

# Outline of Consolidated Financial Results for the Year Ended March 31, 2013

May 13, 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 annual general meeting of shareholders: June 27, 2013  
 Scheduled start of payment: June 28, 2013  
 Scheduled date for submission of Securities Report: June 28, 2013  
 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, 2013 (April 1, 2012 to March 31, 2013)

	(¥ million)							
	Net sales		Operating income		Ordinary income		Net income	
Year ended March 31, 2013	69,941	3.9 %	6,901	14.8 %	7,209	16.4%	4,647	25.1%
Year ended March 31, 2012	67,304	5.9 %	6,012	16.1%	6,193	13.1%	3,715	(6.1%)

Note: Comprehensive income  
 As of March 31, 2013: ¥ 6,335 million 51.7 % As of March 31, 2012: ¥ 4,177 million 57.7 %

	Net income per share (¥)		Return on equity	Ordinary income to total assets	Operating income to net sales
	Basic	Diluted			
Year ended March 31, 2013	68.87	—	5.4%	6.6%	9.9%
Year ended March 31, 2012	55.04	—	4.5%	5.9%	8.9%

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, 2013	113,730	89,529	78.5%	1,323.87
As of March 31, 2012	106,304	84,566	79.4%	1,250.11

Note: Owners' equity  
 As of March 31, 2013: ¥ 89,330 million As of March 31, 2012: ¥ 84,374 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, 2013	3,767	(2,026)	(1,413)	20,044
As of March 31, 2012	3,658	(759)	(1,341)	19,665

## 2. Dividends

	Annual dividends per share (¥)			Total dividends (full term) (¥ million)	Payout ratio (consolidated)	Dividends as a percentage of net assets (consolidated)
	2 <sup>nd</sup> quarter	Year-end	Annual			
Year ended March 31, 2012	¥9.00	¥10.00	¥19.00	1,282	34.5%	1.5%
Year ended March 31, 2013	10.00	11.00	21.00	1,417	30.5%	1.6%
Year ending March 31, 2014 (forecast)	11.00	12.00	23.00	—	28.7%	—

## 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 (¥)
First-half period	34,600	4.4%	3,200	4.2%	3,400	2.5%	2,300	9.9%	34.09
Full term	74,300	6.2%	7,600	10.1%	7,900	9.6%	5,400	16.2%	80.03

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: Yes

2. Changes in arising from other factors: None

3. Changes in accounting estimates: Yes

4. Restatement: None

Note: Applicable to Article 14, Item 7 of the “when it is difficult to distinguish a change in an accounting policy from a change in an accounting estimate”.

(3) Number of shares outstanding (ordinary shares)

Number of shares outstanding (including treasury stock)

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

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

Number of shares of treasury stock

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

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

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

As of March 31, 2013: 67,485,532 shares

As of March 31, 2012: 67,502,165 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, 2012	As of March 31, 2013
<b>Assets</b>		
Current assets:		
Cash and deposits	¥12,387	¥ 11,787
Notes and accounts receivable	31,988	34,266
Marketable securities	7,599	8,499
Merchandise and products	6,843	8,019
Partially finished products	1,247	1,686
Work in process	189	155
Materials and supplies	3,644	3,404
Deferred tax assets	1,635	1,637
Other current assets	796	1,474
Allowance for doubtful accounts	(0)	(0)
<b>Total current assets</b>	<b>66,333</b>	<b>70,932</b>
Fixed assets:		
Tangible fixed assets:		
Buildings and structures	26,146	26,215
Accumulated depreciation	(18,517)	(18,892)
Buildings and structures (net)	7,629	7,322
Machinery, equipment and vehicles	12,577	12,505
Accumulated depreciation	(10,976)	(11,254)
Machinery, equipment and vehicles (net)	1,601	1,251
Tools, furniture and fixtures	9,184	9,138
Accumulated depreciation	(8,611)	(8,525)
Tools, furniture and fixtures (net)	572	613
Land	8,030	7,888
Construction in progress	1	62
<b>Total tangible fixed assets</b>	<b>17,835</b>	<b>17,138</b>
Intangible fixed assets	566	667
Investments and other assets:		
Investment securities	11,170	13,873
Deferred tax assets	199	62
Long-term prepaid expenses	8,111	8,829
Other	2,123	2,230
Allowance for doubtful accounts	(37)	(3)
<b>Total investments and other assets</b>	<b>21,568</b>	<b>24,992</b>
<b>Total fixed assets</b>	<b>39,971</b>	<b>42,798</b>
<b>Total assets</b>	<b>¥106,304</b>	<b>¥113,730</b>

(¥ million)

	As of March 31, 2012	As of March 31, 2013
<b>Liabilities</b>		
Current liabilities:		
Notes and accounts payable	¥5,019	¥5,028
Accrued liabilities	3,104	4,492
Accrued expenses	1,164	1,222
Income taxes payable	1,294	1,665
Consumption taxes payable	445	361
Reserve for bonuses	2,366	2,364
Other current liabilities	567	542
Total current liabilities	13,961	15,677
Long-term liabilities:		
Deferred tax liability	0	715
Reserve for retirement benefits	7,357	7,418
Other long-term liabilities	418	389
Total long-term liabilities	7,776	8,523
Total liabilities	21,738	24,201
<b>Net assets</b>		
Shareholders' equity:		
Common stock	5,174	5,174
Capital surplus	4,445	4,445
Retained earnings	73,541	76,839
Treasury stock	(2,075)	(2,092)
Total shareholders' equity	81,085	84,366
Accumulated other comprehensive income:		
Unrealized gain on available-for-sale securities	3,328	4,989
Deferred gain on derivatives under hedge accounting	1	4
Foreign currency translation adjustments	(41)	(30)
Total accumulated other comprehensive income	3,289	4,964
Minority interests	191	198
Total net assets	84,566	89,529
Total liabilities and net assets	¥106,304	¥113,730

## (2) Consolidated Statements of Income

(¥ million)

	Year ended March 31, 2012	Year ended March 31, 2013
Net sales	¥67,304	¥69,941
Cost of sales	32,702	34,776
Gross profit	34,601	35,165
Selling, general and administrative expenses:		
Salaries and benefits	7,639	7,633
Provision for bonuses	1,545	1,547
Provision for retirement benefits	1,065	1,058
Depreciation	372	322
R&D expenses	9,414	9,049
Sales promotion expenses	1,085	1,027
Other	7,466	7,624
Total general, selling, and administrative expenses	28,588	28,263
Operating income	6,012	6,901
Non-operating income:		
Interest income	28	27
Dividend received	260	260
Rent income	338	345
Compensation income	8	27
Fiduciary obligation fee	105	—
Other	116	185
Total non-operating income	858	846
Non-operating expenses:		
Interest expenses	9	8
Donation	199	192
Foreign exchange loss	77	72
Loss on disposal of fixed assets	7	35
Rent expenses	111	101
Loss on sale of investment securities	119	—
Other	152	127
Total non-operating expenses	677	538
Ordinary income	6,193	7,209
Extraordinary profit		
Gain on sale of fixed assets	—	77
Extraordinary profit total	—	77
Income before income taxes and minority interests	6,193	7,286
Income taxes – current	2,229	2,715
Income taxes – deferred	230	(90)
Total income taxes	2,459	2,625
Income before minority interests	3,734	4,660
Minority net income	18	13
Net income	¥3,715	¥4,647

## (Consolidated Statements of Comprehensive Income)

(¥ million)

	Year ended March 31, 2012	Year ended March 31, 2013
Income before minority interests	¥3,734	¥4,660
Other comprehensive income		
Unrealized gain on available-for-sale securities	448	1,660
Deferred gain or loss on derivatives under hedge accounting	(0)	3
Foreign currency translation adjustments	(4)	10
Total other comprehensive income	443	1,675
Comprehensive income	4,177	6,335
(Item)		
Comprehensive income attributable to owners of the parent	4,158	6,322
Comprehensive income attributable to minority interests	¥18	¥13

## (3) Consolidated Statements of Changes in Net Assets

(¥ million)

	Year ended March 31, 2012	Year ended March 31, 2013
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	4,445
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	4,445	4,445
Retained earnings		
Balance at beginning of current period	71,108	73,541
Changes of items during the period		
Dividends from surplus	(1,282)	(1,349)
Net income	3,715	4,647
Total changes of items during the period	2,432	3,297
Balance at end of current period	73,541	76,839
Treasury stock		
Balance at beginning of current period	(2,058)	(2,075)
Changes of items during the period		
Purchase of treasury stock	(17)	(18)
Disposal of treasury stock	0	1
Total changes of items during the period	(16)	(17)
Balance at end of current period	(2,075)	(2,092)
Total owners' equity		
Balance at beginning of current period	78,669	81,085
Changes of items during the period		
Dividends from surplus	(1,282)	(1,349)
Net income	3,715	4,647
Purchase of treasury stock	(17)	(18)
Disposal of treasury stock	0	1
Total changes of items during the period	2,416	3,280
Balance at end of current period	¥81,085	¥84,366

(¥ million)

	Year ended March 31, 2012	Year ended March 31, 2013
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities		
Balance at beginning of current period	¥2,880	¥3,328
Changes of items during the period		
Net changes in items other than shareholders' equity	448	1,660
Total changes of items during the period	448	1,660
Balance at end of current period	3,328	4,989
Deferred gain (loss) on derivatives under hedge accounting		
Balance at beginning of current period	2	1
Changes of items during the period		
Net changes in items other than shareholders' equity	(0)	3
Total changes of items during the period	(0)	3
Balance at end of current period	1	4
Foreign currency translation adjustments		
Balance at beginning of current period	(36)	(41)
Changes of items during the period		
Net changes in items other than shareholders' equity	(4)	10
Total changes of items during the period	(4)	10
Balance at end of current period	(41)	(30)
Accumulated other comprehensive income		
Balance at beginning of current period	2,845	3,289
Changes of items during the period		
Net changes in items other than shareholders' equity	443	1,675
Total changes of items during the period	443	1,675
Balance at end of current period	3,289	4,964
Minority interests		
Balance at beginning of current period	177	191
Changes of items during the period		
Net changes in items other than shareholders' equity	13	7
Total changes of items during the period	13	7
Balance at end of current period	191	198
Total net assets		
Balance at beginning of current period	81,692	84,566
Changes of items during the period		
Dividends from surplus	(1,282)	(1,349)
Net income	3,715	4,647
Purchase of treasury stock	(17)	(18)
Disposal of treasury stock	0	1
Net changes in items other than shareholders' equity	457	1,682
Total changes of items during the period	2,873	4,963
Balance at end of current period	¥84,566	¥89,529

## (4) Consolidated Statements of Cash Flows

(¥ million)

	Year ended March 31, 2012	Year ended March 31, 2013
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	¥6,193	¥7,286
Depreciation and amortization	2,948	2,759
Increase (decrease) in reserve for retirement benefits	(360)	60
Increase (decrease) in other reserves	46	(35)
Interest and dividend income	(289)	(287)
Interest expenses	9	8
Loss (gain) on sale of investment securities	119	(1)
Loss (gain) on sale of fixed assets	—	(87)
Loss (gain) on disposal of fixed assets	(3)	35
Decrease (increase) in notes and accounts receivable	(4,414)	(2,278)
Decrease (increase) in inventories	(377)	(1,341)
Decrease (increase) in other current assets	721	(654)
Increase (decrease) in notes and accounts payable	(278)	8
Increase (decrease) in consumption taxes payable	116	(84)
Increase (decrease) in other current liabilities	564	390
Foreign exchange loss (gain)	30	(40)
Other – net	(116)	92
Subtotal	4,908	5,830
Interest and dividends received	290	287
Interest paid	(9)	(8)
Income taxes paid	(1,531)	(2,341)
Net cash provided by operating activities	3,658	3,767
<b>Cash flows from investing activities</b>		
Purchases of funds into time deposits	(344)	(264)
Proceeds from withdrawal of time deposits	94	344
Purchases of marketable securities	(20)	—
Proceeds from redemption of marketable securities	240	—
Purchases of investment in securities	(5)	(104)
Proceeds from the sale or redemption of investment in securities	171	3
Purchases of tangible fixed assets	(988)	(1,020)
Proceeds from sales of tangible fixed assets	31	11
Purchases of intangible assets	(128)	(359)
Expenditures for long-term prepaid expenses acquired	—	(677)
Other – net	190	42
Net cash used in investing activities	(759)	(2,026)
<b>Cash flows from financing activities</b>		
Dividends paid	(1,281)	(1,350)
Purchase of treasury stock	(17)	(18)
Other – net	(42)	(44)
Net cash used in financing activities	(1,341)	(1,413)
Effect of exchange rate changes on cash and cash equivalents	(34)	51
Net increase (decrease) in cash and cash equivalents	1,523	379
Cash and cash equivalents at beginning of year	18,142	19,665
Cash and cash equivalents at end of year	¥19,665	¥20,044