



Financial Results for Fiscal Year 2010 (Consolidated)

May 9, 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 Annual General Meeting of Shareholders: June 24, 2011

Scheduled date of dividend payments: June 27, 2011

Scheduled date of annual securities report submission: June 27, 2011

Preparation of supplemental material for financial results: Yes

Holding of presentation for 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 March 31, 2011

(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	%
Year ended March 31, 2011	282,350	1.4	46,892	(10.6)	45,176	(10.6)	20,026	(48.2)
Year ended March 31, 2010	278,502	22.4	52,438	63.8	50,522	57.9	38,625	146.6

Reference: Comprehensive income: Year ended March 31, 2011: (640) million yen (- %) Year ended March 31, 2010: 42,682 million yen (- %)

	Earnings per share	Earnings per share (diluted)	Return on Equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2011	59.80	—	6.0	8.5	16.6
Year ended March 31, 2010	115.33	—	11.9	9.7	18.8

Reference: Equity in earnings (losses) of affiliates: Year ended March 31, 2011: (1,362) million yen Year ended March 31, 2010: (743) million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2011	523,242	328,096	62.7	979.69
As of March 31, 2010	540,761	341,976	63.2	1019.71

Reference: Shareholders' equity As of March 31, 2011: 328,096 million yen As of March 31, 2010: 341,504 million yen

(3) Consolidated cash flows

	From operating activities	From investing activities	From financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2011	56,528	(13,947)	(27,011)	110,691
Year ended March 31, 2010	52,901	(826)	(4,978)	97,663

2. Dividends

(Date of record)	Dividends per share					Total dividends (Annual)	Payout ratio (consolidated)	Ratio of dividends to net assets
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Annual			
	yen	yen	yen	yen	yen	Millions of yen	%	%
Year ended March 31, 2010	—	18.00	—	18.00	36.00	12,056	31.2	3.7
Year ended March 31, 2011	—	20.00	—	20.00	40.00	13,396	66.9	4.0
Year ending March 31, 2012 (forecast)		20.00		20.00	40.00		36.2	

3. Consolidated financial forecast for the year ending March 31, 2012

(% 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
Six month ending September 30, 2011	137,500	(4.1)	24,500	27.4	23,500	32.8	15,500	125.9	46.28
Year ending March 31, 2012	286,000	1.3	58,000	23.7	56,000	24.0	37,000	84.8	110.48

4. Others

- (1) Significant changes in subsidiaries during the period (changes in specified subsidiaries involving changes in scope of consolidation): None
- (2) Changes in accounting principles, procedures and presentation methods for consolidated financial statements
- a) Changes and amendments of accounting standards: Yes
- b) Other changes: Yes

Note: For details, please see page 14 "Changes to presentation of consolidated financial statements".

(3) Number of shares issued (common stock)

a) Number of shares issued (including treasury stock)		
	As of March 31, 2011:	351,136,165 shares
	As of March 31, 2010:	351,136,165 shares
b) Number of treasury stock		
	As of March 31, 2011:	16,237,775 shares
	As of March 31, 2010:	16,231,245 shares
c) Average number of shares issued during the period		
	As of March 31, 2011:	334,902,090 shares
	As of March 31, 2010:	334,915,279 shares

(Reference) Non-consolidated financial results

Non-consolidated results for the period from April 1, 2010 to March 31, 2011

(1) Non-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	%
Year ended March 31, 2011	249,989	9.4	60,435	22.7	60,337	20.8	41,657	2.2
Year ended March 31, 2010	228,585	10.6	49,256	35.9	49,941	31.7	40,757	70.8

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
Year ended March 31, 2011	124.39	—
Year ended March 31, 2010	121.70	—

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2011	565,170	389,344	68.9	1,162.57
As of March 31, 2010	553,013	367,341	66.4	1,096.85

Reference: Shareholders' equity As of March 31, 2011: 389,344 million yen As of March 31, 2010: 367,341 million yen

※ Implementation Status of Audit Procedures

This Financial Results Report is exempt from the audit procedures stipulated under the Financial Instruments and Exchange Act of Japan. Audit procedures applicable to financial statements stipulated under the Financial Instruments and Exchange Act had not been completed at the time of disclosure of this Financial Results Report.

※ Explanation Concerning the Appropriate Use of Financial Results Forecasts and Other Special Instructions

(Cautionary note concerning forward-looking statements)

The forecast of financial results and forward-looking statements contained in this report are based on information currently available to the Company as well as certain assumptions that it judges to be reasonable. Actual results may differ materially due to a variety of factors.

For details of the assumptions used in the forecast of financial results and a cautionary note concerning appropriate use, please refer to "2. Financial forecast for the year ending March 31, 2012" on page 3 of the accompanying materials.

(Method of Obtaining Financial Results Supplementary Materials and Details of Results Briefing Meeting)

Financial results supplementary materials are posted via TDnet on the date of disclosure. The Company plans to hold a results briefing meeting for analysts on Tuesday, May 10, 2011. Plans are also in place to post audio explanatory details together with financial results explanatory materials distributed to analysts on May 10, 2011 on the Company's website in a timely manner after the results briefing.

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1. Results of operations

(1) Analysis of results of operations

1) Results for the fiscal year ended March 31, 2011

a. General overview

In the fiscal year ended March 31, 2011 (fiscal 2010), the market environment of Japan's pharmaceutical industry was increasingly severe, with the April 2010 implementation of National Health Insurance (NHI) drug price revisions that averaged 6.0 percent throughout the industry, exacerbated by competition among pharmaceutical companies faced with the expiration of patents. Overseas, with the added factor of reform of the U.S. health insurance system, conditions in the pharmaceutical market are expected to remain severe.

Under these circumstances, the Shionogi Group formulated and started the first year of its third medium-term business plan for the five years from fiscal 2010. Despite the revision of NHI drug prices, the Group achieved growth in sales of prescription drugs in Japan that outpaced the market average and recovered market share. With regard to the Great East Japan Earthquake that occurred on March 11, 2011, the Group incurred an extraordinary loss of approximately ¥3.0 billion to cover the substantial impact on operations at the Group's Kanegasaki Plant in Iwate Prefecture and its sales activities in East Japan. Thereafter, the Group worked tirelessly to restore operations, restarting activities in stages. For the Group's U.S. operations, it was a challenging year. Since operating results became increasingly unstable from the previous year, the Shionogi Group implemented measures including business integration with the Group's U.S. development subsidiary, structural reform of expenses including cutbacks in personnel, review of the product lineup including discontinuing certain products, and adoption of more conservative accounting procedures. As a result of these initiatives, the Group recorded an extraordinary loss of approximately ¥15.0 billion. With these measures, the Shionogi Group is preparing a framework for stable business operations in fiscal 2011 and beyond.

Consolidated operating results

Millions of yen

	Net sales	Operating income	Ordinary income	Net income
Year ended March 31, 2011	282,350	46,892	45,176	20,026
Year ended March 31, 2010	278,502	52,438	50,522	38,625
Percentage increase	1.4	(10.6)	(10.6)	(48.2)

Sales

Net sales increased 1.4 percent compared with the previous fiscal year to ¥282,350 million. In core prescription drugs in Japan, sales of Crestor, an anti-hyperlipidemia treatment, and Irbetan, a hypertension treatment, grew substantially, and Cymbalta, an antidepressant drug launched in April 2010, contributed to the increase in sales. Sales of other strategic drugs also increased, and overall sales of prescription drugs rose 4.2 percent year-on-year. In addition, royalty income increased significantly due to overseas sales growth of Crestor by AstraZeneca. On the other hand, sales decreased at U.S. subsidiary Shionogi Inc.

Income

In terms of profit, the increases in domestic sales of prescription drugs and royalty income were offset by the decrease in sales at Shionogi Inc. and other factors. As a result, cost of sales exceeded the Group's target, leading to a 0.8 percent decrease in gross profit compared with the previous fiscal year. In addition, due to a 2.6 percent increase in selling, general and administrative (SG&A) expenses, operating income decreased 10.6 percent to ¥46,892 million and ordinary income decreased 10.6 percent to ¥45,176 million. Net income decreased 48.2 percent to ¥20,026 million as a result of extraordinary losses incurred including loss relating to disasters caused by the Great East Japan Earthquake, business structure improvement expenses for Shionogi Inc. and impairment loss.

Research and Development

Regarding research and development activities in Japan, the Shionogi Group launched Cymbalta in April 2010. The Group has also filed an application for this drug for the additional indication of diabetic neuropathic pain. In addition, Shionogi received approval in October 2010 for the additional indication of pediatric use of RAPIACTA®, an anti-viral drug for influenza. Drugs currently under development in and outside Japan include an anti-HIV drug, a drug to alleviate opioid-induced adverse effects and a drug for the treatment of diabetes. Regarding research facilities, the Shionogi Pharmaceutical Research Center (SPRC), which is under construction in Toyonaka City, Osaka, is scheduled to commence operations in or after summer 2011. This is expected to further strengthen drug discovery capabilities through a projected consolidation of research functions and improvement in productivity. Moreover, in April 2011 the Shionogi Group reviewed its development organization and established a Global Development Office to enhance and accelerate strategic decision making about global products under development.

As a result of these activities, overall Group R&D expenses for the fiscal year ended March 31, 2011 totaled ¥50,921

million.

Capital investment

For the fiscal year ended March 31, 2011, Group capital expenditures totaled ¥17,900 million, reflecting aggressive investment in such projects as the construction of the SPRC and enhancement of manufacturing capabilities.

2) Financial forecast for the year ending March 31, 2011

Financial forecast for the year ending March 31, 2011 are as follows.

	<i>Millions of yen</i>			
	Net sales	Operating income	Ordinary income	Net income
Year ending March 31, 2012	286,000	58,000	56,000	37,000
Year ended March 31, 2011	282,350	46,892	45,176	20,026
Percentage increase	1.3	23.7	24.0	84.8

In the domestic prescription drug market, the Shionogi Group forecasts an increase in sales from continuing growth of Crestor, Irbetan, Cymbalta and other strategic products. On the other hand, although the Group will work to stabilize business operations at its U.S. subsidiary, sales there are forecast to decline in the year ending March 31, 2012. In addition, although overseas sales of Crestor are forecast to be steady, the scope of the increase in royalty income is expected to narrow with the assumed appreciation of the yen in calculating foreign currency exchange rates. As a result, overall net sales are forecast to increase slightly.

With regard to profits, while growth in sales of prescription drugs in Japan and the return of U.S. operations to profitability are expected to be offset by an upswing in R&D expenses, operating income and ordinary income are forecast to rise compared with the previous fiscal year. Net income is forecast to increase substantially, due mainly to the absence of extraordinary losses recorded in the year ended March 31, 2011.

(2) Analysis of financial position

1) Assets, Liabilities and Net assets

As of March 31, 2011, total assets were ¥523,242 million, a decrease of ¥17,519 million compared with the end of the previous fiscal year. Total liabilities decreased ¥3,639 million to ¥195,145 million, and net assets were ¥328,096 million, a decrease of ¥13,879 million. The principal factor increasing assets was an increase in property, plant and equipment reflecting capital investment for construction of the SPRC, while decreases in assets included a decrease due to amortization and impairment loss for intangible assets, and decreases in investment securities and foreign currency-denominated assets reflecting a drop in stock market prices and appreciation in the value of the yen. The decrease in net assets was largely due to the decline in valuation difference on available-for-sale securities resulting from the drop in stock market prices and lower foreign currency translation adjustment reflecting the strong yen.

2) Cash flows

For the fiscal year ended March 31, 2011, net cash provided by operating activities totaled ¥56,528 million, an increase of ¥3,626 million compared with the previous fiscal year. Although income before income taxes and minority interests decreased, non-cash expenses such as impairment loss on intangible assets and the provision to allowance for loss on damage due to the Great East Japan Earthquake rose substantially, and accounts receivable decreased.

Net cash used in investing activities totaled ¥13,947 million. This was largely attributable to capital investment in the SPRC.

Net cash used in financing activities totaled ¥27,011 million. The major components were repayment of debt and cash dividends paid.

As a result, cash and cash equivalents at the end of the fiscal year were ¥110,691 million, an increase of ¥13,028 million from the end of the previous fiscal year.

Cash flow indicators

	Year ended March 31, 2007	Year ended March 31, 2008	Year ended March 31, 2009	Year ended March 31, 2010	Year ended March 31, 2011
Net worth ratio	80.4%	82.7%	61.7%	63.2%	62.7%
Net worth ratio on market value basis	168.0%	137.9%	112.4%	110.1%	90.8%
Interest-bearing liabilities/ Cash flow ratio	0.2	0.1	4.0	2.3	1.9
Interest coverage ratio (times)	225.6	306.3	37.3	35.0	37.9

Notes: *Net worth ratio: Total net assets/Total assets*

Net worth ratio on market value basis: Total market value of stock/Total assets

Interest-bearing liabilities/Cash flow ratio: Interest-bearing liabilities/ Net cash provided by operating activities

Interest coverage ratio: Net cash provided by operating activities/Interest expense

1. All indicators are calculated on a consolidated basis.

2. Total market value of stock is calculated based on the total number of shares outstanding excluding treasury stock.

3. Net cash provided by operating activities is as reported in the consolidated statements of cash flows.

4. Interest-bearing liabilities are liabilities stated on the consolidated balance sheets on which interest is paid.

(3) Fundamental policy on the appropriation of retained earnings and cash dividends for the fiscal years ended March 31, 2011 and ending March 31, 2012

The Company takes a medium-to-long-term perspective in working to increase corporate value, and therefore invests aggressively in its businesses while considering performance in each fiscal year with the aim of steadily increasing dividends. Shionogi's target for its consolidated dividend payout ratio is 35 percent.

Net income for the fiscal year ended March 31, 2011 includes the effect of one-off non-cash flow-related losses for damages due to Great East Japan Earthquake, which occurred during the period, and the business integration of Shionogi Inc. Taking into consideration the Company's steady progress toward achieving the goals of its third medium-term business plan through its business activities, including sales and marketing in Japan, and its policy of ensuring stable improvement in cash dividends, Shionogi plans to pay a year-end cash dividend of ¥20 per share for the fiscal year ended March 31, 2011, as scheduled. Together with the interim cash dividend, Shionogi will therefore pay annual cash dividends of ¥40 per share.

2. Management policy

(1) Fundamental management policy

Shionogi's corporate philosophy is to "constantly strive to provide medicine of the best possible kind essential for protection of people's health." For this purpose, we must create and manufacture progressively better pharmaceuticals, while ensuring that as many people as possible know about and use them. To accomplish this goal, we believe that having all of Shionogi's people improve technologies day by day enables us to contribute to expanding the benefits we offer our customers, shareholders, business partners, society, our employees, and all our other stakeholders.

(2) Management strategy and challenges ahead

The Shionogi Group has formulated and started initiatives under its third medium-term business plan for the five-year period from fiscal 2010, with the following basic strategies:

Steady growth mainly through enriched pipeline

Investments in the new growth drivers

Therapeutic areas to be focused on.

For its domestic prescription drugs, the Shionogi Group's activities for strategic products have been showing results, and it will aim for steady growth in the future. Regarding R&D, the Group aims to bring its anti-HIV drug and other global products under development to market as quickly as possible. At the same time, the Group will continue to ramp up its activities to reduce cost of sales and SG&A expenses.

From the start of this fiscal year, various issues concerning the U.S. subsidiary the Shionogi Group acquired in October 2008 have become evident, and its financial results are unstable. In response, the Group has initiated a series of countermeasures including business integration with a development subsidiary, structural reform of the company's expenses including cutbacks in personnel, and a review of the product lineup. In addition to these efforts, the Group will work to strengthen the product portfolio, including through in-licensing, to create a new structure that can flexibly address changes in the U.S. pharmaceutical market environment, and that will result in business stability in the next fiscal year and beyond through sales of global products developed in-house.

Overcoming each challenge and issue, the Shionogi Group will implement its third medium-term business plan to steadily realize its corporate philosophy "to strive constantly to provide medicine of the best possible kind essential for the protection of the health of the people" globally and further enhance its presence and standing as a pharmaceutical company.

3. Consolidated financial statements

(1) Consolidated balance sheets

Millions of yen

	As of March 31, 2010		As of March 31, 2011	
Assets				
Current assets				
Cash and deposits	**1	33,532	**1	27,579
Notes and accounts receivable-trade		79,414		69,498
Short-term investment securities		70,677		88,914
Merchandise and finished goods		26,931		24,369
Work in process		14,058		13,294
Raw materials and supplies		8,350		9,675
Deferred tax assets		5,418		7,872
Other		12,292		15,745
Allowance for doubtful accounts		(11)		(12)
Total current assets		250,664		256,937
Non-current assets				
Property, plant and equipment				
Buildings and structures		100,040		99,490
Accumulated depreciation		(70,244)		(71,682)
Buildings and structures, net		29,795		27,808
Machinery, equipment and vehicles		83,502		82,797
Accumulated depreciation		(72,716)		(74,200)
Machinery, equipment and vehicles, net		10,786		8,596
Land		10,088		9,914
Construction in progress		6,842		19,353
Other		33,862		33,999
Accumulated depreciation		(28,927)		(29,452)
Other, net		4,934		4,547
Total property, plant and equipment		62,447		70,220
Intangible assets				
Goodwill		69,874		58,830
Sales rights		40,719		34,255
Other		8,470		6,506
Total intangible assets		119,065		99,593
Investments and other assets				
Investment securities	**2	71,870	**2	60,654
Prepaid pension cost		24,410		23,330
Deferred tax assets		80		2,462
Other		12,343		10,164
Allowance for doubtful accounts		(121)		(121)
Total investments and other assets		108,584		96,491
Total non-current assets		290,097		266,304
Total assets		540,761		523,242

Millions of yen

	As of March 31, 2010	As of March 31, 2011
Liabilities		
Current liabilities		
Notes and accounts payable-trade	13,400	12,884
Current portion of long-term loans payable	14,000	14,000
Income taxes payable	13,479	13,510
Provision		
Provision for bonuses	6,473	7,059
Other provision	1,316	3,290
Total provisions	7,789	10,349
Other	**1 18,159	**1 29,075
Total current liabilities	66,829	79,819
Non-current liabilities		
Bonds payable	30,000	30,000
Long-term loans payable	77,000	63,000
Deferred tax liabilities	15,435	6,623
Provision		
Provision for retirement benefits	8,077	8,573
Other	1,442	7,128
Total non-current liabilities	131,955	115,325
Total liabilities	198,785	195,145
Net assets		
Shareholders' equity		
Capital stock	21,279	21,279
Capital surplus	20,227	20,227
Retained earnings	332,669	339,970
Treasury stock	(19,733)	(19,733)
Total shareholders' equity	354,443	361,733
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,362	3,732
Deferred gains or losses on hedges	—	(288)
Foreign currency translation adjustment	(23,301)	(37,081)
Total accumulated other comprehensive income	(12,939)	(33,637)
Minority interests	471	—
Total net assets	341,976	328,096
Total liabilities and net assets	540,761	523,242

(2) Consolidated statements of income and Consolidated statements of comprehensive income

Consolidated statements of income

Millions of yen

	Year ended March 31, 2010	Year ended March 31, 2011
Net sales	278,502	282,350
Cost of sales	*1 76,263	*1 81,737
Gross profit	202,239	200,612
Selling, general and administrative expenses	*2, *3 149,801	*2, *3 153,720
Operating income	52,438	46,892
Non-operating income		
Interest income	484	459
Dividends income	1,124	1,224
Other	970	643
Total non-operating income	2,579	2,326
Non-operating expenses		
Interest expenses	1,675	1,478
Contribution	1,412	1,334
Other	1,407	1,229
Total non-operating expenses	4,494	4,042
Ordinary income	50,522	45,176
Extraordinary income		
Gain on sales of non-current assets	—	*4 4,067
Gain on sales of investment securities	—	1,647
Gain on forgiveness of debts	—	*5 279
Gain on negative goodwill	—	243
Gain on transfer of business	5,351	—
Gain on exchange from business combination	4,900	—
Total extraordinary income	10,251	6,237
Extraordinary loss		
Impairment loss	*4 199	*6 7,342
Business structure improvement expenses	—	*7 4,829
Loss on disaster	—	*8 2,826
Bad debts written off	—	1,769
Loss on valuation of investment securities	1,942	—
Other	90	1,511
Total extraordinary losses	2,233	18,278
Income before income taxes and minority interests	58,540	33,135
Income taxes-current	21,145	20,207
Income taxes-deferred	(1,246)	(7,129)
Total income taxes	19,899	13,078
Income before minority interests	—	20,057
Minority interests in income	15	30
Net income	38,625	20,026

Consolidated statements of comprehensive income*Millions of yen*

	Year ended March 31, 2010	Year ended March 31, 2011
Income before minority interests	—	20,057
Other comprehensive income		
Valuation difference on available-for-sale securities	—	(6,629)
Deferred gains or losses on hedges	—	(288)
Foreign currency translation adjustment	—	(13,779)
Share of other comprehensive income of associates accounted for using equity method		
Total other comprehensive income	—	*2 (20,697)
Comprehensive income	—	*1 (640)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	—	(671)
Comprehensive income attributable to minority interests	—	30

(3) Consolidated statements of changes in net assets*Millions of yen*

	Year ended March 31, 2010	Year ended March 31, 2011
Shareholders' equity		
Capital stock		
Balance at the end of previous period	21,279	21,279
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	21,279	21,279
Capital surplus		
Balance at the end of previous period	20,227	20,227
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	20,227	20,227
Retained earnings		
Balance at the end of previous period	304,761	332,669
Changes of items during the period		
Dividends from surplus	(10,717)	(12,726)
Net income	38,625	20,026
Total changes of items during the period	27,908	7,300
Balance at the end of current period	332,669	339,970
Treasury stock		
Balance at the end of previous period	(19,652)	(19,733)
Changes of items during the period		
Purchase of treasury stock	(80)	(10)
Total changes of items during the period	(80)	(10)
Balance at the end of current period	(19,733)	(19,743)
Total shareholders' equity		
Balance at the end of previous period	326,616	354,443
Changes of items during the period		
Dividends from surplus	(10,717)	(12,726)
Net income	38,625	20,026
Purchase of treasury stock	(80)	(10)
Total changes of items during the period	27,827	7,290
Balance at the end of current period	354,443	361,733

Millions of yen

	Year ended March 31, 2010	Year ended March 31, 2011
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	8,207	10,362
Changes of items during the period		
Net changes of items other than shareholders' equity	2,154	(6,629)
Total changes of items during the period	2,154	(6,629)
Balance at the end of current period	10,362	3,732
Deferred gains or losses on hedges		
Balance at the end of previous period	—	—
Changes of items during the period		
Net changes of items other than shareholders' equity	—	(288)
Total changes of items during the period	—	(288)
Balance at the end of current period	—	(288)
Foreign currency translation adjustment		
Balance at the end of previous period	(25,188)	(23,301)
Changes of items during the period		
Net changes of items other than shareholders' equity	1,887	(13,779)
Total changes of items during the period	1,887	(13,779)
Balance at the end of current period	(23,301)	(37,081)
Total accumulated other comprehensive income		
Balance at the end of previous period	(16,980)	(12,939)
Changes of items during the period		
Net changes of items other than shareholders' equity	4,041	(20,697)
Total changes of items during the period	4,041	(20,697)
Balance at the end of current period	(12,939)	(33,637)
Subscription rights to shares		
Changes of items during the period		
Minority interests		
Balance at the end of previous period	458	471
Changes of items during the period		
Net changes of items other than shareholders' equity	13	(471)
Total changes of items during the period	13	(471)
Balance at the end of current period	471	—
Total net assets		
Balance at the end of previous period	310,093	341,976
Changes of items during the period		
Dividends from surplus	(10,717)	(12,726)
Net income	38,625	20,026
Purchase of treasury stock	(80)	(10)
Net changes of items other than shareholders' equity	4,054	(21,169)
Total changes of items during the period	31,882	(13,879)
Balance at the end of current period	341,976	328,096

(4) Consolidated statements of cash flows*Millions of yen*

	Year ended March 31, 2010	Year ended March 31, 2011
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	58,540	33,135
Depreciation and amortization	18,047	17,966
Impairment loss	199	7,342
Amortization of goodwill	3,730	4,389
Loss (gain) on disposal of property, plant and equipment	244	(3,716)
Loss (gain) on transfer of business	(5,351)	—
Loss (gain) on sales of investment securities	—	(1,647)
Loss (gain) on valuation of investment securities	1,942	172
Increase (decrease) in allowance for doubtful accounts	(1)	—
Increase (decrease) in provision for retirement benefits	1,845	1,576
Increase (decrease) in provision for directors' retirement benefits	(154)	—
Interest and dividends income	(1,609)	(1,683)
Interest expenses	1,675	1,478
Foreign exchange losses (gains)	264	(285)
Other loss (gain)	*4 (4,900)	—
Decrease (increase) in notes and accounts receivable-trade	(4,739)	9,140
Decrease (increase) in inventories	(7,866)	1,722
Increase (decrease) in notes and accounts payable-trade	(2,095)	(381)
Increase (decrease) in accrued expenses	(6,417)	(145)
Increase (decrease) in accounts payable-other	5,542	3,475
Other, net	7,609	4,801
Subtotal	66,507	78,833
Interest and dividends income received	1,645	1,692
Interest expenses paid	(1,513)	(1,493)
Income taxes paid	(13,737)	(22,504)
Net cash provided by (used in) operating activities	52,901	56,528
Net cash provided by (used in) investing activities		
Payments into time deposits	(4,776)	(3,258)
Proceeds from withdrawal of time deposits	4,580	3,788
Purchase of short-term investment securities	(455)	(12,367)
Proceeds from sales of short-term investment securities	—	15,587
Proceeds from redemption of securities	5,066	—
Purchase of investment securities	(4,395)	(4,339)
Proceeds from sales of investment securities	—	2,074
Proceeds from redemption of investment securities	5,000	—
Purchase of property, plant and equipment	(13,156)	(11,274)
Proceeds from sales of property, plant and equipment	49	1,760
Collection of loans receivable	9,602	1
Purchase of stock of affiliates	(3,203)	(2,349)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	*2 (2,506)	—
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	*3 8,092	—
Other, net	(4,723)	(3,570)
Net cash provided by (used in) investing activities	(826)	(13,947)

Millions of yen

	Year ended March 31, 2010	Year ended March 31, 2011
Net cash provided by (used in) financing activities		
Repayments of installment payables	(1,031)	—
Net increase (decrease) in short-term loans payable	(10,000)	—
Proceeds from long-term loans payable	988	—
Repayment of long-term loans payable	(14,000)	(14,000)
Proceeds from issuance of bonds	30,000	—
Purchase of treasury stock	(80)	(10)
Cash dividends paid	(10,701)	(12,707)
Cash dividends paid to minority shareholders	(2)	(2)
Other, net	(150)	(291)
Net cash provided by (used in) financing activities	(4,978)	(27,011)
Effect of exchange rate change on cash and cash equivalents	(969)	(2,540)
Net increase (decrease) in cash and cash equivalents	46,127	13,028
Cash and cash equivalents at beginning of period	51,536	97,663
Cash and cash equivalents at end of period	*1 97,663	*1 110,691

Going concern assumption

None

Changes to presentation of consolidated financial statements

Year ended March 31, 2010	Year ended March 31, 2011
<p>(Application of accounting standards for business combinations and related matters)</p> <p>“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 fiscal year ended March 31, 2010, the Company has applied these standards and guidance.</p>	<p>(Changes in Items Concerning Accounting Practices and Standards)</p> <p>Included in the Shionogi Group’s consolidated subsidiaries are 10 overseas consolidated subsidiaries.</p> <p>One of these overseas consolidated subsidiaries closes its accounts on December 31. In preparing the consolidated financial statements, the financial statements of this subsidiary as of December 31 are used. Adjustments are made as necessary to reflect significant transactions occurring between this closing date and the closing date of the consolidated financial statements.</p> <p>Effective from the fiscal year ended March 31, 2011, the closing dates of Shionogi Inc. (Shionogi USA Holdings, Inc. changed its name to Shionogi Inc. in July 2010) and eight other companies were amended to the closing date of the consolidated financial statements.</p> <p>As a result of this change, nine consolidated subsidiaries had a 15-month settlement period from January 1, 2010 to March 31, 2011.</p> <p>This change in closing date has further resulted in a consolidated statement of income for the fiscal year under review of 15 months from January 1, 2010 to March 31, 2011. In adjusting income and loss to conform with previous closing dates, net sales increased by ¥9,563 million and operating income, ordinary income, income before income taxes and minority interests and net income all decreased by ¥602 million, ¥567 million, ¥1,001 million and ¥624 million, respectively.</p>

Notes**Notes to consolidated balance sheets**

Year ended March 31, 2010	Year ended March 31, 2011
<p>*1 Pledged assets and secured liabilities</p> <p>The assets listed below have been pledged as collateral against borrowings and other debts:</p> <p>1) Carrying value of pledged assets:</p> <p style="padding-left: 20px;">Cash and deposits 6 million yen</p> <p>2) Liabilities secured by the above assets:</p> <p style="padding-left: 20px;">‘Other’ of current liabilities 7 million yen</p>	<p>*1 Pledged assets and secured liabilities</p> <p>The assets listed below have been pledged as collateral against borrowings and other debts:</p> <p>1) Carrying value of pledged assets:</p> <p style="padding-left: 20px;">Cash and deposits 7 million yen</p> <p>2) Liabilities secured by the above assets:</p> <p style="padding-left: 20px;">‘Other’ of current liabilities 7 million yen</p>
<p>*2 Stocks etc. of unconsolidated subsidiaries and affiliates</p> <p style="padding-left: 20px;">Investments in securities (stocks etc.) 6,593 million yen</p>	<p>*2 Stocks etc. of unconsolidated subsidiaries and affiliates</p> <p style="padding-left: 20px;">Investments in securities (stocks etc.) 6,837 million yen</p>
<p>3 Guaranteed liabilities</p> <p>Guarantee of loans from financial institutions and other companies not included in consolidation</p> <p style="padding-left: 20px;">Employee housing loans 29 million yen</p>	<p>3 Guaranteed liabilities</p> <p>Guarantee of loans from financial institutions and other companies not included in consolidation</p> <p style="padding-left: 20px;">Employee housing loans 19 million yen</p>

Notes to consolidated statements of income

Year ended March 31, 2010	Year ended March 31, 2011																																										
*1 Inventories at March 31, 2010 are stated at net selling value. Inventory valuation totaling ¥474 million is included in cost of sales.	*1 Inventories at March 31, 2011 are stated at net selling value. Inventory valuation totaling ¥1,194 million is included in cost of sales.																																										
*2 The major items and amounts included in selling, general and administrative expenses were as follows:	*2 The major items and amounts included in selling, general and administrative expenses were as follows:																																										
<table border="0"> <tr> <td>Sales promotional activities</td> <td style="text-align: right;">14,036</td> <td style="text-align: right;">million yen</td> </tr> <tr> <td>Salaries</td> <td style="text-align: right;">29,387</td> <td></td> </tr> <tr> <td>Provision for bonuses</td> <td style="text-align: right;">3,679</td> <td></td> </tr> <tr> <td>Retirement benefit expenses</td> <td style="text-align: right;">2,961</td> <td></td> </tr> <tr> <td>R & D expenses</td> <td style="text-align: right;">51,808</td> <td></td> </tr> <tr> <td>(Provision for bonuses)</td> <td style="text-align: right;">(1,837)</td> <td></td> </tr> <tr> <td>(Retirement benefit expenses)</td> <td style="text-align: right;">(1,493)</td> <td></td> </tr> </table>	Sales promotional activities	14,036	million yen	Salaries	29,387		Provision for bonuses	3,679		Retirement benefit expenses	2,961		R & D expenses	51,808		(Provision for bonuses)	(1,837)		(Retirement benefit expenses)	(1,493)		<table border="0"> <tr> <td>Sales promotional activities</td> <td style="text-align: right;">15,581</td> <td style="text-align: right;">million yen</td> </tr> <tr> <td>Salaries</td> <td style="text-align: right;">28,506</td> <td></td> </tr> <tr> <td>Provision for bonuses</td> <td style="text-align: right;">4,223</td> <td></td> </tr> <tr> <td>Retirement benefit expenses</td> <td style="text-align: right;">2,445</td> <td></td> </tr> <tr> <td>R & D expenses</td> <td style="text-align: right;">50,921</td> <td></td> </tr> <tr> <td>(Provision for bonuses)</td> <td style="text-align: right;">(1,923)</td> <td></td> </tr> <tr> <td>(Retirement benefit expenses)</td> <td style="text-align: right;">(1,352)</td> <td></td> </tr> </table>	Sales promotional activities	15,581	million yen	Salaries	28,506		Provision for bonuses	4,223		Retirement benefit expenses	2,445		R & D expenses	50,921		(Provision for bonuses)	(1,923)		(Retirement benefit expenses)	(1,352)	
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*3 R&D expenses R&D expenses, which are included in SG&A expenses, were as follows. No R&D expenses are included in production expenses R&D expenses 51,808 million yen	*3 R&D expenses R&D expenses, which are included in SG&A expenses, were as follows. No R&D expenses are included in production expenses R&D expenses 50,921 million yen																																										
*4 Impairment loss The Shionogi Group recognized asset impairment as follows.	*4 Gain on sales of non-current assets Land 4,067 million yen																																										
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Chuo-ku, Osaka-shi, Osaka, Japan, etc.	Exclusive prescription pharmaceutical marketing rights	Sales rights																																									
The Shionogi Group categorizes assets for business operations into groups that are based on the product lines used in management accounting, and categorizes rental and underutilized assets individually. The marketing contracts for certain exclusive prescription pharmaceutical marketing rights (sales rights) will terminate in the year ending March 2011. The Shionogi Group therefore set the amounts recoverable under these contracts to zero and recognized impairment loss of ¥199 million for the unamortized balance.	*5 Gain on forgiveness of debts The Shionogi Group has recorded a gain on forgiveness of debts in the year ended March 31, 2011 after receiving confirmation from the Japan Science and Technology Agency that it was released from the obligation to repay development expenses. This confirmation was based on the agreement with the aforementioned agency and in accordance with the conclusion of designated compound development under the licensing development agreement executed in the year ended March 31, 2006.																																										
	*6 Impairment loss The Shionogi Group recognized asset impairment as follows.																																										
	<table border="1"> <thead> <tr> <th>Location</th> <th>Application</th> <th>Class</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>U.S.A</td> <td>Exclusive prescription pharmaceutical marketing rights</td> <td>Sales rights</td> <td>7,134 million yen</td> </tr> <tr> <td>U.S.A</td> <td>IP R&D</td> <td>Intangible assets (Other)</td> <td>208 million yen</td> </tr> </tbody> </table>	Location	Application	Class	Amount	U.S.A	Exclusive prescription pharmaceutical marketing rights	Sales rights	7,134 million yen	U.S.A	IP R&D	Intangible assets (Other)	208 million yen																														
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	*7 Business structure improvement expenses These expenses are attributable to the reorganization of U.S. subsidiaries. The principal component was extraordinary retirement benefits totaling ¥4,006 million.																																										
	*8 Loss on disaster This expense is attributable to the impact of the Great East Japan Earthquake and represents the provision of an allowance to cover actual projected expenditure.																																										

Notes to consolidated statements of comprehensive income

Year ended March 31, 2010	Year ended March 31, 2011	
-	*1 Comprehensive income in the previous fiscal year	
	Comprehensive income attributable to owners of the parent	42,667 million yen
	Comprehensive income attributable to minority interests	15
	<u>Total</u>	<u>42,682</u>
	*2 Other comprehensive income in the previous fiscal year	
	Valuation difference on available-for-sale securities	2,154 million yen
	Foreign currency translation adjustment	1,887
	<u>Total</u>	<u>4,041</u>

Notes to consolidated statement of changes in net assets

Year ended March 31, 2010 (April 1, 2009 to March 31, 2010)

(1) Type and number of shares in issue and type and number of shares of treasury stock

Shares

	March 31, 2009	Increase	Decrease	March 31, 2010
Shares in issue				
Common stock	351,136,165	-	-	351,136,165
Total	351,136,165	-	-	351,136,165
Treasury stock				
Common stock	16,189,825	41,420	-	16,231,245
Total	16,189,825	41,420	-	16,231,245

Note: The increase in treasury stock reflects the purchase of odd-lot shares.

(2) Matters concerning subscription rights and subscription rights owned by the Company

None

(3) Dividends

A) Dividend payments

Resolution	Category	Total dividends	Dividends per share	Dividend record date	Effective date
Annual General Meeting of Shareholders held on June 25, 2009	Common stock	4,689 million yen	14 yen	March 31, 2009	June 26, 2009
Meeting of Board of directors on November 4, 2009	Common stock	6,028 million yen	18 yen	September 30, 2009	December 1, 2009

B) Dividends whose effective date is subsequent to March 31, 2010

Resolution	Category	Total dividends	Resolution	Dividends per share	Dividend record date	Effective date
Annual General Meeting of Shareholders to be held on June 24, 2010	Common stock	6,028 million yen	Retained earnings	18 yen	March 31, 2010	June 25, 2010

Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

(1) Type and number of shares in issue and type and number of shares of treasury stock

Shares

	March 31, 2010	Increase	Decrease	March 31, 2011
Shares in issue				
Common stock	351,136,165	-	-	351,136,165
Total	351,136,165	-	-	351,136,165
Treasury stock				
Common stock	16,231,245	6,530	-	16,237,775
Total	16,231,245	6,530	-	16,237,775

Note: The increase in treasury stock reflects the purchase of odd-lot shares.

(2) Matters concerning subscription rights and subscription rights owned by the Company

None

(3) Dividends

A) Dividend payments

Resolution	Category	Total dividends	Dividends per share	Dividend record date	Effective date
Annual General Meeting of Shareholders held on June 24, 2010	Common stock	6,028 million yen	18 yen	March 31, 2010	June 25, 2010
Meeting of Board of directors on November 1, 2010	Common stock	6,698 million yen	20 yen	September 30, 2010	December 1, 2010

B) Dividends whose effective date is subsequent to March 31, 2011

The following is to be approved at the 146th Annual General Meeting of Shareholders to be held on June 24, 2011.

Resolution	Category	Total dividends	Resolution	Dividends per share	Dividend record date	Effective date
Annual General Meeting of Shareholders to be held on June 24, 2011	Common stock	6,697million yen	Retained earnings	20 yen	March 31, 2011	June 27, 2011

Notes to consolidated statements of cash flow

Year ended March 31, 2010	Year ended March 31, 2011																				
<p>*1. Reconciliation of balance of cash and cash equivalents as of the period end with the amounts reported in the consolidated balance sheets:</p> <table> <tr> <td>Cash and deposits</td> <td>33,532 million yen</td> </tr> <tr> <td>Time deposits with a maturity exceeding three months</td> <td>(2,069)</td> </tr> <tr> <td>Cash and cash equivalents including "Marketable securities"</td> <td>66,200</td> </tr> <tr> <td>Cash and cash equivalents</td> <td><u>97,663 million yen</u></td> </tr> </table>	Cash and deposits	33,532 million yen	Time deposits with a maturity exceeding three months	(2,069)	Cash and cash equivalents including "Marketable securities"	66,200	Cash and cash equivalents	<u>97,663 million yen</u>	<p>*1. Reconciliation of balance of cash and cash equivalents as of the period end with the amounts reported in the consolidated balance sheets:</p> <table> <tr> <td>Cash and deposits</td> <td>27,579 million yen</td> </tr> <tr> <td>Time deposits with a maturity exceeding three months</td> <td>(1,487)</td> </tr> <tr> <td>Cash and cash equivalents including "Marketable securities"</td> <td>84,600</td> </tr> <tr> <td>Cash and cash equivalents</td> <td><u>110,691 million yen</u></td> </tr> </table>	Cash and deposits	27,579 million yen	Time deposits with a maturity exceeding three months	(1,487)	Cash and cash equivalents including "Marketable securities"	84,600	Cash and cash equivalents	<u>110,691 million yen</u>				
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<p>*2. Assets and liabilities of companies newly consolidated through acquisition of shares The assets, liabilities, acquisition cost and net acquisition cost of Addrenex, Inc. ("Addrenex") upon consolidation due to acquisition of shares are as follows.</p> <table> <tr> <td>Current assets</td> <td>47 million yen</td> </tr> <tr> <td>In-process research and development</td> <td>2,827</td> </tr> <tr> <td>Goodwill</td> <td>1,063</td> </tr> <tr> <td>Current liabilities</td> <td>(141)</td> </tr> <tr> <td>Noncurrent liabilities</td> <td>(769)</td> </tr> <tr> <td>Existing equity</td> <td>(330)</td> </tr> <tr> <td>Purchase price of shares of Addrenex</td> <td>2,697</td> </tr> <tr> <td>Offsetting of advance payments-trade, etc.</td> <td>(145)</td> </tr> <tr> <td>Cash and cash equivalents of Addrenex</td> <td>(46)</td> </tr> <tr> <td>Purchase of investments in subsidiaries resulting in change in scope of consolidation</td> <td>2,506</td> </tr> </table>	Current assets	47 million yen	In-process research and development	2,827	Goodwill	1,063	Current liabilities	(141)	Noncurrent liabilities	(769)	Existing equity	(330)	Purchase price of shares of Addrenex	2,697	Offsetting of advance payments-trade, etc.	(145)	Cash and cash equivalents of Addrenex	(46)	Purchase of investments in subsidiaries resulting in change in scope of consolidation	2,506	
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Year ended March 31, 2010	Year ended March 31, 2011
*3. Assets and liabilities of companies excluded from consolidated subsidiaries through sale of shares. Assets and liabilities at the time of transfer, proceeds from sale of shares and gain on transfer of Bushu Pharmaceuticals Ltd. ("Bushu") are as follows:	
Current assets	4,186 million yen
Noncurrent assets	11,556
Current liabilities	(2,377)
Noncurrent liabilities	(10,599)
Cost for sale of shares of Bushu	437
Gain on transfer of business	5,351
Sales price of shares of Bushu	8,555
Cash and cash equivalents of Bushu	(462)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	8,092
*4. Gain on exchange from business combination	

Notes to segment information

a. Business segment information

Year ended March 31, 2010 (April 1, 2009 to March 31, 2010)

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

b. Geographical segment information

Year ended March 31, 2010 (April 1, 2009 to March 31, 2010)

Millions of yen

	Japan	North America	Other	Total	Eliminations and corporate	Consolidated
I. Net sales and operating income						
Net sales						
(1) Sales to third parties	238,191	38,642	1,669	278,502	—	278,502
(2) Inter-group sales and transfers	413	2,926	58	3,397	(3,397)	—
Total	238,604	41,569	1,727	281,900	(3,397)	278,502
Operating expenses	185,631	38,656	1,414	225,701	363	226,064
Operating income (loss)	52,972	2,912	313	56,199	(3,761)	52,438
II. Total assets	287,602	85,802	3,818	377,224	163,537	540,761

Note: 1. National and regional segments are based on geographic proximity.

2. Main countries and regions included in categories other than Japan are as follows:

(1) North America: United States

(2) Other: Asia

3. Eliminations in other operating expenses include ¥3,761 million in unallocable operating expenses consisting primarily of amortization of goodwill.

4. Eliminations in assets include ¥163,537 million in general corporate assets consisting primarily of surplus funds under management (securities), long-term investment funds (investment securities) and goodwill at Shionogi & Co., Ltd

5. Change of accounting policy

As presented in 'Changes to presentation of consolidated financial statements,' effective from the fiscal year ended March 31, 2010 the income and expenses of overseas subsidiaries are translated into yen at the average exchange rates for the period. Formerly, the rates of exchange in effect at the balance sheet date were used.

For the fiscal year ended March 31, 2010, compared with the previous method this change increased sales by ¥643 million in the North America segment and reduced sales by ¥11 million in the Other segment; increased operating expenses by ¥643 million in the North America segment, reduced operating expenses by ¥7 million in the Other segment and increased eliminations and general corporate assets related to operating expenses by ¥62 million; and reduced operating income by ¥0 in the North America segment, reduced operating income by ¥4 million in the Other segment and reduced eliminations and general corporate assets related to operating income by ¥62 million.

c. Overseas sales

Year ended March 31, 2010 (April 1, 2009 to March 31, 2010)

Millions of yen

	Europe	North America	Other	Total
I. Overseas sales	51,039	44,652	4,149	99,842
II. Consolidated net sales	—	—	—	278,502
III. Overseas sales as a percentage of consolidated net sales	18.3%	16.0%	1.5%	35.8%

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

2. Main countries and regions included in each segment

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

(2) North America: United States of America and others

(3) Others: Asia and others

3. Overseas sales represent those of the Company and consolidated subsidiaries in countries areas outside Japan and include profit derived from licensing fees as royalty revenue.

4. Changes in national and regional categories

Previously, overseas sales were categorized as "Europe" and "Others." From the fiscal year ended March 31, 2010, "North America" is presented as a separate category because sales in North America exceeded 10 percent of consolidated net sales. For reference, sales in North America presented in "Overseas sales" for the fiscal year ended March 31, 2009 totaled ¥14,567 million and represented 6.4 percent of consolidated net sales.

5. As presented in 'Notes to consolidated financial statements,' effective from the fiscal year ended March 31, 2010, the income and expenses of overseas subsidiaries are translated into yen at the average exchange rates for the period. Formerly, the rates of exchange in effect at the balance sheet date were used.

For the fiscal year ended March 31, 2010, compared with the previous method this change increased sales by ¥643 million in the North America segment, reduced sales by ¥11 million in the Other segment and increased consolidated net sales by ¥632 million. In addition, this change increased the ratio of sales in North America to consolidated net sales by 0.2 percentage points. The effect of this change on the ratio of sales in Europe and Other to consolidated net sales was not material.

d. Segment information

Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

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.

Notes to amounts per share

Item	Year ended March 31, 2010	Year ended March 31, 2011
Net assets per share	1,019.71 yen	979.69 yen
Earnings per share	115.33 yen	59.80 yen

Notes: 1. Net income after giving effect to the diluted potential of common stock has not been presented since there are no such potential shares to be issued.

2. Information for the computation of net assets per share is as follows.

Item	Year ended March 31, 2010	Year ended March 31, 2011
Total net assets	341,976 million yen	328,096 million yen
Amount deducted from total net assets	471 million yen	- million yen
(Amounts attributed to minority interests in total net assets)	(471 million yen)	(- million yen)
Net assets at year end available to common stocks	341,504 million yen	328,096 million yen
Shares outstanding as of the period end	334,904 thousands of stocks	334,898 thousands of stocks

3. Information for the computation of earnings per share is as follows.

Item	Year ended March 31, 2010	Year ended March 31, 2011
Net income	38,625 million yen	20,026 million yen
The amount which is not attributable to ordinary shareholders	-	-
Net income related to common stocks	38,625 million yen	20,026 million yen
Average number of shares outstanding during the period	334,915 thousands of stocks	334,902 thousands of stocks

Important Subsequent Events

Year ended March 31, 2010 (April 1, 2009 to March 31, 2010) and Year ended March 31, 2011 (April 1, 2010 to March 31, 2011)

None

4. Others

Change in Directors and Auditors (Scheduled for June 24, 2011)

(1)Change in Representatives

No change.

(2)Change in other Directors and Auditors

1) New Corporate Auditor Candidates

Standing Corporate Auditor Sachio Tokaji (Director, Senior Executive Officer)

Outside Corporate Auditor Kenji Fukuda (Attorney at Law, DOJIMA Law Office)

2) Retiring Directors

Director Sachio Tokaji

3) Retiring Corporate Auditors

Standing Corporate Auditor Satoshi Komatsu

The 146th Annual General Meeting of Shareholders to be held on June 24, 2011 will decide on the new candidates for Corporate Auditors. These issues were disclosed as of February 21, 2011.