	23.6	15.4 10.4	(0.7)	21.7 16.0	(5.7)
Extraordinary income & loss	(2.1)		(4.0)		(5.2)	
Income before income taxes and minority interests	5.0		6.4		10.7	
Income taxes and minority interests	0.2		4.3		4.1	
Net income	6.4 4.8	4.9	3.0 2.0	(70.9)	9.0 6.6	(52.2)

Note: Because of changing fiscal term, FY2010 1Q actuals of subsidiaries in the United States include 6-month results from January to June 2010.

3. Financial results of significant consolidated subsidiaries <Shionogi Inc.>

< Sales in each therapeutic area >

(Millions of dollar)

	FY2010 original forecast	FY2010 revised forecast	FY2010 change from original	FY2010 1H actual	FY2010 3Q actual
Cardio/Diabetes	216	205	(11)	146	28
Women's Health	64	64	-	32	15
Pediatrics	115	113	(2)	57	26
Total	395	382	(13)	235	68

Because of changing fiscal term,

FY2010 1H actuals include 9-month results from January to September 2010.

FY2010 forecasts include 15-month results from January 2010 to March 2011.

4. Pipeline (as of January 2011)

<Metabolic Syndrome, Infectious Diseases and Pain>

Areas	Code No. (Generic name) 【Product name】	Category (Administration)	Indication	Stage	Origin	Development
Metabolic Syndrome	S-474474 (Irbesartan/trichlormethiazide combination)	Angiotensin receptor blocker/diuretic combination (Oral)	Hypertension	Japan: Phase III	Irbesartan: Sanofi Aventis (France) Trichlormethiazide: Shionogi	In-house
	S-2367 (Velneperit)	Neuropeptide Y Y5 receptor antagonist (Oral)	Obesity	USA: Phase II Japan: Phase II	In-house	In-house
	S-707106	Insulin sensitizer (Oral)	Type 2 Diabetes	USA: Phase IIa	In-house	In-house
	ADX415	Alpha 2 specific adrenergic agonist (Oral)	Hypertension	USA: Phase II (in preparation)	In-house	In-house
	S-234462	Neuropeptide Y Y5 receptor antagonist (Oral)	Obesity	USA: Phase I	In-house	In-house
Infectious Diseases	S-4661 (Doripenem hydrate) 【FINIBAX®】	Carbapenem antibiotic (Injection)	Addition of new dosage regimen (1g t.i.d. for serious infection)	Japan: NDA submission (March 2010)	In-house	In-house
	S-4661 (Doripenem hydrate) 【FINIBAX®】	Carbapenem antibiotic (Injection)	Pediatric infection	Japan: Phase III	In-house	In-house
	S-349572/ S-265744/ S-247303	Integrase inhibitor (Oral)	HIV infection	Global: Phase III (the most advanced phase)	Shionogi & GlaxoSmithKline	Shionogi-ViiV Healthcare LLC
	S-265744 LAP	Integrase inhibitor (Injection; Long acting parenteral formulation)	HIV infection	USA: Phase I	Shionogi & GlaxoSmithKline	Shionogi-ViiV Healthcare LLC
Pain	LY248686 (Duloxetine hydrochloride) 【CYMBALTA®】	SNRI (Serotonin & noradrenaline reuptake inhibitor) (Oral)	Diabetic peripheral neuropathic pain	Japan: NDA submission (September 2009)	Eli Lilly and Company (USA)	Shionogi/Eli Lilly Japan K.K.
	S-811717 (Oxycodone hydrochloride)	Natural opium alkaloids (Injection)	For the treatment of moderate to severe pain in patients with cancer pain	Japan: NDA submission (September 2010)	Napp Pharmaceuticals Limited (UK)	In-house
	S-297995	Peripheral opioid receptor antagonist (Oral)	Alleviation of opioid-induced adverse effect	USA: Phase IIa Japan: Phase I	In-house	In-house

<Women's Health, Pediatrics and Other>

Areas	Code No. (Generic name) 【Product name】	Category (Administration)	Indication	Stage	Origin	Development
Women's Health	PSD502 (Lidocaine/prilocaine)	Eutectic mixture of anesthetics (Metered-dose topical aerosol spray)	Premature ejaculation	USA, Europe: Phase III	Plethora Solutions Holdings PLC (UK)	Shionogi/Plethora Solutions Holdings PLC (UK)
	Ospemifene	Selective estrogen receptor modulator (Oral)	Post-menopausal vaginal atrophy	USA: Phase III	QuatRx Pharmaceuticals Company (USA)	Shionogi/QuatRx Pharmaceuticals Company (USA)
Pediatrics	Glycopyrrolate (Glycopyrrolate oral solution) 【CUVPOSA™】	Anticholinergic (Oral)	Chronic moderate-to-severe drooling in pediatric patients	USA: Approval (July 2010)	In-house	In-house
	Clonidine HCL (Clonidine hydrochloride) 【KAPVAY™】	Alpha 2 specific adrenergic agonist (Oral)	Attention Deficit Hyperactivity Disorder	USA: Launch (January 2011)	In-house	In-house
Other	S-555739	Prostaglandin D2 receptor antagonist (Oral)	Allergic disease	Japan: Phase IIa Europe: POM (Proof of Mechanism)	In-house	In-house
	S-888711	Small molecule TPO mimetic (Oral)	Thrombocytopenia	USA, Europe: Phase II Japan: Phase IIa	In-house	In-house
	S-288310	Peptide cancer vaccine (Injection)	Bladder cancer	Japan: Phase I/II	OncoTherapy Science, Inc. (Japan)	In-house
	S-222611	Her2/EGFR dual inhibitor (Oral)	Malignant tumor	Europe: Phase Ib	In-house	In-house
	S-488410	Peptide cancer vaccine (Injection)	Esophageal cancer	Japan: Phase I/II	OncoTherapy Science, Inc. (Japan)	In-house
	S-524101	Sublingual tablet of house-dust mite allergen extracts for immunotherapy	Allergic rhinitis caused by house-dust mite allergen	Japan: Phase I (in preparation)	Stallergenes SA (France)	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 Europe: Approval (July 2008)	In-house	Johnson & Johnson (USA)
S-3013 (Varespladib methyl)	Secretory PLA2(sPLA2) inhibitor (Oral)	Acute coronary syndromes Mixed dyslipidemia	USA, Europe: Phase III	Shionogi/Eli Lilly and Company (USA)	Anthera Pharmaceuticals, Inc. (USA)
S-0373	Non-peptide mimetic of TRH (Oral)	Spinocerebellar ataxia	Japan: Phase II	In-house	Kissei Pharmaceutical Co., Ltd. (Japan)

Since November, 2010

Change of phase	Clonidine HCL <USA>: Approval → Launch
	S-888711 <Japan>: Phase I → Phase IIa
	S-488410 <Japan>: Phase I/II (in preparation) → Phase I/II

<Drugs to acquire new indication requested by the Ministry of Health, Labour and Welfare>

Generic name 【Product name】	Category (Administration)	Indication	Stage	Origin	Development
Cyclophosphamide hydrate 【Endoxan [®] 】	Antineoplastic agent and immunosuppressant (Injection)	Refractory Rheumatic Disease such as Systemic Lupus Erythematosus, Systemic Vasculitis, Polymyositis/Dermatomyositi s Complex, Scleroderma, Mixed Connective-Tissue Disease, Refractory Rheumatic Disease with Vasculitis	NDA submission (September 2010)	Baxter (Germany)	In-house
		Minimal change nephrotic syndrome in children	NDA submission (in preparation)		
Metronidazole 【Flagyl [®] 】	Antibacterial and antiprotozoal agent (Oral)	Infections caused by anaerobic bacteria, Amebiasis, Giardiasis	NDA submission (in preparation)	Sanofi-aventis (France)	In-house
Metronidazole 【Flagyl [®] 】	Antibacterial and antiprotozoal agent (Oral or Intravaginal)	Bacterial vaginosis	NDA submission (in preparation)	Sanofi-aventis (France)	In-house
Lisinopril hydrate 【Longes [®] 】	ACE inhibitor (Oral)	Childhood hypertension	NDA submission (in preparation)	Merck & Co., Inc. (USA)/ AstraZeneca (UK)	Shionogi/ AstraZeneca (UK)
Ifosfamide 【Ifomide】	Antineoplastic agent (Injection)	Malignant lymphoma in childhood	NDA submission (in preparation)	Baxter (Germany)	In-house
Sulfamethoxazole/trimethoprim combination 【Baktar [®] 】	Synthetic folate- antagonist/ anti-infectives combination (Oral)	Prophylaxis and treatment of Pneumocystis carinii	NDA submission (in preparation)	Shionogi/GlaxoSmith Kline (UK)	In-house
Oxycodone hydrochloride hydrate 【Oxycontin [®] , Oxinorm [®] 】	Natural opium alkaloids (Oral)	For the treatment of moderate to severe chronic pain	To be determined	Napp Pharmaceuticals Limited (UK)	In-house
Duloxetine hydrochloride 【Cymbalta [®] 】	SNRI (Serotonin & noradrenaline reuptake inhibitor) (Oral)	Fibromyalgia	To be determined	Eli Lilly and Company (USA)	Shionogi/Eli Lilly Japan K.K.
Vancomycin hydrochloride 【Vancomycin】	Glycopeptide antibiotic (Drip infusion)	< Spectrum > methicillin- resistant coagulase-negative staphylococcus, penicillin- resistant enterococcus < Indication > Gram-positive bacteria-associated bloodstream infection (including intravascular catheter-related infection), Febrile neutropenia, Alternative agent in penicillin-allergic adults and children	To be determined	Eli Lilly and Company (USA)	In-house