

Outline of Consolidated Financial Results for the First Quarter Ended June 30, 2016

August 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
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 Scheduled date for submission of quarterly Securities Report: August 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 Year Ended June 30, 2016 (April 1, 2016 to June 30, 2016)

	(¥ million)							
	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
Quarter ended June 30, 2016	23,743	23.3%	4,424	595.0%	4,138	365.9%	3,078	404.7%
Quarter ended June 30, 2015	19,260	7.4%	636	(21.8%)	888	(13.8%)	609	(12.0%)

Note: Comprehensive income

As of June 30, 2016: ¥2,180 million 17.5% As of June 30, 2015: ¥1,856 million 40.7%

	Net income per share (¥)	
	Basic	Diluted
Quarter ended June 30, 2016	45.70	—
Quarter ended June 30, 2015	9.05	—

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	Net assets per share (¥)
As of June 30, 2016	135,766	104,644	76.9%	1,550.29
As of March 31, 2016	135,370	102,762	75.8%	1,522.33

Note: Owners' equity

As of June 30, 2016: ¥104,431 million As of March 31, 2016: ¥102,549 million

2. Dividends

	Cash dividends per share (¥)				
	1 st quarter	2 nd quarter	3 rd quarter	Year-end	Annual
Year ended March 31, 2016	—	¥14.00	—	¥14.00	¥28.00
Year ending March 31, 2017	—	—	—	—	—
Year ending March 31, 2017 (forecast)	—	¥17.00	—	¥18.00	¥35.00

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

3. Business Forecast for the Year Ending March 31, 2017 (April 1, 2016 to March 31, 2017)

	(¥ million)									
	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share (¥)	
First-half period	41,500	5.3%	3,200	51.6%	3,350	43.4%	2,200	44.4%	32.66	
Full term	93,000	10.4%	11,500	34.5%	11,900	32.9%	8,500	34.1%	126.18	

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, 2016: 70,251,484 shares

As of March 31, 2016: 70,251,484 shares

Number of shares of treasury stock

As of June 30, 2016: 2,888,480 shares

As of March 31, 2016: 2,888,330 shares

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

As of June 30, 2016: 67,363,093 shares

As of June 30, 2015: 67,381,370 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, 2016	As of 1st quarter ended June 30, 2016
Assets		
Current assets:		
Cash and deposits	¥ 20,435	¥ 22,513
Notes and accounts receivable	35,135	35,156
Marketable securities	7,626	7,229
Merchandise and products	12,730	12,510
Partially finished products	1,182	1,443
Work in process	336	609
Materials and supplies	4,679	4,066
Deferred tax assets	1,861	2,115
Other current assets	1,411	1,667
Allowance for doubtful accounts	(0)	(0)
Total current assets	85,401	87,311
Fixed assets:		
Tangible fixed assets:		
Buildings and structures (net)	7,449	7,502
Land	7,509	7,509
Other (net)	2,664	2,673
Total tangible fixed assets	17,624	17,685
Intangible fixed assets	501	468
Investments and other assets:		
Investment securities	21,497	20,241
Deferred tax assets	55	54
Long-term prepaid expenses	7,521	7,234
Other	2,768	2,770
Total investments and other assets	31,843	30,301
Total fixed assets	49,968	48,455
Total assets	¥ 135,370	¥ 135,766

(¥ million)

	As of previous consolidated fiscal year ended March 31, 2016	As of 1st quarter ended June 30, 2016
Liabilities		
Current liabilities:		
Notes and accounts payable	¥ 6,759	¥ 6,778
Accrued liabilities	7,111	5,441
Income taxes payable	1,929	1,273
Reserve for bonuses	2,517	3,885
Other current liabilities	2,250	2,342
Total current liabilities	20,569	19,722
Long-term liabilities:		
Deferred tax liability	1,192	870
Reserve for retirement benefits	10,410	10,103
Other long-term liabilities	434	426
Total long-term liabilities	12,037	11,400
Total liabilities	32,607	31,122
Net assets		
Shareholders' equity:		
Common stock	5,174	5,174
Capital surplus	4,445	4,445
Retained earnings	89,658	92,440
Treasury stock	(2,413)	(2,414)
Total shareholders' equity	96,864	99,646
Accumulated other comprehensive income:		
Unrealized gain on available-for-sale securities	9,091	8,097
Deferred gain on derivatives under hedge accounting	(2)	(26)
Foreign currency translation adjustments	17	5
Remeasurements of defined benefit plans	(3,421)	(3,290)
Total accumulated other comprehensive income	5,684	4,785
Non-controlling interests	213	212
Total net assets	102,762	104,644
Total liabilities and net assets	¥ 135,370	¥ 135,766

(2) Consolidated Statements of Income for the Quarter
(Total for the consolidated period ended June 30, 2016)

(¥ million)

	1st quarter ended June 30, 2015	1st quarter ended June 30, 2016
Net sales	¥ 19,260	¥ 23,743
Cost of sales	10,422	11,138
Gross profit	8,838	12,605
Selling, general and administrative expenses:		
Salaries and benefits	1,632	1,632
Provision for bonuses	856	910
Sales promotion expenses	710	685
Provision for retirement benefits	209	225
Depreciation	62	97
R&D expenses	2,591	2,521
Other	2,139	2,109
Total general, selling, and administrative expenses	8,201	8,180
Operating income	636	4,424
Non-operating income:		
Interest income	4	5
Dividend received	204	204
Rent income	92	109
Foreign exchange gain	6	—
Other	47	26
Total non-operating income	354	345
Non-operating expenses:		
Interest expenses	0	0
Donation	44	48
Foreign exchange loss	—	491
Rent expenses	24	25
Other	33	64
Total non-operating expenses	103	631
Ordinary income	888	4,138
Income before income taxes and minority interests	888	4,138
Income taxes – current	485	1,251
Income taxes – deferred	(206)	(193)
Total income taxes	279	1,058
Net income	609	3,079
Profit (loss) attributable to non-controlling interests	(0)	1
Net income attributable to owners of the parent	¥ 609	¥ 3,078

(Consolidated Statements of Comprehensive Income)
(Total for the consolidated period ended June 30, 2016)

(¥ million)

	1st quarter ended June 30, 2015	1st quarter ended June 30, 2016
Net income	¥ 609	¥ 3,079
Other comprehensive income		
Unrealized gain or loss on available-for-sale securities	1,137	(994)
Deferred gain or loss on derivatives under hedge accounting	13	(23)
Foreign currency translation adjustments	(0)	(12)
Remeasurements of defined benefit plans	96	131
Total other comprehensive income	1,247	(899)
Comprehensive income	1,856	2,180
(Item)		
Comprehensive income attributable to owners of the parent	1,857	2,179
Comprehensive income(loss) attributable to Non-controlling interests	¥ (0)	¥ 1