

Outline of Consolidated Financial Results for the Year Ended March 31, 2012

May 10, 2012

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
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 Scheduled date for annual general meeting of shareholders: June 28, 2012
 Scheduled start of payment: June 29, 2012
 Scheduled date for submission of Securities Report: June 29, 2012
 Supplementary material: Yes
 Financial result meeting: Yes (for institutional investors and securities analysts)

* All amounts are rounded down to the nearest million yen.

1. Consolidated Results for the Year Ended March 31, 2012 (April 1, 2011 to March 31, 2012)

	Net sales		Operating income		Ordinary income		Net income	
	(¥ million)		(¥ million)		(¥ million)		(¥ million)	
Year ended March 31, 2012	67,304	5.9 %	6,012	16.1 %	6,193	13.1 %	3,715	(6.1 %)
Year ended March 31, 2011	63,525	0.9 %	5,181	(19.8 %)	5,477	(19.3 %)	3,958	(3.4 %)

Note: Comprehensive income

As of March 31, 2012: ¥4,177 million 57.7 % As of March 31, 2011: ¥2,649 million (49.8 %)

	Net income per share (¥)		Return on equity	Ordinary income to total assets	Operating income to net sales
	Basic	Diluted			
Year ended March 31, 2012	55.04	—	4.5%	5.9%	8.9%
Year ended March 31, 2011	58.62	—	4.9%	5.3%	8.2%

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 March 31, 2012	106,304	84,566	79.4%	1,250.11
As of March 31, 2011	102,737	81,692	79.3%	1,207.43

Note: Owners' equity

As of March 31, 2012: ¥84,374 million As of March 31, 2011: ¥81,515 million

(3) Cash flows (¥ million)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at year-end
As of March 31, 2012	3,658	(759)	(1,341)	19,665
As of March 31, 2011	3,233	(2,844)	(1,393)	18,142

2. Dividends

	Annual dividends per share (¥)			Total dividends (full term) (¥ million)	Payout ratio (consolidated)	Dividends as a percentage of net assets (consolidated)
	Interim	Year-end	Annual			
Year ended March 31, 2011	¥9.00	¥10.00	¥19.00	1,282	32.4%	1.6%
Year ended March 31, 2012	9.00	10.00	19.00	1,282	34.5%	1.5%
Year ending March 31, 2013 (forecast)	10.00	11.00	21.00	—	33.7%	—

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 (¥)
	(¥ million)		(¥ million)		(¥ million)		(¥ million)		(¥)
First-half period	33,000	2.6%	2,500	(17.0%)	2,600	(17.0%)	1,600	(20.5%)	23.71
Full term	69,100	2.7%	6,400	6.4%	6,600	6.6%	4,200	13.0%	62.23

Note: Percentage figures represent year-on-year comparisons.

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) 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

(3) Number of shares outstanding (ordinary shares)

Number of shares outstanding (including treasury stock)

As of March 31, 2012: 70,251,484 shares As of March 31, 2011: 70,251,484 shares

Number of shares of treasury stock

As of March 31, 2012: 2,757,573 shares As of March 31, 2011: 2,740,568 shares

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

As of March 31, 2012: 67,502,165 shares As of March 31, 2011: 67,529,182 shares

Note:

This summary of financial results is exempt from the audit procedures under the Financial Instruments and Exchange Act. At the time of disclosure, published figures in this financial release have not been completed to an audit of financial statements based on the Financial Instruments and Exchange Law.

The above forecasts are based on data available as of the date of release of this document as well as assumptions based on uncertain factors, which might have a material effect on the Company's performance in the future. Readers are advised that actual results may differ substantially from the above forecasts due to various unforeseeable factors.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(¥ million)

	As of March 31, 2011	As of March 31, 2012
Assets		
Current assets:		
Cash and deposits	¥11,424	¥12,387
Notes and accounts receivable	27,573	31,988
Marketable securities	7,009	7,599
Merchandise and products	6,908	6,843
Partially finished products	1,029	1,247
Work in process	362	189
Materials and supplies	3,248	3,644
Deferred tax assets	1,518	1,635
Other current assets	1,675	796
Allowance for doubtful accounts	(0)	(0)
Total current assets	60,749	66,333
Fixed assets:		
Tangible fixed assets:		
Buildings and structures	26,076	26,146
Accumulated depreciation	(17,852)	(18,517)
Buildings and structures (net)	8,224	7,629
Machinery, equipment and vehicles	12,148	12,577
Accumulated depreciation	(10,683)	(10,976)
Machinery, equipment and vehicles (net)	1,465	1,601
Tools, furniture and fixtures	9,263	9,184
Accumulated depreciation	(8,452)	(8,611)
Tools, furniture and fixtures (net)	811	572
Land	8,118	8,030
Construction in progress	203	1
Total tangible fixed assets	18,823	17,835
Intangible fixed assets	672	566
Investments and other assets:		
Investment securities	11,002	11,170
Deferred tax assets	450	199
Long-term prepaid expenses	8,866	8,111
Other	2,210	2,123
Allowance for doubtful accounts	(37)	(37)
Total investments and other assets	22,492	21,568
Total fixed assets	41,988	39,971
Total assets	¥102,737	¥106,304

(¥ million)

	As of March 31, 2011	As of March 31, 2012
Liabilities		
Current liabilities:		
Notes and accounts payable	¥5,297	¥5,019
Accrued liabilities	2,805	3,104
Accrued expenses	1,025	1,164
Income taxes payable	598	1,294
Consumption taxes payable	329	445
Reserve for bonuses	2,319	2,366
Other current liabilities	527	567
Total current liabilities	12,902	13,961
Long-term liabilities:		
Deferred tax liability	0	0
Reserve for retirement benefits	7,718	7,357
Other long-term liabilities	423	418
Total long-term liabilities	8,142	7,776
Total liabilities	21,044	21,738
Net assets		
Shareholders' equity:		
Common stock	5,174	5,174
Capital surplus	4,444	4,445
Retained earnings	71,108	73,541
Treasury stock	(2,058)	(2,075)
Total shareholders' equity	78,669	81,085
Accumulated other comprehensive income:		
Unrealized gain on available-for-sale securities	2,880	3,328
Deferred gain on derivatives under hedge accounting	2	1
Foreign currency translation adjustments	(36)	(41)
Total accumulated other comprehensive income	2,845	3,289
Minority interests	177	191
Total net assets	81,692	84,566
Total liabilities and net assets	¥102,737	¥106,304

(2) Consolidated Statements of Income

(¥ million)

	Year ended March 31, 2011	Year ended March 31, 2012
Net sales	¥63,525	¥67,304
Cost of sales	30,218	32,702
Gross profit	33,307	34,601
Reversal of reserve for sales returns	25	—
Balance of gross profit	33,332	34,601
Selling, general and administrative expenses:		
Salaries and benefits	7,550	7,639
Provision for bonuses	1,485	1,545
Provision for retirement benefits	1,045	1,065
Depreciation	375	372
R&D expenses	8,967	9,414
Sales promotion expenses	1,254	1,085
Other	7,472	7,466
Total general, selling, and administrative expenses	28,151	28,588
Operating income	5,181	6,012
Non-operating income:		
Interest income	41	28
Dividend received	325	260
Rent income	366	338
Compensation income	99	8
Gain on sale of investment securities	101	0
Fiduciary obligation fee	—	105
Other	205	115
Total non-operating income	1,140	858
Non-operating expenses:		
Interest expenses	9	9
Donation	270	199
Foreign exchange loss	277	77
Loss on disposal of fixed assets	21	7
Rent expenses	108	111
Loss on sale of investment securities	—	119
Other	156	152
Total non-operating expenses	844	677
Ordinary income	5,477	6,193
Extraordinary profit		
Gain on prior periods adjustments	591	—
Extraordinary profit total	591	—
Extraordinary loss		
Loss on adjustment for changes of accounting standard for asset retirement obligations	133	—
Total extraordinary loss	133	—
Income before income taxes and minority interests	5,935	6,193
Income taxes – current	1,859	2,229
Income taxes – deferred	99	230
Total income taxes	1,959	2,459
Income before minority interests	3,975	3,734
Minority net income	17	18
Net income	¥3,958	¥3,715

(Consolidated Statements of Comprehensive Income)

(¥ million)

	Year ended March 31, 2011	Year ended March 31, 2012
Income before minority interests	¥3,975	¥3,734
Other comprehensive income		
Unrealized gain on available-for-sale securities	(1,314)	448
Deferred gain on derivatives under hedge accounting	(0)	(0)
Foreign currency translation adjustments	(11)	(4)
Total other comprehensive income	(1,326)	443
Comprehensive income	2,649	4,177
(Item)		
Comprehensive income attributable to owners of the parent	2,631	4,158
Comprehensive income attributable to minority interests	¥17	¥18

(3) Consolidated Statements of Changes in Net Assets

(¥ million)

	Year ended March 31, 2011	Year ended March 31, 2012
Shareholder's equity		
Common stock		
Balance at beginning of current period	¥5,174	¥5,174
Changes of items during the period		
Total changes of items during the period	–	–
Balance at end of current period	5,174	5,174
Capital surplus		
Balance at beginning of current period	4,444	4,444
Changes of items during the period		
Disposal of treasury stock	0	0
Total changes of items during the period	0	0
Balance at end of current period	4,444	4,445
Retained earnings		
Balance at beginning of current period	68,433	71,108
Changes of items during the period		
Dividends from surplus	(1,283)	(1,282)
Net income	3,958	3,715
Total changes of items during the period	2,675	2,432
Balance at end of current period	71,108	73,541
Treasury stock		
Balance at beginning of current period	(2,018)	(2,058)
Changes of items during the period		
Purchase of treasury stock	(40)	(17)
Disposal of treasury stock	0	0
Total changes of items during the period	(39)	(16)
Balance at end of current period	(2,058)	(2,075)
Total owners' equity		
Balance at beginning of current period	76,033	78,669
Changes of items during the period		
Dividends from surplus	(1,283)	(1,282)
Net income	3,958	3,715
Purchase of treasury stock	(40)	(17)
Disposal of treasury stock	1	0
Total changes of items during the period	2,635	2,416
Balance at end of current period	¥78,669	¥81,085

(¥ million)

	Year ended March 31, 2011	Year ended March 31, 2012
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities		
Balance at beginning of current period	¥4,194	¥2,880
Changes of items during the period		
Net changes in items other than shareholders' equity	(1,314)	448
Total changes of items during the period	(1,314)	448
Balance at end of current period	2,880	3,328
Deferred gain (loss) on derivatives under hedge accounting		
Balance at beginning of current period	2	2
Changes of items during the period		
Net changes in items other than shareholders' equity	(0)	(0)
Total changes of items during the period	(0)	(0)
Balance at end of current period	2	1
Foreign currency translation adjustments		
Balance at beginning of current period	(25)	(36)
Changes of items during the period		
Net changes in items other than shareholders' equity	(11)	(4)
Total changes of items during the period	(11)	(4)
Balance at end of current period	(36)	(41)
Accumulated other comprehensive income		
Balance at beginning of current period	4,172	2,845
Changes of items during the period		
Net changes in items other than shareholders' equity	(1,326)	443
Total changes of items during the period	(1,326)	443
Balance at end of current period	2,845	3,289
Minority interests		
Balance at beginning of current period	164	177
Changes of items during the period		
Net changes in items other than shareholders' equity	13	13
Total changes of items during the period	13	13
Balance at end of current period	177	191
Total net assets		
Balance at beginning of current period	80,370	81,692
Changes of items during the period		
Dividends from surplus	(1,283)	(1,282)
Net income	3,958	3,715
Purchase of treasury stock	(40)	(17)
Disposal of treasury stock	1	0
Net changes in items other than shareholders' equity	(1,313)	457
Total changes of items during the period	1,322	2,873
Balance at end of current period	¥81,692	¥84,566

(4) Consolidated Statements of Cash Flows

(¥ million)

	Year ended March 31, 2011	Year ended March 31, 2012
Cash flows from operating activities		
Income before income taxes and minority interests	¥5,935	¥6,193
Depreciation and amortization	3,116	2,948
Increase (decrease) in reserve for retirement benefits	(511)	(360)
Increase (decrease) in other reserves	(68)	46
Interest and dividend income	(367)	(289)
Interest expenses	9	9
Loss (gain) on sale of investment securities	(101)	119
Loss (gain) on disposal of fixed assets	21	(3)
Loss on adjustment for changes of accounting standard for asset retirement obligations	133	—
Decrease (increase) in notes and accounts receivable	(2,756)	(4,414)
Decrease (increase) in inventories	(682)	(377)
Decrease (increase) in other current assets	493	721
Increase (decrease) in notes and accounts payable	606	(278)
Increase (decrease) in consumption taxes payable	28	116
Increase (decrease) in other current liabilities	(442)	564
Foreign exchange loss (gain)	290	30
Other – net	(308)	(116)
Subtotal	5,397	4,908
Interest and dividends received	366	290
Interest paid	(9)	(9)
Income taxes paid	(2,520)	(1,531)
Net cash provided by operating activities	3,233	3,658
Cash flows from investing activities		
Purchases of funds into time deposits	(84)	(344)
Proceeds from withdrawal of time deposits	92	94
Purchases of marketable securities	(139)	(20)
Proceeds from redemption of marketable securities	619	240
Purchases of investment in securities	(568)	(5)
Proceeds from the sale or redemption of investment in securities	126	171
Purchases of tangible fixed assets	(1,588)	(988)
Proceeds from sales of tangible fixed assets	6	31
Purchases of intangible assets	(298)	(128)
Expenditures for long-term prepaid expenses acquired	(1,047)	—
Other – net	37	190
Net cash used in investing activities	(2,844)	(759)
Cash flows from financing activities		
Dividends paid	(1,281)	(1,281)
Purchase of treasury stock	(40)	(17)
Other – net	(71)	(42)
Net cash used in financing activities	(1,393)	(1,341)
Effect of exchange rate changes on cash and cash equivalents	(301)	(34)
Net increase (decrease) in cash and cash equivalents	(1,305)	1,523
Cash and cash equivalents at beginning of year	19,447	18,142
Cash and cash equivalents at end of year	¥18,142	¥19,665