

**Presentation of Results for  
the 1<sup>st</sup> Quarter of Fiscal 2007  
Conference Call**

**July 30, 2007**

**SHIONOGI & CO., LTD**





# Contents

<b>■ Overview of the 1<sup>st</sup> Quarter Results</b>	<b>Page</b>
<b>■ Financial Results</b>	2
<b>■ Financial Position</b>	3
<b>■ Cash Flows</b>	4
<b>■ Sales by Segment</b>	5
<b>■ Overview of P/L Statement</b>	6
<b>■ Highlights of Financial Results</b>	7
<b>■ Pipeline</b>	
<b>■ Pipeline update (since May, 2007)</b>	8



## Financial Results (Consolidated & Non-Consolidated)

Billions of yen

<b>&lt;Consolidated&gt;</b>	<b>April 1-June 30 2007</b>	<b>April 1-June 30 2006</b>	<b>Y on Y Change (%)</b>
<b>Net Sales</b>	<b>50.2</b>	<b>46.1</b>	<b>8.7</b>
<b>Operating income</b>	<b>7.9</b>	<b>5.2</b>	<b>53.4</b>
<b>Ordinary income</b>	<b>8.5</b>	<b>5.1</b>	<b>66.2</b>
<b>Net income</b>	<b>5.3</b>	<b>3.0</b>	<b>76.2</b>
<b>&lt;Non-Consolidated&gt;</b>			
<b>Net Sales</b>	<b>48.1</b>	<b>44.3</b>	<b>8.7</b>
<b>Operating income</b>	<b>7.3</b>	<b>4.3</b>	<b>69.3</b>
<b>Ordinary income</b>	<b>8.6</b>	<b>4.9</b>	<b>73.9</b>
<b>Net income</b>	<b>5.4</b>	<b>2.7</b>	<b>101.7</b>



## Financial Position (Consolidated)

(Billions of yen)

<Financial Position>	6/30/2007	3/31/2007	Change
Total assets	428.9	429.5	(0.6)
Net assets	348.6	345.7	2.9
Equity ratio	81.2%	80.4%	0.8%
Net asset per share(yen)	1023.19	1014.73	8.46

### ■ Total assets

- Cash and deposits decreased due to the payment of income tax and dividends for the previous fiscal year. However, total assets remained unchanged compared with the end of the previous fiscal year due to an increase of property, plant and equipment etc by capital investment.

### ■ Net assets

- Net assets increased due to posting of net income for the 1<sup>st</sup> quarter of fiscal 2007 in spite of the payment of dividends.



## Cash Flows (Consolidated)

(Billions of yen)

<b>&lt; Cash Flows &gt;</b>	<b>April 1-June 30 2007</b>	<b>April 1-June 30 2006</b>	<b>Change</b>
<b>Net cash used in operating activities</b>	<b>0.3</b>	<b>(1.8)</b>	<b>2.1</b>
<b>Net cash used in investing activities</b>	<b>(1.9)</b>	<b>(3.7)</b>	<b>1.8</b>
<b>Net cash used in financing activities</b>	<b>(2.9)</b>	<b>(3.6)</b>	<b>0.7</b>
<b>Total</b>	<b>(4.5)</b>	<b>(9.3)</b>	<b>4.8</b>
<b>Cash &amp; cash equivalents at the end of period</b>	<b>70.0</b>	<b>66.7</b>	<b>-</b>

### ■ Net cash used in operating activities

- Net cash used in operating activities increased by only 0.3 billion yen due to the payment of income taxes for the previous fiscal year.



## Sales by Segment (Consolidated)

(Billions of yen)

	1st half 2007 Forecast	April 1-June 30 2007 Results	% progress vs 1st half Forecast	April 1-June 30 2006 Result	Y on Y Change(%)
<b>Prescription drugs</b>	<b>75.8</b>	<b>37.8</b>	<b>49.9</b>	<b>37.9</b>	<b>(0.1)</b>
Flomox	13.5	6.5	48.1	7.1	(8.5)
Flumarin	6.2	3.0	48.5	3.4	(11.9)
Vancomycin	5.5	3.0	54.9	3.7	(19.0)
Imunace	5.7	3.2	55.4	3.0	4.7
Rinderon	5.2	2.7	51.1	2.7	(1.6)
Claritin	3.4	1.6	48.4	1.4	20.9
OxyContin	2.9	1.6	55.3	1.3	22.2
Crestor	4.2	1.9	45.1	0.1	-
Avelox	1.3	0.4	28.2	0.7	(47.2)
Finibax	1.5	0.5	35.2	0.5	16.6
<b>Export/Overseas operation</b>	<b>3.0</b>	<b>1.5</b>	<b>51.3</b>	<b>1.2</b>	<b>28.3</b>
<b>Contract manufacturing</b>	<b>2.5</b>	<b>0.9</b>	<b>39.6</b>	<b>0.8</b>	<b>26.8</b>
<b>OTC and quasi-drugs</b>	<b>3.1</b>	<b>1.4</b>	<b>47.4</b>	<b>1.5</b>	<b>(4.0)</b>
<b>Diagnostics</b>	<b>1.8</b>	<b>0.9</b>	<b>51.4</b>	<b>0.9</b>	<b>3.8</b>
<b>Royalty income</b>	<b>14.5</b>	<b>6.9</b>	<b>47.6</b>	<b>3.3</b>	<b>107.8</b>
Crestor	13.5	6.7	49.5	3.1	112.8
<b>Real estate &amp; others</b>	<b>4.3</b>	<b>0.5</b>	<b>12.4</b>	<b>0.6</b>	<b>(9.9)</b>
<b>Total</b>	<b>105.0</b>	<b>50.2</b>	<b>47.8</b>	<b>46.1</b>	<b>8.7</b>

\*Sales of prescription drug are shown on a non-consolidated basis.



## Overview of P/L Statement (Consolidated)

<u>Billions of yen</u>	1st half 2007 Forecast	April 1-June 30 2007 Results	% progress vs 1st half forecast	April 1-June 30 2006 Results	% increase vs previous year results
Net sales	105.0	50.2	47.8	46.1	8.7
[Royalty income]	14.5	6.9	47.6	3.3	107.8
	32.4 (37.6)	32.1 (37.2)		33.5 (36.1)	
Cost of sales	34.0	16.1	47.4	15.4	4.0
Gross profit	71.0	34.1	48.0	30.7	11.1
	51.0	52.0		55.2	
Selling, general and administrative expenses	53.5	26.1	48.8	25.4	2.4
Selling and administrative expenses	33.0	16.3	49.6	16.4	(0.2)
Research & Development expenses	20.5	9.7	47.5	9.0	7.2
	16.7	15.9		11.3	
Operating income	17.5	7.9	45.7	5.2	53.4
Non-operating income and expenses	-	0.5		(0.1)	
	16.7	17.0		11.1	
Ordinary Income	17.5	8.5	48.9	5.1	66.2
extraordinary gain and loss	-	0.2		-	
Income before income taxes and minority interests	17.5	8.8	50.3	5.1	71.0
Income taxes and minority interests	7.5	3.4	45.7	2.0	63.5
	9.5	10.7		6.6	
Net income	10.0	5.3	53.7	3.0	76.2



## Highlights of Consolidated Financial Results

( % change over the same period of the previous year)

- **Net sales** **+8.7**
  - With regard to sales of ethical drugs, the hyperlipidemia treatment, Crestor has been steadily expanding the domestic market share, but due to a decrease in sales of existing products including Flomox, Flumarin, Vancomycin, net sales remained unchanged compared with the same period of the previous fiscal year.
  - Royalty income of Crestor, however, contributed to achieving net sales increase.
- **Operating income** **+53.4**
  - Although R&D expenses increased, operating income significantly increased due to an increase of royalty income.
- **Ordinary income** **+66.2**
  - Ordinary income increased due to improvement of non-operating income, resulting from an increase of dividends income and exchange gain
- **Net income** **+76.2**
  - Due to gain on sales of investment securities for ¥ 0.3 billion etc..





## Pipeline Update (since May, 2007)

### <Compounds added to the pipeline>

- S-4661 (Finibax, Carbapenem antibiotic)
  - ◆ Scheduled to start Phase III clinical study within the 3<sup>rd</sup> Quarter of 2007 for an additional indication of pediatric use in Japan
- S-888711 (Small molecule TPO mimetic, thrombocytopenia)
  - ◆ Scheduled to start Phase I clinical study within 3<sup>rd</sup> quarter of 2007
- S-777469 (Atopic Dermatitis)
  - ◆ Filed an Ind in the USA in May, 2007

### <Change of phase>

- S-021812 (Peramivir, Influenza infection)
  - ◆ Started Phase I clinical study in Japan in July, 2007
  - ◆ <Status of out-licensed compound>
- S-4661 (Doripenem, Carbapenem antibiotic )
  - ◆ J&J, licensee, filed an additional indication for noscomial pneumonia in the USA and filed an NDA in Europe in July, 2007

### <Development discontinued>

- S-364735 (HIV integrase inhibitor) Shionogi-GSK
  - ◆ Confirmed good efficacy and safety from POC study
  - ◆ However, decided to discontinue development based on the results of long term pre-clinical safety study
  - ◆ Collaborative research is under way for selection of superior back-up compounds and for conducting clinical development



**For further inquiries**

**This presentation material contains forward-looking statements regarding the Company's plans, outlook, strategies and results for the future. All forward-looking statements are based on judgments derived from the information available to the Company at the time of publication. Certain risks and uncertainties could cause the Company's actual results to differ materially from any projections presented in this presentation material.**

**SHIONOGI & CO., LTD.  
Public Relations Unit**

**Head office  
TEL: +81-6-6209-7885  
FAX: +81-6-6229-9596**

**Tokyo Branch office  
TEL: +81-3-3406-8164  
FAX: +81-3-3406-8099**