

Outline of Consolidated Financial Results for the Third Quarter Ended December 31, 2014

February 6, 2015

Name of the listed company: **NIPPON SHINYAKU CO., LTD.** Listing stock exchange: Tokyo
 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 10, 2015
 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, 2014 (April 1 to December 31, 2014)

(1) Operating results

(¥ million)

	Net sales		Operating income		Ordinary income		Net income for quarter	
Third quarter ended December 31, 2014	58,690	5.2 %	5,997	10.5 %	6,444	8.3 %	4,340	11.3 %
Third quarter ended December 31, 2013	55,813	8.3 %	5,425	1.2 %	5,950	4.4 %	3,899	9.6 %

Note: Comprehensive income

As of December 31, 2014: ¥ 6,152 million 19.4 % As of December 31, 2013: ¥ 5,152 million 49.0 %

	Net income per share (¥)	
	Basic	Diluted
Third quarter ended December 31, 2014	64.39	—
Third quarter ended December 31, 2013	57.80	—

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, 2014	123,501	97,365	78.7 %	1,441.69
As of March 31, 2014	118,188	93,186	78.7 %	1,378.93

Note: Owners' equity

As of December 31, 2014: ¥ 97,155 million As of March 31, 2014: ¥ 92,982 million

2. Dividends

	Cash dividends per share (¥)				
	1 st quarter	2 nd quarter	3 rd quarter	Year-end	Annual
Year ended March 31, 2014	—	¥11.00	—	¥12.00	¥23.00
Year ending March 31, 2015	—	¥12.00	—		
Year ending March 31, 2015 (forecast)				¥13.00	¥25.00

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

3. Business Forecast for the Year Ending March 31, 2015 (April 1, 2014 to March 31, 2015)

(¥ million)

	Net sales		Operating income		Ordinary income		Net income		Net income per share (¥)
Full term	81,000	5.9%	8,500	5.7%	8,700	1.2%	6,000	4.3%	89.03

Notes: 1. Percentage figures represent the percentage of increase or decrease against the same period of the previous year.

2. Revisions to forecast for the current quarter: Yes.

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: Yes

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, 2014: 70,251,484 shares

As of March 31, 2014: 70,251,484 shares

Number of shares of treasury stock

As of December 31, 2014: 2,861,129 shares

As of March 31, 2014: 2,820,656 shares

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

As of December 31, 2014: 67,411,645 shares

As of December 31, 2013: 67,461,387 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.

This financial release contains certain statements about the future, which are based on information available to and deemed reasonable by Nippon Shinyaku at the time of announcement, and are not the commitments made by Nippon Shinyaku. 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, 2014	As of 3 rd quarter ended December 31, 2014
Assets		
Current assets:		
Cash and deposits	¥ 11,097	¥ 11,312
Notes and accounts receivable	34,137	36,792
Marketable securities	10,399	7,699
Merchandise and products	9,983	11,810
Partially finished products	1,426	1,392
Work in process	217	332
Materials and supplies	4,106	5,175
Deferred tax assets	1,678	1,144
Other current assets	1,637	1,455
Allowance for doubtful accounts	(0)	(0)
Total current assets	74,683	77,116
Fixed assets:		
Tangible fixed assets:		
Buildings and structures (net)	6,640	6,348
Land	7,433	7,449
Other (net)	1,597	1,905
Total tangible fixed assets	15,670	15,703
Intangible fixed assets	561	472
Investments and other assets:		
Investment securities	16,063	18,827
Deferred tax assets	60	63
Long-term prepaid expenses	7,981	8,246
Other	3,171	3,071
Allowance for doubtful accounts	(3)	—
Total investments and other assets	27,273	30,208
Total fixed assets	43,504	46,385
Total assets	¥ 118,188	¥ 123,501

(¥ million)

	As of previous consolidated fiscal year ended March 31, 2014	As of 3rd quarter ended December 31, 2014
Liabilities		
Current liabilities:		
Notes and accounts payable	¥ 6,099	¥ 7,108
Accrued liabilities	3,092	3,497
Income taxes payable	1,537	1,041
Reserve for bonuses	2,465	1,234
Other current liabilities	2,062	3,005
Total current liabilities	15,257	15,887
Long-term liabilities:		
Deferred tax liability	510	1,247
Net defined benefit liability	8,857	8,502
Other long-term liabilities	376	499
Total long-term liabilities	9,744	10,249
Total liabilities	25,002	26,136
Net assets		
Shareholders' equity:		
Common stock	5,174	5,174
Capital surplus	4,445	4,445
Retained earnings	81,105	83,596
Treasury stock	(2,175)	(2,296)
Total shareholders' equity	88,549	90,919
Accumulated other comprehensive income:		
Unrealized gain or loss on available-for-sale securities	5,841	7,369
Deferred gain or loss on derivatives under hedge accounting	1	14
Foreign currency translation adjustments	(4)	1
Remeasurements of defined benefit plans	(1,406)	(1,148)
Total accumulated other comprehensive income	4,432	6,236
Minority interests	204	209
Total net assets	93,186	97,365
Total liabilities and net assets	¥ 118,188	¥ 123,501

(2) Consolidated Statements of Income for the Quarter
(Total for the consolidated period ended December 31, 2014)

(¥ million)

	3rd quarter ended December 31, 2013	3rd quarter ended December 31, 2014
Net sales	¥ 55,813	¥ 58,690
Cost of sales	28,477	30,020
Gross profit	27,335	28,670
Selling, general and administrative expenses:		
Salaries and benefits	6,209	6,368
Provision for bonuses	801	838
Sales promotion expenses	897	1,501
Retirement benefit expenses	776	638
Depreciation	277	244
R&D expenses	7,102	6,724
Other	5,845	6,357
Total general, selling, and administrative expenses	21,910	22,673
Operating income	5,425	5,997
Non-operating income:		
Interest income	18	15
Dividend received	285	350
Foreign exchange profit	—	104
Rent income	279	275
Other	297	85
Total non-operating income	880	831
Non-operating expenses:		
Interest expenses	3	2
Donation	157	156
Foreign exchange loss	9	—
Rent expenses	81	79
PCB waste treatment expenses	—	100
Other	103	44
Total non-operating expenses	355	383
Ordinary income	5,950	6,444
Income before income taxes and minority interests	5,950	6,444
Income taxes – current	1,365	1,603
Income taxes – deferred	675	493
Total income taxes	2,041	2,096
Income before minority interests	3,909	4,348
Minority net income	9	7
Net income	¥ 3,899	¥ 4,340

(Consolidated Statements of Comprehensive Income)
(Total for the consolidated period ended December 31, 2014)

(¥ million)

	3rd quarter ended December 31, 2013	3rd quarter ended December 31, 2014
Income before minority interests	¥ 3,909	¥ 4,348
Other comprehensive income		
Unrealized gain or loss on available-for-sale securities	1,228	1,527
Deferred gain or loss on derivatives under hedge accounting	(0)	12
Foreign currency translation adjustments	15	5
Remeasurements of defined benefit plans	—	258
Total other comprehensive income	1,243	1,804
Comprehensive income	5,152	6,152
(Item)		
Comprehensive income attributable to owners of the parent	5,142	6,144
Comprehensive income attributable to minority interests	¥ 9	¥ 7