

**Settlement for the year
ended March 31, 2005**

<Supplement>

May 16, 2005

 **SHIONOGI & CO., LTD.**

Business Results and Forecast

<Consolidated>

(Unit: Yen 100 million)

	For the period from April 1, 2003 to March 31, 2004	For the period from April 1, 2004 to March 31, 2005	For the period from April 1, 2005 to March 31, 2006 (forecast)	For the period from April 1, 2005 to September 30, 2005 (forecast)
Net Sales	2,004 (29.7)	1,993 (0.6)	2,060 (3.3)	975 (2.3)
Operating income	202 (5.3)	287 (41.6)	300 (4.4)	105 (1.5)
Ordinary income	175 (2.8)	278 (58.1)	285 (2.5)	100 (1.7)
Net income	22 (62.7)	189 (759.6)	180 (5.0)	68 (16.3)

() Percentage increase to the same periods of the previous year

<Non-consolidated>

(Unit: Yen 100 million)

	For the period from April 1, 2003 to March 31, 2004	For the period from April 1, 2004 to March 31, 2005	For the period from April 1, 2005 to March 31, 2006 (forecast)	For the period from April 1, 2005 to September 30, 2005 (forecast)
Net Sales	1,832 (4.1)	1,807 (1.4)	1,870 (3.5)	880 (3.0)
Operating income	161 (14.9)	245 (52.0)	265 (7.8)	90 (14.8)
Ordinary income	154 (2.9)	254 (65.0)	270 (5.9)	93 (10.0)
Net income	13 (61.3)	177 (-)	175 (1.6)	65 (8.0)

() Percentage increase to the same periods of the previous year

Financial Results of significant consolidated subsidiaries

<Shionogi Qualicaps Co., Ltd.>

(Unit: Millions of Yen)

	Net sales	Operating income	Ordinary income	Net income
Year ended March 31, 2004	5,902	1,010	1,005	520
Year ended March 31, 2005	5,843	1,001	999	601
(% increase)	(1.0)	(0.9)	(0.6)	(15.6)
Year ending March 31, 2006	6,000	800	800	450
(% increase)	(2.7)	(20.1)	(19.9)	(25.1)
Six months ending September 30, 2005	2,800	300	300	150
(% increase)	(0.3)	(36.0)	(35.9)	(44.4)

<Overseas 3 capsule companies>

(Unit: Millions of Yen)

	Net sales	Operating income	Ordinary income	Net income
Year ended March 31, 2004	6,085	240	10	168
Year ended March 31, 2005	6,642	437	361	39
(% increase)	(9.2)	(82.1)	(3510.0)	(-)
Year ending March 31, 2006	6,400	400	300	100
(% increase)	(3.6)	(8.5)	(16.9)	(156.4)
Six months ending September 30, 2005	3,200	200	150	50
(% increase)	(5.6)	(57.5)	(64.7)	(77.9)

<Bushu Pharmaceuticals Ltd.>

(Unit: Millions of Yen)

	Net sales	Operating income	Ordinary income	Net income
Year ended March 31, 2004	4,118	481	322	265
Year ended March 31, 2005	4,283	458	373	357
(% increase)	(4.0)	(4.8)	(15.8)	(34.7)
Year ending March 31, 2006	4,400	150	50	20
(% increase)	(2.7)	(67.2)	(86.6)	(94.4)
Six months ending September 30, 2005	2,200	150	100	50
(% increase)	(1.7)	(38.8)	(50.7)	(75.4)

Ratio of consolidated financial results against non-consolidated financial results

	For the period from April 1, 2003 to March 31, 2004	For the period from April 1, 2004 to March 31, 2005	For the period from April 1, 2005 to March 31, 2006 (forecast)
Net sales	1.1	1.1	1.1
Operating income	1.3	1.2	1.1
Ordinary income	1.1	1.1	1.1
Net income	1.7	1.1	1.0

Consolidated affiliated companies and affiliated company accounted for by the equity method

< Consolidated affiliated companies >

	Company name	Location	Common stock	Business status	Establish	Closing date	Ownership (%)
1	Shionogi Qualicaps Co., Ltd.	Nara, Japan	JPY 400 million	Mfg. and sale of capsules	April 26, 1965	March 31	100
2	Bushu Pharmaceuticals Ltd.	Saitama, Japan	JPY 1,000 million	Contract mfg. of pharmaceuticals	August 3, 1998	March 31	100
3	Nichia Pharmaceutical Industries Ltd.	Tokushima, Japan	JPY 200 million	Mfg. of pharmaceutical raw materials	August 24, 1976	March 31	75
4	Ohmori Group Honsha Co., Ltd.	Osaka, Japan	JPY 2,634 million	Asset management	August 19, 1963 (Reorganized on July 1, 1998)	March 15	100
5	Saishin Igaku Co., Ltd.	Osaka, Japan	JPY 90 million	Publication of medical information	December 21, 1998	March 31	100
6	Shionogi Engineering Service Co., Ltd.	Hyogo, Japan	JPY 20 million	Inspection and maintenance of pharmaceuticals mfg. equipment	November 2, 1992	March 31	100
7	Shionogi Buturyuu Service & Co., Ltd.	Osaka, Japan	JPY 10 million	Warehousing and logistic services	May 21, 1985	March 31	100
8	Shionogi General Service Co., Ltd.	Osaka, Japan	JPY 10 million	Traveling, Insurance agency	November 2, 1992	March 31	100
9	Aburahi AgroResearch Co., Ltd.	Shiga, Japan	JPY 10 million	Contract Laboratories for Agro Chemicals	February 26, 2004	March 31	* 100
10	Taiwan Shionogi & Co., Ltd.	Taipei, Taiwan, R.O.C.	TW\$ 92 million	Mfg. and sale of pharmaceuticals	December 26, 1963	December 31	100
11	Shionogi Europe B.V.	Amsterdam, The Netherlands	Euro 35,910 thousand	Holding company	June 17, 1992	December 31	100
12	Shionogi Qualicaps, Inc.	North Carolina, U.S.A.	US\$ 31 million	Mfg. and sale of capsules	June 10, 1992	December 31	* 100
13	Shionogi Qualicaps, S.A.	Madrid, Spain	Euro 15,626 thousand	Mfg. and sale of capsules	September 10, 1992	December 31	* 100
14	Shionogi USA, INC.	Delaware, U.S.A.	US\$ 10million	Contract development and sale for pharmaceuticals	February 15, 2001	December 31	100
15	SG Holding, INC.	Delaware, U.S.A.	US\$ 60	Holding company	September 27, 2001	December 31	100

< Affiliated company accounted for by the equity method >

	Company name	Location	Common stock	Business status	Establish	Closing date	Ownership (%)
1	Shionogi-GlaxoSmithKline Holding L.P.	Cayman Islands	-	Holding company	October 19, 2001	December 31	* 50.0

* Incl. Indirect ownership

Sales by segment

<Consolidated>

(Unit: Yen 100 million)

	For the period from April 1, 2003 to March 31, 2004	For the period from April 1, 2004 to March 31, 2005	For the period from April 1, 2005 to March 31, 2006 (forecast)	For the period from April 1, 2005 to September 30, 2005 (forecast)
Pharmaceuticals and related businesses	1,852	1,840	1,913	903
Ethical drugs	1,734	1,680	1,715	816
OTC and quasi-drugs	67	63	68	32
Diagnostics	37	35	30	15
Royalty income	12	61	100	40
Capsule business	114	118	118	57
Other businesses	37	33	29	15
Industrial Chemicals	9	0	0	0
Real estate/Logistic service etc.	28	33	29	15
Total	2,004	1,993	2,060	975

<Non-consolidated>

(Unit: Yen 100 million)

	For the period from April 1, 2003 to March 31, 2004	For the period from April 1, 2004 to March 31, 2005	For the period from April 1, 2005 to March 31, 2006 (forecast)	For the period from April 1, 2005 to September 30, 2005 (forecast)
Pharmaceuticals and related businesses	1,823	1,807	1,870	880
Ethical drugs	1,705	1,647	1,672	793
OTC and quasi-drugs	67	63	68	32
Diagnostics	37	35	30	15
Royalty income	12	61	100	40
Industrial Chemicals	9	0	0	0
Total	1,832	1,807	1,870	880

Main Products <Non-consolidated>

Ethical drugs

(Unit: Yen 100 million)

Product name	Category	Apr. 2003 - Mar. 2004	Apr. 2004 - Mar. 2005	Apr. 2005 - Mar. 2006 (forecast)	Apr. 2005 - Sep. 2005 (forecast)
Total ethical drugs		1,705	1,647	1,672	793
Top 10 products					
1	FLOMOX Oral cephem antibiotic (in-house)	345	332	340	150
2	FLUMARIN Injectable Oxacephem antibiotic (in-house)	193	170	160	83
3	VANCOMYCIN Glycopeptide antibiotic	182	161	155	82
4	IMUNACE Interleukin-2	95	104	107	55
5	RINDERON Synthetic adrenocortical hormone	101	103	105	56
6	CLARITIN Antiallergic agent	55	89	110	40
7	MS CONTIN Long-acting analgesic for cancer pain	77	56	45	24
8	LONGES ACE inhibitor	57	49	47	25
9	KEFRAL Oral cephem antibiotic	49	41	37	18
10	DOBUTREX Agent for treatment of acute circulatory insufficiency	39	33	30	15
Other main products					
	PL GRANULES Cold remedy	30	32	32	10
	OXYCONTIN Long-acting analgesic for cancer pain	9	29	50	23
	BERYZYM Digestive enzymes	28	27	25	13
	BROACT Injectable cephem antibiotic	29	26	30	14
	RHYTHMY Sleep inducer (in-house)	25	26	30	14
	LANDEL Antihypertensive (Calcium antagonist)	21	20	22	10
	ULGUT Gastritis and peptic ulcer therapeutic agent	14	12	11	6
	AQUPLA Anticancer (in-house)	12	12	14	7
	MORPHINE- HYDROCHLORIDE Injectable morphine hydrochloride analgesic	12	11	10	5
	CEFTIBUTEN (Export) Oral cephem antibiotic (in-house)	23	13	13	7
New Products					
	CRESTOR Antihyperlipidemia	-	-	2	1
	MOXIFLOXACIN Oral quinolone antibiotic	-	-	10	-
	DORIPENEM Injectable carbapenem antibiotic	-	-	10	-

OTC products

(Unit: Yen 100 million)

Product name	Category	Apr. 2003 - Mar. 2004	Apr. 2004 - Mar. 2005	Apr. 2005 - Mar. 2006 (forecast)	Apr. 2005 - Sep. 2005 (forecast)
Total OTC products		67	63	68	32
	SEDES Analgesic and antipyretic	30	27	30	14
	POPON-S Multivitamin with calcium	13	12	15	6

Investments in equipments/Depreciation cost

(Unit: Yen 100 million)

	For the period from April 1, 2003 to March 31, 2004	For the period from April 1, 2004 to March 31, 2005	For the period from April 1, 2005 to March 31, 2006 (forecast)	For the period from April 1, 2005 to September 30, 2005 (forecast)
<Consolidated>				
Investment in equipments	58	50	85	33
Depreciation cost	96	93	100	46
<Non-consolidated>				
Investment in equipments	49	43	60	26
Depreciation cost	79	77	84	39

R&D cost

(Unit: Yen 100 million)

	For the period from April 1, 2003 to March 31, 2004	For the period from April 1, 2004 to March 31, 2005	For the period from April 1, 2005 to March 31, 2006 (forecast)	For the period from April 1, 2005 to September 30, 2005 (forecast)
Consolidated (% to Net sales)	298 (14.9%)	294 (14.8%)	340 (16.5%)	169 (17.3%)
Non-consolidated (% to Net sales)	295 (16.1%)	292 (16.2%)	338 (18.1%)	168 (19.1%)

Employees

(Unit: persons)

	End of March 2004	End of March 2005	End of March 2006(forecast)	End of September 2005 (forecast)
Consolidated	5,589	5,522	5,505	5,580
Non-consolidated	4,334	4,293	4,275	4,340

Drugs Under Development

May 16, 2005

<In Japan>

Code No. (Generic name)	Category (Administration)	Indication	Stage	Origin/Development
NS75A (Cetrorelix acetate)	Gonadotropin releasing hormone antagonist (SC)	Prevention of premature ovulation during a controlled ovarian stimulation followed by assisted reproductive technology (ART).	NDA submission (December, 2000)	Licensed from Zentaris AG (Germany) / Co-developed with Nippon Kayaku Co., Ltd.
SR47436 (Irbesartan)	Angiotensin II receptor antagonist (Oral)	Hypertension	NDA submission (October, 2002)	Licensed from Sanofi SA (France)/ Co-developed with Bristol Pharmaceuticals K.K.
S-4661 (Doripenem hydrate)	Carbapenem antibiotic (Injection)	Bacterial infection	NDA submission (September, 2003)	In-house
S-8116 (Oxycodone hydrochloride)	Immediate-release oxycodone (Oral)	Cancer pain	NDA submission (May, 2004)	Licensed from Mundipharma AG (Netherlands)
SCH29851 (Loratadine)	Histamine H1 receptor antagonist (Oral)	Additional indication: Pediatric use (allergic rhinitis and itch caused by atopic dermatitis)	NDA submission (September, 2004: Schering-Plough K.K)	Licensed from Schering-Plough Corp. (USA)/ Co-developed with Schering-Plough K.K.
LY248686 (Duloxetine hydrochloride)	SNRI (serotonin & norepinephrine reuptake inhibitor) (Oral)	Depression	Phase3	Licensed from Eli Lilly and Company (USA)
S-7701 (Pirfenidone)	Anti-fibrosis (Oral)	Idiopathic interstitial pulmonary fibrosis	Phase3	Licensed from Marnac, Inc. (USA)
NS75A (Cetrorelix acetate)	Gonadotropin releasing hormone antagonist (Injection)	Uterine myoma	Phase2	Licensed from Zentaris AG (Germany) / Co-developed with Nippon Kayaku Co., Ltd.
S-013420	Ketolide antibiotic (Oral)	Bacterial infection	Phase1	Licensed from Enanta Pharmaceuticals, Inc. (USA)
NS75B (Cetrorelix pamoate)	Gonadotropin releasing hormone antagonist (Injection)	Benign Prostatic Hypertrophy	Phase1	Licensed from Zentaris AG (Germany) / Co-developed with Nippon Kayaku Co., Ltd.
S-0373	Non-peptide mimetic of TRH (Oral)	Spinocerebellar ataxia, Parkinson's disease	Phase1 (in preparation)	In-house

<Outside Japan>

Code No.	Category (Administration)	Indication	Stage	Origin/Development
S-5751	Prostaglandin D2 receptor antagonist. (Oral)	Bronchial asthma	Japan: Phase 1 US: Phase 1/2	In-house
S-2367	Central nervous system antagonist (Oral)	Obesity	UK: Phase 1 USA: Phase 1	In-house

<Shionogi-GlaxoSmithKline>

Code No.	Category (Administration)	Indication	Stage	Development
S-0139	Endothelin A receptor antagonist (Injection)	Cerebrovascular diseases	Japan: Phase 2a Europe: Phase 1	Shionogi-GlaxoSmithKline Pharmaceuticals LLC

<Out-Licensing Activity>

Code No. (Generic name)	Category (Administration)	Indication	Stage	License
S-1153 (Capravirine)	Non-nucleoside reverse transcriptase inhibitor (Oral)	HIV infection	Phase3 (in preparation)	Licensed to "Pfizer, USA" in June, 1998
S-4661 (Doripenem hydrate)	Carbapenem antibiotic (Injection)	Bacterial infection	Phase3	Licensed to "Peninsula, USA" in May, 2003

<In-Licensed drug without development by Shionogi>

Code No. (Generic name)	Category (Administration)	Indication	Stage	License
BAY12-8039 (Moxifloxacin hydrochloride)	New quinolone antibiotic (Oral)	Bacterial infection	NDA submission (September, 2002: Bayer Yakuhi, Japan)	Licensed from "Bayer Yakuhi, Japan" in October, 2003