

Outline of Consolidated Financial Results for the Second Quarter Ended September 30, 2009

November 10, 2009

Name of the listed company: **NIPPON SHINYAKU CO., LTD.** Listing stock exchange: Tokyo, Osaka
 Code No.: 4516 URL <http://www.nippon-shinyaku.co.jp/>
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 Scheduled date for submission of quarterly Securities Report: November 11, 2009
 Scheduled start of payment: December 10, 2009

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

1. Consolidated Results for the Second Quarter Ended September 30, 2009 (April 1 to September 30, 2009)

(1) Operating results	(¥ million)							
	Net sales		Operating income		Ordinary income		Net income for quarter	
Second quarter ended September 30, 2009	30,070	(5.9 %)	2,910	(37.3 %)	3,031	(39.8 %)	2,027	(33.6 %)
Second quarter ended September 30, 2008	31,942	—	4,644	—	5,040	—	3,053	—

	Net income per share (¥)	
	Basic	Diluted
Second quarter ended September 30, 2009	30.01	—
Second quarter ended September 30, 2008	45.15	—

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	(¥ million)			
	Total assets	Net assets	Equity ratio	Net assets per share (¥)
As of September 30, 2009	100,525	78,795	78.2	1,164.02
As of March 31, 2009	98,286	76,344	77.5	1,127.49

Note: Owners' equity
 As of September 30, 2009: ¥78,638 million As of March 31, 2009: ¥76,192 million

2. Dividends

	Cash dividends per share (¥)				
	1 st quarter	2 nd quarter	3 rd quarter	Year-end	Annual
Year ended March 31, 2009	—	¥9.00	—	¥9.00	¥18.00
Year ending March 31, 2010	—	¥9.00	—	—	—
Year ending March 31, 2010 (forecast)	—	—	—	¥10.00	¥19.00

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

3. Business Forecast for the Year Ending March 31, 2010 (April 1, 2009 to March 31, 2010)

	(¥ million)									
	Net sales		Operating income		Ordinary income		Net income		Net income per share (¥)	
Full term	64,300	1.9%	7,700	2.0%	8,100	0.7%	4,700	4.4%	69.57	

Note: 1. The percentage figure is the change against the previous term.
 2. Revisions have been made to forecast for consolidated financial results for the current quarter.

4. Others

- (1) Changes in the scope of consolidation
Inclusion: none
Exclusion: none
- (2) Adoption of simplified accounting methods and specific accounting procedures for quarterly consolidated financial statements
Applicable
- (3) Changes in significant accounting policies in preparation of consolidated quarterly financial statements
Changes in accounting standards: none
Changes other than above: none
- (4) Number of ordinary shares outstanding at the end of the year (including treasury stock)
As of September 30, 2009: 70,251,484 shares As of March 31, 2009: 70,251,484 shares
Number of shares of treasury stock at the end of the year
As of September 30, 2009: 2,693,605 shares As of March 31, 2009: 2,674,288 shares
Average number of ordinary shares outstanding (total for the consolidated period)
As of September 30, 2009: 67,565,051 shares As of March 31, 2009: 67,622,384 shares

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 2 nd quarter ended September 30, 2009	As of previous consolidated fiscal year ended March 31, 2009
Assets		
Current assets:		
Cash and deposits	¥13,247	¥14,687
Notes and accounts receivable	24,232	27,632
Marketable securities	5,294	1,798
Merchandise and products	6,175	6,050
Partially finished products	740	789
Work in process	371	381
Materials and supplies	3,534	3,609
Deferred tax assets	1,583	1,617
Other current assets	1,623	1,027
Allowance for doubtful accounts	(0)	(16)
Total current assets	56,804	57,578
Noncurrent assets:		
Tangible fixed assets:		
Buildings and structures (net)	8,703	9,021
Land	8,160	8,161
Other (net)	3,020	3,222
Total tangible fixed assets	19,884	20,406
Intangible fixed assets	496	307
Investments and other assets:		
Investment securities	12,837	11,532
Deferred tax assets	52	164
Investments in real estate (net)	1,304	1,330
Long-term prepaid expenses	8,288	6,166
Other	893	838
Allowance for doubtful accounts	(36)	(39)
Total investments and other assets	¥23,340	¥19,993
Total noncurrent assets	¥43,720	¥40,708
Total assets	¥100,525	¥98,286

(¥ million)

	As of 2 nd quarter ended September 30, 2009	As of previous consolidated fiscal year ended March 31, 2009
Liabilities		
Current liabilities:		
Notes and accounts payable	¥4,254	¥4,432
Current portion of long-term debt	53	70
Accrued liabilities	2,547	3,267
Income taxes payable	1,252	1,551
Reserve for bonuses	2,466	2,463
Reserve for sales returns	26	48
Other current liabilities	2,223	1,688
Total current liabilities	12,823	13,522
Long-term liabilities:		
Long-term debt	156	182
Deferred tax liability	408	0
Liability for retirement benefits	8,104	8,009
Other long-term liabilities	235	228
Total long-term liabilities	8,905	8,420
Total liabilities	21,729	21,942
Net assets		
Shareholders' equity:		
Common stock	5,174	5,174
Capital surplus	4,444	4,444
Retained earnings	66,972	65,553
Treasury stock	(2,006)	(1,985)
Total shareholders' equity	74,585	73,186
Valuation and translation adjustments:		
Unrealized gain on available-for-sale securities	4,076	3,032
Deferred gain on derivatives under hedge accounting	(1)	0
Foreign currency translation adjustments	(21)	(26)
Total valuation and translation adjustments	4,053	3,006
Minority interests	156	151
Total net assets	78,795	76,344
Total liabilities and net assets	¥100,525	¥98,286

(2) Consolidated Statements of Income for the Second Quarter
(Total for the consolidated period ended September 30, 2009)

(¥ million)

	2 nd quarter ended September 30, 2008	2 nd quarter ended September 30, 2009
Net sales	¥ 31,942	¥30,070
Cost of sales	14,243	13,937
Gross profit	17,699	16,133
Provision for reserve for sales returns	—	22
Reversal of reserve for sales returns	24	—
Balance of gross profit	17,675	16,155
Selling, general and administrative expenses:		
Salaries and benefits	2,807	2,918
Provision for bonuses	1,488	1,581
Sales promotion expenses	613	560
Provision for retirement benefits	489	558
Depreciation	172	179
R&D expenses	3,812	3,890
Other	3,647	3,555
Total general, selling, and administrative expenses	13,030	13,245
Operating income	4,644	2,910
Non-operating income:		
Interest income	109	52
Dividend received	140	112
Rents on housing	152	158
Foreign exchange gain	175	—
Other	162	109
Total non-operating income	740	433
Non-operating expenses:		
Interest expenses	9	5
Donation	97	91
Loss on disposal of noncurrent assets	32	18
Plant demolition costs	70	—
Leasing expenses	47	53
Foreign exchange loss	—	105
Other	87	37
Total non-operating expenses	345	311
Ordinary income	5,040	3,031
Extraordinary profit		
Gain from sales of fixed assets	—	206
Extraordinary profit total	—	206
Income for the quarter before income taxes and minority interests	5,040	3,238
Income taxes – current	1,646	1,205
Income taxes – deferred	338	0
Total income taxes	1,985	1,205
Minority net income	1	5
Net income for the quarter	¥3,053	¥2,027

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

(¥ million)

	2 nd quarter ended September 30, 2008	2 nd quarter ended September 30, 2009
Cash flows from operating activities		
Income before income taxes and minority interests	¥5,040	¥3,238
Depreciation and amortization	1,343	1,443
Increase (decrease) in liability for retirement benefits	(263)	95
Increase (decrease) in other reserves	(18)	(37)
Interest and dividend income	(249)	(164)
Interest expense	9	5
Foreign exchange loss (gain)	(107)	168
Loss (gain) on sales of tangible fixed assets	–	(206)
Loss (gain) on disposal of noncurrent assets	30	18
Decrease (increase) in notes and accounts receivable	1,097	3,399
Decrease (increase) in inventories	(828)	9
Decrease (increase) in other current assets	(170)	(601)
Increase (decrease) in notes and accounts payable	(398)	(178)
Increase (decrease) in consumption taxes payable	(51)	(96)
Increase (decrease) in other current liabilities	(446)	159
Other – net	27	(2)
Subtotal	5,015	7,250
Interest and dividends received	249	165
Interest paid	(9)	(5)
Income taxes paid	(1,622)	(1,504)
Net cash provided by operating activities	3,632	5,907
Cash flows from investing activities		
Purchases of funds into time deposits	(40)	(50)
Proceeds from withdrawal of time deposits	70	30
Acquisitions of marketable securities	–	(99)
Proceeds from redemption of investment securities	100	483
Purchases of investment in securities	(34)	(102)
Proceeds from the sale or redemption of investment in securities	30	0
Purchases of tangible fixed assets	(583)	(666)
Proceeds from sales of tangible fixed assets	35	208
Purchases of intangible assets	(24)	(232)
Provision of loans	(13)	(71)
Proceeds from collection of loans	41	28
Expenditures for long-term prepaid expenses acquired	(1,904)	(2,562)
Net cash used in investing activities	(2,324)	(3,032)
Cash flows from financing activities		
Expenditure for repayment of short-term debt	(10)	–
Proceeds from long-term debt	(589)	(42)
Dividends paid	(609)	(607)
Purchase of treasury stock	(66)	(20)
Other – net	4	(0)
Net cash used in financing activities	(1,271)	(670)
Effect of exchange rate changes on cash and cash equivalents	99	(163)
Net increase (decrease) in cash and cash equivalents	135	2,040
Cash and cash equivalents at beginning of quarter	15,153	15,446
Cash and cash equivalents at end of quarter	¥15,289	¥17,487