

Outline of Consolidated Financial Results for the First Quarter Ended June 30, 2014

August 8, 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: August 12, 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 Year Ended June 30, 2014 (April 1, 2014 to June 30, 2014)

	Net sales		Operating income		Ordinary income		Net income for quarter	
	(¥ million)							
Quarter ended June 30, 2014	17,939	1.8%	814	(41.9%)	1,030	(33.5%)	692	(41.0%)
Quarter ended June 30, 2013	17,616	6.4%	1,401	(18.4%)	1,549	(19.0%)	1,173	(8.5%)

Note: Comprehensive income

As of June 30, 2014: ¥1,319 million 6.0% As of June 30, 2013: ¥1,244 million 51.6%

	Net income per share (¥)	
	Basic	Diluted
Quarter ended June 30, 2014	10.28	—
Quarter ended June 30, 2013	17.39	—

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

	Total assets	Net assets	Equity ratio	Net assets per share (¥)
	(¥ million)			
As of June 30, 2014	118,917	93,442	78.4%	1,382.86
As of March 31, 2014	118,188	93,186	78.7%	1,378.93

Note: Owners' equity

As of June 30, 2014: ¥93,235 million As of March 31, 2014: ¥92,982 million

2. Dividends

	Cash dividends per share (¥)				
	1 st quarter	2 nd quarter	3 rd quarter	Year-end	Annual
Year ended March 31, 2014	—	¥11.00	—	¥12.00	¥23.00
Year ending March 31, 2015	—	—	—	—	—
Year ending March 31, 2015 (forecast)	—	¥12.00	—	¥13.00	¥25.00

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

3. Business Forecast for the Year Ending March 31, 2015 (April 1, 2014 to March 31, 2015)

	Net sales		Operating income		Ordinary income		Net income		Net income per share (¥)
	(¥ million)								
First-half period	38,000	6.8%	2,000	(35.6%)	2,100	(34.8%)	1,400	(34.8%)	20.76
Full term	84,000	9.8%	8,500	5.7%	8,700	1.2%	6,000	4.3%	88.99

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 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, 2014: 70,251,484 shares

As of March 31, 2014: 70,251,484 shares

Number of shares of treasury stock

As of June 30, 2014: 2,828,940 shares

As of March 31, 2014: 2,820,656 shares

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

As of June 30, 2014: 67,427,443 shares

As of June 30, 2013: 67,472,654 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, 2014	As of 1st quarter ended June 30, 2014
Assets		
Current assets:		
Cash and deposits	¥11,097	¥11,429
Notes and accounts receivable	34,137	33,448
Marketable securities	10,399	7,799
Merchandise and products	9,983	11,118
Partially finished products	1,426	1,762
Work in process	217	301
Materials and supplies	4,106	4,316
Deferred tax assets	1,678	1,955
Other current assets	1,637	1,656
Allowance for doubtful accounts	(0)	(0)
Total current assets	74,683	73,789
Fixed assets:		
Tangible fixed assets:		
Buildings and structures (net)	6,640	6,564
Land	7,433	7,449
Other (net)	1,597	1,762
Total tangible fixed assets	15,670	15,776
Intangible fixed assets	561	522
Investments and other assets:		
Investment securities	16,063	16,850
Deferred tax assets	60	61
Long-term prepaid expenses	7,981	8,765
Other	3,171	3,154
Allowance for doubtful accounts	(3)	(3)
Total investments and other assets	27,273	28,829
Total fixed assets	43,504	45,128
Total assets	¥118,188	¥118,917

(¥ million)

	As of previous consolidated fiscal year ended March 31, 2014	As of 1st quarter ended June 30, 2014
Liabilities		
Current liabilities:		
Notes and accounts payable	¥6,099	¥5,815
Accrued liabilities	3,092	3,300
Income taxes payable	1,537	546
Reserve for bonuses	2,465	3,697
Other current liabilities	2,062	2,127
Total current liabilities	15,257	15,487
Long-term liabilities:		
Deferred tax liability	510	688
Reserve for retirement benefits	8,857	8,921
Other long-term liabilities	376	377
Total long-term liabilities	9,744	9,987
Total liabilities	25,002	25,475
Net assets		
Shareholders' equity:		
Common stock	5,174	5,174
Capital surplus	4,445	4,445
Retained earnings	81,105	80,756
Treasury stock	(2,175)	(2,194)
Total shareholders' equity	88,549	88,182
Accumulated other comprehensive income:		
Unrealized gain on available-for-sale securities	5,841	6,395
Deferred gain on derivatives under hedge accounting	1	(5)
Foreign currency translation adjustments	(4)	(8)
Remeasurements of defined benefit plans	(1,406)	(1,327)
Total accumulated other comprehensive income	4,432	5,053
Minority interests	204	207
Total net assets	93,186	93,442
Total liabilities and net assets	¥118,188	¥118,917

(2) Consolidated Statements of Income for the Quarter
(Total for the consolidated period ended June 30, 2014)

(¥ million)

	1st quarter ended June 30, 2013	1st quarter ended June 30, 2014
Net sales	¥17,616	¥17,939
Cost of sales	9,113	9,513
Gross profit	8,503	8,426
Selling, general and administrative expenses:		
Salaries and benefits	1,550	1,580
Provision for bonuses	773	818
Sales promotion expenses	189	497
Provision for retirement benefits	252	210
Depreciation	91	85
R&D expenses	2,323	2,206
Other	1,919	2,212
Total general, selling, and administrative expenses	7,101	7,611
Operating income	1,401	814
Non-operating income:		
Interest income	5	4
Dividend received	152	187
Rent income	92	92
Other	13	18
Total non-operating income	265	302
Non-operating expenses:		
Interest expenses	1	0
Donation	36	35
Foreign exchange loss	31	13
Rent expenses	25	25
Other	22	11
Total non-operating expenses	117	87
Ordinary income	1,549	1,030
Income before income taxes and minority interests	1,549	1,030
Income taxes – current	738	594
Income taxes – deferred	(367)	(262)
Total income taxes	370	332
Income before minority interests	1,179	698
Minority net income	5	5
Net income	¥1,173	¥692

(Consolidated Statements of Comprehensive Income)
(Total for the consolidated period ended June 30, 2014)

(¥ million)

	1st quarter ended June 30, 2013	1st quarter ended June 30, 2014
Income before minority interests	¥1,179	¥698
Other comprehensive income		
Unrealized gain or loss on available-for-sale securities	53	553
Deferred gain or loss on derivatives under hedge accounting	1	(7)
Foreign currency translation adjustments	10	(3)
Remeasurements of defined benefit plans	—	78
Total other comprehensive income	65	621
Comprehensive income	1,244	1,319
(Item)		
Comprehensive income attributable to owners of the parent	1,239	1,314
Comprehensive income attributable to minority interests	¥5	¥5