

# Flash Report for the First Three Quarters of FY 2008 (on a consolidated basis)

February 12, 2009

Name of the listed company: **NIPPON SHINYAKU CO., LTD.**

Code No.: 4516 Listing stock exchange: Tokyo, Osaka

URL <http://www.nippon-shinyaku.co.jp/>

Representative: Shigenobu Maekawa, President and Representative Director

Contact: Taro Sakurai, General Manager of Finance & Accounting Dept. Tel. +81-75-321-9114

Scheduled date for submission of Quarterly Report: February 13, 2009

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

## 1. Results for the First Three Quarters (April 1 to December 31, 2008)

(1) Operating results (¥ million)

	Net sales		Operating income		Ordinary income	
Three quarters ended December 31, 2008	¥48,661	—%	¥7,052	—%	¥7,058	—%
Three quarters ended December 31, 2007	44,017	4.8	5,231	40.8	5,986	44.4

  

	Net income		Earnings per share (¥)		Diluted EPS (¥)	
Three quarters ended December 31, 2008	¥3,861	—%	¥57.11		¥—	
Three quarters ended December 31, 2007	3,430	53.7	50.69		—	

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	Net assets per share (¥)
As of December 31, 2008	¥ 98,735	¥76,667	77.5%	¥1,132.18
As of March 31, 2008	103,115	76,951	74.5	1,135.40

Note: Owners' equity

As of December 31, 2008: ¥76,519 million As of March 31, 2008: ¥76,804 million

## 2. Dividends

	Cash dividends per share (¥)				
	Quarter-end			Year-end	Annual
	1st	2nd	3rd		
Year ended March 31, 2008	¥—	¥7.00	¥—	¥9.00	¥16.00
Year ending March 31, 2009	—	9.00	—		
Year ending March 31, 2009 (forecast)				9.00	18.00

Note: Revisions to dividend payment forecasts during the period: not applicable

## 3. Business Performance Forecasts for the Year Ending March 31, 2009

(April 1, 2008 to March 31, 2009)

	(¥ million)									
	Net sales		Operating income		Ordinary income		Net income		Earnings per share (¥)	
Full term	¥63,000	6.0%	¥7,000	8.3%	¥7,300	6.4%	¥4,400	9.2%	¥65.09	

Notes: 1. Percentage figures represent year-on-year comparisons.

2. Revisions to performance forecasts during the period: not applicable

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.

#### **4. Others**

(1) Changes in the scope of consolidation

Inclusion: none

Exclusion: none

(2) Significant methods applied for accounting: applicable

(3) Changes in significant accounting policies

Changes in accounting standard: applicable

Other: not applicable

Effective from the reporting period, the company has applied Accounting Standards for the Preparation of Quarterly Financial Statements and Application Guidelines for Accounting Standards for the Preparation of Quarterly Financial Statements. In addition, our quarterly financial statements have been prepared in accordance with "Regulations governing the preparation of consolidated quarterly financial statements."

(4) Number of ordinary shares issued at the end of the period (including treasury stock)

As of December 31, 2008: 70,251,484 shares    As of March 31, 2008: 70,251,484 shares

Number of shares in treasury at the end of the period

As of December 31, 2008: 2,665,732 shares    As of March 31, 2008: 2,606,466 shares

Average number of shares during the period

Three quarters ended December 31, 2008: 67,612,590 shares

Three quarters ended December 31, 2007: 67,673,760 shares

## Consolidated Balance Sheets

(¥ million)

	As of December 31, 2008	As of March 31, 2008
<b>Assets</b>		
Current assets:		
Cash and deposits	¥ 8,519	¥ 11,234
Notes and accounts receivable	29,987	27,036
Marketable securities	4,900	4,599
Merchandise and finished products	5,844	6,332
Semi-finished products	1,070	972
Work in process	434	260
Raw materials and supplies	3,366	3,030
Deferred tax assets	983	1,743
Other current assets	1,004	1,071
Allowance for doubtful accounts	(0)	(0)
Total current assets	56,111	56,281
Noncurrent assets:		
Tangible fixed assets:		
Buildings and structures – net	9,004	8,919
Land	8,164	8,172
Other – net	3,443	3,213
Total tangible fixed assets	20,612	20,304
Intangible assets	284	259
Investments and other assets:		
Investment securities	13,186	19,212
Deferred tax assets	46	55
Investments in real estate – net	1,337	1,356
Long-term prepaid expenses	6,366	4,527
Other	844	1,172
Allowance for doubtful accounts	(54)	(53)
Total investments and other assets	21,725	26,270
Total noncurrent assets	42,623	46,834
Total assets	¥98,735	¥103,115

(¥ million)

As of December 31, 2008      As of March 31, 2008

**Liabilities**

## Current liabilities:

Notes and accounts payable	¥ 4,529	¥ 5,061
Short-term borrowings	60	30
Current portion of long-term debt	308	1,162
Accrued liabilities	3,751	3,034
Income taxes payable	692	1,649
Reserve for bonuses	1,232	2,402
Reserve for sales returns	46	22
Other current liabilities	2,506	1,708

Total current liabilities	13,127	15,071
---------------------------	--------	--------

## Long-term liabilities:

Long-term debt	32	59
Deferred tax liability	343	2,207
Liability for retirement benefits	8,342	8,536
Other long-term liabilities	222	290

Total long-term liabilities	8,940	11,093
-----------------------------	-------	--------

Total liabilities	22,067	26,164
-------------------	--------	--------

**Net assets**

## Shareholders' equity:

Common stock	5,174	5,174
Capital surplus	4,444	4,441
Retained earnings	64,914	62,270
Treasury stock	(1,977)	(1,900)

Total shareholders' equity	72,556	69,986
----------------------------	--------	--------

## Valuation and translation adjustments:

Unrealized gain on available-for-sale securities	3,991	6,822
Deferred loss on derivatives under hedge accounting	(13)	(0)
Foreign currency translation adjustments	(14)	(4)

Total valuation and translation adjustments	3,962	6,818
---	-------	-------

## Minority interests

	148	147
--	-----	-----

Total net assets	76,667	76,951
------------------	--------	--------

Total liabilities and net assets	¥98,735	¥103,115
----------------------------------	---------	----------

## Consolidated Statement of Income

(¥ million)

	Three quarters ended December 31, 2008
Net sales	¥48,661
Cost of sales	21,704
Provision for reserve for sales returns	24
Gross profit	26,933
Selling, general and administrative expenses:	
Salaries and benefits	5,710
Provision for bonuses	788
Sales promotion expenses	941
Provision for retirement benefits	738
Depreciation	263
R&D expenses	5,967
Other	5,470
Total selling, general and administrative expenses	19,880
Operating income	7,052
Non-operating income:	
Interest income	163
Dividend received	254
Rent income	231
Other	193
Total non-operating income	842
Non-operating expenses:	
Interest expenses	12
Donation	130
Loss on disposal of noncurrent assets	33
Expenses for dismantling plant	70
Leasing expenses	72
Foreign exchange loss	408
Other	108
Total non-operating expenses	837
Ordinary income	7,058
Extraordinary losses:	
Loss on valuation of investment securities	339
Total extraordinary losses	339
Income before income taxes and minority interests	6,719
Income taxes - current	1,971
Income taxes - deferred	884
Total income taxes	2,856
Minority interests in net income	1
Net income	¥ 3,861

## Consolidated Statement of Cash Flows

(¥ million)

Three quarters ended  
December 31, 2008

<b>Cash flows from operating activities</b>	
Income before income taxes and minority interests	¥ 6,719
Depreciation and amortization	2,093
Decrease in liability for retirement benefits	(193)
Decrease in other reserves	(1,145)
Interest and dividend income	(417)
Interest expenses	12
Foreign exchange loss	508
Loss on valuation of investment securities	339
Loss on disposal of noncurrent assets	33
Increase in notes and accounts receivable	(2,951)
Increase in inventories	(120)
Decrease in other current assets	103
Decrease in notes and accounts payable	(532)
Increase in consumption taxes payable	173
Increase in other current liabilities	509
Other – net	(3)
Subtotal	5,128
Interest and dividends received	418
Interest paid	(12)
Income taxes paid	(2,901)
Net cash provided by operating activities	2,632
<b>Cash flows from investing activities</b>	
Deposit of funds into time deposits	(70)
Proceeds from withdrawal of time deposits	100
Proceeds from redemption of marketable securities	400
Purchases of investment securities	(36)
Proceeds from redemption and sale of investment securities	45
Purchases of tangible fixed assets	(1,150)
Proceeds from sale of tangible fixed assets	35
Purchases of intangible assets	(84)
Provision of loans	(26)
Collection of loans	71
Long-term prepaid expenses	(2,206)
Other – net	0
Net cash used in investing activities	(2,921)
<b>Cash flows from financing activities</b>	
Net increase in short-term borrowings	30
Repayment of long-term debt	(881)
Cash dividend paid	(1,152)
Purchase of treasury stock	(83)
Other – net	8
Net cash used in financing activities	(2,078)
Foreign currency transaction adjustments on cash and cash equivalents	(518)
Net decrease in cash and cash equivalents	(2,886)
Cash and cash equivalents at beginning of period	15,153
Cash and cash equivalents at end of period	¥12,267