

Outline of Consolidated Financial Results for the First Quarter Ended June 30, 2017

August 9, 2017

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: August 14, 2017
 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 Year Ended June 30, 2017 (April 1, 2017 to June 30, 2017)

	(¥ million)							
	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
Quarter ended June 30, 2017	24,212	2.0%	5,012	13.3%	5,381	30.0%	3,959	28.6%
Quarter ended June 30, 2016	23,743	23.3%	4,424	595.0%	4,138	365.9%	3,078	404.7%

Note: Comprehensive income

As of June 30, 2017: ¥5,105 million 134.1% As of June 30, 2016: ¥2,180 million 17.5%

	Net income per share (¥)	
	Basic	Diluted
Quarter ended June 30, 2017	58.78	—
Quarter ended June 30, 2016	45.70	—

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
As of June 30, 2017	147,051	117,387	79.7%
As of March 31, 2017	150,905	114,316	75.6%

Note: Owners' equity

As of June 30, 2017: ¥117,162 million As of March 31, 2017: ¥114,089 million

2. Dividends

	Cash dividends per share (¥)				
	1 st quarter	2 nd quarter	3 rd quarter	Year-end	Annual
Year ended March 31, 2017	—	¥18.00	—	¥30.00	¥48.00
Year ending March 31, 2018	—	—	—	—	—
Year ending March 31, 2018 (forecast)	—	¥25.00	—	¥25.00	¥50.00

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

3. Business Forecast for the Year Ending March 31, 2018 (April 1, 2017 to March 31, 2018)

	(¥ million)								
	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share (¥)
First-half period	47,500	6.7%	6,800	4.7%	7,000	14.2%	5,200	16.0%	77.20
Full term	99,500	0.7%	16,500	8.0%	17,000	4.7%	12,500	6.4%	185.58

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: 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 June 30, 2017: 70,251,484 shares

As of March 31, 2017: 70,251,484 shares

Number of shares of treasury stock

As of June 30, 2017: 2,895,887 shares

As of March 31, 2017: 2,894,408 shares

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

As of June 30, 2017: 67,356,154 shares

As of June 30, 2016: 67,363,093 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 information available and deemed reasonable to 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, 2017	As of 1st quarter ended June 30, 2017
Assets		
Current assets:		
Cash and deposits	¥30,781	¥25,349
Notes and accounts receivable	36,444	36,369
Electronically recorded monetary claim	434	493
Marketable securities	8,657	9,157
Merchandise and products	12,291	12,502
Partially finished products	1,688	1,306
Work in process	466	375
Materials and supplies	4,129	4,033
Deferred tax assets	2,408	2,597
Other current assets	1,483	1,653
Allowance for doubtful accounts	(0)	(0)
Total current assets	98,787	93,838
Fixed assets:		
Tangible fixed assets:		
Buildings and structures (net)	7,843	7,742
Land	7,463	7,463
Other (net)	4,736	4,737
Total tangible fixed assets	20,043	19,943
Intangible fixed assets	494	459
Investments and other assets:		
Investment securities	21,681	23,178
Deferred tax assets	55	58
Long-term prepaid expenses	7,085	6,823
Other	2,757	2,750
Total investments and other assets	31,580	32,811
Total fixed assets	52,118	53,213
Total assets	¥150,905	¥147,051

(¥ million)

	As of previous consolidated fiscal year ended March 31, 2017	As of 1st quarter ended June 30, 2017
Liabilities		
Current liabilities:		
Notes and accounts payable	¥6,232	¥6,207
Accrued liabilities	11,971	5,661
Income taxes payable	3,892	1,455
Reserve for bonuses	2,705	4,040
Other current liabilities	2,199	2,480
Total current liabilities	27,001	19,846
Long-term liabilities:		
Deferred tax liability	1,121	1,669
Reserve for retirement benefits	8,064	7,747
Other long-term liabilities	401	399
Total long-term liabilities	9,587	9,817
Total liabilities	36,589	29,663
Net assets		
Shareholders' equity:		
Common stock	5,174	5,174
Capital surplus	4,445	4,445
Retained earnings	99,897	101,835
Treasury stock	(2,450)	(2,458)
Total shareholders' equity	107,067	108,997
Accumulated other comprehensive income:		
Unrealized gain on available-for-sale securities	9,235	10,275
Deferred gain or loss on derivatives under hedge accounting	(5)	13
Foreign currency translation adjustments	11	3
Remeasurements of defined benefit plans	(2,217)	(2,126)
Total accumulated other comprehensive income	7,022	8,165
Non-controlling interests	226	225
Total net assets	114,316	117,387
Total liabilities and net assets	¥150,905	¥147,051

(2) Consolidated Statements of Income for the Quarter
(Total for the consolidated period ended June 30, 2017)

(¥ million)

	1st quarter ended June 30, 2016	1st quarter ended June 30, 2017
Net sales	¥23,743	¥24,212
Cost of sales	11,138	11,125
Gross profit	12,605	13,086
Selling, general and administrative expenses:		
Salaries and benefits	1,632	1,663
Provision for bonuses	910	901
Sales promotion expenses	685	858
Provision for retirement benefits	225	184
Depreciation	97	110
R&D expenses	2,521	2,202
Other	2,109	2,153
Total general, selling, and administrative expenses	8,180	8,074
Operating income	4,424	5,012
Non-operating income:		
Interest income	5	12
Dividend received	204	231
Rent income	109	119
Foreign exchange gain	—	31
Other	26	52
Total non-operating income	345	447
Non-operating expenses:		
Interest expenses	0	0
Donation	48	14
Foreign exchange loss	491	—
Rent expenses	25	41
Other	64	20
Total non-operating expenses	631	77
Ordinary income	4,138	5,381
Income before income taxes	4,138	5,381
Income taxes – current	1,251	1,567
Income taxes – deferred	(193)	(148)
Total income taxes	1,058	1,419
Net income	3,079	3,962
Net income attributable to non-controlling interests	1	3
Net income attributable to owners of the parent	¥3,078	¥3,959

(Consolidated Statements of Comprehensive Income)
(Total for the consolidated period ended June 30, 2017)

(¥ million)

	1st quarter ended June 30, 2016	1st quarter ended June 30, 2017
Net income	¥3,079	¥3,962
Other comprehensive income		
Unrealized gain or loss on available-for-sale securities	(994)	1,040
Deferred gain or loss on derivatives under hedge accounting	(23)	19
Foreign currency translation adjustments	(12)	(7)
Remeasurements of defined benefit plans	131	91
Total other comprehensive income (loss)	(899)	1,142
Comprehensive income	2,180	5,105
(Item)		
Comprehensive income attributable to owners of the parent	2,179	5,101
Comprehensive income attributable to non-controlling interests	¥1	¥3