

**Settlement for the year
ended March 31, 2006**

<Supplement>

May 15, 2006

 **SHIONOGI & CO., LTD.**

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① Business forecast

<Consolidated>

	FY 2004	FY 2005	FY 2006 (forecast)	Change		FY 2006 1H (forecast)
				FY 2005	FY 2006	
Net Sales	1,993 (△ 0.6)	1,963 (△ 1.5)	2,100 (6.9)	△ 30	137	970 (0.2)
Operating income	287 (41.6)	292 (1.7)	320 (9.5)	5	28	120 (△ 1.2)
Ordinary income	278 (58.1)	296 (6.7)	310 (4.5)	18	14	115 (△ 6.9)
Net income	189 (759.6)	227 (20.0)	180 (△ 20.8)	38	△ 47	65 (△ 21.8)

(Unit: Yen 100 million)

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

<Non-consolidated>

	FY 2004	FY 2005	FY 2006 (forecast)	Change		FY 2006 1H (forecast)
				FY 2005	FY 2006	
Net Sales	1,807 (△ 1.4)	1,833 (1.5)	1,980 (8.0)	26	147	930 (6.2)
Operating income	245 (52.0)	257 (4.9)	285 (10.6)	12	28	103 (△ 1.4)
Ordinary income	254 (65.0)	281 (10.2)	290 (3.2)	27	9	106 (△ 10.5)
Net income	177 (-)	266 (49.9)	170 (△ 36.2)	89	△ 96	60 (△ 28.9)

(Unit: Yen 100 million)

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

② Financial results of significant consolidated subsidiaries

<Bushu Pharmaceuticals Ltd.>

	FY 2004	FY 2005	FY 2006 (forecast)	Change		FY 2006 1H (forecast)
				FY 2005	FY 2006	
Net Sales	4,283 (4.0)	5,205 (21.5)	7,500 (44.1)	922	2,295	3,800 (81.9)
Operating income	458 (△ 4.8)	546 (19.2)	820 (50.2)	88	274	450 (-)
Ordinary income	373 (15.8)	431 (15.5)	660 (53.1)	58	229	370 (-)
Net income	357 (34.7)	247 (△ 30.8)	390 (57.9)	△ 110	143	220 (-)

(Unit: Yen 100 million)

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

③ Consolidated affiliated companies and affiliated company accounted for by the equity method

< Consolidated affiliated companies >

No	Company name	Location	Common stock	Business status	Establish	Closing date	Ownership (%)
1	Bushu Pharmaceuticals Ltd.	Saitama, Japan	JPY 1,000 million	Contract mfg. of pharmaceuticals	August 3, 1998	March 31	100
2	Nichia Pharmaceutical Industries Ltd.	Tokushima, Japan	JPY 200 million	Mfg. of pharmaceutical raw materials	August 24, 1976	March 31	75
3	Ohmori Group Honsha Co., Ltd.	Osaka, Japan	JPY 2,634 million	Asset management	August 19, 1963 (Reorganized on July 1, 1998)	March 15	100
4	Saishin Igaku Co., Ltd.	Osaka, Japan	JPY 90 million	Publication of medical information	December 21, 1998	March 31	100
5	Shionogi Engineering Service Co., Ltd.	Hyogo, Japan	JPY 20 million	Inspection and maintenance of pharmaceuticals mfg. equipment	November 2, 1992	March 31	100
6	Shionogi Buturyuu Service & Co., Ltd.	Osaka, Japan	JPY 10 million	Warehousing and logistic services	May 21, 1985	March 31	100
7	Shionogi General Service Co., Ltd.	Osaka, Japan	JPY 10 million	Traveling, Insurance agency	November 2, 1992	March 31	100
8	Aburahi AgroResearch Co., Ltd.	Shiga, Japan	JPY 10 million	Contract Laboratories for Agro Chemicals	February 26, 2004	March 31	* 100
9	Taiwan Shionogi & Co., Ltd.	Taipei, Taiwan, R.O.C.	TWS 92 million	Mfg. and sale of pharmaceuticals	December 26, 1963	December 31	100
10	Shionogi USA, INC.	Delaware, U.S.A.	US\$ 10million	Contract development and sale for pharmaceuticals	February 15, 2001	December 31	100
11	SG Holding, INC.	Delaware, U.S.A.	US\$ 60	Holding company	September 27, 2001	December 31	100

Capsule business was sold in October 2005 and excluded from the scope of consolidation

Shionogi Qualicaps Co., Ltd.	Nara, Japan	JPY 400 million	Mfg. and sale of capsules	April 26, 1965	March 31	-
Shionogi Europe B.V.	Amsterdam, The Netherlands	Euro 35,910 thousand	Holding company	June 17, 1992	December 31	-
Shionogi Qualicaps, Inc.	North Carolina, U.S.A.	US\$ 34 million	Mfg. and sale of capsules	June 10, 1992	December 31	-
Shionogi Qualicaps, S.A.	Madrid, Spain	Euro 15,626 thousand	Mfg. and sale of capsules	September 10, 1992	December 31	-

< Affiliated company accounted for by the equity method >

No	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

④ Sales by segment

<Consolidated>				Change		(Unit: Yen 100 million)
	FY 2004	FY 2005	FY 2006 (forecast)	FY 2005	FY 2006	FY 2006 1H (forecast)
Pharmaceuticals and related businesses	1,840 (△ 0.6)	1,872 (1.8)	2,043 (9.1)	32	171	956 (7.1)
Ethical drugs	1,680 (△ 3.1)	1,675 (△ 0.3)	1,768 (5.5)	△ 5	93	829 (3.4)
OTC and quasi-drugs	63 (△ 5.9)	64 (1.5)	70 (8.6)	1	6	35 (7.9)
Diagnostics	35 (△ 5.7)	34 (△ 5.3)	35 (3.2)	△ 1	1	17 (△ 3.1)
Royalty income	61 (393.5)	98 (61.3)	170 (72.6)	37	72	75 (81.2)
Capsule business	118 (4.1)	61 (△ 49.1)	- (-)	△ 57	△ 61	- (-)
Other businesses	33 (△ 10.6)	31 (△ 8.9)	57 (84.6)	△ 2	26	14 (△ 6.8)
Real estate etc.	33 (19.8)	31 (△ 8.9)	57 (84.6)	△ 2	26	14 (△ 6.8)
Total	1,993 (△ 0.6)	1,963 (△ 1.5)	2,100 (6.9)	△ 30	137	970 (0.2)

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

<Non-consolidated>				Change		(Unit: Yen 100 million)
	FY 2004	FY 2005	FY 2006 (forecast)	FY 2005	FY 2006	FY 2006 1H (forecast)
Pharmaceuticals and related businesses	1,807 (△ 0.9)	1,833 (1.5)	1,980 (8.0)	26	147	930 (6.2)
Ethical drugs	1,647 (△ 3.4)	1,637 (△ 0.6)	1,705 (4.2)	△ 10	68	803 (2.3)
OTC and quasi-drugs	63 (△ 5.9)	64 (1.5)	70 (8.6)	1	6	35 (7.9)
Diagnostics	35 (△ 5.7)	34 (△ 5.3)	35 (3.2)	△ 1	1	17 (△ 3.1)
Royalty income	61 (393.5)	98 (61.3)	170 (72.6)	37	72	75 (81.2)
Total	1,807 (△ 1.4)	1,833 (1.5)	1,980 (8.0)	26	147	930 (6.2)

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

⑤ Main products <Non-consolidated>

Ethical drugs

(Unit: Yen 100 million)

Product name	FY 2004	FY 2005	FY 2006 (forecast)	Change		FY 2006 1H (forecast)
				FY 2005	FY 2006	
Total ethical drugs	1,647	1,637	1,705	△ 10	68	803
Top 10 products						
1 FLOMOX	332	341	340	9	△ 1	150
2 FLUMARIN	170	164	150	△ 6	△ 14	77
3 VANCOMYCIN	161	161	143	0	△ 18	76
4 IMUNACE	104	111	110	7	△ 1	55
5 RINDERON	103	102	100	△ 1	△ 2	53
6 CLARITIN	89	80	105	△ 9	25	38
7 LONGES	49	44	45	△ 5	1	22
8 OXYCONTIN	29	43	70	14	27	31
9 MS CONTIN	56	35	20	△ 21	△ 15	11
10 KEFRAL	41	35	31	△ 6	△ 4	15
Other main products						
DOBUTREX	33	30	30	△ 3	0	15
RHYTHMY	26	27	30	1	3	15
LANDEL	20	19	30	△ 1	11	13
AQUPLA	12	12	15	0	3	7
PL GRANULES	32	28	28	△ 4	0	9
BROACT	26	26	26	0	0	13
BERYZYM	27	25	24	△ 2	△ 1	12
ULGUT	12	10	10	△ 2	0	5
MORPHINE-HYDROCHLORIDE	11	9	8	△ 2	△ 1	4
CEFTIBUTEN (Export)	13	21	20	8	△ 1	10
New Products						
CRESTOR	-	1	10	1	9	2
FINIBAX	-	8	35	8	27	12
AVELOX	-	18	55	18	37	20
CETROTIDE	-	-	5	-	5	-

OTC products

(Unit: Yen 100 million)

Product name	FY 2004	FY 2005	FY 2006 (forecast)	Change		FY 2006 1H (forecast)
				FY 2005	FY 2006	
Total OTC products	63	64	70	1	6	35
SEDES	27	26	30	△ 1	4	15
POPON-S	12	12	13	0	1	6

Royalty income

(Unit: Yen 100 million)

Product name	FY 2004	FY 2005	FY 2006 (forecast)	Change		FY 2006 1H (forecast)
				FY 2005	FY 2006	
Total Royalty income	61	98	170	37	72	75
CRESTOR	48	81	150	33	69	65

⑥ Investments in equipments/Depreciation cost

	FY 2004	FY 2005	FY 2006 (forecast)	Change		FY 2006 1H (forecast)
				FY 2005	FY 2006	
<Consolidated>						
Investment in equipments	50	111	140	61	29	70
Depreciation cost	93	86	89	△ 7	3	42
<Non-consolidated>						
Investment in equipments	43	52	126	9	74	65
Depreciation cost	77	76	80	△ 1	4	38

⑦ R&D expense

(Unit: Yen 100 million)

	FY 2004	FY 2005	FY 2006 (forecast)	Change		FY 2006 1H (forecast)
				FY 2005	FY 2006	
Consolidated (% to Net sales)	294 (14.8%)	322 (16.4%)	370 (17.6%)	28	48	180 (18.6%)
Non-consolidated (% to Net sales)	292 (16.2%)	321 (17.5%)	370 (18.7%)	29	49	180 (19.4%)

⑧ Employees

(Unit: persons)

	End of March 2005	End of March 2006	End of March 2007 (forecast)	Change		End of September 2006 (forecast)
				FY 2005	FY 2006	
Consolidated	5,522	4,997	4,990	△ 525	△ 7	5,120
Non-consolidated	4,293	4,246	4,200	△ 47	△ 46	4,330

⑨Drugs under development

May, 2006

<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).	Approved (April, 2006)	Zentaris AG (Germany)	Co-development: Nippon Kayaku Co., Ltd.
S-8116 (Oxycodone hydrochloride)	Immediate-release oxycodone (Oral)	Cancer pain	NDA submission (May, 2004)	Mundipharma AG (Netherlands)	In-house
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.)	Schering-Plough Corp. (USA)	Co-development: Schering-Plough K.K.
SR47436 (Irbesartan)	Angiotensin II receptor antagonist (Oral)	Hypertension	Phase3	Sanofi-Aventis (France)	Co-development: Bristol Pharmaceuticals K.K.
LY248686 (Duloxetine hydrochloride)	SNRI (serotonin & norepinephrine reuptake inhibitor) (Oral)	Depression	Phase3	Eli Lilly and Company (USA)	In-house
S-7701 (Pirfenidone)	Anti-fibrosis (Oral)	Idiopathic interstitial pulmonary fibrosis	Phase3	Marnac, Inc. (USA)	In-house
NS75A (Cetrorelix acetate)	Gonadotropin releasing hormone antagonist (Injection)	Uterine myoma	Phase2	Zentaris AG (Germany)	Co-development: Nippon Kayaku Co., Ltd.
LY248686 (Duloxetine hydrochloride)	SNRI (serotonin & norepinephrine reuptake inhibitor) (Oral)	Diabetic Peripheral neuropathic pain	Phase2	Eli Lilly and Company (USA)	In-house
S-013420	Novel macrolide antibiotic (Oral)	Bacterial infection	Phase2	Enanta Pharmaceuticals, Inc. (USA)	In-house
NS75B (Cetrorelix pamoate)	Gonadotropin releasing hormone antagonist (Injection)	Benign Prostatic Hypertrophy	Phase 1/2	Zentaris AG (Germany)	Co-development: Nippon Kayaku Co., Ltd.
S-0373	Non-peptide mimetic of TRH (Oral)	Spinocerebellar ataxia, Parkinson's disease	Phase 1 (in preparation)	In-house	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	In-house
S-2367	Central nervous system antagonist (Oral)	Obesity	USA: Phase 2	In-house	In-house
S-0139	Endothelin A receptor antagonist (Injection)	Cerebrovascular diseases	Japan: Phase 2a Europe: Phase 1	In-house	In-house

<Shionogi-GlaxoSmithKline>

Code No.	Category (Administration)	Indication	Stage	Origin	Development
S-364735	HIV integrase inhibitor (Oral)	HIV infection	USA: Phase 1	Shionogi-GlaxoSmithKline Pharmaceuticals LLC (USA)	Shionogi-GlaxoSmithKline Pharmaceuticals LLC (USA)

<Out-Licensing Activity>

Code No. (Generic name)	Category (Administration)	Indication	Stage	Origin	Development
S-4661 (Doripenem hydrate)	Carbapenem antibiotic (Injection)	Bacterial infection	Phase3	In-house	Peninsula (USA) ↓ Johnson & Johnson (USA)