Summary Report of Consolidated Financial Results

For the Three Months Period ended June 30, 2015

August 11, 2015
TSE-1st section

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Code No.8086
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Filing date of quarterly reporting: August 14, 2015
Payment date of cash dividends: -
Supplemental material on quarterly reporting: No
Presentation on quarterly results: No

(Note: Amounts are truncated to one million yen)

1. Consolidated Results for the Three Months ended June 30, 2015 (From April 1, 2015 to June 30, 2015)

(1) Consolidated Results of Operations (Note: % of change from the same period a year ago)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
3 months ended June 30, 2015	88,097	16.8	5,476	95.5	5,852	172.6	3,904	211.9
3 months ended June 30, 2014	75,424	7.6	2,801	10.5	2,146	(50.3)	1,252	(48.7)

Note: Comprehensive income 3 months ended June 30, 2015: 2,885 million yen (142.1%) 3 months ended June 30, 2014: 1,191 million yen ((95.1)%)

	Earnings per share	Diluted Earnings per share
	Yen	Yen
3 months ended June 30, 2015	23.03	-
3 months ended June 30, 2014	8.31	7.40

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
3 months ended June 30, 2015	680,139	177,651	24.6
Year ended March 31, 2015	695,306	178,810	24.1

Note: Equity 3 months ended June 30, 2015: 167,244 million yen Year ended March 31, 2015: 167,659 million yen

2. Dividends

	Annual Dividends per Year				
	First-quarter	Second-quarter	Third-quarter	Year-end Dividends	Annual Dividends
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2015	-	18.00	-	14.50	32.50
Year ending March 31, 2016	-				
Year ending March 31, 2016 (Forecast)		16.00	-	18.50	34.50

Note: Revisions to the forecast of cash dividends in the current quarter: No

3. Forecast of Consolidated Financial Results for the Year ending March 31, 2016 (From April 1, 2015 to March 31, 2016)
(Note: The % displays in the line of six months ending Sept. 30, 2015 show increase/decrease ratio against the six months ended Sept. 30, 2014. The % displays in the line of year ending March 31, 2016 show increase/decrease ratio against the year ended March 31, 2015

	Net Sales		Operating Income		Ordinary Income		Net Income		Earnings per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
6 months ending Sept. 30, 2015	174,000	12.6	12,700	60.0	9,700	12.5	3,950	(27.8)	23.30
Year ending March 31, 2016	362,000	11.4	27,500	65.9	22,500	14.4	13,700	9.9	80.80

Note: Revisions to the forecast of consolidated financial results in the current quarter: No

*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) Adoption of Accounting Treatments Simplified or Unique for Preparation: No

(3) 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: More information can be found in P.4 "2. Summary (Other) Information, (3) Changes in Accounting Policies and Accounting Estimate and Restatement" in the attachment.

(4) Issued Shares (Common stock)

[1] Number of issued shares at end of the period (including treasury stock):
3 months ended June 30, 2015: 171,459,479 shares Year ended March 31, 2015: 171,459,479 shares
[2] Number of treasury stock at end of the period:
3 months ended June 30, 2015: 1,862,131 shares Year ended March 31, 2015: 1,899,861 shares
[3] Average number of shares during the period:
3 months ended June 30, 2015: 169,572,552 shares 3 months ended June 30, 2014: 150,741,720 shares

Note: Number of the treasury stocks as of June 30, 2015 included 915,100 shares, and as of March 31, 2015 included 953,100 shares owned by Trust and Custody Service Bank, Ltd (Trust Account E).

*Information regarding the quarterly review procedure

This quarterly summary report is exempt from quarterly review procedure based on the Financial Instruments and Exchanges Act. It is under the review procedure process at the time of disclosure of this report.

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

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.4 "1. Qualitative Information for the Three-Month Period Ended June 30, 2015, (3) Commentary on Forward-Looking Statements Including Forecast of Consolidated Financial Results" in the attachment.

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1. Qualitative Information for the Three-Month Period Ended June 30, 2015

(1) Commentary on Business Results

During the three months of the fiscal year under review, the global economy generally remained on a recovery trend following the previous year's trend despite the uncertainty about the economic outlook such as concerns about the European debt crisis and the economic slowdown in China. The Japanese economy also remained on a recovery trend and saw improvements in corporate earnings and the employment environment as the yen generally remained at low levels and stock prices generally remained at high levels.

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

As a result, consolidated sales for the three-month period ended June 30, 2015 increased by 16.8% from the same period of the previous year to 88,097 million yen. As for the profit, consolidated operating income increased by 95.5% from the same period of the previous year to 5,476 million yen. Consolidated ordinary income increased by 172.6% from the same period of the previous year to 5,852 million yen due to the foreign exchange gain from the depreciation of the yen. Consolidated net income attributable to owners of the parent increased by 211.9% from the same period of the previous year to 3,904 million yen.

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

(i) Medical-Related Business

Domestic sales of Medical-Related Business were on a recovery trend as the market that was unstable following the changes due to the increase in the consumption tax rate, the revision of medical treatment fees and reimbursement prices, etc., in the previous year was relatively calm. Under such circumstances, the Medical Sales Division acquired the medical business of Unitika Ltd. in April 2015 and started selling its products under the Nipro brand. As a result, we can now expect a market expansion in related fields based on the synergy effect with the existing products and are able to provide a wider variety of services through the consolidation of distribution channels and aggregation of product information. As for existing products, sales of cardiac surgery (CVS) products were below expectations as the number of cases using implantable ventricular assisting devices dropped slightly while injection-transfusion products, enteral-alimentation products, testing products, dialysis products, and cardiovascular products performed solidly. On the other hand, for the Pharmaceutical Sales Division, the sales were steady due to the expansion of the market with the promotion policy of generic drugs and the launch of addenda listing items in June though the competitive environment of domestic market became fiercer by the appearance of manufactures of original drugs running sideline business. In addition, large markets of new big listing items have being continuously entered by over 30 competitors and initial sales of AG (authorized generic) allows to market occupation, that made the market price competition more intensified to impact significantly to sales and profit. However, we have strengthened the sales promotion to dispensing pharmacies, diagnosis procedure combination (DPC) hospitals and prescribers. Also we tried to increase the share of drugs for oral and external use and worked harder for information offering activities of injectable drugs based on the collaboration with pharmaceutical wholesaler and Medical Sales Division.

Meanwhile, overseas sales as well as profits increased significantly from the same period of the previous year as we strengthened the sales of dialysis products and hospital products, partially supported by the improved export profitability under the weaker yen versus dollar environment in the foreign exchange market. In particular, in the North American market in which we established a strategic location in the previous year, sales were brisk as we aggressively pushed forward with alliances with major customers. We strengthened the overseas sales organization and stepped up our direct sales activities with the aim of quickly responding further to front-line needs and boosting overseas sales. In particular, we established an independent sales division in India to expand sales and are opening sales offices in major cities of the country one by one.

New overseas manufacturing facilities (in India, Indonesia, Bangladesh and Hefei in China) further improved their production system and realized stable production expansion under established quality system to promote their sales widely in their countries and surrounding areas. Especially production of dialyzers in India and Hefei plants has increased smoothly to contribute the sales increase and syringe from Indonesia plants has supported the sales growth as well.

As a result, net sales of this business increased by 18.9% from the same period of the previous year to 64,528 million yen.

(ii) 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 drugs for oral and external use 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. 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. We developed the containers and systems by ourselves or through joint development with pharmaceutical manufactures based on our processing technologies for plastics, rubbers, and metals. 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 9.8% from the same period of the previous year to 15,505 million yen.

(iii) Glass-Related Business

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

For the pharmaceutical packaging in domestic glass department, we increased the sales mainly in vials and prefilled 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. Among other glass-related products, overseas demands of glass for thermos bottles decreased but whole sales of this department remained solidly.

Regarding overseas glass department, on the other hand, sales and profit of vial and ampoule have increased stably in India and China under the changing of market that requires high-quality medical containers in developing countries. In Europe and the United States, the performance is getting improved based on the investment we made in the past and the high-tech prefilled syringe has marked fine sales.

As a result, net sales of this business increased 15.2% from the same period of the previous year to 8,055 million yen.

(iv) Other Business

Among other business, sales from the real-estate rental business were 8 million yen (down by 81.2% from the same period of the previous year).

(2) Analysis Concerning Financial Position

Analysis Concerning the Conditions of Assets, Liabilities and Net Assets

Total assets decreased by 15,167 million yen from the end of the previous year to 680,139 million yen. Current assets decreased by 13,571 million yen primarily due to a decrease of 16,220 million yen in cash and deposits, and noncurrent assets decreased by 1,596 million yen primarily due to a decrease of 1,879 million yen in deferred tax assets.

Total liabilities decreased by 14,008 million yen from the end of the previous year to 502,488 million yen. Current liabilities increased by 8,608 million yen primarily due to an increase of 14,578 million yen in short-term loans payable, and noncurrent liabilities decreased by 22,617 million yen primarily due to a decrease of 22,428 million yen in long-term loans payable.

Total net assets decreased by 1,159 million yen from the end of the previous year to 177,651 million yen. Shareholders' equity increased by 656 million yen and accumulated other comprehensive income decreased by 1,071 million yen.

(3) Commentary on Forward-Looking Statements Including Forecast of Consolidated Financial Results

The Company expects that the global economy will continue to stay on a moderate recovery trend despite the increasing uncertainty about the future outlook and the Japanese economy will also remain on a recovery trend while it will be affected by the global trend.

Even under such circumstances, the Nipro Group will work to improve profits through its continued efforts to expand sales and reduce production costs.

At this moment, we have not made any revision to the forecast of consolidated financial results for the year ending March 31, 2016, which was announced on May 13, 2015.

2. Summary (Other) Information

(1) Changes in Significant Consolidated Subsidiaries

N/A

(2) Accounting Treatments Simplified or Unique for Preparation

N/A

(3) Changes in Accounting Policies and Accounting Estimate and Restatement

(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 first quarter of the previous fiscal year and the consolidated financial statements for the previous fiscal year were reclassified. 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 167 million in the current quarterly period under review. There was no impact of this change on the consolidated statements of income.

3. Consolidated Financial Statements

(1) [Quarterly Consolidated Balance Sheets]

(Millions of yen)

	As of March 31, 2015	As of June 30, 2015
Assets		
Current Assets		
Cash and deposits	112,871	96,651
Notes and accounts receivable-trade	114,477	113,814
Merchandise and finished goods	67,412	66,268
Work in process	12,149	11,742
Raw materials and supplies	22,913	25,336
Deferred tax assets	6,963	7,550
Other	16,341	17,697
Allowance for doubtful accounts	(2,783)	(2,287)
Total current assets	350,346	336,774
Noncurrent assets		
Property, plant and equipment		
Bulidings and structures	174,138	174,872
Accumulated depreciation and impairment loss	(81,157)	(82,361)
Buildings and structures, net	92,980	92,511
Machinery, equipment and vehicles	212,911	212,855
Accumulated depreciation and impairment loss	(150,454)	(152,214)
Machinery equipment and vehicles, net	62,457	60,641
Land	22,027	21,746
Lease assets	3,058	2,918
Accumulated depreciation	(1,957)	(1,899)
Lease assets, net	1,100	1,019
Construction in progress	31,242	32,018
Other	42,619	43,939
Accumulated depreciation and impairment loss	(32,232)	(32,722)
Other, net	10,387	11,216
Total property, plant and equipment	220,195	219,154
Intangible assets		
Goodwill	26,364	26,059
Lease assets	1,625	1,635
Other	16,379	15,857
Total intangible assets	44,369	43,552
Investments and other assets		
Investment securities	64,076	65,577
Net defined benefit asset	140	437
Deferred tax assets	7,899	6,019
Other	11,901	12,190
Allowance for doubtful accounts	(3,622)	(3,568)
Total investments and other assets	80,395	80,656
Total noncurrent assets	344,960	343,364
Total assets	695,306	680,139

(Millions of yen)

	As of March 31, 2015	As of June 30, 2015
Liabilities		
Current liabilities		
Notes and accounts payable-trade	51,750	55,494
Short-term loans payable	136,359	150,938
Commercial papers	10,000	10,000
Current portion of bonds	27,840	28,740
Lease obligations	828	1,093
Accounts payable-other	11,679	9,811
Accrued directors' bounuses	436	—
Income taxes payable	3,934	2,998
Provision for bounuses	3,621	3,020
Provision for directors' bounuses	123	133
Notes payable - facilities	2,641	5,023
Other	29,184	19,756
Total current liabilities	278,401	287,009
Noncurrent liabilities		
Bonds payable	20,592	19,400
Long-term loans payable	205,621	183,192
Lease obligations	3,127	4,001
Deferred tax liabilities	2,162	2,046
Net defined benefit liability	3,841	4,047
Provision for directors' retirement benefits	524	529
Provision for loss on litigation	11	10
Other	2,214	2,249
Total noncurrent liabilities	238,095	215,478
Total liabilities	516,496	502,488
Net assets		
Shareholders' equity		
Capital stock	84,397	84,397
Capital surplus	635	—
Retained earnings	58,885	60,143
Treasury stock	(1,686)	(1,652)
Total shareholders' equity	142,231	142,888
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(2,311)	(556)
Deferred gains or losses on hedges	39	1
Foreign currency translation adjustment	27,870	25,050
Remeasurements of defined benefit plans	(170)	(139)
Total accumulated other comprehensive income	25,427	24,356
Non-controlling interests	11,150	10,406
Total net assets	178,810	177,651
Total liabilities and net assets	695,306	680,139

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

Quarterly Consolidated Statements of Income

(Amount: million yen)

	FY2014 first three months (From April 1, 2014 to June 30, 2014)	FY2015 first three months (From April 1, 2015 to June 30, 2015)
Net sales	75,424	88,097
Cost of sales	53,097	60,047
Gross profit	22,327	28,050
Selling, general and administrative expenses	19,526	22,573
Operating income	2,801	5,476
Non-operating income		
Interest income	179	178
Dividends income	827	154
Foreign exchange gain	—	860
Reversal of allowance for doubtful accounts	6	528
Other	276	261
Total non-operating income	1,289	1,984
Non-operating expenses		
Interest expenses	1,030	1,075
Foreign exchange losses	522	—
Equity in losses of affiliates	40	47
Other	351	486
Total non-operating expenses	1,944	1,608
Ordinary income	2,146	5,852
Extraordinary income		
Gain on sales of noncurrent assets	24	253
Compensation income	28	—
Gain on sales of investment securities	2,535	—
Other	25	5
Total extraordinary income	2,613	259
Extraordinary loss		
Loss on retirement of noncurrent assets	19	27
Structural integration expenses	2	—
Loss on sales of investment securities	1,233	—
Provision of allowance for doubtful accounts	—	10
Other	46	12
Total extraordinary losses	1,301	50
Income before income taxes	3,458	6,061
Income taxes-current	545	2,026
Income taxes-deferred	1,606	44
Total income taxes	2,152	2,071
Net income	1,306	3,990
Net income attributable to non-controlling interests	54	85
Net income attributable to owners of parent	1,252	3,904

Qarterly Consolidated Statements of Comprehensive Income

(Amount: million yen)

	FY2014 first three months (From April 1, 2014 to June 30, 2014)	FY2015 first three months (From April 1, 2015 to June 30, 2015)
Net income	1,306	3,990
Other comprehensive income		
Valuation difference on available-for-sale securities	2,428	1,755
Deferred gains or losses on hedges	(55)	(37)
Foreign currency translation adjustment	(2,524)	(2,861)
Remeasurements of defined benefit plans	36	31
Share of other comprehensive income of entities accounted for using equity method	—	7
Total other comprehensive income	(114)	(1,105)
Comprehensive income	1,191	2,885
Comprehensive income attributable to owners of the parent	1,443	2,833
Comprehensive income attributable to non-controlling interests	(251)	51

(3) Notes Regarding Consolidated Financial Statement

(Notes regarding going concern)
N/A

(Notes regarding significant changes in the amount of shareholders' equity)
N/A

(Segment Information)

I FY2014 (From April 1, 2014 to June 30, 2014)

1. Sales and Profit by Reportable Operating Segment

(Millions of yen)

	Segment				Other (Note.1)	Total	Adjust-ment (Note.2)	Consolidated Statements of Income (Note.3)
	Medical-Related	Pharmaceutical-Related	Glass-Related	Total				
Net sales								
(1)Sales to third parties	54,273	14,117	6,990	75,381	43	75,424	-	75,424
(2)Inter-segment sales and transfers	396	2,030	181	2,608	8	2,617	(2,617)	-
Total	54,670	16,147	7,171	77,990	52	78,042	(2,617)	75,424
Segment profit	4,165	2,978	(665)	6,478	50	6,528	(2,617)	2,801

(Notes)

1. "Other" is the business segment which is not included in the segment and consist of real estate income and sales by headquarter.
2. Adjustment for the segment profit of (3,727) million yen includes elimination of inter-segment transaction of (927) million yen and corporate cost of (2,799) million yen. Corporate cost consisted primarily of general and administrative expenses and research and development cost which do not belong to the reporting segment.
3. Segment profit is adjusted to the operating income on the consolidated statements of income.

2. Information about Impairment Loss on Fixed Assets and Goodwill by Reportable Operating Segment

N/A

Ⅱ FY2014 (From April 1, 2015 to June 30, 2015)

1. Sales and Profit by Reportable Operating Segment

(Millions of yen)

	Segment				Other (Note.1)	Total	Adjust-ment (Note.2)	Consolidated Statements of Income (Note.3)
	Medical-Related	Pharmaceutical-Related	Glass-Related	Total				
Net sales								
(1)Sales to third parties	64,528	15,505	8,055	88,089	8	88,097	-	88,097
(2)Inter-segment sales and transfers	432	2,096	237	2,766	8	2,775	(2,775)	-
Total	64,961	17,601	8,293	90,856	16	90,873	(2,775)	88,097
Segment profit	6,853	2,832	(466)	9,218	16	9,234	(3,758)	5,476

(Notes)

1. "Other" is the business segment which is not included in the segment and consist of real estate income and sales by headquarter.
2. Adjustment for the segment profit of (3,758) million yen includes elimination of inter-segment transaction of (90) million yen and corporate cost of (3,667) million yen. Corporate cost consisted primarily of general and administrative expenses and research and development cost which do not belong to the reporting segment.
3. Segment profit is adjusted to the operating income on the consolidated statements of income.

2. Changes in Reportable Segments

Effective from the second quarter ended September 30, 2014, Nipro Glass India PVT. LTD., Nipro Tube Glass PVT. LTD., Nipro Glass Americas Corporation, Nipro Glass France S.A.S., Nipro Glass Belgium N.V., Nipro Pharma Glass AG, Nipro Glass Germany AG, Nipro Sterile Glass Germany AG, Chengdu Pingyuan Nipro Pharmaceutical Packaging Co., Ltd., Jilin Nipro Jiaheng Pharmaceutical Packaging Co., Ltd. and Anyang Nipro Changda Pharmaceutical Packaging Co., Ltd., OOO Ural Glass Plant and Puyang City Changda Glass Co., Ltd. were reclassified from Medical-Related Business to Glass-Related Business with current review of organization system in Nipro group.

Segment information as of June 30,2014 was based on this reclassification.

3. Information on Impairment Loss on Fixed Assets and on Goodwill by Reportable Segment

N/A