

Outline of Consolidated Financial Results for the Year Ended March 31, 2015

May 11, 2015

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

Contact: Taro Sakurai, General Manager and Finance & Accounting Dept. Tel. +81-75-321-9114

Scheduled date for annual general meeting of shareholders: June 26, 2015

Scheduled start of payment: June 29, 2015

Scheduled date for submission of Securities Report: June 29, 2015

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, 2015 (April 1, 2014 to March 31, 2015)

	Net sales		Operating income		Ordinary income		Net income	
	Amount	YoY %	Amount	YoY %	Amount	YoY %	Amount	YoY %
Year ended March 31, 2015	79,991	4.5%	8,562	6.5%	8,928	3.8%	5,882	2.3%
Year ended March 31, 2014	76,517	9.4%	8,038	16.5%	8,598	19.3%	5,750	23.7%

Note: Comprehensive income
As of March 31, 2015: ¥ 10,026 million 51.1% As of March 31, 2014: ¥ 6,634 million 4.7%

	Net income per share (¥)		Return on equity	Ordinary income to total assets	Operating income to net sales
	Basic	Diluted			
Year ended March 31, 2015	87.26	—	6.1%	7.2%	10.7%
Year ended March 31, 2014	85.25	—	6.3%	7.4%	10.5%

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 (¥)
As of March 31, 2015	129,757	101,207	77.8%	1,498.88
As of March 31, 2014	118,188	93,186	78.7%	1,378.93

Note: Owners' equity

As of March 31, 2015: ¥ 100,998 million

As of March 31, 2014: ¥ 92,982 million

(3) Cash flows

	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, 2015	6,113	(3,718)	(1,773)	21,914
As of March 31, 2014	6,015	(3,357)	(1,606)	21,229

2. Dividends

	Annual dividends per share (¥)			Total dividends (full term) (¥ million)	Payout ratio (consolidated)	Dividends as a percentage of net assets (consolidated)
	2 nd quarter	Year-end	Annual			
Year ended March 31, 2014	11.00	12.00	23.00	1,551	27.0%	1.7%
Year ended March 31, 2015	12.00	13.00	25.00	1,684	28.7%	1.7%
Year ending March 31, 2016 (forecast)	14.00	14.00	28.00		28.2%	

3. Business Forecast for the Year Ending March 31, 2016 (April 1, 2015 to March 31, 2016)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income attributable to owners of the parent per share (¥)
	Amount	YoY %	Amount	YoY %	Amount	YoY %	Amount	YoY %	Amount
First-half period	41,000	12.4%	2,200	8.2%	2,300	1.2%	1,500	4.1%	22.26
Full term	90,000	12.5%	9,300	8.6%	9,500	6.4%	6,700	13.9%	99.43

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: None
4. Restatement: None

- (3) Number of shares outstanding (ordinary shares)
Number of shares outstanding (including treasury stock)
As of March 31, 2015: 70,251,484 shares
As of March 31, 2014: 70,251,484 shares
Number of shares of treasury stock
As of March 31, 2015: 2,868,940 shares
As of March 31, 2014: 2,820,656 shares
Average number of shares outstanding (total for the consolidated period)
As of March 31, 2015: 67,405,505 shares
As of March 31, 2014: 67,455,016 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, 2014	As of March 31, 2015
Assets		
Current assets:		
Cash and deposits	¥11,097	¥11,841
Notes and accounts receivable	34,137	35,010
Marketable securities	10,399	10,799
Merchandise and products	9,983	12,936
Partially finished products	1,426	1,737
Work in process	217	321
Materials and supplies	4,106	4,663
Deferred tax assets	1,678	1,698
Other current assets	1,637	1,413
Allowance for doubtful accounts	(0)	(0)
Total current assets	74,683	80,422
Fixed assets:		
Tangible fixed assets:		
Buildings and structures	23,742	23,645
Accumulated depreciation	(17,102)	(17,482)
Buildings and structures (net)	6,640	6,163
Machinery, equipment and vehicles	10,615	11,006
Accumulated depreciation	(9,707)	(10,011)
Machinery, equipment and vehicles (net)	907	994
Tools, furniture and fixtures	8,784	8,814
Accumulated depreciation	(8,199)	(8,102)
Tools, furniture and fixtures (net)	584	711
Land	7,433	7,449
Construction in progress	104	74
Total tangible fixed assets	15,670	15,393
Intangible fixed assets	561	458
Investments and other assets:		
Investment securities	16,063	22,078
Deferred tax assets	60	57
Long-term prepaid expenses	7,981	8,287
Other	3,171	3,059
Allowance for doubtful accounts	(3)	—
Total investments and other assets	27,273	33,482
Total fixed assets	43,504	49,334
Total assets	¥118,188	¥129,757

(¥ million)

	As of March 31, 2014	As of March 31, 2015
Liabilities		
Current liabilities:		
Notes and accounts payable	¥6,099	¥7,118
Accrued liabilities	3,092	3,472
Accrued expenses	1,273	1,236
Income taxes payable	1,537	2,161
Consumption taxes payable	397	748
Reserve for bonuses	2,465	2,523
Other current liabilities	391	511
Total current liabilities	15,257	17,770
Long-term liabilities:		
Deferred tax liability	510	2,286
Net defined benefit liability	8,857	7,997
Other long-term liabilities	376	495
Total long-term liabilities	9,744	10,779
Total liabilities	25,002	28,550
Net assets		
Shareholders' equity:		
Common stock	5,174	5,174
Capital surplus	4,445	4,445
Retained earnings	81,105	85,137
Treasury stock	(2,175)	(2,327)
Total shareholders' equity	88,549	92,429
Accumulated other comprehensive income:		
Unrealized gain on available-for-sale securities	5,841	9,600
Deferred gain or loss on derivatives under hedge accounting	1	(11)
Foreign currency translation adjustments	(4)	17
Remeasurements of defined benefit plans	(1,406)	(1,037)
Total accumulated other comprehensive income	4,432	8,569
Minority interests	204	208
Total net assets	93,186	101,207
Total liabilities and net assets	¥118,188	¥129,757

(2) Consolidated Statements of Income

(¥ million)

	Year ended March 31, 2014	Year ended March 31, 2015
Net sales	¥76,517	¥79,991
Cost of sales	39,033	41,226
Gross profit	37,483	38,764
Selling, general and administrative expenses:		
Salaries and benefits	7,747	7,935
Provision for bonuses	1,636	1,712
Provision for retirement benefits	856	851
Depreciation	369	317
R&D expenses	9,530	8,968
Sales promotion expenses	1,384	2,009
Other	7,920	8,406
Total general, selling, and administrative expenses	29,445	30,202
Operating income	8,038	8,562
Non-operating income:		
Interest income	32	28
Dividend received	291	357
Rent income	370	365
Compensation income	8	0
Fiduciary obligation fee	159	—
Foreign exchange gain	—	46
Other	158	142
Total non-operating income	1,019	939
Non-operating expenses:		
Interest expenses	4	3
Donation	200	226
Foreign exchange loss	22	—
Rent expenses	107	106
PCB waste treatment expenses	—	100
Other	125	136
Total non-operating expenses	460	573
Ordinary income	8,598	8,928
Income before income taxes and minority interests	8,598	8,928
Income taxes – current	2,722	2,705
Income taxes – deferred	115	333
Total income taxes	2,837	3,039
Income before minority interests	5,760	5,889
Minority net income	9	7
Net income	¥5,750	¥5,882

(Consolidated Statements of Comprehensive Income)

(¥ million)

	Year ended March 31, 2014	Year ended March 31, 2015
Income before minority interests	¥5,760	¥5,889
Other comprehensive income		
Unrealized gain or loss on available-for-sale securities	852	3,758
Deferred gain or loss on derivatives under hedge accounting	(3)	(13)
Foreign currency translation adjustments	25	22
Remeasurements of defined benefit plans	—	369
Total other comprehensive income	874	4,136
Comprehensive income	6,634	10,026
(Item)		
Comprehensive income attributable to owners of the parent	6,625	10,018
Comprehensive income attributable to minority interests	¥9	¥7

(3) Consolidated Statements of Changes in Net Assets

(¥ million)

	Shareholders' equity					Total owners' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock		
Year ended March 31, 2014						
Balance at beginning of current period	¥5,174	¥4,445	¥76,839	¥(2,092)		¥84,366
Cumulative effect of changes in accounting policies						-
Restated balance	5,174	4,445	76,839	(2,092)		84,366
Changes of items during the period:						
Dividends from surplus			(1,484)			(1,484)
Net income			5,750			5,750
Purchase of treasury stock				(82)		(82)
Disposal of treasury stock						
Net changes in items other than shareholders' equity						
Total changes of items during the period	-	-	4,266	(82)		4,183
Balance at end of current period	¥5,174	¥4,445	¥81,105	¥(2,175)		¥88,549

	Accumulated other comprehensive income					Minority interests	Total net assets
	Unrealized gain on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total Accumulated other comprehensive income		
Balance at beginning of current period	¥4,989	¥4	¥(30)	¥-	¥4,964	¥198	¥89,529
Cumulative effect of changes in accounting policies							
Restated balance	4,989	4	(30)	-	4,964	198	89,529
Changes of items during the period:							
Dividends from surplus							(1,484)
Net income							5,750
Purchase of treasury stock							(82)
Disposal of treasury stock							
Net changes in items other than shareholders' equity	852	(3)	25	(1,406)	(531)	5	(526)
Total changes of items during the period	852	(3)	25	(1,406)	(531)	5	3,657
Balance at end of current period	¥5,841	¥1	¥(4)	¥(1,406)	¥4,432	¥204	¥93,186

(¥ million)

Year ended March 31, 2015	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total owners' equity
Balance at beginning of current period	¥5,174	¥4,445	¥81,105	¥(2,175)	¥88,549
Cumulative effect of changes in accounting policies			(232)		(232)
Restated balance	5,174	4,445	80,873	(2,175)	88,317
Changes of items during the period:					
Dividends from surplus			(1,617)		(1,617)
Net income			5,882		5,882
Purchase of treasury stock				(152)	(152)
Disposal of treasury stock		0		0	0
Net changes in items other than shareholders' equity					
Total changes of items during the period	–	0	4,264	(152)	4,111
Balance at end of current period	¥5,174	¥4,445	¥85,137	¥(2,327)	¥92,429

Year ended March 31, 2015	Accumulated other comprehensive income						
	Unrealized gain on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total Accumulated other comprehensive income	Minority interests	Total net assets
Balance at beginning of current period	¥5,841	¥1	¥(4)	¥(1,406)	¥4,432	¥204	¥93,186
Cumulative effect of changes in accounting policies							(232)
Restated balance	5,841	1	(4)	(1,406)	4,432	204	92,954
Changes of items during the period:							
Dividends from surplus							(1,617)
Net income							5,882
Purchase of treasury stock							(152)
Disposal of treasury stock							0
Net changes in items other than shareholders' equity	3,758	(13)	22	369	4,136	4	4,141
Total changes of items during the period	3,758	(13)	22	369	4,136	4	8,252
Balance at end of current period	¥9,600	¥(11)	¥17	¥(1,037)	¥8,569	¥208	¥101,207

(4) Consolidated Statements of Cash Flows

(¥ million)

	Year ended March 31, 2014	Year ended March 31, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	¥8,598	¥8,928
Depreciation and amortization	2,704	2,665
Increase (decrease) in other reserves	101	54
Increase (decrease) in net defined benefit liability	(759)	(547)
Interest and dividend income	(323)	(385)
Interest expenses	4	3
Loss (gain) on sale of fixed assets	(0)	—
Loss (gain) on disposal of fixed assets	42	48
Decrease (increase) in notes and accounts receivable	129	(873)
Decrease (increase) in inventories	(2,466)	(3,925)
Decrease (increase) in other current assets	(166)	219
Increase (decrease) in notes and accounts payable	1,071	1,019
Increase (decrease) in consumption taxes payable	36	350
Increase (decrease) in other current liabilities	(341)	179
Foreign exchange loss (gain)	(107)	(41)
Other – net	31	122
Subtotal	8,551	7,819
Interest and dividends received	323	385
Interest paid	(4)	(3)
Income taxes paid	(2,854)	(2,087)
Net cash provided by operating activities	6,015	6,113
Cash flows from investing activities		
Purchases of funds into time deposits	(289)	(382)
Proceeds from withdrawal of time deposits	264	422
Purchases of marketable securities	—	(500)
Purchases of investment in securities	(904)	(1,000)
Purchases of tangible fixed assets	(1,121)	(1,156)
Proceeds from sales of tangible fixed assets	1	50
Purchases of intangible assets	(142)	(109)
Expenditures for long-term prepaid expenses acquired	(1,243)	(1,070)
Other – net	78	28
Net cash used in investing activities	(3,357)	(3,718)
Cash flows from financing activities		
Dividends paid	(1,484)	(1,618)
Purchase of treasury stock	(82)	(152)
Other – net	(39)	(2)
Net cash used in financing activities	(1,606)	(1,773)
Effect of exchange rate changes on cash and cash equivalents	133	63
Net increase (decrease) in cash and cash equivalents	1,185	684
Cash and cash equivalents at beginning of year	20,044	21,229
Cash and cash equivalents at end of year	¥21,229	¥21,914