

# Outline of Consolidated Financial Results for the First Quarter Ended June 30, 2010

August 9, 2010

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: August 10, 2010  
 Supplementary material Yes  
 Financial result meeting Yes (For institutional investors and securities analysts)

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

## 1. Consolidated Results for the Quarter Ended June 30, 2010 (April 1 to June 30, 2010)

(1) Operating results								(¥ million)	
	Net sales		Operating income		Ordinary income		Net income for quarter		
Quarter ended June 30, 2010	15,827	0.3%	1,888	(11.1%)	1,935	(13.9%)	1,341	(9.1%)	
Quarter ended June 30, 2009	15,782	(11.0%)	2,123	(47.1%)	2,248	(50.1%)	1,474	(49.6%)	
	Net income per share (¥)								
	Basic	Diluted							
Quarter ended June 30, 2010	19.85	—							
Quarter ended June 30, 2009	21.82	—							

Notes: 1. Percentage figures for net sales, operating income, ordinary income and net income represent year-on-year comparisons.  
 2. Equity-method investments: not applicable

## (2) Financial position

(2) Financial position					(¥ million)
	Total assets	Net assets	Equity ratio	Net assets per share (¥)	
As of June 30, 2010	103,186	80,110	77.5	1,183.65	
As of March 31, 2010	103,575	80,370	77.4	1,187.42	

Note: Owners' equity  
 As of June 30, 2010: ¥ 79,944 million As of March 31, 2010: ¥ 80,205 million

## 2. Dividends

	Cash dividends per share (¥)				
	1 <sup>st</sup> quarter	2 <sup>nd</sup> quarter	3 <sup>rd</sup> quarter	Year-end	Annual
Year ended March 31, 2010	—	¥9.00	—	¥10.00	¥19.00
Year ending March 31, 2011	—				
Year ending March 31, 2011 (forecast)		¥9.00	—	¥10.00	¥19.00

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

## 3. Business Forecast for the Year Ending March 31, 2011 (April 1, 2010 to March 31, 2011)

(3) Business Forecast for the Year Ending March 31, 2011 (April 1, 2010 to March 31, 2011)										(¥ million)	
	Net sales		Operating income		Ordinary income		Net income		Net income per share (¥)		
First-half period (total)	30,300	0.8%	1,900	(34.7%)	2,200	(27.4%)	1,400	(31.0%)	20.73		
Full term	64,700	2.8%	5,300	(18.0%)	5,700	(16.0%)	3,700	(9.7%)	54.78		

Note: Revisions to forecast of financial result in this quarter: None.

#### 4. Others

(1) Changes in significant consolidated subsidiaries

Inclusion: none

Exclusion: none

Note: Changes in specified subsidiaries involving changes of scope of consolidation

(2) Adoption of simplified accounting methods and specific accounting procedures

Applicable

Note: Simplified accounting methods and adoption of special accounting methods for preparation of quarterly financial statements

(3) Changes in significant accounting policies in preparation of consolidated quarterly financial statements

Changes in accounting standards: yes

Changes other than above: none

Note: Changes in accounting principles, procedures and presentation methods for preparation of quarterly financial statements

(4) Number of ordinary shares outstanding at the end of the year (including treasury stock)

As of June 30, 2010: 70,251,484 shares    As of March 31, 2010: 70,251,484 shares

Number of shares of treasury stock at the end of the year

As of June 30, 2010: 2,710,494 shares    As of March 31, 2010: 2,705,042 shares

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

As of June 30, 2010: 67,543,276 shares    As of June 30, 2009: 67,569,864 shares

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 were 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 1st quarter ended June 30, 2010	As of previous consolidated fiscal year ended March 31, 2010
<b>Assets</b>		
Current assets:		
Cash and deposits	¥11,287	¥11,028
Notes and accounts receivable	25,470	24,817
Marketable securities	8,735	9,095
Merchandise and products	6,193	6,263
Partially finished products	873	717
Work in process	319	319
Materials and supplies	3,587	3,565
Deferred tax assets	2,031	1,631
Other current assets	2,255	2,035
Allowance for doubtful accounts	(0)	(0)
Total current assets	60,753	59,474
Noncurrent assets:		
Tangible fixed assets:		
Buildings and structures (net)	8,491	8,672
Land	8,143	8,160
Other (net)	2,975	3,001
Total tangible fixed assets	19,610	19,834
Intangible fixed assets	612	644
Investments and other assets:		
Investment securities	11,292	12,764
Deferred tax assets	314	56
Long-term prepaid expenses	8,380	8,615
Other	2,257	2,222
Allowance for doubtful accounts	(36)	(37)
Total investments and other assets	22,209	23,622
Total noncurrent assets	42,432	44,101
Total assets	¥103,186	¥103,575

(¥ million)

	As of 1st quarter ended June 30, 2010	As of previous consolidated fiscal year ended March 31, 2010
<b>Liabilities</b>		
Current liabilities:		
Notes and accounts payable	¥4,527	¥4,691
Accrued liabilities	3,010	3,519
Income taxes payable	959	1,283
Reserve for bonuses	3,545	2,362
Reserve for sales returns	–	25
Other current liabilities	2,455	2,315
Total current liabilities	14,498	14,197
Long-term liabilities:		
Deferred tax liabilities	0	406
Liability for retirement benefits	8,075	8,230
Other long-term liabilities	502	371
Total long-term liabilities	8,577	9,007
Total liabilities	23,076	23,205
<b>Net assets</b>		
Shareholders' equity:		
Common stock	5,174	5,174
Capital surplus	4,444	4,444
Retained earnings	69,099	68,433
Treasury stock	(2,024)	(2,018)
Total shareholders' equity	76,693	76,033
Valuation and translation adjustments:		
Unrealized gain on available-for-sale securities	3,283	4,194
Deferred gain on derivatives under hedge accounting	(7)	2
Foreign currency translation adjustments	(24)	(25)
Total valuation and translation adjustments	3,251	4,172
Minority interests	165	164
Total net assets	80,110	80,370
Total liabilities and net assets	¥103,186	¥103,575

(2) Consolidated Statements of Income for the Quarter  
(Total for the consolidated period ended June 30, 2010)

(¥ million)

	1st quarter ended June 30, 2009	1st quarter ended June 30, 2010
Net sales	¥15,782	¥15,827
Cost of sales	7,253	7,264
Gross profit	8,528	8,562
Reversal of reserve for sales returns	17	25
Balance of gross profit	8,545	8,587
Selling, general and administrative expenses:		
Salaries and benefits	1,474	1,522
Provision for bonuses	788	759
Sales promotion expenses	244	262
Provision for retirement benefits	279	261
Depreciation	88	92
R&D expenses	1,809	1,979
Other	1,739	1,823
Total general, selling, and administrative expenses	6,422	6,699
Operating income	2,123	1,888
Non-operating income:		
Interest income	27	9
Dividend received	109	224
Rent income	77	92
Other	49	91
Total non-operating income	264	418
Non-operating expenses:		
Interest expenses	3	2
Donation	20	21
Foreign exchange loss	72	294
Loss on disposal of noncurrent assets	1	4
Rent expenses	26	27
Other	15	20
Total non-operating expenses	139	371
Ordinary income	2,248	1,935
Extraordinary loss		
Loss on adjustment for changes in accounting standard for asset retirement obligations	—	133
Total extraordinary loss	—	133
Income before income taxes and minority interests	2,248	1,802
Income taxes – current	1,326	951
Income taxes – deferred	(551)	(495)
Total income taxes	774	456
Income before minority interests	—	1,346
Minority interests (losses) in net income	(1)	5
Net income for the quarter	¥1,474	¥1,341

## (3) Consolidated Statements of Cash Flows for the Quarter

(¥ million)

	1st quarter ended June 30, 2009	1st quarter ended June 30, 2010
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	¥2,248	¥1,802
Depreciation and amortization	685	742
Decrease (increase) in liability for retirement benefits	53	(154)
Increase (decrease) in other reserves	1,195	1,156
Interest and dividend income	(137)	(234)
Interest expenses	3	2
Foreign exchange loss (gain)	69	387
Loss (gain) on disposal of noncurrent assets	1	4
Loss on adjustment for changes in accounting standard for asset retirement obligations	—	133
Decrease (increase) in notes and accounts receivable	(535)	(653)
Decrease (increase) in inventories	209	(107)
Decrease (increase) in other current assets	(321)	(214)
Increase (decrease) in notes and accounts payable	343	(163)
Increase (decrease) in consumption taxes payable	12	36
Increase (decrease) in other current liabilities	759	212
Other – net	(9)	(51)
Subtotal	4,577	2,898
Interest and dividends received	136	236
Interest paid	(3)	(2)
Income taxes paid	(1,498)	(1,223)
Net cash provided by operating activities	3,211	1,908
<b>Cash flows from investing activities</b>		
Deposit of funds into time deposits	(50)	(54)
Proceeds from withdrawal of time deposits	30	50
Purchases of marketable securities	(99)	(99)
Proceeds from redemptions of marketable securities	183	—
Purchases of investment securities	(101)	(1)
Purchases of tangible fixed assets	(381)	(700)
Proceeds from sales of tangible fixed assets	0	—
Purchases of intangible assets	(44)	(92)
Provision of loans	(59)	—
Collection of loans	10	—
Expenditures for long-term prepaid expenses acquired	(2,562)	(162)
Other – net	—	(35)
Net cash used in investing activities	(3,072)	(1,096)
<b>Cash flows from financing activities</b>		
Proceeds from long-term debt	(23)	—
Dividends paid	(543)	(607)
Purchase of treasury stock	(11)	(5)
Other – net	(0)	(16)
Net cash used in financing activities	(578)	(630)
Foreign currency transaction adjustments on cash and cash equivalents	(61)	(386)
Net decrease in cash and cash equivalents	(501)	(204)
Cash and cash equivalents at beginning of quarter	15,446	19,447
Cash and cash equivalents at end of quarter	¥14,944	¥19,243