

**Interim settlement for  
the six months  
ended September 30, 2005**

<Supplement >

November 7, 2005

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## Business forecast

<Consolidated>

(Unit: Yen 100 million)

	For the period from Apr. 1, 2005 to Sep. 30, 2005	For the period from Oct. 1, 2005 to Mar. 31, 2006 (forecast)	For the year ending March 31, 2006 (forecast)	For the period from Apr. 1, 2004 to Sep. 30, 2004	For the period from Oct. 1, 2004 to Mar. 31, 2005	For the year ended March 31, 2005	Change		
							For the period from Apr. 1 to Sep. 30	For the period from Oct. 1 to Mar. 31	For the year from Apr. 1 to Mar. 31
Net Sales	968 ( 1.6)	1,032 ( 0.8)	2,000 ( 0.3)	953 ( 3.5)	1,040 ( 2.3)	1,993 ( 0.6)	15	8	7
Operating income	121 ( 17.5)	172 ( 6.7)	293 ( 2.0)	103 ( 34.1)	184 ( 46.2)	287 ( 41.6)	18	12	6
Ordinary income	123 ( 21.3)	162 ( 8.4)	285 ( 2.5)	101 ( 55.0)	177 ( 59.9)	278 ( 58.1)	22	15	7
Net income	83 ( 2.3)	142 ( 31.2)	225 ( 18.8)	81 ( -)	108 ( 117.2)	189 ( 759.6)	2	34	36

( ) percent increase to the same periods of previous year

<Non-consolidated>

(Unit: Yen 100 million)

	For the period from Apr. 1, 2005 to Sep. 30, 2005	For the period from Oct. 1, 2005 to Mar. 31, 2006 (forecast)	For the year ending March 31, 2006 (forecast)	For the period from Apr. 1, 2004 to Sep. 30, 2004	For the period from Oct. 1, 2004 to Mar. 31, 2005	For the year ended March 31, 2005	Change		
							For the period from Apr. 1 to Sep. 30	For the period from Oct. 1 to Mar. 31	For the year from Apr. 1 to Mar. 31
Net Sales	875 ( 2.5)	995 ( 4.3)	1,870 ( 3.5)	854 ( 5.0)	953 ( 2.1)	1,807 ( 1.4)	21	42	63
Operating income	104 ( 33.2)	161 ( 4.1)	265 ( 7.8)	78 ( 40.5)	167 ( 58.1)	245 ( 52.0)	26	6	20
Ordinary income	118 ( 40.1)	160 ( 6.4)	278 ( 9.0)	84 ( 53.5)	170 ( 71.3)	254 ( 65.0)	34	10	24
Net income	84 ( 19.5)	181 ( 68.5)	265 ( 49.0)	70 ( -)	107 ( 134.8)	177 ( -)	14	74	88

( ) percent increase to the same periods of previous year

## Financial results of significant consolidated subsidiaries

### <Shionogi Qualicaps Co., Ltd.>

	For the period from Apr. 1, 2005 to Sep. 30, 2005	For the period from Oct. 1, 2005 to Mar. 31, 2006 (forecast)	For the year ending March 31, 2006 (forecast)	For the period from Apr. 1, 2004 to Sep. 30, 2004	For the period from Oct. 1, 2004 to Mar. 31, 2005	For the year ended March 31, 2005	(Unit: Yen 100 million)		
							For the period from Apr. 1 to Sep. 30	Change For the period from Oct. 1 to Mar. 31	For the year from Apr. 1 to Mar. 31
Net Sales	2,914 ( 4.4)	0 ( -)	2,914 ( 50.1)	2,791 ( 1.2)	3,052 ( 0.8)	5,843 ( 1.0)	123	3,052	2,929
Operating income	463 ( 1.3)	0 ( -)	463 ( 53.7)	469 ( 10.2)	532 ( 9.0)	1,001 ( 0.9)	6	532	538
Ordinary income	489 ( 4.5)	0 ( -)	489 ( 51.1)	468 ( 10.9)	531 ( 10.6)	999 ( 0.6)	21	531	510
Net income	173 ( 35.9)	0 ( -)	173 ( 71.2)	270 ( 8.2)	331 ( 46.5)	601 ( 15.6)	97	331	428

( ) percent increase to the same periods of previous year

### <Overseas 3 capsule companies>

	For the period from Apr. 1, 2005 to Sep. 30, 2005	For the period from Oct. 1, 2005 to Mar. 31, 2006 (forecast)	For the year ending March 31, 2006 (forecast)	For the period from Apr. 1, 2004 to Sep. 30, 2004	For the period from Oct. 1, 2004 to Mar. 31, 2005	For the year ended March 31, 2005	(Unit: Yen 100 million)		
							For the period from Apr. 1 to Sep. 30	Change For the period from Oct. 1 to Mar. 31	For the year from Apr. 1 to Mar. 31
Net Sales	3,436 ( 1.3)	0 ( -)	3,436 ( 48.3)	3,391 ( 0.6)	3,251 ( 19.8)	6,642 ( 9.2)	45	3,251	3,206
Operating income	218 ( 53.7)	0 ( -)	218 ( 50.1)	471 (126.4)	34 ( -)	437 ( 82.1)	253	34	219
Ordinary income	172 ( 59.5)	0 ( -)	172 ( 52.4)	425 (104.3)	64 ( -)	361 ( -)	253	64	189
Net income	29 ( -)	0 ( -)	29 ( -)	226 ( 98.2)	187 ( -)	39 ( -)	255	187	68

( ) percent increase to the same periods of previous year

### <Bushu Pharmaceuticals Ltd.>

	For the period from Apr. 1, 2005 to Sep. 30, 2005	For the period from Oct. 1, 2005 to Mar. 31, 2006 (forecast)	For the year ending March 31, 2006 (forecast)	For the period from Apr. 1, 2004 to Sep. 30, 2004	For the period from Oct. 1, 2004 to Mar. 31, 2005	For the year ended March 31, 2005	(Unit: Yen 100 million)		
							For the period from Apr. 1 to Sep. 30	Change For the period from Oct. 1 to Mar. 31	For the year from Apr. 1 to Mar. 31
Net Sales	2,089 ( 3.5)	2,311 ( 9.1)	4,400 ( 2.7)	2,164 ( 9.1)	2,119 ( 0.7)	4,283 ( 4.0)	75	192	117
Operating income	34 ( 86.1)	66 ( 69.0)	100 ( 78.2)	245 ( 48.5)	213 ( 32.6)	458 ( 4.8)	211	147	358
Ordinary income	21 ( -)	21 ( 87.6)	0 ( -)	203 (167.1)	170 ( 30.9)	373 ( 15.8)	224	149	373
Net income	13 ( -)	13 ( 91.6)	0 ( -)	203 (167.1)	154 ( 18.5)	357 ( 34.7)	216	141	357

( ) percent increase to the same periods of previous year

## 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	Wholesaling of pharmaceuticals	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\$ 34 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\$ 10 million	Contract research 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

\* Incl. Indirect ownership

## Sales by segment

<Consolidated>

(Unit: Yen 100 million)

	For the period from Apr. 1, 2005 to Sep. 30, 2005	For the period from Oct. 1, 2005 to Mar. 31, 2006 (forecast)	For the year ending March 31, 2006 (forecast)	For the period from Apr. 1, 2004 to Sep. 30, 2004	For the period from Oct. 1, 2004 to Mar. 31, 2005	For the year ended March 31, 2005	Change		
							For the period from Apr. 1 to Sep. 30	For the period from Oct. 1 to Mar. 31	For the year from Apr. 1 to Mar. 31
Pharmaceuticals and related businesses	893 ( 2.5)	1,017 ( 4.9)	1,910 ( 3.8)	871 ( 3.6)	969 ( 2.2)	1,840 ( 0.6)	22	48	70
Ethical drugs	802 ( 0.3)	908 ( 3.0)	1,710 ( 1.8)	799 ( 5.5)	881 ( 0.8)	1,680 ( 3.1)	3	27	30
OTC and quasi-drugs	32 ( 5.1)	34 ( 3.1)	66 ( 4.1)	31 ( 12.2)	32 ( 0.8)	63 ( 5.9)	1	2	3
Diagnostics	18 ( 3.5)	15 ( 12.2)	33 ( 7.8)	18 ( 9.1)	17 ( 2.0)	35 ( 5.7)	0	2	2
Royalty income	41 ( 80.3)	59 ( 53.8)	100 ( 63.8)	23 (789.5)	38 (289.1)	61 (393.5)	18	21	39
Capsule business	61 ( 2.4)	- ( -)	61 ( 49.1)	59 ( 0.1)	59 ( 8.5)	118 ( 4.1)	2	59	57
Other businesses	15 ( 36.6)	15 ( 41.4)	30 ( 11.6)	23 ( 6.7)	10 ( 18.0)	33 ( 10.6)	8	5	3
Real estate/Distributing service etc.	15 ( 36.6)	15 ( 41.4)	30 ( 11.6)	23 ( 53.1)	10 ( 18.0)	33 ( 19.8)	8	5	3
<b>Total</b>	<b>968</b> ( 1.6)	<b>1,032</b> ( 0.8)	<b>2,000</b> ( 0.3)	<b>953</b> ( 3.5)	<b>1,040</b> ( 2.3)	<b>1,993</b> ( 0.6)	<b>15</b>	<b>8</b>	<b>7</b>

( ) percent increase to the same periods of previous year

<Non-consolidated>

(Unit: Yen 100 million)

	For the period from Apr. 1, 2005 to Sep. 30, 2005	For the period from Oct. 1, 2005 to Mar. 31, 2006 (forecast)	For the year ending March 31, 2006 (forecast)	For the period from Apr. 1, 2004 to Sep. 30, 2004	For the period from Oct. 1, 2004 to Mar. 31, 2005	For the year ended March 31, 2005	Change		
							For the period from Apr. 1 to Sep. 30	For the period from Oct. 1 to Mar. 31	For the year from Apr. 1 to Mar. 31
Pharmaceuticals and related businesses	875 ( 2.5)	995 ( 4.3)	1,870 ( 3.5)	854 ( 4.0)	953 ( 2.1)	1,807 ( 0.9)	21	42	63
Ethical drugs	784 ( 0.3)	887 ( 2.5)	1,671 ( 1.4)	782 ( 6.0)	865 ( 1.0)	1,647 ( 3.4)	2	22	24
OTC and quasi-drugs	32 ( 5.1)	34 ( 3.1)	66 ( 4.1)	31 ( 12.2)	32 ( 0.8)	63 ( 5.9)	1	2	3
Diagnostics	18 ( 3.5)	15 ( 12.2)	33 ( 7.8)	18 ( 9.1)	17 ( 2.0)	35 ( 5.7)	0	2	2
Royalty income	41 ( 80.3)	59 ( 53.8)	100 ( 63.8)	23 (789.5)	38 (289.1)	61 (393.5)	18	21	39
<b>Total</b>	<b>875</b> ( 2.5)	<b>995</b> ( 4.3)	<b>1,870</b> ( 3.5)	<b>854</b> ( 5.0)	<b>953</b> ( 2.1)	<b>1,807</b> ( 1.4)	<b>21</b>	<b>42</b>	<b>63</b>

( ) percent increase to the same periods of previous year

## Main Products <Non-consolidated>

### Ethical drugs

(Unit: Yen 100 million)

Product name	Apr. 2005- Sep. 2005	Oct. 2005- Mar. 2006 (forecast)	Apr. 2005- Mar. 2006 (forecast)	Apr. 2004- Sep. 2004	Oct. 2004- Mar. 2005	Apr. 2004- Mar. 2005	Change		
							For the period from Apr. 1 to Sep. 30	For the period from Oct. 1 to Mar. 31	For the year from Apr. 1 to Mar. 31
Total ethical drugs	784	887	1,671	782	865	1,647	2	22	24
Top 10 products									
1 FLOMOX	151	192	343	143	189	332	8	3	11
2 FLUMARIN	87	78	165	90	80	170	3	2	5
3 VANCOMYCIN	82	75	157	84	77	161	2	2	4
4 IMUNACE	53	52	105	54	50	104	1	2	1
5 CLARITIN	33	70	103	24	65	89	9	5	14
6 RINDERON	54	49	103	55	48	103	1	1	0
7 OXYCONTIN	20	27	47	12	17	29	8	10	18
8 LONGES	24	22	46	26	23	49	2	1	3
9 MS CONTIN	20	20	40	32	24	56	12	4	16
10 KEFRAL	18	19	37	21	20	41	3	1	4
Other main products									
BERIZYM	13	12	25	14	13	27	1	1	2
BROACT	14	16	30	13	13	26	1	3	4
RHYTHMY	14	16	30	13	13	26	1	3	4
DOBUTREX	15	15	30	16	17	33	1	2	3
LANDEL	10	12	22	10	10	20	0	2	2
PL GRANULES	9	23	32	9	23	32	0	0	0
ULGUT	5	5	10	7	5	12	2	0	2
AQUPLA	6	8	14	6	6	12	0	2	2
MORPHINE- HYDROCHLORIDE	5	5	10	6	5	11	1	0	1
CEFTIBUTEN (Export)	11	9	20	5	8	13	6	1	7
New products									
CRESTOR	0	2	2	-	-	-	0	2	2
FINIBAX	1	9	10	-	-	-	1	9	10
AVELOX	-	10	10	-	-	-	0	10	10

### OTC products

(Unit: Yen 100 million)

Product name	Apr. 2005- Sep. 2005	Oct. 2005- Mar. 2006 (forecast)	Apr. 2005- Mar. 2006 (forecast)	Apr. 2004- Sep. 2004	Oct. 2004- Mar. 2005	Apr. 2004- Mar. 2005	Change		
							For the period from Apr. 1 to Sep. 30	For the period from Oct. 1 to Mar. 31	For the year from Apr. 1 to Mar. 31
Total OTC products	32	34	66	31	32	63	1	2	3
SEDES	14	16	30	13	14	27	1	2	3
POPON-S	6	7	13	5	7	12	1	0	1

### Royalty income

(Unit: Yen 100 million)

Product name	Apr. 2005- Sep. 2005	Oct. 2005- Mar. 2006 (forecast)	Apr. 2005- Mar. 2006 (forecast)	Apr. 2004- Sep. 2004	Oct. 2004- Mar. 2005	Apr. 2004- Mar. 2005	Change		
							For the period from Apr. 1 to Sep. 30	For the period from Oct. 1 to Mar. 31	For the year from Apr. 1 to Mar. 31
Total Royalty income	41	59	100	23	38	61	18	21	39
CRESTOR	32	53	85	18	30	48	14	23	37

## Investments in equipments/Depreciation cost

(Unit: Yen 100 million)

	For the period from Apr. 1, 2005 to Sep. 30, 2005	For the period from Oct. 1, 2005 to Mar. 31, 2006 (forecast)	For the year ending March 31, 2006 (forecast)	For the period from Apr. 1, 2004 to Sep. 30, 2004	For the period from Oct. 1, 2004 to Mar. 31, 2005	For the year ended March 31, 2005	Change		
							For the period from Apr. 1 to Sep. 30	For the period from Oct. 1 to Mar. 31	For the year from Apr. 1 to Mar. 31
<Consolidated>									
Investment in equipments	51	64	115	26	24	50	25	40	65
Depreciation cost	42	45	87	45	48	93	3	3	6
<Non-consolidated>									
Investment in equipments	21	34	55	23	20	43	2	14	12
Depreciation cost	35	40	75	37	40	77	2	0	2

## R&D cost

(Unit: Yen 100 million)

	For the period from Apr. 1, 2005 to Sep. 30, 2005	For the period from Oct. 1, 2005 to Mar. 31, 2006 (forecast)	For the year ending March 31, 2006 (forecast)	For the period from Apr. 1, 2004 to Sep. 30, 2004	For the period from Oct. 1, 2004 to Mar. 31, 2005	For the year ended March 31, 2005	Change		
							For the period from Apr. 1 to Sep. 30	For the period from Oct. 1 to Mar. 31	For the year from Apr. 1 to Mar. 31
Consolidated (% to Net sales)	152 (15.8%)	188 (18.2%)	340 (17.0%)	158 (16.5%)	136 (13.1%)	294 (14.8%)	6	52	46
Non-consolidated (% to Net sales)	152 (17.4%)	186 (18.7%)	338 (18.1%)	157 (18.4%)	135 (14.3%)	292 (16.2%)	5	51	46

## Employees

(Unit: persons)

	End of March 2004	End of September 2004	End of March 2005	End of September 2005	End of March 2006 (forecast)	Change		
						Sep. 30 2004 - Mar. 31 2005	Mar. 31 2005 - Sep. 30 2005	Sep. 30 2005 - Mar. 31 2006
Consolidated	5,589	5,611	5,522	5,614	5,015	89	92	599
Non-consolidated	4,334	4,350	4,293	4,343	4,275	57	50	68



## Drugs Under Development

November 7, 2005

<In Japan>

Code No. (Generic name)	Category (Administration)	Indication	Stage	Origin/Development
NS75A (Cetrorelix acetate)	Gonadotropin releasing hormone antagonist (Injection)	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.
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 various dermatitis)	NDA submission (September, 2004: Schering-Plough K.K.)	Licensed from Schering-Plough Corp. (USA) / Co-developed with Schering-Plough K.K.
SR47436 (Irbesartan)	Angiotensin II receptor antagonist (Oral)	Hypertension	Phase3	Licensed from Sanofi SA (France) / Co-developed with Bristol Pharmaceuticals 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.
LY248686 (Duloxetine hydrochloride)	SNRI (serotonin & norepinephrine reuptake inhibitor) (Oral)	Diabetic Peripheral neuropathic pain	Phase2	Licensed from Eli Lilly and Company (USA)
S-013420	Novel macrolide antibiotic (Oral)	Bacterial infection	Phase2	Licensed from Enanta Pharmaceuticals, Inc. (USA)
NS75B (Cetrorelix pamoate)	Gonadotropin releasing hormone antagonist (Injection)	Benign Prostatic Hypertrophy	Phase 1/2	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 USA/Europe: Phase 2	In-house
S-2367	Central nervous system antagonist (Oral)	Obesity	USA: Phase 2	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-4661 (Doripenem hydrate)	Carbapenem antibiotic (Injection)	Bacterial infection	Phase3	Licensed to "Peninsula, USA" in May, 2003  "Johnson & Johnson, USA" in June, 2005

**<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	Approved (October, 2005: Bayer Yakuhin, Japan)	Licensed from "Bayer Yakuhin, Japan" in October, 2003