

Summary Report of Consolidated Financial Results

For the Fiscal Year ended March 31, 2016



May 12, 2016
TSE-1st section

Company name: NIPRO CORPORATION

Code No.8086 URL: <http://www.nipro.co.jp/>

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Date of the ordinary general shareholders' meeting: June 28, 2016

Payment date of cash dividends: June 29, 2016

Filing date of annual reporting: June 28, 2016

Preparation of supplemental material on financial results: Yes

Presentation on annual results: Yes (for institutional investors and analysts)

(Note: Amounts are truncated to one million yen)

1. Consolidated Results for the Year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

(1) Consolidated Results of Operations

(Note: % of change from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2016	366,650	12.8	24,204	46.1	14,623	(25.6)	19,718	58.1
Year ended March 31, 2015	325,084	8.1	16,571	34.8	19,661	65.0	12,470	335.8

Note: Comprehensive income Year ended March 31, 2016: 3,874 million yen ((88.2%)) Year ended March 31, 2015: 32,791 million yen (11.1%)

	Earnings per share	Diluted earnings per share	Raito of net income to shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2016	116.22	114.68	11.8	2.1	6.6
Year ended March 31, 2015	80.96	-	8.5	3.0	5.1

Note: Equity in profit (loss) of affiliate Year ended March 31, 2016: (95) million yen Year ended March 31, 2015: (168) million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2016	708,882	175,507	23.4	977.64
Year ended March 31, 2015	695,306	178,810	24.1	988.79

Note: Equity Year ended March 31, 2016: 165,997 million yen Year ended March 31, 2015: 167,959 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2016	29,934	(16,513)	(3,633)	111,977
Year ended March 31, 2015	27,981	(29,713)	26,598	98,199

2. Dividends

	Annual dividends per year					Annual total of dividends	Pay-out ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	First-quarter	Second-quarter	Third-quarter	Year-end dividends	Annual dividends			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2015	-	18.00	-	14.50	32.50	5,261	40.1	3.6
Year ended March 31, 2016	-	17.00	-	16.50	33.50	5,712	28.8	3.4
Year ending March 31, 2017 (Forecast)	-	20.00	-	20.50	40.50		38.2	

3. Forecast of Consolidated Financial Results for the Year ending March 31, 2017 (From April 1, 2016 to March 31, 2017)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending Sept. 30 2016	181,300	1.0	13,400	15.0	12,300	21.3	7,800	38.1	45.94
Year ending March 31, 2017	375,000	2.3	30,200	24.8	27,900	90.8	18,000	(8.7)	106.01

*Notes

- (1) Change in Significant Subsidiaries during the Current Period
(Change in specified subsidiaries caused a change in the scope of consolidation): No
Additional: 0 Removal: 0
- (2) Change in Accounting Policies and Accounting Estimate and Restatement
[1] Changes in accounting policies by a newly issued accounting pronouncement : Yes
[2] Changes other than [1] : No
[3] Change in accounting estimate : No
[4] Restatement : No
Note: Detailed information can be found in P.19 “(5) Notes to Consolidated Financial Statements (Changes in Accounting Policy)” in the attachment.
- (3) Issued Shares (Common stock)
[1] Number of issued shares at end of the period (including treasury stock)
Year ended March 31, 2016: 171,459,479 shares Year ended March 31, 2015: 171,459,479 shares
[2] Number of treasury stock at end of the period
Year ended March 31, 2016: 1,666,187 shares Year ended March 31, 2015: 1,899,861 shares
[3] Average number of shares during the period
Year ended March 31, 2016: 169,661,548 shares Year ended March 31, 2015: 154,045,003 shares
Note: Number of the stocks as of the Year ended March 31, 2016 included 716,300 shares and as of the Year ended March 31, 2015 included 953,100 shares owned by Trust and Custody Service Bank, Ltd. (Trust Account E).

(Reference) Overview of the Unconsolidated Financial Results

1. Unconsolidated Results for the Year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

(1) Results of Operations (Note: % of change from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2016	233,414	11.8	20,240	31.9	18,206	(18.5)	9,700	(19.3)
Year ended March 31, 2015	208,751	10.7	15,345	3.9	22,335	23.5	12,108	5.9

	Earnings per share	Diluted earnings per share
	Yen	Yen
Year ended March 31, 2016	57.18	56.42
Year ended March 31, 2015	78.02	—

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2016	516,443	161,098	31.2	948.79
Year ended March 31, 2015	511,800	157,543	30.8	929.14

Note: Equity Year ended March 31, 2016: 161,098 million yen Year ended March 31, 2015: 157,543 million yen

*Information regarding the review procedure

This report is exempt from auditing procedure based on the Financial Instruments and Exchanges Act. It is under the auditing process at the time this report is disclosed.

*Disclaimer regarding projection information including appropriate use of forecasted financial result, and other special notes

- (1) The projection figures shown above are based on information that was available at the time of preparation and may contain certain uncertainties. Actual performance and other factors may differ from these projections due to changes in circumstances and other developments. More information concerning these forecasts can be found in P.2 “1.Business Result (1) Analysis Concerning Business Results”.

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1. Business Results

(1) Analysis Concerning Business Results

[1]Commentary on Business Results

During the current period under review, a shift to a full-fledged recovery failed to take shape on account of the economic slowdown in China, the decline in crude oil prices, the hiking of interest rates in the U.S., and other developments. There is even greater uncertainty regarding Japan's economy for various reasons, including the impact of the Chinese economy, the economic slowdown in developing countries, as well as growing instability throughout the world, the source of which is the Middle East. Looking at the exchange rate, yen was weak during the first half of the year and then getting increased, which prevented the economy from full-fledged recovery.

Under such circumstances, the Nipro Group has worked to improve operating results through its continued efforts to expand sales and reduce costs with the greatest priority to user safety.

As a result, consolidated sales for the current period under review increased by 12.8% from the previous year to 366,650 million yen. As for the profit, consolidated operating income increased by 46.1% from the previous year to 24,204 million yen. Consolidated ordinary income decreased by 25.6% from the previous year to 14,623 million yen partly because of exchange losses. Consolidated net income attributable to owners of parent increased by 58.1% from the previous year to 19,718 million yen due to the increase in Gain on sales of shares of subsidiaries and associates.

The overview of the results for the current period under review by business segment is as follows.

a. Medical-Related Business

Looking at the domestic market of Medical-Related Business, sales of injection-transfusion products, enteral-alimentation products, testing products, dialysis products, and cardiovascular products remained solid. Especially in the field of dialysis products, sales of HDF filters and dialysis monitoring devices largely increased. As for cardiac surgery (CVS) products, sales recovered in the current period. For the Pharmaceutical Sales Division, the sales were steady due to the expansion of the market with the promotion policy of generic drugs, the expansion of existing products and the launch of addenda listing items in December 2015. However, price competition in the domestic market continues to grow fiercer for precedent sales of authorized generic drugs or several tens of manufacturers vying for sales of one item. Therefore, we will continue to strengthen the sales promotion to dispensing pharmacies, diagnosis procedure combination (DPC) hospitals and prescribers. Also we tried to increase the share of orally administered drugs and external preparations and worked harder for information offering activities of injectables based on the collaboration with pharmaceutical wholesaler.

Meanwhile, overseas sales increased steadily from the same period of the previous year as we strengthened the sales of dialysis products and hospital products. However, the profits decreased due to the exchange losses caused by the impact of foreign exchange markets.

To strengthen the overseas sales organization and step up our direct sales activities with the aim of quickly responding further to clinical needs and boosting overseas sales, we have established the head office in Hyderabad, India to supervise sales subsidiaries. In China, sales offices opened in Changsha, Nanchang and Zibo. And in the Republic of Ecuador, our U.S. subsidiary, Nipro Medical Corporation, opened its fourth sales office in the country in the city of Portoviejo. This will make it possible to meet local clinical needs while providing meticulous service closely tied to the local community and increase the market presence of the company in the country.

In addition, new overseas manufacturing facilities (in India, Indonesia, Bangladesh and Hefei in China) further improved their production system and realized production expansion under established quality system to promote their sales widely in their countries and surrounding areas, which contributed to the sales growth.

As a result, net sales of this business increased by 14.5% from the previous year to 272,167 million yen.

b. Pharmaceutical-Related Business

In the Pharmaceutical-Related Business, we have broadened our contracted manufacturing operation to encompass contracts to develop products from the formulation design of orally administered drugs and external preparations and to develop products using our expertise developing and supplying vials, syringes, bags, and other packaging containers. We also endeavored to expand the contracted business by offering a diverse range of detailed yet wide-ranging contract services, such as support for lifecycle management where we believe we can enhance the value-added features and realize distinct service differentiation. In addition, efforts to upgrade and expand our contracted manufacturing capabilities for the dedicated biopharmaceuticals line and the oral drugs and injectable solutions lines at the high potency active pharmaceutical ingredients manufacturing plant contributed to strong sales of contracted manufacturing.

Sales of pharmaceutical containers as well as devices related to pharmaceutical preparation and administration steadily increased due to offering containers and systems suitable to each pharmaceutical product developed by ourselves or through joint development with pharmaceutical manufactures. Such efforts were made to meet various needs in the medical front, including small-volume bags, materials for pre-filled syringes (plastic and glass), etc., on top of rubber stoppers for pharmaceutical and vaccine use and containers for kit products. In addition, under the government's policy to curb medical expenses, we have worked together with domestic and foreign pharmaceutical manufactures in enhancing comprehensive lifecycle management of pharmaceutical products, taking into consideration the development of combination products (our original collaboration between pharmaceutical products and medical devices), self-injection systems, and dosage form/administrating path modification in the future.

As a result, net sales of this business increased 8.5% from the previous year to 62,266 million yen.

c. Glass-Related Business

In the Glass-Related Business, adding to our conventional products, we have made efforts of academic and sales activities to meet global customer needs and acquire new demands while we have promoted the development of new technologies and new products domestically and internationally to support injectable formulation and filling process with high stability.

For the pharmaceutical packaging in domestic glass department, we steadily increased the sales in tube glass, vials and pre-filled syringe. As for "Biwako Factory," a state-of-the-art plant for pharmaceutical packaging, with the purpose of further improving our quality assurance system for good manufacturing practice (GMP), the factory aims to establish the production and sales system of high quality glass for medical purpose and promotes their activities to meet the needs from global customers.

Regarding overseas glass department, both sales and profits have increased. We have expanded the sales of high-valued products such as syringe and various vials which demands are increasing in the mature markets such as Europe and the United States, as well, the sales of tube glass, ampoules and vials in the emerging markets such as India or Russia. In China, the market is greatly changing to require higher-quality medical containers than conventional products following the order of government. Under these circumstances, we have invested in equipment to introduce high-quality products. We established a company in Shanghai in November 2015 to supervise the three existing plants in China, and also Technical development division there as an R&D base to accelerate launching into the high quality market.

Starting from the coming period, this business will officially change the name to Pharma Packaging Business, after our continual promotion to change to general pharma packaging business with a fusion of products and technologies cultivated in both medical and pharmaceutical related businesses such as glass containers, rubber stopper and plastic containers. So far, we have promoted the standardization of product specifications and services in each office to meet the requirement for development from globalizing pharmaceutical companies, and will continuously promote effective investment domestically and internationally to strengthen production capacity of conventional products, to improve the quality and to introduce new products for the continuous expansion of our business providing the products and services with a user-focused approach.

Among other glass-related products, overseas demands of glass for thermos bottles decreased but whole sales of this department remained solidly.

As a result, net sales of this business increased 7.9% from the previous year to 32,184 million yen.

d. Other Business

Among other business, sales from the real-estate rental business were 32 million yen (down by 69.1% from the previous year).

[2] Outlook for the next period

The global economic outlook remains uncertain as we anticipate economic slowdown in China and resource countries. Therefore, we expect the higher yen trend.

Even under such circumstances, we in the Nipro Group will work hard on the continued approaches to preparation of an abundant assortment and development of products with high value-added levels while improving the performance especially in the new overseas plants.

We project the consolidated net sales of 375,000 million yen (up by 2.3% from the previous year), operating income of 30,200 million yen (up by 24.8% from the previous year), ordinary income of 27,900 million yen (up by 90.8% from the previous year), and net income attributable to the shareholders of parent company of 18,000 million yen (down by 8.7% from the previous year), for the fiscal year ending March 31, 2017.

(2) Analysis Concerning Financial Position

[1] The conditions of assets, liabilities, and net assets

Total assets increased 13,575 million yen from the end of the previous year to 708,882 million yen. Current assets increased 17,771 million yen mainly due to an increase of 13,795 million yen in cash and deposits, and noncurrent assets decreased 4,195 million yen mainly due to a decrease of 5,516 million yen in investment securities.

Total liabilities increased 16,878 million yen from the end of the previous year to 533,375 million yen. Current liabilities decreased 26,253 million yen mainly due to an decrease of 25,577 million yen in current portion of bonds, and noncurrent liabilities increased 43,131 million yen mainly due to an increase of 25,000 million yen in convertible bond-type bonds with subscription rights to shares and 19,324 million yen in long-term loans payable.

Total net assets decreased 3,302 million yen from the end of the previous year to 175,507 million yen. Shareholders' equity increased 13,758 million yen and accumulated other comprehensive income decreased 15,420 million yen.

[2] The condition of cash flow

The ending balance of cash and cash equivalents in the period under review increased 13,778 million yen from the previous year to 111,977 million yen.

(Cash flows from operating activities)

Net cash provided by operating activities was 29,934 million yen. The main accounts of cash inflow were income before income taxes and minority interests, 26,284 million yen and depreciation, 30,147 million yen. The main accounts of cash outflow were increase in gain on sales of shares of subsidiaries and associates, 14,072 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 16,513 million yen. The main account of cash outflow was payments for purchase of noncurrent assets, 41,936 million yen.

(Cash flows from financing activities)

Net cash provided by financing activities was 3,633 million yen. The main account of cash inflow was proceeds from long-term loans payable, 105,369 million yen, and the main account of cash outflow was repayment of long-term loans payable, 66,011 million yen.

[3] Trend of the cash flow indicators

	The 60 th period Year ended March 31,2013	The 61 st period Year ended March 31,2014	The 62 nd period Year ended March 31,2015	The 63 rd period Year ended March 31,2016
Shareholders' equity ratio (%)	20.7	20.2	24.1	23.4
Ratio of market value of shareholders' equity (%)	24.6	22.5	27.9	25.6
Debt redemption (years)	15.5	16.9	14.3	12.7
Interest coverage ratio	6.6	5.5	7.0	6.6

Note: Shareholders' equity ratio = Shareholders' equity / Total assets

Ratio of market value of shareholders' equity = Aggregate market value of the outstanding share / Total assets

Debt redemption = Interest-bearing liabilities / Cash flow from operating activities

Interest coverage ratio = Cash flow from operating activities / Interest payments

- Each indicator is calculated from consolidated financial data,
- Aggregate market value of the outstanding share is calculated as the share price at the fiscal year-end multiplied by the number of issued shares (excluding treasury stock)
- Cash flow from operating activities is taken from cash flows from operating activities on the consolidated statement of cash flows. Interest-bearing liabilities represent all liabilities on the consolidated balance sheets for which interest is payable. The amount of interest payments is taken from the payments of interests on the consolidated statement of cash flows.

(3) Basic Policies on Distribution of Profits and Dividends for years ended March 31, 2016 and ending March 31, 2017

We position profit return in the important management measure to distribute the non-consolidated net income to shareholders. Retained earnings are to be invested in the sales and production facilities as well as in research and development, in view of enlarging the firm management basis and long-term business developments, so as to ensure stable and continuous growth.

According to the above-mentioned policy, annual dividends are calculated to be 33.50 yen per share. As we already paid interim dividends of 17.00 yen per share, year-end dividends are to be 16.50 yen per share to be proposed to the Company's 63rd ordinary general meeting of shareholders.

Dividends for year ending March 31, 2017 are expected to be made under our basic policies.

2. Corporate Group

Our group consists of the Reporting Company (“the Company”), its 83 subsidiaries and 5 affiliated and is primarily engaged in manufacture and sale of medical equipment, pharmaceutical products and material products such as glass for medical use and glass for thermos bottles.

Positioning of each company in connection with the businesses of our group and the relation to the business segment are as follows:

<Medical-Related Business>

Domestic: The Company, Nipro Medical Industries Co., Ltd. and Goodman Co., Ltd. manufacture medical equipment, and the Company and Goodman Co., Ltd. sell medical equipment manufactured by its foreign subsidiaries.

Cell Science & Technology Institute, Inc., develops, manufactures and sells cell-culture-related products.

Nichihos Co., Ltd. manages dispensing pharmacies and sells pharmaceutical products.

Overseas: Nipro (Thailand) Corporation Ltd. (Thailand), Nipro (Shanghai) Co., Ltd. (China) and Nipro Medical LTDA. (Brazil) and other subsidiaries purchase some of raw materials and machinery for their production from the Company, manufacture medical equipment, and sell them through the Company and its subsidiaries as well as locally on their own.

Nipro Europe N.V. (Belgium), Nipro Medical Corporation (U.S.A.) and Nipro Trading (Shanghai) Co., Ltd. (China) and other sales subsidiaries purchase the products mainly from the Corporation and its subsidiaries, and sell medical equipment etc. in the areas of their locations.

<Pharmaceutical-Related Business>

Domestic: The Company, Nipro Pharma Corporation, Zensei Pharmaceutical Industries Co., Ltd., and Nipro Patch Co., Ltd. manufacture and sell pharmaceutical products. Yuki Gosei Kogyo Co., Ltd., an affiliated company, manufactures and sells active pharmaceutical ingredient etc.

Overseas: Nipro Pharma Vietnam Co., Ltd. manufactures and sells pharmaceutical products and Nipro Pharma Corporation sells them.

< Glass-Related Business>

Domestic: The Company sells glass tube as well as manufactures and sells glass products.

Overseas: Nipro PharmaPackaging (Shanghai) Co., Ltd. purchases some of raw materials through the Company and sells them to its subsidiaries such as Chengdu Pingyuan Nipro Pharmaceutical Packaging Co., Ltd. In addition, subsidiaries such as Nipro PharmaPackaging Americas Corp. (U.S.A), Nipro PharmaPackaging France S.A.S. (France), Nipro PharmaPackaging Germany GmbH, Nipro Tube Glass Pvt. Ltd. (India) and Chengdu Pingyuan Nipro Pharmaceutical Packaging Co., Ltd. (China) manufacture and sell tube glass, vials and ampoules etc for medical use focusing on their each location.

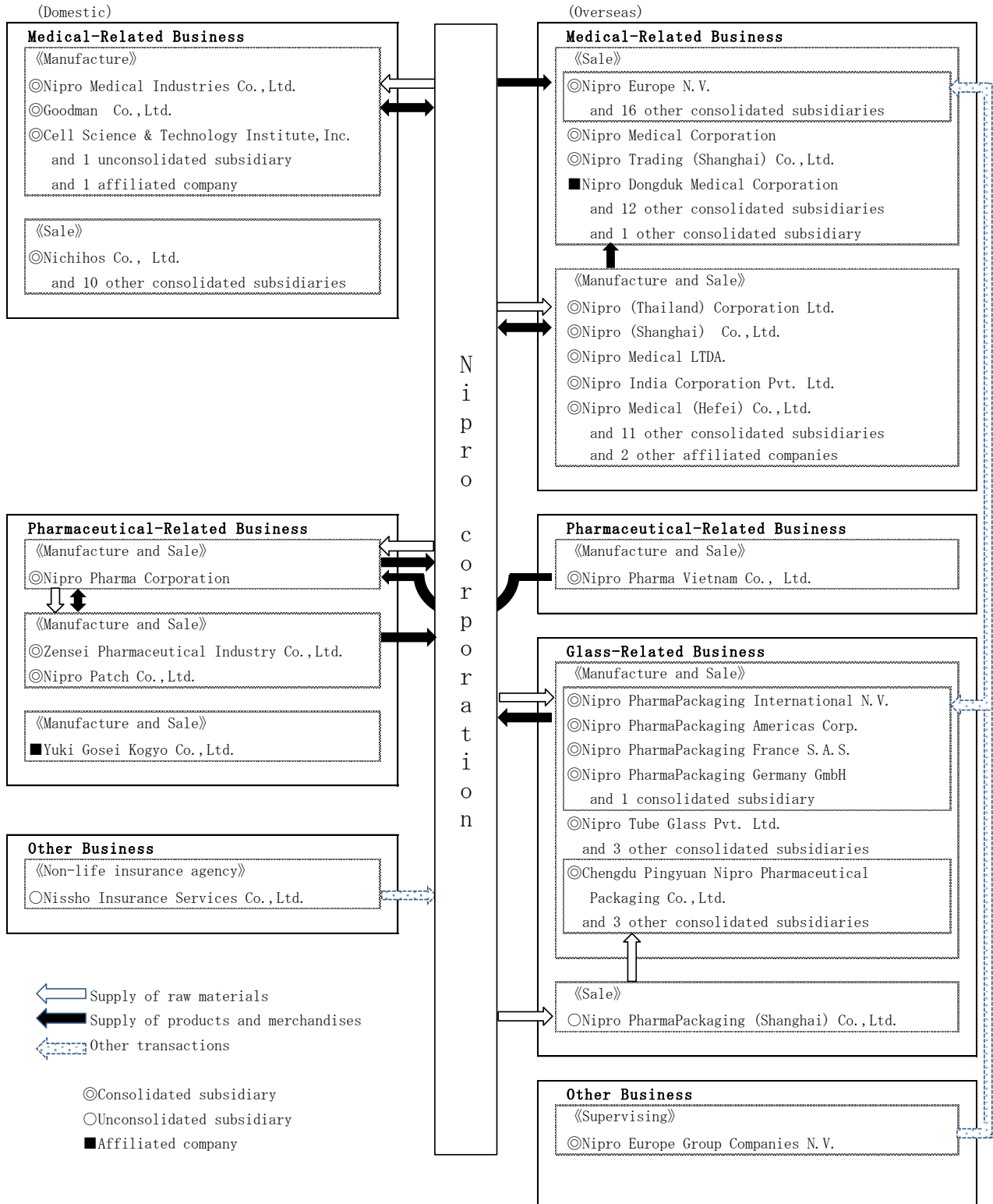
<Other business>

The Company manufactures (purchases, in some cases) and sells production machinery for medical equipments and is engaged in leasing of real estate properties.

Nissho Insurance Services Co., Ltd. operates non-life insurance agency business mainly for the group companies.

Nipro Europe Group Companies N.V. mainly supervises businesses of Nipro Europe N.V. and Nipro PharmaPackaging International N.V.

The above explanations are illustrated as follows:



3. Management Policies

(1) Basic Policies of Management

Since our foundation of year 1954, the Company has a business philosophy of contribution to the society through corporate activities with the concept of “technology innovation”. In keeping with this philosophy, it has constantly sought to achieve growth through pursuit of distinctive products and technology for a higher quality of life (QOL) among patients and response to issues and needs on medical care sites.

In addition, considering the idea that the balance between “stability” and “growth” is most important for a company, we implement the “performance-linked remuneration system” that is the rule of profit sharing among shareholders, employees and management, and carry out active business operations, holding the employees responsible for boosting the performance of individual businesses.

(2) Target Management Indicators

Our performance targets are to achieve 1,000,000 million yen of consolidated net sales by the fiscal year 2030. And as a first step, we aim to achieve 500,000 million yen of consolidated net sales and 40,000 million yen of ordinary income by the fiscal year 2020. To realize these goals, we are going to move towards steady development in each field; medical, pharmaceutical, and glass businesses.

(3) Medium- to Long-term Management Strategies

Our basic policy and management strategy lie in expansion of share and sales in the global market by heightening our production capacity for products projected to exhibit quantitative growth, and providing products endowed with stable quality and cost competitiveness. We are also determined to develop products of value and safety as viewed from the user's perspective by making effective use of our original technology and other management resources spanning the three business segments of Medical Device, Pharmaceutical, and Pharma Packaging Business offering glass products.

In our Medical-Related Business, to expand our share of the market, we are going to take vigorous action to fill out our assortment and open up new sales channels in domains such as diabetes and vascular products in addition to further developing our sales of the artificial kidney dialyzers (our mainstay products in this field) and other dialysis products.

We will continue making progress strengthening our sales organization, particularly for overseas sales. We are going to focus on establishing new business bases and actively developing sales channels in India, China, and other developing regions where further market expansion is expected. Especially in India, we plan to build a sales network covering 17 states and 96 % of the population of the country by establishing new 8 subsidiaries in Ahmadabad, Indore, Kochi, Jaipur, Chandigarh, Bangalore, Raipur and Lucknow in 2016, and 4 in Assam, Bihār, Jharkhand and Odisha in 2017.

We will use this sales structure as a base for capturing global leading market shares for our products, particularly for dialysis-related products. Our arterial venous fistula (AVF) needles already command top global market share, and we plan to further fortify the direct sales structure for dialyzers and strengthen ties with major dialysis center groups to increase the share. We have established dialyzer production structures in India and China and will enhance production of blood tubing set at each plant to meet market demand.

In the field of generic drugs, the demand is expected to continue in a trend of rapid expansion, in light of the roadmap for promotion of their use presented by the Ministry of Health, Labour and Welfare, which hopes to increase the share of the total pharmaceutical sales volume occupied by generic drugs to at least 80 percent by the end of fiscal 2020. As such, besides our ongoing development of new generic drugs, we are going to continue concentrating on the construction of various sales routes to users such as university hospitals, foundation hospitals and dispensing pharmacy groups while pursuing greater synergistic effects through coordination with our sales division of medical equipment.

In the Contracted Manufacturing Division of our Pharmaceutical-Related Business, we are building setups for production and quality assurance to meet the requirements in developed countries. We are also augmenting our manufacturing facilities in domains with a high degree of difficulty while further building up our business as one of the leading Japanese firms engaged in contracted manufacturing of pharmaceuticals. We are likewise working for improving capacity of production sites outside Japan in order to raise our stable supply capability and cost competitiveness even higher, and thereby enable supply of pharmaceuticals to the whole world.

Regarding the pharmaceutical containers as well as devices related to pharmaceutical preparation and administration, we will continue to develop and supply the safety and useful products as viewed from the medical-front and patient's perspective

Glass-Related Business will change its name to Pharma Packaging Business starting from April 2016. We plan to continue expanding our market share by using our glass processing technologies cultivated over our many years of operation as a foundation for providing even more detailed customers service backed by region-specific strategies matched to the globalization of demand in all countries and growing demand for high-quality products in developing countries. We will also expand our product lines driven by product planning from the customer perspective, such as the VIALEX® glass vials with minimized alkali elution risk, and continue developing and introducing sterile containers and other high value-added products and we seek to advance from glass sales to solution sales.

(4) Issues and Challenges that the Group Faces

In our Medical-Related Business, our Medical Sales Division shall strive to create designs reflecting consideration for medical safety and security and to develop products that alleviate environmental burden in the fields of products related to transfusion, diabetes, dialysis, vascular and CVS. It shall also mount approaches to develop products that are gentle

to medical workers, patients, and the environment, while actively marketing and expanding sales of products addressing the diversifying needs and seeds in the market, to improve business results.

The Pharmaceutical Sales Division is faced with even more difficult circumstances in domestic business related to generic drugs. It shall endeavor to increase the brand power of Nipro as an all-around medical enterprise while continuing to heighten our presence in the market and strengthen price competitiveness.

In our Pharmaceutical-Related Business, our main agendum is improving production capacity, stabilizing supply and achieving a rigorous reduction of manufacturing costs to increase our price competitiveness as the government accelerates deployment of measures to curb medical costs. With a view to supplying products to the global market, it is also essential for us to improve our setups for quality assurance in both the software and hardware in order to fully meet pharmaceutical quality standards in the United States and Europe. At the same time, we consider the construction of management to meet country risks at our overseas plants a major task, and shall take action on it in each culture.

In the Glass-Related Business, we will construct a system leveraging our manufacturing technology capabilities to enable the stable manufacture and sale of high-quality products and establish a globally complementary system by linking the domestic and overseas plants and unifying our product specifications and quality standards. In addition, we will work to build the Nipro brand by making the Biwako Factory, which completed construction in June 2014, the flagship of the Nipro Group glass processing plants and upgrading the plant's interior environment to transform it into a world-class plant inside and out.

4. Basic Thinking Underlying the Concept of Accounting Standard

J-GAAP is adopted in the current period under review. The Company will consider the application of IFRS while watching future trends carefully.

5. Consolidated Financial Statements
(1) [Consolidated Balance Sheets]

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current Assets		
Cash and deposits	112,871	126,667
Notes and accounts receivable-trade	114,477	113,235
Merchandise and finished goods	67,412	68,683
Work in process	12,149	10,167
Raw materials and supplies	22,913	23,851
Deferred tax assets	6,963	6,380
Other	16,341	20,115
Allowance for doubtful accounts	(2,783)	(983)
Total current assets	350,346	368,117
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	174,138	184,037
Accumulated depreciation and impairment loss	(81,157)	(84,826)
Buildings and structures, net	92,980	99,211
Machinery, equipment and vehicles	212,911	217,074
Accumulated depreciation and impairment loss	(150,454)	(154,911)
Machinery equipment and vehicles, net	62,457	62,162
Land	22,027	21,123
Lease assets	3,058	3,229
Accumulated depreciation	(1,957)	(2,208)
Lease assets, net	1,100	1,021
Construction in progress	31,242	27,643
Other	42,619	46,976
Accumulated depreciation and impairment loss	(32,232)	(34,382)
Other, net	10,387	12,594
Total property, plant and equipment	220,195	223,756
Intangible assets		
Goodwill	26,364	28,876
Lease assets	1,625	2,469
Other	16,379	13,566
Total intangible assets	44,369	44,913
Investments and other assets		
Investment securities	64,076	58,560
Net defined benefit asset	140	253
Deferred tax assets	7,899	3,947
Other	11,901	15,625
Allowance for doubtful accounts	(3,622)	(6,292)
Total investments and other assets	80,395	72,094
Total noncurrent assets	344,960	340,764
Total assets	695,306	708,882

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable-trade	51,750	56,185
Short-term loans payable	136,359	125,848
Commercial papers	10,000	10,000
Current portion of bonds	27,840	2,262
Lease obligations	828	1,044
Accounts payable-other	11,679	12,004
Accrued directors' bonuses	436	389
Income taxes payable	3,934	4,266
Provision for bonuses	3,621	3,733
Provision for directors' bonuses	123	79
Notes payable-facilities	2,641	12,753
Other	29,184	23,579
Total current liabilities	278,401	252,147
Noncurrent liabilities		
Bonds payable	20,592	18,330
Convertible bond-type bonds with subscription rights to shares	—	25,000
Long-term loans payable	205,621	224,945
Lease obligations	3,127	3,132
Deferred tax liabilities	2,162	1,985
Net defined benefit liability	3,841	5,017
Provision for directors' retirement benefits	524	553
Provision for loss on litigation	11	18
Other	2,214	2,245
Total noncurrent liabilities	238,095	281,227
Total liabilities	516,496	533,375
Net assets		
Shareholders' equity		
Capital stock	84,397	84,397
Capital surplus	635	—
Retained earnings	58,885	73,067
Treasury stock	(1,686)	(1,475)
Total shareholders' equity	142,231	155,990
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(2,311)	(3,347)
Deferred gains or losses on hedges	39	(12)
Foreign currency translation adjustment	27,870	14,187
Remeasurements of defined benefit plans	(170)	(821)
Total accumulated other comprehensive income	25,427	10,007
Non-controlling interests	11,150	9,509
Total net assets	178,810	175,507
Total liabilities and net assets	695,306	708,882

(2) [Consolidated Statements of Income and Consolidated Statement of Comprehensive Income]
Consolidated Statements of Income

(Millions of yen)

	FY2014 (From April 1, 2014 to March 31, 2015)	FY2015 (From April 1, 2015 to March 31, 2016)
Net sales	325,084	366,650
Cost of sales	225,525	250,773
Gross profit	99,558	115,876
Selling, general and administrative expenses	82,987	91,671
Operating income	16,571	24,204
Non-operating income		
Interest income	767	733
Dividends income	1,911	1,449
Foreign exchange gains	4,923	—
Reversal of allowance for doubtful accounts	—	879
Other	2,127	1,894
Total non-operating income	9,729	4,955
Non-operating expenses		
Interest expenses	4,066	4,501
Share of loss of entities accounted for using equity method	168	95
Expenses for operation preparation	1,459	1,046
Foreign exchange losses	—	7,181
Other	944	1,711
Total non-operating expenses	6,639	14,536
Ordinary income	19,661	14,623
Extraordinary income		
Gain on sales of noncurrent assets	1,530	228
State subsidy	43	3,721
Gain on sales of investment securities	3,402	—
Gain on sales of shares of subsidiaries and associates	—	14,072
Gain on sales of investments in capital of subsidiaries and associates	—	1,601
Other	62	154
Total extraordinary income	5,039	19,777
Extraordinary loss		
Loss on sales of noncurrent assets	331	82
Loss on retirement of noncurrent assets	341	455
Impairment loss	65	0
Loss on sales of investment securities	2,977	289
Loss on reduction of noncurrent assets	14	3,124
Amortization of goodwill	444	—
Loss on step acquisitions	—	2,238
Provision of allowance for doubtful accounts	—	1,668
Other	617	258
Total extraordinary losses	4,793	8,116
Income before income taxes	19,908	26,284
Income taxes-current	8,349	2,110
Income taxes-deferred	(1,253)	4,696
Total income taxes	7,095	6,806
Net income	12,812	19,478
Net income attributable to non-controlling interests	341	(240)
Net income attributable to owners of parent	12,470	19,718

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2014 (From April 1, 2014 to March 31, 2015)	FY2015 (From April 1, 2015 to March 31, 2016)
Income before minority interests	12,812	19,478
Other comprehensive income		
Valuation difference on available-for-sale securities	5,133	(1,035)
Deferred gains or losses on hedges	0	(51)
Foreign currency translation adjustment	14,655	(13,860)
Remeasurements of defined benefit plans	187	(655)
Share of other comprehensive income of entities accounted for using equity method	1	(1)
Total other comprehensive income	19,978	(15,603)
Comprehensive income	32,791	3,874
Comprehensive income attributable to owners of parent	32,126	4,298
Comprehensive income attributable to non-controlling interests	665	(423)

(3) [Consolidated Statements of Shareholders' Equity]

(Millions of yen)

	FY2014 (From April 1, 2014 to March 31, 2015)	FY2015 (From April 1, 2015 to March 31, 2016)
Shareholder's equity		
Capital		
Balance at beginning of year	84,397	84,397
Increase (decrease) during the period		
Net increase (decrease) during the period	—	—
Balance at end of year	84,397	84,397
Capital Surplus		
Balance at beginning of year	688	635
Increase (decrease) during the period		
Disposal of treasury stock	(53)	(635)
Net increase (decrease) during the period	(53)	(635)
Balance at end of year	635	—
Earned surplus		
Balance at beginning of year	52,567	58,885
Cumulative effects of changes in accounting policies	97	
Balance of beginning of year after changes in account policies	52,665	58,885
Increase (decrease) during the period		
Dividend of surplus	(4,992)	(5,371)
Profit attributable to owners of parent	12,470	19,718
Disposal of treasury stock	(932)	
Change of scope of consolidation	(325)	
Other	(1)	(165)
Net increase (decrease) during the period	6,219	14,182
Balance at end of year	58,885	73,067
Treasury stock		
Balance at beginning of year	(17,999)	(1,686)
Increase (decrease) during the period		
Acquisition of treasury stock	(0)	(3)
Disposal of treasury stock	16,313	215
Net increase (decrease) during the period	16,312	211
Balance at end of year	(1,686)	(1,475)
Total Shareholders' equity		
Balance at beginning of year	119,654	142,231
Cumulative effects of changes in accounting policies	97	—
Balance of beginning of year after change in account policies	119,752	142,231
Increase (decrease) during the period		
Dividend of surplus	(4,992)	(5,371)
Profit attributable to owners of parent	12,470	19,718
Acquisition of treasury stock	(0)	(3)
Disposal of treasury stock	15,328	215
Change of scope of consolidation	(325)	—
Other	(1)	(800)
Net increase (decrease) during the period	22,479	13,758
Balance at end of year	142,231	155,990

(Millions of yen)

	FY2014 (From April 1, 2014 to March 31, 2015)	FY2015 (From April 1, 2015 to March 31, 2016)
Accumulated other comprehensive income		
Valuation differences on available-for-sale securities		
Balance at beginning of year	(7,443)	(2,311)
Increase (decrease) during the period		
Net increase (decrease) of the items other than shareholders' equity during the period	5,132	(1,036)
Net increase (decrease) during the period	5,132	(1,036)
Balance at end of year	(2,311)	(3,347)
Deferred gains or losses on hedges		
Balance at beginning of year	38	39
Increase (decrease) during the period		
Net increase (decrease) of the items other than shareholders' equity during the period	0	(51)
Net increase (decrease) during the period	0	(51)
Balance at end of year	39	(12)
Foreign currency translation adjustment		
Balance at beginning of year	13,535	27,870
Increase (decrease) during the period		
Net increase (decrease) of the items other than shareholders' equity during the period	14,335	(13,682)
Net increase (decrease) during the period	14,335	(13,682)
Balance at end of year	27,870	14,187
Remeasurements of defined benefit plans		
Balance at beginning of year	(357)	(170)
Increase (decrease) during the period		
Net increase (decrease) of the items other than shareholders' equity during the period	186	(650)
Net increase (decrease) during the period	186	(650)
Balance at end of year	(170)	(821)
Total accumulated other comprehensive income		
Balance at beginning of year	5,772	25,427
Increase (decrease) during the period		
Net increase (decrease) of the items other than shareholders' equity during the period	19,655	(15,420)
Net increase (decrease) during the period	19,655	(15,420)
Balance at end of year	25,427	10,007
Non-controlling interests		
Balance at beginning of year	10,533	11,150
Increase (decrease) during the period		
Net increase (decrease) of the items other than shareholders' equity during the period	617	(1,640)
Net increase (decrease) during the period	617	(1,640)
Balance at end of year	11,150	9,509
Total net assets		
Balance at beginning of year	135,960	178,810
Cumulative effects of changes in accounting policies	97	—
Balance of beginning of year after change in account policies	136,058	178,810
Increase (decrease) during the period		
Dividend of surplus	(4,992)	(5,371)
Profit attributable to owners of parent	12,470	19,718
Acquisition of treasury stock	(0)	(3)
Disposal of treasury stock	15,328	215
Change of scope of consolidation	(325)	—
Other	(1)	(800)
Net increase (decrease) of the items other than shareholders' equity during the period	20,272	(17,061)
Net increase (decrease) during the period	42,751	(3,302)
Balance at end of year	178,810	175,507

(4) [Consolidated Statements of Cash Flows]

	(Millions of yen)	
	FY2014 (From April 1, 2014 to March 31, 2015)	FY2015 (From April 1, 2015 to March 31, 2016)
Net cash provided by (used in) operating activities		
Income before income taxes and Non-controlling interests	19,908	26,284
Depreciation	27,667	30,147
Impairment loss	65	0
Amortization of goodwill	5,837	3,686
Equity in (earnings) losses of affiliates	168	95
Increase (decrease) in allowance for doubtful accounts	1,291	1,023
Increase (decrease) in net defined benefit liability	179	488
Interest and dividends income	(2,679)	(2,182)
Interest expenses	4,066	4,501
Foreign exchange losses (gains)	(2,800)	1,645
Loss (gain) on sales of investment securities	(425)	289
Loss (gain) on sales of shares of subsidiaries and associates	—	(14,072)
Loss (gain) on investments in capital of subsidiaries and associates	—	(1,601)
Gain (loss) on step acquisitions	—	2,238
Decrease (increase) in notes and accounts receivable-trade	(6,765)	(5,681)
Decrease (increase) in inventories	(8,120)	(6,704)
Increase (decrease) in notes and accounts payable-trade	1,146	6,161
Decrease (increase) in other assets	5,501	(9,795)
Increase (decrease) in other liabilities	2,511	814
Other loss (gain)	(1,142)	(342)
Subtotal	46,412	36,996
Interest and dividends income received	2,550	2,180
Interest expenses paid	(3,988)	(4,505)
Other proceeds	201	334
Other payments	(214)	(292)
Income taxes paid	(16,979)	(4,779)
Net cash provided by (used in) operating activities	27,981	29,934
Net cash provided by (used in) investing activities		
Payments into time deposits	(11,908)	(14,506)
Proceeds from withdrawal of time deposits	12,806	13,516
Payments for purchase of investment securities	(3,272)	(512)
Proceeds from sales of investment securities	11,519	1,114
Payments for purchase of investments in resulting in change in scope of consolidation	(754)	—
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	382
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	17,262
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	—	2,249
Payments for transfer of business	(1,400)	—
Payments for purchase of noncurrent assets	(40,680)	(41,936)
Proceeds from sales of noncurrent assets	3,794	2,575
Payments for retirement of noncurrent assets	(42)	(122)
Proceeds from governmental subsidies for investment in property and equipment	26	3,721
Net decrease (increase) in short-term loans receivable	(29)	(806)
Payments of loans receivable	(152)	(1,615)
Proceeds from collection of loans receivable	335	2,172
Other payments	(1)	(10)
Other proceeds	45	—
Net cash provided by (used in) investment activities	(29,713)	(16,513)

	(Millions of yen)	
	FY2014 (From April 1, 2014 to March 31, 2015)	FY2015 (From April 1, 2015 to March 31, 2016)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	3,209	(32,858)
Proceeds from long-term loans payable	83,330	105,369
Repayment of long-term loans payable	(52,383)	(66,011)
Proceeds from issuance of bonds	2,983	24,967
Redemption of bonds	(4,715)	(27,840)
Proceeds from sales of treasury shares	213	215
Purchase of treasury shares	(1)	(16)
Proceeds from sales and leasebacks	—	1,317
Repayments of finance lease obligations	(1,030)	(1,792)
Cash dividends paid	(4,987)	(5,362)
Cash dividends paid to minority shareholders	(20)	(22)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(1,349)
Payments for investments in subsidiaries that do not result in change in scope of consolidation	—	(250)
Net cash provided by (used in) financing activities	<u>26,598</u>	<u>(3,633)</u>
Effect of exchange rate change on cash and cash equivalents	1,784	3,218
Net increase (decrease) in cash and cash equivalents	<u>26,651</u>	<u>13,004</u>
Cash and cash equivalents at beginning of period	70,892	98,199
Increase in cash and cash equivalents from newly consolidated subsidiary	655	773
Cash and cash equivalents at end of period	<u>98,199</u>	<u>111,977</u>

(5) Notes to Consolidated Financial Statement

(Notes Related to Going Concern)

N/A

(Basis of Preparation for the Consolidated Financial Statements)

1) Scope of consolidation

[1] Consolidated subsidiaries: 79

Name of representative consolidated subsidiaries,

- Nipro Medical Industries Co., Ltd.
- Nipro Europe N.V.
- Nipro Pharma Corporation.
- Nipro Medical (Hefei) Co., LTD.
- Nipro India Corporation Pvt Ltd.
- Nipro (Thailand) Corporation Ltd.
- Nipro Medical Corporation
- Nipro Patch CO., LTD.
- Goodman CO., LTD.
- Zensei Pharmaceutical Industries Co., Ltd.

Four companies including Nipro Europe Group Companies N.V. and eight companies including Nipro D.Med International GmbH (former Rigi Medizintechnik GmbH) increased in materiality and they are included in scope of consolidation from the consolidated fiscal year 2015. Due to acquisition of the stock, Infraredx, Inc. is included in scope of consolidation from the consolidated fiscal year 2015 and the equity method is no longer applied.

Five companies including Nipro Diagnostics, Inc. were removed from the consolidation of fiscal year 2015 after transferring all stock. Shanghai Nissho Vacuum Flask Refill Co. Ltd. was removed from the consolidation of fiscal year 2015 after transferring all investments in capital. Nipro Glass Germany AG was removed from the consolidation of fiscal year 2015 since the company was absorbed into Nipro PharmaPackaging Germany GmbH and extinguished.

[2] Name of representative unconsolidated subsidiary

- Nissho Insurance Services Co., Ltd.

The unconsolidated subsidiaries are small-sized companies, whose combined total assets, net sales, net income and earned surplus in the aggregate (averaged for recent 5 years) are not material to the consolidated financial statements.

2) Application of equity method

[1] Number of affiliate accounted for by the equity method: 0

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Due to acquisition of the stock, Infraredx, Inc. is included in scope of consolidation from the consolidated fiscal year 2015 and the equity method is no longer applied.

[2] Name of representative unconsolidated subsidiary not accounted for by the equity method:

- Nissho Insurance Services Co., Ltd.

Name of affiliate not accounted for by the equity method:

- Yuki Gosei Kogyo Co., Ltd.

The equity method is not applied to the unconsolidated subsidiaries and the affiliate company, since they are not material to the consolidated net income (amounts worth to equity) and earned surplus (amounts worth to equity) etc., either individually or in the aggregate.

3) Accounting period of consolidated subsidiaries

Among the main consolidated subsidiaries, accounts closing date of the foreign subsidiary is December 31. Consolidated financial statements as of that date are used in preparing for consolidated financial statements, and necessary adjustments are made to reflect significant transactions that occurred between December 31 and March 31.

4) Accounting principles and practices

[1] Valuation standards and methods for significant assets

Securities

Available-for-sale securities

Securities with market quotations ----- Valued at the market price quoted on the balance sheet date. (Differences in valuation are presented as a component of shareholders' equity. Costs are determined by the weighted average method.)

Securities without market quotations ----- Valued at cost by the weighted average method

Inventories

Valued at cost by the weighted average method (Writing down method below cost to the net selling value for decreased profitability)

Derivatives transaction

Valued at the market price

[2] Method of depreciation and amortization for significant depreciable assets

Property, plant and equipment ----- Mainly Declining-balance method

(Excluding lease assets)

However, buildings acquired after April 1, 1998 (excluding attached structures), are depreciated by straight-line method.

The foreign subsidiaries use straight-line method.

Lease assets

Lease assets under the finance lease transaction that does not transfer ownership

----- Recorded by straight-line method its useful lives are equals to the lease term and the residual values are equal to zero.

We still have adopted the similar manner to an ordinary rental transaction for the finance lease transactions that do not transfer ownership and the starting dates of the lease transactions were before March 31, 2008.

[3] Standards for recognition of significant allowances

Allowance for double accounts ---- In order to cover the probable losses on collection, an allowance for doubtful accounts is provided for the estimated amount of uncollectible receivables. For general receivables, the amount of provision is based on historical write-off rates, and for the doubtful receivables, based on the specific collectability.

Provision for bonuses ----- In order to cover the payment of bonuses to employees, an allowance is provided for the estimated amount of bonuses to be paid, prorated for the consolidated accounting period.

Provision for directors' bonuses ---- In order to cover the payment of bonuses to directors and corporate auditors, an allowance is provided for the estimated amount of bonuses to be paid, prorated for the consolidated accounting period.

Provision for

directors' retirement benefits ----- An allowance is provided for severance indemnity for directors and corporate directors based on the amounts to be paid at the end of the consolidated accounting period.

[4] Accounting Treatment of Retirement Benefits

Method of attributing expected benefit to periods

In calculating retirement benefit obligation, the Company attributed expected benefit to the periods on a payment calculation basis.

Accounting Method of Actuarial gains and losses and prior service costs

Prior service costs are amortized on a straight-line basis over the certain period (generally 5 years) which is no longer than the expected average remaining working lives of the employees when they occur.

Actuarial gains and losses are amortized on a straight-line basis over the certain period (generally 5years) which is no longer than the expected average remaining working lives of the employees from the following the year which they arise.

[5] Amortization of goodwill

Goodwill is amortized using the straight-line method over the estimated benefit period of the asset.

[6] Range of cash and cash equivalent carried on the consolidated cash flow statement.

Cash and cash equivalent carried on the cash flow statement consist of cash on hand, cash in banks that are able to withdraw as needed, and short-term investment that will be matured within three months after acquisition, easy to be converted into cash without much risks from fluctuation of prices.

[7] Significant method of hedge accounting

Method of hedge accounting

The deferral hedge accounting method is applied in principle. Designation accounting is used for foreign exchange swap that meet the requirements for designation accounting, and exceptional accounting is used for interest rate swap that meet the requirements for exceptional accounting.

Hedge instrument and hedge items

[Hedge instruments]

Foreign exchange swaps

Interest rate swaps

[Hedge items]

Foreign currency borrowings

Borrowings

Hedge policy

The Company uses foreign exchange swaps and interest rate swaps to mitigate the foreign currency risk and

the interest rate risk involved in procuring funds and hedge items are identified on an individual contract basis.

Method for evaluating the validity of hedges

For items covered by designation or exceptional accounting, the validity of the hedge is not evaluated.

[8] Other significant basis on preparation for consolidated financial statements

Consumption taxes

Consumption taxes are excluded from revenues and expenses accounts and consumption taxes unqualified for deduction for tax purposes for assets, etc. are reported as period expenses in the consolidated accounting period.

(Change in Accounting Policies)

Application of the Accounting Standard for Business Combinations and related accounting standards

The Company has applied the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013; hereinafter the "Accounting Standard for Business Combinations"), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013; hereinafter the "Accounting Standard for Consolidated Financial Statements"), and "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013; hereinafter the "Accounting Standard for Business Divestitures"), etc., effective from the first quarter under review. As a result, the method of recording the amount of difference caused by changes in the Company's ownership interests in subsidiaries in the case of subsidiaries under ongoing control of the Company was changed to one in which it is recorded as capital surplus, and the method of recording acquisition-related costs was changed to one in which they are recognized as expenses for the fiscal year in which they are incurred.

Furthermore, for business combinations carried out on or after the beginning of the first quarter under review, the accounting method was changed to one in which the reviewed acquisition cost allocation resulting from the finalization of the tentative accounting treatment is reflected in the quarterly consolidated financial statements for the quarterly period in which the business combination occurs.

In addition, a change in the presentation of quarterly net income, etc. and a change in the presentation of the minority interests to non-controlling interests were adopted. In order to reflect these changes in presentation, the quarterly consolidated financial statements for the third quarter of the previous fiscal year and the consolidated financial statements for the previous fiscal year were reclassified.

For the consolidated cash flow, cash flow related to acquisition or sales of shares of a subsidiary within the scope of changes are classified into net cash provided by investing activities, and cash flow related to purchase cost of shares of subsidiaries resulting in change in scope of consolidation or purchases or sales cost of shares of subsidiary within the scope of changes are classified into net cash provided by operating activities.

The application of the Accounting Standard for Business Combinations and related accounting standards is subject to the transitional treatment provided for in Paragraph 58-2 (4) of the Accounting Standard for Business Combinations, Paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements, and Paragraph 57-4 (4) of the Accounting Standard for Business Divestitures. Accordingly, these standards have been applied prospectively from the beginning of the first quarter under review.

As a result, capital surplus decreased 635 million yen and retained earnings decreased 111 million yen in the current period under review. In addition, consolidated operating income, consolidated ordinary income increased 55 million yen and consolidated income before income taxes increased 51 million yen.

(Notes to the Consolidated Balance Sheets)

	(Previous period)	(Current Period)
1) Pledged assets	48,437 mil.yen	19,987 mil.yen
2) Discounted notes receivable	182 mil.yen	100 mil.yen
3) Accounts related to unconsolidated subsidiaries and affiliate companies		
Investment securities (stock)	5,763 mil.yen	2,541 mil.yen
Other of investments and other assets (Investments in capital)	- mil.yen	257 mil.yen

(Notes to the Consolidated Statement of Income)

	(Previous period)	(Current Period)
Research and development expenditure included in selling general and administrative expenses and manufacturing cost.	8,645 mil.yen	10,269 mil.yen

(Notes to the Consolidated Statements of Shareholders' equity)

Previous period (From April 1, 2014 to March 31, 2015)

1. Sort and total numbers of shared issues

Sort of shares	Number of shares as of April 1, 2014	Increased numbers	Decreased numbers	Number of shares As of March 31, 2015
Common stock	171,459,479	-	-	171,459,479

2. Sort and numbers of treasury stock

Sort of shares	Number of shares as of April 1, 2014	Increased numbers	Decreased numbers	Number of shares As of March 31, 2015
Common stock	20,730,973	959	18,832,071	1,899,861

- (Note)
- Number of the stocks increased during the period due to purchase of odd-lot shares.
 - Number of the stocks decreased during the period due to the following reasons; 18,388,865 shares by exercise of yen denominated convertible bond due in 2015, 6 shares by sale of odd-lot shares, 234,400 shares sold by Trust Account E to the Association.
 - Number of the stocks as of the beginning of the period included, 1,187,500 shares owned by Trust Account E, and number of the stocks as of the end of the period included, 953,100 shares owned by Trust Account E.

3. Dividends

(1) Amount of dividends paid

Decision	Sort of shares	Total amount of dividends paid	Dividends per shares	Basis date	Effective date
June 26, 2014 at ordinary general shareholders' meeting	Common stock	Millions of yen 2,202	Yen 14.50	March 31, 2014	June 27, 2014
November 12, 2014 at board of directors meeting	Common stock	Millions of yen 2,789	Yen 18.00	September 30, 2014	December 9, 2014

- (2) Dividends of basis date belonging to the consolidated accounting period to its effective date be in the next consolidated accounting period.

Scheduled Decision	Sort of shares	Proceeds of dividends	Total amount of dividends paid	Dividends per shares	Basis date	Effective date
June 26, 2015 at ordinary general shareholders' meeting	Common stock	Earned surplus	Millions of yen 2,472	Yen 14.50	March 31, 2015	June 29, 2015

- (Note) Total amount of dividends paid includes the dividend on shares owned by Trust Account E, 13 million yen.

Current period (From April 1, 2015 to March 31, 2016)

1. Sort and total numbers of shared issues

Sort of shares	Number of shares as of April 1, 2015	Increased numbers	Decreased numbers	Number of shares As of March 31, 2016
Common stock	171,459,479	-	-	171,459,479

2. Sort and numbers of treasury stock

Sort of shares	Number of shares as of April 1, 2015	Increased numbers	Decreased numbers	Number of shares As of March 31, 2016
Common stock	1,899,861	3,126	236,800	1,666,187

- (Notes)
- Number of the stocks increased during the period due to purchase of odd-lot shares.
 - Number of the stocks decreased during the period due to the shares sold by Trust Account E to the Association.
 - Number of the stocks as of the beginning of the period included 953,100 shares owned by Trust Account E, and number of the stocks as of the end of the period included 716,300 shares owned by Trust Account E.

3. Dividends

(1) Amount of dividends paid

Decision	Sort of shares	Total amount of dividends paid	Dividends per shares	Basis date	Effective date
June 26, 2015 at ordinary general shareholders' meeting	Common stock	Millions of yen 2,472	Yen 14.50	March 31, 2015	June 29, 2015
November 12, 2015 at board of directors meeting	Common stock	Millions of yen 2,898	Yen 17.00	September 30, 2015	December 8, 2015

- (Note)
- Total amount of dividends paid decided in the ordinal general shareholders' meeting on June 26, 2015 includes the dividend on shares owned by Trust Account E, 13 million yen.
 - Total amount of dividends paid decided in the board of directors meeting on November 11, 2015 includes the dividend on shares owned by Trust Account E, 14 million yen.

- (2) Dividends of basis date belonging to the consolidated accounting period to its effective date be in the next consolidated accounting period.

Scheduled Decision	Sort of shares	Proceeds of dividends	Total amount of dividends paid	Dividends per shares	Basis date	Effective date
June 26, 2016 at ordinary general shareholders' meeting	Common stock	Earned surplus	Millions of yen 2,813	Yen 16.50	March 31, 2016	June 29, 2016

(Note) Total amount of dividends paid includes the dividend on shares owned by Trust Account E, 11 million yen.

(Segment Information)

[Segment Information]

1. Outline of reportable operating segments

Applied ASBJ Statement No.17 "The Accounting Standard for Disclosures of Segments of an Enterprise and Related Information", the reportable operating segments are components of an entity for which separate financial information is available and evaluated regularly by the board of director in determining the allocation of management resources and in assessing performance. We currently operate our business on a stand-alone basis with the divisional organization and evaluate the performance of sales and manufacture of each division regardless of their products. Accordingly, we divide our operations into 3 reportable operating segments on the basis of its main products: Medical-Related, Pharmaceuticals-Related and Glass-Related.

*Medical-Related

Domestic division sells injection and infusion products, artificial organ products, highly functional products, dialysis products diabetic products and pharmaceuticals such as generic and kit products. In the global business division, head office plays the center role and place overseas sales and manufacturing base for medical equipment and sales injection and infusion products, artificial organ products and diabetic products.

*Pharmaceutical-Related

Pharmaceutical business division sells container for combination products and sells pharmaceuticals from pharmaceutical companies on a consignment basis. Domestic subsidiaries sell and manufacture injectable drug, oral drugs and combination products (Kit injectable).

*Glass-Related

MP Glass division sells glass for vials and ampoules in the field of glass for medical use and sells glass for thermos bottles and glass for lighting purpose in the field of glass & materials products. Overseas subsidiaries manufacture and sell tube glass and glass for vials and ampoules for medical use.

2. Method of calculating sales and profit by reportable operating segment

The accounting process of the segments follows the accounting principles and practices listed in Basis of Preparation for the Consolidated Financial Statements. Profit of the segment is based on operating income. Internal revenue and transfer to revenue between segments are based on the market realized price.

3. Information on amount of sales, profit or loss, assets and other items by reportable segment

FY2014 (From April 1, 2014 to March 31, 2015)

(Millions of yen)

	Reportable Segment				Other (Note.1)	Total	Adjust- ment (Note.2)	Consolidated financial statements (Note.3)
	Medical -Related	Pharma- ceutical -Related	Glass -Related	Total				
Net sales								
(1)Sales to third parties	237,777	57,372	29,830	324,979	104	325,084	-	325,084
(2)Inter-segment sales and transfers	1,535	8,400	774	10,710	35	10,745	(10,745)	-
Total	239,312	65,772	30,604	335,690	139	335,829	(10,745)	325,084
Segment profit	23,812	10,553	(2,889)	31,476	131	31,607	(15,036)	16,571
Segment assets	350,869	137,570	70,175	558,615	55	558,671	136,635	695,306
Other items								
(1) Depreciation and amortization	13,356	9,658	3,023	25,948	-	25,948	1,718	27,667
(2) Amortization of goodwill	3,912	4	1,920	5,837	-	5,837	-	5,837
(3) Increase in tangible and intangible fixed assets	14,485	17,853	8,429	40,768	-	40,768	6,929	47,698

(Note) 1. "Other" is the business segment which is not included in the reporting segment and consist of real estate income and sales by headquarter.

2. Adjustment is as follows.

- (1) Adjustment for the segment profit of (15,036) million yen includes adjustment for unrealized income of (3,041) million yen and corporate cost of (11,994) million yen. Corporate cost consists primarily of sales, general and administrative expenses and research and development cost which do not belong to the reporting segment.
 - (2) Adjustment for the segment assets of 136,635 million yen includes elimination of inter-segment transaction of (10,932) million yen and corporate assets of 147,568 million yen. Corporate assets consisted primarily of cash and deposit, investment securities, assets for development and assets for management division of head office which do not belong to the reporting segment.
 - (3) Adjustment for depreciation and amortization of 1,718 million yen is for corporate assets. Depreciation and amortization and increase in tangible and intangible fixed assets include long-term prepaid expenses.
 - (4) Adjustment for increase in tangible and intangible fixed assets is increase in corporate assets.
3. Segment profit is adjusted to the operating income on the consolidated statements of income.
 4. Amortization of goodwill includes 444 million yen of Amortization of goodwill posted in Extraordinary losses.

FY2015 (From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Reportable Segment				Other (Note.1)	Total	Adjust- ment (Note.2)	Consolidated financial statements (Note.3)
	Medical -Related	Pharma- ceutical -Related	Glass -Related	Total				
Net sales								
(1) Sales to third parties	272,167	62,266	32,184	366,618	32	366,650	-	366,650
(2) Inter-segment sales and transfers	1,737	8,814	873	11,426	38	11,464	(11,464)	-
Total	273,905	71,080	33,058	378,044	70	378,115	(11,464)	366,650
Segment profit	28,203	12,059	(1,618)	38,645	61	38,706	(14,502)	24,204
Segment assets	338,888	154,304	66,811	560,005	55	560,060	148,822	708,882
Other items								
(4) Depreciation and amortization	15,133	9,326	3,402	27,863	-	27,863	2,283	30,147
(5) Amortization of goodwill	2,648	4	1,033	3,686	-	3,686	-	3,686
(6) Increase in tangible and intangible fixed assets	24,549	21,277	6,094	51,920	-	51,920	5,180	57,101

- (Note)
1. "Other" is the business segment which is not included in the reporting segment and consist of real estate income and sales by headquarter.
 2. Adjustment is as follows.
 - (1) Adjustment for the segment profit of (14,502) million yen includes adjustment for unrealized income of (1,069) million yen and corporate cost of (13,432) million yen. Corporate cost consists primarily of sales, general and administrative expenses and research and development cost which do not belong to the reporting segment.
 - (2) Adjustment for the segment assets of 148,822 million yen includes elimination of inter-segment transaction of (10,777) million yen and corporate assets of 159,599 million yen. Corporate assets consisted primarily of cash and deposit, investment securities, assets for development and assets for management division of head office which do not belong to the reporting segment.
 - (3) Adjustment for depreciation and amortization of 2,283 million yen is for corporate assets. Depreciation and amortization and increase in tangible and intangible fixed assets include long-term prepaid expenses.
 - (4) Adjustment for increase in tangible and intangible fixed assets is increase in corporate assets.
 3. Segment profit is adjusted to the operating income on the consolidated statements of income.

4. Change in Reportable Segment

Effective from this reporting period, the method of recording the amount of difference caused by changes in the Company's ownership interests in subsidiaries in the case of subsidiaries under ongoing control of the Company was changed to one in which it is recorded as capital surplus, and the method of recording acquisition-related costs was changed to one in which they are recognized as expenses for the fiscal year in which they are incurred.

As a result, the amount of segment profit in Pharmaceutical-Related business in the current period under review increased 0 million yen compared to the conventional method, in Glass-Related business, 55 million yen.

[Related Information]

FY2014 (From April 1, 2014 to March 31, 2015)

1. Information for each product and service

Disclosure is omitted as the same information is disclosed in segment information.

2. Information for each area

(1) Net sales

(Millions of yen)

Japan	America	Europe	Asia	Total
182,148	62,661	42,874	37,399	325,084

(2) Property, plant and equipment

(Millions of yen)

Japan	America	Europe	Asia	Total
108,210	19,664	12,965	79,354	220,195

3. Information about impairment loss on fixed assets by reportable segments

(Millions of yen)

Reportable segment			Total	Other	Total
Medical-Related	Pharmaceutical-Related	Glass-Related			
0	-	65	65	-	65

4. Information about unamortized balance of goodwill by reportable segment

(Millions of yen)

	Reportable segment			Total	Other	Total
	Medical-Related	Pharmaceutical-Related	Glass-Related			
Balance of the fiscal year-end	19,837	13	6,513	26,364	-	26,364

FY2015 (From April 1, 2015 to March 31, 2016)

1. Information for each product and service

Disclosure is omitted as the same information is disclosed in segment information.

2. Information for each area

(1) Net sales

(Millions of yen)

Japan	America	Europe	Asia	Total
203,461	72,416	46,156	44,615	366,650

(2) Property, plant and equipment

(Millions of yen)

Japan	America	Europe	Asia	Total
125,708	9,585	14,685	73,777	223,756

3. Information about impairment loss on fixed assets by reportable segments

(Millions of yen)

Reportable segment			Total	Other	Total
Medical-Related	Pharmaceutical-Related	Glass-Related			
0	-	-	0	-	0

4. Information about unamortized balance of goodwill by reportable segment

(Millions of yen)

	Reportable segment			Total	Other	Total
	Medical-Related	Pharmaceutical-Related	Glass-Related			
Balance of the fiscal year-end	23,718	8	5,149	28,876	-	28,876

(Per Share Information)

	Previous period (From April 1, 2014 to March 31, 2015)	Current period (From April 1, 2015 to March 31, 2016)
Net assets per share	988.79 yen	977.64 yen
Earnings per share	80.96 yen	116.22 yen
Diluted Earnings per share	-	114.68 yen

Base of the calculation is as follow;

1. Net assets per share

	Previous period (As of March 31, 2015)	Current period (As of March 31, 2016)
Total net assets in B/S (million yen)	178,810	175,507
Amount to be deducted from total net assets in B/S (Million yen)		
Non-controlling interests	11,150	9,509
Net assets related to the common stocks(million yen)	167,659	165,997
Common stocks issued (Thousands shares)	171,459	171,459
Treasury stocks of common stock (Thousands shares)	1,899	1,666
Number of common stocks utilized for computation of net assets per share (thousand shares)	169,559	169,793

2. Earnings per share and diluted earnings per share

	Previous period (From April 1, 2014 To March 31, 2015)	Current period (From April 1, 2015 To March 31, 2016)
Earnings per share		
Profit attributable to owners of parent (Million yen)	12,470	19,718
Amount not attributed to the common stock (Million yen)	-	-
Profit attributable to owners of parent available for common stock (Million yen)	12,470	19,718
Average shares of the common stock during the period (Thousands shares)	154,045	169,661
Diluted earnings per share		
Adjustment for profit attributable to owners of parent (Million yen)	-	-
Number of common stock increased Stock acquisition right (thousand shares)	-	2,289
Overview of the potential shares not included in the computation of diluted earning per share because of not having a dilutive effect	Consolidated subsidiary: Goodman Co., Ltd. Stock Option decided in the Board of Directors Meeting on November 25, 2005 (Common stock 253 thousand shares) Stock Option decided in the Board of Directors Meeting on April 27, 2006 (Common stock 2 thousand shares)	-

(Material Subsequent Event)

N/A

6. Non-consolidated Financial Statements

(1) [Non-consolidated Balance Sheets]

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current Assets		
Cash and deposits	61,466	75,385
Notes receivable-trade	16,273	16,735
Accounts receivable-trade	78,705	86,139
Merchandise and finished goods	28,520	31,786
Work in process	3,115	3,461
Raw materials and supplies	3,221	3,030
Advance payments-trade	529	636
Prepaid expenses	296	361
Deferred tax assets	1,123	954
Short-term loans receivable from subsidiaries and affiliates	5,974	2,756
Accounts receivable-other	2,720	2,388
Consumption taxes receivable	543	1,551
Other	303	296
Allowance for doubtful accounts	(11)	(11)
Total current assets	202,782	225,472
Noncurrent assets		
Property, plant and equipment		
Buildings	40,382	42,966
Accumulated depreciation and impairment loss	(23,168)	(24,184)
Buildings, net	17,213	18,782
Structures	2,193	2,321
Accumulated depreciation and impairment loss	(1,569)	(1,651)
Structures, net	624	669
Machinery, equipment	52,807	59,230
Accumulated depreciation and impairment loss	(47,468)	(49,644)
Machinery equipment, net	5,339	9,585
Vehicles	97	103
Accumulated depreciation and impairment loss	(87)	(91)
Vehicles, net	9	12
Tools, furniture and fixtures	16,932	18,507
Accumulated depreciation and impairment loss	(14,794)	(15,742)
Tools, furniture and fixtures, net	2,137	2,764
Land	8,303	8,335
Lease assets	1,007	922
Accumulated depreciation	(520)	(564)
Lease assets, net	487	358
Construction in progress	1,655	2,855
Total property, plant and equipment	35,771	43,364

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Intangible assets		
Goodwill	3,579	2,699
Patent right	9	5
Right of trademark	3	3
Software	862	802
Lease assets	1,620	2,466
Telephone subscription right	23	23
Other	84	91
Total intangible assets	6,183	6,092
Investments and other assets		
Investment securities	56,182	53,829
Stocks of subsidiaries and affiliates	160,043	132,277
Investments in capital	0	0
Investments in capital of subsidiaries and affiliates	37,646	39,756
Long-term loans receivable	28	21
Long-term loans receivable from subsidiaries and affiliates	8,223	8,722
Claims provable in bankruptcy, claims provable in rehabilitation and other	3,642	3,086
Long-term prepaid expenses	1,901	1,425
Prepaid pension cost	249	269
Deferred tax assets	4,050	3,634
Other	620	1,213
Allowance for doubtful accounts	(2,897)	(2,723)
Allowance for investment loss	(2,629)	—
Total investments and other assets	267,062	241,514
Total noncurrent assets	309,017	290,970
Total assets	511,800	516,443
Liabilities		
Current liabilities		
Notes payable-trade	12,974	15,367
Accounts payable-trade	35,092	39,522
Short-term loans payable	30,300	—
Current portion of long-term loans payable	37,743	60,938
Commercial papers	10,000	10,000
Current portion of bonds	26,400	400
Lease obligations	356	676
Accounts payable-other	7,485	5,995
Directors' bonuses payable	436	389
Accrued expenses	819	865
Income taxes payable	2,330	165
Advances received	8	7
Deposits received	102	97
Unearned revenue	36	26
Provision for bonuses	1,239	1,321
Provision for sales returns	31	33
Notes payable-facilities	1,752	5,728
Other	516	1,612
Total current liabilities	167,624	143,147

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Noncurrent liabilities		
Bonds payable	18,200	17,800
Convertible bond-type bonds with subscription rights to shares	—	25,000
Long-term loans payable	163,238	163,472
Lease obligations	1,799	2,367
Long-term unearned revenue	48	22
Provision for retirement benefits	1,413	1,471
Provision for directors' retirement benefits	301	348
Long-term guarantee deposited	1,630	1,715
Total noncurrent liabilities	186,632	212,197
Total liabilities	354,257	355,345
Net assets		
Shareholders' equity		
Capital stock	84,397	84,397
Capital surplus		
Legal capital surplus	635	635
Total capital surplus	635	635
Retained earnings		
Legal retained earnings	2,678	3,215
Other retained earnings		
Reserve for dividends	16	16
Reserve for advanced depreciation of noncurrent assets	98	105
General reserve	66,735	72,435
Retained earnings brought forward	8,278	6,363
Total retained earnings	77,805	82,135
Treasury stock	(1,686)	(1,475)
Total shareholders' equity	161,152	165,693
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(3,608)	(4,595)
Total valuation and translation adjustments	(3,608)	(4,595)
Total net assets	157,543	161,098
Total liabilities and net assets	511,800	516,443

(2) [Non-consolidated Statements of Income and Non-consolidated Statement of Comprehensive Income]
 Non-consolidated Statements of Income

(Millions of yen)

	FY2014 (From April 1, 2014 to March 31, 2015)	FY2015 (From April 1, 2015 to March 31, 2016)
Net sales		
Net sales of merchandise and finished goods	208,612	233,343
Rent income of real estate	139	70
Total net sales	208,751	233,414
Cost of sales		
Beginning merchandise and finished goods	29,192	28,520
Cost of products manufactured	41,672	42,554
Cost of purchased merchandise and finished goods-COS	114,171	135,179
Cost of real estate rent	7	8
Total	185,044	206,262
Ending merchandise and finished goods	28,520	31,786
Total cost of sales	156,524	174,476
Gross profit	52,226	58,937
Selling, general and administrative expenses	36,881	38,697
Operating income	15,345	20,240
Non-operating income		
Interest income	375	518
Dividends income	3,852	4,254
Reversal of allowance for doubtful accounts	-	396
Foreign exchange gains	4,757	-
Other	1,044	557
Total non-operating income	10,030	5,725
Non-operating expenses		
Interest expenses	2,053	2,054
Interest on bonds	504	487
Provision of allowance for doubtful accounts	-	223
Foreign exchange losses	-	4,243
Other	482	750
Total non-operating expenses	3,039	7,759
Ordinary income	22,335	18,206
Extraordinary income		
Gain on sales of noncurrent assets	1,517	34
State subsidy	26	31
Gain on sales of investment securities	3,397	-
Gain on sales of investment in capital of subsidiaries and associates	-	937
Other	10	-
Total extraordinary income	4,951	1,003
Extraordinary losses		
Loss on retirement of noncurrent assets	212	38
Loss on sales of investment securities	3,126	308
Loss on valuation of shares of subsidiaries and associates	3,973	1,987
Loss on sales of shares of subsidiaries and associates	-	4,291
Other	327	234
Total extraordinary losses	7,639	6,859
Income before income taxes	19,647	12,350
Income taxes-current	5,597	1,751
Income taxes-deferred	2,031	897
Total income taxes	7,628	2,649
Net income	12,018	9,700

(3) [Non-consolidated Statements of Shareholders' Equity]

(Millions of yen)

	FY2014 (From April 1, 2014 to March 31, 2015)	FY2015 (From April 1, 2015 to March 31, 2016)
Shareholder's equity		
Capital		
Balance at beginning of year	84,397	84,397
Increase (decrease) during the period		
Net increase (decrease) during the period	—	—
Balance at end of year	84,397	84,397
Capital surplus		
Capital reserve		
Balance at beginning of year	635	635
Increase (decrease) during the period		
Net increase (decrease) during the period	—	—
Balance at end of year	635	635
Other capital surplus		
Balance at beginning of year	53	—
Increase (decrease) during the period		
Disposal of treasury stock	(53)	—
Net increase (decrease) during the period	(53)	—
Balance at end of year	—	—
Total capital surplus		
Balance at beginning of year	688	635
Increase (decrease) during the period		
Disposal of treasury stock	(53)	—
Net increase (decrease) during the period	(53)	—
Balance at end of year	635	635
Earned surplus		
Earned reserve		
Balance at beginning of year	2,178	2,678
Increase (decrease) during the period		
Provision of legal retained earnings	499	537
Net increase (decrease) during the period	499	537
Balance at end of year	2,678	3,215
Other earned reserve		
Reserve for dividends		
Balance at beginning of year	16	16
Increase (decrease) during the period		
Net increase (decrease) during the period	—	—
Balance at end of year	16	16

(Millions of yen)

	FY2014 (From April 1, 2014 to March 31, 2015)	FY2015 (From April 1, 2015 to March 31, 2016)
Reserve for advanced depreciation of noncurrent assets		
Balance at beginning of year	98	98
Increase (decrease) during the period		
Adjustment to reserve due to change in tax rate		7
Net increase (decrease) during the period	—	7
Balance at end of year	98	105
General reserve		
Balance at beginning of year	60,535	66,735
Increase (decrease) during the period		
Provision of general reserve	6,200	5,700
Net increase (decrease) during the period	6,200	5,700
Balance at end of year	66,735	72,435
Earned surplus carried forward		
Balance at beginning of year	8,802	8,278
Cumulative effects of changes in accounting policies		
	80	—
Balance of beginning of year after change in account policies	8,883	8,278
Increase (decrease) during the period		
Dividends of surplus	(4,992)	(5,371)
Net income	12,018	9,700
Provision of legal retained earnings	(499)	(537)
Adjustment to reserve due to change in tax rate		(7)
Provision of general reserve	(6,200)	(5,700)
Disposal of treasury stock	(932)	—
Net increase (decrease) during the period	(604)	(1,914)
Balance at end of year	8,278	6,363
Total earned surplus		
Balance at beginning of year	71,630	77,805
Cumulative effects of changes in accounting policies		
	80	—
Balance of beginning of year after changes in account policies	71,711	77,805
Increase (decrease) during the period		
Dividends of surplus	(4,992)	(5,371)
Net income	12,018	9,700
Disposal of treasury stock	(932)	—
Net increase (decrease) during the period	6,094	4,329
Balance at end of year	77,805	82,135
Treasury stock		
Balance at beginning of year	(17,999)	(1,686)
Increase (decrease) during the period		
Acquisition of treasury stock	(0)	(3)
Disposal of treasury stock	16,313	215
Net increase (decrease) during the period	16,312	211
Balance at end of year	(1,686)	(1,475)

(Millions of yen)

	FY2014 (From April 1, 2014 to March 31, 2015)	FY2015 (From April 1, 2015 to March 31, 2016)
Total Shareholders' equity		
Balance at beginning of year	138,717	161,152
Cumulative effects of changes in accounting policies	80	—
Balance of beginning of year after changes in account policies	138,798	161,152
Increase (decrease) during the period		
Dividend of surplus	(4,992)	(5,371)
Net income	12,018	9,700
Acquisition of treasury stock	(0)	(3)
Disposal of treasury stock	15,328	215
Net increase (decrease) during the period	22,353	4,541
Balance at end of year	161,152	165,693
Valuation and translation differences		
Valuation differences of available-for-sale securities		
Balance at beginning of year	(8,776)	(3,608)
Increase (decrease) during the period		
Net increase (decrease) of the items other than shareholders' equity during the period	5,168	(986)
Net increase (decrease) during the period	5,168	(986)
Balance at end of year	(3,608)	(4,595)
Total valuation and translation differences		
Balance at beginning of year	(8,776)	(3,608)
Increase (decrease) during the period		
Net increase (decrease) of the items other than shareholders' equity during the period	5,168	(986)
Net increase (decrease) during the period	5,168	(986)
Balance at end of year	(3,608)	(4,595)
Total net assets		
Balance at beginning of year	129,941	157,543
Cumulative effects of changes in accounting policies	80	—
Balance of beginning of year after changes in account policies	130,021	157,543
Increase (decrease) during the period		
Dividend of surplus	(4,992)	(5,371)
Net income	12,018	9,700
Acquisition of treasury stock	(0)	(3)
Disposal of treasury stock	15,328	215
Net increase (decrease) of the items other than shareholders' equity during the period	5,168	(986)
Net increase (decrease) during the period	27,522	3,554
Balance at end of year	157,543	161,098