Summary Report of Consolidated Financial Results

For the Nine Months Period ended December 31, 2015

February 10, 2016
TSE-1st section

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Code No.8086
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Filing date of quarterly reporting: February 12, 2016
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 Nine Months ended December 31, 2015 (From April 1, 2015 to December 31, 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	%
9 months ended December 31, 2015	274,061	14.1	18,431	34.3	13,884	(24.9)	13,968	(3.8)
9 months ended December 31, 2014	240,101	7.9	13,726	33.3	18,490	55.2	14,520	223.2

Note: Comprehensive income 9 months ended December 31, 2015: 5,696 million yen ((70.1)%) 9 months ended December 31, 2014: 19,079 million yen ((25.8)%)

	Earnings per share	Diluted Earnings per share
	Yen	Yen
9 months ended December 31, 2015	82.35	-
9 months ended December 31, 2014	95.63	85.82

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
9 months ended December 31, 2015	714,613	177,449	23.4
Year ended March 31, 2015	695,306	178,810	24.1

Note: Equity 9 months ended December 31, 2015: 167,554 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	-	17.00	-		
Year ending March 31, 2016 (Forecast)				18.00	35.00

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 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
Year ending March 31, 2016	365,000	12.3	25,000	50.9	19,300	(1.8)	16,700	33.9	98.47

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):

9 months ended December 31, 2015: 171,459,479 shares Year ended March 31, 2015: 171,459,479 shares

[2] Number of treasury stock at end of the period:

9 months ended December 31, 2015: 1,716,745 shares Year ended March 31, 2015: 1,899,861 shares

[3] Average number of shares during the period:

9 months ended December 31, 2015: 169,629,310 shares 9 months ended December 31, 2014: 151,839,221 shares

Note: Number of the treasury stocks as of December 31, 2015 included 767,700 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.2 “1. Qualitative Information for the Nine-Month Period Ended December 31, 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 Nine-Month Period Ended December 31, 2015

(1) Commentary on Business Results

During the nine months of the fiscal year 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 uncertainly 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. .

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 nine-month period ended December 31, 2015 increased by 14.1% from the same period of the previous year to 274,061 million yen. As for the profit, consolidated operating income increased by 34.3% from the same period of the previous year to 18,431 million yen. Consolidated ordinary income decreased by 24.9% from the same period of the previous year to 13,884 million yen partly because of exchange losses. Consolidated net income attributable to owners of parent decreased by 3.8% from the same period of the previous year to 13,968 million yen.

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

(i) 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 quarter to the same level as that for the same quarter of the previous yearFor 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 June. However, turning to sales of December addenda listing items, price competition in the market continues to grow fiercer as several tens of manufacturers vie for sales, and this is having a major impact on both sales and profits. Therefore, we have strengthened 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 significantly from the same period of the previous year as we strengthened the sales of dialysis products and hospital products. However, the profits decreased with the exchange losses caused by the impact of foreign exchange markets.

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 the Republic of Ecuador, our U.S. subsidiary, Nipro Medical Corporation, opened its fourth sales office in the country in the city of Portoviejo, in October. This will make it possible to meet local medical needs while providing meticulous service closely tied to the local community and increase the market presence of the company in the country. Furthermore, in India, we plan on opening four new offices in the cities of Lucknow, Kochi, Ahmedabad, and Jaipur, and within three years we will open an office in every state in India and move forward with efforts to establish a sales network throughout 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 sales growth.

As a result, net sales of this business increased by 15.7% from the same period of the previous year to 202,837 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 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 7.7% from the same period of the previous year to 46,267 million yen.

(iii) Glass-Related Business

In the Glass-Related Business, adding to our conventional products, we have made effort 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 increased the sales mainly in tube glass, 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.

Regarding overseas glass department, we have expanded the sales of high-valued products such as syringe and various vials which demand is increasing in the mature markets such as Europe and the United States and also strengthened the sales of tube glass, ampoules and vials in the emerging markets including China, India and Russia. Due to these activities, both the sales and profit increased. Especially in China, the largest market of emerging countries, the market has greatly changed 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 and in November established a company in Shanghai to supervise the three existing plants in China. The progress toward to entre high quality market has been accelerated.

In this business, we have promoted the changing to general pharma packaging business with a fusion of products and technologies cultivated in both medical and pharmaceutical related businesses such as rubber stopper and plastic containers as well as glass containers. In addition, the standardization of product specifications and services in each office has been also promoted to meet the requirement for development from globalizing pharmaceutical companies. We will promote effective investment domestically and internationally to strengthen production capacity of conventional products, improve the quality and 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 15.0% from the same period of the previous year to 24,932 million yen.

(iv) Other Business

Among other business, sales from the real-estate rental business were 24 million yen (down by 70.9% from the same period of the previous year).

(2) Analysis Concerning Financial Position

[1] Analysis Concerning the Conditions of Assets, Liabilities and Net Assets

Total assets increased by 19,306 million yen from the end of the previous year to 714,613 million yen. Current assets increased by 12,105 million yen primarily due to an increase of 5,849 million yen in deferred tax assets, and noncurrent assets increased by 7,200 million yen primarily due to an increase of 4,208 million yen in Goodwill.

Total liabilities increased by 20,667 million yen from the end of the previous year to 537,164 million yen. Current liabilities increased by 1,131 million yen primarily due to an increase of 6,464 million yen in Notes payable - facilities, and noncurrent liabilities increased by 19,536 million yen primarily due to an increase of 20,610 million yen in long-term loans payable.

Total net assets decreased by 1,360 million yen from the end of the previous year to 177,449 million yen. Shareholders' equity increased by 7,960 million yen and accumulated other comprehensive income decreased by 8,065 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 caused by economic slowdown in China 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.

Therefore, 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 November 11, 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 third 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 129 million yen in the current quarterly period under review. In addition, consolidated operating income, consolidated ordinary income and consolidated income before income taxes increased 37 million yen, respectively.

3. Consolidated Financial Statements

(1) [Quarterly Consolidated Balance Sheets]

(Millions of yen)

	As of March 31, 2015	As of December 31, 2015
Assets		
Current Assets		
Cash and deposits	112,871	106,639
Notes and accounts receivable-trade	114,477	117,640
Merchandise and finished goods	67,412	68,596
Work in process	12,149	11,543
Raw materials and supplies	22,913	26,062
Deferred tax assets	6,963	12,813
Other	16,341	20,074
Allowance for doubtful accounts	(2,783)	(917)
Total current assets	350,346	362,452
Noncurrent assets		
Property, plant and equipment		
Bulidings and structures	174,138	175,950
Accumulated depreciation and impairment loss	(81,157)	(84,008)
Buildings and structures, net	92,980	91,942
Machinery, equipment and vehicles	212,911	220,743
Accumulated depreciation and impairment loss	(150,454)	(155,383)
Machinery equipment and vehicles, net	62,457	65,360
Land	22,027	21,763
Lease assets	3,058	3,215
Accumulated depreciation	(1,957)	(2,100)
Lease assets, net	1,100	1,115
Construction in progress	31,242	32,402
Other	42,619	45,383
Accumulated depreciation and impairment loss	(32,232)	(34,094)
Other, net	10,387	11,288
Total property, plant and equipment	220,195	233,872
Intangible assets		
Goodwill	26,364	30,572
Lease assets	1,625	2,582
Other	16,379	17,042
Total intangible assets	44,369	50,196
Investments and other assets		
Investment securities	64,076	61,896
Net defined benefit asset	140	467
Deferred tax assets	7,899	6,862
Other	11,901	14,660
Allowance for doubtful accounts	(3,622)	(5,795)
Total investments and other assets	80,395	78,091
Total noncurrent assets	344,960	352,161
Total assets	695,306	714,613

(Millions of yen)

	As of March 31, 2015	As of December 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable-trade	51,750	55,796
Short-term loans payable	136,359	137,900
Commercial papers	10,000	10,000
Current portion of bonds	27,840	28,302
Lease obligations	828	1,088
Accounts payable-other	11,679	8,343
Accrued directors' bounuses	436	–
Income taxes payable	3,934	3,235
Provision for bounuses	3,621	4,966
Provision for directors' bounuses	123	364
Notes payable - facilities	2,641	9,106
Other	29,184	20,429
Total current liabilities	278,401	279,532
Noncurrent liabilities		
Bonds payable	20,592	18,780
Long-term loans payable	205,621	226,231
Lease obligations	3,127	3,779
Deferred tax liabilities	2,162	1,969
Net defined benefit liability	3,841	4,035
Provision for directors' retirement benefits	524	547
Provision for loss on litigation	11	10
Other	2,214	2,277
Total noncurrent liabilities	238,095	257,631
Total liabilities	516,496	537,164
Net assets		
Shareholders' equity		
Capital stock	84,397	84,397
Capital surplus	635	–
Retained earnings	58,885	67,316
Treasury stock	(1,686)	(1,521)
Total shareholders' equity	142,231	150,192
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(2,311)	(663)
Deferred gains or losses on hedges	39	(14)
Foreign currency translation adjustment	27,870	18,131
Remeasurements of defined benefit plans	(170)	(91)
Total accumulated other comprehensive income	25,427	17,361
Non-controlling interests	11,150	9,894
Total net assets	178,810	177,449
Total liabilities and net assets	695,306	714,613

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

(Amount: million yen)

	FY2014 first nine months (From April 1, 2014 to December 31, 2014)	FY2015 first nine months (From April 1, 2015 to December 31, 2015)
Net sales	240,101	274,061
Cost of sales	166,135	187,281
Gross profit	73,966	86,779
Selling, general and administrative expenses	60,239	68,348
Operating income	13,726	18,431
Non-operating income		
Interest income	552	588
Dividends income	1,596	881
Foreign exchange gain	6,327	—
Reversal of allowance for doubtful accounts	—	455
Other	1,385	1,032
Total non-operating income	9,862	2,958
Non-operating expenses		
Interest expenses	3,033	3,225
Equity in losses of affiliates	122	95
Foreign exchange losses	—	2,239
Other	1,942	1,945
Total non-operating expenses	5,098	7,505
Ordinary income	18,490	13,884
Extraordinary income		
Gain on sales of noncurrent assets	637	272
Gain on sales of investment securities	3,402	—
Gain on sales of investments in capital of subsidiaries and associates	—	1,601
Other	59	180
Total extraordinary income	4,099	2,054
Extraordinary loss		
Loss on retirement of noncurrent assets	238	199
Impairment loss	12	51
Loss on sales of investment securities	1,894	289
Loss on step acquisitions	—	2,238
Reversal of allowance for doubtful accounts	—	816
Other	319	304
Total extraordinary losses	2,465	3,900
Income before income taxes	20,124	12,038
Income taxes-current	7,753	5,863
Income taxes-deferred	(2,541)	(7,830)
Total income taxes	5,211	(1,967)
Net income	14,913	14,006
Net income attributable to non-controlling interests	392	37
Net income attributable to owners of parent	14,520	13,968

[Qarterly Consolidated Statements of Comprehensive Income]

(Amount: million yen)

	FY2014 first nine months (From April 1, 2014 to December 31, 2014)	FY2015 first nine months (From April 1, 2015 to December 31, 2015)
Income before minority interests	14,913	14,006
Other comprehensive income		
Valuation difference on available-for-sale securities	946	1,648
Deferred gains or losses on hedges	(22)	(53)
Foreign currency translation adjustment	3,217	(9,982)
Remeasurements of defined benefit plans	52	79
Share of other comprehensive income of entities accounted for using equity method	(27)	(1)
Total other comprehensive income	4,166	(8,309)
Comprehensive income	19,079	5,696
Comprehensive income attributable to owners of the parent	18,688	5,903
Comprehensive income attributable to minority interests	390	(206)

Notes Regarding Consolidated Financial Statement

(Notes regarding going concern)
N/A

(Notes regarding significant changes in the amount of shareholders' equity)
Effective from the first quarter under review, the Company has applied the "Accounting Standard for Business Combinations and related accounting standards". Please refer to "Change in Accounting Policies" about the impact of this change.

(Segment Information)

Ⅰ FY2014 (From April 1, 2014 to December 31, 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	175,364	42,966	21,686	240,017	83	240,101	—	240,101
(2)Inter-segment sales and transfers	1,173	6,294	533	8,002	26	8,028	(8,028)	—
Total	176,537	49,261	22,220	248,019	110	248,129	(8,028)	240,101
Segment profit	17,664	8,572	(2,205)	24,031	104	24,135	(10,408)	13,726

(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 (10,408) million yen includes adjustment of unrealized income of (2,052) million yen and corporate cost of (8,356) 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 FY2015 (From April 1, 2015 to December 31, 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	202,837	46,267	24,932	274,037	24	274,061	-	274,061
(2)Inter-segment sales and transfers	1,327	6,425	685	8,438	28	8,466	(8,466)	-
Total	204,164	52,692	25,618	282,475	52	282,528	(8,466)	274,061
Segment profit	21,555	8,168	(1,063)	28,660	50	28,711	(10,280)	18,431

(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 (10,280) million yen includes adjustment of unrealized income of (201) million yen and corporate cost of (10,078) 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 first quarter under review, 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 Glass-Related business in the current quarter under review increased 37 million yen compared to the conventional method.

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

Significant Change in Amount of Goodwill

In Medical-Related Business, we have consolidated Infraredx, Inc. after acquisition of its stocks. Due to this, the quarterly consolidated Goodwill increased by 6,478 million yen from the end of the previous fiscal year.