

Outline of Consolidated Financial Results for the Third Quarter Ended December 31, 2012

February 6, 2013

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
 Contact: Taro Sakurai, General Manager and Finance & Accounting Dept. Tel. +81-75-321-9114
 Scheduled date for submission of quarterly Securities Report: February 8, 2013
 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, 2012 (April 1 to December 31, 2012)

(1) Operating results								(¥ million)
	Net sales		Operating income		Ordinary income		Net income for quarter	
Third quarter ended December 31, 2012	51,514	2.2%	5,361	3.1%	5,698	6.8%	3,557	15.5%
Third quarter ended December 31, 2011	50,423	7.4%	5,200	31.4%	5,336	25.5%	3,081	1.4%
Note: Comprehensive income								
As of December 31, 2012: ¥3,458million	40.1%		As of December 31, 2011: ¥ 2,467 million		15.1%			
	Net income per share (¥)							
	Basic	Diluted						
Third quarter ended December 31, 2012	52.72	—						
Third quarter ended December 31, 2011	45.65	—						

Note: Percentage figures for net sales, operating income, ordinary income and net income represent year-on-year comparisons.

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share (¥)
As of December 31, 2012	107,687	86,655	80.3%	1,281.22
As of March 31, 2012	106,304	84,566	79.4%	1,250.11
Note: Owners' equity				
As of December 31, 2012: ¥86,456 million	As of March 31, 2012: ¥84,374 million			

2. Dividends

	Cash dividends per share (¥)				
	1 st quarter	2 nd quarter	3 rd quarter	Year-end	Annual
Year ended March 31, 2012	—	¥9.00	—	¥10.00	¥19.00
Year ending March 31, 2013	—	¥10.00	—		
Year ending March 31, 2013 (forecast)				¥11.00	¥21.00

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

3. Business Forecast for the Year Ending March 31, 2013 (April 1, 2012 to March 31, 2013)

	Net sales		Operating income		Ordinary income		Net income		Net income per share (¥)
Full term	69,400	3.1%	6,600	9.8%	6,800	9.8%	4,300	15.7%	63.72

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: Yes

2. Changes arising from other factors: None

3. Changes in accounting estimates: Yes

4. Restatement: None

(4) Number of shares outstanding (ordinary shares)

Number of shares outstanding (including treasury stock)

As of December 31, 2012: 70,251,484 shares

As of March 31, 2012: 70,251,484 shares

Number of shares of treasury stock

As of December 31, 2012: 2,771,611 shares

As of March 31, 2012: 2,757,573 shares

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

As of December 31, 2012: 67,487,857 shares

As of December 31, 2011: 67,504,317 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 which do not constitute 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, 2012	As of 3 rd quarter ended December 31, 2012
Assets		
Current assets:		
Cash and deposits	¥12,387	¥11,232
Notes and accounts receivable	31,988	32,428
Marketable securities	7,599	8,099
Merchandise and products	6,843	8,536
Partially finished products	1,247	1,185
Work in process	189	271
Materials and supplies	3,644	3,836
Deferred tax assets	1,635	894
Other current assets	796	1,708
Allowance for doubtful accounts	(0)	(0)
Total current assets	66,333	68,191
Fixed assets:		
Tangible fixed assets:		
Buildings and structures (net)	7,629	7,429
Land	8,030	7,889
Other (net)	2,175	1,989
Total tangible fixed assets	17,835	17,308
Intangible fixed assets	566	636
Investments and other assets:		
Investment securities	11,170	11,042
Deferred tax assets	199	283
Long-term prepaid expenses	8,111	8,076
Other	2,123	2,171
Allowance for doubtful accounts	(37)	(23)
Total investments and other assets	21,568	21,551
Total fixed assets	39,971	39,496
Total assets	¥106,304	¥107,687

(¥ million)

	As of previous consolidated fiscal year ended March 31, 2012	As of 3 rd quarter ended December 31, 2012
Liabilities		
Current liabilities:		
Notes and accounts payable	¥5,019	¥6,343
Accrued liabilities	3,104	2,887
Income taxes payable	1,294	383
Reserve for bonuses	2,366	1,185
Other current liabilities	2,177	2,431
Total current liabilities	13,961	13,231
Long-term liabilities:		
Deferred tax liability	0	0
Reserve for retirement benefits	7,357	7,408
Other long-term liabilities	418	392
Total long-term liabilities	7,776	7,801
Total liabilities	21,738	21,032
Net assets		
Shareholders' equity:		
Common stock	5,174	5,174
Capital surplus	4,445	4,445
Retained earnings	73,541	75,749
Treasury stock	(2,075)	(2,089)
Total shareholders' equity	81,085	83,280
Accumulated other comprehensive income:		
Unrealized gain on available-for-sale securities	3,328	3,215
Deferred gain on derivatives under hedge accounting	1	2
Foreign currency translation adjustments	(41)	(41)
Total accumulated other comprehensive income	3,289	3,176
Minority interests	191	198
Total net assets	84,566	86,655
Total liabilities and net assets	¥106,304	¥107,687

(2) Consolidated Statements of Income for the Quarter
(Total for the consolidated period ended December 31, 2012)

(¥ million)

	3 rd quarter ended December 31, 2011	3 rd quarter ended December 31, 2012
Net sales	¥50,423	¥51,514
Cost of sales	24,152	25,471
Gross profit	26,271	26,043
Selling, general and administrative expenses:		
Salaries and benefits	6,103	6,118
Provision for bonuses	772	773
Sales promotion expenses	777	737
Provision for retirement benefits	799	792
Depreciation	278	242
R&D expenses	6,855	6,411
Other	5,484	5,604
Total general, selling, and administrative expenses	21,070	20,681
Operating income	5,200	5,361
Non-operating income:		
Interest income	21	21
Dividend received	256	254
Rent income	253	258
Other	93	180
Total non-operating income	624	714
Non-operating expenses:		
Interest expenses	6	5
Donation	125	113
Loss on sale of investment securities	119	—
Foreign exchange loss	42	29
Rent expenses	84	76
Other	109	152
Total non-operating expenses	488	378
Ordinary income	5,336	5,698
Income before income taxes and minority interests	5,336	5,698
Income taxes – current	1,353	1,454
Income taxes – deferred	886	672
Total income taxes	2,239	2,127
Income before minority interests	3,097	3,570
Minority net income	16	12
Net income	¥ 3,081	¥ 3,557

(Consolidated Statements of Comprehensive Income)
(Total for the consolidated period ended December 31, 2012)

(¥ million)

	3 rd quarter ended December 31, 2011	3 rd quarter ended December 31, 2012
Income before minority interests	¥ 3,097	¥ 3,570
Other comprehensive income		
Unrealized loss on available-for-sale securities	(620)	(113)
Deferred gain or loss on derivatives under hedge accounting	(4)	0
Foreign currency translation adjustments	(5)	(0)
Total other comprehensive income	(629)	(112)
Comprehensive income	2,467	3,458
(Item)		
Comprehensive income attributable to owners of the parent	2,451	3,445
Comprehensive income attributable to minority interests	¥16	¥12