

## Outline of Consolidated Financial Results for the Second Quarter Ended September 30, 2011

November 8, 2011

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: November 10, 2011  
 Scheduled start of payment: December 8, 2011  
 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 Second Quarter Ended September 30, 2011 (April 1 to September 30, 2011)

	Net sales		Operating income		Ordinary income		Net income for quarter	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
Second quarter ended September 30, 2011	32,173	5.8 %	3,011	35.0 %	3,133	29.4%	2,012	38.8%
Second quarter ended September 30, 2010	30,398	1.1 %	2,230	(23.4 %)	2,421	(20.1%)	1,450	(28.5%)

Note: Comprehensive income  
 As of September 30, 2011: ¥1,584 million (626.9%) As of September 30, 2010: ¥ 217 million (—%)

	Net income per share (¥)	
	Basic	Diluted
Second quarter ended September 30, 2011	29.81	—
Second quarter ended September 30, 2010	21.47	—

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

	Financial position		
	Total assets	Net assets	Equity ratio (%)
As of September 30, 2011	105,132	82,588	78.4
As of March 31, 2011	102,737	81,692	79.3

Note: Owners' equity  
 As of September 30, 2011: ¥ 82,404 million As of March 31, 2011: ¥ 81,515 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, 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)

	Net sales		Operating income		Ordinary income		Net income		Net income per share (¥)
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
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 September 30, 2011: 70,251,484 shares

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

Number of shares of treasury stock

As of September 30, 2011: 2,749,075 shares

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

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

As of September 30, 2011: 67,506,738 shares

As of September 30, 2010: 67,539,859 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 2 <sup>nd</sup> quarter ended September 30, 2011
<b>Assets</b>		
Current assets:		
Cash and deposits	¥11,424	¥13,172
Notes and accounts receivable	27,573	26,240
Marketable securities	7,009	8,789
Merchandise and products	6,908	7,714
Partially finished products	1,029	935
Work in process	362	316
Materials and supplies	3,248	3,868
Deferred tax assets	1,518	1,519
Other current assets	1,675	1,663
Allowance for doubtful accounts	(0)	(0)
Total current assets	60,749	64,219
Fixed assets:		
Tangible fixed assets:		
Buildings and structures (net)	8,224	7,858
Land	8,118	8,118
Other (net)	2,480	2,519
Total tangible fixed assets	18,823	18,497
Intangible fixed assets	672	622
Investments and other assets:		
Investment securities	11,002	10,295
Deferred tax assets	450	627
Long-term prepaid expenses	8,866	8,730
Other	2,210	2,176
Allowance for doubtful accounts	(37)	(38)
Total investments and other assets	22,492	21,792
Total fixed assets	41,988	40,912
Total assets	¥102,737	¥105,132

(¥ million)

	As of previous consolidated fiscal year ended March 31, 2011	As of 2 <sup>nd</sup> quarter ended September 30, 2011
<b>Liabilities</b>		
Current liabilities:		
Notes and accounts payable	¥5,297	¥6,488
Accrued liabilities	2,805	3,004
Income taxes payable	598	1,085
Reserve for bonuses	2,319	2,315
Other current liabilities	1,881	1,678
Total current liabilities	12,902	14,571
Long-term liabilities:		
Deferred tax liability	0	0
Reserve for retirement benefits	7,718	7,534
Other long-term liabilities	423	438
Total long-term liabilities	8,142	7,972
Total liabilities	21,044	22,543
<b>Net assets</b>		
Shareholders' equity:		
Common stock	5,174	5,174
Capital surplus	4,444	4,445
Retained earnings	71,108	72,446
Treasury stock	(2,058)	(2,067)
Total shareholders' equity	78,669	79,997
Accumulated other comprehensive income:		
Unrealized gain on available-for-sale securities	2,880	2,449
Deferred gain on derivatives under hedge accounting	2	(5)
Foreign currency translation adjustments	(36)	(37)
Total accumulated other comprehensive income	2,845	2,406
Minority interests	177	184
Total net assets	81,692	82,588
Total liabilities and net assets	¥102,737	¥105,132

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income for the Second Quarter  
(Consolidated Statements of Income)  
(Total for the consolidated period ended September 30, 2011)

(¥ million)

	2 <sup>nd</sup> quarter ended September 30, 2010	2 <sup>nd</sup> quarter ended September 30, 2011
Net sales	¥30,398	¥32,173
Cost of sales	14,312	15,440
Gross profit	16,086	16,733
Reversal of reserve for sales returns	25	—
Balance of gross profit	16,111	16,733
Selling, general and administrative expenses:		
Salaries and benefits	3,018	3,089
Provision for bonuses	1,524	1,512
Sales promotion expenses	546	458
Provision for retirement benefits	522	532
Depreciation	185	184
R&D expenses	4,403	4,359
Other	3,681	3,584
Total general, selling, and administrative expenses	13,880	13,721
Operating income	2,230	3,011
Non-operating income:		
Interest income	24	14
Dividend received	227	146
Rent income	185	163
Other	254	79
Total non-operating income	691	403
Non-operating expenses:		
Interest expenses	5	4
Donation	101	100
Foreign exchange loss	236	17
Loss on disposal of fixed assets	9	4
Rent expenses	55	57
Other	93	97
Total non-operating expenses	500	281
Ordinary income	2,421	3,133
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	2,288	3,133
Income taxes – current	714	1,020
Income taxes – deferred	113	89
Total income taxes	828	1,109
Income before minority interests	1,459	2,023
Minority net income	9	11
Net income for the Quarter	¥1,450	¥2,012

(Consolidated Statements of Comprehensive Income)  
(Total for the consolidated period ended September 30, 2011)

(¥ million)

	2 <sup>nd</sup> quarter ended September 30, 2010	2 <sup>nd</sup> quarter ended September 30, 2011
Income before minority interests	¥1,459	¥2,023
Other comprehensive income		
Unrealized loss on available-for-sale securities	(1,235)	(431)
Deferred loss on derivatives under hedge accounting	(2)	(7)
Foreign currency translation adjustments	(3)	(0)
Total other comprehensive income	(1,241)	(439)
Comprehensive income	217	1,584
(Item)		
Comprehensive income attributable to owners of the parent	208	1,573
Comprehensive income attributable to minority interests	¥9	¥11

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

(¥ million)

	2 <sup>nd</sup> quarter ended September 30, 2010	2 <sup>nd</sup> quarter ended September 30, 2011
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	¥2,288	¥3,133
Depreciation and amortization	1,517	1,430
Increase (decrease) in reserve for retirement benefits	(291)	(184)
Increase (decrease) in other reserves	(19)	(3)
Interest and dividend income	(252)	(160)
Interest expenses	5	4
Foreign exchange loss (gain)	295	102
Loss (gain) on sales of marketable securities	(100)	—
Loss (gain) on disposal of fixed assets	9	4
Loss on adjustment for changes of accounting standard for asset retirement obligations	133	—
Decrease (increase) in notes and accounts receivable	762	1,333
Decrease (increase) in inventories	92	(1,286)
Decrease (increase) in other current assets	133	(124)
Increase (decrease) in notes and accounts payable	(206)	1,190
Increase (decrease) in consumption taxes payable	(49)	(117)
Increase (decrease) in other current liabilities	(281)	(224)
Other – net	(17)	44
Subtotal	4,017	5,141
Interest and dividends received	252	161
Interest paid	(5)	(4)
Income taxes paid	(1,226)	(529)
Net cash provided by operating activities	3,037	4,768
<b>Cash flows from investing activities</b>		
Purchases of funds into time deposits	(57)	(42)
Proceeds from withdrawal of time deposits	50	30
Purchases of marketable securities	(99)	(20)
Proceeds from redemption of marketable securities	399	220
Purchases of investment in securities	(2)	(2)
Proceeds from the sale or redemption of investment in securities	126	100
Purchases of tangible fixed assets	(1,012)	(471)
Proceeds from sales of tangible fixed assets	—	20
Purchases of intangible assets	(147)	(110)
Expenditures for long-term prepaid expenses acquired	(463)	—
Other – net	(4)	34
Net cash used in investing activities	(1,210)	(241)
<b>Cash flows from financing activities</b>		
Dividends paid	(673)	(674)
Purchase of treasury stock	(14)	(9)
Other – net	(29)	(24)
Net cash used in financing activities	(716)	(708)
Effect of exchange rate changes on cash and cash equivalents	(298)	(102)
Net increase (decrease) in cash and cash equivalents	811	3,715
Cash and cash equivalents at beginning of year	19,447	18,142
Cash and cash equivalents at end of quarter	¥20,259	¥21,858