

**Settlement for the year  
ended March 31, 2003**

**<Supplement>**

**May 19, 2003**

 **SHIONOGI & CO., LTD.**

## 1. Business forecast

<Consolidated>

(Unit: Yen 100 million)

	For the period from April 1, 2001 to March 31, 2002	For the period from April 1, 2002 to March 31, 2003	For the period from April 1, 2003 to March 31, 2004 (forecast)	For the period from April 1, 2003 to September 30, 2003 (forecast)
Net sales	4,201 ( 1.8)	2,852 ( 32.1)	2,130 ( 25.3)	990 ( 44.2)
Operating income	161 ( 32.3)	192 ( 19.0)	240 ( 24.6)	65 ( 8.2)
Ordinary income	156 ( 37.3)	180 ( 15.6)	230 ( 27.1)	60 ( 0.4)
Net income	84 ( 33.0)	59 ( 30.2)	85 ( 44.0)	32 (255.6)

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

<Non-consolidated>

(Unit: Yen 100 million)

	For the period from April 1, 2001 to March 31, 2002	For the period from April 1, 2002 to March 31, 2003	For the period from April 1, 2003 to March 31, 2004 (forecast)	For the period from April 1, 2003 to September 30, 2003 (forecast)
Net sales	2,064 ( 4.4)	1,911 ( 7.4)	1,960 ( 2.5)	910 ( 1.7)
Operating income	163 ( 23.4)	140 ( 14.2)	200 ( 42.1)	50 ( 10.6)
Ordinary income	176 ( 26.8)	150 ( 15.0)	210 ( 39.8)	55 ( 3.2)
Net income	106 ( 11.0)	34 ( 67.5)	75 (117.0)	28 (215.7)

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

## 2. Financial results of significant consolidated subsidiaries

### <Ohmori Group>

(Unit: Millions of Yen)

	Net sales	Operating income	Ordinary income	Net income
Year ended March 31, 2003	95,870	986	594	2,171
Year ended March 31, 2002	256,123	4,582	3,978	2,993
(% increase)	( 62.6)	( -)	( -)	( -)

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

(Unit: Millions of Yen)

	Net sales	Operating income	Ordinary income	Net income
Year ended March 31, 2003	6,148	739	739	412
Year ended March 31, 2002	6,793	940	988	564
(% increase)	( 9.5)	( 21.4)	( 25.2)	( 27.0)
Year ending March 31, 2004	6,300	850	850	470
(% increase)	( 2.5)	( 15.0)	( 15.0)	( 14.1)
Six months ending September 30, 2003	2,700	290	290	160
(% increase)	( 0.3)	( 3.6)	( 7.4)	( 2.7)

### <Overseas 3 capsule companies>

(Unit: Millions of Yen)

	Net sales	Operating income	Ordinary income	Net income
Year ended March 31, 2003	6,266	650	365	67
Year ended March 31, 2002	6,163	497	633	386
(% increase)	( 1.7)	( 30.8)	( 42.3)	( 82.6)
Year ending March 31, 2004	6,700	700	600	340
(% increase)	( 6.9)	( 7.7)	( 64.3)	(407.4)
Six months ending September 30, 2003	3,400	400	350	200
(% increase)	( 4.9)	( 1.4)	( 85.1)	(412.8)

### <Bushu Pharmaceuticals Ltd.>

(Unit: Millions of Yen)

	Net sales	Operating income	Ordinary income	Net income
Year ended March 31, 2003	3,862	244	8	8
Year ended March 31, 2002	3,588	393	160	159
(% increase)	( 7.6)	( 37.9)	( 95.0)	( 95.0)
Year ending March 31, 2004	4,000	250	80	80
(% increase)	( 3.6)	( 2.5)	(900.0)	(900.0)
Six months ending September 30, 2003	1,950	125	40	40
(% increase)	( 5.4)	( 7.4)	(122.2)	(135.3)

3. Ratio of consolidated financial results against non-consolidated financial results

	For the period from April 1, 2001 to March 31, 2002	For the period from April 1, 2002 to March 31, 2003	For the period from April 1, 2003 to March 31, 2004 (forecast)
Net sales	2.04	1.49	1.09
Operating income	0.99	1.37	1.20
Ordinary income	0.89	1.21	1.10
Net income	0.79	1.71	1.13

#### 4. 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	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.	Tokyo, Japan	JPY 2,634 million	Wholesaling of pharmaceuticals	August 19, 1963 (Reorganized on July 1, 1998)	March 15	* 100
5	Daiwa Trading Co., Ltd.	Osaka, Japan	JPY 11 million	Sale of industrial chemicals etc.	February 8, 1950	March 15	100
6	Saishin Igaku Co., Ltd.	Osaka, Japan	JPY 90 million	Publication of medical literatures	December 21, 1998	March 31	100
7	Shionogi Medical Information Co., Ltd.	Osaka, Japan	JPY 10 million	Collection of medical information	April 17, 1998	March 31	100
8	Shionogi Engineering Service Co., Ltd.	Hyogo, Japan	JPY 20 million	Inspection and maintenance of pharmaceutical mfg. equipment	November 2, 1992	March 31	100
9	Shionogi Buturyuu Service Co., Ltd.	Osaka, Japan	JPY 10 million	Warehousing and logistic services	May 21, 1985	March 31	* 100
10	Shionogi General Service Co., Ltd.	Osaka, Japan	JPY 10 million	Traveling, Insurance agency	November 2, 1992	March 31	* 100
11	Soei Co., Ltd.	Osaka, Japan	JPY 48 million	Real estate rental	February 5, 1936	March 31	* 100
12	Osaka Yakuhin Co., Ltd.	Osaka, Japan	JPY 110 million	Asset management	April 1, 1939	March 15	100
13	Wakayama Yakuhin Co., Ltd.	Wakayama, Japan	JPY 48 million	Asset management	June 4, 1947	March 15	* 100
14	Kyosaido Co., Ltd.	Kyoto, Japan	JPY 40 million	Asset management	July 5, 1947	March 15	* 100
15	Taiwan Shionogi & Co., Ltd.	Taipei, Taiwan, R.O.C.	TWS 92 million	Mfg. and sale of pharmaceuticals	December 26, 1963	December 31	100
16	Shionogi Europe B.V.	Amsterdam, The Netherlands	Euro 35,910 thousand	Holding company	June 17, 1992	December 31	100
17	Shionogi Qualicaps, Inc.	North Carolina, U.S.A.	US\$ 27 million	Mfg. and sale of capsules	June 10, 1992	December 31	* 100
18	Shionogi Qualicaps, S.A.	Madrid, Spain	Euro 15,626 thousand	Mfg. and sale of capsules	September 10, 1992	December 31	* 100
19	Shionogi USA, Inc.	Delaware, U.S.A.	US\$ 1 million	Contract research for pharmaceuticals	February 15, 2001	December 31	100
20	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>

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

\* Incl. indirect ownership

## 5. Sales by segment

### <Consolidated>

(Unit: Yen 100 million)

	For the period from April 1, 2001 to March 31, 2002	For the period from April 1, 2002 to March 31, 2003	For the period from April 1, 2003 to March 31, 2004 (forecast)	For the period from April 1, 2003 to September 30, 2003 (forecast)
Pharmaceuticals and related businesses	3,974	2,683	1,957	909
Ethical drugs	3,680	2,528	1,841	851
OTC and quasi-drugs	181	119	78	39
Diagnostics	31	35	38	19
Clinical Testing Services	82	-	-	-
Capsule business	120	118	125	59
Other businesses	106	49	48	22
Animal health products	32	-	-	-
Agrochemicals	23	-	-	-
Industrial Chemicals	24	22	22	11
Real estate/Distributing service etc.	25	27	26	11
Total	4,201	2,852	2,130	990

### <Non-consolidated>

(Unit: Yen 100 million)

	For the period from April 1, 2001 to March 31, 2002	For the period from April 1, 2002 to March 31, 2003	For the period from April 1, 2003 to March 31, 2004 (forecast)	For the period from April 1, 2003 to September 30, 2003 (forecast)
Pharmaceuticals and related businesses	1,988	1,890	1,938	899
Ethical drugs	1,803	1,778	1,822	841
OTC and quasi-drugs	74	75	78	39
Diagnostics	31	37	38	19
Clinical Testing Services	80	-	-	-
Other businesses	75	22	22	11
Animal health products	29	-	-	-
Agrochemicals	22	-	-	-
Industrial Chemicals	24	22	22	11
Total	2,064	1,911	1,960	910

6. Main Products <Non-consolidated>

Ethical drugs

(Unit: Yen 100 million)

Product name	Category	Apr. 2001- Mar. 2002	Apr. 2002- Mar. 2003	Apr. 2003- Mar. 2004 (forecast)	Apr. 2003- Sep. 2003 (forecast)
Total ethical drugs		1,803	1,778	1,822	841
Top 10 products					
1	FLOMOX Oral cephem antibiotic (in-house)	336	343	350	143
2	FLUMARIN Injectable Oxacephem antibiotic (in-house)	233	215	200	100
3	VANCOMYCIN Glycopeptide antibiotic	210	194	180	90
4	RINDERON Synthetic adrenocortical hormone	103	101	101	56
5	IMUNACE Interleukin-2	75	94	100	49
6	MORPHINE-SULFATE Long-acting analgesic for cancer pain	104	93	78	42
7	LONGES ACE inhibitor	74	64	56	29
8	KEFRAL Oral cephem antibiotic	81	62	50	24
9	CLARITIN Antiallergic	-	53	100	37
10	DOBUTREX Agent for treatment of acute circulatory insufficiency	46	42	39	19
Other main products					
	BROACT Injectable cephem antibiotic	40	35	31	16
	PL GRANULES Cold remedy	33	34	34	11
	BERIZYM Digestive enzymes	31	30	29	15
	RHYTHMY Sleep inducer (in-house)	22	24	24	12
	LANDEL Antihypertensive (Calcium antagonist)	22	23	23	12
	ULGUT Gastritis and peptic ulcer therapeutic agent	21	17	14	8
	MORPHINE- HYDROCHLORIDE Injectable morphine sulfate analgesic	15	14	14	7
	AQUPLA Anticancer (in-house)	9	11	13	7
	KEFLEX Oral cephem antibiotic	12	11	10	5
	KOLANTYL Antacid	11	10	9	5
	CEFTIBUTEN Oral cephem antibiotic (in-house)	35	21	18	9
New products					
	Oxycodone Long-acting analgesic for cancer pain	-	-	20	5
	SG GRANULES Analgesic and antipyretic	-	-	4	0
	Rosuvastatin Antihyperlipidemia HMG CoA reductase inhibitor	-	-	30	-

OTC products

(Unit: Yen 100 million)

Product name	Category	Apr. 2001- Mar. 2002	Apr. 2002- Mar. 2003	Apr. 2003- Mar. 2004 (forecast)	Apr. 2003- Sep. 2003 (forecast)
Total OTC products		74	75	78	39
	SEDES Analgesic and antipyretic	29	32	34	18
	POPON-S Multivitamin with calcium	15	14	14	8
	CORRECT Denture adhesive	10	9	10	6

## 7. Employees

(Unit: persons)

	End of March 2002	End of March 2003	End of March 2004 (forecast)	End of September 2003 (forecast)
Consolidated	9,169	6,149	5,830	6,120
Non-consolidated	5,237	4,744	4,470	4,730

## 8. Investments in equipments/Depreciation cost

(Unit: Yen 100 million)

	For the period from Apr. 1, 2001 to Mar. 31, 2002	For the period from Apr. 1, 2002 to Mar. 31, 2003	For the period from Apr. 1, 2003 to Mar. 31, 2004 (forecast)	For the period from Apr. 1, 2003 to Sep. 30, 2003 (forecast)
<b>&lt;Consolidated&gt;</b>				
Investment in equipments	91	88	70	40
Depreciation cost	94	99	89	43
<b>&lt;Non-consolidated&gt;</b>				
Investment in equipments	75	71	57	33
Depreciation cost	70	78	73	35

(Unit: Yen 100 million)

	Total budget	Result until March 31, 2002	For the period from Apr. 1, 2002 to Mar. 31, 2003	For the period from Apr. 1, 2003 to Mar. 31, 2004 (forecast)	For the period from Apr. 1, 2003 to Sep. 30, 2003 (forecast)
Reinforcement of packaging equipment for antibiotics	14	0	14	0	0
Concentration of packaging line on solid dosage form	12	0	5	6	6
Mfg. Equipment for increase production Carplex® (White carbon)	5	3	2	0	0

## 9. Main investments on system

(Unit: Yen 100 million)

	For the period from Apr. 1, 2001 to Mar. 31, 2002	For the period from Apr. 1, 2002 to Mar. 31, 2003	For the period from Apr. 1, 2003 to Mar. 31, 2004 (forecast)	For the period from Apr. 1, 2003 to Sep. 30, 2003 (forecast)
Sales task supporting	14	3	5	3
Production management	5	3	0	0
R&D management	9	5	3	2
Accounting & Purchasing	1	14	1	1

## 10. R&D cost

(Unit: Yen 100 million)

	For the period from Apr. 1, 2001 to Mar. 31, 2002	For the period from Apr. 1, 2002 to Mar. 31, 2003	For the period from Apr. 1, 2003 to Mar. 31, 2004 (forecast)	For the period from Apr. 1, 2003 to Sep. 30, 2003 (forecast)
Consolidated	306	313	333	161
(% to Net sales)	( 7.3)	( 11.0)	( 15.6)	( 16.3)
Non-consolidated	303	312	332	161
(% to Net sales)	( 14.7)	( 16.3)	( 16.9)	( 17.7)

## 11. Drugs Under Development

As of May 19, 2003

### <In Japan>

Stage/Code No.	Administration	Category/Indication	Origin	NDA submission
<b>Approved</b>				
S-8117	Oral	Long-acting analgesic for cancer pain Morphine-like analgesic activity through opioid receptor. Higher bioavailability than morphin. Luteinizing hormone-releasing hormone antagonist. Generic name: oxycodone (sustained release).	Licensed from Mundipharma AG (Netherlands)	September, 2001  Approved on April 16, 2003

### NDA's filed

NS75A	SC	Prevention of premature ovulation during a controlled ovarian stimulation followed by assisted reproductive technology (ART). Luteinizing hormone-releasing hormone antagonist. Generic name: cetrorelix	Co-developed with Nippon Kayaku Co., Ltd. Licensed from Zentaris AG (Germany)	December, 2000
S-7878	Injection	Prevention of urinary disorders associated with ifosfamide Additional indication: cyclophosphamide-induced bladder disorder (orphan). Generic name: mesna	Licensed from Baxter Oncology AG (Germany)	November, 2001
SR47436	Oral	Antihypertensive Angiotensin II receptor antagonist Not prodrug unlike other antagonists. Not found cough appeared in ACE inhibitors. Generic name: irbesartan	Co-developed with Bristol Pharmaceuticals K.K. Licensed from Sanofi SA (France)	October, 2002
S-7701	Oral	Anti-fibrosis (idiopathic interstitial pulmonary fibrosis) Additional indications to other fibrosis may be possible. Generic name: pirfenidone	Licensed from Marnac, Inc. (USA)	December, 2002
Vancomycin	Injection	Glycopeptide antibiotic Additional indication: sepsis, pneumonia, meningitis caused by PRSP (orphan). Generic name: vancomycin	Licensed from Eli Lilly and Company (USA)	March, 2003

### Phase 3

LY248686	Oral	Antidepressant S N R I (serotonin & norepinephrine reuptake inhibitor). Considering the dosage in USA, additional study at higher dose is conducting to confirm the efficacy.	Licensed from Eli Lilly and Company (USA)	Refiling, 2005 (planned)
S-4661	Injection	Carbapenem antibiotic Broad spectrum. Low renal toxicity and low response (convulsion) toward central nervous system. Generic name: doripenem	Developed in-house	2003 4Q (planned)
S-8116	Oral	Analgesic for-cancer pain. Immediate-release oxycodone preparation Generic name: oxycodone	Licensed from Mundipharma AG (Netherlands)	2004 2Q(planned)
SCH29851	Oral	Antiallergic Histamine H1 receptor antagonist. Additional indication: Pediatric use (allergic rhinitis and itch caused by atopic dermatitis) Generic name: loratadine	Co-developed with Schering-Plough K.K. Licensed from Schering-Plough Corp. (USA)	2004 (planned)

**Phase 2**

S-6820	Injection	Recombinant interleukin-2 Additional indication: liver metastasis from colorectal cancer. Generic name: teceleukin	Licensed from Biogen, Inc. (USA)	2003 (planned)
NS75A	Injection	Uterine myoma Luteinizing hormone-releasing hormone antagonist. Generic name: cetrorelix	Co-developed with Nippon Kayaku Co., Ltd. Licensed from Zentaris AG (Germany) Phase 2a (completed)	
S-3013	Oral	Antiinflammatory	Developed by collaboration with Eli Lilly and Company (USA)	

**Phase 1**

S-3578	Injection	Cephem antibiotic. Broad spectrum(Gram (+), Gram (-)). Effective in MRSA-, MRSE-, and PRSP-infected <i>in vivo</i> animal model	Developed in-house	
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**Phase 1 in preparation**

S-0373	Oral	Spinocerebellar ataxia A TRH derivative. Good intracerebral transfer and long-action Considering domestic and overseas development	Developed in-house	
NS75B	Injection	Prostatomegaly Luteinizing hormone-releasing hormone antagonist. Generic name: cetrorelix	Co-developed with Nippon Kayaku Co., Ltd. Licensed from Zentaris AG (Germany)	

**<Outside Japan>**

Stage/ Code No.	Administration	Category/Indication	Origin/Overseas status	NDA submission
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**Phase 2**

S-5751	Oral	Antiallergic Prostaglandin D <sub>2</sub> receptor antagonist. First candidate as PGD <sub>2</sub> receptor antagonists.	Developed in-house Japan: Phase 1 USA: Phase 2	
S-3304	Oral	Anticancer Matrix metalloproteinases inhibitor. Not cytotoxic, but prevent proliferation and metastasis. Great safety margin.	Developed in-house USA: Phase 2 (in preparation)	
S-8921	Oral	Antihyperlipidemia Inhibition of bile acid transporter in small intestine.	Developed in-house Europe: Phase 2a	

**Phase 1 in preparation**

S-2367	Oral	Anti-obesity agent Central nervous system antagonist Prevention of accumulation of visceral fat, amelioration of blood sugar and serum fat High safety and no rebound are expected.	Developed in-house	
S-3536	Oral	Drug for osteoarthritis (OA), Disease-modifying anti-OA drug (DMAOD) Selective matrix metalloproteinase (MMP) inhibitor	Developed in-house	

**<Shionogi-GSK>**

Code No.	Administration	Category/Indication	Origin/Overseas status	NDA submission
S-8510	Oral	Antidementia Benzodiazepine receptor partial inverse agonist. First candidate having this mechanism of action. Brain activation through enhancement of cholinergic and monoaminergic transmission.	Developed in JV Japan: Phase 2 Europe: Phase 1	
S-0139	Injection	Cerebrovascular diseases (Acute ischemic stroke). First candidate having this indication. Endothelin A receptor antagonist	Developed in JV Japan: Phase 2 Europe: Phase 1	
S-1360	Oral	Anti-HIV First candidate as HIV integrase inhibitor. Efficacy expected for patients getting resistant to other anti-HIV drugs on the market. Combination with other anti-HIV drugs on the market	Developed in JV USA: Phase 2	
S-1746	Injection	Acute ischemic stroke. AMPA receptor and glycine binding site of NMDA receptor antagonist	Developed in JV Phase 1 (in preparation)	

**<Out-Licensing Activity>**

Code No.	Administration	Category/Indication	Remarks	NDA submission
S-4522	Oral	Antihyperlipidemia. HMG CoA reductase inhibitor. Superior activity to other statines. Generic name: rosuvastatin	Licensed to "AstraZeneca, UK" in April, 1998	June, 2001 (Worldwide except Japan) April, 2002 (Japan) Approved in 13 EU countries. Launched in Canada, Netherlands and U.K.
S-1153	Oral	Anti-HIV Non-nucleoside reverse transcriptase inhibitor Generic name: capravirine	Licensed to "Pfizer, USA" in June, 1998 Phase 3 trials on-going	

**<Discontinued>**

S-5920	Injection	Developed by collaboration with Eli Lilly and Company (USA) Phase 2 in EU and USA. Expected efficacy was not found.		
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## 12. Sales by product category

<Non-consolidated>

	For the period from April 1, 2002 to March 31, 2003		For the period from April 1, 2001 to March 31, 2002		Increase ( decrease)	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Nervous system drugs	26,322	13.8	27,231	13.2	909	3.3
Circulatory and respiratory system drugs	21,675	11.3	17,715	8.6	3,960	22.4
Digestive system drugs	6,028	3.2	6,602	3.2	574	8.7
Hormone preparations	6,236	3.3	6,189	3.0	47	0.8
Topical and sensory organ drugs	13,204	6.9	13,434	6.5	230	1.7
Vitamins	6,068	3.2	6,074	2.9	6	0.1
Antibiotics and biological preparations	98,908	51.7	103,938	50.4	5,030	4.8
Chemotherapeutics and antitumor drugs	5,838	3.1	5,335	2.6	503	9.4
(Pharmaceuticals total)	( 184,279 )	( 96.4 )	( 186,518 )	( 90.4 )	( 2,239 )	( 1.2 )
Diagnostics and Clinical testing services	3,673	1.9	11,266	5.4	7,593	67.4
Agrochemicals and Animal Health products	-	-	5,202	2.5	5,202	-
Industrial chemicals and other products	3,203	1.7	3,417	1.7	214	6.3
Total	191,155	100.0	206,403	100.0	15,248	7.4
(Export)	( 3,358 )	( 1.8 )	( 4,573 )	( 2.2 )	( 1,215 )	( 26.6 )

### 13. Retirement benefit

(Unit: Yen 100 million)

	Consolidated		Non-consolidated	
	March 31, 2003	March 31, 2002	March 31, 2003	March 31, 2002
Retirement benefit obligation	1,508	1,551	1,472	1,398
Plan assets	818	888	793	806
Reserve for retirement benefit	263	337	252	277
Unrecognized actuarial differences	521	431	521	419
Unrecognized past service obligations	94	105	94	105

(Grounds for calculation)

- Discount rate	2.5%	3.0%	2.5%	3.0%
- Amortization period for unrecognized actuarial differences	10 years	10 years	10 years	10 years
- Years to amortize past service liabilities	10 years	10 years	10 years	10 years