

Interim Financial Statements (Unconsolidated) for The Year Ending March 31, 2002

November 12, 2001

Name of Listed Company: **SHIONOGI & CO., LTD.**
 Code: 4507
 Contact: Title of Person in Charge: General Manager, Public Relations Unit
 Name: Hiromichi Yoshino

Listed Exchanges: Section I of Tokyo, Osaka and Nagoya, and Fukuoka and Sapporo
 Location of Head Office: Osaka Prefecture
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Date of Meeting of Board of Directors: November 12, 2001
 for Approving Interim Financial Statements: November 12, 2001
 Commencement of Interim Dividend Payment: December 3, 2001

Interim Dividend System: Available

1. Financial results for the period from April 1, 2001 to September 30, 2001

(1) Sales and income (Note: All amounts are rounded down to the nearest million yen.)

	Net sales		Operating income		Ordinary income	
	million yen	%	million yen	%	million yen	%
Six months ended September 30, 2001	104,052	(0.9)	7,307	(22.2)	8,348	(21.9)
Six months ended September 30, 2000	104,990	0.0	9,396	9.3	10,684	2.5
Year ended March 31, 2001	215,894	(2.2)	21,410	(5.0)	24,117	(8.7)

	Net income		Earnings per share
	million yen	%	Yen
Six months ended September 30, 2001	4,449	(8.8)	12.67
Six months ended September 30, 2000	4,880	3.6	13.90
Year ended March 31, 2001	11,958	(11.3)	34.06

- (Notes) [1] Average number of outstanding shares during the period
- | | |
|---|---|
| Six months ended September 30, 2001: 351,132,916 shares | Six months ended September 30, 2000: 351,136,165 shares |
| Year ended March 31, 2001: 351,136,165 shares | |
- Average number of shares outstanding during the six months ended September 30, 2001 and number of shares outstanding as of September 30, 2001 are stated exclusive of treasury stock.
- [2] Changes in accounting method: None
- [3] The percentages shown under net sales, operating income, ordinary income and net income in the table above represent the change from the corresponding figures for the same interim period of the prior year.

(2) Dividends

	Interim dividend per share	Annual dividend per share
	Yen	yen
Six months ended September 30, 2001	4.25	-
Six months ended September 30, 2000	4.25	-
Year ended March 31, 2001	-	8.50

(3) Financial position

	Total assets	Shareholders' equity	Ratio of shareholders' equity to total assets	Shareholders' equity per share
	Million yen	million yen	%	yen
As of September 30, 2001	378,497	268,032	70.8	763.34
As of September 30, 2000	390,670	271,193	69.4	772.33
Year ended March 31, 2001	388,085	271,556	70.0	773.37

- (Notes) [1] Shares outstanding as of period end
- | | |
|--|--|
| As of September 30, 2001: 351,132,710 shares | As of September 30, 2000: 351,136,165 shares |
| As of March 31, 2001: 351,136,165 shares | |
- [2] Treasury stocks held as of period end
- | |
|--|
| As of September 30, 2001: 3,455 shares |
|--|

2. Forecasted results for the year ending March 31, 2002 (April 1, 2001 to March 31, 2002)

	Net sales	Ordinary income	Net income	Annual dividend per share	
				Year-end dividend per share	
	million yen	million yen	million yen	yen	yen
For the year ending March 31, 2002	207,000	17,000	10,000	4.25	8.50

(Reference) Estimated earnings per share (for the year ending March 31, 2002): ¥28.48

Interim Unconsolidated Statements of Income

(Units: millions of yen)

Account	Six months ended September 30, 2001		Six months ended September 30, 2000		Increase (decrease)	Year ended March 31, 2001	
	Amount	Percentage	Amount	Percentage		Amount	Percentage
		%		%			%
Net sales	104,052	100.0	104,990	100.0	(938)	215,894	100.0
Cost of sales	44,496	42.8	46,272	44.1	(1,776)	95,326	44.2
Gross profit	59,555	57.2	58,717	55.9	838	120,568	55.8
Selling, general and administrative expenses	52,247	50.2	49,320	47.0	2,927	99,157	45.9
Operating income	7,307	7.0	9,396	8.9	(2,089)	21,410	9.9
Non-operating income	2,499	2.4	2,552	2.4	(53)	5,564	2.6
Interest income	272		244		28	661	
Interest on securities	138		125		13	251	
Dividend income	744		731		13	1,224	
Income from real estate rental	576		781		(205)	1,473	
Royalty income	571		254		317	329	
Other income	195		415		(220)	1,624	
Non-operating expenses	1,458	1.4	1,263	1.2	195	2,857	1.3
Interest expense	101		109		(8)	231	
Interest on bonds	201		201		0	401	
Contributions	376		438		(62)	880	
Loss on disposal of inventories	390		246		144	570	
Other expenses	389		268		121	774	
Ordinary income	8,348	8.0	10,684	10.1	(2,336)	24,117	11.2
Extraordinary income	239	0.2	29,696	28.3	(29,457)	29,696	13.8
Gain on sales of investments in securities	239		-		239	-	
Gain on marketable securities in trust for the purpose of retirement benefits	-		29,696		(29,696)	29,696	
Extraordinary loss	53	0.0	30,920	29.4	(30,867)	30,984	14.4
Loss on revaluation of investments in securities	53		496		(443)	560	
Amortization of unrecognized differences arising from application of new accounting standard for retirement benefits	-		30,424		(30,424)	30,424	
Income before income taxes	8,534	8.2	9,461	9.0	(927)	22,829	10.6
Income taxes, current	6,800	6.5	5,730	5.5	1,070	12,890	6.0
Income taxes, deferred	(2,715)	(2.6)	(1,149)	(1.1)	(1,566)	(2,018)	(0.9)
Net income	4,449	4.3	4,880	4.6	(431)	11,958	5.5
Retained earnings brought forward	5,568		6,622		(1,054)	6,622	
Interim dividends	-		-		-	1,492	
Unappropriated earnings at the end of the period	10,018		11,503		(1,485)	17,089	

Interim Unconsolidated Balance Sheets

(Assets)

(Units: millions of yen)

Account	Period	As of September 30, 2001		As of March 31, 2001		Increase (decrease)	As of September 30, 2000	
		Amount	Percentage	Amount	Percentage		Amount	Percentage
(Assets)			%		%			%
Current assets								
Cash and bank deposits		112,383		105,119		7,264	101,656	
Notes receivable		10,338		13,408		(3,070)	17,567	
Accounts receivable - trade		67,909		71,904		(3,995)	63,977	
Merchandise and finished goods		19,042		18,979		63	21,003	
Work in process and semifinished goods		14,772		16,166		(1,394)	15,770	
Raw materials and supplies		8,337		8,400		(63)	9,735	
Deferred income taxes		3,664		2,932		732	3,156	
Short-term loans receivable		6,317		6,318		(1)	6,010	
Other current assets		4,500		3,075		1,425	1,802	
Allowance for doubtful accounts		(559)		(484)		(75)	(413)	
Total current assets		246,706	65.2	245,821	63.3	885	240,266	61.5
Fixed assets:								
Property, plant and equipment:								
Buildings		24,641		24,791		(150)	25,375	
Structures		1,733		1,803		(70)	1,851	
Machinery and equipment		8,113		8,630		(517)	9,364	
Land		9,684		9,684		0	9,683	
Other		13,994		12,778		1,216	10,692	
Property, plant and equipment, net		58,167	15.4	57,687	14.9	480	56,968	14.6
Intangible fixed assets		1,127	0.3	877	0.2	250	924	0.2
Investments and other assets:								
Investments in securities		63,837		74,728		(10,891)	83,103	
Long-term loans receivable		6,342		6,431		(89)	6,555	
Long-term prepaid expenses		635		832		(197)	1,085	
Other assets		1,777		1,810		(33)	1,871	
Allowance for doubtful accounts		(96)		(103)		7	(103)	
Total investments and other assets		72,495	19.1	83,698	21.6	(11,203)	92,511	23.7
Total fixed assets		131,790	34.8	142,264	36.7	(10,474)	150,403	38.5
Total assets		378,497	100.0	388,085	100.0	(9,588)	390,670	100.0

Interim Unconsolidated Balance Sheets

(Liabilities and shareholders' equity)

(Units: millions of yen)

Account	Period	As of September 30, 2001		As of March 31, 2001		Increase (decrease)	As of September 30, 2000	
		Amount	Percentage	Amount	Percentage		Amount	Percentage
(Liabilities)			%		%			%
Current liabilities:								
Notes payable		8,537		9,026		(489)	8,100	
Accounts payable		9,389		11,187		(1,798)	11,953	
Short-term loans		7,937		7,943		(6)	7,948	
Accrued income taxes		7,220		6,666		554	6,184	
Reserve for bonuses		8,441		8,470		(29)	8,501	
Other reserves		709		695		14	693	
Other current liabilities		13,040		13,077		(37)	12,383	
Total current liabilities		55,275	14.6	57,065	14.7	(1,790)	55,764	14.3
Long-term liabilities:								
Bonds		20,000		20,000		0	20,000	
Long-term debt		1,146		1,203		(57)	1,268	
Deferred income taxes		6,631		13,246		(6,615)	18,121	
Accrued retirement benefits for employees		26,954		24,564		2,390	23,929	
Reserves		441		432		9	371	
Other long-term liabilities		15		17		(2)	21	
Total long-term liabilities		55,188	14.6	59,463	15.3	(4,275)	63,712	16.3
Total liabilities		110,464	29.2	116,529	30.0	(6,065)	119,477	30.6
(Shareholders' equity)								
Common stock		21,279	5.6	21,279	5.5	0	21,279	5.4
Additional paid-in capital		20,227	5.3	20,227	5.2	0	20,227	5.2
Legal reserve		5,319	1.4	5,319	1.4	0	5,319	1.4
Retained earnings		204,209	54.0	201,331	51.9	2,878	195,745	50.1
Reserves:		194,190		184,242		9,948	184,242	
Special depreciation		516		583		(67)	583	
Deferred capital gain on property		29		14		15	14	
General reserve		193,645		183,645		10,000	183,645	
Unappropriated retained earnings		10,018		17,089		(7,071)	11,503	
Unrealized gain on securities		17,003	4.5	23,398	6.0	(6,395)	28,620	7.3
Treasury stock		(7)	(0.0)	-		(7)	-	
Total shareholders' equity		268,032	70.8	271,556	70.0	(3,524)	271,193	69.4
Total liabilities and shareholders' equity		378,497	100.0	388,085	100.0	(9,588)	390,670	100.0

Notes to interim unconsolidated financial statements

1. Accounting principles

(1) Basis and method of significant asset evaluation

[1] Securities

Investments in subsidiaries and affiliates	-----	At cost determined by the moving average method
Other securities		
Market value available	-----	At fair value, based on market price or other appropriate quotation as of period end (Unrealized gain is charged directly to capital; cost of sales is accounted for by the moving average method.)
Market value not available	-----	At cost determined by the moving average method

[2] Inventories

Merchandise, raw materials and supplies	-----	At the lower-of-cost-or-market method determined by the average method. (Supplies are valued at cost.)
Finished goods, semifinished goods, and work in process	-----	At cost determined by the average method

(2) Depreciation method of significant depreciable assets

[1] Property, plant and equipment	-----	By the declining-balance method
		[Buildings (except for structures attached to the buildings) acquired subsequent to April 1, 1998 are depreciated by straight-line method.]
[2] Intangible fixed assets	-----	Straight-line method
		[The cost of development of software intended for internal use is amortized over the useful life of the respective assets (in general, five years). software programs for internal use are amortized over their useful life (five years).]

(3) Basis for providing significant allowances and reserves

[1] Allowance for doubtful accounts

The allowance for doubtful accounts is provided to cover bad debt loss. The amount provided for general receivables is based on the historical rate of bad debts; for certain receivable accounts of considerable risk, the estimated uncollectible amount is provided as an additional allowance after examining specific possibility of collection.

[2] Reserve for bonuses

To prepare for payment of bonuses to employees, a reserve for bonuses is provided based on the estimated amount of bonuses to be paid.

[3] Accrued retirement benefits

To prepare for payment of retirement benefits to employees, a reserve for retirement benefits is provided based on the retirement benefit liabilities accrued and the expected value of the pension plan assets as of the period end.

A change in the accounting method resulted in a shortage in the reserve of ¥30,424 million which was expensed for the establishment of a retirement benefit trust during the previous year.

Actuarial gain or loss is proportionally amortized in the year following the year in which the gain or loss is recognized, principally by the straight-line method over 10 years, which is within the estimated average remaining years of service of the eligible employees.

(4) Accounting for significant lease transactions

Finance leases other than those under which the leased property is deemed transferred to the lessee are accounted for as operating leases.

- (5) Significant hedge accounting
- [1] Hedge accounting ----- Gain (loss) resulting from forward foreign exchange contracts relating to transactions denominated in a foreign currency is allocated over the applicable periods.
 - [2] Method of hedging and hedge transactions
 - a. Method ----- Forward foreign exchange contracts
 - b. Transactions ----- Receivables and payables denominated in foreign currencies
 - [3] Hedging policy ----- The Company enters into forward foreign exchange contracts to hedge against the risk of exchange rate fluctuation for receivables and payables denominated in foreign currencies.
- (6) Consumption tax
 Amounts reflected in the interim unconsolidated financial statements are stated exclusive of consumption tax.

[Notes to interim unconsolidated statements of income] [As of September 30, 2001] [As of September 30, 2000] [As of March 31, 2001]

1. The major items and amounts included in sales, general and administrative expenses were as follows:

Advertising	2,813	million yen	2,612	million yen	5,240	million yen
Sales promotional activities	4,112		3,167		6,987	
Salaries	9,084		9,428		18,515	
Provision for reserve for bonuses	4,512		4,526		9,048	
Provision for retirement benefits	2,487		1,667		3,430	
 R & D expenses	 15,235	 million yen	 14,337	 million yen	 28,706	 million yen
(R&D expenses above include following amounts provided to reserves:)						
Provision for reserve for bonuses	2,093	million yen	1,708	million yen	4,233	million yen
Provision for retirement benefits	1,059		565		1,331	

2. Depreciation for the period

Property, plant and equipment	2,722	million yen	2,995	million yen	6,253	million yen
Intangible fixed assets	177		132		286	

[Notes to interim unconsolidated balance sheets] [As of September 30, 2001] [As of March 31, 2001] [As of September 30, 2000]

1. Accumulated depreciation of property, plant and equipment	141,449	million yen	140,333	million yen	138,989	million yen
2. Guaranteed liabilities	302	million yen	549	million yen	370	million yen
3. Treasury stock	3,455	Shares	1,609	shares	8,633	shares
	(7.3)	million yen)	(3.1)	million yen)	(16.3)	million yen)
4. Pledged assets and secured liabilities						

Assets listed below have been pledged as collateral security for loans and other debts:

Book value of pledged assets						
Investment securities	479	million yen	644	million yen	792	million yen
Liabilities secured by the above assets						
Long-term loans payable	725	million yen	725	million yen	725	million yen

5. Accounting for notes which matured at the period end

In general, the settlement of notes is recorded on the clearing date. Because September 30, 2001, March 31, 2001 and September 30, 2000 were bank holidays, the balances of notes receivable and payable as of the end of each respective period include the following notes which matured but were not settled on that day:

	[As of September 30, 2001]	[As of March 31, 2001]	[As of September 30, 2000]
Notes payable	992 million yen	866 million yen	1,137 million yen

[Additional information]

Effective the interim period of fiscal 2001, in accordance with the early application of the revised regulations for interim financial statements, the classification of treasury stock is reported as a component of shareholders' equity .

[Notes to lease transactions]

Finance leases other than those under which the lease property is deemed transferred to the lessee

	[As of September 30, 2001]	[As of March 31, 2001]	[As of September 30, 2000]
1. Acquisition cost equivalent, accumulated depreciation equivalent and period end balance equivalent of lease properties			
Acquisition cost equivalent	747 million yen	929 million yen	1,680 million yen
Accumulated depreciation equivalent	312	432	1,048
Term-end balance	434 million yen	496 million yen	631 million yen
* Tools and furniture account for most of the above balances.			
2. Breakdown of period end balance equivalent of unexpired leases			
Within one year	139 million yen	154 million yen	218 million yen
Exceeding one year	295	342	413
Total	434 million yen	496 million yen	631 million yen
3. Lease payments and accumulated depreciation equivalent			
Lease payments	85 million yen	303 million yen	173 million yen
Accumulated depreciation equivalent	85 million yen	303 million yen	173 million yen
4. Calculation of depreciation equivalent			
	The lease period is deemed as the useful life of the leased property. The acquisition cost equivalent is depreciated by the straight-line method over the useful life assuming a nil residual value.		
		The same as at left	The same as at left

(Note) The amounts shown in 1 and 2 above include interest paid.

[Notes to securities]

Stocks of subsidiaries and affiliates with quoted market prices

(units: millions of yen)

	As of September 30, 2001			As of March 31, 2001			As of September 30, 2000		
	Value reported in interim balance sheet	Market price	Difference	Value reported in annual balance sheet	Market price	Difference	Value reported in interim balance sheet	Market price	Difference
(1) Subsidiaries' stock	-	-	-	-	-	-	-	-	-
(2) Affiliates' stock	20	305	285	20	356	336	20	311	290
Total	20	305	285	20	356	336	20	311	290