

Outline of Consolidated Financial Results for the Third Quarter Ended December 31, 2013

February 6, 2014

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: February 10, 2014
 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, 2013 (April 1 to December 31, 2013)

(1) Operating results								(¥ million)
	Net sales		Operating income		Ordinary income		Net income for quarter	
Third quarter ended December 31, 2013	55,813	8.3%	5,425	1.2%	5,950	4.4%	3,899	9.6%
Third quarter ended December 31, 2012	51,514	2.2%	5,361	3.1%	5,698	6.8%	3,557	15.5%
Note: Comprehensive income								
As of December 31, 2013: ¥5,152 million 49.0%				As of December 31, 2012: ¥ 3,458 million 40.1%				
Net income per share (¥)								
	Basic		Diluted					
Third quarter ended December 31, 2013	57.80		—					
Third quarter ended December 31, 2012	52.72		—					

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

(2) Financial position					(¥ million)
	Total assets	Net assets	Equity ratio	Net assets per share (¥)	
As of December 31, 2013	115,579	93,133	80.4%	1,377.90	
As of March 31, 2013	113,730	89,529	78.5%	1,323.87	
Note: Owners' equity					
As of December 31, 2013: ¥92,928 million			As of March 31, 2013: ¥89,330 million		

2. Dividends

	Cash dividends per share (¥)				
	1 st quarter	2 nd quarter	3 rd quarter	Year-end	Annual
Year ended March 31, 2013	—	¥10.00	—	¥11.00	¥21.00
Year ending March 31, 2014	—	¥11.00	—		
Year ending March 31, 2014 (forecast)				¥12.00	¥23.00

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

3. Business Forecast for the Year Ending March 31, 2014 (April 1, 2013 to March 31, 2014)

(¥ million)									
	Net sales		Operating income		Ordinary income		Net income		Net income per share (¥)
Full term	75,300	7.7%	7,600	10.1%	7,900	9.6%	5,400	16.2%	80.07

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 December 31, 2013: 70,251,484 shares

As of March 31, 2013: 70,251,484 shares

Number of shares of treasury stock

As of December 31, 2013: 2,809,614 shares

As of March 31, 2013: 2,774,507 shares

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

As of December 31, 2013: 67,461,387 shares

As of December 31, 2012: 67,487,857 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, 2013	As of 3 rd quarter ended December 31, 2013
Assets		
Current assets:		
Cash and deposits	¥ 11,787	¥ 10,580
Notes and accounts receivable	34,266	35,521
Marketable securities	8,499	6,399
Merchandise and products	8,019	9,945
Partially finished products	1,686	1,128
Work in process	155	518
Materials and supplies	3,404	4,144
Deferred tax assets	1,637	1,017
Other current assets	1,474	2,021
Allowance for doubtful accounts	(0)	(0)
Total current assets	70,932	71,277
Fixed assets:		
Tangible fixed assets:		
Buildings and structures (net)	7,322	6,766
Land	7,888	7,433
Other (net)	1,927	1,618
Total tangible fixed assets	17,138	15,818
Intangible fixed assets	667	539
Investments and other assets:		
Investment securities	13,873	16,354
Deferred tax assets	62	60
Long-term prepaid expenses	8,829	8,351
Other	2,230	3,180
Allowance for doubtful accounts	(3)	(3)
Total investments and other assets	24,992	27,944
Total fixed assets	42,798	44,301
Total assets	¥ 113,730	¥ 115,579

(¥ million)

	As of previous consolidated fiscal year ended March 31, 2013	As of 3rd quarter ended December 31, 2013
Liabilities		
Current liabilities:		
Notes and accounts payable	¥ 5,028	¥ 6,337
Accrued liabilities	4,492	3,209
Income taxes payable	1,665	171
Reserve for bonuses	2,364	1,209
Other current liabilities	2,126	2,587
Total current liabilities	15,677	13,514
Long-term liabilities:		
Deferred tax liability	715	1,418
Reserve for retirement benefits	7,418	7,135
Other long-term liabilities	389	376
Total long-term liabilities	8,523	8,931
Total liabilities	24,201	22,446
Net assets		
Shareholders' equity:		
Common stock	5,174	5,174
Capital surplus	4,445	4,445
Retained earnings	76,839	79,254
Treasury stock	(2,092)	(2,153)
Total shareholders' equity	84,366	86,720
Accumulated other comprehensive income:		
Unrealized gain or loss on available-for-sale securities	4,989	6,218
Deferred gain or loss on derivatives under hedge accounting	4	4
Foreign currency translation adjustments	(30)	(15)
Total accumulated other comprehensive income	4,964	6,207
Minority interests	198	204
Total net assets	89,529	93,133
Total liabilities and net assets	¥ 113,730	¥ 115,579

(2) Consolidated Statements of Income for the Quarter
(Total for the consolidated period ended December 31, 2013)

(¥ million)

	3rd quarter ended December 31, 2012	3rd quarter ended December 31, 2013
Net sales	¥ 51,514	¥ 55,813
Cost of sales	25,471	28,477
Gross profit	26,043	27,335
Selling, general and administrative expenses:		
Salaries and benefits	6,118	6,209
Provision for bonuses	773	801
Sales promotion expenses	737	897
Provision for retirement benefits	792	736
Depreciation	242	277
R&D expenses	6,411	7,102
Other	5,604	5,885
Total general, selling, and administrative expenses	20,681	21,910
Operating income	5,361	5,425
Non-operating income:		
Interest income	21	18
Dividend received	254	285
Rent income	258	279
Other	180	297
Total non-operating income	714	880
Non-operating expenses:		
Interest expenses	5	3
Donation	113	157
Foreign exchange loss	29	9
Rent expenses	76	81
Other	152	103
Total non-operating expenses	378	355
Ordinary income	5,698	5,950
Income before income taxes and minority interests	5,698	5,950
Income taxes – current	1,454	1,365
Income taxes – deferred	672	675
Total income taxes	2,127	2,041
Income before minority interests	3,570	3,909
Minority net income	12	9
Net income	¥ 3,557	¥ 3,899

(Consolidated Statements of Comprehensive Income)
(Total for the consolidated period ended December 31, 2013)

(¥ million)

	3rd quarter ended December 31, 2012	3rd quarter ended December 31, 2013
Income before minority interests	¥ 3,570	¥ 3,909
Other comprehensive income		
Unrealized gain or loss on available-for-sale securities	(113)	1,228
Deferred gain or loss on derivatives under hedge accounting	0	(0)
Foreign currency translation adjustments	(0)	15
Total other comprehensive income	(112)	1,243
Comprehensive income	3,458	5,152
(Item)		
Comprehensive income attributable to owners of the parent	3,445	5,142
Comprehensive income attributable to minority interests	¥ 12	¥ 9