



Presentation of 1st half of Fiscal 2007
Financial Results

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 **SHIONOGI & CO., LTD.**

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Overview of Financial Results for 1st half of Fiscal 2007



Financial Results (Consolidated & Non-consolidated)



<u>Billions of yen</u>	FY2007	FY2006	Y on Y	
< Consolidated >	1st half	1st half	change(%)	Change
Sales	104.1	92.1	13.0	12.0
Operating income	17.1	10.9	56.1	6.2
Ordinary income	17.1	10.9	56.2	6.2
Net income	10.7	6.3	68.7	4.4
<u>< Non-consolidated ></u>				
Net sales	96.2	88.0	9.4	8.2
Operating income	15.1	9.0	66.9	6.1
Ordinary income	15.9	10.0	58.0	5.9
Net income	9.0	5.6	60.4	3.4

Financial Position and Cash Flows (Consolidated)



<u>Billions of yen</u>	9/30/2007	3/31/2007	Change
<Financial Position>			
Total assets	420.3	429.5	(9.2)
Net assets	346.4	345.7	0.7
Equity ratio	82.4%	80.4%	2.0%
Net asset per share (yen)	1,018.49	1,014.73	3.76
	FY2007	FY2006	
<Cash Flows>	1st half	1st half	
Net cash used in operating activities	9.1	2.1	7.0
Net cash used in investing activities	(8.5)	(20.9)	12.4
Net cash used in financing activities	(4.0)	(3.9)	(0.1)
Total	(3.4)	(22.7)	19.3
Cash & cash equivalents at the end of period	71.1	53.3	

Sales by Segment (Consolidated)



<u>Billions of yen</u>	FY2007	FY2006	Y on Y	
	1st half	1st half	change(%)	Change
Prescription drugs	74.2	73.4	1.1	0.8
Flomox	12.4	13.6	(8.8)	(1.2)
Imunace	6.4	5.7	13.3	0.7
Flumarin	6.3	7.0	(9.7)	(0.7)
Vancomycin	5.5	7.2	(22.9)	(1.7)
Rinderon	5.3	5.3	(0.2)	0
Crestor	4.4	1.1	299.8	3.3
OxyContin	3.2	2.5	27.6	0.7
Claritin	2.9	2.5	15.2	0.4
Finibax	1.2	0.9	32.2	0.3
Avelox	0.8	1.1	(32.0)	(0.3)
Export/Overseas operating	2.9	2.7	7.8	0.2
Contract manufacturing	2.6	1.7	57.9	0.9
OTC and quasi-drugs	2.9	3.1	(6.2)	(0.2)
Diagnostics	1.7	1.7	1.2	0
Royalty income	15.4	8.3	86.1	7.1
Crestor	14.4	7.4	96.0	7.0
Real estate & others	4.2	1.3	234.2	2.9
Total	104.1	92.1	13.0	12.0

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

Operating Income (Consolidated)



<u>Billions of yen</u>	FY2007 1st half	FY2006 1st half	Y on Y change(%)	Change
Sales	104.1	92.1	13.0	12.0
[Royalty income]	15.4	8.3	86.1	7.1
	33.3 (39.1)	33.2 (36.5)		
Cost of sales	34.6	30.6	13.3	4.0
Gross Profit	69.4	61.5	12.9	7.9
	50.2	54.9		
SG & A expenses	52.3	50.6	3.5	1.7
Selling & General	32.7	32.7	0.2	0
R & D	19.5	17.9	9.6	1.6
	16.5	11.9		
Operating income	17.1	10.9	56.1	6.2



Forecast for Fiscal 2007



Financial Results (Consolidated & Non-consolidated)



<u>Billions of yen</u>	FY2007	FY2006	Y on Y	
< Consolidated >	Forecast	Actual	change(%)	Change
Sales	215.0	199.7	7.6	15.3
Operating income	40.0	28.8	38.6	11.2
Ordinary income	40.0	28.1	42.3	11.9
Net income	24.0	18.5	29.1	5.5
< Non-consolidated >				
Sales	202.0	185.6	8.8	16.4
Operating income	37.0	24.8	48.6	12.2
Ordinary income	38.5	25.9	48.2	12.6
Net income	22.5	17.3	29.9	5.2

Sales by Segment (Consolidated)



<u>Billions of yen</u>	FY2007	FY2006	Y on Y	
	Forecast	Actual	change(%)	Change
Prescription drug	157.3	151.9	3.5	5.4
Flomox	29.4	30.6	(4.0)	(1.2)
Flumarin	12.3	13.3	(7.7)	(1.0)
Imunace	11.6	11.7	(1.1)	(0.1)
Crestor	10.8	2.5	326.7	8.3
Vancomycin	10.2	12.9	(20.7)	(2.7)
Rinderon	10.1	10.1	(0.2)	0
Claritin	8.3	7.2	15.7	1.1
OxyContin	6.7	5.2	30.0	1.5
Finibax	2.9	2.0	44.8	0.9
Avelox	2.8	2.4	16.3	0.4
Export/Overseas operation	6.3	5.3	19.3	1.0
Contract manufacturing	5.3	4.0	32.4	1.3
OTC and quasi-drugs	6.1	6.1	(0.5)	0.0
Diagnostics	3.6	3.3	8.7	0.3
Royalty income	31.0	21.3	45.8	9.7
Crestor	29.0	19.4	49.8	9.6
Real estate & others	5.4	7.8	(31.2)	(2.4)
Total	215.0	199.7	7.6	15.3

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

Operating Income (Consolidated)



<u>Billions of yen</u>	FY2007 Forecast	FY2006 Actual	Y on Y change(%)	Change
Sales	215.0	199.7	7.6	15.3
[Royalty income]	31.0	21.3	45.8	9.7
	31.4 (36.7)	33.8 (37.8)		
Cost of Sales	67.5	67.5	(0.1)	0
Gross profit	147.5	132.2	11.6	15.3
	50.0	51.7		
SG&A expenses	107.5	103.3	4.0	4.2
Selling & General	66.5	65.8	0.9	0.7
R & D	41.0	37.5	9.5	3.5
	18.6	14.5		
Operating income	40.0	28.8	38.6	11.2

Return to Shareholders



<Plan for dividend>

- ◆ For an interim dividend of fiscal 2007, the Company will pay ¥10 per share, increasing ¥2 per share.
- ◆ Combined with the planned year-end dividend of ¥10 per share, total cash dividend of ¥20 per share is expected for the fiscal year, a year on year increase of ¥4 per share.

<Payout ratio>

FY2007 Forecast	28%
FY2009 Target	35%

<Acquisition of the company's own shares>

- ◆ Acquisition of our own shares up to 10 billion yen is under way.
- ◆ We will work to increase returns to shareholders aggressively in accordance with the scheduled improvement of the profit levels.



Pipeline Update



Advance of Phases



◆ SCH29851 (Claritin)

- ◆ Additional indication for pediatric use and addition of dry syrup formulation ⇒ Approval (October, 2007)

◆ S-4661 (Doripenem)

- ◆ Outside Japan: J&J acquired an approval in the USA (Complicated intra-abdominal infections and Complicated urinary tract infections, including pyelonephritis)
- ◆ In Japan: Started Phase III clinical study (additional indication for pediatric use)

◆ LY248686 (Duloxetine)

- ◆ Started Phase III clinical study (DNP: Diabetic Neuropathic Pain)

◆ S-777469

- ◆ Completed Phase I clinical study in Japan and scheduled to start Phase IIa clinical study in November, 2007

◆ S-888711

- ◆ Started Phase I clinical study in Japan in September, 2007

New Compounds



◆ S-349572

- ◆ Integrase inhibitor, follow-up compound for S-364735 (Development discontinued)
- ◆ Discovered by Shionogi-GlaxoSmithKline Pharmaceuticals, LLC
- ◆ Scheduled to start Phase I clinical study in the USA within 2007

◆ S-555739

- ◆ Prostaglandin D2 receptor antagonist, follow-up compound for S-5751 (Development discontinued)
- ◆ Scheduled to start Phase I clinical study in Japan in November, 2007

⇒ Scheduled to ensure FTIH for 3 new in-house drug candidates including S-888711 within this fiscal year

Current Status: S-2367



◆ Phase IIb study:

◆ 2 studies (total number of patients: 1500)

- Completed enrolment in September, 2007
- Scheduled to conduct interim analyses within fiscal 2007 (March, 2008)

◆ Partnering:

- ◆ Started negotiating with a number of pharmaceutical companies to select the favorable candidate for a partner
- ◆ Plan to decide a partner by the time Phase IIb clinical study is completed

Current Status: S-777469



- ◆ **Oral cannabinoid 2(CB2) agonist**
- ◆ **Treatment for atopic dermatitis which has selective and strong agonist activity to CB2 receptor and has both anti-pruritic and anti-inflammatory efficacy**
 - ⇒ **First in class as a treatment for atopic dermatitis**
- ◆ **Completed phase I multiple dose study in Japan**
 - Scheduled to start POC study both in Japan and in the US within fiscal 2007**

Current Status: S-021812 (Peramivir)



- ◆ **Anti-influenza virus drug (neuraminidase inhibitor)**
 - ◆ **Highly active against influenza A and B viruses**
 - ◆ **Strong activity against the highly pathogenic avian influenza virus (H5N1)**
 - ◆ **Strong binding power with neuraminidase and resistant to dissociation**
 - ⇒ **Possibly effective even with only one administration**
 - ◆ **Expected to be effective even if administered more than 48 hours after infection (Delayed administration)**
- ◆ **Completed Phase I clinical study**
 - ⇒ **Scheduled to start Phase II clinical study within this year**

Development status and launch schedule for new drugs

(As of November, 2007)

	DCS	Ph1/Ph2a	Ph2b	Ph3	files	Launch
<i>Three targeted R&D areas</i> Infectious Diseases		S-349572 (HIV Infection)	S-013420 (Bacterial infection)	Finibax (Pediatric infection)	Doripenem (J&J, Bacterial Infection)	Doripenem (J&J, Bacterial Infection*)
		S-021812, Peramivir (Influenza)				Finibax [®] kid product (FY2006)
		Final review stage for in-licensing (Non-cancer pain treatment)		Duloxetine (DNP)		OxiNorm [®] (FY2006)
Pain	★	Final review stage for in-licensing (Insulin sensitizer)	S-2367 (Anti-obesity)		Irbesartan (Hypertension)	→ (FY2008)
MS		Final review stage for in-licensing (Lipid-lower agent)				
<i>Frontier Areas</i> Allergy	★	S-777469 (Pruritus resulting from AD)				Claritin [®] (New formulation)
		S-555739 (Allergic disease)				
Others		S-888711 (Thrombocytopenia)			Pirfenidone (Idiopathic pulmonary fibrosis)	→ (FY2008)
		S-0139 (Cerebrovascular disease)			Adapalene (Acne vulgaris)	→ (FY2008)
	★	NS75A (Uterine myoma)	NS75B (Benign Prostatic Hypertrophy)	Duloxetine (Depression)		→ (FY2009)
						Cetrotide [®] (FY2006)

DNP: Diabetic Neuropathic Pain, AD: Atomic Dermatitis

*Complicated intra-abdominal infections and Complicated urinary tract infections, including pyelonephritis

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.

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