NIPRO®

Annual Report 2012

Year Ended March 31, 2012

Moving Forward With You

Profile

Striving to be the Best in the Global Market

Since the Nipro Corporation was founded in 1954, we have focused on developing our business based on our technological prowess. Our first breakthrough was the development of an automated processing machine for glass ampoules. This machine enjoyed an excellent reputation for its efficient production techniques and standardized product quality.

With expertise accumulated from processing various materials, the Group moved into the medical business in 1965 through selling infusion sets to pharmaceutical companies. Our mass production technology enabled us to expand the scope of our business and we hit our stride in 1988 when we started to manufacture the Dialyzer artificial kidney, which is still one of our leading products to this day. That same year we expanded our business into pharmaceuticals. Our injectable kit preparations, which combine the drug with the administration system, plays on our strengths as derived from our experience in manufacturing medical equipment. Since the 1990’s we have also advanced into overseas markets as well as working to establish global sales hubs. Today the Nipro Group continues to grow as one of Japan’s leading medical manufacturers, with branches in about 90 locations throughout Europe, Asia and North and South America.

The corporate philosophy of the Nipro Group is “conducting business from various aspects, contributing to society and promoting self-realization with creativity and innovation for the future.” While engaged in active and speedy business development, our mission is to contribute to progress towards more reassuring, safer medical care, in addition to improving the patient’s QOL (quality of life) through continuous improvement of our products from the perspective of both patients and healthcare professionals. We will provide innovative products that meet customer needs in addition to striving to excel in the manufacture of medical devices as well as pharmaceuticals, etc.

Contents

Disclaimer regarding Forward-looking Statements

This report contains forward-looking statements regarding business indices, strategies and performance representing the expectations and judgments of the management, based on information available to the Company and publishable at the time this report was prepared.
When reading this report, please understand that forward-looking statements involve potential risks and uncertainties; actual future business performance and forecasts may therefore differ materially from those contained in these statements, given the possible emergence of new factors or changes in economic circumstances and/or the business environment.

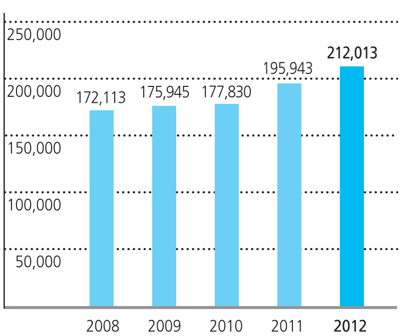
Consolidated Financial Highlights

Nipro Corporation and its Consolidated Subsidiaries Years ended March 31, 2012 and 2011	Millions of yen		Thousands of U.S. dollars
	2012	2011	**2012**
For the year:			
Net sales	**¥ 212,013**	¥ 195,943	**$ 2,579,547**
Operating income	**15,825**	17,225	**192,541**
Net income	**4,586**	2,456	**55,798**
Capital expenditures	**39,525**	23,323	**480,898**
Depreciation and amortization	**21,581**	21,244	**262,575**
R&D expenses	**5,957**	4,977	**72,478**
At the year-end:			
Total assets	**¥ 499,687**	¥ 476,510	**$ 6,079,657**
Net assets	**113,951**	109,038	**1,386,434**
Per share data (in yen and U.S. dollars):			
Net income			
Basic (*1)	**¥ 35.3**	¥ 19.4	**$ 0.43**
Diluted (*1)	**31.0**	17.4	**0.38**
Cash dividends	**23.5**	50.0	**0.29**
Equity (*1)	**643.9**	839.7	**7.83**

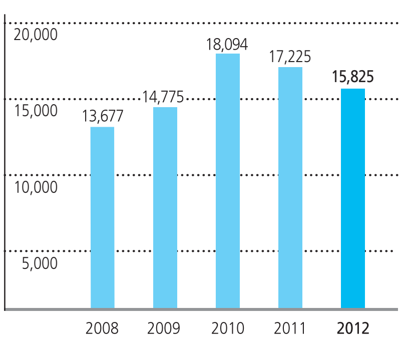
(*1) Effective the fiscal year ended March 31, 2012, the Company has adopted ASBJ Statement No.2 “Accounting Standard for Earnings Per Share” (June 30, 2010), ASBJ Guidance No.4 “Guidance on Accounting Standard for Earnings Per Share” (June 30, 2010) and ASBJ PITF No.9 “Practical Solution on Accounting for Earnings Per Share” (June 30, 2010). In addition, the Company has split one share of common stock into two shares on October 1, 2011 based on the resolution at the board of directors’ meeting held on August 27, 2011. In accordance with this adoption, equity per share, basic earnings per share and diluted earnings per share are calculated on the assumption that the two-for-one stock split of common stock was conducted at the beginning of fiscal year ended March 31, 2011.

The U.S. dollar amounts in this report represent translations of Japanese yen, for convenience only, at the rate of ¥82.19=U.S.$1, the approximate exchange rate on March 31, 2012.

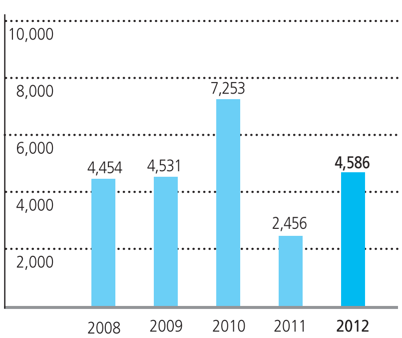
Net Sales (Millions of yen)



Operating Income (Millions of yen)



Net Income (Millions of yen)



Return on Equity (%)

A Message to Our Shareholders and Investors

Increased revenues in a challenging global economic environment

Concerns continue to be raised about the ongoing difficulties facing the global economic environment, such as the smoldering European economic crisis, the long-term effects of the high yen and the slowdown of the Chinese economy. However the Nipro Group of Companies has achieved increased sales and profit thanks to its active worldwide development and cost reductions.

Yoshihiko Sano
President

On the occasion of the appointment of a new President

In accordance with the wishes of the late President Minoru Sano, we will strive to get to grips with the needs of the medical workplace and deliver consistent results as a manufacturer of medical products.

The late President Sano cherished the company motto of *iyoku*, or “will”. The philosophy behind this motto is for employees to think for themselves, decide on a course of action and then reap the rewards. This is the cycle that will lead the company towards growth. In accordance with the wishes of my predecessor, I will further strive to develop an open and natural corporate culture, whilst working to increase the will of our employees and actively promoting the development of our business towards the aim of securing a leading share of the global market.

I believe that “the patient’s perspective” is essential to making this happen. It is not enough to simply sell the finished product in order to deliver a beneficial product to the patient; we also have to ensure that we are providing a product that is appreciated by people in the medical workplace such as doctors and nurses, etc., not to mention patients, as well as understanding that there is a need for us to follow up as a company. From now on we will be putting more effort into this area as we consider how to create a new Nipro culture going forward.

Overview of Business Activities and Results during the Current Fiscal Year

Increased sales and profit was secured due to our rapid recovery following the earthquake and the expansion of our overseas manufacturing and sales.

During the current fiscal year ended March 31 2012 (FY2011), the global economy was defined by the sovereign debt crisis that erupted in Europe as well as the slowdown in the Chinese economy, in addition to a continuation of the long-term trend of the high yen. Domestically, the Japanese economy is in an extremely challenging position due to a slow recovery following the Great East Japan Earthquake, the increasingly serious issue of shortages in electrical power supply due to the influence of the nuclear accident and rising energy costs, etc.

Under this difficult set of circumstances, the Nipro Group was able to put into practice the experience gained from other disasters and despite the damage inflicted on our business locations and plants by the earthquake, a rapid recovery plan was put in place and implemented. We will continue to move forward with enlarging and increasing efficiency at our manufacturing and sales locations overseas.

As a result of this approach we were able to achieve consolidated sales for this term of ¥212.0 billion (up by 8.2% on the previous year) and operating income of ¥15,8 billion, a decrease of 8.13% on the previous year Due to a decrease in extraordinary loss, net profit was ¥4.6 billion, up by 86.7% on the previous year.

Business Strategy

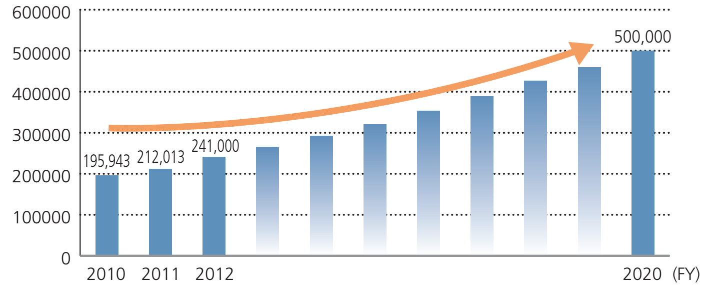
We will thoroughly reinforce the profitability of our investments with the aim of attaining our long-term goals of ¥500 billion in consolidated sales by fiscal 2020 and growing this to ¥1 trillion by fiscal 2030.

We have set a long-term target of becoming a group of companies with consolidated sales of ¥1 trillion in fiscal 2030 as part of our management vision. Our intermediate target is ¥500 billion in consolidated sales by fiscal 2020. This is really a great plan.

If we are able to increase our sales turnover steadily by a fixed proportion each fiscal year, we should be able to attain our stated goals. Of course, this goal will be difficult to reach if we are just selling the same products, therefore we intend to move forward with business tie-ups and M&A (corporate mergers and acquisitions) as necessary so we can say with some confidence that we will be able to attain our goals.

Naturally, in order to make this happen we need a strategy to follow that will secure the top share of the global market. In concrete terms,

Transition and Plan for Consolidated Net Sales (Millions of yen)



there are three measures that we need to do.

The first is to utilize our company's strengths and secure top-class global market share. In order to drive our advantages in economies of scale and diversity as a manufacturer of medical equipment and pharmaceuticals, it will be necessary to secure a healthy share of the market. We are a manufacturer of medical equipment and, at the same time, we are putting our efforts into generic drugs. What this makes possible is product ideas such as the pre-filled syringe (a product where the drug has already been filled inside the syringe), a kind of "collaborative product" where our medical equipment and pharmaceutical products have been combined in a product. Moreover, we have begun construction of new plants in India and China, locations where the economy is experiencing rapid growth, with the aim of starting production during fiscal year 2012. We are also planning to put our efforts into reinforcing our local direct sales model, in order to supply products to meet the rapidly growing demand in the field of dialysis centered on Asia. Furthermore, the Nipro Pharma has established a generic drug manufacturing base in Vietnam and the plant is scheduled to start mass-production of injection drugs in spring 2015.

The second issue is for the company to create a system where new products can be brought to the market in a speedy manner. In order to make this happen, the company is committed to M&A should this be required. In July of last year Nipro entered into an agreement to form a strategic business alliance with German company Sandoz regarding generic drug products. In February of this year, Nipro acquired shares in 4 medical glass manufacturing companies based in Germany, such as MGlas AG (currently Nipro Glass Germany AG), etc. Going forward with an accurate grasp of the needs in the medical workplace, our aim is to utilize the merits of the high yen to identify and acquire corporations where we can realize high levels of synergy.

Moreover, it is also important to invigorate the organization to be able to bring new products to the market in a speedy manner. When an organization grows, vertical divisions and sectionalism are inevitable to a certain degree and this in turn leads to waste and an inability to make rapid and accurate decisions. In order to improve the horizontal integration across the Nipro Group, we will create several committees horizontally across the whole group that will promote product planning, the development of manufacturing technologies, the procurement of raw materials and coordination between manufacturing plants.

Furthermore, it is important that the Nipro Group builds a product planning and development system that draws upon feedback from our sales network in order to provide rapid solutions to meet the needs of the medical workplace. In real terms, this means reaching beyond Japanese patients and striving to hear the direct opinions of patients, medical professionals and people connected with medical institutions all over the world, as we move forward with planning and developing products that meet the needs of the medical workplace. Moreover, we will select specific medical ventures all over the world in which to invest as part of our efforts to develop a system whereby we can respond to future high-tech medical needs.

The third issue is how we go about creating a corporate constitution that can ensure that the corporations and facilities that we have invested and acquired in turn a profit steadily. In one way, ensuring a profit from an investment is persistently challenging if your goal is to outstrip your investment, but we feel strongly that this is the way for us to achieve our goals.

The Nipro Group is actively developing its business overseas and one important issue in this regard is the risk posed by currency exchange fluctuations. By diversifying into multiple markets and dealing in a variety of currencies, we work to spread and reduce that risk. Going forward we intend to continue the approach of having our local production plants supply our local sales agents directly.

Dividend Policy

Based upon the Nipro Group dividend policy of a 50% payout ratio on a unitary basis, our dividend for the fiscal year was ¥23.5 per share.

One of the most important management policies of the Nipro Group is the return of profits and profit-sharing is conducted in accordance with a sliding scale based on the results of the business.

In accordance with this sliding scale approach, the basis of which is a proper set of performance-based rules to decide profit-sharing amongst shareholders, employees and senior management, the dividend policy of the Nipro Group is to aim at a 50% payout ratio on a unitary basis.

This year, the Nipro Group paid an interim dividend of ¥12 per share. At the end of the full fiscal year, the year-end dividend was paid at ¥11.5 per share, giving a total dividend for the fiscal year of ¥23.5 per share.

We also plan to pay dividends based on this dividend policy in the next fiscal year as well.

Prospects for the Next Fiscal Year

In order to deliver an increase in sales turnover, we will implement an in-depth review of manufacturing costs as well as working to reinforce our product power.

Looking at the global economy going forward, it is clear that the European economies are stagnating and even China, which has been a bellwether economy up to now, is experiencing some kind of slowdown. The yen remains high and has done so for a while now, and the concerns continue for the Japanese economy due to the problem of electrical power supply following the accident at the nuclear power station, as well as the high cost of crude oil, LNG and energy prices.

Under this difficult set of circumstances, the Nipro Group will carry out an in-depth reduction in the cost of manufacturing, as well as striving to improve the quality of our products as part of our efforts to deliver a significant increase in sales turnover.

The first step was taken in September 2011 when the Nipro Pharma Corporation was merged together with three medical pharmaceutical subsidiaries, namely: the Nipro Genepha Corporation, Nipro Patch Co., Ltd. and the Tohoku Nipro Pharmaceutical Corporation. Following this merger, the Group's pharmaceutical business came under the auspices of a centrally managed system.

By actively implementing these policies going forward the Nipro Group projects sales for the coming fiscal year of ¥241.0 billion (up by 13.7% on the previous year) and operating income of ¥16.0 billion (up by 0.8% on the previous year) on a consolidated basis and these are targets that we feel are sufficiently possible to achieve.

A Message to Our Shareholders and Investors

By responding to the pressing issues and needs of the medical workplace, Nipro is meeting the challenge, day after day, to fulfill its aim of securing the top share of the global market.

Compared with other industries, one of the characteristics of the medical industry is that it is less likely to be affected by fluctuations in the business. However, we feel that this complacent attitude is misplaced and that Nipro should react rapidly and appropriately to environmental changes and by learning to see our industry from the perspective of the patient, we will be able to develop and improve our products to accurately respond to the needs of the medical workplace, as we aim to become a company that is appreciated by everyone involved in the medical field. As a company we will never become fixated on putting sales above all other things, as a manufacturer of medical products we are aiming to secure the top share of the global market but we also have a social mission as well as a social responsibility as a corporation that we have to fulfill. We are confident that as long as our Nipro culture is firmly established and each of our employees has the spirit to trust in their own ideas, our business results will reflect this spirit, regardless of the difficulties facing the company.

The most impressive management policy, unless it is linked in some way to concrete action, will remain a policy in name alone. How well corporations are able to come together to implement their policies is instrumental in separating the wheat from the chaff.

We hope that our shareholders and investors will look forward to our future progress and results, and we would also like to ask you for your continued support.

July 2012

Yoshihiko Sano
President

At a Glance

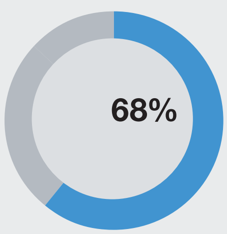
Medical

Our varied product line supports people all over the world who rely on medicine to fight illnesses. We are a world leader in Dialyzer market share and we have started our full-scale entry into the field of diabetes-related products. As one of the world's top maker of medical devices, we aim to make further steps for the future.

Main Products

- Injection- and infusion-related products
- Artificial organ-related products
- Highly functional products
- Dialysis-related products
- Diabetic-related products

Net Sales Ratio



(Millions of yen)

	2012	2011
Net Sales	¥145,082	¥132,817
Operating Income	¥ 17,078	¥ 18,437

In the Japanese market, the sales of our dialysis system drastically increased from the previous year while our dialysis-related products, such as Dialyzer, showed stable growth. We have also been working on reducing the running cost of our plants as well as enhancing our product range through the development of high-value products, which has contributed to increases in profit.

As for overseas sales, we have been working to expand sales of diabetes-related products through Nipro Diagnostics Inc., which became part of the Nipro Group in 2010. In addition, we have acquired glass-manufacturing companies in America and Europe in order to establish a firm foundation in the medical glass business, with the aim of responding to future demand. At the same time, we have increased the proportion of overseas manufactured products and enabled direct transactions between overseas plants and overseas sales bases in order to reduce both currency exchange risks and costs.

Dialysis-related products
Dialyzer

Diabetes-related products
Blood glucose meters

Artificial heart- and lung-related products
Oxygenators

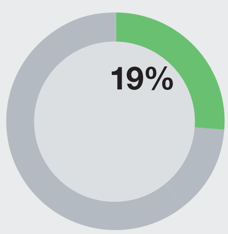
Pharmaceutical

As the largest contract manufacturer group in Japan, we have made progress in the sale of our distinctive products. We also contribute to safety and user-friendliness in the medical field by developing pharmaceutical kit products that combine our technology and knowledge of both medical products and pharmaceuticals.

Main Products

- Injectable drugs
- Oral drugs
- Combination products (Kit products)
- External preparations

Net Sales Ratio



(Millions of yen)

	2012	2011
Net Sales	¥40,079	¥38,005
Operating Income	¥ 2,986	¥ 1,658

As a result of our research and development efforts combined with our unique technology for drug formulations, as well as our sales activities, our injectable kit products and artificial kidney fluid replacement products recorded good sales. We have steadily recovered from the damage caused by the Great East Japan Earthquake, so our sales results for the next fiscal year are expected to show further increases.

The Nipro Pharma Corporation and 3 other pharmaceutical subsidiaries were integrated in order to make business operations more flexible. In addition to reinforcing our production facilities for biosimilars and anti-cancer drug lines, our Vietnam plant will start operations in 2015. Our aim is to develop a strong foundation for the stable supply of high-quality and low-cost products to meet broad-based global demand.

Kit preparations
Double bag kits

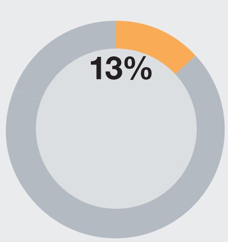
Materials

We produce high-performance and high-quality glass for use in the medical field, as well as physical and chemical sciences and industry. We sell heat-resistant, impact-resistant and chemically durable glass and high-precision glass for medical and industrial use.

Main Products

- Glass tubes
- Glass for ampoules
- Vials and bottles
- Glass for thermos bottles
- Glass for lighting purposes

Net Sales Ratio



(Millions of yen)

	2012	2011
Net Sales	¥26,590	¥24,704
Operating Income	¥ 2,408	¥ 2,701

The sales of glass products for pharmaceutical containers showed positive sales as a result of our aggressive promotion of our Chinese joint venture.

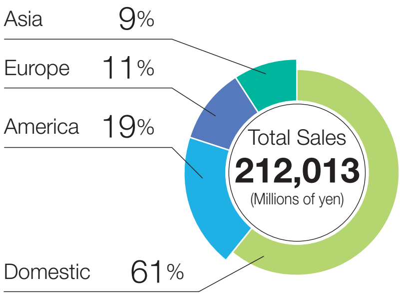
Our high-quality and low-cost products have been promoted not only in Japan but also all over Asia, especially China, where the demand is expected to grow in the future. Our advantage in this regard is our excellent glass processing technology, which has been cultivated since the establishment of our Company.

We have also invested capital in joint venture businesses in China, where demand is expected to grow, as well as working hard to establish a system for local manufacturing and local sales.

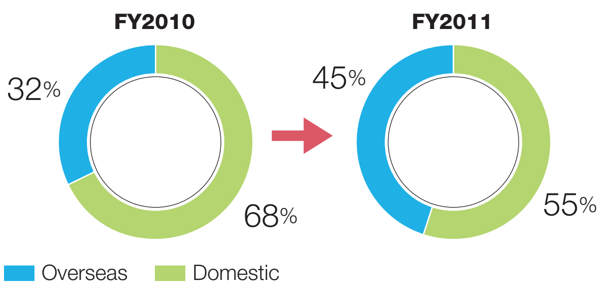
Glass products

Global Activities

Sales Ratio by Region (FY2011)



Ratio of Product Made in Domestic and Overseas



Demand in the global medical market has been increasing, especially in developing countries such as China, India and other Asian and Latin American countries. Medical needs have grown rapidly due to the increasing population, rising economic power and establishment of improved healthcare infrastructure including health insurance systems.

Following our policy to mass-produce high quality products at lower costs and sell these products all over the world, we have established new plants in various regions, strengthened our presence through our sales offices and reinforced the foundations of our business through M&A and joint ventures. As a result, overseas sales increased 16.5% from the previous fiscal year to ¥82.8 billion (US$1,007.1 million) and contributed to our strong consolidated sales results.

The Company currently has 77 sales offices in 37 countries and 30 manufacturing facilities in 12 countries (including facilities under construction), which will serve as our infrastructure for executing our plan of "local production for local consumption". Regarding products sold overseas, this proportion increased from 32% in FY2010 to 45% in FY2011 due to increasing levels of production at our plants overseas. This percentage is expected to rise further to 55% in FY2012. This trend enables the Company to diversify its currency exchange risk and ensure flexibility in responding to local needs by having manufacturing close to customers.

The environment surrounding our business is challenging, due to global economic stagnation and volatile exchange rates, but the medical, pharmaceutical and pharmaceutical packing materials businesses still has great growth potential. We will continue to expand our business through our global network and excellent human resources in order to contribute to medical treatments around the world.

Nipro Europe N.V. Belgium Head Office

Chengdu Pingyuan Nipro Pharmaceutical Packaging Co., Ltd.

Nipro Tube Glass Limited Badlapur Plant

P.T. Nipro Indonesia JAYA

Message

Managing Director
Kazuo Wakatsuki
Grobal Business Division

Due to the progress of globalization, we are largely influenced by the rapidly-changing world economy. The environment surrounding our business is increasingly affected by government initiatives to cut medical expenditures, as well as the effect of the long-term appreciating yen. Under such conditions, we shall never forget the importance of setting higher goals, even during hard times, as we aim to increase overseas sales to ¥100 billion in fiscal year 2012, ¥250 billion by fiscal 2020 and ¥550 billion by fiscal 2030.

It has been 24 years since Nipro established its first overseas subsidiary. Now our overseas facilities have expanded to 37 countries with more than ten thousand employees working for Nipro throughout the world. In each area, we provide detailed support that includes visiting customers and providing product information. Through these activities, I strongly feel that Nipro has established the position of a high quality brand that has penetrated deeply into the field of medical practice as well as the market itself. Such a community-based structure is our advantage and serves as an important base for responding rapidly to local needs from the perspective of the customer.

We will continue to promote our business expansion and aim to grow our global market share through the implementation of "local production for local consumption" and the full-scale operation of our new plants. At the same time, we will work hard to improve our core product portfolio as well as our commodity products in order to realize steady growth.

Furthermore, we will step up activities such as the establishment of dialysis centers and scientific activities that promote our products in order to create new value as a company. We will not only supply products, but also develop our customer support structure to become a total solution provider.

Nipro Diagnostics, Inc.

Nipro (Thailand) Corporation Limited

Nipro Medical Ltda.

Global Activities

America

17.2%

Rate of Growth Measured Against the Previous Fiscal Year

Sales in America increased 17.2% from the previous fiscal year on a local currency basis.

The Nipro Medical Corporation has worked to reinforce its sales offices in Latin America. In 2011, new branches and sales offices were established in 8 locations; Cali and Medellin in Colombia, Guayaquil in Ecuador, San Pedro Sula in Honduras, Monterrey, Puebla and Guadalajara in Mexico and La Paz in Bolivia. In addition to Nipro Medical LTDA., which primarily manufactures and sells artificial lung-related products and other dialysis-related products, we also established the Nipro Medical Corporation Produtos Medicos LTDA. in order to expand sales of diabetes-related products in Brazil. We now have 27 sales offices in 18 countries in Latin America and continue to realize community-based sales in each country. Taking advantage of this sales network, we will increase our sales of not only medical devices but also new items such as pharmaceutical products and glass materials for pharmaceutical purposes.

Nipro Diagnostics, Inc. (NDI) manufactures and sells diabetes-related products such as blood glucose meters and test strips. Since it was acquired in 2010, we have been making efforts to place NDI's products through our global sales network, and as of March 2012, we have sold NDI products to 57 countries around the world. As a result, sales of blood glucose test strips increased 19% from the previous year. In anticipation of future growth, NDI has purchased two buildings and plans to expand its manufacturing lines, which will deliver a large increase in production capacity. As a result of this advanced business approach and our activities in high quality manufacturing, NDI won the 2011 Manufacturer of the Year Award from the Manufacturers Association of Florida, out of nearly 18,000 manufacturers.

In July 2011, in order to strengthen our pharmaceutical packing materials business, we acquired the glass business of Amcor Ltd., a major packing material manufacturer in Australia, and established the Nipro Glass Americas Corporation in the USA. The company has 3 plants in the USA and provides pharmaceutical containers such as vials to many pharmaceutical companies including the global giants. We have manufacturing capabilities for high quality glass as well as for our important customer base in the USA, which is the largest pharmaceutical market in the world. This acquisition allowed for an immediate expansion of our global pharmaceutical packing materials business.

The 2011 Manufacturer of the Year Award from the Manufacturers Association of Florida

Europe

14.2%

Rate of Growth Measured Against the Previous Fiscal Year

In Europe, sales of our primary products such as dialysis- and diabetes-related items grew steadily, with a net sales increase of 14.2% from the previous fiscal year on a local currency basis.

As for our dialysis business, we have increased our product portfolio so that we are able to participate in major bids, which often require being able to provide a complete range of relevant products. We also made significant progress in securing contracts with major dialysis providers. This has contributed to strong sales increases of our core products such as the ELISIO Series of dialyzers, which are made of hollow fiber material developed and produced in-house.

Moreover, in 2011, we also worked to reinforce our medical glass business in Europe. In July, we acquired manufacturing companies in France and Belgium from Amcor, Ltd. (currently named Nipro Glass France S.A.S. and Nipro Glass Belgium N.V.). They have 3 plants in France and 1 plant in Belgium, and also do business with major pharmaceutical companies based in Europe. The addition of both companies to our group contributed greatly to our sales increase in Europe. Nipro Glass France S.A.S has a machinery division for machine-forming glass containers. The technology from this division will support the development of our glass business.

In Russia, we entered into a joint venture with a local partner company in July in order to manufacture and sell pharmaceutical glass containers such as vials and cartridges. In this country, which is in the process of growing its domestic industry, we expect our plant to come online in the middle of 2012. We plan to have a strong market position as a result of our rapid entry into the market, our ability to leverage our technology, as well as our partner's strong presence.

Furthermore, we also acquired a German glass company MGlas AG (currently Nipro Glass Germany AG), and its affiliated companies, in February 2012. In addition to basic pharmaceutical containers like ampoules and vials, this company manufactures syringes, and also has a washing and packaging line for sterilized syringes. The addition of these products to our portfolio is very valuable to our pharmaceutical container business because of the increasing demand for glass syringes from pharmaceutical companies.

Nipro Glass Belgium N.V.

Asia

41.9%

Rate of Growth Measured Against the Previous Fiscal Year

In Asia, our sales increased 41.9% from the previous fiscal year as a result of organizing sales systems to respond to increasing medical needs.

In our group, new plants for manufacturing medical equipment are under construction in 3 countries in Asia: India, Indonesia and Bangladesh (please refer to the section “Plants and Equipment”). These plants will start operations by the end of 2012. We have started sales activities to secure orders in each area in order to ensure a smooth start to production. Especially in India, the sales system focuses on the four sales headquarter offices located in Mumbai, Chennai, Deli and Kolkata.

In Asia, although advanced medical services, such as dialysis treatment, are still relatively new, the number of potential patients continues to increase. In 2011, we supported the establishment of dialysis centers in countries like India, Thailand and Bangladesh. By using our products in these centers, we are able to introduce our high quality medical services to healthcare workers and provide an opportunity for training, which will enhance the presence of NIPRO products.

The glass business continued to grow in India. In April 2011, we invested capital in Tube Glass Containers Ltd. (currently Nipro Tube Glass Ltd.), a company that has 4 plants in India for manufacturing products such as ampoules and vials. Together with Nipro Glass India Pvt Ltd., which has manufactured and sold glass tubes since 2010, we have established integrated manufacturing from glass tubes to pharmaceutical containers, such as ampoules, etc. As for glass tubes, Nipro Glass India Pvt Ltd. began to produce higher quality products with their new glass furnace in October 2011. They also plan to import high quality glass made by Nippon Electronic Glass Co., Ltd. We will work hard to expand our sales and gain larger market share from this comprehensive base of pharmaceutical glass in India.

Regarding our pharmaceutical business, the Nipro Pharma Corporation has plans to build a pharmaceutical manufacturing plant in Vietnam to provide good quality pharmaceutical products at a globally competitive cost in order to respond to increasing competition both in Japan and the rest of the world. Construction will start in 2012 with the plan to start manufacturing in 2015.

In Bangladesh, we established Nipro JMI Pharma Ltd. with a local partner with whom we already have a joint venture for manufacturing medical equipment. The pharmaceutical market in this country is expanding by approximately 15% every year. By taking the initiative to participate in this market, we will promote global sales of our pharmaceutical products.

Nipro India Corporation Pvt. Ltd. Pune Plant

China

59.4%

Rate of Growth Measured Against the Previous Fiscal Year

Our sales in China increased 59.4% from the previous fiscal year.

Medical needs in China are also increasing rapidly due to economic growth and improved medical infrastructure. The number of dialysis patients is expected to be the largest in the world by 2020, which is already leading the explosive increase in demand from this country. It is said from a business viewpoint that “whoever leads in China will be the world leader”, so we consider the acquisition and maintenance of our market share in China very important even under such severe competition.

Under these conditions, Nipro Trading (Shanghai) Co., Ltd has their offices in 14 locations throughout the country and plans to set up more offices to build a complete sales system in order to respond to increasing future demand. In anticipation of severe cost competition, it is necessary to reduce manufacturing costs. In order to do so, in 2011 we started building a new plant in Hefei, (Anhui). Manufacturing our main products, such as dialyzers, in China, which will grow to be the largest market in the world, is important because it allows for reduction in costs and production lead time, resulting in rapid response to the customer needs. This new plant aims to start operations in 2013 and will serve as a solid base for both manufacturing and sales in China.

Our glass business has also developed in China. The market for pharmaceutical containers, such as ampoules, has expanded rapidly through an increase in global pharmaceutical contracted manufacturing as well as domestic demand. This market is expected to be the world’s largest in the near future. In order to build a solid position in this potential market, we have operated joint venture companies for manufacturing and sales of pharmaceutical glass containers in Sichuan, Jilin and Henan since the second half of 2010. By providing our financial and technical support to our local partner’s base, we can promote our business aggressively. This is a rapidly changing market but we are promoting our business flexibility with local human resources in order to increase our market share.

Nipro Medical (Hefei) Co., Ltd.

Research and Development

Promotion of research and development of both medical equipment and pharmaceutical products is central to the NIPRO Group. In this consolidated fiscal year, the total cost of our R&D activities was ¥6.0 billion (US$72.5 million).

1. Medical Business

In the business of medical equipment, higher quality and improved functionality are being achieved in existing product areas. Steady progress has also been achieved in R&D activities for new product areas.

For example, research protocols for stem cells derived from umbilical blood and the development of cell culture systems have reached the stage of establishing concrete specifications. We are now making progress towards commercialization under a collaborative approach involving industry, government and academia.

Regarding artificial organs, an implantable ventricular-assisting device, developed in collaboration with an American company, is close to the marketing permission stage.

General-Purpose Medical Equipment Division

In recent years, there has been an increase in products made from PVC-free materials where the pharmaceutical agent cannot be absorbed. SAFETOUCH® infusion systems for the domestic market made from PVC-free materials were released in February 2012. This system can be connected without needles when mixing transfusion materials.

The “SAFETOUCH® CATH GA” series went on sale in April 2012 and has a large diameter which allows for a high flow volume. This product includes a safety mechanism to prevent accidental puncture or connection mistakes. These safety mechanisms are required on the medical front.

Regarding enteral alimentation products, the “NIPRO Feeding Tube PU” became a commercial product in January 2012. A specialized tip shape and a combination of rigid stylets with a PU tube allow this product to be inserted smoothly in the duodenum. This product reduces the risk of residual liquid in the lumen and the risk of occlusion due to nutritional supplements.

Circulatory and Interventional Product Division

In the field of PCI (percutaneous coronary intervention) products, our company started selling “SIDEKICK OZMA X®” PTCA balloon catheters from September 2011. This product has improved crossability due to a tip with lower profile, and a hydrophilic coating featuring new technology. These PTCA balloon catheters use a balloon to expand the stenosis site in cases of acute myocardial infarction and occlusion of the coronary arteries.

The “Autobahn Slender™” is a guiding catheter that has a relatively larger ID than our competitors’ products. Nipro started selling this product from January 2012. The device is supposed to be used mainly as part of the TRI (trans radial intervention) approach, and its larger ID improves the crossability of treating devices such as PTCA balloon or stent delivery catheters.

The “TVAC®-II” is a novel type of thrombus-aspiration catheter with improved pushability, anti-kinking properties and aspiration efficiency. Its tapered soft tip also contributes to lesion crossability. This product went on sale in March 2012. This kind of catheter is used for the revascularization of coronary occlusions.

In the field of peripheral artery treatment (Endo Vascular Therapy), we released “RAPID STREAM®” in September 2011. This product is an RX type PTA balloon catheter, making for easier and quicker exchange of balloon catheters.

The “E-VAC®” thrombus-aspiration catheter is for peripheral arteries (on sale from October 2011). This catheter is mainly used to remove thrombus in lower legs as well as a hemodialysis shunt. Its specialized tip shape enables to aspirate thrombus around the vessel wall.

Artificial Organs Division

A membranous artificial lung with a venous reservoir is scheduled to go on sale in Brazil from the next fiscal year. Preparations for manufacturing the device were completed in March 2012. This artificial lung has an efficient mechanism to export CO_2 and import O_2 as a substitute for a dysfunctional lung in the case of cardiac surgery. Its venous reservoir also collects and filtrates blood, removes bubbles in the blood, and adjusts the volume of diluted blood during the surgery.

Pharmaceutical Functional Container Division

Soft and rigid cotton swabs were released in November 2011. This device, an extracting device for specimens, is used for rapid diagnosis of flu. Easy access to the nasal cavity is possible owing to its unique features.

Inactivation wipes also went on sale in October 2011. When medical staff spill or splash an anticancer agent for example, these wipes can contribute to reducing the risk of cell toxicity owing to their unique mechanism comprising of three steps (oxidation, reduction and elimination).

Diagnostic Product Division

A novel diagnostic reagent for full-length albumin was released in April 2011. Full-length albumin is different to other albumins because it can be detected at the early stage of nephropathy. This product is useful for the early diagnosis of diabetic nephropathy.

We also plan to sell lithium-measuring reagents that can be easily used with general-purpose equipment from September 2012. General lithium preparations are mostly used to improve the condition of manic and manic-depressive illness. However, it has to be taken in conjunction with monitoring of blood levels, because its effective and addictive ranges are close.

The Research and Development Laboratory has a basic concept of approaching to medical needs and problems from unique viewpoints, and developing high-value added products. The whole research sphere, from materials to production facilities in the field of medical devices, is our target.

The total amount of research and development costs in this division for the current fiscal year was ¥2.2 billion (US$27.0 million).

* Based on an exchange rate of USD$ 1= ¥82.19

2. Pharmaceutical Business

Currently, in Japan many policies aimed at reducing medical costs have been adopted due to the aging population, and one of the more effective measures, the promotion of generic drugs, has been implemented by the Japanese government. Meanwhile, on the medical front, there is a need for high quality medical care such as improving patients' QOL (quality of life) and the safety of health workers. In order to meet these needs, we are researching the various disorders as well as diverse dosage forms for drugs. Our aim is to develop high quality, affordable drugs to contribute to patients' QOL, as well as adding value to products.

The features of our pharmaceutical business are as follows:

1) In Nipro Group plants, we can produce almost all dosage forms for drugs, such as injectable drugs (produced by plants owned and managed by the Nipro Pharma Corporation), oral drugs (produced by the Tohoku Nipro Pharmaceutical Corporation, the Nipro Genepha Corporation and Zensei Pharmaceutical Industries. Co., Ltd.), as well as drugs for external use (produced by Nipro Patch Co., Ltd.).
2) We can develop materials for medical containers, including pharmaceutical containers, in cooperation with our Development Division and Medical Device Manufacturing Division.
3) We have unique technologies such as orally-disintegrating tablets and sustained-release formulations.

Reflecting these unique features, we focus on developing products, paying attention to issues such as ease of handling in medical practice and consumption and simplicity of use for patients.

Development of Anti-Cancer Drugs and Biosimilars

In 2012, preparation of manufacturing lines for anti-cancer drugs (injectable drugs) and biosimilars was completed at the Odate Plant of the Nipro Pharma Corporation. In our Research Division, we have begun to develop these products in anticipation of the completion of the manufacturing facility.

As for anti-cancer drugs, we are developing safer and higher quality generic drugs to improve our product line-up. With regard to biotechnology-based drugs, we have conducted development of biosimilars, such as antibody drugs, where the market is expected to show growth. We are aiming to release these products to the market post-2016.

Even though it is challenging to produce anti-cancer drugs and biosimilars, we will continue to strive to offer affordable and high-quality generic drugs.

Development of Kit Products

In August 2011, we marketed “Edaravone”, a protecting brain agent (the original drug “RADICUT” was produced by the Mitsubishi Tanabe Pharma Corporation) that consisted of a premixed, drug housed in a bag ready to be used for drip infusion. ”Edaravone”, which enables easy administration, is a highly-valued product because it is used for patients suffering from acute brain infarction.

In addition, we have marketed the double-bag antibiotic drug ”Piperacillin Sodium” (the original drug PENTCILLIN was produced by Toyama Chemical Co., Ltd.) and “Sodium Heparin” pre-filled syringes for hemodialysis.

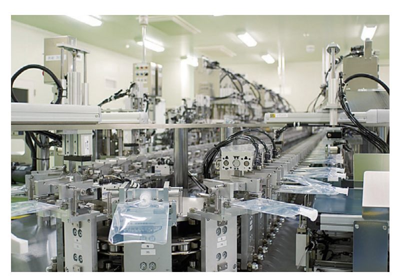
Orally-Disintegrating Tablets

In November 2011, we marketed “Donepezil Hydrochloride” OD tablets (Orally-Disintegrating tablets - the original drug “ARICEPT” was produced by Eisai Co., Ltd.) and the allergy drug “Loratadine” (the original drug CLARITIN was produced by MSD K.K.), both of which dissolve without water in the oral cavity. These products are aimed at the elderly, who may find it difficult to swallow, as well as for the general convenience of patients taking medication.

Putting Major Generic Drugs on the Market

Other than “Edaravone” and “Donepezil Hydrochloride”, 2011 saw the diabetic drug “Pioglitazone” (the original drug ”ACTOS” was produced by Takeda Pharmaceutical Co., Ltd.) launched on the market.

The total amount of research and development costs in this division for the current fiscal year was ¥3.7 billion (US$45.5 million).



Research and Development Laboratory

Plant and Equipment

1. Overview of Capital Investments, etc.

The Group (the Company and its consolidated subsidiaries) has focused on investing in research and development and product areas where growth can be expected in the future for energy efficiency, rationalization, product quality improvement, and increasing production capacity. Capital investment (tangible fixed assets on an acceptance basis; figures shown do not include consumption tax, etc.) during this consolidated fiscal year totaled ¥33.5 billion (US$408.1 million). Capital investment by business segment is shown below.

The medical business segment made capital investments mainly to increase production capacity and for production rationalization at the Company's Odate Plant and Nipro (Thailand) Corporation Ltd. In addition, Nipro India Corporation Pvt. Ltd. and Nipro Medical (Hefei) Co., Ltd. undertook the construction of new plants.

In the pharmaceutical business segment Nipro Pharma Corporation made capital investments mainly in facilities to manufacture anticancer drug preparations at the Odate Plant and for infusion solution preparations at the Ise Plant. Tohoku Nipro Pharmaceutical Corporation made capital investments for the purpose of recovery following the Great East Japan Earthquake.

The materials business segment made capital investments mainly for the production of glass tubes and bottles at the Company's Otsu Plant.

Corporate capital investments were made primarily in equipment and devices for research and development at the Company's Research and Development Laboratory and Pharmaceutical Research Center.

The required funds were allocated mainly from owned capital and loans.

There was no material retirement or disposal of plants and equipment.

	Millions of yen	Thousands of U.S. dollars
Medical	¥ 18,689	$ 227,388
Pharmaceutical	13,501	164,266
Materials	935	11,376
Corporate	416	5,061
Total	¥ 33,542	$ 408,091

2. Status of Major Plant and Equipment

(1) Reporting Companies

As of March 31, 2012

Name of Facility (Location)	Name of Segment by Business Category	Type of Asset	Book Value (Millions of yen)					Number of Employees (People)
			Buildings and Structures	Machinery and Equipment	Land (Area m²)	Construction in Progress	Total	
Odate Plant (Odate, Akita)	Medical	Medical Equipment Production Facilities, etc.	¥ 8,638	¥ 10,164	¥ 961 (198,026)	¥ 358	¥ 20,121	1,217
Otsu Plant (Otsu, Shiga)	Materials	Glass Tube Processing Production Facilities, etc.	160	111	25 (4,604)	52	348	36
Tokyo Office (Bunkyo-ku, Tokyo)	Materials	Sales Facilities	245	37	2,092 (441)	–	2,374	20
Domestic Operations 21 Branches and 33 Sales Offices in Japan	Medical	Sales Facilities	379	550	357 (2,566)	11	1,297	675
Research and Development Laboratory & Pharmaceutical Research Center (Kusatsu, Shiga)	Corporate	Research and Development Plant and Equipment, etc.	1,874	544	467 (26,544)	–	2,885	250
Headquarters (Kita-ku, Osaka)	Medical Materials Corporate	Other Plant and Equipment	323	377	1,508 (1,891)	2	2,210	169
Leased Assets and Others (Settsu, Osaka, Other)	Other	Other Plant and Equipment	1,063	1	4,760 (53,650) [21,020] *Note:(1)	–	5,824	–

Name of Facility (Location)	Name of Segment by Business Category	Type of Asset	Book Value (Thousands of U.S. dollars)					Number of Employees (People)
			Buildings and Structures	Machinery and Equipment	Land (Area m²)	Construction in Progress	Total	
Odate Plant (Odate, Akita)	Medical	Medical Equipment Production Facilities, etc.	$ 105,098	$ 123,665	$ 11,692 (198,026)	$ 4,356	$ 244,811	1,217
Otsu Plant (Otsu, Shiga)	Materials	Glass Tube Processing Production Facilities, etc.	1,947	1,350	304 (4,604)	633	4,234	36
Tokyo Office (Bunkyo-ku, Tokyo)	Materials	Sales Facilities	2,981	450	25,453 (441)	–	28,884	20
Domestic Operations 21 Branches and 33 Sales Offices in Japan	Medical	Sales Facilities	4,611	6,692	4,344 (2,566)	134	15,781	675
Research and Development Laboratory & Pharmaceutical Research Center (Kusatsu, Shiga)	Corporate	Research and Development Plant and Equipment, etc.	22,801	6,619	5,682 (26,544)	–	35,102	250
Headquarters (Kita-ku, Osaka)	Medical Materials Corporate	Other Plant and Equipment	3,930	4,587	18,348 (1,891)	24	26,889	169
Leased Assets and Others (Settsu, Osaka, Other)	Other	Other Plant and Equipment	12,933	12	57,915 (53,650) [21,020] *Note:(1)	–	70,860	–

(2) Domestic Subsidiaries

As of March 31, 2012

Company	Name of Facility (Location)	Name of Segment by Business Category	Type of Asset	Book Value (Millions of yen) Buildings and Structures	Machinery and Equipment	Land (Area m^2)	Construction in Progress	Total	Number of Employees (People)
Nipro Medical Industries Co., Ltd.	Tatebayashi Plant (Tatebayashi, Gunma)	Medical	Medical Equipment Production Facilities	¥ 1,219	¥ 1,014	¥ 521 (15,461)	¥ 14	¥ 2,768	357
Nipro Pharma Corporation	Ise Plant (Matsusaka, Mie)	Pharmaceutical	Pharmaceutical Production Facilities	6,526	1,900	1,557 (104,763)	2,191	12,174	620
	Odate Plant (Odate, Akita)	Pharmaceutical	Pharmaceutical Production Facilities	10,363	4,747	1,247 (204,890)	7,510	23,867	617
Tohoku Nipro Pharmaceutical Corporation	Kagamiishi Plant (Kagamiishi-machi, Iwase-gun, Fukushima)	Pharmaceutical	Pharmaceutical Production Facilities	6,892	3,865	458 (83,841)	–	11,215	214
Zensei Pharmaceutical Industries Co., Ltd.	Kishiwada Plant (Kishiwada, Osaka)	Pharmaceutical	Pharmaceutical Production Facilities	2,432	548	552 (21,357)	–	3,532	297
Nipro Patch Co., Ltd.	Kasukabe Plant (Kasukabe, Saitama)	Pharmaceutical	Pharmaceutical Production Facilities	1,571	676	1,008 (9,611)	333	3,588	131
	Hanyu Plant (Hanyu, Saitama)	Pharmaceutical	Pharmaceutical Production Facilities	839	730	455 (16,680)	–	2,024	70

Company	Name of Facility (Location)	Name of Segment by Business Category	Type of Asset	Book Value (Thousands of U.S. dollars) Buildings and Structures	Machinery and Equipment	Land (Area m^2)	Construction in Progress	Total	Number of Employees (People)
Nipro Medical Industries Co., Ltd.	Tatebayashi Plant (Tatebayashi, Gunma)	Medical	Medical Equipment Production Facilities	*$ 14,831*	*$ 12,338*	*$ 6,339 (15,461)*	*$ 170*	*$ 33,678*	*357*
Nipro Pharma Corporation	Ise Plant (Matsusaka, Mie)	Pharmaceutical	Pharmaceutical Production Facilities	*79,401*	*23,117*	*18,944 (104,763)*	*26,658*	*148,120*	*620*
	Odate Plant (Odate, Akita)	Pharmaceutical	Pharmaceutical Production Facilities	*126,086*	*57,756*	*15,172 (204,890)*	*91,374*	*290,388*	*617*
Tohoku Nipro Pharmaceutical Corporation	Kagamiishi Plant (Kagamiishi-machi, Iwase-gun, Fukushima)	Pharmaceutical	Pharmaceutical Production Facilities	*83,854*	*47,026*	*5,572 (83,841)*	–	*136,452*	*214*
Zensei Pharmaceutical Industries Co., Ltd.	Kishiwada Plant (Kishiwada, Osaka)	Pharmaceutical	Pharmaceutical Production Facilities	*29,590*	*6,668*	*6,716 (21,357)*	–	*42,974*	*297*
Nipro Patch Co., Ltd.	Kasukabe Plant (Kasukabe, Saitama)	Pharmaceutical	Pharmaceutical Production Facilities	*19,114*	*8,225*	*12,264 (9,611)*	*4,052*	*43,655*	*131*
	Hanyu Plant (Hanyu, Saitama)	Pharmaceutical	Pharmaceutical Production Facilities	*10,208*	*8,882*	*5,536 (16,680)*	–	*24,626*	*70*


Tohoku Nipro Pharmaceutical Corporation

Nipro Patch Co., Ltd. Kasukabe Plant

(3) Overseas Subsidiaries

As of March 31, 2012

Company	Name of Facility (Location)	Name of Segment by Business Category	Type of Asset	Book Value (Millions of yen)					Number of Employees (People)
				Buildings and Structures	Machinery and Equipment	Land (Area m^2)	Construction in Progress	Total	
Nipro (Thailand) Corporation Limited	Thailand Plant (Ayutaya, Thailand)	Medical	Medical Equipment Production Facilities	¥ 2,983	¥ 9,523	¥ 259 (159,196)	¥ 18	¥ 12,783	4,290
Nipro (Shanghai) Co., Ltd.	Shanghai Plant (Shanghai, China)	Medical	Medical Equipment Production Facilities	877	1,907	– <40,681> *Note:(2)	463	3,247	663
Nipro Medical Ltda.	Brazil Plant (Sorocaba, Sao Paolo, Brazil)	Medical	Medical Equipment Production Facilities	491	1,346	78 (73,623)	81	1,996	325
Nipro Diagnostics, Inc.	Fort Lauderdale Plant (Florida, U.S.A)	Medical	Medical Equipment Production Facilities	1,214	2,041	476 (55,466) <13,162> *Note:(2)	708	4,439	434
Nipro India Corporation Pvt. Ltd.	India Plant (Pune, India)	Medical	Medical Equipment Production Facilities	0	67	– <210,000> *Note:(2)	5,397	5,464	208
Nipro Medical (Hefei) Co., Ltd.	Hefei Plant (Hefei, China)	Medical	Medical Equipment Production Facilities	–	6	– <189,877> *Note:(2)	4,849	4,855	48
Nipro Glass Americas Corporation	Millville Plant (New Jersey, U.S.A)	Materials	Glass Equipment Production Facilities	764	522	83 (194,249)	405	1,774	331

Company	Name of Facility (Location)	Name of Segment by Business Category	Type of Asset	Book Value (Thousands of U.S. dollars)					Number of Employees (People)
				Buildings and Structures	Machinery and Equipment	Land (Area m^2)	Construction in Progress	Total	
Nipro (Thailand) Corporation Limited	Thailand Plant (Ayutaya, Thailand)	Medical	Medical Equipment Production Facilities	*$ 36,294*	*$ 115,866*	*$ 3,151 (159,196)*	*$ 219*	*$ 155,530*	*4,290*
Nipro (Shanghai) Co., Ltd.	Shanghai Plant (Shanghai, China)	Medical	Medical Equipment Production Facilities	*10,670*	*23,203*	*– <40,681>* *Note:(2)	*5,633*	*39,506*	*663*
Nipro Medical Ltda.	Brazil Plant (Sorocaba, Sao Paolo, Brazil)	Medical	Medical Equipment Production Facilities	*5,974*	*16,376*	*949 (73,623)*	*986*	*24,285*	*325*
Nipro Diagnostics, Inc.	Fort Lauderdale Plant (Florida, U.S.A)	Medical	Medical Equipment Production Facilities	*14,771*	*24,833*	*5,791 (55,466) <13,162>* *Note:(2)	*8,614*	*54,009*	*434*
Nipro India Corporation Pvt. Ltd.	India Plant (Pune, India)	Medical	Medical Equipment Production Facilities	*0*	*815*	*– <210,000>* *Note:(2)	*65,665*	*66,480*	*208*
Nipro Medical (Hefei) Co., Ltd.	Hefei Plant (Hefei, China)	Medical	Medical Equipment Production Facilities	*–*	*73*	*– <189,877>* *Note:(2)	*58,997*	*59,070*	*48*
Nipro Glass Americas Corporation	Millville Plant (New Jersey, U.S.A)	Materials	Glass Equipment Production Facilities	*9,296*	*6,350*	*1010 (194,249)*	*4,928*	*21,584*	*331*

Note:
(1) [21,020] is the area (m^2) of major facilities leased to entities other than consolidated subsidiaries.
(2) <40,681>, <13,162> , <210,000> and <189,877> are the area (m^2) of facilities leased from entities other than consolidated subsidiaries.
(3) The figures shown above do not include consumption taxes, etc.
(4) There are no major facilities currently in abeyance.
(5) In addition to the above, the details of major facilities leased from entities other than consolidated subisidaries are shown below.

1) Nipro Corporation

Name of Facility (Location)	Name of Segment by Business Category	Type of Facilities	Major Lease Period	Annual Lease Payments (Millions of yen)	Lease Contracts Balance (Millions of yen)
Headquarters (Kita-ku, Osaka)	Medical Materials Corporate	Host Computer and Peripheral Equipment, etc.	5 Years	¥ 34	¥ 54
Domestic Operations 21 Branches and 33 Sales Offices in Japan	Medical	Company Vehicles, etc.	5 Years	249	606

Name of Facility (Location)	Name of Segment by Business Category	Type of Facilities	Major Lease Period	Annual Lease Payments (Thousands of U.S. dollars)	Lease Contracts Balance (Thousands of U.S. dollars)
Headquarters (Kita-ku, Osaka)	Medical Materials Corporate	Host Computer and Peripheral Equipment, etc.	5 Years	*$ 414*	*$ 657*
Domestic Operations 21 Branches and 33 Sales Offices in Japan	Medical	Company Vehicles, etc.	5 Years	*3,030*	*7,373*

3. Plans for New Construction or Disposal of Facilities

(1) New Construction of Major Facilities, etc

The Reporting Company leads coordination of plans for new construction of facilities to avoid duplicate investment across the Group, since each individual consolidated subsidiary is principally responsible for setting their own capital investment plans. Plans for new construction of major facilities are as shown below.

Company	Location	Name of Segment by Business Category	Type of Asset	Planned Amount of Investment		Means of Fund Raising	Month and Year of Construction Start	Month and Year of Planned Completion
				Total Amount (Millions of yen)	Paid-in Amount (Millions of yen)			
Nipro Diagnostics, Inc.	Florida, U.S.A	Medical	Blood Glucose Meter Sensor Production Facilities, etc.	¥ 2,369	¥ 444	Owned Capital	June 2011	June 2014
Nipro India Corporation Pvt. Ltd.	Pune, India	Medical	Medical Equipment Production Facilities, etc.	11,462	5,784	Loans and Investment Funds from the reporting company	January 2011	June 2012
Nipro Medical (Hefei) Co., Ltd.	Hefei, China	Medical	Medical Equipment Production Facilities, etc.	21,445	5,266	Investment Funds from the reporting company	July 2011	July 2013
P.T. Nipro Indonesia JAYA	Jawa Barat, Indonesia	Medical	Medical Equipment Production Facilities, etc.	6,552	4,407	Investment Funds from the reporting company	April 2011	August 2012
Nipro JMI Co., Ltd.	Dhaka, Bangladesh	Medical	Medical Equipment Production Facilities, etc.	2,356	1,277	Investment Funds from the reporting company	May 2011	June 2012
Nipro Pharma Corporation Ise Plant	Matsusaka, Mie	Pharmaceutical	Infusion Solution Preparation Production Facilities, etc.	3,284	2,575	Loans and Owned Capital	March 2010	August 2012

Company	Location	Name of Segment by Business Category	Type of Asset	Planned Amount of Investment		Means of Fund Raising	Month and Year of Construction Start	Month and Year of Planned Completion
				Total Amount (Thousands of U.S. dollars)	Paid-in Amount (Thousands of U.S. dollars)			
Nipro Diagnostics, Inc.	Florida, U.S.A	Medical	Blood Glucose Meter Sensor Production Facilities, etc.	*$ 28,823*	*$ 5,402*	Owned Capital	June 2011	June 2014
Nipro India Corporation Pvt. Ltd.	Pune, India	Medical	Medical Equipment Production Facilities, etc.	*139,457*	*70,374*	Loans and Investment Funds from the reporting company	January 2011	June 2012
Nipro Medical (Hefei) Co., Ltd.	Hefei, China	Medical	Medical Equipment Production Facilities, etc.	*260,920*	*64,071*	Investment Funds from the reporting company	July 2011	July 2013
P.T. Nipro Indonesia JAYA	Jawa Barat, Indonesia	Medical	Medical Equipment Production Facilities, etc.	*79,718*	*53,620*	Investment Funds from the reporting company	April 2011	August 2012
Nipro JMI Co., Ltd.	Dhaka, Bangladesh	Medical	Medical Equipment Production Facilities, etc.	*28,665*	*15,537*	Investment Funds from the reporting company	May 2011	June 2012
Nipro Pharma Corporation Ise Plant	Matsusaka, Mie	Pharmaceutical	Infusion Solution Preparation Production Facilities, etc.	*39,956*	*31,330*	Loans and Owned Capital	March 2010	August 2012

Note: The figures shown above do not include consumption taxes, etc.

(2) Disposal of Major Facilities, etc

There are no planned disposals, etc., of major facilities.

Nipro Corporation Odate Plant

Nipro Pharma Corporation Odate Plant

Status of Corporate Governance

1. System for Corporate Governance

(1) System for Corporate Governance and the Reasons Why this System has been Implemented

The NIPRO Group has established a corporate governance system with appropriate organizations in accordance with the Companies Act, such as the General Meeting of Stockholders and directors of the Company, in addition to the Board of Directors, statutory auditors and the Board of Auditors and an Accounting Auditor, as well as establishing internal committees such as a Management Risk Control Committee, which continuously maintains close coordination with external parties such as the company attorney, etc., and is structured so as to be able to observe and give direction about the efficiency and appropriateness of its operations over the NIPRO Group as a whole.

The NIPRO Group has diversified its business and established an independent management system for each division from the outset. Based on the management system of each business unit, mutual collaboration and internal controls are effectively exerted on the integrated operations of the NIPRO Group, and with clear responsibilities and a strengthened management system, the corporate governance system mentioned above works effectively as a classic and consistent management system for the NIPRO Group.

(2) Status of Internal Control Systems

The Company's basic policy for internal control systems, as stipulated in Article 362, Paragraph 5 of the Companies Act, was approved at the Board of Directors meeting convened on April 29, 2006, and implemented from May 1st of the same year.

The Company endeavors to establish business units as the foundation of its internal control systems for the entire NIPRO Group. The Company's directors and statutory auditors, as well as representatives of each of the major companies of the group, hold a Group management meeting on a regular monthly basis to report on the progress of business operations, decide important operating matters, and deliberate on pending matters.

To build awareness of and compliance with the laws, regulations, and corporate ethics among executives and employees, the Company is active in the dissemination and promotion of compliance by creating and archiving compliance handbooks and manuals of compliance on the corporate portal site, implementing an internal reporting system to collect and react to risk data, and distributing appropriate information via net chat boards and the intranet.

These internal control systems, which are aimed at the executives and employees of each company in the NIPRO Group, are operated as a consistent management mechanism with an aim to ensure close mutual collaboration.

(3) Status of the Risk Management System

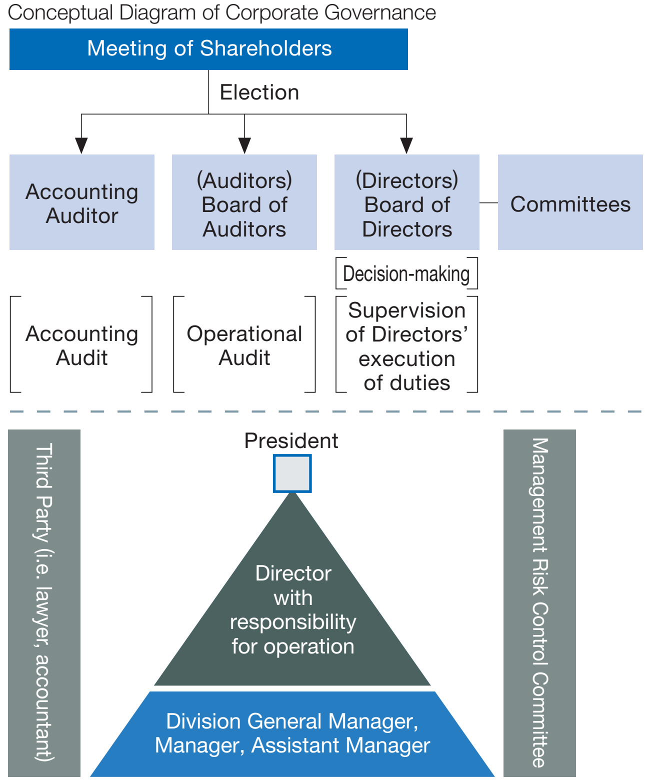
The Company has established risk management regulations and a system for managing business risk and other individual risks in order to recognize and grasp in an appropriate and comprehensive manner risks that could have a material impact on business operations.

In order to effect management across all companies in the Group, the Company has established a Management Risk Control Committee and works continuously to further strengthen the system for promoting management of business risk, so as to prevent, avoid and stop the recurrence of risks and crises.

Furthermore, the Company has established a Sanction Committee, chaired by the President, which endeavors to ensure sound business management through the appropriate handling of sanctions.

(4) Condition and Status of the Company's Organizational Content and Internal Control Systems

Conceptual Diagram of Corporate Governance



2. Status of Internal Auditing and Audits by Statutory Auditors

(1) Internal Auditing

The Company has established an Internal Audit Division, consisting of an Audit Office and an Overseas Audit Office and is conducting audits of accounting, procedures, and other operations based on internal audit protocols.

Aside from the two full-time employees in the Internal Audit Division, employees are dispatched as necessary from the Head Office Management Division or other divisions to carry out inspections in a timely, smooth and efficient manner.

In regards to implementation of specific audit operations, audits are carried out in accordance with audit policies and audit plans that are established each fiscal year, and the Company endeavors to ensure smooth accounting audits and audits by statutory auditors through mutual collaboration between said statutory auditors and our accounting auditors.

(2) Audits by Statutory Auditors

For audits by statutory auditors, in accordance with the auditing policy and the division of labor as agreed upon by the Board of Auditors, each statutory auditor attends important meetings, including Board of Directors meetings, and receives reports from Directors and employees and requesting further explanation when necessary, in addition to inspecting important documents as well as undertaking other auditing duties such as investigating the actual condition of operations and assets, etc. The statutory auditors hold Board of Auditors Meetings regularly, or as necessary, in order to exchange views and hold discussions.

3. External Directors and External Auditors

(1) External Directors

The Company does not have an external director.

<Reasons why the Company does not appoint external directors>

Due to their prior professions, the 2 external auditors have a profound knowledge and insight for business management and they receive reports on the status of operations of directors and employees via the full-time auditor, especially on the matters which could have a material impact on the group and the status of performance of the internal audit. Therefore, they are constantly able to independently and objectively conduct the audit and attend meetings of the Board of Directors to make appropriate statements or offer advice, so that they sufficiently perform the function and role expected of external directors.

(2) External Auditors

At present, two of the three Auditors are external auditors, one of whom is identified as an independent director.

(3) Personal, capital, transactional or other interests between the Company and External Auditors.

There are no particular interests and relations between the Company and the 2 external auditors.

(4) The function and role of the External Auditors in the corporate governance of the NIPRO Group.

External auditors are expected to utilize their profound knowledge from past experience of business management and apply this to the examination of the management of the NIPRO Group from a broader perspective. With close collaboration with the internal auditor, employees of the Audit Office, auditors of subsidiaries and accounting auditors, they are able to audit from an objective position so as to ensure the effectiveness of an integral and effective audit function over the NIPRO Group as a whole.

(5) Content of the policy and criteria regarding the independence from the reporting company of the election of External Auditors

The Company does not have any criteria or policy in place regarding independence from the reporting company for the election of external auditors. However, with regard to such elections, the Company refers to the criteria for judgment used by the stock exchange in ascertaining independence.

(6) Company's opinion regarding the status of the election of External Auditors

Close coordination with the full-time auditor, employees of the Auditing Section and assigned staff from the management section of the head office (as needed) provides sufficient collateral to ensure that the audit function and role as required by the system of corporate governance is implemented.

In the event that number of auditors falls below the legal minimum, we have taken the precaution of electing a sub-auditor who meets the requirements to qualify as an external auditor.

When needs arise to improve the audit function in accordance with business developments and future expansion, we intend to review and enhance the audit system including an increase in the number of auditors.

(7) Mutual collaboration between External Auditors and the Internal Audit Division, audits by statutory auditors and audits by accounting auditors and the relationship with our internal control organization.

External auditors attend important meetings such as the meeting of Board of Directors in accordance with the audit policy determined by the Board of Auditors. External auditors also obtain reports from the full-time auditor or directly from directors and employees and can also inspect important documents, etc. They hold periodic or occasional meetings with the Board of Auditors and discuss and exchange their fair and independent opinions.

External auditors strive to facilitate a smooth audit service through close collaboration with employees of the Audit Office, the full-time auditor, auditors of subsidiaries and the accounting auditor.

4. Remuneration paid to Directors and Auditors

(1) The total amount of remuneration, the total amount of remuneration by type and the number of directors and auditors eligible for remuneration are shown in the table below.

	Millions of yen				
	Total amount of remuneration	Total amount of remuneration by type: Annual remuneration	Bonus	Retirement benefits	Number of eligible corporate officers
Directors	¥ 299	¥ 103	¥ 153	¥ 43	26
Auditors					
Excluding external auditors	6	6	–	–	1
External auditors	2	2	–	–	3

	Thousands of U.S. dollars				
	Total amount of remuneration	Total amount of remuneration by type: Annual remuneration	Bonus	Retirement benefits	Number of eligible corporate officers
Directors	$ 3,638	$ 1,253	$ 1,862	$ 523	26
Auditors					
Excluding external auditors	73	73	–	–	1
External auditors	24	24	–	–	3

(2) The total amount of remuneration etc. of each director and auditor

As there was no director or auditor whose total consolidated remuneration exceeded 100 million yen, we are not required to disclose this information.

(3) Basic policy to determine the remuneration of directors

- Director's remuneration, etc.

  Director's remuneration is determined by the Board of Directors or is based on certain standards decided by the Board of Directors.

  Annual remuneration is determined considering the market rate and the employee's salary level. Bonuses are calculated by a certain method based on the sliding scale system in accordance with the results of the business. Retirement benefits are granted by the resolution of the Board of Directors, up to a ceiling determined at the General Meeting of Stockholders.

- Auditor remuneration

  The annual remuneration is determined by mutual accord with the auditors.

  At present, the total amount of remuneration for directors and auditors is determined by a resolution taken at the General Meeting of Stockholders as follows.

  The total amount of remuneration for directors is up to 800 million yen per year, based on the General Meeting of Stockholders held on June 25, 2010.

  The total amount of remuneration for auditors is up to 30 million yen per year, based on the General Meeting of Stockholders held on June 27, 2007.

5. Status of Accounting Audits

Name of Accounting Auditor: Osaka Audit Corporation

Name of Certified Public Accountants conducting the Audit

Operational staff: Yoshitsugu Hashimoto, Kouichi Aki, Kazuhiro Bando

Support Staff for Audit Operations:

Certified Public Accountants: 8 people

Other staff : 3 people

Nipro is able to conduct its business due to the support of many stakeholders such as customers, clients, stockholders, other investors, and the community at large. Under the current harsh management conditions, we understand that recognizing our position in society, as well as taking responsibility for our actions, are basic management policies required to earn the trust of all stakeholders.

We hope to remain a company which contributes to building a rich and comfortable society as well as earnestly addressing a variety of social challenges, including environmental issues.

1. The Stable Supply of Medical Products

As a medical manufacturer, 2011 was the year when we came to realize the importance of a stable supply of medical products. Following the Great East Japan Earthquake in March 2011 and the disastrous floods in Thailand in October that year, some medical equipment and pharmaceuticals were in short supply.

Following the Great East Japan Earthquake, we dispatched response teams to visit facilities the same day the disaster struck. We quickly started maintenance procedures, as well as inspecting and mending dialysis machines. We made efforts to restart almost all of the dialysis facilities in the disaster area within a couple of days of the quake. In addition, we worked to ease anxiety felt by patients and health workers by delivering products such as dialyzers, needles and syringes, even during a time when many companies were suffering from a decline in their supply capabilities. At our Odate Plant our electricity generator came online due to a blackout of the main power supply. Our plant made a huge contribution to ensuring the stable supply of medical products by securing raw materials, as well as running maintenance, inspections and repairing production lines to resume prompt production.

Following the disastrous flooding in Thailand, there were some shortages of medical equipment in Japan due to the damage suffered to production lines run by Japanese companies in Thailand. During the floods, the Nipro Thailand Corporation promptly implemented flood countermeasures, secured raw materials and took immediate action to prevent a shortage of sterilization equipment. As a result, a stable supply of medical equipment was secured and this was able to cover the temporary shortfall in Japan.

No matter how serious the disaster that befalls us is, one mission of this industry is to ensure stable supply of medical equipment and pharmaceuticals. We will implement full-scale preparations for fire, man-made disasters as well as natural disasters such as earthquakes and floods, all the while never assuming that the scope could be "beyond our assumptions".

2. Contributing through Our Products

We believe that we can contribute to people and society through our business activities. We will make a contribution to society, making the most use of our technologies and delivering high quality, safe and secure products to customers.

(1) Monitoring device for dialysis "NCV-2"; personal dialysis device "NCV-10"

Patients whose kidney function has declined or has been lost due to renal failure, require essential medical equipment such as monitoring devices for dialysis and personal dialysis devices to remove excess water and waste products from their body. Appropriate treatment can be performed by a health worker using this equipment. This equipment has a compact design and the wide variety of automated systems reduce the time and energy expended by health workers, contributing to the improvement of patients' QOL (Quality Of Life) by allowing health workers to spend their time treating patients with severe or acute conditions as well as providing guidance to patients. Furthermore, personal dialysis device is expected increase the possibility that patients who have undergone treatment in dialysis facilities may be able to receive treatment at home.

Monitoring device for dialysis "NCV-2"

(2) Syringe pump SP-80Bs

Syringe pump "SP-80Bs" features enhanced functions to cover a wide range of chemical grouting requirements.

This product is an aid to anesthesia departments and intensive-care units since injection volumes against time can be set automatically once data such as gamma quanta (input), body weight, volume of medical agent and volume of liquid solution have been inputted. Moreover, if settings for frequency, time, volume and speed are inputted, time intervals and volume per shot can be calculated automatically and intermittent repeat injections can be performed.

Syringe pump SP-80Bs

3. Action on Environmental Issues

Environmental issues are a current and global issue. The company is determined to undertake significant action on this front. Our approach has been unique.

Nipro is working to combine its scattered distribution warehouses, by consolidating the functions of four warehouses into our Kawashima Distribution Center in the Kanto region. In the Kansai Region, several warehouses have been consolidated into our Maishima Distribution Center. Due to this initiative, we have improved or reduced import drayage, transport between warehouses and transport routes, resulting in a reduction in CO_2 emissions. In fact, we have succeeded in achieving a CO_2 reduction of 60t per year due to the consolidation of distribution warehouses in Maishima alone.

Maishima Distribution Center

Board of Directors and Auditors

President
Yoshihiko Sano*

Managing Directors
Makoto Sato

Kazuo Wakatsuki

Kiyotaka Yoshioka

Toshiaki Masuda

Directors
Akihiko Yamabe

Mitsutaka Ueda

Tsuyoshi Yamazaki

Hideo Okamoto

Masanobu Iwasa

Kyoetsu Kobayashi

Yozo Sawada

Kimihito Minoura

Hideto Nakamura

Yasushi Kutsukawa

Masayuki Ito

Itsuo Akasaki

Kazuhiko Sano

Akio Shirasu

Hiroshi Yoshida

Hiroshi Sudo

Takeo Kikuchi

Kenichi Nishida

Toyoshi Yoshida

Koki Hatakeyama

Standing Statutory Auditor
Takayuki Nomiya

Statutory Auditors
Masamichi Wada

Kazumichi Irie

* Representative Director

Overview

In the current period under review (year ended March 31, 2012), the global economy transitioned into a turbulent period due to the long-term recession in the US, exposure to China's decelerating economy and the ongoing financial crisis in Europe.

Japanese economy, on the other hand, has also experienced harsh management conditions caused by high oil prices in addition to the Great East Japan Earthquake, which has depressed the Japanese economy in addition to the serious challenges of electricity supply following the issue and controversy surrounding nuclear power plants.

Under such conditions, the Nipro Group has been able to implement a rapid recovery of some of its affected sales locations and plants where output was suspended due to damage sustained during the earthquake. We are also continuously working to secure the performance and output from our sales locations and plants overseas.

Consolidated Business Results

Net Sales

In the year ended March 31, 2012, consolidated net sales amounted to ¥212.0 billion (US$2,579.5million), an increase of 8.2% compared with the previous fiscal year.

Net Sales by Business Segment

Medical Business

Looking at the domestic market, business conditions were extremely severe due to the lagging recovery from the Great East Japan Earthquake and the continuing economic downturn. Under such circumstances, sales of our auto-adjusting dialysis machines such as Dialysis Monitoring Equipment "NCV-2", our dialysis-related pharmaceutical products such as "SUBPACK® Bi" hemodiafiltration substitution fluid, "Heparin Sodium Prefilled Syringe" blood coagulation inhibitors and dialysis-related products such as our hemodiafilter "MAXIFLUX®" showed strong growth. Enteral-alimentation-related products such as "Calm Solid" semisolid foods and alimentation catheters, testing-related products such as glucose analysis devices, vascular-related products such as "ABYSS®" PTA guide wires, "COROFLEX" coronary artery stents and CVS (cardiovascular surgery) related products such as extracorporeal ventricular assist devices and their drive/motor units recorded positive sales. Sales trends in transfusion- and injection-related products as well as hollow fiber dialyzers have displayed a gradual recovery, even though sales have decreased and remain temporarily flat due to the earthquake.

Overseas sales, on the other hand, have been affected by appreciation of the yen against the US dollar and euro in the foreign exchange markets, but from the beginning of this fiscal year, products manufactured in overseas plants started to be sold directly to overseas clients, which has served to reduce the exchange risk as well as enabling community-based sales to realize a stable supply of our products.

As a consequence of this shift, sales in diabetic-related products have showed remarkable progress in the global market. We have also seen dramatic increases in sales of dialysis-related products, such as the dialyzer, dialysis machines and indwelling needles. Moreover, Nipro Glass Americas Corporation, Nipro Glass France S.A.S. and Nipro Glass Belgium N.V., all joined the Nipro Group this fiscal year. These companies, along with Nipro Glass India Ltd., enjoy a reputation for high quality and steady growth.

As a result, net sales of this business increased 9.2% from the previous fiscal year to ¥145.1 billion (US$1,765.2 million).

Pharmaceutical Business

This business consists of two main divisions: the Generic Drugs Division, providing low cost and high quality medical drugs, and the Contracted Manufacturing Division, offering high value-added products to meet customer needs.

Sales of generic drugs are expected to grow in line with the market, due in part to a government policy for the dissemination of generic products which aims to expand the quantitative share of the market for generic drugs to over 30% by the end of fiscal year 2012. Consequently a number of policies have been implemented to encourage the use of generic products. Major pharmaceutical manufacturers have made a full-scale entry into the Japanese market and foreign generic manufacturers have strengthened their marketing strategies, making the competitive environment surrounding the domestic market more severe.

Under these conditions, we have tried to secure a high share of the oral drug market through reinforcing our sales promotions to dispensing pharmacies and by combining with drug wholesalers. In addition, as a result of our detailed information service provided mainly to hospitals subject to the DPC system (Diagnostic Procedure Combination; a comprehensive payment system for medical costs incurred during hospitalization for an acute condition), sales have remained steady, especially of our new products.

Looking at sales of our contracted manufacturing business, we have worked hard at realizing a variety of detailed services such as contracted development and supporting value-added initiatives other than our ordinary contracted manufacturing businesses. Though the effect of the Great East Japan Earthquake reduced operational capacity in some plants during first half of the year, a number of large-scale products have launched and the sales for the whole fiscal year in this division have exceeded sales for the previous term.

As a result, net sales of this business increased 5.5% from the previous fiscal year to ¥40.1 billion (US$487.6 million).

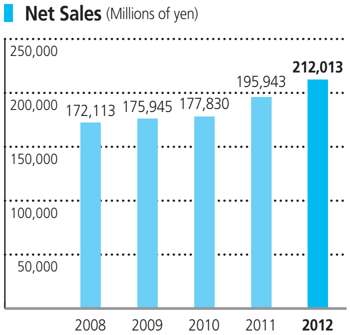
Materials Business

Sales of material glass tubes for ampoules, a type of pharmaceutical glass tube, decreased from the previous year due to the stagnation of domestic demand. In contrast, sales of glass tube material for tube bottles increased because domestic demand has risen steadily and overseas sales have also been progressing smooth. India, China and Russia have shown steady sales results as a new market due to the growth of the pharmaceutical glass business in these countries.

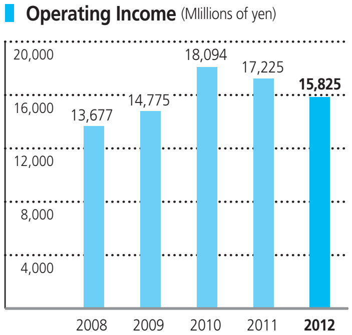
As for other glass-related products, in addition to favorable growth in export sales, special demand in the domestic market following the Great East Japan Earthquake resulted in increased sales for glass used in thermos bottles. Meanwhile, in the field of glass for lighting, our operating capacity in automotive bulb manufacture recovered from the impact of the earthquake but demand for LCD backlight glass decreased due to the penetration of LED displays. Overall, sales of both glass products for lighting and material glass tubes for bulbs decreased from the previous year.

In the field of pharmaceutical containers, sales of rubber stoppers for pharmaceutical use, bags for antimicrobial agents and kit form

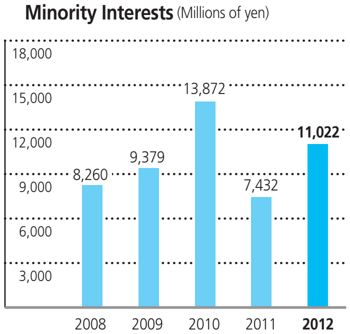
Net Sales (Millions of yen)



Operating Income (Millions of yen)



Income Before Income Taxes and Minority Interests (Millions of yen)



containers increased steadily based on our processing techniques for plastics, metal and rubber. However, sales of pre-filled syringe components decreased slightly.

As for medical preparation and administration related devices, sales increased positively and we are moving forward with the commercialization of our products by both proprietary development and joint development with pharmaceutical companies so as to meet the diverse needs of the market.

Furthermore, we shall continue to promote contract manufacturing and development through cooperation with domestic and overseas pharmaceutical companies as part of a general life cycle management approach for pharmaceuticals, including antiseptic-free eye drop bottles, dental devices and diagnostic devices (other than the development of pharmaceutical combination products), systematization of self injection at home, and modification of dosage channels such as orally disintegrating tablets which can be taken without water.

As a result, net sales of this business increased 7.6% from the previous fiscal year to ¥26.6 billion (US$323.5 million).

Other Business

Sales from real estate rental income decreased 37.2% from the previous fiscal year to ¥0.3 billion (US$3.2 million).

Net Sales by Geographic Area

Japan

In Japan, net sales increased 3.5% compared with the previous fiscal year to ¥129.2 billion (US$1,572.4 million) due to steady sales in our Medical and Pharmaceutical businesses.

America

In America, net sales increased 9.2% compared with the previous fiscal year to ¥40.5 billion (US$493.0 million). The major reason of the increase was the acquisition of the glass business from Amcor, Ltd. in July 2011.

Europe

In Europe, net sales increased 11.8% compared with the previous fiscal year to ¥23.1 billion (US$281.5 million) due to the fine sales of dialysis and other products and the effect of the acquisition of the glass business from Amcor, Ltd. in July 2011.

Asia

In Asia, net sales increased 44.7% compared with the previous fiscal year to ¥19.1 billion (US$232.6 million) due to a great expansion of sales of dialysis- and diabetes-related products in the Asian market.

Cost of Sales

The cost of sales increased 8.3% compared with the previous fiscal year to ¥149.3 billion (US$1,816.0 million). The increase corresponded with the increase in net sales, however, the ratio of cost of sales to net sales increased 0.1 percentage points compared with the previous fiscal year to 70.4%, mainly due to the addition to the Group of Nipro Glass India Ltd. and other glass business companies, which have a higher cost of sales ratio.

As a result, gross profit increased 7.9% compared with the previous fiscal year to ¥62.8 billion (US$763.6 million).

Sales, General and Administrative Expenses

Sales, general and administrative expenses increased 14.6% compared with the previous fiscal year to ¥46.9 billion (US$571.1 million), mainly as a result of the addition of Nipro India Corporation PVT. LTD and 9 other companies into the scope of consolidation and an increase in the amortization of goodwill.

Operating Income

As a result of the aforementioned factors, operating income decreased 8.1% compared with the previous fiscal year to ¥15.8 billion (US$192.5 million). The ratio of operating income to net sales decreased 1.3 percentage points to 7.5%, owing to an increase in sales, general and administrative expenses.

Operating Income by Business Segment

Medical Business

Operating income of the Medical business decreased 7.4% compared with the previous fiscal year to ¥17.1 billion (US207.8 million), due to the effect of the exchange rate and increases in depreciation and amortization.

Pharmaceutical Business

Operating income of the Pharmaceutical business increased 80.1% compared with the previous fiscal year to ¥3.0 billion (US$36.3 million), resulting from improved productivity of tablets and other newly marketed generic drugs.

Materials Business

Operating income of the Materials business decreased 10.8% compared with the previous fiscal year to ¥2.4 billion (US$29.3 million), due to expenses incurred establishing a business in China.

Other Business

Operating income of Other business amounted to ¥0.2 billion (US$2.8 million), mainly from real estate rental income.

Adjustment

Unallocated corporate costs, consisting mainly of R&D-related expenses and headquarters administration expenses, increased 21.5% compared with the previous fiscal year to ¥6.9 billion (US$83.7 million) mainly due to increases in experimental and research expenses.

Other Income (Expenses)

We recorded other expenses of ¥4.8 billion (US$58.4 million) compared with other expenses of ¥9.8 billion in the previous fiscal year. In the period under review, we recorded ¥2.0 billion (US$24.3 million) in exchange loss, a decrease of 18.3% compared with the previous fiscal year, while interest expenses increased 36.1% compared with the previous fiscal year to ¥3.3 billion (US$40.2 million). The total for other expenses decreased from the previous fiscal year, due to the ¥5.3 billion of loss on disaster following the Great East Japan Earthquake that was recorded in the previous fiscal year.

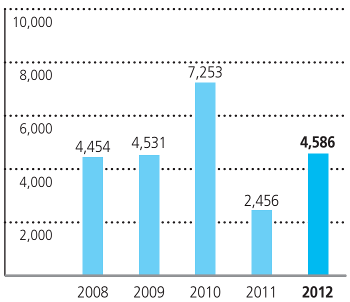
Income before Income Taxes and Minority Interests

As a result of the factors outlined above, income before income taxes and minority interests increased 48.3% compared with the previous fiscal year to ¥11.0 billion (US$134.1 million).

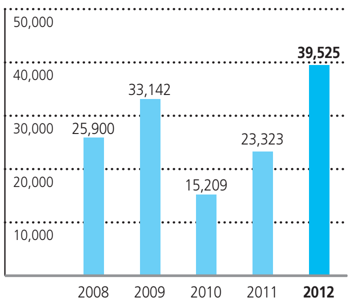
Income Taxes

Income taxes, including deferred taxes, increased 30.0% compared with the previous fiscal year to ¥60.0 billion (US$73.1 million) due to

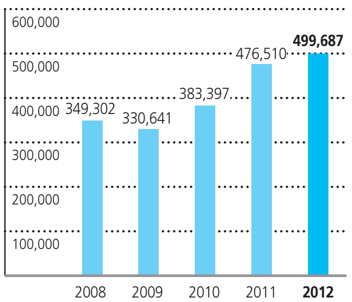
Net Income (Millions of yen)



Capital Expenditures (Millions of yen)



Total Assets (Millions of yen)



the increase in income before income taxes and minority interests. The effective tax rate was 54.5%, lower than the rate of 62.2% for the previous fiscal year, mainly because of a decrease in losses for the consolidated subsidiaries for which valuation allowance on deferred tax assets was provided.

Minority Interests in Income from Consolidated Subsidiaries

Minority interests in net income from consolidated subsidiaries amounted to ¥0.4 billion (US$5.2 million).

Net Income

Net income increased 86.7% compared with the previous fiscal year to ¥4.6 billion (US$55.8 million). Net income per share increased to ¥35.3 (US$0.43) from ¥19.4 for the previous fiscal year after adjustment of the stock split. Return on equity increased 2.0 percentage points to 4.2% from 2.2% for the previous fiscal year because of the higher net income.

Financial Position

Total assets as of March 31, 2012 stood at ¥499.7 billion (US$6,079.7 million), an increase of 4.9% from the end of the previous fiscal year.

Current assets increased 15.4% from the end of the previous fiscal year to ¥250.4 billion (US$3,047.0 million), due mainly to the increase in time deposits (over three months), trade notes and accounts receivable and inventories.

Property, plant and equipment, net of accumulated depreciation, stood at ¥145.7 billion (US$1,772.5million), an increase of 13.4% compared with the previous fiscal year.

Capital investments in property, plant and equipment totaled ¥33.5 billion (US$408.1 million). By business segment, capital investments amounted to ¥18.7 billion (US$227.4 million) in the Medical business and ¥13.5 billion (US$164.3 million) in the Pharmaceutical business.

Intangible assets increased 41.2% to ¥19.2 billion (US$233.0 million) due to an increase in goodwill.

Investment and other assets decreased 28.1% to ¥84.4 billion (US$1,027.1 million), due mainly to a decrease in investment securities.

Current liabilities increased 7.2% from the end of the previous fiscal year to ¥189.1 billion (US$2,300.6 million), mainly due to an increase in current portion of long-term debt.

Long-term liabilities increased 2.9% from the end of the previous fiscal year to ¥196.6 billion (US$2,392.6 million), owing to an increase in long-term debt.

Total net assets increased 4.5% from the end of the previous fiscal year to ¥114.0 billion (US$1,386.4 million), due to an increase in common stock.

Cash Flow

Net cash provided by operating activities decreased 29.0% compared with the previous period to ¥15.5 billion (US$ 188.4 million), mainly because of an increase in inventories.

Net cash used in investing activities amounted to ¥67.9 billion (US$ 826.4 million), mainly due to purchases of property, plants and a decrease in equipment and deposits (over three months).

Net cash provided by financing activities amounted to ¥45.7 billion (US$556.3 million) as a result of proceeds from long-term loans and issuance of common stock.

As a result, net cash and cash equivalents increased ¥0.5 billion compared with the end of the previous fiscal year to ¥79.5 billion (US$966.7 million).

Staff

Total number of employees at the end of the period under review increased 2,549 compared with the end of the previous fiscal year to 14,566. Employees in Japan increased 222 to 5,227, and the overseas employees increased 2,327 to 9,339.

Basic Policy on Distribution of Profit

Our policy is that 50% of non-consolidated net income is to be distributed to shareholders. Employees' bonuses are determined according to the business performance of the division to which the employees belong. Bonuses for directors and statutory auditors are determined on the basis of corporate business performance.

Retained earnings are invested in sales and production facilities as well as in R&D, with a view to establishing the firm management basis and long-term business development, which in turn should ensure stable profits in the future.

Risk Factors

The following are risks that may have an effect on the Nipro Group's results of operations and/or its financial condition.

The items concerned were determined as of March 31, 2012.

(1) Risks Related to Product Safety

The Nipro Group brings all of its capabilities to bear in securing product safety in the design, development and manufacturing of medical equipment and pharmaceutical products. There are still the risks, however, that accidental defects or side-effects could result in damages to a third party and our being sued for liability.

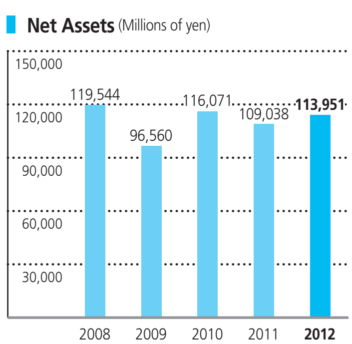
To cover these risks, we therefore maintain general liability and product liability insurance. In the unlikely event of a successful claim in excess of the insurance coverage, however, there could be a material adverse effect on our operational results and financial condition.

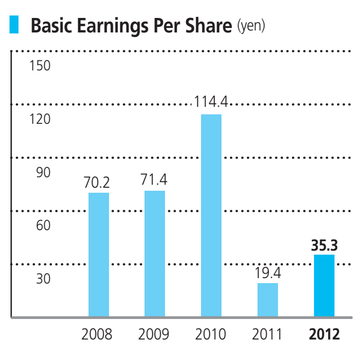
(2) Risks Related to Supplier Concentration

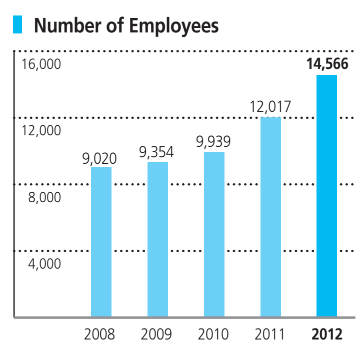
The Nipro Group procures materials and parts for its operations from a large number of suppliers. Some key materials or parts may be obtained only from a single supplier or a limited group of suppliers. If circumstances at any of these suppliers make it impossible for us to acquire a sufficient quantity of materials or parts to meet our production needs in a timely and cost-effective manner, there could be a material adverse effect on our operational results and financial condition.

(3) Risks Related to Changes in Government Healthcare Policies

The business sector to which the Nipro Group belongs is intimately connected with the healthcare system and is subject to the regulations laid out by the government organizations, including the National Health Insurance System and the Pharmaceutical Affairs Law. Should circumstances arise in which we were unable to respond to changes in the environment brought about by unforeseeable wholesale changes in







the government healthcare policies, there could be a material adverse effect on our operational results and financial condition.

(4) Risks Related to Changes in Sale Prices

The products sold by the Nipro Group include some that are, in general, subject every two years to the effect of price reductions in the system of payment for medical care, drug prices and reimbursement prices for medical materials and supplies. Moreover, should measures to hold down medical costs also become pervasive worldwide, resulting in intensified competition between corporations and leading to prices falling to a greater degree than anticipated, there could be a material adverse effect on our operational results and financial condition.

(5) Risks Related to Changes in Prices of Raw Materials

The products manufactured by the Nipro Group include some that are made from petrochemical products such as plastics.

Should the cost of raw materials such as petrochemicals rise, there could be a material adverse effect on our operational results and financial condition.

(6) Risks Related to Overseas Expansion

The Nipro Group maintains manufacturing bases and sales offices around the world for the production and supply of its products. Should there be unexpected revisions to legal regulations or political or economic changes in these countries or regions, there could be a material adverse effect on our operational results and financial condition.

(7) Risks Related to Intellectual Property

The Nipro Group owns numerous patents and trademarks, and maintains various proprietary rights for the products it manufactures. Additionally, we take all possible measures to avoid infringing on the patents and proprietary rights of any third party, and to avoid breaching any license agreements we have concluded concerning technologies. Nevertheless, if an unanticipated claim for damages were to be made by a third party and the defense of the Nipro Group were to be rejected, there could be a material adverse effect on its operational results and financial condition.

(8) Risks Related to Environmental Regulations

The Nipro Group believes it has taken adequate precautions to comply with applicable regulations in the course of its business activities. Should our activities cause an unforeseen environmental problem, however, with a claim for damages made against us, there could be a material adverse effect on our operational results and financial condition.

(9) Risks Related to Exchange Rate Fluctuations

The Nipro Group, including its overseas subsidiaries, carries out its foreign currency transactions primarily in US dollars and euro, but calculates financial statements for its overseas subsidiaries using Japanese yen for the purpose of producing consolidated financial statements. Fluctuations in exchange rates may therefore have a material adverse effect on our operational results and financial condition.

(10) Risks Related to Investment Value

The Nipro Group's assets include investments in stocks and other securities. These investments have been made for purposes such as building good business relationships with the issuers of such securities, or for gathering useful information for the development of new products or for new business opportunities. Should the value of these investments decline significantly owing to fluctuations in the stock market, circumstances at an issuer, or a change in the accounting methods used to deal with these investments, there could be a material adverse effect on our operational results and financial condition.

(11) Risks Related to Controls on Personal Information

The Nipro Group has established strict precautions to protect the confidentiality of the personal information in the Group's possession.

However, if due to unforeseen events or an accident this personal information is leaked outside the Group, causing a loss of trust or customers, there could be a material adverse effect on our operational results and financial condition.

(12) Risks Related to Litigation

On December 7, 2007, a damage suit was filed at the Tokyo Higher Court by Naigai Co., Ltd. and Naigai Glass Kogyo Co., Ltd. against the Company, based on the 25th article of the antitrust law. The claimed amount was ¥2,032 million (US$24,723 thousand, based on a rate of US$1=¥82.19). The Company is arguing, among others, the occurrence of the damage and the correlation between the act and the damage. Should the defense of the Company be unsuccessful and a judgment to order the payment of compensation be given to the Company, there could be a material adverse effect on our operational results and financial condition.

(13) Risk Related to Fund Raising

The Nipro Group relies on debt finance in the form of loans from financial institutions or issuance of corporate bonds and commercial paper etc. to raise our business and investment funds. Due to turmoil in financial markets, reduction of lending from financial institutions to us or a significant downgrade of our credit rating by credit rating agency, we may not be able to raise the necessary funds when we need them on acceptable term, our fund raising may become more restricted or the cost of fund raising could increase, and there could be a material adverse effect on its operational results and financial condition.

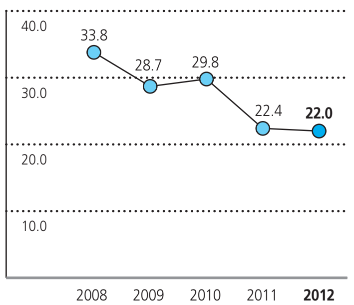
(14) Risks Related to M&A and Business Alliances

The Nipro Group has conducted M&A activity and entered into business alliances to reinforce its business base. Prior to concluding these deals, we conduct a thorough investigation of the target company. However, in the event that problems arise such as the discovery of unrecognized liabilities and should the development of the acquired business not proceed as planned, there could be a material adverse effect on its operational results and financial condition.

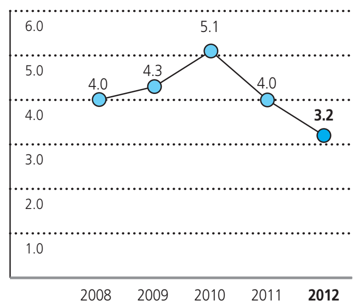
(15) Other Risks

Fire, earthquake, terrorist act, war, epidemic, or other unforeseen man-made or natural disasters affecting areas or facilities where the Nipro Group conducts its business activities may possibly cause a delay or interruption in production, sales, distribution, or provision of services. Should such a delay or interruption become extended, there could be a material adverse effect on our operational results and financial condition.

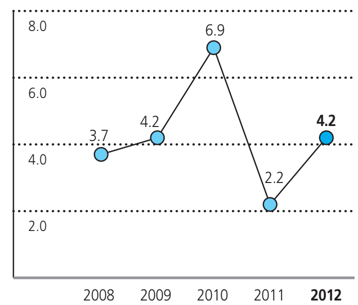
Equity Ratio (%)



Return on Assets (%)



Return on Equity (%)



10 Year Summary

Nipro Corporation and its Consolidated Subsidiaries
Years ended March 31

	Millions of yen			
	2012	2011	2010	2009
Income Statement Data:				
Net sales	**¥ 212,013**	¥ 195,943	¥ 177,830	¥ 175,945
Medical (*1)	**145,082**	132,817	118,517	112,970
Pharmaceutical (*1)	**40,079**	38,005	34,528	52,726
Materials (*1)	**26,590**	24,704	24,338	9,554
Other (*1)	**262**	417	447	695
Store (*1)	**–**	–	–	–
Cost of sales	**149,253**	137,768	126,145	124,396
Selling, general and administrative expenses	**46,935**	40,950	33,591	36,774
Operating income	**15,825**	17,225	18,094	14,775
Medical (*2)	**17,078**	18,437	19,923	16,209
Pharmaceutical (*2)	**2,986**	1,658	2,102	4,082
Materials (*2)	**2,408**	2,701	3,103	1,772
Other (*2)	**230**	88	64	4
Store (*2)	**–**	–	–	–
Income before income taxes and minority interests	**11,022**	7,432	13,872	9,379
Net income	**4,586**	2,456	7,253	4,531
Capital expenditures	**39,525**	23,323	15,209	33,142
Depreciation and amortization	**21,581**	21,244	18,421	18,109
R&D expenses	**5,957**	4,977	4,846	5,352
Balance Sheet Data:				
Total assets	**¥ 499,687**	¥ 476,510	¥ 383,397	¥ 330,641
Property, plant and equipment-net	**145,679**	128,506	124,209	126,739
Working capital	**61,346**	40,621	41,725	46,070
Current liabilities	**189,090**	176,401	138,204	114,796
Long-term liabilities	**196,646**	191,071	129,122	119,285
Common stock	**84,398**	28,663	28,663	28,663
Capital surplus	**636**	29,973	29,973	29,973
Net Assets	**113,951**	109,038	116,071	96,560
	Yen			
Per Share Data:				
Basic earnings (*3)	**¥ 35.3**	¥ 19.4	¥ 114.4	¥ 71.4
Diluted earnings (*3)	**31.0**	17.4	114.1	–
Cash dividends	**23.5**	50.0	53.0	32.0
Equity (*3)	**643.9**	839.7	1,802.3	1,498.5
Number of common shares issued	**171,459,479**	63,878,505	63,878,505	63,878,505
Number of employees	**14,566**	12,017	9,939	9,354
Selected Data and Ratios:				
Equity ratio (*4) (%)	**22.0**	22.4	29.8	28.7
Return on assets (*4) (%)	**3.2**	4.0	5.1	4.3
Return on equity (*4) (%)	**4.2**	2.2	6.9	4.2
Price earnings ratio (*4) (times)	**17.5**	42.5	15.8	21.5

(*1) Effective the fiscal year ended March 31,2011, the Company has adopted ASBJ Statement No.17 “Accounting Standard for Disclosures about Segment of an Enterprise and Related Information” (March 27, 2009) and ASBJ Guidance No.20 “ Guidance on Accounting Standard for Disclosures about Segment of an Enterprise and Related Information.” (March 21, 2008) Net sales and operating income for the period for the fiscal year ended March 31, 2010 have been restated to show what the Group’s result would have been if the new accounting standards had been applied in that year. Before the fiscal year ended March 31, 2009, net sales and operating income have been stated in compliance with previous accounting rules.

(*2) Operating income at the operating segment level is not adjusted for intra-segment transactions. See Note 14. “Segment Reporting” to the consolidated financial statements.

(*3) Effective the fiscal year ended March 31, 2012, the Company has adopted ASBJ Statement No.2 “Accounting Standard for Earnings Per Share” (June 30, 2010), ASBJ Guidance No.4 “Guidance on Accounting Standard for Earnings Per Share” (June 30, 2010) and ASBJ PITF No.9 “Practical Solution on Accounting for Earnings Per Share” (June 30, 2010). In addition, the Company has split one share of common stock into two shares on October 1, 2011 based on the resolution

Millions of yen						Thousands of U.S. dollars (Note 1)
2008	2007	2006	2005	2004	2003	**2012**
¥ 172,113	¥ 184,363	¥ 206,801	¥ 192,320	¥ 188,700	¥ 180,370	**$ 2,579,547**
111,084	97,300	90,868	82,504	78,727	76,009	**1,765,203**
48,754	42,152	35,220	26,207	25,339	21,979	**487,638**
11,437	12,919	11,934	11,667	11,891	11,064	**323,519**
838	1,019	1,518	1,101	1,386	1,758	**3,187**
–	30,973	67,261	70,841	71,357	69,560	
123,108	132,142	149,971	140,072	137,153	128,776	**1,815,951**
35,328	39,168	44,498	41,844	38,990	36,695	**571,055**
13,677	13,053	12,332	10,404	12,557	14,899	**192,541**
15,830	14,334	13,430	11,039	12,117	14,175	**207,787**
3,271	3,298	2,111	2,261	2,471	1,981	**36,330**
1,890	1,865	1,836	1,889	1,819	1,777	**29,298**
13	151	529	288	404	148	**2,798**
–	270	578	115	420	1,109	**–**
8,260	16,776	9,061	8,660	8,044	8,781	**134,104**
4,454	8,555	4,513	4,519	4,216	5,078	**55,798**
25,900	23,093	20,874	16,312	14,500	20,775	**480,898**
15,054	12,470	12,315	10,266	9,819	8,767	**262,575**
6,194	4,461	3,760	3,422	3,074	2,328	**72,478**
¥ 349,302	¥ 336,660	¥ 338,741	¥ 293,749	¥ 279,701	¥ 252,848	**$ 6,079,657**
118,812	104,882	106,195	98,788	94,005	91,147	**1,772,467**
53,911	43,128	34,579	39,123	28,570	27,542	**746,393**
108,835	104,105	111,285	96,242	96,364	88,889	**2,300,645**
120,923	105,535	113,453	99,198	86,932	78,657	**2,392,578**
28,663	28,663	28,663	28,663	28,663	28,663	**1,026,865**
29,975	29,973	29,972	29,972	29,972	29,972	**7,738**
119,544	127,020	114,003	98,309	96,405	85,302	**1,386,434**
Yen						U.S. dollars (Note 1)
¥ 70.2	¥ 134.7	¥ 69.6	¥ 69.4	¥ 64.9	¥ 84.3	**$ 0.43**
–	–	–	–	–	78.5	**0.38**
37.5	80.0	37.5	38.5	30.5	32.0	**0.29**
1,861.8	1,979.2	1,767.7	1,519.6	1,487.5	1,310.7	**7.83**
63,878,505	63,878,505	63,878,505	63,878,505	63,878,505	63,878,505	
9,020	8,807	9,048	8,617	8,132	8,029	
33.8	37.3	33.2	32.9	33.9	33.0	
4.0	3.9	3.9	3.6	4.7	6.0	
3.7	7.2	4.3	4.7	4.7	6.4	
24.8	17.1	26.0	25.6	24.1	21.5	

at the board of directors' meeting held on August 27, 2011. In accordance with this adoption, equity per share, basic earnings per share and diluted earnings per share are calculated on the assumption that the two-for-one stock split of common stock was conducted at the beginning of fiscal year ended March 31, 2011. Before the fiscal year ended March 31, 2010, each amount has been stated in compliance with previous accounting rules.

(*4) Equity ratio is the ratio of the sum of total shareholders' equity and accumulated other comprehensive income to total assets at the period end. Return on assets is the ratio of operating income for the period to average of total assets during the period. Return on equity is the ratio of net income for the period to average of the sum of total shareholders' equity and accumulated other comprehensive income during the period. Price earnings ratio is the ratio of the closing price of the Company's shares listed on the First Section of the Tokyo Stock Exchange on the last trading day in March of each year to basic earnings per share.

Consolidated Balance Sheets

Nipro Corporation and its Consolidated Subsidiaries
As of March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Assets			
Current assets:			
Cash and cash equivalents	¥ 79,450	¥ 78,922	$ 966,663
Time deposits (over three months)	16,288	2,194	198,176
Trade notes and accounts receivable	68,642	61,237	835,162
Allowance for doubtful receivables	(361)	(414)	(4,392)
Inventories (Note 3)	71,604	60,943	871,201
Deferred income taxes (Note 4)	4,830	4,204	58,766
Other current assets	9,983	9,936	121,462
Total current assets	250,436	217,022	3,047,038
Property, plant and equipment (Note 5):			
Land	20,447	20,115	248,777
Buildings and structures	116,879	111,353	1,422,059
Machinery and equipment	172,065	164,119	2,093,503
Construction in progress	26,958	8,990	327,996
	336,349	304,577	4,092,335
Accumulated depreciation	(190,670)	(176,071)	(2,319,868)
Property, plant and equipment-net	145,679	128,506	1,772,467
Intangible assets (Note 5):			
Goodwill	11,895	7,834	144,726
Other	7,256	5,734	88,282
Total intangible assets	19,151	13,568	233,008
Investments and other assets:			
Investment in unconsolidated subsidiaries and an affiliate accounted for by the equity method	12,210	16,685	148,558
Investment securities (Note 6)	59,620	88,879	725,392
Lease deposits	606	1,706	7,373
Deferred income taxes (Note 4)	6,597	2,490	80,265
Other	5,388	7,654	65,556
Total investments and other assets	84,421	117,414	1,027,144
Total	¥ 499,687	¥ 476,510	$ 6,079,657

The accompanying notes are an integral part of these statements.

	Millions of yen				Thousands of U.S. dollars (Note 1)	
		2012		2011		**2012**
Liabilities and net assets						
Current liabilities:						
Short-term bank loans (Notes 5 and 10)	**¥**	**63,258**	¥	67,373	**$**	**769,656**
Current portion of long-term debt (Notes 5 and 10)		**50,874**		34,286		**618,980**
Trade notes and accounts payable		**37,721**		33,582		**458,948**
Accrued income taxes		**3,277**		3,166		**39,871**
Accrued expenses		**11,974**		11,174		**145,687**
Allowance for loss on clearance of business		**1,955**		1,955		**23,786**
Commercial papers (Note 10)		**10,000**		10,000		**121,669**
Notes and accounts payable for plant and equipment		**6,331**		7,976		**77,029**
Provision for loss on disaster		**—**		4,040		**—**
Other current liabilities		**3,700**		2,849		**45,019**
Total current liabilities		**189,090**		176,401		**2,300,645**
Long-term liabilities:						
Long-term debt (Notes 5 and 10)		**189,380**		178,550		**2,304,173**
Accrued pension and severance liabilities (Note 11)		**1,988**		1,616		**24,188**
Deferred income taxes (Note 4)		**1,761**		7,465		**21,426**
Other long-term liabilities		**3,517**		3,440		**42,791**
Total long-term liabilities		**196,646**		191,071		**2,392,578**
Commitments and contingent liabilities (Note 12)						
Net Assets (Note 13):						
Common stock		**84,398**		28,663		**1,026,865**
Authorized: 400,000,000 shares in 2012 and 200,000,000 shares in 2011						
Issued : 171,459,479 shares in 2012 and 63,878,505 shares in 2011						
Capital surplus		**636**		29,973		**7,738**
Retained earnings		**48,389**		46,631		**588,746**
Less cost of common shares of treasury stock		**(865)**		(864)		**(10,524)**
(913,612 shares in 2012 and 456,420 shares in 2011)						
Total shareholders' equity		**132,558**		104,403		**1,612,825**
Unrealized gain (loss) on available-for-sale securities		**(6,528)**		11,388		**(79,426)**
Foreign currency translation adjustments		**(16,209)**		(9,281)		**(197,214)**
Accumulated other comprehensive income		**(22,737)**		2,107		**(276,640)**
Minority interests		**4,130**		2,528		**50,249**
Total net assets		**113,951**		109,038		**1,386,434**
Total	**¥**	**499,687**	¥	476,510	**$**	**6,079,657**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Income

Nipro Corporation and its Consolidated Subsidiaries
For the years ended March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Net sales	¥ 212,013	¥ 195,943	$ 2,579,547
Cost of sales	149,253	137,768	1,815,951
Gross profit	62,760	58,175	763,596
Selling, general and administrative expenses (Notes 15 and 16)	46,935	40,950	571,055
Operating income	15,825	17,225	192,541
Other income (expenses):			
Interest and dividend income	1,386	1,243	16,863
Interest expense	(3,308)	(2,431)	(40,248)
Loss on sale and disposal of property, plant and equipment - net	(348)	(155)	(4,234)
Exchange gain (loss)	(1,997)	(2,443)	(24,297)
Equity in profit (loss) of an affiliated company	(84)	(201)	(1,022)
Gain (loss) on sale of investment securities (Note 6)	—	836	—
Loss on impairment of fixed assets	(529)	(65)	(6,436)
Abnormal manufacturing cost	—	(208)	—
Loss on devalution of marketable securities (Note 6)	—	(231)	—
Reversal of provision (Provision) for loss on disaster	117	(5,260)	1,424
Other income (loss)-net	(40)	(878)	(487)
Income before income taxes and minority interests	11,022	7,432	134,104
Income taxes (Note 4):			
Current	6,203	6,371	75,471
Deferred	(197)	(1,751)	(2,397)
Net income before minority interests	5,016	2,812	61,030
Minority interests in income (loss) of consolidated subsidiaries	430	356	5,232
Net income	¥ 4,586	¥ 2,456	$ 55,798

	Yen		U.S. dollars (Note 1)
Amounts per common share :			
Basic earnings	35.3	19.4	0.43
Diluted earnings	31.0	17.4	0.38
Cash dividends	23.5	50.0	0.29

The accompanying notes are an integral part of these statements.

Consolidated Statements of Comprehensive Income

Nipro Corporation and its Consolidated Subsidiaries
For the years ended March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Net income before minority interests	¥ 5,016	¥ 2,812	$ 61,030
Other comprehensive income:			
Unrealized gain (loss) on available-for-sale securities	(17,915)	(3,637)	(217,971)
Foreign currency translation adjustment	(6,984)	(3,618)	(84,974)
Comprehensive income	¥ (19,883)	¥ (4,443)	$ (241,915)
Comprehensive income attributable to:			
Shareholders of the parent	(20,258)	(4,754)	(246,478)
Minority interests	375	311	4,563

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

Nipro Corporation and its Consolidated Subsidiaries
For the years ended March 31, 2012 and 2011

	Thousands	Millions of yen									
	Outstanding number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Accumulated other comprehensive income	Minority interests	Total net assets
Balance at March 31, 2010	63,423	¥28,663	¥29,973	¥47,220	¥(862)	¥104,994	¥15,024	¥(5,709)	¥9,315	¥1,762	¥116,071
Net income				2,456		2,456					2,456
Cash dividends				(3,045)		(3,045)					(3,045)
Purchase of treasury stock	(1)				(2)	(2)					(2)
Disposal of treasury stock	0		(0)		(0)	(0)					(0)
Other net change during the year						—	(3,636)	(3,572)	(7,208)	766	(6,442)
Balance at March 31, 2011	**63,422**	**28,663**	**29,973**	**46,631**	**(864)**	**104,403**	**11,388**	**(9,281)**	**2,107**	**2,528**	**109,038**
Net income				**4,586**		**4,586**					**4,586**
Increase (decrease) in retained earnings due to inclusion of new subsidiaries in consolidation				**(69)**		**(69)**					**(69)**
Issue of new stock	**107,581**	**26,398**				**26,398**					**26,398**
Cash dividends				**(2,759)**		**(2,759)**					**(2,759)**
Purchase of treasury stock	**(457)**				**(1)**	**(1)**					**(1)**
Disposal of treasury stock	**0**		**(0)**		**0**	**0**					**0**
Transfer to common stock from capital surplus reserve		**29,337**	**(29,337)**			**-**					**-**
Decrease of retained earnings (Other)				**(0)**		**(0)**					**(0)**
Other net change during the year						**-**	**(17,916)**	**(6,928)**	**(24,844)**	**1,602**	**(23,242)**
Balance at March 31, 2012	**170,546**	**¥84,398**	**¥636**	**¥48,389**	**¥(865)**	**¥132,558**	**¥(6,528)**	**¥(16,209)**	**¥(22,737)**	**¥4,130**	**¥113,951**

	Thousands	Thousands of U.S. dollars (Note 1)									
	Outstanding number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Accumulated other comprehensive income	Minority interests	Total net assets
Balance at March 31, 2011	**63,422**	**$348,741**	**$364,679**	**$567,356**	**$(10,512)**	**$1,270,264**	**$138,557**	**$(112,921)**	**$25,636**	**$30,758**	**$1,326,658**
Net income				**55,798**		**55,798**					**55,798**
Increase (decrease) in retained earnings due to inclusion of new subsidiaries in consolidation				**(840)**		**(840)**					**(840)**
Issue of new stock	**107,581**	**321,183**				**321,183**					**321,183**
Cash dividends				**(33,568)**		**(33,568)**					**(33,568)**
Purchase of treasury stock	**(457)**				**(12)**	**(12)**					**(12)**
Disposal of treasury stock	**0**		**(0)**		**0**	**0**					**0**
Transfer to common stock from capital surplus reserve		**356,941**	**(356,941)**			**-**					**-**
Decrease of retained earnings (Other)				**(0)**		**(0)**					**(0)**
Other net change during the year						**-**	**(217,983)**	**(84,293)**	**(302,276)**	**19,491**	**(282,785)**
Balance at March 31, 2012	**170,546**	**$1,026,865**	**$7,738**	**$588,746**	**$(10,524)**	**$1,612,825**	**$(79,426)**	**$(197,214)**	**$(276,640)**	**$50,249**	**$1,386,434**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

Nipro Corporation and its Consolidated Subsidiaries
For the years ended March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	**2012**
Operating activities:			
Net income	**¥ 4,586**	¥ 2,456	**$ 55,798**
Adjustments to reconcile net income to net cash provided operating activities:			
Depreciation and amortization	**21,581**	21,244	**262,575**
Amortization of goodwill	**2,652**	1,744	**32,267**
Loss on impairment of fixed assets	**529**	65	**6,436**
Equity in loss (profit) of an affiliated company	**84**	201	**1,022**
Allowance for doubtful receivables	**(71)**	(212)	**(864)**
Gain on sales of available for sales securities	**-**	(836)	**-**
Provision for deferred taxes	**(197)**	(1,751)	**(2,397)**
Exchange loss (gain)	**1,969**	2,557	**23,957**
Loss on devaluation of marketable securities	**-**	231	**-**
Loss on sale and disposal of property, plant and equipment-net	**348**	155	**4,234**
Other, net	**972**	1,198	**11,826**
Changes in operating assets and liabilities:			
Trade receivables	**(7,491)**	(4,927)	**(91,142)**
Inventories	**(10,925)**	(5,472)	**(132,924)**
Other current assets	**(1,366)**	(450)	**(16,620)**
Lease deposits	**(213)**	165	**(2,592)**
Trade payables	**4,909**	6,542	**59,727**
Accrued income taxes	**111**	(1,767)	**1,351**
Other, net	**(1,992)**	667	**(24,236)**
Total adjustments	**10,900**	19,344	**132,620**
Net cash provided by operating activities	**15,486**	21,800	**188,418**
Investing activities:			
Purchase of property, plant and equipment	**(37,738)**	(19,256)	**(459,156)**
Proceeds from sale of property, plant and equipment	**443**	51	**5,390**
Purchase of available-for-sale securities	**(299)**	(49,113)	**(3,638)**
Purchase of investments in unconsolidated subsidiaries	**(3,253)**	(19,097)	**(39,579)**
Proceeds from sales of available-for-sale securities	**10**	4,805	**122**
Purchases of investments in consolidated subsidiaries affecting scope of consolidation	**(10,405)**	(624)	**(126,597)**
Net decrease (increase) in short-term loans to affiliates	**1,078**	(588)	**13,116**
Deposits (Over three months)	**(14,699)**	800	**(178,842)**
Other, net	**(3,056)**	(1,636)	**(37,182)**
Net cash used in investing activities	**(67,919)**	(84,658)	**(826,366)**
Financing activities:			
Net increase (decrease) in short-term loans	**(3,653)**	23,062	**(44,446)**
Proceeds from long-term loans	**63,894**	80,108	**777,394**
Repayment of long-term loans	**(33,500)**	(23,234)	**(407,592)**
Proceeds from issuance of bonds	**7,974**	19,890	**97,019**
Repayment of bonds	**(5,000)**	(10,160)	**(60,835)**
Proceeds from issuance of common stock	**19,181**	–	**233,374**
Cash dividends paid	**(2,759)**	(3,041)	**(33,569)**
Other, net	**(412)**	(359)	**(5,012)**
Net cash provided by financing activities	**45,725**	86,266	**556,333**
Effect of exchange rate changes on cash and cash equivalents	**(2,287)**	(2,269)	**(27,826)**
Net increase (decrease) in cash and cash equivalents	**(8,995)**	21,139	**(109,441)**
Cash and cash equivalents, beginning of period	**78,922**	56,188	**960,238**
Cash and cash equivalents of newly consolidated subsidiary, beginning of period	**9,523**	1,595	**115,866**
Cash and cash equivalents, end of period	**¥ 79,450**	¥ 78,922	**$ 966,663**

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

1. Basis of Presenting Consolidated Financial Statements

The financial statements of Nipro Corporation ("the Company") and its consolidated domestic subsidiaries have been prepared in accordance with the provisions set forth in the Financial Instruments and Exchange law of Japan and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards. Effective from the year ended March 31, 2009, the Company has adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (PITF No. 18) and as a result, the accounts of consolidated overseas subsidiaries are prepared in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States, with adjustments for the specified five items as applicable.

In preparing the accompanying consolidated financial statements, certain reclassifications have been made to the consolidated financial statements issued domestically, in order to present them in a form which is more familiar to readers outside Japan. However, no adjustment has been made which would change the financial position or the results of operations presented in the original financial statements. In addition, the notes to consolidated financial statements include additional information which is not required under generally accepted accounting principles and practices in Japan.

The financial statements presented herein are expressed in Japanese yen and, solely for the convenience of the reader, have been translated into United States dollars at the rate of ¥82.19=US$1, the approximate exchange rate on March 31, 2012. These translations should not be construed as representations that the Japanese yen amounts actually are, have been or could be converted into U.S. dollar amounts.

2. Summary of Significant Accounting Policies

(a) Basis of Consolidation

The consolidated financial statements include the accounts of the Company and the significant subsidiaries and affiliated company accounted for by the equity method.

Investments in unconsolidated subsidiaries are stated at cost and the equity method is not applied for the valuation of such investments since they are considered immaterial in the aggregate.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Company and its consolidated subsidiaries is eliminated. The difference between the cost of investments in subsidiaries and affiliates and the equity in their net assets at dates of acquisition is being amortized on a straight-line basis over five to ten years.

All accounts herein have been presented on the basis of the twelve months ended March 31, 2012 for the Company and for consolidated domestic subsidiaries, and December 31, 2011 for all consolidated overseas subsidiaries.

Adjustments have been made for any significant intercompany transactions which took place during the period between the end of accounting period of the consolidated overseas subsidiaries and that of the Company.

(b) Translation of Foreign Currencies

Balance sheets of consolidated overseas subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for shareholders' equity, which is translated at the historical rate. Income statements of consolidated overseas subsidiaries are translated into Japanese yen at the average exchange rate for the period. Resulting translation adjustments are shown as "Foreign currency translation adjustments" in the "Accumulated other comprehensive income" section of net assets.

(c) Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments, generally with original maturities of three months or less, that are readily convertible to cash.

(d) Inventories

Inventories are stated principally at cost, carrying amount in the balance sheet is calculated with consideration of written downs due to the decreased profitability. Cost is determined principally by the average method, except for certain inventories determined by the first-in, first-out method.

(e) Depreciation

Depreciation of property, plant and equipment of the Company and its consolidated domestic subsidiaries is computed principally by the declining-balance method. The straight-line method is applied to buildings acquired by the domestic companies after April 1, 1998, and is principally applied to the property, plant and equipment of consolidated overseas subsidiaries.

The range of useful lives is principally from 31 to 50 years for buildings and from 7 to 8 years for machinery and equipment.

(f) Investment Securities

Investment securities are classified and accounted for, depending on management's intent, as follows:

i) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are reported at amortized cost; and
ii) available-for-sale securities, which are not classified as the aforementioned securities, are reported at fair value. Unrealized gain and loss, net of applicable tax, are reported in the "Accumulated other comprehensive income" section of net assets.

For the year ended March 31, 2012, there was no held-to-maturity debt securities held by the Company and its consolidated subsidiaries.

Non-marketable available-for-sale securities are stated at cost determined by the average method.

For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

(g) Derivatives

Derivatives are stated at fair value, with changes in fair value included in net income or loss for the period in which they arise, except for derivatives designated as hedging instruments. Please see (i) Hedge Accounting below.

(h) Leases

Finance leases, except for certain immaterial leases, are capitalized in the balance sheet. Amortization of finance lease assets is calculated by straight-line method over the lease period assuming no residual value.

The Company and its consolidated domestic subsidiaries account for the finance leases for which ownership is not transferring to the lessee and commenced prior to April 1, 2008. The pro-forma information of such leases on a "as if capitalized" basis is presented in Note 7. "Leases".

(i) Hedge Accounting

<Method of hedge accounting>

The deferral hedge accounting method is applied in principle. The allocation method is applied to currency swap and the exceptional accounting method is applied to interest rate swap when the relevant criteria are met.

<Hedge instrument and hedge items>

(Hedge instrument)	(Hedge item)
Currency swap	Foreign currency denominated loans
Interest rate swap	Interests on loans payable

<Hedge policy>

The Company uses interest rate swaps to mitigate the interest rate risk involved in procuring funds and hedge items are identified on an individual contract basis.

<Method of efficacy evaluation>

The efficacy evaluation for currency swap which meets the relevant criteria of the allocation method and interest rate swaps which meets the relevant criteria of the exceptional accounting method are left out.

(j) Income Taxes

The provision for income taxes is computed based on income for financial statement purpose. The asset and liability approach is used to recognize deferred tax assets and liabilities for the future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

(k) Amounts per Common Share

Basic earnings per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted earnings per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

(Application of Accounting Standard for earnings per share)
Effective the fiscal year ended March 31, 2012, the Company has applied Accounting Standard for Earnings Per Share (ASBJ Statement No.2, issued on June 30, 2010), Guidance on Accounting Standard for Earnings Per Share (ASBJ Guidance No.4, issued on June 30, 2010) and Practical Solution on Accounting for Earnings Per Share (ASBJ PITF No.9 issued on June 30, 2010).

In addition, the Company has split one share of common stock into two shares on October 1, 2011 based on the resolution at the board of directors' meeting held on August 27, 2011. In accordance with this application, equity per share, earnings per share and diluted earnings per share are calculated on the assumption that the two-for-one stock split of common stock was conducted at the beginning of fiscal year ended March 31, 2011.

(l) Application of Accounting Standard for Accounting Changes and Error Corrections

Effective the fiscal year ended March 31 2012, the Company has applied the Accounting Standard for Accounting Changes and Error Corrections (ASBJ Statement No.24, issued on December 4, 2009) and Guidance on Accounting Standard for Accounting Changes and Error Corrections (ASBJ GuidanceNo.24, issued on December 4, 2009).

3. Inventories

Inventories consisted of the following:

	Millions of yen				Thousands of U.S. dollars (Note 1)	
		2012		2011		2012
Finished goods and merchandises	¥	48,114	¥	42,697	$	585,400
Raw materials		11,852		8,975		144,202
Work in process		8,753		6,784		106,497
Packing and other		2,885		2,487		35,102
Total	¥	¥71,604	¥	60,943	$	871,201

4. Income Taxes

The Company and its domestic subsidiaries are subject to Japanese national and local taxes based on income which, in aggregate, resulted in a normal statutory tax rate of approximately 40.5% for the years ended March 31, 2012 and 2011.

The significant components of deferred tax assets and liabilities were as follows:

	Millions of yen				Thousands of U.S. dollars (Note 1)	
		2012		2011		2012
Deferred tax assets						
Operating loss carryforwards for tax purposes	¥	4,633	¥	4,516	$	56,369
Intercompany profits		661		682		8,042
Valuation loss on inventories		497		789		6,047
Allowance for bonuses to employees		830		828		10,099
Allowance for loss on clearance of business		739		792		8,991
Accounts receivable		170		267		2,068
Loss on impairment of fixed assets		613		957		7,458
Excess of allowance for doubtful accounts over tax allowable amounts		991		1,130		12,057
Accrued pension and severance liabilities		634		600		7,714
Accrued enterprise taxes		300		258		3,650
Provision for loss on disaster		—		1,608		—
Unrealized loss on available-for-sale securities		4,343		–		52,841
Other		2,924		2,047		35,577
Gross deferred tax assets	¥	17,335	¥	14,474	$	210,913
Less: Valuation allowance		(3,628)		(4,727)		(44,142)
Total deferred tax assets	¥	13,707	¥	9,747	$	166,771
Deferred tax liabilities						
Unrealized gain on available-for-sale securities		839		7,787		10,208
Revaluation reserve for land		674		795		8,201
Revaluation reserve for intangible assets		1,165		1,323		14,174
Revaluation reserve for fixed assets - other		1,135		470		13,809
Other		228		143		2,774
Total deferred tax liabilities	¥	4,041	¥	10,518	$	49,166
Net deferred tax assets (liabilities)	¥	9,666	¥	(771)	$	117,605

Reconciliation of the differences between the statutory tax rates and the effective income tax rates was as follows:

	2012	2011
Statutory tax rate	40.5%	40.5%
Expenses not deductible for tax purposes	2.4	3.5
Non-taxable dividend income	(3.3)	(2.5)
Loss in subsidiaries	8.9	31.6
Effect of tax rate change	6.1	–
Amortization of goodwill	8.6	1.1
Tax credits primarily for research and development costs	(3.9)	(4.9)
Operating loss carryforwards for tax purpose	(2.0)	(3.5)
Other	(2.8)	(3.6)
Effective income tax rate	54.5	62.2

*** Adjustment of deferred tax assets and liabilities following the change in the statutory tax rates**

The "Act for Partial Revision of the Income Tax Act, etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures" and the "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake" were promulgated on December 2, 2011.

Accordingly, the statutory tax rates for calculating deferred tax assets and liabilities (only for the temporary difference expected to be eliminated after April 1, 2012) has changed from 40.5% of the previous fiscal year to 37.8% for those expected to be recovered or paid during the period from April 1, 2012 to March 31, 2015, and to 35.4% for those expected to recovered or paid after April 1, 2015.

Following these changes, net deferred tax assets decreased ¥1,228 million (US$ 14,941 thousand), while income taxes deferred increased ¥664 million (US$ 8,079 thousand).

5. Pledged Assets

The following assets were pledged as collateral:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Land	¥ 1,746	¥ 1,523	$ 21,243
Buildings and structures	9,596	7,466	116,754
Land use rights (*1)	214	–	2,604
Total	¥ 11,556	¥ 8,989	$ 140,601

(*1) This is included in intangible assets "other" on the balance sheet.

The above assets were pledged against the following liabilities:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Short term bank loans	¥ 1,956	¥ 1,000	$ 23,799
Current portion of long-term debt	1,586	653	19,297
Long-term debt	5,526	6,038	67,234
Total	¥ 9,068	¥ 7,691	$ 110,330

6. Investment Securities

Investment securities as of March 31, 2012 and 2011 consisted of the followings:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Non-current:			
Marketable:			
Marketable equity securities	¥ 58,207	¥ 87,459	$ 708,201
Investment trust funds and other	39	38	475
Sub total	¥ 58,246	¥ 87,497	$ 708,676
Non-marketable securities	¥ 1,374	¥ 1,382	$ 16,716
Total	¥ 59,620	¥ 88,879	$ 725,392

The carrying amounts and aggregate fair values of marketable securities for investments as of March 31, 2012 and 2011 were as follows:

	Millions of yen			
	2012			
	Cost	Unrealized gain	Unrealized loss	Fair Value
Available-for-sale securities				
Equity securities	¥ 69,148	¥ 1,957	¥ 12,898	¥ 58,207
Debt securities and other	47	–	8	39
Total	¥ 69,195	¥ 1,957	¥ 12,906	¥ 58,246

	Thousands of U.S. dollars(Note 1)			
	2012			
	Cost	Unrealized gain	Unrealized loss	Fair Value
Available-for-sale securities				
Equity securities	$ 841,319	$ 23,811	$ 156,929	$ 708,201
Debt securities and other	572	–	97	475
Total	$ 841,891	$ 23,811	$ 157,026	$ 708,676

	Millions of yen			
	2011			
	Cost	Unrealized gain	Unrealized loss	Fair Value
Available-for-sale securities				
Equity securities	¥ 69,149	¥ 18,881	¥ 571	¥ 87,459
Debt securities and other	47	—	9	38
Total	¥ 69,196	¥ 18,881	¥ 580	¥ 87,497

Proceeds from sales of securities and gross realized gain or loss on those sales for the years ended March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Proceeds	¥ 10	¥ 4,805	$ 122
Gains on sales	–	836	–
Losses on sales	–	0	–

*** Evaluation of investment securities**

For the year ended March 31, 2011, the Company recognized devaluation of ¥231million on available-for-sale securities. The Compnay recognizes devaluation losses on investment securities whose values have declined by at least 50% of their book value unless on a reasonable and consistence basis. In cases in which the values have declined 30% to 50%, we recognize evaluation losses except when the value is deemed to be recoverable.

7. Leases

Finance leases entered into prior to April 1, 2008 that do not transfer ownership of leased property to the lessee are accounted for as if they were operating leases. The details of such finance leases accounted for as operating leases at March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Acquisition cost	¥ 772	¥ 942	$ 9,393
Accumulated depreciation	736	815	8,955
Net leased property	¥ 36	¥ 127	$ 438

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Payments due within one year	¥ 52	¥ 146	$ 633
Payments due after one year	6	68	73
Total	¥ 58	¥ 214	$ 706

Lease payments under such leases for the years ended March 31, 2012 and 2011 were ¥160 million (US$1,947 thousand) and ¥219 million, respectively.

8. Financial Instruments

(1) Circumstances on financial instruments

(a) Policy for financial instruments

The Company and its consolidated subsidiaries manage the temporary surplus funds by deposit with banks that have a high level of safety.
The Company and its consolidated subsidiaries raise funds for business operation with mainly bank loans and bonds considering their business investment and cash planning.

(b) Details and risk of financial instruments and its risk management

Receivable such as trade notes and accounts receivable are exposed to customer's credit risk. Receivables denominated in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates.
In order to reduce the customer's risk, the Company monitors the dues and balances by customer in accordance with the Company's regulations of credit administration.
Investments securities are exposed to the market fluctuation risk, but mainly consist of equity of the companies which conduct business with the Company. The Company periodically reviews the market price of such securities.
Payables such as trade notes, accounts payable and accounts payable other are due within 1 year. Payables denominated in foreign currency are exposed to the risk of fluctuation in foreign currency exchange rates.
Short-term loans payable are mainly borrowed to raise operating capital and long-term loans payable are mainly borrowed to make capital expenditures. A part of long-term loans with the floating interest rate has the risk of interest rate fluctuation, but the Company and its consolidated subsidiaries use interest rate swap to solidify the interest rate. For some of the loans denominated in foreign currency, the Company and its consolidated subsidiaries use currency swap to hedge the currency fluctuation risk.
Bonds and commercial papers are mainly issued to raise the funds for bonds retirement.
Lease obligations are mainly for the capital expenditures, free from interest-rate risk because the interest rate is fixed.
Payables, loans and bonds are exposed the liquidity risk, but the Company and its consolidated subsidiaries manage the risk by establishing cash planning.

(c) Supplemental information on fair values of financial instruments

Fair values of financial instruments include values based on market price and reasonably estimated values when market price is not available. Because variable factors are counted in the estimation, the estimated values may vary by adopting different assumptions.

(2) Fair values of financial instruments

The book values, fair values and the differences between them as of March 31, 2011 and 2012 are as follows (Financial instruments for which the market value is extremely difficult to determine are not included as described in remark 2.):

	Millions of yen			Millions of yen		
	2012			2011		
	Book value	Fair value	Difference	Book value	Fair value	Difference
Cash and cash equivalents, time deposits	**¥ 95,738**	**¥ 95,738**	**¥ –**	¥ 81,116	¥ 81,116	¥ –
Trade notes and accounts receivable, net of allowance for doubtful receivables	**68,281**	**68,281**	**–**	60,823	60,823	–
Investments securities	**58,246**	**58,246**	**–**	87,497	87,497	–
Assets total	**¥ 222,265**	**¥ 222,265**	**¥ –**	¥ 229,436	¥ 229,436	¥ –
Trade notes and accounts payable	**¥ 37,721**	**¥ 37,721**	**¥ –**	¥ 33,582	¥ 33,582	¥ –
Short-term bank loans, current portion of long-term debt, and commercial paper	**124,132**	**124,132**	**–**	111,659	111,659	–
Other notes and account payable (*1)	**12,367**	**12,367**	**–**	13,748	13,748	–
Long-term debt	**189,380**	**189,165**	**215**	178,550	178,387	163
Lease obligations (*2)	**1,341**	**1,289**	**52**	1,461	1,405	56
Liabilities total	**¥ 364,941**	**¥ 364,674**	**¥ 267**	¥ 339,000	¥ 338,781	¥ 219

	Thousands of U.S. dollars (Note 1)		
	2012		
	Book value	Fair value	Difference
Cash and cash equivalents, time deposits	**$ 1,164,839**	**$ 1,164,839**	**$ –**
Trade notes and accounts receivable, net of allowance for doubtful receivables	**830,770**	**830,770**	**–**
Investments securities	**708,676**	**708,676**	**–**
Assets total	**$ 2,704,285**	**$ 2,704,285**	**$ –**
Trade notes and accounts payable	**$ 458,948**	**$ 458,948**	**$ –**
Short-term bank loans, current portion of long-term debt, and commercial paper	**1,510,305**	**1,510,305**	**–**
Other notes and account payable (*1)	**150,468**	**150,468**	**–**
Long-term debt	**2,304,173**	**2,301,557**	**2,616**
Lease obligations (*2)	**16,316**	**15,683**	**633**
Liabilities total	**$ 4,440,210**	**$ 4,436,961**	**$ 3,249**

(*1) This is included in accrued expenses and notes and accounts payable for plant and equipment on the balance sheet.
(*2) This is included in other current liabilities and other long-term liabilities on the balance sheet.

Remark 1 Methods used to calculate fair values of financial instruments and the details of securities

<Assets>

- Cash and cash equivalents, time deposits and trade notes and accounts receivable
  Cash and cash equivalents and trade notes and accounts receivable are stated at the relevant book value because the settlement periods are short and the fair values are almost the same as the book value.
- Investments securities
  Equity securities are stated at market value. See Note 6. "Investment securities" for the detailed information by classification.

<Liabilities>

- Trade notes and accounts payable and short-term bank loans and current portion of long-term debt and commercial paper
  Because the settlement periods of the above items are short and their fair values are almost the same as their book values, the relevant book values are used.
- Other notes and account payable
  Because the settlement periods of the above items are short and their fair values are almost the same as their book values, the relevant book values are used.
- Long-term debt
  The fair value of long-term debt is calculated by applying a discount rate to the total of principal and interest. The discount rate is based on the assumed interest rate if a similar new loan was entered into.
- Lease obligation
  The fair value of lease obligations is calculated by applying a discount rate to the total of principal and interest. The discount rate is based on the assumed interest rate if a current lease transaction was renewed.

Remark 2 Financial instruments for which the fair value is extremely difficult to determine

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	**2012**
Unlisted equity securities	**¥ 13,583**	¥ 18,068	**$ 165,263**

Because these items have no market value and are difficult to estimate the future cash flow and it is extremely difficult to determine their fair values, they are not included in investment securities above.

Remark 3 Planned redemption amounts after the balance sheet date for monetary receivables with maturity dates are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	**2012**
	Within 1 year	Within 1 year	Within 1 year
Cash and cash equivalents, time deposits	**¥ 95,738**	¥ 81,116	**$ 1,164,839**
Trade notes and accounts receivable	**68,281**	60,823	**830,770**

Remark 4 Planned repayment amounts after the balance sheet date for monetary payables with maturity dates

Planned repayment amounts after the balance sheet date for monetary payables with maturity dates at March 31, 2012 are as follows:

	Millions of yen					
	2012					
	Within 1 year	Over 1 year but within 2 years	Over 2 years but within 3 years	Over 3 years but within 4 years	Over 4 years but within 5 years	Over 5 years
Trade notes and accounts payable	**¥ 37,721**	**¥ –**	**¥ –**	**¥ –**	**¥ –**	**¥ –**
Short-term bank loans, current portion of long-term debt, and commercial paper	**124,132**	**–**	**–**	**–**	**–**	**–**
Other notes and account payable	**12,367**	**–**	**–**	**–**	**–**	**–**
Long-term debt	**–**	**32,961**	**51,004**	**46,173**	**40,863**	**18,379**
Lease obligations	**427**	**402**	**409**	**88**	**15**	**–**
Total	**¥ 174,647**	**¥ 33,363**	**¥ 51,413**	**¥ 46,261**	**¥ 40,878**	**¥ 18,379**

	Thousands of U.S. dollars (Note 1)					
	2012					
	Within 1 year	Over 1 year but within 2 years	Over 2 years but within 3 years	Over 3 years but within 4 years	Over 4 years but within 5 years	Over 5 years
Trade notes and accounts payables	**$ 458,948**	**$ –**	**$ –**	**$ –**	**$ –**	**$ –**
Short-term bank loans, current portion of long-term debt, and commercial paper	**1,510,305**	**–**	**–**	**–**	**–**	**–**
Other notes and account payable	**150,468**	**–**	**–**	**–**	**–**	**–**
Long-term debt	**–**	**401,035**	**620,561**	**561,784**	**497,177**	**223,616**
Lease obligations	**5,195**	**4,891**	**4,977**	**1,071**	**182**	**–**
Total	**$ 2,124,916**	**$ 405,926**	**$ 625,538**	**$ 562,855**	**$ 497,359**	**$ 223,616**

9. Derivatives

The Company and its consolidated subsidiaries had the following derivatives contracts outstanding at March 31, 2012.

1. Derivatives not designated as hedging instruments

   N/A

2. Derivatives designated as hedging instruments

Millions of yen					
2012					
Method of hedge accounting	Type of Derivatives	Principal Hedge item	Contract amount	Over 1 year out of contract amount	Fair value
Exceptional accounting method of interest rate swap	Interest rate swap	long-term loans	¥ 3,561	¥ 2,864	(*1)
Allocation method of forward foreign exchange contract, etc.	Currency swap	long-term loans	¥ 411	¥ 339	(*1)

Thousands of U.S. dollars (Note 1)					
2012					
Method of hedge accounting	Type of Derivatives	Principal Hedge item	Amount of contract	Over 1 year out of contract amount	Fair value
Exceptional accounting method of interest rate swap	Interest rate swap	long-term loans	$ 43,326	$ 34,846	(*1)
Allocation method of forward foreign exchange contract, etc.	Currency swap	long-term loans	$ 5,001	$ 4,125	(*1)

(*1)The fair value of interest rate swap to which the exceptional accounting method is applied and the fair value of forward foreign exchange contract etc. to which the allocation method is applied are included in the fair value of long-term loans in Note 8. “Financial Instruments” because such interest rate swap and forward foreign exchange contract etc. are accounted for as a single item with the corresponding long-term loans.

10. Short-Term Loans and Long-Term Debt

Short-term loans comprised overdrafts and promissory notes.

The weighted-average interest rates of short-term bank loans for the years ended March 31, 2012 and 2011 was 1.067% and 0.682%, respectively.

The weighted-average interest rate of commercial paper for the years ended March 31, 2012 and 2011 were 0.113% and 0.118% respectively.

Long-term debt comprised the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
1.51% unsecured bonds due 2012	¥ —	¥ 5,000	$ —
1.37% unsecured bonds due 2014	3,000	3,000	36,501
1.37% unsecured bonds due 2013	10,000	10,000	121,669
2.04% unsecured bonds due 2018	10,000	10,000	121,669
0.877% unsecured bonds due 2016	20,000	20,000	243,339
Zero coupon convertible bonds due 2015	15,000	15,000	182,504
0.64% unsecured bonds due 2016	1,000	—	12,167
Long-term bank loans due through 2021, with weighted-average interest rate of 1.137% for the year ended March 31, 2012, and of 1.217% for the year ended March 31, 2011.	181,254	149,836	2,205,304
Less current portion of long-term debt	(50,874)	(34,286)	(618,980)
Total	¥ 189,380	¥ 178,550	$ 2,304,173

In February 2009, the Company issued ¥5,000 million (US$60,835 thousand) of 1.51% privately-placed bonds due 2012.

In September 2009, the Company issued ¥3,000 million (US$36,501 thousand) of 1.37% privately-placed bonds due 2014.

In March 2008, the Company issued ¥10,000 million (US$121,669 thousand) of 1.37% unsecured bonds due 2013.

In March 2008, the Company issued ¥10,000 million (US$121,669 thousand) of 2.04% unsecured bonds due 2018.

In March 2011, the Company issued ¥20,000 million (US$243,339 thousand) of 0.877% unsecured bonds due 2016.

In March 2010, the Company issued ¥15,000 million (US$182,504 thousand) of zero coupon convertible bonds due 2015.

In April 2011, Tohoku Nipro Pharmaceutical Corporation issued ¥1,000 million (US$12,167 thousand) of 0.64% privately-placed bonds due 2016.

The aggregate annual maturities of long-term debt outstanding at March 31, 2012 are as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
	2012	**2012**
2012	**¥ 50,874**	**$ 618,980**
2013	**32,961**	**401,034**
2014	**51,004**	**620,562**
2015 and thereafter	**105,415**	**1,282,577**
Total	**¥ 240,254**	**$ 2,923,153**

As is customary in Japan, long-term and short-term bank loans are made under general agreements which provide that additional securities and guarantees for present and future indebtedness will be given under certain circumstances at the request of the bank.

In addition, the agreements provide that the bank has the right to offset cash deposits against any long-term and short-term bank loan that becomes due, and in case of default and certain other specified events, against all other loans payable to the bank.

11. Accrued Pension and Severance Liabilities

The Company and certain consolidated subsidiaries have defined benefit pension plans and unfunded retirement benefit plans, and defined contribution pension plan for employees. The following table sets forth the changes in projected benefit obligation, plan assets and funded status of the Company and its consolidated subsidiaries at March 31, 2012 and 2011.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	**2012**
1) Projected benefit obligation	**¥ (8,770)**	¥ (8,799)	**$ (106,704)**
2) Fair value of plan assets	**6,141**	6,182	**74,717**
3) Projected benefit obligation in excess of plan assets 1)+2)	**(2,629)**	(2,617)	**(31,987)**
4) Unrecognized actuarial (gain) loss	**669**	1,039	**8,140**
5) Unrecognized past service obligation	**(9)**	(12)	**(110)**
6) Total 3)+4)+5)	**(1,969)**	(1,590)	**(23,957)**
7) Prepaid pension cost	**19**	26	**231**
8) Accrued pension and severance liabilities 6)-7)	**¥ (1,988)**	¥ (1,616)	**$ (24,188)**

The breakdown of net pension and severance costs for the years ended March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	**2012**
Service cost	**¥ 614**	¥ 698	**$ 7,470**
Interest cost	**152**	178	**1,849**
Expected return on plan assets	**(102)**	(117)	**(1,241)**
Amortization of actuarial gain	**264**	97	**3,212**
Amortization of past service obligation	**(3)**	(3)	**(37)**
Other	**264**	114	**3,212**
Net pension and severance costs	**¥ 1,189**	¥ 967	**$ 14,465**

The assumptions used in the accounting for the above benefit plans were as follows:

	2012	2011
Discount rate	**Primarily 1.8%**	Primarily 1.8%
Expected rate of return on plan assets	**Primarily 1.5%**	Primarily 1.5%
Amortization period of past service obligation	**Primarily 5 years**	Primarily 5 years
Amortization period of actuarial differences	**Primarily 5 years**	Primarily 5 years

12. Commitments and Contingent Liabilities

The Company and its consolidated subsidiaries had the following commitments and contingent liabilities:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	**2012**
Export drafts discounted	**¥ 9**	¥ 78	**$ 110**
Trade notes receivable discounted	**10**	30	**122**
Total	**¥ 19**	¥ 108	**$ 232**

13. Net Assets

The significant provisions in the Corporate Law of Japan (the "Corporate Law") that influence financial and accounting matters are summarized below:

(a) Dividends

Under the Corporate Law, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as (1) having the board of directors, (2) having independent auditors, (3) having the board of corporate auditors, and (4) the service period of the directors is prescribed as one year rather than the normal term of two years by its articles of incorporation, the board of directors may declare dividends (except for dividends in kind) if the company has prescribed so in its articles of incorporation. The Company's present system meets the first three criteria but the two-year service period of the directors does not meet the fourth criterion.

Interim dividends may also be paid once a year by the resolution of the board of directors if the articles of incorporation of the company stipulate so. The Company's articles of incorporation contain such a stipulation, and it pays interim dividend semi-annually by the resolution of the Board of Directors.

The Corporate Law provides certain limitations on the amounts available for dividends or the purchase of treasury stock.

(b) Increases / Decreases and Transfer of Common Stock, Reserve and Surplus

The Corporate Law requires that an amount equal to 10% of dividends must be appropriated as legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock.

Under the Corporate Law, the total amount of additional paid-in capital and legal reserve may be reversed without limitation.

The Corporate Law also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions by the resolution of the shareholders' meeting.

The Company's legal reserve, which is included in retained earnings, amounted to ¥1,273 million (US$15,489 thousand) as of March 31,2012, and its additional paid-in capital, which is included in capital surplus, amounted to ¥635 million (US$ 7,726 thousand) as of March 31, 2012.

14. Segment Reporting

Outline of Reportable Operating Segments

Applied ASBJ Statement No.17 "The Revised 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 such as information is evaluated regularly by the board of directors in deciding how to allocate management resources and in assessing performance.

The Company currently operates its business on a stand-alone basis with the divisional organization and evaluates the performance of sales and manufacture of each division regardless of their products. Accordingly, in our business segments, we divide our operations into 3 reportable operating business segments on the basis of its main products which each business segment treats with
(Medical business, Pharmaceutical business and Materials business.)

Medical business

Domestic division sells injection- and infusion-related products, artificial organ-related products, highly functional products, dialysis-related products and diabetes-related products. In the international division, head office plays the center role and place overseas sales and manufacturing base for medical equipment and sales injection- and infusion-related products, artificial organ-related products and diabetic-related products.

Pharmaceutical business

Mainly, domestic subsidiaries sell and manufacture injectable drugs, oral drugs and products by contract manufacturing like injectable preparations in kit form (kit preparations).

Materials business

In the field of glass for pharmaceutical purposes, we sell glass for glass tube, glass for ampoule. In the field of glass & materials products, we sell glass for thermos bottles and glass for lighting purpose. In addition, we sell container for combination products and undertake the contract sales of pharmaceuticals related to the container for kit preparations from pharmaceutical company.

Business segment information for the years ended March 31, 2012 and 2011 was as follows:

	Millions of yen							
	2012							
	Reportable Segment				Other (*1)	Total	Adjustment (*2)	Consolidated financial statements
	Medical	Pharma-ceutical	Materials	Total				
Net sales: Outside	**¥ 145,082**	**¥ 40,079**	**¥ 26,590**	**¥ 211,751**	**¥ 262**	**¥ 212,013**	**¥ –**	**¥ 212,013**
Intersegment	**1,851**	**19,485**	**3,534**	**24,870**	**45**	**24,915**	**(24,915)**	**–**
Total	**146,933**	**59,564**	**30,124**	**236,621**	**307**	**236,928**	**(24,915)**	**212,013**
Operating income	**17,078**	**2,986**	**2,408**	**22,472**	**230**	**22,702**	**(6,877)**	**15,825**
Identifiable assets	**¥ 219,306**	**¥ 119,454**	**¥ 19,590**	**¥ 358,350**	**¥ 4,592**	**¥ 362,942**	**¥ 136,745**	**¥ 499,687**
Other items								
Depreciation and amortization	**¥ 12,353**	**¥ 8,037**	**¥ 338**	**¥ 20,728**	**¥ 48**	**¥ 20,776**	**¥ 805**	**¥ 21,581**
Amortization of goodwill	**2,403**	**150**	**99**	**2,652**	**–**	**2,652**	**–**	**2,652**
Investment to companies accounted for by the equity method	**–**	**–**	**–**	**–**	**–**	**–**	**1,679**	**1,679**
Capital expenditures	**23,944**	**13,789**	**1,104**	**38,837**	**–**	**38,837**	**688**	**39,525**

	Thousands of U.S. dollars (Note 1)							
	2012							
	Reportable Segment				Other (*1)	Total	Adjustment (*2)	Consolidated financial statements
	Medical	Pharma-ceutical	Materials	Total				
Net sales: Outside	**$1,765,203**	**$ 487,638**	**$ 323,519**	**$2,576,360**	**$ 3,187**	**$2,579,547**	**$ –**	**$2,579,547**
Intersegment	**22,521**	**237,073**	**42,998**	**302,592**	**548**	**303,140**	**(303,140)**	**–**
Total	**1,787,724**	**724,711**	**366,517**	**2,878,952**	**3,735**	**2,882,687**	**(303,140)**	**2,579,547**
Operating income	**207,787**	**36,330**	**29,298**	**273,415**	**2,798**	**276,213**	**(83,672)**	**192,541**
Identifiable assets	**$2,668,281**	**$1,453,388**	**$ 238,350**	**$4,360,019**	**$ 55,871**	**$4,415,890**	**$1,663,767**	**$6,079,657**
Other items								
Depreciation and amortization	**$ 150,298**	**$ 97,786**	**$ 4,112**	**$ 252,196**	**$ 584**	**$ 252,780**	**$ 9,795**	**$ 262,575**
Amortization of goodwill	**29,237**	**1,825**	**1,205**	**32,267**	**–**	**32,267**	**–**	**32,267**
Investment to companies accounted for by the equity method	**–**	**–**	**–**	**–**	**–**	**–**	**20,428**	**20,428**
Capital expenditures	**291,325**	**167,770**	**13,432**	**472,527**	**–**	**472,527**	**8,371**	**480,898**

	Millions of yen							
	2011							
	Reportable Segment				Other (*1)	Total	Adjustment (*2)	Consolidated financial statements
	Medical	Pharma-ceutical	Materials	Total				
Net sales: Outside	¥ 132,817	¥ 38,005	¥ 24,704	¥ 195,526	¥ 417	¥ 195,943	¥ –	¥ 195,943
Intersegment	1,195	18,278	3,856	23,329	44	23,373	(23,373)	–
Total	134,012	56,283	28,560	218,855	461	219,316	(23,373)	195,943
Operating income	18,437	1,658	2,701	22,796	88	22,884	(5,659)	17,225
Identifiable assets	¥ 178,938	¥ 105,672	¥ 17,007	¥ 301,617	¥ 4,639	¥ 306,256	¥ 170,254	¥ 476,510
Other items								
Depreciation and amortization	¥ 11,938	¥ 8,296	¥ 229	¥ 20,463	¥ 55	¥ 20,518	¥ 726	¥ 21,244
Amortization of goodwill	1,504	201	39	1,744	–	1,744	–	1,744
Investment to companies accounted for by the equity method	–	–	–	–	–	–	1,763	1,763
Capital expenditures	14,879	6,809	103	21,791	–	21,791	1,532	23,323

(*1) "Other" is the business segment which is not included in the reportable segment and consists of real estate income and sales by headquarters.
(*2) Adjustment is as follows:

- Adjustment for the operating income at March 31, 2012 and 2011 include ¥110 million (US$1,338 thousand) and ¥333 million of elimination of inter-segment transaction and ¥(6,987) million (US$(85,010) thousand) and ¥(5,992) million of corporate cost, respectively. Corporate cost consists primarily of sales, general and administrative expenses and research and development cost which do not belong to the reportable segment.
- Adjustment for Identifiable assets at March 31, 2012 and 2011 include ¥(54,853) million (US$(667,393) thousand) and ¥(57,266) million of elimination of inter-segment transaction and ¥191,598 million (US$2,331,160 thousand) and ¥227,520 million of corporate assets, respectively. 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 reportable segment.
- Adjustment for depreciation and amortization at March 31, 2012 and 2011 are for corporate assets. Depreciation and amortization and Capital expenditures include long-term prepaid expenses.
- Adjustment for capital expenditures is increase in corporate assets.

Loss on impairment of fixed assets and Unamortized balance of goodwill by business segments were as follows:

	Millions of yen						Millions of yen					
	2012						2011					
	Reportable Segment				Other	Total	Reportable Segment				Other	Total
	Medical	Pharmaceutical	Materials	Total			Medical	Pharmaceutical	Materials	Total		
Loss on impairment of fixed assets	**¥ 529**	**¥ —**	**¥ —**	**¥ 529**	**¥ —**	**¥ 529**	¥ 39	¥ —	¥ 26	¥ 65	¥ —	¥ 65
Unamortized balance of goodwill	**11,539**	**(3)**	**359**	**11,895**	**—**	**11,895**	7,287	198	349	7,834	—	7,834

	Thousands of U.S. dollars (Note 1)					
	2012					
	Reportable Segment				Other	Total
	Medical	Pharmaceutical	Materials	Total		
Loss on impairment of fixed assets	**$ 6,436**	**$ —**	**$ —**	**$ 6,436**	**$ —**	**$ 6,436**
Unamortized balance of goodwill	**140,394**	**(36)**	**4,368**	**144,726**	**—**	**144,726**

Net sales and Property, plant and equipment by geographic area were as follows:

	Millions of yen					Millions of yen				
	2012					2011				
	Japan	America	Europe	Asia	Total	Japan	America	Europe	Asia	Total
Net sales	**¥129,237**	**¥ 40,519**	**¥ 23,140**	**¥ 19,117**	**¥212,013**	¥ 124,905	¥ 37,121	¥ 20,707	¥ 13,210	¥ 195,943
Property, plant and equipment	**102,275**	**8,392**	**3,311**	**31,701**	**145,679**	105,022	5,779	141	17,564	128,506

	Thousands of U.S. dollars (Note 1)				
	2012				
	Japan	America	Europe	Asia	Total
Net sales	**$1,572,417**	**$492,992**	**$281,543**	**$232,595**	**$2,579,547**
Property, plant and equipment	**1,244,373**	**102,105**	**40,285**	**385,704**	**1,772,467**

15. Selling, General and Administrative Expenses

Significant components of selling, general and administrative expenses for the years ended March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Salaries	¥ 11,372	¥ 10,358	$ 138,362
Freight charges	5,143	4,685	62,575

16. Reseach and Development Expenses

Research and development expenses for the years ended March 31, 2012 and 2011 were ¥5,957 million (US$72,478 thousand) and ¥4,977 million, respectively.

17. Supplemental Disclosures of Cash Flow Information

Supplemental information related to the Consolidated Statements of Cash Flows was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Cash paid during the year for:			
Interest	¥ 3,226	¥ 2,405	$ 39,251
Income tax	6,147	8,217	74,790

Report of Independent Auditors

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Nipro Corporation

We have audited the accompanying consolidated balance sheet of Nipro Corporation and its consolidated subsidiaries as of March 31, 2012, and the related consolidated statements of income, comprehensive income, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in conformity with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nipro Corporation and its consolidated subsidiaries as of March 31, 2012, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation
The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2012, are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Osaka, Japan
June 28, 2012

PKF Osaka Audit Corporation

PKF Osaka Audit Corporation

Corporate Information (As of March 31, 2012)

Date of Establishment
July 8, 1954

Head Office
3-9-3 Honjo-nishi, Kita-ku, Osaka 531-8510, Japan
Telephone : +81-6-6372-2331
Facsimile : +81-6-6375-0669
URL : http://www.nipro.co.jp/english/

Tokyo Office
4-3-4 Hongo, Bunkyo-ku, Tokyo 113-0033, Japan
Telephone : +81-3-5684-5611
Facsimile : +81-3-5684-5610

Number of Employees

Parent Company	2,367
Consolidated subsidiaries	12,199
Total	14,566

Common Stock

Authorized	400,000,000 shares
Issued	171,459,479 shares
Outstanding	170,545,867 shares
Number of Shareholders	32,465

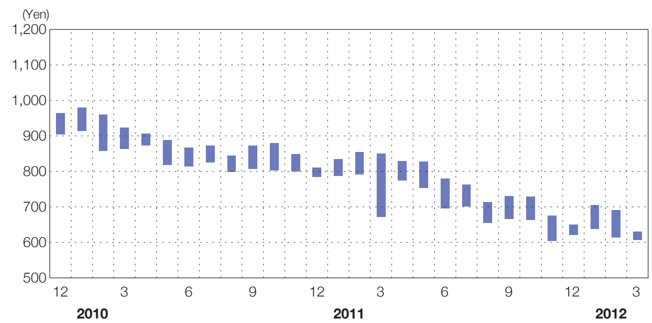
Stock Listings
Tokyo Stock Exchange, Osaka Securities Exchange
Ticker Code: 8086

Transfer Agent
Mizuho Trust & Banking Co., Ltd., Osaka Branch,
Stock Transfer Agency Dpt.
2-11-16 Sonezaki, Kita-ku, Osaka 530-0057, Japan

Principal Shareholders

	Number of Shares Held (in thousands)	Percentage of Total Shares in Issue (%)
Sanri Kosan Co., Ltd.	36,809	21.47
Nippon Electric Glass Co., Ltd.	14,310	8.35
Japan Trustee Services Bank, Ltd.	14,012	8.17
Trust & Custody Services Bank, Ltd.	3,833	2.24
The Master Trust Bank of Japan, Ltd.	3,832	2.23
Minoru Sano	3,820	2.23
Resona Bank Limited	2,760	1.61
National Mutual Insurance Federation of Agricultural Cooperatives	2,155	1.26
Mizuho Corporate Bank, Ltd.	1,565	0.91
Nipro employees' stock ownership associations	1,260	0.74
Total	84,360	49.20

Stock Price Range (Tokyo Stock Exchange)



Major Subsidiaries (As of June 30, 2012)

Area	Country	Name	Principal business
Domestic	Japan	Nipro Medical Industries Co.,Ltd.	Manufacturing and Marketing of medical equipment
		Nipro Pharma Corporation	Manufacturing and Marketing of pharmaceuticals
		Zensei Pharmaceutical Industries Co.,Ltd.	Manufacturing and Marketing of pharmaceuticals
Overseas	Thailand	Nipro (Thailand) Corporation Limited	Manufacturing and Marketing of medical equipment
		Nipro Sales (Thailand) Co.,Ltd.	Marketing of medical equipment
	China	Nipro (Shanghai) Co.,Ltd.	Manufacturing and Marketing of medical equipment
		Nipro Trading (Shanghai) Co., Ltd.	Marketing of medical equipment
		Chengdu Pingyuan Nipro Pharmaceutical Packaging Co., Ltd.	Manufacturing and Marketing of glass products
		Jilin Nipro Jiaheng Pharmaceutical Packaging Co., Ltd.	Manufacturing and Marketing of glass products
		Anyang Nipro Changda Pharmaceutical Packaging Co., Ltd.	Manufacturing and Marketing of glass products
		Nipro Medical (Hehei) Co., Ltd.	Manufacturing and Marketing of medical equipment
		Shanghai Nissho Vacuum Flask Refill Co.,Ltd.	Marketing of glass products
	Singapore	Nipro Asia Pte Ltd.	Marketing of medical equipment
	India	Nipro India Corporation Pvt. Ltd.	Manufacturing and Marketing of medical equipment
		Nipro Glass India Pvt. Ltd.	Manufacturing and Marketing of medical glass products
		Nipro Tube Glass Limited	Manufacturing and Marketing of medical glass products
	Bangladesh	Nipro JMI Company Ltd.	Manufacturing and Marketing of medical equipment
		Nipro JMI Pharma Ltd.	Manufacturing and Marketing of pharmaceuticals
	Indonesia	P.T. Nipro Indonesia JAYA	Manufacturing and Marketing of medical equipment and medical glass products
	UAE	Nipro Middle East FZE	Marketing of medical equipment
	Brazil	Nipro Medical Ltda.	Manufacturing and Marketing of medical equipment
	U.S.A.	Nipro Medical Corporation	Marketing of medical equipment
		Nipro Diagnostics, Inc.	Manufacturing and Marketing of diabetes-related products
		Nipro Glass Americas Corporation	Manufacturing and Marketing of medical glass products
	Belgium	Nipro Europe N.V.	Marketing of medical equipment
		Nipro Glass Belgium N.V.	Manufacturing and Marketing of medical glass products
	France	Nipro Glass France S.A.S.	Manufacturing and Marketing of medical glass products
	Germany	Nipro Glass Germany AG	Manufacturing and Marketing of medical glass products
		Nipro Sterile Glass Germany AG	Manufacturing and Marketing of medical glass products
	Switzerland	Nipro Pharma Glass AG	Business Management

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