

**Presentation of Results for the  
3<sup>rd</sup> Quarter of Fiscal 2007  
Conference call**

**January 28, 2008  
SHIONOGI & CO., LTD**





## Contents

<b>■ Overview of 3<sup>rd</sup> Quarter Results</b>	<b>Page</b>
<b>■ Financial Results</b>	2
<b>■ Financial Position</b>	3
<b>■ Cash Flows</b>	3
<b>■ Sales by Segment</b>	4
<b>■ Overview of P/L Statement</b>	6
<b>■ Highlights of Consolidated Financial Results</b>	7
<b>■ Pipeline Update (since November, 2007)</b>	8



## Financial Results (Consolidated & Non-Consolidated)

<Consolidated>	<u>Billions of yen</u>		
	Apr.1-Dec.31 2007	Apr.1-Dec.31 2006	Change (%)
Sales	<b>162.4</b>	<b>149.3</b>	<b>8.7</b>
Operating income	<b>29.6</b>	<b>21.2</b>	<b>39.3</b>
Ordinary income	<b>29.5</b>	<b>21.3</b>	<b>38.7</b>
Net income	<b>18.6</b>	<b>12.6</b>	<b>47.3</b>
<Non-consolidated>			
Sales	<b>151.6</b>	<b>139.8</b>	<b>8.4</b>
Operating income	<b>26.6</b>	<b>18.2</b>	<b>46.2</b>
Ordinary income	<b>27.6</b>	<b>19.4</b>	<b>41.9</b>
Net income	<b>16.5</b>	<b>11.4</b>	<b>44.9</b>



## Financial Position & Cash Flows

Billions of yen

<Financial Position>	12/31/2007	3/31/2007	Change
Total assets	411.6	429.5	(17.9)
Net assets	340.2	345.7	(5.5)
Equity ratio(%)	82.6%	80.4%	+ 2.2%
Net assets per share (yen)	1014.33	1014.73	(0.40)

Billions of yen

<Cash Flows>	Apr.-Dec.31 2007	Apr.-Dec.31 2006	Change
Net cash used in operating activities	13.7	2.2	11.5
Net cash used in investing activities	(1.3)	(8.1)	6.8
Net cash used in financing activities	(16.8)	(6.9)	(9.9)
Total	(4.4)	(12.8)	8.4
Cash & cash equivalents at the end of period	70.1	63.3	-



## Sales by Segment (Consolidated)

<u>Billions of yen</u>	Apr.1-Dec.31 2007	Apr.1-Dec.31 2006	% Change
<b>Prescription drugs</b>	<b>118.3</b>	<b>116.4</b>	<b>1.7</b>
Flomox	21.6	22.9	(5.9)
Flumarin	9.7	10.6	(8.6)
Imunace	9.0	9.0	(0.2)
Vancomycin	8.5	10.3	(17.3)
Rinderon	8.0	8.0	(0.3)
Crestor	7.5	1.4	442.4
Oxycontin	5.3	4.0	30.6
Claritin	4.4	4.2	4.6
Finibax	1.9	1.5	28.7
Avelox	1.5	2.2	(33.3)
<b>Export/Overseas operation</b>	<b>4.3</b>	<b>4.1</b>	<b>6.5</b>
<b>Contract manufacturing</b>	<b>4.4</b>	<b>3.1</b>	<b>46.6</b>
<b>OTC and quasi-drugs</b>	<b>4.4</b>	<b>4.9</b>	<b>(8.4)</b>
<b>Diagnostics</b>	<b>2.5</b>	<b>2.5</b>	<b>3.4</b>
<b>Royalty income</b>	<b>23.1</b>	<b>13.7</b>	<b>68.8</b>
Crestor	21.8	12.6	73.6
<b>Real estate &amp; Others</b>	<b>5.0</b>	<b>4.8</b>	<b>5.8</b>
<b>Total</b>	<b>162.4</b>	<b>149.3</b>	<b>8.7</b>

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



## Sales by Segment (Consolidated)

<u>Billions of yen</u>	Oct.1-Dec.31 2007	Oct.1-Dec.31 2006	% Change
<b>Prescription drugs</b>	<b>44.1</b>	<b>43.0</b>	<b>2.6</b>
Flomox	9.2	9.3	(1.7)
Flumarin	3.4	3.6	(6.5)
Imunace	2.6	3.4	(22.7)
Vancomycin	3.0	3.1	(4.5)
Rinderon	2.6	2.7	(0.6)
Crestor	3.1	0.3	-
Oxycontin	2.1	1.6	35.4
Claritin	1.5	1.7	(11.0)
Finibax	0.7	0.6	23.5
Avelox	0.7	1.1	(34.7)
<b>Export/Overseas operation</b>	<b>1.3</b>	<b>1.3</b>	<b>3.9</b>
<b>Contract manufacturing</b>	<b>1.8</b>	<b>1.4</b>	<b>32.5</b>
<b>OTC and quasi-drugs</b>	<b>1.5</b>	<b>1.8</b>	<b>(12.1)</b>
<b>Diagnostics</b>	<b>0.8</b>	<b>0.8</b>	<b>7.9</b>
<b>Royalty income</b>	<b>7.6</b>	<b>5.4</b>	<b>42.3</b>
Crestor	7.4	5.2	41.9
<b>Real estate &amp; Others</b>	<b>0.7</b>	<b>3.5</b>	<b>(77.5)</b>
<b>Total</b>	<b>58.2</b>	<b>57.2</b>	<b>1.8</b>

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



## Overview of P/L Statement

<u>Billions of yen</u>	Apr.1-Dec.31 2007	Apr.1-Dec.31 2006	% Change
Net sales	162.4	149.3	8.7
[ Royalty income ]	[ 23.1 ]	[ 13.7 ]	[ 68.8 ]
	32.6	33.8	
	[ 38.1 ]	[ 37.2 ]	
Cost of sales	52.9	50.5	4.9
Gross profit	109.4	98.8	10.7
	49.2	52.0	
SG&A expenses	79.7	77.6	2.8
Selling & General	49.0	49.9	(1.7)
R & D	30.7	27.6	11.1
	18.2	14.2	
Operating income	29.6	21.2	39.3
Non-operating gain and loss	0	0.1	
	18.2	14.3	
Ordinary income	29.5	21.3	38.7
Extraordinary gain and loss	0.2	0.8	
Income before income taxes and minority interests	29.8	22.1	35.0
Income taxes and minority interests	11.1	9.4	
	11.5	8.5	
Net income	18.6	12.6	47.3



## Highlights of Consolidated Financial Results

(Percentage change over the same period of the previous fiscal year)

- Net sales** **8.7%**
  - Total sales of prescription drugs increased 1.7% over the same period of the previous fiscal year due mainly to Crestor sales growth although sales of the existing products including Flomox and Flumarin decreased.
  - Sales of contract manufacturing continued to increase.
  - Royalty income increased due to sales growth of Crestor abroad.
  
- Operating income** **39.3%**
  
- Ordinary income** **38.7%**
  - Increased because of the increased sales as well as the decreased manufacturing costs and SG&A expenses while R&D expenses increased.
  
- Net income** **47.3%**
  - Gain on sales of investment securities : 300 million yen





## Pipeline update ( since November, 2007 )

### <Launch>

- **Claritin® Dry Syrup**
  - ◆ Launched on January 21, 2008
  - ◆ Applicable to children ages three and older

### <Change of Phases>

- **LY-248686 (Duloxetine, Depression)**
  - ◆ Filed in January, 2008
- **S-777469**
  - ◆ In Japan: Started Phase IIa in November, 2007
  - ◆ In the USA: In preparation for Phase IIb
- **S-021812 (Peramivir, Influenza)**
  - ◆ Started Phase II in December, 2007
- **S-555739 (Allergic rhinitis)**
  - ◆ FTIH\* in January, 2008
- **S-349572 (HIV infection)**
  - ◆ FTIH\* by Shionogi-GlaxoSmithKline Pharmaceuticals, LLC

\* First Trial in Human

### <Compound Added to the Pipeline>

- **S-265744, S-247303 (HIV infection)**
    - ◆ In preparation for Phase I
- by Shionogi-GlaxoSmithKline Pharmaceuticals, LLC



# Development status and launch schedule for new drugs

		DCS	Ph1/Ph2a	Ph2b	Ph3	Files	Launch	
Targeted R&D Areas	Infectious Diseases		S-349572/S-265744/S-247303 (HIV infection)	S-013420 (Bacterial infection)	Finibax <sup>®</sup> (Pediatric infection)	Doripenem (J&J, Bacterial infection)	Doripenem (J&J, Bacterial infection <sup>*</sup> )	
			S-021812(Peramivir) (Influenza)				Finibax <sup>®</sup> kit product (FY2006)	
	Pain	★ ★	Final review stage for in-licensing (Non-cancer pain treatment)			Duloxetine (DNP)		OxiNorm <sup>®</sup> (FY2006)
	MS		Final review stage for in-licensing (Insulin sensitizer)		S-2367 (Anti-obesity)		Irbesartan (Hypertension)	→ (FY2008)
		Final review stage for in-licensing (Lipid lowering agent)						
Frontier Areas	Allergy	★	S-777469 (Pruritus resulting from AD)				Claritin <sup>®</sup> dry syrup (FY2007)	
			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 <sup>®</sup> (FY2006)	

in-house product

DNP: Diabetic Neuropathic Pain, AD: Atopic 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.**

**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**