

Interim Financial Statements (Non-consolidated) for The Year Ending March 31, 2003

November 11, 2002

Name of Listed Company: **SHIONOGI & CO., LTD.**

Listed Exchanges: Section I of Tokyo, Osaka and Nagoya, and Fukuoka and Sapporo

Code: 4507
(URL <http://www.shionogi.co.jp>)

Location of Head Office: Osaka Prefecture

Representative: Title of Person in Charge: President
Contact responsibility: Title of Person in Charge: General Manager, Public Relations Unit
Name: Hiromichi Yoshino

Name: Motozo Shiono
Name: Hiromichi Yoshino
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Date of Meeting of Board of Directors for Approving Financial Statements: November 11, 2002
Commencement of Interim Dividend Payment: December 2, 2002

Interim Dividend System: Available
Unit Share System : Available (1 Unit: 1,000shares)

1. Financial results for the period from April 1, 2002 to September 30, 2002

(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, 2002	92,560	(11.0)	5,590	(23.5)	5,680	(32.0)
Six months ended September 30, 2001	104,052	(0.9)	7,307	(22.2)	8,348	(21.9)
Year ended March 31, 2002	206,403	(4.4)	16,398	(23.4)	17,663	(26.8)

	Net income		Earnings per share
	Million yen	%	Yen
Six months ended September 30, 2002	887	(80.0)	2.53
Six months ended September 30, 2001	4,449	(8.8)	12.67
Year ended March 31, 2002	10,639	(11.0)	30.30

(Notes) [1] Average number of shares outstanding during the period
Six months ended September 30, 2002: 351,038,152 shares
Six months ended September 30, 2001: 351,132,916 shares
Year ended March 31, 2002: 351,117,424 shares

[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 period of the prior year.

(2) Dividends

	Interim dividend per share	Annual dividend per share
	Yen	Yen
Six months ended September 30, 2002	4.25	---
Six months ended September 30, 2001	4.25	---
Year ended March 31, 2002	---	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, 2002	367,279	267,997	73.0	763.54
As of September 30, 2001	378,497	268,032	70.8	763.34
As of March 31, 2002	371,735	266,729	71.8	759.74

(Notes) [1] Shares outstanding as of the period end
As of September 30, 2002: 350,994,002 shares
As of September 30, 2001: 351,132,710 shares
As of March 31, 2002: 351,080,993 shares

[2] Treasury stocks held as of the period end
As of September 30, 2002: 142,163 shares
As of September 30, 2001: 3,455 shares
As of March 31, 2002: 55,172 shares

2. Forecasted results for the year ending March 31, 2003 (April 1, 2002 to March 31, 2003)

	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, 2003	192,000	15,000	3,500	4.25	8.50

(Reference) Estimated earnings per share for FY 2003: ¥9.97

The accompanying interim non-consolidated financial statements have been prepared in accordance with accounting principles and practice generally accepted and applied in Japan.

Note: These estimates on November 11, 2002 include in a number of assumptions, forward-looking projection and plans. The actual results may differ substantially depending on the situations of competitors, uncertainties in the market. Refer to page 9.

Interim Non-consolidated Statements of Income

(Units: millions of yen)

Account	Six months ended September 30, 2002		Six months ended September 30, 2001		Increase (decrease)	Year ended March 31, 2002	
	Amount	Percentage	Amount	Percentage		Amount	Percentage
		%		%			%
Net sales	92,560	100.0	104,052	100.0	(11,492)	206,403	100.0
Cost of sales	38,125	41.2	44,496	42.8	(6,371)	87,325	42.3
Gross profit	54,435	58.8	59,555	57.2	(5,120)	119,078	57.7
Selling, general and administrative expenses	48,844	52.8	52,247	50.2	(3,403)	102,680	49.8
Operating income	5,590	6.0	7,307	7.0	(1,717)	16,398	7.9
Non-operating income	2,038	2.2	2,499	2.4	(461)	4,768	2.3
Interest income	149		272		(123)	445	
Interest on securities	237		138		99	291	
Dividend income	661		744		(83)	1,084	
Income from real estate rental	605		576		29	1,148	
Royalty income	190		571		(381)	643	
Other income	193		195		(2)	1,153	
Non-operating expenses	1,948	2.1	1,458	1.4	490	3,502	1.6
Interest expense	54		101		(47)	193	
Interest on bonds	202		201		1	397	
Contributions	526		376		150	770	
Loss on disposal of inventories	221		390		(169)	1,072	
Loss on disposal of property, plant and equipment	272		190		82	387	
Exchange losses	469		73		396	--	
Other expenses	200		126		74	679	
Ordinary income	5,680	6.1	8,348	8.0	(2,668)	17,663	8.6
Extraordinary income	154	0.2	239	0.2	(85)	4,546	2.2
Gain on sales of investments in securities	154		239		(85)	239	
Gain on sales of investment in an affiliate	--		--		--	2,705	
Gain on sale of business	--		--		--	1,601	
Extraordinary loss	3,940	4.2	53	0.0	3,887	1,686	0.8
Loss on revaluation of investments in securities	2,541		53		2,488	141	
Additional payments of retirement benefits	904		--		904	--	
Loss on sales of investments in securities	450		--		450	--	
Loss on sales of marketable securities	44		--		44	--	
Loss related to sale of business	--		--		--	1,481	
Loss on liquidation of business	--		--		--	63	
Income before income taxes	1,893	2.1	8,534	8.2	(6,641)	20,523	10.0
Income taxes, current	1,960	2.1	6,800	6.5	(4,840)	13,640	6.6
Income taxes, deferred	(953)	(1.0)	(2,715)	(2.6)	1,762	(3,755)	(1.8)
Net income	887	1.0	4,449	4.3	(3,562)	10,639	5.2
Retained earnings brought forward	3,273		5,568		(2,295)	5,568	
Interim dividends	--		--		--	1,492	
Unappropriated earnings at the end of the period	4,160		10,018		(5,858)	14,715	

Interim Non-consolidated Balance Sheets

(Assets)

(Units: millions of yen)

Account	Period	As of September 30, 2002		As of March 31, 2002		Increase (decrease)	As of September 30, 2001	
		Amount	Percentage	Amount	Percentage		Amount	Percentage
(Assets)			%		%			%
Current assets								
Cash and bank deposits		66,939		69,226		(2,287)	112,383	
Notes receivable		3,251		7,297		(4,046)	10,338	
Accounts receivable - trade		65,533		65,917		(384)	67,909	
Marketable securities		2,132		2,206		(74)	-	
Merchandise and finished goods		17,643		17,955		(312)	19,042	
Work in process and semifinished goods		13,284		13,513		(229)	14,772	
Raw materials and supplies		7,992		8,925		(933)	8,337	
Accounts receivable, other		3,168		4,249		(1,081)	-	
Deferred income taxes		3,825		3,800		25	3,664	
Short-term loans receivable		6,561		6,495		66	6,317	
Other current assets		2,888		2,589		299	4,500	
Allowance for doubtful accounts		(800)		(799)		(1)	(559)	
Total current assets		192,422	52.4	201,378	54.2	(8,956)	246,706	65.2
Fixed assets:								
Property, plant and equipment:								
Buildings		24,874		25,148		(274)	24,641	
Structures		1,703		1,765		(62)	1,733	
Machinery and equipment		11,532		12,214		(682)	8,113	
Land		9,696		9,696		0	9,684	
Other		8,316		7,564		752	13,994	
Property, plant and equipment, net		56,122	15.3	56,389	15.2	(267)	58,167	15.4
Intangible fixed assets		3,157	0.8	2,393	0.6	764	1,127	0.3
Investments and other assets:								
Investments in securities		102,879		99,590		3,289	63,837	
Long-term deposits		2,838		3,103		(265)	-	
Long-term loans receivable		7,608		6,629		979	6,342	
Long-term prepaid expenses		836		796		40	635	
Other assets		1,539		1,577		(38)	1,777	
Allowance for doubtful accounts		(126)		(124)		(2)	(96)	
Total investments and other assets		115,576	31.5	111,573	30.0	4,003	72,495	19.1
Total fixed assets		174,857	47.6	170,357	45.8	4,500	131,790	34.8
Total assets		367,279	100.0	371,735	100.0	(4,456)	378,497	100.0

Interim Non-consolidated Balance Sheets

(Liabilities and shareholders' equity)

(Units: millions of yen)

Account	Period	As of September 30, 2002		As of March 31, 2002		Increase (decrease)	As of September 30, 2001	
		Amount	Percentage	Amount	Percentage		Amount	Percentage
(Liabilities)			%		%			%
Current liabilities:								
Notes payable		7,596		7,268		328	8,537	
Accounts payable		9,022		8,031		991	9,389	
Short-term loans		7,379		7,932		(553)	7,937	
Accrued income taxes		2,100		7,215		(5,115)	7,220	
Reserve for bonuses		7,626		8,300		(674)	8,441	
Other reserves		772		678		94	709	
Other current liabilities		13,689		14,804		(1,115)	13,040	
Total current liabilities		48,185	13.1	54,230	14.5	(6,045)	55,275	14.6
Long-term liabilities:								
Bonds		20,000		20,000		0	20,000	
Long-term debt		1,037		1,071		(34)	1,146	
Deferred income taxes		2,038		1,460		578	6,631	
Accrued retirement benefits for employees		27,641		27,780		(139)	26,954	
Other reserves		366		450		(84)	441	
Other long-term liabilities		11		12		(1)	15	
Total long-term liabilities		51,096	13.9	50,775	13.7	321	55,188	14.6
Total liabilities		99,281	27.0	105,006	28.2	(5,725)	110,464	29.2
(Shareholders' equity)								
Common stock		--	--	21,279	5.7	(21,279)	21,279	5.6
Additional paid-in capital		--	--	20,227	5.5	(20,227)	20,227	5.3
Legal reserve		--	--	5,319	1.4	(5,319)	5,319	1.4
Retained earnings		--	--	208,906	56.2	(208,906)	204,209	54.0
Reserves:		--		194,190		(194,190)	194,190	
Special depreciation		--		516		(516)	516	
Deferred capital gain on property		--		29		(29)	29	
General reserve		--		193,645		(193,645)	193,645	
Unappropriated retained earnings		--		14,715		(14,715)	10,018	
Unrealized gain on securities		--	--	11,110	3.0	(11,110)	17,003	4.5
Less: Treasury stock		--	--	(114)	(0.0)	114	(7)	(0.0)
Total shareholders' equity		--	--	266,729	71.8	(266,729)	268,032	70.8
Common stock		21,279	5.8	--	--	21,279	--	--
Additional paid-in capital		20,227	5.5	--	--	20,227	--	--
Additional paid-in capital		20,227		--		20,227	--	
Earned Surplus		213,542	58.1	--	--	213,542	--	--
Legal reserve		5,319		--		5,319	--	
Reserves		204,061		--		204,061	--	
Unappropriated retained earnings		4,160		--		4,160	--	
Unrealized gain on securities		13,192	3.6	--	--	13,192	--	--
Less: Treasury stock		(243)	(0.0)	--	--	(243)	--	--
Total shareholders' equity		267,997	73.0	--	--	267,997	--	--
Total liabilities and shareholders' equity		367,279	100.0	371,735	100.0	(4,456)	378,497	100.0

Notes to interim non-consolidated financial statements

1. Accounting policies

(1) Basis and method of asset evaluation

[1] Securities

Held-to-maturity securities ----- Amortized cost method(straight-line method)

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 another appropriate quotation as of the 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 ----- At the lower-of-cost-or-market method determined by the average method.

Finished goods, semifinished goods, work in process and supplies ----- At cost determined by the average method

(2) Depreciation method of fixed 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. The useful lives are as follows:
Buildings and structures: 3 to 60 years
Machinery and equipment and vehicles: 3 to 17 years]

[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 allowances and reserves

[1] Allowance for doubtful accounts

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

[2] Reserve for bonuses

To prepare for the 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 the 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.

Prior service cost is amortized by the straight-line method over 10 years, which is within the estimated average remaining years of service of the eligible employees.

Actuarial gain or loss is proportionally amortized in each year following 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 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) Hedge accounting

- | | | | |
|-----|--------------------------------------|-------|---|
| [1] | Method of 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] | Hedging instruments and hedged items | | |
| | a. Hedging instruments | ----- | Forward foreign exchange contracts |
| | b. Hedged items | ----- | 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 non-consolidated financial statements are stated exclusive of consumption tax.

[Additional information]

Effective the six months ended September 30, 2002, "Accounting Standard for Treasury Stock and Reversal of Legal Reserve"(Financial Accounting Standard No.1) has been applied. This had no effect on interim non-consolidated net income.

As a result of the amendment to "Accounting Standard for Interim Financial Statements", shareholders' equity in the interim non-consolidated financial statements at September 30, 2002 has been presented in accordance with the amendment standards.

[Notes to interim non-consolidated statements of income] [As of September 30, 2002] [As of September 30, 2001] [As of March 31, 2002]

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

Advertising	2,612	Millions of yen	2,813	Millions of yen	5,316	Millions of yen
Sales promotional activities	4,010		4,112		8,844	
Salaries	8,804		9,084		17,582	
Provision for reserve for bonuses	4,017		4,512		8,765	
Provision for retirement benefits	2,655		2,487		4,654	
R & D expenses	14,878	Millions of yen	15,235	Millions of yen	30,375	Millions of yen
(R&D expenses above include following amounts provided as reserves and depreciation:)						
Provision for reserve for bonuses	1,860	Millions of yen	2,093	Millions of yen	4,106	Millions of yen
Provision for retirement benefits	943		1,059		2,032	

2. Depreciation for the period

Property, plant and equipment	3,416	Millions of yen	2,722	Millions of yen	6,578	Millions of yen
Intangible fixed assets	353		177		435	

[Notes to interim non-consolidated balance sheets] [As of September 30, 2002] [As of March 31, 2002] [As of September 30, 2001]

1. Accumulated depreciation of property, plant and equipment	142,511	Millions of yen	142,085	Millions of yen	141,449	Millions of yen
2. Guaranteed liabilities	10,457	Millions of yen	3,832	Millions of yen	302	Millions of yen
3. Pledged assets and secured liabilities						
Assets listed below have been pledged as collateral for loans:						
Book value of pledged assets						
Investment securities	371	Millions of yen	300	Millions of yen	479	Millions of yen
Liabilities secured by the above assets						
Long-term loans payable	725	Millions of yen	725	Millions of yen	725	Millions of yen

4. Accounting for notes which matured at the period end

In general, the settlement of notes is recorded on the clearing date. Because March 31, 2002 and September 30, 2001 were bank holidays, the balances of notes receivable as of the end of the year include the following notes which matured, but were not settled, on those dates:

Notes receivable	[As of September 30, 2002]	[As of March 31, 2002]	[As of September 30, 2001]
	-- Millions of yen	766 Millions of yen	992 Millions of yen

5. Consumption tax

Consumption tax paid and consumption tax received are netted and the amount is included in 'Other current liabilities'.

[Notes to lease transactions]

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

	[As of September 30, 2002]	[As of March 31, 2002]	[As of September 30, 2001]
1. Acquisition cost equivalent, accumulated depreciation equivalent and period end balance equivalent of lease properties			
Acquisition cost equivalent	253 Millions of yen	281 Millions of yen	747 Millions of yen
Accumulated depreciation equivalent	101	78	312
Period-end balance	152 Millions of yen	203 Millions of yen	434 Millions of yen
* Tools and furniture account for most of the above balances.			
2. Breakdown of period-end balance equivalent of unexpired leases			
Within one year	47 Millions of yen	57 Millions of yen	139 Millions of yen
Exceeding one year	104	146	295
Total	152 Millions of yen	203 Millions of yen	434 Millions of yen
3. Lease payments and accumulated depreciation equivalent			
Lease payments	24 Millions of yen	158 Millions of yen	85 Millions of yen
Accumulated depreciation equivalent	24 Millions of yen	158 Millions of yen	85 Millions of 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	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 available quoted market prices

(Units: millions of yen)

	As of September 30, 2002			As of March 31, 2002			As of September 30, 2001		
	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	370	349	20	367	346	20	305	285
Total	20	370	349	20	367	346	20	305	285