

Outline of Consolidated Financial Results for the First Quarter Ended June 30, 2015

August 7, 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
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 Scheduled date for submission of quarterly Securities Report: August 11, 2015
 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, 2015 (April 1, 2015 to June 30, 2015)

	(¥ million)							
	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
Quarter ended June 30, 2015	19,260	7.4%	636	(21.8%)	888	(13.8%)	609	(12.0%)
Quarter ended June 30, 2014	17,939	1.8%	814	(41.9%)	1,030	(33.5%)	692	(41.0%)

Note: Comprehensive income

As of June 30, 2015: ¥1,856 million 40.7% As of June 30, 2014: ¥1,319 million 6.0%

	Net income per share (¥)	
	Basic	Diluted
Quarter ended June 30, 2015	9.05	—
Quarter ended June 30, 2014	10.28	—

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 June 30, 2015	130,705	102,175	78.0%	1,513.35
As of March 31, 2015	129,757	101,207	77.8%	1,498.88

Note: Owners' equity

As of June 30, 2015: ¥101,969 million As of March 31, 2015: ¥100,998 million

2. Dividends

	Cash dividends per share (¥)				
	1 st quarter	2 nd quarter	3 rd quarter	Year-end	Annual
Year ended March 31, 2015	—	¥12.00	—	¥13.00	¥25.00
Year ending March 31, 2016	—	—	—	—	—
Year ending March 31, 2016 (forecast)	—	¥14.00	—	¥14.00	¥28.00

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

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

	(¥ million)								
	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share (¥)
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%	99.44

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: Yes

3. Changes in accounting estimates: Yes

4. Restatement: None

(4) Number of shares outstanding (ordinary shares)

Number of shares outstanding (including treasury stock)

As of June 30, 2015: 70,251,484 shares

As of March 31, 2015: 70,251,484 shares

Number of shares of treasury stock

As of June 30, 2015: 2,871,515 shares

As of March 31, 2015: 2,868,940 shares

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

As of June 30, 2015: 67,381,370 shares

As of June 30, 2014: 67,427,443 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, 2015	As of 1st quarter ended June 30, 2015
Assets		
Current assets:		
Cash and deposits	¥ 11,841	¥ 11,306
Notes and accounts receivable	35,010	34,245
Marketable securities	10,799	10,099
Merchandise and products	12,936	14,287
Partially finished products	1,737	1,035
Work in process	321	494
Materials and supplies	4,663	5,032
Deferred tax assets	1,698	2,001
Other current assets	1,413	1,510
Allowance for doubtful accounts	(0)	(0)
Total current assets	80,422	80,012
Fixed assets:		
Tangible fixed assets:		
Buildings and structures (net)	6,163	6,062
Land	7,449	7,509
Other (net)	1,780	1,835
Total tangible fixed assets	15,393	15,407
Intangible fixed assets	458	443
Investments and other assets:		
Investment securities	22,078	23,749
Deferred tax assets	57	53
Long-term prepaid expenses	8,287	8,030
Other	3,059	3,008
Total investments and other assets	33,482	34,842
Total fixed assets	49,334	50,693
Total assets	¥ 129,757	¥ 130,705

(¥ million)

	As of previous consolidated fiscal year ended March 31, 2015	As of 1st quarter ended June 30, 2015
Liabilities		
Current liabilities:		
Notes and accounts payable	¥ 7,118	¥ 7,124
Accrued liabilities	3,472	3,779
Income taxes payable	2,161	442
Reserve for bonuses	2,523	3,782
Other current liabilities	2,495	2,390
Total current liabilities	17,770	17,519
Long-term liabilities:		
Deferred tax liability	2,286	2,963
Reserve for retirement benefits	7,997	7,563
Other long-term liabilities	495	483
Total long-term liabilities	10,779	11,010
Total liabilities	28,550	28,530
Net assets		
Shareholders' equity:		
Common stock	5,174	5,174
Capital surplus	4,445	4,445
Retained earnings	85,137	84,871
Treasury stock	(2,327)	(2,338)
Total shareholders' equity	92,429	92,152
Accumulated other comprehensive income:		
Unrealized gain on available-for-sale securities	9,600	10,738
Deferred gain on derivatives under hedge accounting	(11)	2
Foreign currency translation adjustments	17	16
Remeasurements of defined benefit plans	(1,037)	(941)
Total accumulated other comprehensive income	8,569	9,816
Non-controlling interests	208	205
Total net assets	101,207	102,175
Total liabilities and net assets	¥ 129,757	¥ 130,705

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

(¥ million)

	1st quarter ended June 30, 2014	1st quarter ended June 30, 2015
Net sales	¥ 17,939	¥ 19,260
Cost of sales	9,513	10,422
Gross profit	8,426	8,838
Selling, general and administrative expenses:		
Salaries and benefits	1,580	1,632
Provision for bonuses	818	856
Sales promotion expenses	497	710
Provision for retirement benefits	210	209
Depreciation	85	62
R&D expenses	2,206	2,591
Other	2,212	2,139
Total general, selling, and administrative expenses	7,611	8,201
Operating income	814	636
Non-operating income:		
Interest income	4	4
Dividend received	187	204
Rent income	92	92
Foreign exchange gain	—	6
Other	18	47
Total non-operating income	302	354
Non-operating expenses:		
Interest expenses	0	0
Donation	35	44
Foreign exchange loss	13	—
Rent expenses	25	24
Other	11	33
Total non-operating expenses	87	103
Ordinary income	1,030	888
Income before income taxes and minority interests	1,030	888
Income taxes – current	594	485
Income taxes – deferred	(262)	(206)
Total income taxes	332	279
Net income	698	609
Net income(loss) attributable to non-controlling interests	5	(0)
Net income attributable to owners of the parent	¥ 692	¥ 609

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

(¥ million)

	1st quarter ended June 30, 2014	1st quarter ended June 30, 2015
Net income	¥ 698	¥ 609
Other comprehensive income		
Unrealized gain or loss on available-for-sale securities	553	1,137
Deferred gain or loss on derivatives under hedge accounting	(7)	13
Foreign currency translation adjustments	(3)	(0)
Remeasurements of defined benefit plans	78	96
Total other comprehensive income	621	1,247
Comprehensive income	1,319	1,856
(Item)		
Comprehensive income attributable to owners of the parent	1,314	1,857
Comprehensive income(loss) attributable to non-controlling interests	¥ 5	¥ (0)