

Outline of Consolidated Financial Results for the Third Quarter Ended December 31, 2011

February 6, 2012

Name of the listed company: **NIPPON SHINYAKU CO., LTD.** Listing stock exchange: Tokyo, Osaka
 Code No.: 4516 URL <http://www.nippon-shinyaku.co.jp/>
 Representative: Shigenobu Maekawa, President and Representative Director
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 Scheduled date for submission of quarterly Securities Report: February 9, 2012
 Scheduled start of payment: —
 Supplementary material: Yes
 Financial result meeting: Yes (for institutional investors and securities analysts on conference call)

* All amounts are rounded down to the nearest million yen.

1. Consolidated Results for the Third Quarter Ended December 31, 2011 (April 1 to December 31, 2011)

	(1) Operating results (¥ million)							
	Net sales		Operating income		Ordinary income		Net income for quarter	
Third quarter ended December 31, 2011	50,423	7.4 %	5,200	31.4 %	5,336	25.5%	3,081	1.4%
Third quarter ended December 31, 2010	46,957	(3.2 %)	3,957	(42.5 %)	4,252	(40.9%)	3,038	(29.7%)

Note: Comprehensive income
 As of December 31, 2011: ¥2,467 million (15.1%) As of December 31, 2010: ¥2,143 million (—%)

	Net income per share (¥)	
	Basic	Diluted
Third quarter ended December 31, 2011	45.65	—
Third quarter ended December 31, 2010	44.99	—

Note: Percentage figures for net sales, operating income, ordinary income and net income represent year-on-year comparisons.

	(2) Financial position (¥ million)		
	Total assets	Net assets	Equity ratio (%)
As of December 31, 2011	103,671	82,859	79.7
As of March 31, 2011	102,737	81,692	79.3

Note: Owners' equity
 As of December 31, 2011: ¥ 82,670 million As of March 31, 2011: ¥81,515 million

2. Dividends

	Cash dividends per share (¥)				
	1 st quarter	2 nd quarter	3 rd quarter	Year-end	Annual
Year ended March 31, 2011	—	¥9.00	—	¥10.00	¥19.00
Year ending March 31, 2012	—	¥9.00	—		
Year ending March 31, 2012 (forecast)				¥10.00	¥19.00

Note: Revisions to forecast for the current quarter: None.

3. Business Forecast for the Year Ending March 31, 2012 (April 1, 2011 to March 31, 2012)

	(¥ million)								
	Net sales		Operating income		Ordinary income		Net income		Net income per share (¥)
Full term	66,500	4.7%	5,500	6.2%	5,800	5.9%	3,600	(9.1%)	53.33

Note: Revisions to forecast for the current quarter: None.

4. Others

(1) Changes in the scope of consolidation

Inclusion: None

Exclusion: None

Note: Changes in specified subsidiaries involved changes in the scope of consolidation

(2) Adoption of special accounting methods for preparation of quarterly financial statements: None

(3) Changes in accounting policies and accounting estimates, and restatement

1. Changes in accounting policies arising from revision of accounting standards: None

2. Changes in arising from other factors: None

3. Changes in accounting estimates: None

4. Restatement: None

(4) Number of shares outstanding (ordinary shares)

Number of shares outstanding (including treasury stock)

As of December 31, 2011: 70,251,484 shares

As of March 31, 2011: 70,251,484 shares

Number of shares of treasury stock

As of December 31, 2011: 2,754,135 shares

As of March 31, 2011: 2,740,568 shares

Average number of shares outstanding (total for the consolidated period)

As of December 31, 2011: 67,504,317 shares

As of December 31, 2010: 67,534,427 shares

Note:

This summary of quarterly financial results is exempt from the quarterly review procedures under the Financial Instruments and Exchange Act. At the time of disclosure, published figures in this financial release have not been completed to a quarterly review of financial statements based on the Financial Instruments and Exchange Law.

The above forecasts are based on data available as of the date of release of this document as well as assumptions based on uncertain factors, which might have a material effect on the Company's performance in the future. Readers are advised that actual results may differ substantially from the above forecasts due to various unforeseeable factors.

5. Consolidated Financial Statement for the Quarter

(1) Consolidated Balance Sheet for the Quarter

(¥ million)

	As of previous consolidated fiscal year ended March 31, 2011	As of 3 rd quarter ended December 31, 2011
Assets		
Current assets:		
Cash and deposits	¥11,424	¥12,153
Notes and accounts receivable	27,573	32,115
Marketable securities	7,009	5,249
Merchandise and products	6,908	7,091
Partially finished products	1,029	1,202
Work in process	362	273
Materials and supplies	3,248	3,987
Deferred tax assets	1,518	933
Other current assets	1,675	1,215
Allowance for doubtful accounts	(0)	(0)
Total current assets	60,749	64,222
Fixed assets:		
Tangible fixed assets:		
Buildings and structures (net)	8,224	7,743
Land	8,118	8,118
Other (net)	2,480	2,300
Total tangible fixed assets	18,823	18,162
Intangible fixed assets	672	573
Investments and other assets:		
Investment securities	11,002	9,576
Deferred tax assets	450	771
Long-term prepaid expenses	8,866	8,362
Other	2,210	2,042
Allowance for doubtful accounts	(37)	(40)
Total investments and other assets	22,492	20,712
Total fixed assets	41,988	39,448
Total assets	¥102,737	¥103,671

(¥ million)

	As of previous consolidated fiscal year ended March 31, 2011	As of 3 rd quarter ended December 31, 2011
Liabilities		
Current liabilities:		
Notes and accounts payable	¥5,297	¥6,073
Accrued liabilities	2,805	2,748
Income taxes payable	598	394
Reserve for bonuses	2,319	1,185
Other current liabilities	1,881	2,467
Total current liabilities	12,902	12,868
Long-term liabilities:		
Deferred tax liability	0	0
Reserve for retirement benefits	7,718	7,513
Other long-term liabilities	423	429
Total long-term liabilities	8,142	7,942
Total liabilities	21,044	20,811
Net assets		
Shareholders' equity:		
Common stock	5,174	5,174
Capital surplus	4,444	4,445
Retained earnings	71,108	72,907
Treasury stock	(2,058)	(2,072)
Total shareholders' equity	78,669	80,454
Accumulated other comprehensive income:		
Unrealized gain on available-for-sale securities	2,880	2,260
Deferred gain on derivatives under hedge accounting	2	(2)
Foreign currency translation adjustments	(36)	(42)
Total accumulated other comprehensive income	2,845	2,215
Minority interests	177	189
Total net assets	81,692	82,859
Total liabilities and net assets	¥102,737	¥103,671

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income for the Third Quarter
(Consolidated Statements of Income)
(Total for the consolidated period ended December 31, 2011)

(¥ million)

	3 rd quarter ended December 31, 2010	3 rd quarter ended December 31, 2011
Net sales	¥46,957	¥50,423
Cost of sales	22,259	24,152
Gross profit	24,697	26,271
Reversal of reserve for sales returns	25	—
Balance of gross profit	24,722	26,271
Selling, general and administrative expenses:		
Salaries and benefits	6,049	6,103
Provision for bonuses	742	772
Sales promotion expenses	919	777
Provision for retirement benefits	784	799
Depreciation	278	278
R&D expenses	6,395	6,855
Other	5,596	5,484
Total general, selling, and administrative expenses	20,765	21,070
Operating income	3,957	5,200
Non-operating income:		
Interest income	35	21
Dividend received	323	256
Rent income	278	253
Other	276	93
Total non-operating income	914	624
Non-operating expenses:		
Interest expenses	7	6
Donation	128	125
Loss on sales of investment securities	—	119
Foreign exchange loss	272	42
Loss on disposal of fixed assets	13	6
Rent expenses	82	84
Other	115	103
Total non-operating expenses	619	488
Ordinary income	4,252	5,336
Extraordinary profit		
Loss from the prior-term adjustments	591	—
Extraordinary profit total	591	—
Extraordinary loss		
Loss on adjustment for changes of accounting standard for asset retirement obligations	133	—
Total extraordinary loss	133	—
Income before income taxes and minority interests	4,710	5,336
Income taxes – current	891	1,353
Income taxes – deferred	766	886
Total income taxes	1,658	2,239
Income before minority interests	3,052	3,097
Minority net income	14	16
Net income for the Quarter	¥3,038	¥3,081

(Consolidated Statements of Comprehensive Income)
(Total for the consolidated period ended December 31, 2011)

(¥ million)

	3 rd quarter ended December 31, 2010	3 rd quarter ended December 31, 2011
Income before minority interests	¥3,052	¥3,097
Other comprehensive income		
Unrealized loss on available-for-sale securities	(892)	(620)
Deferred loss on derivatives under hedge accounting	(7)	(4)
Foreign currency translation adjustments	(8)	(5)
Total other comprehensive income	(908)	(629)
Comprehensive income	2,143	2,467
(Item)		
Comprehensive income attributable to owners of the parent	2,129	2,451
Comprehensive income attributable to minority interests	¥14	¥16