

# Outline of Consolidated Financial Results for the Third Quarter Ended December 31, 2015

February 8, 2016

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  
 Contact: Taro Sakurai, General Manager and Finance & Accounting Dept. Tel. +81-75-321-9114  
 Scheduled date for submission of quarterly Securities Report: February 10, 2016  
 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, 2015 (April 1 to December 31, 2015)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
Third quarter ended December 31, 2015	63,463	8.1%	6,907	15.2%	7,267	12.8%	5,017	15.6%
Third quarter ended December 31, 2014	58,690	5.2%	5,997	10.5%	6,444	8.3%	4,340	11.3%

Note: Comprehensive income  
 As of December 31, 2015: ¥7,019 million 14.1% As of December 31, 2014: ¥6,152 million 19.4%

	Net income per share (¥)	
	Basic	Diluted
Third quarter ended December 31, 2015	74.46	—
Third quarter ended December 31, 2014	64.39	—

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

	Financial position (¥ million)			
	Total assets	Net assets	Equity ratio	Net assets per share (¥)
As of December 31, 2015	132,813	106,321	79.9%	1,575.16
As of March 31, 2015	129,757	101,207	77.8%	1,498.88

Note: Owners' equity  
 As of December 31, 2015: ¥106,107 million As of March 31, 2015: ¥100,998 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, 2015	—	¥12.00	—	¥13.00	¥25.00
Year ending March 31, 2016	—	¥14.00	—		
Year ending March 31, 2016 (forecast)				¥14.00	¥28.00

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

## 3. Business Forecast for the Year Ending March 31, 2016 (April 1, 2015 to March 31, 2016)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share (¥)
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	
Full term	87,000	8.8 %	9,300	8.6%	9,500	6.4%	6,700	13.9%	99.46

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: Yes

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, 2015: 70,251,484 shares

As of March 31, 2015: 70,251,484 shares

Number of shares of treasury stock

As of December 31, 2015: 2,888,032 shares

As of March 31, 2015: 2,868,940 shares

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

As of December 31, 2015: 67,375,050 shares

As of December 31, 2014: 67,411,645 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, 2015	As of 3 <sup>rd</sup> quarter ended December 31, 2015
<b>Assets</b>		
Current assets:		
Cash and deposits	¥ 11,841	¥ 12,493
Notes and accounts receivable	35,010	39,789
Marketable securities	10,799	5,499
Merchandise and products	12,936	12,487
Partially finished products	1,737	1,441
Work in process	321	465
Materials and supplies	4,663	4,618
Deferred tax assets	1,698	1,450
Other current assets	1,413	1,881
Allowance for doubtful accounts	(0)	(0)
Total current assets	80,422	80,127
Fixed assets:		
Tangible fixed assets:		
Buildings and structures (net)	6,163	5,904
Land	7,449	7,509
Other (net)	1,780	3,092
Total tangible fixed assets	15,393	16,506
Intangible fixed assets	458	432
Investments and other assets:		
Investment securities	22,078	25,081
Deferred tax assets	57	57
Long-term prepaid expenses	8,287	7,817
Other	3,059	2,790
Total investments and other assets	33,482	35,747
Total fixed assets	49,334	52,686
Total assets	¥ 129,757	¥ 132,813

(¥ million)

	As of previous consolidated fiscal year ended March 31, 2015	As of 3rd quarter ended December 31, 2015
<b>Liabilities</b>		
Current liabilities:		
Notes and accounts payable	¥ 7,118	¥ 5,485
Accrued liabilities	3,472	4,442
Income taxes payable	2,161	1,238
Reserve for bonuses	2,523	1,285
Other current liabilities	2,495	3,202
<b>Total current liabilities</b>	<b>17,770</b>	<b>15,655</b>
Long-term liabilities:		
Deferred tax liability	2,286	3,436
Reserve for retirement benefits	7,997	6,959
Other long-term liabilities	495	439
<b>Total long-term liabilities</b>	<b>10,779</b>	<b>10,836</b>
<b>Total liabilities</b>	<b>28,550</b>	<b>26,492</b>
<b>Net assets</b>		
Shareholders' equity:		
Common stock	5,174	5,174
Capital surplus	4,445	4,445
Retained earnings	85,137	88,335
Treasury stock	(2,327)	(2,412)
<b>Total shareholders' equity</b>	<b>92,429</b>	<b>95,542</b>
Accumulated other comprehensive income:		
Unrealized gain on available-for-sale securities	9,600	11,303
Deferred gain on derivatives under hedge accounting	(11)	(3)
Foreign currency translation adjustments	17	16
Remeasurements of defined benefit plans	(1,037)	(751)
<b>Total accumulated other comprehensive income</b>	<b>8,569</b>	<b>10,565</b>
Non-controlling interests	208	213
<b>Total net assets</b>	<b>101,207</b>	<b>106,321</b>
<b>Total liabilities and net assets</b>	<b>¥ 129,757</b>	<b>¥ 132,813</b>

(2) Consolidated Statements of Income for the Quarter  
(Total for the consolidated period ended December 31, 2015)

(¥ million)

	3rd quarter ended December 31, 2014	3rd quarter ended December 31, 2015
Net sales	¥ 58,690	¥ 63,463
Cost of sales	30,020	32,986
Gross profit	28,670	30,476
Selling, general and administrative expenses:		
Salaries and benefits	6,368	6,524
Provision for bonuses	838	865
Sales promotion expenses	1,501	2,012
Provision for retirement benefits	638	586
Depreciation	244	248
R&D expenses	6,724	7,150
Other	6,357	6,181
Total general, selling, and administrative expenses	22,673	23,568
Operating income	5,997	6,907
Non-operating income:		
Interest income	15	16
Dividend received	350	382
Rent income	275	276
Foreign exchange gain	104	—
Other	85	82
Total non-operating income	831	757
Non-operating expenses:		
Interest expenses	2	2
Donation	156	182
Rent expenses	79	73
Foreign exchange loss	—	37
PCB waste treatment expenses	100	—
Other	44	102
Total non-operating expenses	383	397
Ordinary income	6,444	7,267
Income before income taxes and minority interests	6,444	7,267
Income taxes – current	1,603	1,783
Income taxes – deferred	493	460
Total income taxes	2,096	2,243
Net income	4,348	5,023
Net income attributable to Non-controlling interests	7	6
Net income attributable to owners of the parent	¥ 4,340	¥ 5,017

(Consolidated Statements of Comprehensive Income)  
(Total for the consolidated period ended December 31, 2015)

(¥ million)

	3rd quarter ended December 31, 2014	3rd quarter ended December 31, 2015
Net income	¥ 4,348	¥ 5,023
Other comprehensive income		
Unrealized gain or loss on available-for-sale securities	1,527	1,703
Deferred gain or loss on derivatives under hedge accounting	12	7
Foreign currency translation adjustments	5	(0)
Remeasurements of defined benefit plans	258	285
Total other comprehensive income	1,804	1,996
Comprehensive income	6,152	7,019
(Item)		
Comprehensive income attributable to owners of the parent	6,144	7,013
Comprehensive income (loss) attributable to Non-controlling interests	¥ 7	¥ 6