Your Partner in Health Care

Annual Report 2013

Year Ended March 31, 2013

Profile

Nipro group Corporate Management Philosophy: Always keep "Creation and Innovation" in mind, undertake diverse company operations toward the future, strive for self-actualization and contribute to society

The Nipro Corporation was founded in 1954. Since then we have seen the pursuit of creative products and technologies as the keys to growth. We are consistently improving the QOL (quality of life) of patients and responding to the issues and needs of medical practice. This is based on our concept "technological innovation" and our corporate philosophy "contribute to society through our business activities."

The Nipro Corporation began with the manufacture and sale of tube glass for ampoules and vials, and expanded into the medical and pharmaceutical businesses. In the field of medical devices, Nipro is well regarded worldwide for its technical capabilities and high quality, including our world-leading dialyzer. We have performed strongly in the pharmaceutical business, through product development which captures the needs of medical practice. An example of this is our kit preparations which combine the drug with the administration system. In the glass business we are capitalizing on our excellent production technologies, which we have cultivated since our establishment. These technologies allow us to produce and market highly functional and high quality products.

As well as expanding the scope of our business, we have also spread the location of our activities overseas. Today we continue to grow as a global corporation with around 120 sites across the globe.

The medical industry is entering a period of unprecedented change. To survive and thrive in this challenging time, we aim to strengthen our research and development, production and marketing foundations, by always basing technological innovations on the "patient perspective" and "user perspective." As the world's top multidisciplinary medical manufacturer, we will draw together our strengths in the medical, pharmaceutical and glass businesses to further advance diverse business developments.

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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

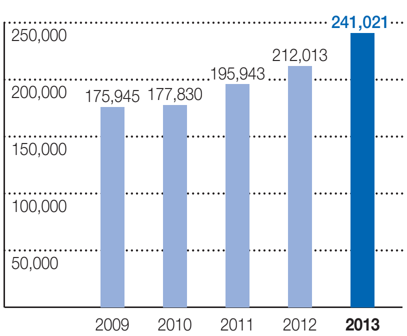
Nipro Corporation and its Consolidated Subsidiaries Years ended March 31, 2013 and 2012	Millions of yen		Thousands of U.S. Dollars
	2013	2012	**2013**
For the year:			
Net sales	**¥ 241,021**	¥ 212,013	**$ 2,562,690**
Operating income	**11,371**	15,825	**120,904**
Net income	**10,232**	4,586	**108,793**
Capital expenditures	**37,997**	39,525	**404,009**
Depreciation and amortization	**21,210**	21,581	**225,518**
R&D Expenses	**6,464**	5,957	**68,729**
At the year-end:			
Total assets	**¥ 579,302**	¥ 499,687	**$ 6,159,510**
Net assets	**128,763**	113,951	**1,369,091**
Per share data (in yen and U.S. dollars)			
Net income:			
Basic (*1)	**¥ 60.0**	¥ 35.3	**$ 0.64**
Diluted (*1)	**54.1**	31.0	**0.58**
Cash dividends (*1)	**27.5**	23.5	**0.29**
Equity (*1)	**703.5**	643.9	**7.48**

Note:

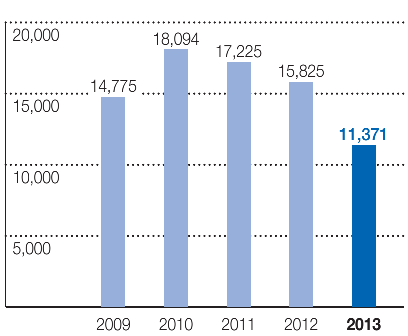
(*1) Effective the fiscal year ended March 31, 2012, the Company has adopted ASBJ Statement No.2 “Accounting Standard for Earnings Per Share” (June 30, 2010), ASBJ Guidance No.4 "Guidance on Accounting Standard for Earnings Per Share" (June 30, 2010) and ASBJ PITF No.9 “Practical Solution on Accounting 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 ¥94.05=U.S.$1, the approximate exchange rate on March 31, 2013.

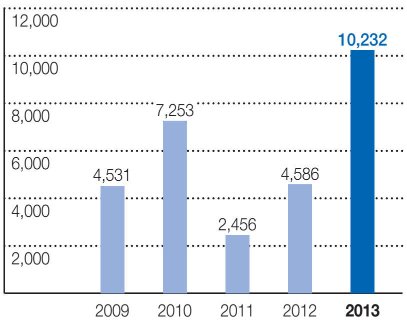
Net Sales (Millions of yen)



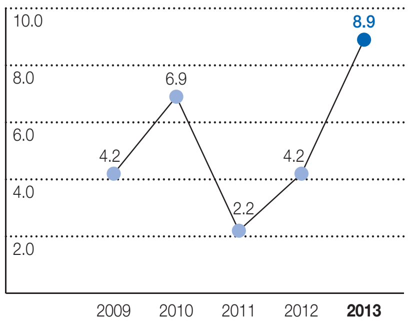
Operating Income (Millions of yen)



Net Income (Millions of yen)



Return on Equity (%)



A Message to Our Shareholders and Investors

Three organizations united, pursuing natural profit

Yoshihiko Sano
President

Sales and profit growth in a changing environment

The world economy has been severely hit by the European credit crisis. Now, the USA is seeing improvements in employment and consumer confidence, and is taking the lead in a gradual world recovery. In Japan there is a sense of anticipation about the growth strategy of the new administration, which has already led to a weakening of the Yen since New Year. The renewed efforts to shrug off deflation are finally beginning to bear fruit. Nevertheless, as a company we remain keenly aware of the challenges we face, such as falling exports due to a strong Yen in the long-term and a retreating Chinese economy.

In these circumstances, Nipro group has continuously and unwaveringly striven to consolidate and strengthen its global production and distribution base, and worked to expand sales and increase profits.

As a result, consolidated sales this term reached 241.0 billion yen (13.7% up from previous fiscal year). Consolidated operating income was 11.4 billion yen (28.1% down from previous fiscal year), but consolidated net income was 10.2 billion yen (123.1% up from previous fiscal year), due to extraordinary profits.

Patient-focused business development

Our former president founded our company. He believed that business can't go on without growth, that it is important to have ambition, and in the face of failure to have the will to take stock and challenge again. He advocated developing our business by attaining a world-leading market share. We will take on the hopes and ideas of our former president into the future. Nipro group will work together to fulfill our long-term business targets of consolidated net sales of 500 billion yen by fiscal year 2020 and 1 trillion yen by fiscal year 2030.

In recent years we have actively invested in establishing overseas production facilities and M&A. I believe that we must continue to realize persistent growth in the global market, and raise profitability.

To achieve this, it is essential that we are patient-focused. This is the viewpoint that forms the bedrock of all our business activities.

Product value derives from its use by end users, i.e. patients. Providing products and services that are useful to patients and people working in the medical field leads to repeat business and naturally generates profit. I believe the road to natural profit is opened up by reiterating this process.

Reorganization of three into one

The key to ensuring we operate as a patient-focused business, is to move from a system of generating business value in each of our business fields individually, as medical devices, pharmaceuticals and glass containers, to development which retains a sense of unity. In the 12 months since I was appointed president, I have focused on laying the groundwork for this effort. Every product is essential to medical practice and patients can't be treated without them. That's why building up our line-up of full-system products combining the drug and medical device or the drug and container, such as double bags or pre-filled syringes, ensures safety for patients and saves effort for medical practitioners. These full-system products show how we can maximize our strengths by developing across multiple fields.

Moving from products to systems and bringing these to market quickly requires a coordinated and dynamic structure. To achieve this, the first step was to set up a pharmaceutical division bringing together drugs and their devices or containers. In the second stage we combined our domestic sales teams for medical devices and drugs.

We have launched committees for information management, product planning, production technology, material procurement and plant management. Their goal is to increase production technologies, reduce costs, and set reasonable prices while maintaining high expertise in medicine. The committees function as a horizontal structure within the group, as a counterbalance to divisions, which have jurisdiction over the upstream to downstream movement of products. This interlocking vertical and horizontal matrix ensures close sharing of information and strong cooperation.

Introducing new products that meet local needs

We are taking positive action to cultivate sales, particularly in emerging markets, and develop distribution bases to achieve a world-leading market share. At the same time we want to efficiently increase sales and market share by introducing new products through existing sales routes used by the Dialyzer, which already has a 25% world market share.

The specification required of a product differs depending on the country or region. Infection control safety products such as pre-filled syringes or products with error prevention functions (e.g. the prevention of needle-stick injuries) are currently in high demand in Japan, and these are likely to be needed in advancing nations in the near future. We will continue to provide both high grade and standard grade products to meet local demand and requirements.

We are open to strategic partnerships and M&As to demonstrate a competitive advantage in the market. However our policy is to show great discretion in partner selection, investing management resources only into those which will lead to synergies in the future. Nevertheless, I believe our policy should be to actively prepare the building blocks of the future, such as by investing in promising ventures in fields where growth is expected.

The importance of consistent supply

We have sought to build business bases with local roots, and promote local production for local consumption. Production has begun in India, Indonesia and Bangladesh, with a focus on dialysis products. We also have plans to open a new plant in China in 2013. By setting out the whole chain from production to sale, we can ensure product development and stable supply which meets local needs.

We cannot allow patients' lives to be jeopardized by a lack of supply of essential products to the medical care front line. Stability of supply engenders trust from patients and medical professionals, and leads to a significant advantage in acquiring market share.

Our roots are in the development of ampoule production machinery, and our production line automation technology is advanced. We want to bring in labor-saving measures to reduce costs, but we also want to offer stable supply of high quality products. To do this we have set up several independent production technology development units within our Research and Development Laboratory, as 'production technology centers.' At the same time we are setting up a production technology development committee to drive all our plants worldwide to join together to take further steps forward.

Continuous increase in dividends

Nipro group has made profit return to shareholders one of its key business policies. Our sliding-scale system is one of our basic policies in which profit distributions are made to shareholders, employees and managers, according to our performance.

Dividends this term included an interim dividend of 12 yen per share and an end of term dividend of 15.5 yen per share, making an annual dividend of 27.5 yen per share.

Dividends for next term will continue under the same basic policy, and are expected to be made in consideration of the balance of retained earnings, based on future growth of capital demand.

Integrating production and distribution to increase sales

Our policy in the medical devices business is for growth in circulatory products, as an additional core product line to add to dialysis and disposable products. In spring this year we took on Goodman Co., Ltd. as a subsidiary, a prominent and established brand in catheter products. We will join with Goodman and make

good use of their dominance of the Japanese market, and the management resources of both companies. I look forward to highly synergistic results in terms of development, manufacturing and sales. Looking ahead, we are working to expand manufacture and sales overseas, and to strengthen the business base.

In the pharmaceutical business we see the Japanese market making a switch to generic drugs, as a primary strategy of drug cost reduction. This is an opportunity that we cannot afford to miss. I want us to use our highly original manufacturing technologies and abilities to promote generic drugs. We are also aiming for early release of products with complex development, such as anticancer drugs and biosimilars.

In the glass business we have invested in a range of production facilities, including a cutting edge furnace in our tube plant in France and a new production line in our German processing plant. In Japan, a new plant is under construction at the site of our glass business mother plant and is due to open in spring 2014. This will finally enable us to demonstrate our key selling point, of combining the manufacture, processing and sale of a wide range of products, from glass to pharmaceutical rubber plugs and needles, within a single company. We have made it our goal to acquire one third of global market share. Now all we have to do is put it into practice.

Becoming a company worthy of gratitude

While the end user for any medical manufacturer is the patient, the target for product sales is the medical institution. Japanese medical institutions are sometimes non-profit organizations funded in part by taxes.

I believe we must act as a good corporate citizen in our business activities, commensurate with the special status of the field of medicine. We need to think not just about the market, but about the needs of patients and medical professionals. We will not chase short-term returns; rather we will provide support through our high quality products and services, to ensure patients receiving treatment can recover even one extra day of healthy life, to ensure thanks are deserved.

Also, to ensure suitable treatments demanded by patients and medical professionals are not delayed, we understand the social role that we must fulfill, by providing a stable supply of our products.

As ever, I would like to thank all of our shareholders and investors who have supported us, and for your continued understanding of the unique characteristics of the medical business and your long-term support.

July 2013

Yoshihiko Sano
President

At a Glance

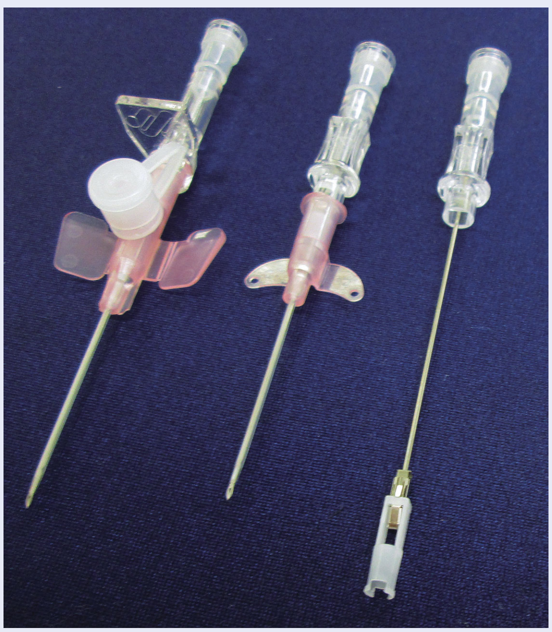
Medical-Related Business

Dialyzer

Our diverse product line support people across the world working in medicine and fighting disease. We have carved out a leading market share worldwide in artificial kidney products (Dialyzer). We have also made our full-scale entry into the diabetes market and aim to make further gains as a leading manufacturer of medical devices.

In the Japanese market, the sales of our HDF filter are up significantly on the previous year, while dialysis products such as Dialyzer showed stable growth. We have also acquired Goodman, Co, Ltd., a strong brand in circulatory products, creating a basis for opening up new markets in synergy with our own products.

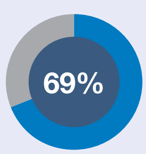
As for overseas sales, we acquired dialysis solution manufacturers and distributors in Brazil and Spain, enhancing our sales power with a more comprehensive dialysis product line. We have also actively developed distribution networks in emerging nations such as Myanmar. Intensive marketing activities in the region have allowed us to effectively introduce our dialysis products and blood glucose meter products, and dramatically extend business performance. Finally, new plants have come online smoothly in India, Indonesia and Bangladesh.


Safetouch IV Cath

Main Products

- Injection and infusion products
- Artificial organ products
- Advanced products
- Dialysis products
- Diabetes products

Net Sales Ratio



(millions of yen)

	2013	2012
Net Sales	¥ 167,532	¥ 145,082
Operating Income	14,558	17,078


NCU-18

Pharmaceutical-Related Business

As the largest contract manufacturer group in Japan, we have made progress through marketing 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.

Sales of our oral and injectable drug kits grew well as a result of our research and development efforts into unique drug formulation technologies, as well as our sales activities.

New production plants have come online including dedicated facilities for biopharmaceutical and anticancer drugs, and a new facility for infusion. Construction of a new plant in Vietnam is progressing well and is due to open in 2015. We continue to create solid foundations to supply low cost, high quality products reliably, to meet a broad market demand, including overseas corporations.

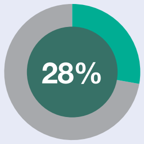
We have also integrated departments for pharmaceutical products and for their containers, to further expand our business base. This is expected to deliver better devices and containers as well as flexible and innovative pharmaceutical product development and contract manufacturing.

Kit preparation

Main Products

- Injectable drugs
- Oral drugs
- Kit products
- Dialysis products

Net Sales Ratio



(millions of yen)

	2013	2012
Net Sales	¥ 66,212	¥ 59,715
Operating Income	3,988	4,940

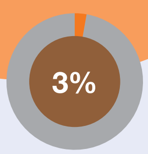
Glass-Related Business

Glass products

Main Products

- Tube Glass for Pharmaceuticals, Vials, Ampoules
- Glass for lighting purposes

Net Sales Ratio



(millions of yen)

	2013	2012
Net Sales	¥ 7,042	¥ 6,954
Operating Income	330	454

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

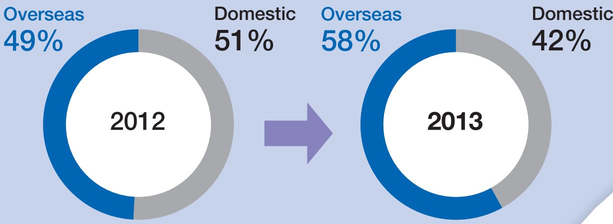
We have made a successful transition to sales of vials meet demand for vials for vaccine as well as ensuring stable sales of tube glass for vials to meet overseas demand.

We have utilized our excellent glass processing technology developed since our establishment for expansion within Japan, and achieved high quality, low cost product growth across Asia in countries such as China, where future growth is anticipated.

Our focus with regard to joint business with China has been on pushing capital investment and personnel deployment to places where future demand is expected. This will help us to realize higher quality product manufacture and improved production efficiency.

Global Activities

Ratio of product made in Domestic and Overseas



Nipro Glass France S.A.S.

Nipro India Corporation Private Limited

Nipro JMI Co., Ltd.

Demand in the global medical market continues to grow. The requirement for medical care is rapidly increasing in emerging countries such as China, India, other Asian countries, as well as Central and South American and African countries. This is due to increasing population, economic growth and improvements to medical infrastructure such as social health insurance systems.

We have responded to this environment by producing high quality and safe products at low cost and high volume. In fiscal year 2012 we focused on opening new plants in emerging nations, based on our policy to supply to a range of regions across the world. At the same time we worked to augment our sales offices and reinforce our business base through M&A. As a result, we have achieved substantial growth in consolidated sales, with Nipro group overseas sales of ¥102.1 billion (US$1,085.2 million), a 23.3% increase from previous fiscal year.

Currently, Nipro group has 86 sales offices across 40 countries and 33 manufacturing plants across 12 countries (including plants under construction). Our 'local production for local consumption' system continues to pay dividends. The proportion of products sold overseas increased from 49% in 2012 to 58% in 2013 due to increasing levels of production at our overseas plants.

Nipro (Shanghai) Co., Ltd.

Nipro Medical Corporation

Sales Ratio by Region (2013)

Nipro Medical Ltda.

This percentage is expected to rise further to 70% in 2014. This trend enables us to diversify our currency exchange risk and ensure flexibility in responding to customer needs and local specification requirements by having manufacturing close to demand.

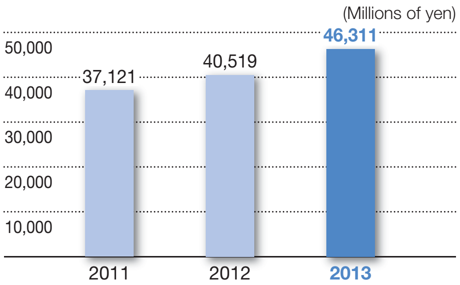
In 2012 we have supported the establishment of dialysis centers in various countries, including Myanmar, India, Ecuador and Senegal. Emerging nations have growing populations, but often lag behind in terms of advanced medical treatment such as dialysis. We believe it is an important duty to support these new centers, to offer the opportunity for treatment to patients who would not previously have received it. Additionally, the new dialysis centers will use our products and provide a location to introduce doctors and nurses to premium medical care using our products, and provide training, taking the presence of Nipro products to the next level.

The environment surrounding our business is challenging, but our medical, pharmaceutical and pharmaceutical packing materials businesses have substantial growth potential. We will continue to expand our business through our global network and our hardworking and high quality human resources in all locations, in order to contribute to medical care around the world.

Global Activities

America

The establishment of dialysis center in Nicaragua (Nipro Medical Corporation)



Sales in America increased 13.4% from previous fiscal year on a local currency basis.

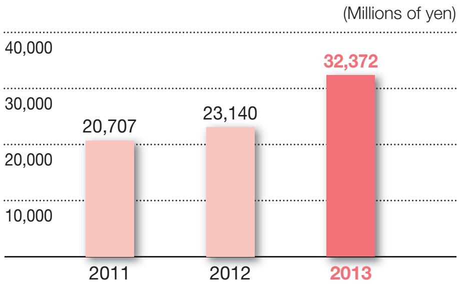
Nipro Medical Ltda. is based in Brazil, and is involved in the manufacture and sale of oxygenator products and the sale of dialysis products. On September 25, 2012, Nipro Medical Ltda. purchased Salbego Laboratorio Farmaceutico Ltda., which manufactures and sells dialysis solution in Brazil. We aim to improve our service by adding dialysis solution to the product line-up and offering a more comprehensive range of related products.

Nipro Medical Corporation has continued to expand its sales channel in Central and South America. In 2012 it established offices in Concepcion in Chile, Santa Cruz in Bolivia and Asunción in Paraguay. This brings the number of sales offices in Central and South America to 30, spanning 19 countries. Using these offices as a base, we will implement a service better tuned to local needs, and further enhance the Nipro brand presence in Central and South America.

Nipro Diagnostics, Inc. manufactures and sells blood glucose meters and test strips for diabetic patients. Since its purchase in 2010, Nipro Diagnostics has used the Nipro global distribution network for its products, and as of March 2013 supplies products to 71 countries across the globe. This has led to a 23% increase in sales volume of blood glucose test strips in 2012, compared to previous fiscal year. While there are concerns over a reduction of average unit prices due to US health insurance reforms, we plan to counter this by reducing costs through changes to materials and boosting promotion of sales activities. Looking forward, we plan to build a more robust sales platform by developing sales promotion activities on a global scale.

Europe

Manufacturing floor (Nipro Glass Germany AG)



In Europe, there was considerable growth in sales of our primary products such as dialysis and diabetes products, with a major upswing in sales of 46.2% from previous fiscal year on a local currency basis. In the dialysis business, we have broadened the range for core products such as the Dialyzer through gradual addition of support products. This has enabled us to respond to bundling, which is the predominant current bidding practice, and expand our business with major dialysis providers.

Our headquarters for the European region, Nipro Europe N.V., is involved in sales activities for medical devices across a wide area centered on Europe, including in Russia and Africa. Nipro Europe purchased NEFRO-ION S.L. (name changed to Nipro Renal Solutions Spain S.L.), which manufactures and sells dialysis solution in Spain on November 6, 2012. As in Brazil, our aim is to increase sales in Spain and other key European markets, and increase local market share for dialysis solution from the current 25% to 35% within 5 years. To do this we will further enhance our existing dialysis product line-up.

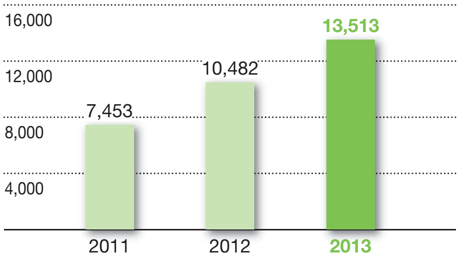
We are currently pushing ahead in Tunisia with the establishment of a medical devices distribution company. Africa has a population of 1 billion people, and is currently surging ahead of the global economy. The medical field is no exception, and major market expansion is anticipated going forward. We plan to build a stable distribution network to gain a foothold in the African market with its high growth potential, by opening new branches and developing sales focusing on dialysis products.

We continue to make progress in the glass business. We acquired pharmaceutical glass container manufacture and distribution companies in France and Belgium in 2011 and in Germany in 2012. These have become leading sites for glass business within the group, and have helped to ensure a smooth transition in sales of pharmaceutical glass containers in Europe. In the future, we plan to improve production efficiency and quality through installation of a new glass furnace in France, and installation of a glass syringe production line in Germany. We are investing in production equipment and realizing higher quality and lower costs, to build a production base capable of responding to diverse needs, principally those of local pharmaceutical companies. Our joint venture with a local partner company in Russia began production of ampoules and vials in September 2012, distributing within Russia itself. Established businesses such as these will help us to push towards our goal to acquire a world-leading market share in the medical glass industry by fiscal year 2020.

Asia

Dialysis Society in India (Nipro India Corporation Pvt., Ltd.)

(Millions of yen)



In Asia, sales increased 27.4% from previous fiscal year as a result of new plants coming online and a reorganization of distribution systems to meet increasing medical demand.

In 2012 new medical device plants which were under construction smoothly began operations. Cannula production began at our Indian plant in November, after which manufacture and sale of all planned production ranges including syringes and the Dialyzer has commenced. This plant is the first in India to produce the Dialyzer. It also has gamma ray sterilization technology, which allows high quality and safe products to reach patients requiring dialysis treatment in India. Our plants in Indonesia and Bangladesh began production of blood tubings in December 2012. The Indonesian plant will phase in production of other ranges throughout 2013. In addition to these sites coming online, we have opened a branch in Myanmar, where further economic growth is anticipated. We have also actively expanded our distribution system, such as by establishing a resident office in Pakistan, which has a population of approximately 180 million.

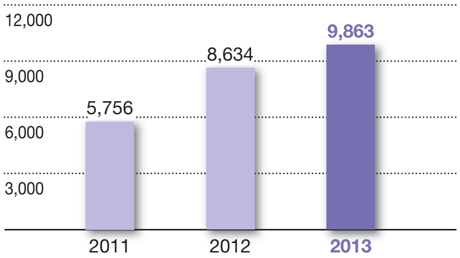
We have invested in our glass business in India to further improve production efficiency and quality, at Nipro Tube Glass Limited, which manufactures and sells pharmaceutical glass containers, and Nipro Glass India Private Limited, which manufactures and sells tube glasses for pharmaceuticals. We have also gathered the managers of all plants in the group to exchange opinions on unifying quality standards and sharing, improving and optimizing production techniques between subsidiaries. These meetings will be held periodically to drive global standardization of the group's glass plants in India and other regions across the world.

We are also moving ahead with international expansion in pharmaceuticals. In April 2012 Nipro Pharma Corporation established a pharmaceutical production plant in Vietnam. Its goal is to supply good quality pharmaceuticals at an internationally competitive cost, to take on the intensely competitive international pharmaceuticals market. Construction is scheduled for completion at the end of 2013, with commercial production starting in 2015. Nipro JMI Pharma Ltd. in Bangladesh is making efforts on stronger business strength and increasing trademarking. It is working to acquire a market share in the Bangladesh pharmaceuticals market, which is growing by more than 15% a year.

China

Manufacturing floor (Jilin Nipro Jiaheng Pharmaceutical Packaging Co., Ltd.)

(Millions of yen)



Our sales in China increased 10.8% from previous fiscal year.

In China medical needs are rapidly expanding due to economic growth and improved medical infrastructure. The dialysis market is aggressively expanding due to an increase in patient numbers. While competition is fierce, acquiring and maintaining market share in China, with its huge potential, is our highest priority.

Nipro Trading (Shanghai) Co., Ltd. is setting up 17 offices across China and putting a system in place to respond to this future demand increase. Work on new plant facilities in Heifei, Anhui Province started in 2011 in an effort to further curtail production costs in preparation for fierce cost-competition in the future. Manufacturing key products such as the Dialyzer in the location of maximum demand not only tackles costs, but has a significant impact in terms of reducing delivery times and adapting quickly to the needs of customers. Construction of the new plant is progressing well, and it is scheduled to begin commercial production in July 2013. We will use it to build a robust system for both manufacture and distribution in the Chinese market.

We are also making advances with our glass business 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 are developing joint ventures for manufacture and sale of pharmaceutical glass containers in Chengdu in Sichuan, Songyuan in Jilin and Anyang in Henan. Participating in the market through a venture and providing financial and technical support using our local partner's base enables us to promote our business aggressively. In recent years, there has been a trend in China to use more appropriate glass containers for drugs, and there is an ever increasing demand for higher quality products on the market. This is why our production plant in Chengdu, Sichuan plans to import tube glasses with low alkaline component loss and establish a plant to process them. This is a rapidly changing market but we are pushing ahead with dynamic business development using local human resources, and aim to acquire market share through increased sales and quality.

Research and Development

Nipro group promotes research and development of both medical devices and pharmaceuticals, mainly through our R&D center. Last year we set up a new medical glass development center within the R&D center. Its purpose is to innovate and create glass products with world-class quality and prices.

A new branch office of our R&D center was also established by our subsidiary, Nipro Thailand Corporation Limited. It seeks to accelerate the marketing of products and to reflect international needs.

We are also currently participating in an industry – university – government research project to develop an automated culture system capable of safe and stable cell culture.

This cultivation device includes a specialized bag as a cultivation container to prevent bacterial contamination and to achieve safe cell culture. This automated cell culture system will be of benefit to a range of end users.

Additionally, we are actively collaborating with universities that have seed technologies showing potential for use in the fields of cellular and regenerative medicine. We are developing various devices targeted at such fields. Finally, an implantable ventricular assisting device *HeartMate II™* (Thoratec Corporation, USA) was approved for production and sale. This product was just brought to market this term.

1. Medical-Related Business

Division of Medical Devices

In diabetes products, a one-time-use safety lancet, *LS Lancet™*, was launched this term. This product incorporates a number of features that contribute to safer treatment for patients and medical staff.

In transfusion products, we released 2-way and 3-way stopcocks as accessories to our needle-free connection *SAFETOUCH*® series. These products enhance safe and reliable selection and usage of pharmaceuticals, where infusion of several pharmaceuticals is required.

In dialysis products, a novel clamp with a side-slip prevention mechanism and a soft lock connector was incorporated into products for improved safety.

We have also released a blood tubing with a Luer-Lock connection mechanism to prevent blood loss due to improper connection, using a flexible material for the soft lock connectors.

We have also released an enteral nutritional product that has a novel wing-like connector with a safe round shape to provide a secure connection and to reduce pain and reddening during fixation.

Division of Diagnosis and Testing Products

Lithium preparations are often used to treat manic and manic-depressive illnesses. Since their effective and poisonous ranges are very close, monitoring of blood concentration is necessary during dosing. To assist this, we have launched a lithium-measuring reagent *ESPA™ Li*, which enables simple measurement of blood concentration using a general-purpose device.

This term we have also released reagents called *Finoscholar™ pTau*, *Finoscholar™ hTau* and *Genescholar™ PZA TB*.

Finoscholar™ pTau and *hTau* can detect total tau and phosphoric tau, which are helpful markers of cognitive impairment and Creutzfeldt-Jakob disease.

Genescholar™ PZA TB can detect drug-resistant tuberculosis that cannot be treated with pyrazinamide, in a quick and simple way.

Division of Functional Pharmaceutical Containers

We have released a vial solution needle called *EASYACCESS*®. This device is supposed to be used for self-injection by patients with blood coagulation factor VIII. It offers a simple and safe means for dissolution and conditioning of powdered blood plasma protein fraction preparations with injection solvent, and aspiration into a syringe. It also provides mechanisms for prevention of foaming, reduction of residual drug, and a filter for removal of foreign substances.

Our group was awarded the Grand Prix of Risk Management Design Award by Koukyo Network Association (A general incorporated association). It was awarded for our kit product enabling easy collection and storage of bloodstains, saliva and semen samples. This kit was developed in a joint project with national organizations.

Division of Circulatory and Interventional Products

This division develops products for percutaneous coronary intervention (PCI) in coronary artery diseases such as acute myocardial infarction or coronary artery occlusion.

This term we have developed and released a new thrombus aspiration catheter *TVAC®-II* with an improved anti-kinking shaft. This product removes thrombi from thrombotic lesions in the coronary artery and aids revascularization. We have released a 7Fr type catheter and a type with a stylet needle, to cover market demand and to improve operability up to the point of reaching the lesion.

Division of Artificial Organs

In Brazil we have released a membrane-type artificial lung with a venous reservoir. This product includes a high efficiency artificial lung that removes carbon dioxide and oxygenates the blood in place of the lungs. The product also incorporates a venous reservoir, which allows the filtration and collection of lost blood, removal of bubbles from blood, and maintenance of bodily blood volume with excellent operability.

We have also released a small infant blood concentration device. This product removes excess water from blood that has been diluted by intraoperative pharmaceuticals.

Finally, we also released a percutaneous cardiopulmonary support (PCPS) system with excellent durability. This product is used for critical care and heart surgery.

The basic concept of our R&D center is to develop and provide high-value added products by approaching medical needs and problems from unique viewpoints. Our primary aim is to carry out exhaustive research of medical devices, and to act as a driving force to produce high-quality Nipro products.

Total research and development costs in this business for the current fiscal year were ¥2.6 billion (US$27.7 million).

2. Pharmaceutical-Related Business

In our pharmaceutical business area, we are currently developing high quality generic drugs for various target illnesses and in various forms, to meet the requirements of reducing medical care costs and increasing medical care quality. We are also focused on the development of high-added value products such as kits to make administration easier in medical practice, and orally-disintegrating tablets for patients who find it difficult to swallow.

Our main focuses at the Nipro Pharmaceutical Research Center are as follows.

Development of Anti-Cancer Drugs

We are currently developing anti-cancer drugs, where the market is desperate for a generic entry due to the present high costs. We expect to release five products next term. Three of these will be injection format and two will be oral format. We will continue to provide good quality generic products and to participate actively in development.

Injection Kit Products

We are actively progressing with development of injection kits which are very easy to handle in medical practice. We are developing pre-filled syringe solutions for prolonged-action sustained-release injections, premixed bag solutions in a pre-diluted format, and double bag solutions for liquids and powders.

Orally-Disintegrating Tablets

We are currently developing orally-disintegrating tablets (ODT). This is a highly convenient format which makes drugs easier to take for patients with a poor ability to swallow, such as the very elderly. They also enable water intake to be reduced for those who are not allowed to drink water. The anti-allergy drug Fexofenadine (branded version Sanofi's *ALLEGRA™*) is an ODT in which the bitter taste is masked using our microparticle coating technology. It is scheduled for release in fiscal year 2013.

External Use Products

We are currently developing a tape format and a hydrogel-patch format which are thin, light, adhesive and elastic. During this term we will acquire approval for production and sale of tape, hydrogel-patch and gel formats of the anti-inflammatory pain relief agent loxoprofen sodium (branded version Daiichi Sankyo's *LOXONIN™*). Release is scheduled for the next term.

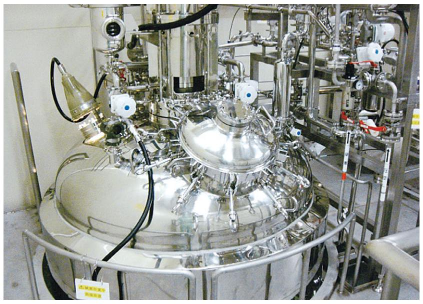
Putting Major Generic Drugs on the Market

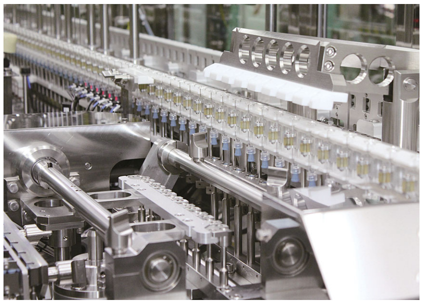
We are developing generic forms of blockbuster products such as *LIPITOR™* (atorvastatin), *BLOPRESS™* (candesartan cilexetil) and *DIOVAN™* (valsartan). We will be bringing atorvastatin to market this term, with the other major generics to follow next term.

Development of Biosimilars

We are currently progressing with development of biosimilars such as antibody drugs in the rapidly expanding market. Our goal is to bring these to market from 2016. We will achieve this using a dual approach. The first is to select drug substances with excellent cost and quality characteristics and introduce these drug substances to aid faster productization. The second is to create high-expression, easily producible vectors and cell lines and to conduct our own development to enable lower cost productization.

Total research and development costs in this business for the current fiscal year were ¥3.9 billion (US$41.0 million).





Research and Development Laboratory

Plant and Equipment

1. Overview of Capital Investments, etc.

Nipro group has focused on investing in research and development and product areas where growth can be expected in the future. The key aims are 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 ¥35.1 billion (US$373.4 million). Capital investment broken down by business segment is shown below.

	Millions of yen	Thousands of U.S. dollars
Medical-Related	¥ 22,961	$ 244,136
Pharmaceutical-Related	10,241	108,889
Glass-Related	1,248	13,270
Corporate	669	7,113
Total	¥ 35,119	$ 373,408

* The names of segment are abbreviated to "Medical", "Pharmaceutical" and "Glass" in the following tables.

Medical-Related business segment made capital investments primarily to increase production capacity and for production rationalization at our Odate plant. In addition, Nipro India Corporation Pvt. Ltd., Nipro Medical (Hefei) Co., Ltd. and P.T. Nipro Indonesia Jaya undertook the construction of new plants.

In Pharmaceutical-Related business segment Nipro Pharma Corporation made capital investments primarily in anticancer drug production facilities at the Odate plant and ampoule manufacturing facilities at the Ise plant.

Glass-Related business segment made capital investments primarily in tube bottle manufacturing facilities at our Otsu plant.

Corporate capital investments were made primarily for renovation of Nipro Corporation's Headquarters and preproduction machinery and molds at our Research and Development Laboratory.

The required funds were allocated primarily from self-financing and loans.

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

2. Status of Major Plant and Equipment

(1) Nipro Corporation

As of March 31, 2013

Name of Facility (Location)	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	
Odate Plant (Odate, Akita)	Medical	Medical Equipment Production Facilities, etc.	¥ 9,185	¥ 7,615	¥ 961 (198,026)	¥ 171	¥ 17,932	1,225
Otsu Plant (Otsu, Shiga)	Glass	Glass Tube Processing Production Facilities, etc.	143	114	25 (4,604)	11	293	41
Packaging & Material Department (Bunkyo-ku, Tokyo)	Pharmaceutical	Sales Facilities	236	40	2,092 (441)	—	2,368	17
Domestic Operations 21 Branches and 32 Sales Offices in Japan	Medical	Sales Facilities	353	1,013	204 (1,691)	11	1,581	724
Research and Development Laboratory & Pharmaceutical Research Center (Kusatsu, Shiga)	Corporate	Research and Development Plant and Equipment, etc.	1,780	556	467 (26,544)	2	2,805	250
Headquarters (Kita-ku, Osaka)	Medical Pharmaceutical Glass Corporate	Other Plant and Equipment	423	398	1,508 (1,891)	22	2,351	180
Leased Assets, Other (Settsu, Osaka, Other)	Other	Other Plant and Equipment	1,092	1	4,921 (56,296) [21,020] *Note:(1)	—	6,014	—

Name of Facility (Location)	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	
Odate Plant (Odate, Akita)	Medical	Medical Equipment Production Facilities, etc.	$ 97,661	$ 80,968	$ 10,218 (198,026)	$ 1,818	$ 190,665	1,225
Otsu Plant (Otsu, Shiga)	Glass	Glass Tube Processing Production Facilities, etc.	1,520	1,212	266 (4,604)	117	3,115	41
Packaging & Material Department (Bunkyo-ku, Tokyo)	Pharmaceutical	Sales Facilities	2,509	426	22,243 (441)	—	25,178	17
Domestic Operations 21 Branches and 32 Sales Offices in Japan	Medical	Sales Facilities	3,753	10,771	2,169 (1,691)	117	16,810	724
Research and Development Laboratory & Pharmaceutical Research Center (Kusatsu, Shiga)	Corporate	Research and Development Plant and Equipment, etc.	18,926	5,913	4,965 (26,544)	21	29,825	250
Headquarters (Kita-ku, Osaka)	Medical Pharmaceutical Glass Corporate	Other Plant and Equipment	4,498	4,231	16,034 (1,891)	234	24,997	180
Leased Assets, Other (Settsu, Osaka, Other)	Other	Other Plant and Equipment	11,611	11	52,323 (56,296) [21,020] *Note:(1)	—	63,945	—

(2) Domestic Subsidiaries

As of March 31, 2013

Company	Name of Facility (Location)	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	
Nipro Medical Industries Co., Ltd.	Tatebayashi Plant (Tatebayashi, Gunma)	Medical	Medical Equipment Production Facilities	¥ 1,100	¥ 880	¥ 521 (15,461)	¥ 79	¥ 2,580	350
Nipro Pharma Corporation	Ise Plant (Matsuzaka, Mie)	Pharmaceutical	Pharmaceutical Production Facilities	7,326	3,213	1,557 (104,763)	588	12,684	583
	Odate Plant (Odate, Akita)	Pharmaceutical	Pharmaceutical Production Facilities	12,866	7,381	1,247 (204,890)	1,127	22,621	552
Tohoku Nipro Pharmaceutical Corporation	Kagamiishi Plant (Kagamiishi-machi, Iwase-gun, Fukushima)	Pharmaceutical	Pharmaceutical Production Facilities	7,381	4,227	450 (81,610)	259	12,317	244
Zensei Pharmaceutical Industries Co., Ltd.	Kishiwada Plant (Kishiwada, Osaka)	Pharmaceutical	Pharmaceutical Production Facilities	2,455	563	552 (21,357)	2	3,572	271
Nipro Patch Co., Ltd.	Kasukabe Plant (Kasukabe, Saitama)	Pharmaceutical	Pharmaceutical Production Facilities	1,459	741	1,008 (9,611)	301	3,509	146
	Hanyu Plant (Hanyu, Saitama)	Pharmaceutical	Pharmaceutical Production Facilities	1,123	615	455 (16,680)	2	2,195	50

Company	Name of Facility (Location)	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	
Nipro Medical Industries Co., Ltd.	Tatebayashi Plant (Tatebayashi, Gunma)	Medical	Medical Equipment Production Facilities	$ 11,696	$ 9,356	$ 5,540 (15,461)	$ 840	$ 27,432	350
Nipro Pharma Corporation	Ise Plant (Matsuzaka, Mie)	Pharmaceutical	Pharmaceutical Production Facilities	77,895	34,162	16,555 (104,763)	6,252	134,864	583
	Odate Plant (Odate, Akita)	Pharmaceutical	Pharmaceutical Production Facilities	136,800	78,479	13,259 (204,890)	11,983	240,521	552
Tohoku Nipro Pharmaceutical Corporation	Kagamiishi Plant (Kagamiishi-machi, Iwase-gun, Fukushima)	Pharmaceutical	Pharmaceutical Production Facilities	78,480	44,943	4,785 (81,610)	2,754	130,962	244
Zensei Pharmaceutical Industries Co., Ltd.	Kishiwada Plant (Kishiwada, Osaka)	Pharmaceutical	Pharmaceutical Production Facilities	26,103	5,987	5,869 (21,357)	21	37,980	271
Nipro Patch Co., Ltd.	Kasukabe Plant (Kasukabe, Saitama)	Pharmaceutical	Pharmaceutical Production Facilities	15,513	7,879	10,718 (9,611)	3,200	37,310	146
	Hanyu Plant (Hanyu, Saitama)	Pharmaceutical	Pharmaceutical Production Facilities	11,940	6,540	4,838 (16,680)	21	23,339	50

Nipro Corporation Odate Plant

Zensei Pharmaceutical Industries Co., Ltd. Kishiwada Plant

(3) Overseas Subsidiaries

As of March 31, 2013

Company	Name of Facility (Location)	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	
Nipro (Thailand) Corporation Ltd.	Thailand Plant (Ayuthaya, Thailand)	Medical	Medical Equipment Production Facilities	¥ 3,248	¥ 10,822	¥ 310 (159,196)	¥ 93	¥ 14,473	4,710
Nipro (Shanghai) Co., Ltd.	Shanghai Plant (Shanghai, China)	Medical	Medical Equipment Production Facilities	917	2,059	— <40,681> *Note:(2)	96	3,072	705
Nipro Medical Ltda.	Brazil Plant (Sorocaba, Sao Paolo, Brazil)	Medical	Medical Equipment Production Facilities	484	1,667	80 (73,623)	16	2,247	305
Nipro Diagnostics, Inc.	Fort Lauderdale Plant (Florida, U.S.A)	Medical	Medical Equipment Production Facilities	1,447	2,097	545 (55,466) <13,162> *Note:(2)	2,822	6,911	464
Nipro India Corporation Pvt. Ltd.	India Plant (Satara, India)	Medical	Medical Equipment Production Facilities	4,349	6,114	— <210,000> *Note:(2)	1,646	12,109	958
Nipro Medical (Hefei) Co., Ltd.	Hefei Plant (Hefei, China)	Medical	Medical Equipment Production Facilities	7,098	411	— <189,877> *Note:(2)	1,973	9,482	132
Nipro Glass Americas Corporation	Millville Plant (New Jersey, U.S.A)	Medical	Glass Equipment Production Facilities	843	1,159	95 (194,249)	62	2,159	297
P.T. Nipro Indonesia Jaya	Indonesia Plant (West Java, Indonesia)	Medical	Medical Equipment Production Facilities	3,417	980	— <125,297> *Note:(2)	38	4,435	397

Company	Name of Facility (Location)	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	
Nipro (Thailand) Corporation Ltd.	Thailand Plant (Ayuthaya, Thailand)	Medical	Medical Equipment Production Facilities	*$ 34,535*	*$ 115,066*	*$ 3,296 (159,196)*	*$ 989*	*$ 153,886*	*4,710*
Nipro (Shanghai) Co., Ltd.	Shanghai Plant (Shanghai, China)	Medical	Medical Equipment Production Facilities	*9,750*	*21,892*	— *<40,681>* *Note:(2)	*1,021*	*32,663*	*705*
Nipro Medical Ltda.	Brazil Plant (Sorocaba, Sao Paolo, Brazil)	Medical	Medical Equipment Production Facilities	*5,146*	*17,725*	*851 (73,623)*	*170*	*23,892*	*305*
Nipro Diagnostics, Inc.	Fort Lauderdale Plant (Florida, U.S.A)	Medical	Medical Equipment Production Facilities	*15,385*	*22,297*	*5,795 (55,466) <13,162>* *Note:(2)	*30,005*	*73,482*	*464*
Nipro India Corporation Pvt. Ltd.	India Plant (Satara, India)	Medical	Medical Equipment Production Facilities	*46,241*	*65,009*	— *<210,000>* *Note:(2)	*17,501*	*128,751*	*958*
Nipro Medical (Hefei) Co., Ltd.	Hefei Plant (Hefei, China)	Medical	Medical Equipment Production Facilities	*75,470*	*4,371*	— *<189,877>* *Note:(2)	*20,978*	*100,819*	*132*
Nipro Glass Americas Corporation	Millville Plant (New Jersey, U.S.A)	Medical	Glass Equipment Production Facilities	*8,963*	*12,324*	*1,010 (194,249)*	*659*	*22,956*	*297*
P.T. Nipro Indonesia Jaya	Indonesia Plant (West Java, Indonesia)	Medical	Medical Equipment Production Facilities	*36,332*	*10,420*	— *<125,297>* *Note:(2)	*404*	*47,156*	*397*

Note:
(1) **[21,020]** is the area (m²) of major facilities leased to entities other than consolidated subsidiaries.
(2) **<40,681>**, **<13,162>**, **<210,000>**, **<189,877>** and **<125,297>** are the area (m²) 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 subsidiaries are shown below.

1) Nipro Corporation

Name of Facility (Location)	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 Pharmaceutical Glass Corporate	Host Computer and Peripheral Equipment, etc.	5 Years	¥ 24	¥ 53
Domestic Operations 21 Branches and 32 Sales Offices in Japan	Medical	Company Vehicles, etc.	5 Years	¥ 239	¥ 622

Name of Facility (Location)	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 Pharmaceutical Glass Corporate	Host Computer and Peripheral Equipment, etc.	5 Years	*$ 255*	*$ 564*
Domestic Operations 21 Branches and 32 Sales Offices in Japan	Medical	Company Vehicles, etc.	5 Years	*$ 2,541*	*$ 6,614*

3. Plans for New Construction or Disposal of Facilities

(1) New Construction of Major Facilities, etc

Nipro Corporation leads coordination of plans for the new construction of facilities to avoid duplicate investment across Nipro 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	Segment by Business Category	Type of Asset	Planned Amount of Investment: Total Amount (Millions of yen)	Planned Amount of Investment: Paid-in Amount (Millions of yen)	Means of Fund Raising	Month and Year of Construction Start	Month and Year of Planned Completion
Nipro Diagnostics, Inc.	Florida, U.S.A	Medical	Blood Glucose Meter Sensor Production Facilities, etc.	¥ 2,369	¥ 1,494	Self-financing	June 2011	June 2014
Nipro Medical (Hefei) Co., Ltd.	Hefei, China	Medical	Medical Equipment Production Facilities, etc.	21,445	10,829	Investment Funds from Nipro Corporation	July 2011	July 2013
Tohoku Nipro Pharmaceutical Corporation	Kagamiishi-machi, Iwase-gun, Fukushima	Pharmaceutical	Pharmaceutical Production Building and Production Facilities, etc.	3,000	—	Loans and self-financing	August 2013	December 2014

Company	Location	Segment by Business Category	Type of Asset	Planned Amount of Investment: Total Amount (Thousands of U.S. dollars)	Planned Amount of Investment: Paid-in Amount (Thousands of U.S. dollars)	Means of Fund Raising	Month and Year of Construction Start	Month and Year of Planned Completion
Nipro Diagnostics, Inc.	Florida, U.S.A	Medical	Blood Glucose Meter Sensor Production Facilities, etc.	*$ 25,189*	*$ 15,885*	Self-financing	June 2011	June 2014
Nipro Medical (Hefei) Co., Ltd.	Hefei, China	Medical	Medical Equipment Production Facilities, etc.	*228,017*	*115,141*	Investment Funds from Nipro Corporation	July 2011	July 2013
Tohoku Nipro Pharmaceutical Corporation	Kagamiishi-machi, Iwase-gun, Fukushima	Pharmaceutical	Pharmaceutical Production Building and Production Facilities, etc.	*31,898*	—	Loans and self-financing	August 2013	December 2014

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.

Tohoku Nipro Pharmaceutical Corporation

Nipro Medical (Hefei) Co., Ltd.

Status of Corporate Governance

1. System for Corporate Governance

(1) System for Corporate Governance and Reasons for Adoption

Nipro Corporation has an established corporate governance system including organizations for the Meeting of Shareholders and directors as required under the Companies Act, in addition to a Board of Directors, auditors, Board of Auditors and an Accounting Auditor. Nipro Corporation has also established internal committees such as the Operational Risk Management Committee. This committee continuously maintains close coordination with external parties such as the company attorney, to enable effective monitoring and supervision of the efficiency and propriety of operations across the company as a whole.

Since its establishment, Nipro Corporation has diversified its business and has established an independent management system for each division. Nipro group operations are integrated through mutual collaboration and company-wide governance by Nipro Corporation. The foundations for this system are the management systems of each business unit. Our corporate governance system functions effectively as a traditional and coordinated management system for the Nipro group, by clarifying responsibilities and enhancing management systems.

(2) Internal Control Systems

Nipro Corporation'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 and implemented from May 1, 2006.

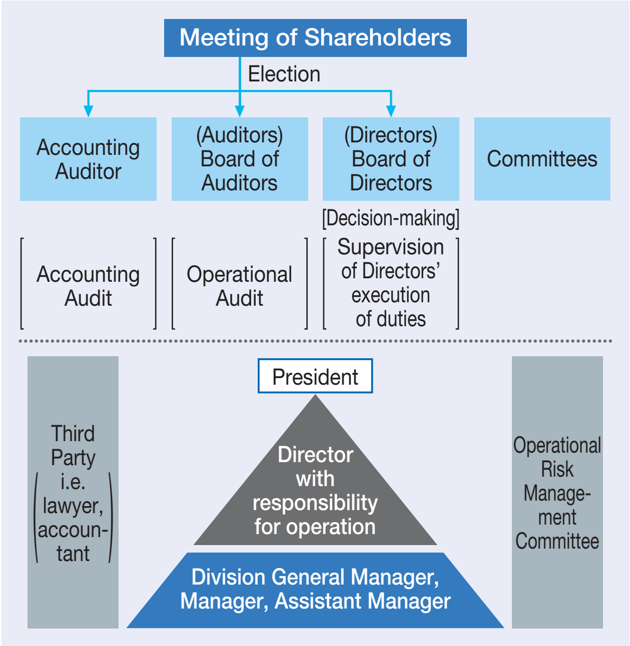
Nipro Corporation strives to make business units the foundations of its internal control system for the Nipro group overall. Nipro Corporation's directors and auditors, as well as representatives of each of the major companies of the group, hold a group management meeting on a monthly basis. These meetings are used to report on the progress of business activities, decide key operating matters, and deliberate on pending matters.

To build awareness of and compliance with laws, regulations and corporate ethics among executives and employees, Nipro Corporation is engaged in efforts to raise awareness and promote compliance. Examples of this are preparing a compliance handbook and legal compliance manuals and making them available on the corporate portal site, implementing an internal reporting system to collect and respond to risk data, and distributing appropriate information via net bulletin boards and the intranet. These internal control systems are targeted at the executives and employees of each company in the Nipro group, and are operated under an integrated management mechanism which seeks to ensure close mutual collaboration.

(3) Risk Management System

Nipro Corporation has established risk management regulations and a system for managing business and other specific risks. Its purpose is to recognize and capture risks that could have a material impact on business operations, in an appropriate and comprehensive manner. Nipro Corporation has also established an Operational Risk Management Committee to ensure cross-sectional management across all group companies. The committee endeavors to further strengthen risk management systems to prevent, avoid and learn from risks and crises. Nipro Corporation has also established a Sanction Committee, chaired by the President, which endeavors to ensure sound business management through the appropriate handling of sanctions.

(4) Basic Structure of Corporate Governance and Risk Management



Conceptual Diagram of Corporate Governance

2. Internal and Statutory Auditing

(1) Internal Auditing

Nipro Corporation has established an Internal Audit Division, consisting of an Audit Office and an Overseas Audit Office, and conducts audits of accounting and other operations based on internal audit protocols.

In addition to the two full-time employees in the Internal Audit Division, employees are dispatched as necessary from the Head Office Management Division or other divisions. Auditors carry out inspections and ensure smooth and efficient performance.

Audits are carried out efficiently in accordance with audit policies and schedules as determined each fiscal year. Nipro Corporation endeavors to ensure smooth accounting and statutory audits through mutual collaboration between our auditors and accounting auditors.

(2) Statutory Auditing

For each statutory audit, auditors attend key meetings such as those of the Board of Directors, in accordance with the auditing policy and roles determined by the Board of Auditors. Auditors receive performance reports from directors and employees, and are able to request further explanation when necessary, and inspect key documents. Auditors also undertake other auditing duties such as investigating the state of operations and assets in key places of business. Board of Auditors Meetings are held regularly, or as necessary, in order to exchange views and hold discussions.

3. External Directors and External Auditors

(1) External Directors

Nipro Corporation does not have external directors.

<Why external directors are not appointed>

Our two external auditors have, through their prior experiences, profound knowledge of and insight into business management. They receive reports on the activities of directors and employees via the full-time auditors, particularly on those matters which may have a material impact on the Nipro group, and on the performance of internal audits. Therefore, they are always able to carry out independent and objective audits. Our external auditors adequately perform the function and role expected of an external director by attending meetings of the Board of Directors to make appropriate statements and offer advice.

(2) External Auditors

Two of the three Auditors are external auditors, one of whom is designated as an independent auditor.

(3) Personal, Capital, Business or Other Interests between Nipro Corporation and External Auditors

There are no particular interests or relations between Nipro Corporation and the two external auditors.

(4) Function and Role of External Auditors in the Corporate Governance of Nipro Corporation

External auditors are expected to apply their profound knowledge from past experience of business management to the examination of the management of Nipro Corporation from a broad perspective. They work in close collaboration with the internal auditors, employees of the Audit Office, auditors and accounting auditors of subsidiaries. Their role is to effectively demonstrate an objective auditing function, and to effectively ensure integrated and effective audit activities across the Nipro group as a whole.

(5) Policy and Criteria for Independence from Nipro Corporation for Election of External Auditors

Nipro Corporation has no criteria or policy in place regarding independence from the filing company with respect to the election of external auditors. However, the evaluation criteria used for the independence of stock exchanges are referenced in such elections.

(6) Approach to the Election of External Auditors

Close coordination with the full-time auditors, employees of the Audit Office and assigned staff from the management section of the head office (as needed) ensures sufficient cover to implement the audit function and role as required by the current corporate governance system.

In the event that the number of auditors falls below the legal minimum, a pre-nominated standing auditor who meets the requirements to qualify as an external auditor would be called upon.

Should the need arise to improve the audit function in accordance with business developments and future expansion, a review of the audit system would be considered, including an increase in the number of auditors.

(7) Mutual Collaboration between External Audits and Internal, Statutory and Accounting Audits, and the Relationship between Internal Control Divisions

External auditors carry out auditing activities including attending key meetings such as meetings of the Board of Directors in accordance with the audit policy and roles determined by the Board of Auditors. They are able to access reports via the full-time auditors or directly from directors and employees, and inspect key documents. External auditors also attend periodic or occasional meetings of the Board of Auditors to contribute to discussion and exchange opinions from an objective and independent viewpoint.

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

4. Remuneration of Directors and Auditors

(1) Total Amount of Remuneration, Total Amount of Remuneration by Type, and Number of Directors and Auditors Eligible for Remuneration

	Millions of yen				
	Total amount of remuneration	Total amount of remuneration by type			Number of eligible persons
		Annual remuneration	Bonus	Retirement benefits	
Directors	¥ 469	¥ 110	¥ 317	¥ 42	27
Auditors excluding external auditors	6	6	—	—	1
External auditors	3	3	—	—	3

	Thousands of U.S. dollars				
	Total amount of remuneration	Total amount of remuneration by type			Number of eligible persons
		Annual remuneration	Bonus	Retirement benefits	
Directors	$ 4,988	$ 1,170	$ 3,371	$ 447	27
Auditors excluding external auditors	64	64	—	—	1
External auditors	32	32	—	—	3

(2) Total Amount of Remuneration etc. for Director and Auditor

As there was no director or auditor whose total consolidated remuneration exceeded 100 million yen, this information is not disclosed.

(3) Policy for Determination of Officer Remuneration

- Director's Remuneration, etc.
  Director's remuneration is determined by the Board of Directors or based on fixed standards set out by the Board of Directors.
  Annual remuneration is determined considering the market rate and the salary level of employees. Bonuses are calculated by a fixed method based on a sliding scale system in accordance with the performance of the business. Retirement benefits are granted by a resolution of the Board of Directors, up to a ceiling approved by the Meeting of Shareholders.
- Auditor Remuneration, etc.
  The annual remuneration is determined by mutual accord with the auditors.
  Ceilings on the amounts of remuneration for directors and auditors are determined by a resolution taken at the Meeting of Shareholders. Annual directors' remuneration may be up to 800 million yen, based on a resolution of the 57th Meeting of Shareholders held on June 25, 2010.
  Annual auditors' remuneration may be up to 30 million yen, based on a resolution of the 54th Meeting of Shareholders held on June 27, 2007.

5. Accounting Audits

Name of Accounting Auditor: Osaka Audit Corporation
Names of Certified Public Accountants conducting the Audit:
Yoshitsugu Hashimoto,
Kouichi Aki,
Takashi Kinoshita
Support Staff for Audits:
Certified Public Accountants: 7 people
Other staff : 4 people

Topics

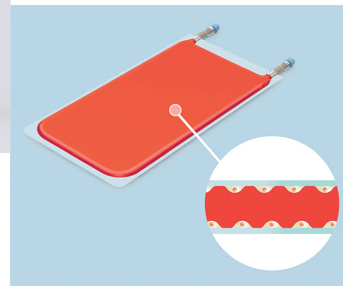
1. Development of an automated cultivation apparatus for ES/iPS cells*

In November 2012, Nipro and Institute for Integrated Cell-Material Sciences (iCeMS, Kyoto University) released a prototype of an automated cultivation apparatus. It enables safe and efficient production of embryonic stem cells (ES cells) and induced pluripotent stem cells (iPS cells).

This apparatus utilizes a special surface-treated bag as a cultivation container. It contributes to reducing the risk of contamination during cultivation and allows a large quantity of cells to be efficiently prepared in a single process.

This apparatus was developed as a part of NEDO** research project; “Evaluation and Development of Fundamental Technologies for the Practical Use of Human Stem Cells”.

Appearance of the apparatus



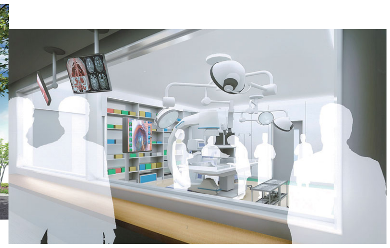
Culture bag with special surface treatment

*ES/iPS cells: Types of pluripotent stem cells that can differentiate into various cells. ES cells (embryonic stem cells) and iPS cells (induced pluripotent stem cells) can be harvested from fertilized eggs and skin cells, respectively.

**NEDO: New Energy and Industrial Technology Development Organization

2. Decision of establishing a training facility for medical professionals, “Nipro iMEP”

Rendering of the facility



Rendering of medical technology research facility

Nipro has decided to establish a technical training facility for medical professionals in its birthplace of Shiga (scheduled for completion in June 2014), and has named it Nipro iMEP after Nipro institute for medical practice. The facility will be located on the same site as our grand hall, R&D laboratory and pharmaceutical research center. Therefore, the facility and hall can be used for combined technical and educational training. We aim to achieve speedy development and improved product quality by collecting medical professionals’ opinions and demands directly and quickly.

3. Reinforcement of circulatory business: new subsidiary, Goodman Co., Ltd.

In March 2013, Goodman Co., Ltd. became a subsidiary of Nipro Corporation as a result of a takeover bid. Our aim is to further reinforce our circulatory business.

Our strategy is to foster circulatory medical devices as the third major business, next to dialysis and general disposable products. We aim to achieve sales of ¥30 billion (US$319 million, based on a rate of US$1 = ¥94.05) in the field of circulatory products by fiscal year 2020.

4. Release of an implantable ventricular assisting device, *HeartMate II™*

In April 2013, Nipro began sales of *HeartMate II™*. (Manufacturer: Thoratec Corporation)

HeartMate II™ is a device to improve and maintain patient’s blood circulation. It is to be implanted in the body of patients with severe heart failure and who require a heart transplantation. The device incorporates a small-type axial pumping mechanism and is particularly aimed at home care after leaving hospital. This device has been already used for over 14,000 patients all over the world (mainly in the U.S and Europe).

Nipro continues to develop and supply safer and environment-friendly products for the improvement of patients’ QOL and satisfaction of medical professionals.

Board of Directors and Auditors

President & Representative Director

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 Sudoh

Takeo Kikuchi

Kenichi Nishida

Toyoshi Yoshida

Kouki Hatakeyama

Yasushi Ohyama

Kenju Fujita

Standing Statutory Auditor

Takayuki Nomiya

Statutory Auditors

Kazumichi Irie

Masayoshi Hasegawa

Financial Review

Overview

In the current period under review (the year ended March 31, 2013), the global economy showed gradual signs of recovery, with continued stable personal consumption and an increase in employment in America, despite the shackling effect of the European financial crisis on world economic progress.

The Japanese economy, on the other hand, recovered slowly, with demand for reconstruction arising from the Great East Japan Earthquake. Other minor improvements were also seen with expectations of an increase in exports due to the sharp depreciation of the yen over the year, and a departure from prolonged deflation.

Nipro group has continued to work hard to expand and strengthen our manufacturing and sales bases in order to increase sales and improve profit.

Consolidated Business Results

Net Sales

In the year ended March 31, 2013, consolidated net sales amounted to ¥241.0 billion (US$2,562.7 million), an increase of 13.7% compared with previous fiscal year.

Medical-Related Business

Looking at the domestic market, business conditions remained hostile with an increase in market competition due to the effect of revised medical treatment fees and the reduction of official prices for drugs and medical materials. However, each product group recorded good sales as a result of our aggressive sales activities and improvement of sales efficiency, aiming to expand our share.

Our medical device products such as the dialysis system and our dialysis products such as the HDF filter, blood tubings and dialysis pharmaceuticals showed strong growth. Sales of our testing products such as the glucose analysis device (POCT) and vacuum blood drawing system, enteral alimentation products and injection and transfusion products also steadily increased.

Overseas sales suffered as a result of the appreciation of the yen against the dollar and the euro over the year. However, we pushed expansion of sales bases across the world and aimed to realize the stable sales activities in each country. As a result of these activities and yen's sharp fall, overseas sales showed a considerable increase from previous fiscal year.

On the product level, the sales of dialysis products such as the Dialyzer and blood glucose monitoring device increased steadily as a result of our local based sales activities.

In addition, we encouraged expansion of our sales network into developing countries such as Myanmar and Bangladesh based on the concept of "local production for local consumption" to appropriately introduce products needed in medical practice.

As a result, net sales of this business increased 15.5% from the previous year to ¥167.5 billion (US$1,781.3 million).

Pharmaceutical-Related Business

On October 1, 2012, the pharmaceutical business division was newly established to carry out a control function for our group subsidiaries. This business division includes the following departments: the contracted manufacturing department for offering high value-added products to meet customer needs, the collaborative promotion department for handling generic drugs featuring our unique pharmaceutical techniques, the development and sales department for suitable container and dosing devices for each pharmaceutical product, the sales department for pharmaceutical containers and the pharmaceutical research center. This integration is expected to enable more flexible development and contracted manufacture of pharmaceutical products with more suitable devices and containers. It is also expected to provide unique, value-added and high quality pharmaceutical products.

Sales of generic drugs are expected to grow in line with the market, due in part to a government policy for the expansion of the market share 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 for a more competitive environment surrounding the domestic market.

Under these conditions, we worked hard to increase our share of the oral drug market by closely co-operating with drug wholesalers, while reinforcing our sales promotions to dispensing pharmacies prescribing for hospitals and doctors' offices. In addition, as a result of our detailed information service provided mainly to large hospitals, the sales in the current year showed steady growth.

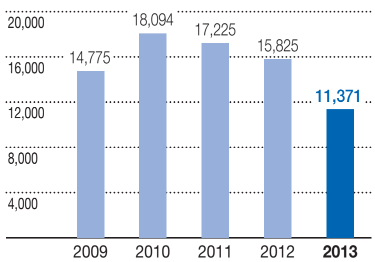
Looking at sales in our contracted manufacturing business, we focused on providing a variety of services such as contracted development and supporting high value-added initiatives, other than OEM manufacturing of other companies' brands. We also encouraged contracted manufacturing in collaboration with the generic sales divisions and new drug development divisions of domestic and foreign major pharmaceutical manufacturers. As a result the sales in the current year far exceeded those in the previous year.

As for the pharmaceutical containers, medical preparation and administration devices, sales showed a healthy increase. This was a result of providing suitable containers and systems for each pharmaceutical product to meet a variety needs in medical practice, such as bags for antimicrobial agents or osteoporosis and pre-filled syringes, in addition to rubber stoppers for pharmaceutical and vaccine use and kit form containers. These containers and systems were developed by our own development teams or through joint development with pharmaceutical companies based on our processing techniques for plastics, metal and rubber. Furthermore, under the restrictive policy for medical costs, we continue to promote contract manufacturing and development in cooperation with domestic and foreign pharmaceutical companies in general life cycle management of pharmaceuticals. This includes the development of combination products, systematization for self-injection and modification of dosage forms.

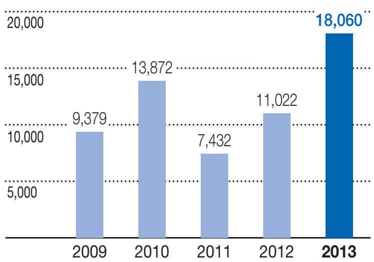
As a result, net sales of this business increased 10.9% from the previous year to ¥66.2 billion yen (US$704.0 million).

Net Sales (Millions of yen)

Operating Income (Millions of yen)



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



Glass-Related Business

Total sales of tube glass for ampoules and vials decreased slightly from the previous year as the demand for tube glass for ampoules decreased in Japan and abroad, while sales of tube glass for vials performed well.

On the other hand, sales of vials increased from the previous year due to an increase in demand for vials for vaccines. As for the pharmaceutical glass business in China, the effect of the campaign to boycott Japanese products caused concerns, however sales increased a little from the previous year as a result of promoting sales activities.

Sales of glass for thermos bottles could not match those of the previous year which included the special demand of Great East Japan Earthquake. As the market stabilized, sales decreased from the previous year. In the field of glass for lighting purposes, the order of tube glasses for electric lamps and electric lamp production decreased due to the campaign to boycott Japanese products in China. In addition, a trend away from glass for electric lamps was accelerated by the growing popularity of LEDs, and sales decreased from the previous year.

As a result, net sales of this business increased 1.3% from the previous year to ¥7.0 billion (US$74.9 million).

Other Business

Sales from real estate rental income decreased 10.5% from the previous year to ¥0.2 billion (US$2.5 million).

Cost of Sales

The cost of sales increased 17.5% compared with previous fiscal year to ¥175.3 billion (US$1,864.1 million). The increase corresponded to an increase in net sales, however, the ratio of cost of sales to net sales increased by 2.3 percentage points compared with previous fiscal year to 72.8%, mainly due to the effect of exchange rates and the addition to the group of Nipro Glass Germany AG and other glass business companies, which have a higher cost of sales ratio.

As a result, gross profit increased 4.7% compared with previous fiscal year to ¥65.7 billion (US$698.6 million)

Sales, General and Administrative Expenses

Sales, general and administrative expenses increased 15.8% compared with previous fiscal year to ¥54.3 billion (US$577.7 million), mainly as a result of the addition of P.T. Nipro Indonesia Jaya and 5 other companies into the scope of consolidation and an increase in research and development expenses in domestic companies.

Operating Income

As a result of the aforementioned factors, operating income decreased 28.1% compared with previous fiscal year to ¥11.4 billion (US$120.9 million). The ratio of operating income to net sales decreased 2.8 percentage points to 4.7%, owing to an increase in sales, general and administrative expenses.

Operating Income by Business Segment

Medical-Related Business

Operating income in the Medical-Related business decreased 14.8% compared with previous fiscal year to ¥14.6 billion (US$154.8 million), due to the effect of the exchange rate and increases in start-up costs for new plants.

Pharmaceutical-Related Business

Operating income in the Pharmaceutical-Related business decreased 19.3% compared with previous fiscal year to ¥4.0 billion (US$42.4 million), due to the effect of the Great Earthquake in the previous period on Tohoku Nipro Pharmaceutical Corporation.

Glass-Related Business

Operating income in the Glass-Related business decreased 27.3% compared with previous fiscal year to ¥0.3 billion (US$3.5 million), due to expenses for improving manufacturing facilities.

Other Business

Operating income in other business amounted to ¥0.2 billion (US$2.4 million), mainly from real estate rental income.

Adjustment

Unallocated corporate costs, consisting mainly of R&D expenses and headquarters administration expenses, increased 12.4% compared with previous fiscal year to ¥7.7 billion (US$82.2 million) mainly due to increases in experimental and research expenses.

Other Income (Expenses)

We recorded other income of ¥6.7 billion (US$71.1 million) compared with other expenses of ¥4.8 billion in previous fiscal year. In the period under review, we recorded ¥3.1 billion (US$32.6 million) in foreign exchange gains, an increase of 253.4% compared with previous fiscal year, and gains on sales of investment securities were ¥4.2 billion (US$44.3 million).

Income before Income Taxes and Minority Interests

As a result of the factors outlined above, income before income taxes and minority interests increased 63.9% compared with previous fiscal year to ¥18.1 billion (US$192.0 million).

Income Taxes

Income taxes, including deferred taxes, increased 23.9% compared with previous fiscal year to ¥7.4 billion (US$79.1 million) due to the increase in income before income taxes and minority interests. The effective tax rate was 41.2%, lower than the rate of 54.5% for previous fiscal year, mainly because of a decrease in losses for consolidated subsidiaries for which a 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$4.1 million).

Net Income

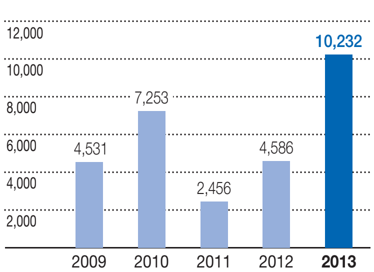
Net income increased 123.1% compared with previous fiscal year to ¥10.2 billion (US$108.8 million). Net income per share increased to ¥60.0 (US$0.64) from ¥35.3 for previous fiscal year. Return on equity increased 4.7 percentage points to 8.9% from 4.2% for previous fiscal year because of the higher net income.

Net Sales and Operating Income by Geographic Segment

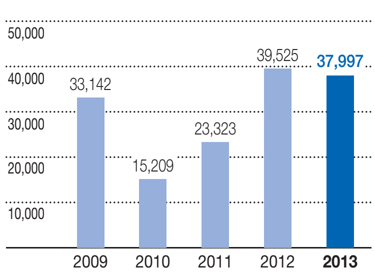
Japan

In Japan, net sales increased 7.5% compared with previous fiscal year to ¥139.0 billion (US$1,477.5 million) due to steady sales in our Medical and Pharmaceutical-Related businesses.

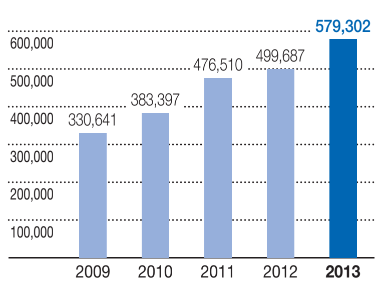
Net Income (Millions of yen)



Capital Expenditures (Millions of yen)



Total Assets (Millions of yen)



America

In America, net sales increased 14.3% compared with previous fiscal year to ¥46.3 billion (US$492.4 million). The major reason of the increase was the expansion of our distribution network and a growth in sales of glass products for medical purposes.

Europe

In Europe, net sales increased 39.9% compared with previous fiscal year to ¥32.4 billion (US$393.9 million) due to healthy sales of dialysis products and glass products for medical purposes and the effect of the acquisition of a glass business in Germany in 2012.

Asia

In Asia, net sales increased 22.3% compared with previous fiscal year to ¥23.4 billion (US$344.2 million) due to a steady growth of sales of dialysis- and diabetes products in the Asian market.

Financial Position

Total assets as of March 31, 2013 stood at ¥579.3 billion (US$6,159.5 million), an increase of 15.9% from the end of previous fiscal year.

Current assets increased 15.0% from the end of previous fiscal year to ¥288.0 billion (US$3,061.9 million), due mainly to the increase in cash and deposits, notes and accounts receivable-trade.

Property, plant and equipment, net of accumulated depreciation, stood at ¥174.7 billion (US$1,857.6 million), a slight increase of 19.9% compared with previous fiscal year.

Capital investments in property, plant and equipment totaled ¥35.1 billion (US$373.4 million). By business segment, capital investments amounted to ¥23.0 billion (US$244.1 million) in Medical-Related business and ¥10.2 billion (US$108.9 million) in Pharmaceutical-Related business.

Intangible assets increased 78.9% to ¥34.3 billion (US$364.3 million) due to an increase in goodwill.

Investment and other assets decreased 2.4% to ¥82.4 billion (US$875.7 million), due mainly to the decrease in investment securities.

Current liabilities increased 13.1% from the end of previous fiscal year to ¥213.8 billion (US$272.8 million), mainly due to an increase in current portion of long-term debt.

Long-term liabilities increased 20.4% from the end of previous fiscal year to ¥236.8 billion (US$2,517.6 million), owing to an increase in long-term debt.

Total net assets increased 13% from the end of previous fiscal year to ¥128.8 billion (US$1,369.1 million), due to an increase in retained earnings and foreign currency translation adjustment.

Cash Flow

Net cash provided by operating activities increased 45.9% compared with the previous period to ¥22.6 billion (US$240.2 million), mainly because of an increase in net income and depreciation and amortization.

Net cash used in investing activities amounted to ¥37.4 billion (US$398.0 million), mainly due to purchase of available-for-sale securities and purchase of property, plants and equipment.

Net cash provided by financing activities amounted to ¥23.4 billion (US$248.4 million) as a result of proceeds from long-term loans.

As a result, net cash and cash equivalents increased ¥13.2 billion compared with the end of previous fiscal year to ¥92.6 billion (US$984.8 million).

Staff

Total number of employees at the end of the period under review increased 4,761 compared with the end of previous fiscal year to 19,327. Employees in Japan increased 143 to 5,370, and overseas employees increased 4,618 to 13,957.

Basic Policy on Distribution of Profit

As we consider profit return to be an important management measure, our policy is that 50% of the non-consolidated net income is to be distributed to shareholders.

Retained earnings are to be invested in sales and production facilities as well as in R&D, in view of enlarging the firms management basis and long-term business developments, so as to ensure stable and continuous growth.

Risk Factors

The following are risks that may have an effect on Nipro group's operational results and/or financial condition.

The items concerned were determined as of March 31, 2013.

(1) Risks Related to Product Safety

Nipro group brings all of its capabilities to bear in ensuring product safety in the design, development and manufacturing of medical devices and pharmaceutical products. There are still the risks, however, that accidental defects or adverse 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/or financial condition.

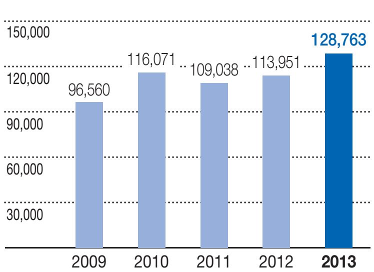
(2) Risks Related to Supplier Concentration

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.

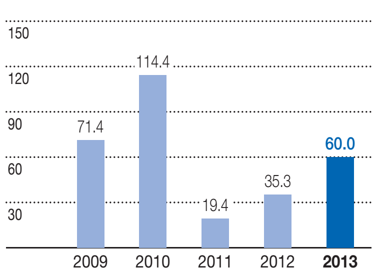
(3) Risks Related to Changes in Government Healthcare Policies

The business sector to which Nipro group belongs is intimately connected with the healthcare system and is subject to the regulations laid out by 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 government healthcare policies, there could be a material adverse effect on our operational results and financial condition.

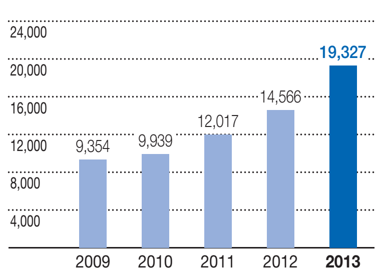
Net Assets (Millions of yen)



Basic Earnings Per Share (yen)



Number of Employees



(4) Risks Related to Changes in Sale Prices

The products sold by Nipro group include some that are affected on an irregular two year basis by price reductions under the Japanese payment system 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 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

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

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 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 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

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

Nipro group, including its overseas subsidiaries, carries out its foreign currency transactions primarily in US Dollars and Euros, 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

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 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

Nipro group has established strict precautions to protect the confidentiality of personal information in our 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. (collectively the "Plaintiff") against the Company, based on Article 25 of the Antitrust Law. The claimed amount was ¥2,032 million (US$21,606 thousand, based on a rate of US$1=¥94.05). On December 21, 2012, the Tokyo High Court made a judgment that the Company pay to the Plaintiff a sum of ¥133 million (US$1,414 thousand) together with an amount thereon at the rate of 5% per annum until full payment of such sum shall has been made. The Plaintiff was not satisfied with the judgment and a petition for acceptance of final appeal has been filed on January 7, 2013. The purpose is to reverse the part of the original judgment (high court ruling) denying the Plaintiff's appeal and to claim that the Company pay to the Plaintiff a sum of ¥1,352 million (US$14,375 thousand) together with an equivalent amount thereon at the rate of 5% per annum besides the accepted amount in the original judgment. 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) Risks Related to Fund Raising

Nipro group relies on debt finance in the form of loans from financial institutions or issuance of corporate bonds and commercial papers, etc. to raise 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 terms, our fund raising may be restricted or the cost of fund raising could increase, and there could be a material adverse effect on our operational results and financial condition.

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

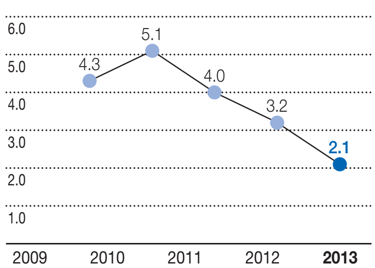
Nipro group conducts M&A activities and enters into business alliances to reinforce its business base. Prior to concluding these deals, we carry out a thorough investigation of the target company. However, should any problems arise such as the discovery of unrecognized liabilities or should the development of the acquired business not proceed as planned, there could be a material adverse effect on our operational results and financial condition.

(15) Other Risks

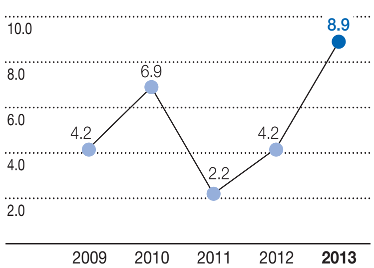
Fires, earthquakes, acts of terrorism, wars, epidemics, or other unforeseen man-made or natural disasters affecting areas or facilities where Nipro group conducts its business activities may cause a delay or interruption in production, sales, distribution, or provision of services. Should such a delay or interruption be extended, there could be a material adverse affect 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			
	2013	2012	2011	2010
Income Statement Data:				
Net sales	**¥ 241,021**	¥ 212,013	¥ 195,943	¥ 177,830
Medical-Related (*1)	**167,532**	145,082	132,817	118,517
Pharmaceutical-Related (*1)	**66,212**	59,715	38,005	34,528
Glass-Related (*1)	**7,042**	6,954	24,704	24,338
Other (*1)	**235**	262	417	447
Store (*1)	**—**	—	—	—
Cost of sales	**175,314**	149,253	137,768	126,145
Selling, general and administrative expenses	**54,336**	46,935	40,950	33,591
Operating income	**11,371**	15,825	17,225	18,094
Medical-Related (*2)	**14,558**	17,078	18,437	19,923
Pharmaceutical-Related (*2)	**3,988**	4,940	1,658	2,102
Glass-Related (*2)	**330**	454	2,701	3,103
Other (*2)	**222**	230	88	64
Store (*2)	**—**	—	—	—
Income before income taxes and minority interests	**18,060**	11,022	7,432	13,872
Net income	**10,232**	4,586	2,456	7,253
Capital expenditures	**37,997**	39,525	23,323	15,209
Depreciation and amortization	**21,210**	21,581	21,244	18,421
R&D expenses	**6,464**	5,957	4,977	4,846
Balance Sheet Data:				
Total assets	**¥ 579,302**	¥ 499,687	¥ 476,510	¥ 383,397
Property, plant and equipment-net	**174,703**	145,679	128,506	124,209
Working capital	**74,216**	61,346	40,621	41,725
Current liabilities	**213,758**	189,090	176,401	138,204
Long-term liabilities	**236,781**	196,646	191,071	129,122
Common stock	**84,398**	84,398	28,663	28,663
Capital surplus	**636**	636	29,973	29,973
Net Assets	**128,763**	113,951	109,038	116,071

	Yen			
Per Share Data:				
Basic earnings (*3)	**¥ 60.0**	¥ 35.3	¥ 19.4	¥ 114.4
Diluted earnings (*3)	**54.1**	31.0	17.4	114.1
Cash dividends	**27.5**	23.5	50.0	53.0
Equity (*3)	**703.5**	643.9	839.7	1,802.3
Number of common shares issued	**171,459,479**	171,459,479	63,878,505	63,878,505
Number of employees	**19,327**	14,566	12,017	9,939
Selected Data and Ratios:				
Equity ratio (*4) (%)	**20.7**	22.0	22.4	29.8
Return on assets (*4) (%)	**2.1**	3.2	4.0	5.1
Return on equity (*4) (%)	**8.9**	4.2	2.2	6.9
Price earnings ratio (*4) (times)	**14.0**	17.5	42.5	15.8

(*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. In addition, the corporate reorganization was conducted effective on October 1, 2012 in order to enforce Pharmaceutical-Related business and build a strong cooperative relationship among Medical-Related, Pharmaceutical-Related and Glass-Related business. As a result of this reorganization, some business divisions included in Glass-Related business were changed to Pharmaceutical-Related business. The segment information is presented as if the aforementioned reorganization had been conducted at the beginning of the financial year 2012, and the presentation for the prior financial years are not restated.
(*2) Operating income at the operating segment level is not adjusted for intra-segment transactions. See Note 16. “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 at the board of directors’ meeting

Millions of yen						Thousands of U.S. dollars (Note 1)
2009	2008	2007	2006	2005	2004	**2013**
¥ 175,945	¥ 172,113	¥ 184,363	¥ 206,801	¥ 192,320	¥ 188,700	**$ 2,562,690**
112,970	111,084	97,300	90,868	82,504	78,727	**1,781,308**
52,726	48,754	42,152	35,220	26,207	25,339	**704,009**
9,554	11,437	12,919	11,934	11,667	11,891	**74,875**
695	838	1,019	1,518	1,101	1,386	**2,498**
—	—	30,973	67,261	70,841	71,357	
124,396	123,108	132,142	149,971	140,072	137,153	**1,864,051**
36,774	35,328	39,168	44,498	41,844	38,990	**577,735**
14,775	13,677	13,053	12,332	10,404	12,557	**120,904**
16,209	15,830	14,334	13,430	11,039	12,117	**154,790**
4,082	3,271	3,298	2,111	2,261	2,471	**42,403**
1,772	1,890	1,865	1,836	1,889	1,819	**3,509**
4	13	151	529	288	404	**2,360**
—	—	270	578	115	420	**—**
9,379	8,260	16,776	9,061	8,660	8,044	**192,025**
4,531	4,454	8,555	4,513	4,519	4,216	**108,793**
33,142	25,900	23,093	20,874	16,312	14,500	**404,009**
18,109	15,054	12,470	12,315	10,266	9,819	**225,518**
5,352	6,194	4,461	3,760	3,422	3,074	**68,729**
¥ 330,641	¥ 349,302	¥ 336,660	¥ 338,741	¥ 293,749	¥ 279,701	**$ 6,159,510**
126,739	118,812	104,882	106,195	98,788	94,005	**1,857,556**
46,070	53,911	43,128	34,579	39,123	28,570	**789,112**
114,796	108,835	104,105	111,285	96,242	96,364	**2,272,811**
119,285	120,923	105,535	113,453	99,198	86,932	**2,517,608**
28,663	28,663	28,663	28,663	28,663	28,663	**897,374**
29,973	29,975	29,973	29,972	29,972	29,972	**6,762**
96,560	119,544	127,020	114,003	98,309	96,405	**1,369,091**
Yen						U.S. dollars (Note 1)
¥ 71.4	¥ 70.2	¥ 134.7	¥ 69.6	¥ 69.4	¥ 64.9	**$ 0.64**
—	—	—	—	—	—	**0.58**
32.0	37.5	80.0	37.5	38.5	30.5	**0.29**
1,498.5	1,861.8	1,979.2	1,767.7	1,519.6	1,487.5	**7.48**
63,878,505	63,878,505	63,878,505	63,878,505	63,878,505	63,878,505	
9,354	9,020	8,807	9,048	8,617	8,132	
28.7	33.8	37.3	33.2	32.9	33.9	
4.3	4.0	3.9	3.9	3.6	4.7	
4.2	3.7	7.2	4.3	4.7	4.7	
21.5	24.8	17.1	26.0	25.6	24.1	

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, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**
Assets			
Current assets:			
Cash and cash equivalents (Note 5)	**¥ 92,623**	¥ 79,450	**$ 984,827**
Time deposits (over three months) (Note 5)	**13,378**	16,288	**142,244**
Trade notes and accounts receivable (Note 5)	**83,665**	68,642	**889,580**
Allowance for doubtful receivables	**(464)**	(361)	**(4,934)**
Inventories (Notes 3 and 5)	**81,655**	71,604	**868,208**
Deferred income taxes (Note 4)	**5,375**	4,830	**57,150**
Other current assets (Note 5)	**11,742**	9,983	**124,848**
Total current assets	**287,974**	250,436	**3,061,923**
Property, plant and equipment (Note 5):			
Land	**22,173**	20,447	**235,758**
Buildings and structures	**138,548**	116,879	**1,473,131**
Machinery and equipment	**206,840**	172,065	**2,199,256**
Construction in progress	**23,787**	26,958	**252,919**
	391,348	336,349	**4,161,064**
Accumulated depreciation	**(216,645)**	(190,670)	**(2,303,508)**
Property, plant and equipment-net	**174,703**	145,679	**1,857,556**
Intangible assets:			
Goodwill	**22,740**	11,895	**241,786**
Other (Note 5)	**11,525**	7,256	**122,540**
Total intangible assets	**34,265**	19,151	**364,326**
Investments and other assets:			
Investment in unconsolidated subsidiaries and an affiliate accounted for by the equity method	**2,158**	12,210	**22,945**
Investment securities (Note 6)	**60,983**	59,620	**648,410**
Lease deposits	**815**	606	**8,666**
Deferred income taxes (Note 4)	**8,805**	6,597	**93,620**
Other (Note 5)	**9,599**	5,388	**102,064**
Total investments and other assets	**82,360**	84,421	**875,705**
Total	**¥ 579,302**	¥ 499,687	**$6,159,510**

The accompanying notes are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**
Liabilities and net assets			
Current liabilities:			
Short-term bank loans (Notes 5 and 10)	**¥ 83,572**	¥ 63,258	**$ 888,591**
Current portion of long-term debt (Notes 5 and 10)	**44,944**	50,874	**477,873**
Trade notes and accounts payable	**40,879**	37,721	**434,651**
Accrued income taxes	**3,854**	3,277	**40,978**
Accrued expenses	**15,959**	11,974	**169,686**
Allowance for loss on clearance of business	**1,955**	1,955	**20,787**
Commercial papers (Note 10)	**10,000**	10,000	**106,326**
Notes and accounts payable for plant and equipment	**5,742**	6,331	**61,053**
Other current liabilities	**6,853**	3,700	**72,866**
Total current liabilities	**213,758**	189,090	**2,272,811**
Long-term liabilities:			
Long-term debt (Notes 5 and 10)	**226,954**	189,380	**2,413,121**
Accrued pension and severance liabilities (Note 11)	**2,855**	1,988	**30,356**
Deferred income taxes (Note 4)	**2,213**	1,761	**23,530**
Other long-term liabilities	**4,759**	3,517	**50,601**
Total long-term liabilities	**236,781**	196,646	**2,517,608**
Commitments and contingent liabilities (Note 12)			
Net Assets (Notes 15):			
Common stock	**84,398**	84,398	**897,374**
Authorized: 400,000,000 shares			
Issued: 171,459,479 shares			
Capital surplus	**636**	636	**6,762**
Retained earnings	**54,788**	48,389	**582,541**
Less cost of common shares of treasury stock	**(865)**	(865)	**(9,197)**
(914,107 shares in 2013 and 913,612 shares in 2012)			
Total shareholders' equity	**138,957**	132,558	**1,477,480**
Unrealized gain (loss) on available-for-sale securities	**(12,547)**	(6,528)	**(133,408)**
Foreign currency translation adjustments	**(6,437)**	(16,209)	**(68,442)**
Accumulated other comprehensive income	**(18,984)**	(22,737)	**(201,850)**
Minority interests	**8,790**	4,130	**93,461**
Total net assets	**128,763**	113,951	**1,369,091**
Total	**¥ 579,302**	¥ 499,687	**$6,159,510**

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, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**
Net sales	**¥ 241,021**	¥ 212,013	**$2,562,690**
Cost of sales	**175,314**	149,253	**1,864,051**
Gross profit	**65,707**	62,760	**698,639**
Selling, general and administrative expenses (Notes 17 and 18)	**54,336**	46,935	**577,735**
Operating income	**11,371**	15,825	**120,904**
Other income (expenses):			
Interest and dividend income	**2,716**	1,386	**28,878**
Interest expense	**(3,447)**	(3,308)	**(36,651)**
Loss on sale and disposal of property, plant and equipment-net	**(320)**	(348)	**(3,402)**
Exchange gain (loss)	**3,063**	(1,997)	**32,568**
Equity in profit (loss) of an affiliated company	**(38)**	(84)	**(404)**
Gain (loss) on sale of investment securities (Note 6)	**4,168**	—	**44,317**
Loss on impairment of fixed assets	**(2)**	(529)	**(21)**
Reversal of provision (Provision) for loss on disaster	**—**	117	**—**
Other income (loss)-net	**549**	(40)	**5,836**
Income before income taxes and minority interests	**18,060**	11,022	**192,025**
Income taxes (Note 4):			
Current	**6,865**	6,203	**72,993**
Deferred	**575**	(197)	**6,114**
Net income before minority interests	**10,620**	5,016	**112,918**
Minority interests in income (loss) of consolidated subsidiaries	**388**	430	**4,125**
Net income	**¥ 10,232**	¥ 4,586	**$ 108,793**

	Yen		U.S. dollars (Note 1)
Amounts per common share:			
Basic earnings	**¥ 60.0**	¥ 35.3	**$ 0.64**
Diluted earnings	**54.1**	31.0	**0.58**
Cash dividends	**27.5**	23.5	**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, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**
Net income before minority interests	**¥ 10,620**	¥ 5,016	**$ 112,918**
Other comprehensive income:			
Unrealized gain (loss) on available-for-sale securities	**(6,018)**	(17,915)	**(63,987)**
Foreign currency translation adjustment	**10,266**	(6,984)	**109,155**
Comprehensive income	**¥ 14,868**	¥ (19,883)	**$ 158,086**
Comprehensive income attributable to:			
Shareholders of the parent	**13,985**	(20,258)	**148,697**
Minority interests	**883**	375	**9,389**

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, 2013 and 2012

	Thousands	Millions of yen									
	Outstanding number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gain (loss) 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	¥ 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**
Net income				**10,232**		**10,232**					**10,232**
Increase (decrease) in retained earnings due to inclusion of new subsidiaries in consolidation				**320**		**320**					**320**
Cash dividends				**(4,009)**		**(4,009)**					**(4,009)**
Purchase of treasury stock	**(1)**				**(0)**	**(0)**					**(0)**
Disposal of treasury stock	**0**		**(0)**		**0**	**0**					**0**
Decrease of retained earnings (Other)				**(144)**		**(144)**					**(144)**
Other net change during the year						**—**	**(6,019)**	**9,772**	**3,753**	**4,660**	**8,413**
Balance at March 31, 2013	**170,545**	**¥ 84,398**	**¥ 636**	**¥ 54,788**	**¥ (865)**	**¥ 138,957**	**¥ (12,547)**	**¥ (6,437)**	**¥ (18,984)**	**¥ 8,790**	**¥ 128,763**

	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 (loss) on available-for-sale securities	Foreign currency translation adjustments	Accumulated other comprehensive income	Minority interests	Total net assets
Balance at March 31, 2012	**170,546**	**$ 897,374**	**$ 6,762**	**$ 514,503**	**$ (9,197)**	**$1,409,442**	**$ (69,410)**	**$ (172,344)**	**$ (241,754)**	**$ 43,913**	**$1,211,601**
Net income				**108,793**		**108,793**					**108,793**
Increase (decrease) in retained earnings due to inclusion of new subsidiaries in consolidation				**3,402**		**3,402**					**3,402**
Cash dividends				**(42,626)**		**(42,626)**					**(42,626)**
Purchase of treasury stock	**(1)**				**(0)**	**(0)**					**(0)**
Disposal of treasury stock	**0**		**(0)**		**0**	**0**					**0**
Decrease of retained earnings (Other)				**(1,531)**		**(1,531)**					**(1,531)**
Other net change during the year						**—**	**(63,998)**	**103,902**	**39,904**	**49,548**	**89,452**
Balance at March 31, 2013	**170,545**	**$ 897,374**	**$ 6,762**	**$ 582,541**	**$ (9,197)**	**$1,477,480**	**$ (133,408)**	**$ (68,442)**	**$ (201,850)**	**$ 93,461**	**$1,369,091**

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, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**
Operating activities:			
Net income	**¥ 10,232**	¥ 4,586	**$ 108,793**
Adjustments to reconcile net income to net cash provided operating activities:			
Depreciation and amortization	**21,210**	21,581	**225,518**
Amortization of goodwill	**2,834**	2,652	**30,133**
Loss on impairment of fixed assets	**2**	529	**21**
Equity in loss (profit) of an affiliated company	**38**	84	**404**
Allowance for doubtful receivables	**194**	(71)	**2,063**
Gain (loss) on sales of available for sales securities	**(4,164)**	—	**(44,274)**
Provision for deferred taxes	**575**	(197)	**6,114**
Exchange loss (gain)	**(1,694)**	1,969	**(18,012)**
Loss on devaluation of marketable securities	**28**	—	**298**
Loss on sale and disposal of property, plant and equipment-net	**320**	348	**3,402**
Other, net	**426**	972	**4,530**
Changes in operating assets and liabilities:			
Trade receivables	**(8,965)**	(7,491)	**(95,322)**
Inventories	**(3,183)**	(10,925)	**(33,844)**
Other current assets	**518**	(1,366)	**5,508**
Lease deposits	**(178)**	(213)	**(1,893)**
Trade payables	**(830)**	4,909	**(8,825)**
Accrued income taxes	**990**	111	**10,526**
Other, net	**4,241**	(1,992)	**45,094**
Total adjustments	**12,362**	10,900	**131,441**
Net cash provided by operating activities	**22,594**	15,486	**240,234**
Investing activities:			
Purchase of property, plant and equipment	**(36,254)**	(37,738)	**(385,476)**
Proceeds from sales of property, plant and equipment	**152**	443	**1,616**
Purchase of available-for-sale securities	**(11,567)**	(299)	**(122,988)**
Purchase of investments in unconsolidated subsidiaries	**(3,825)**	(3,253)	**(40,670)**
Proceeds from sales of available-for-sale securities	**18**	10	**191**
Purchases of investments in consolidated subsidiaries affecting scope of consolidation	**(2,386)**	(10,405)	**(25,369)**
Proceeds from investments in consolidated subsidiaries affecting scope of consolidation	**3,216**	—	**34,195**
Proceeds from sale of investments in subsidiaries and affiliates	**5,800**	—	**61,669**
Net decrease (increase) in short-term loans to affiliates	**1,813**	1,078	**19,277**
Deposits (Over three months)	**7,776**	(14,699)	**82,679**
Other, net	**(2,174)**	(3,056)	**(23,115)**
Net cash used in investing activities	**(37,431)**	(67,919)	**(397,991)**
Financing activities:			
Net increase (decrease) in short-term loans	**9,445**	(3,653)	**100,425**
Proceeds from long-term loans	**61,629**	63,894	**655,279**
Repayment of long-term loans	**(43,039)**	(33,500)	**(457,618)**
Proceeds from issuance of bonds	**9,941**	7,974	**105,699**
Repayment of bonds	**(10,100)**	(5,000)	**(107,390)**
Proceeds from issuance of common stock	**262**	19,181	**2,786**
Cash dividends paid	**(4,009)**	(2,759)	**(42,626)**
Other, net	**(770)**	(412)	**(8,187)**
Net cash provided by financing activities	**23,359**	45,725	**248,368**
Effect of exchange rate changes on cash and cash equivalents	**3,031**	(2,287)	**32,228**
Net increase (decrease) in cash and cash equivalents	**11,553**	(8,995)	**122,839**
Cash and cash equivalents, beginning of period	**79,450**	78,922	**844,763**
Cash and cash equivalents of newly consolidated subsidiary, beginning of period	**1,620**	9,523	**17,225**
Cash and cash equivalents, end of period	**¥ 92,623**	¥ 79,450	**$ 984,827**

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statement

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 ¥94.05=US$1, the approximate exchange rate on March 31, 2013. These translations should not be construed as representations that the Japanese yen amounts actually are, have been 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, 2013 for the Company, consolidated domestic subsidiaries and some of consolidated overseas subsidiaries, and December 31, 2012 for the other 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) Allowance for Doubtful Receivables

An allowance for possible losses from notes and accounts receivable, loans and other receivables is provided based on past experience and the Companies' estimates of losses on collection.

(e) 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.

(f) Property, Plant and Equipment

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.

(g) Intangible Assets

Amortization of intangible assets, including software for the Company's own use, is computed by the straight-line method over the estimated useful life of the asset.
Goodwill is amortized on a straight-line basis over the period the Company benefits from its use.

(h) 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, 2013, 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.

(i) Allowance for Loss on Clearance of Business
The company has withdrawn from retail business and a provision for anticipated losses of sales of related fixed assets is provided.

(j) Employees' Retirement and Severance Benefits
The liabilities and expenses for retirement and severance benefits are determined based on amounts actuarially calculated using certain assumptions. The Company and some consolidated subsidiaries provide the allowance for employees' retirement and severance benefits based on the estimated amounts of projected benefit obligation and the fair value of plan assets.

(k) 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 (m) Hedge Accounting below.

(l) 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".

(m) 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.

(n) 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.

(o) 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 reflect the potential dilution that could occur if securities were exercised or converted into common stock. Diluted earnings per share of common stock assume 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.

(p) Changes in Accounting Policies which are Difficult to Distinguish from Changes in Accounting Estimates
Effective the fiscal year ended March 2013, the Company and its domestic subsidiaries have changed the depreciation method for the relevant tangible assets newly acquired after April 1, 2012 according to the amendment of Corporation Tax Act in Japan.

As a result, consolidated operating income and consolidated income before income taxes and minority interests increased by 389 million yen (US$ 4,136 thousand) for each compared with the previous method.

(q) Unapplied Accounting Standards, etc.
Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan (ASBJ) Statement No. 26 of May 17, 2012), and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No.25. of May 17, 2012)

1) Outline

Under the revised accounting standard, actuarial gains and losses and past service costs shall be recognized within net assets on the consolidated balance after adjusting for tax effects, and the accumulated deficit or surplus shall be recognized as a liability or asset. Also, regarding the estimated amount of retirement benefits and the method of attributing them to accounting periods, in addition to the straight line attribution standard, the benefit formula may be used and the method of calculating the discount rate has been revised.

2) Scheduled Date of Adoption

These accounting standards will be adopted from the start of the fiscal year ending March 2014. However, the revision to how retirement benefit obligations and current service costs are determined will be adopted from the start of the year ending March 31, 2015.

3) Impact of Adoption of New Accounting Standard

The impact in the consolidated financial statements as a result of the adoption of this accounting standard is currently being evaluated.

(r) Subsequent Event
The purchase of the Company's own shares was executed through the market pursuant to Article 165 Paragraph 3 of the Corporate Law and the Company's article of incorporation.

1) Authorization at the Company's Board of Directors on May 14, 2013

Type of shares to be purchased:
Common stock of the Company
Total number of shares to be purchased:
Up to 37,721 thousand shares
Purchase price:
¥862(US$9) per share
Total cost of purchase:
Up to ¥32,539 million (US$345,976 thousand)
Period to be purchased:
From May 15, 2013 to June 11, 2013

2) The Result of Purchase

Total number of shares purchased:
19,834 thousand shares
Total cost of purchase:
¥17,097 million (US$181,786 thousand)
Ratio of purchased shares to issued:
11.57%

3. Inventories

Inventories consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Finished goods and merchandises	¥ 53,899	¥ 48,114	$ 573,089
Raw materials	13,916	11,852	147,964
Work in process	10,480	8,753	111,430
Packing and other	3,360	2,885	35,725
Total	¥ 81,655	¥ 71,604	$ 868,208

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 37.8% and 40.5% for the years ended March 31, 2013 and 2012 respectively.
The significant components of deferred tax assets and liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Deferred tax assets			
Operating loss carryforwards for tax purposes	¥ 5,135	¥ 4,633	$ 54,599
Intercompany profits	518	661	5,508
Valuation loss on inventories	854	497	9,080
Allowance for bonuses to employees	918	830	9,761
Allowance for loss on clearance of business	739	739	7,857
Accounts receivable	230	170	2,445
Loss on impairment of fixed assets	613	613	6,518
Excess of allowance for doubtful accounts over tax allowable amounts	900	991	9,569
Accrued pension and severance liabilities	864	634	9,187
Accrued enterprise taxes	362	300	3,849
Unrealized loss on available-for-sale securities	6,974	4,343	74,152
Other	2,826	2,924	30,048
Gross deferred tax assets	¥ 20,933	¥ 17,335	$ 222,573
Less: Valuation allowance	(5,896)	(3,628)	(62,690)
Total deferred tax assets	¥ 15,037	¥ 13,707	$ 159,883
Deferred tax liabilities			
Unrealized gain on available-for-sale securities	5	839	53
Revaluation reserve for land	674	674	7,166
Revaluation reserve for intangible assets	1,427	1,165	15,173
Revaluation reserve for fixed assets – other	496	1,135	5,274
Other	485	228	5,157
Total deferred tax liabilities	¥ 3,087	¥ 4,041	$ 32,823
Net deferred tax assets (liabilities) (*1)	¥ 11,950	¥ 9,666	$ 127,060

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

	2013	2012
Statutory tax rate (*2)	37.8%	40.5%
Expenses not deductible for tax purposes	2.0	2.4
Non-taxable dividend income	(3.1)	(3.3)
Loss in subsidiaries	1.6	8.9
Effect of tax rate change	—	6.1
Amortization of goodwill	5.5	8.6
Tax credits primarily for research and development costs	(2.5)	(3.9)
Operating loss carryforwards for tax purpose	(0.5)	(2.0)
Other	0.4	(2.8)
Effective income tax rate	41.2	54.5

(*1) The current portion of Deferred Tax Liabilities for the year ended March 31, 2013 is ¥17million (US$181 thousand) and is accounted for as "Others" of Current Liabilities.
(*2) The statutory tax rate changed from 40.5% to 37.8% due to 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" promulgated on December 2, 2011.

5. Pledged Assets

The following assets were pledged as collateral:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Buildings and structures	¥ 11,042	¥ 9,596	$ 117,406
Machinery and equipment	2,373	—	25,231
Land	3,010	1,746	32,004
Notes receivable	5,485	—	58,320
Other	10,420	214	110,792
Total	¥ 32,330	¥ 11,556	$ 343,753

The above assets were pledged against the following liabilities:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Short term bank loans	¥ 1,887	¥ 1,956	$ 20,064
Current portion of long-term debt	2,383	1,586	25,338
Long-term debt	5,884	5,526	62,562
Total	¥ 10,154	¥ 9,068	$ 107,964

6. Investment Securities

Investment securities as of March 31, 2013 and 2012 consisted of the followings:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Non-current:			
Marketable:			
Marketable equity securities	¥ 59,146	¥ 58,207	$ 628,878
Investment trust funds and other	49	39	521
Sub total	¥ 59,195	¥ 58,246	$ 629,399
Non-marketable securities	¥ 1,788	¥ 1,374	$ 19,011
Total	¥ 60,983	¥ 59,620	$ 648,410

The carrying amounts and aggregate fair values of marketable securities for investments as of March 31, 2013 and 2012 were as follows :

	Millions of yen			
	2013			
	Cost	Unrealized gain	Unrealized loss	Fair Value
Available-for-sale securities				
Equity securities	¥ 79,419	¥ 4,300	¥ 24,573	¥ 59,146
Debt securities and other	47	2	—	49
Total	¥ 79,466	¥ 4,302	¥ 24,573	¥ 59,195

	Thousands of U.S. dollars (Note 1)			
	2013			
	Cost	Unrealized gain	Unrealized loss	Fair Value
Available-for-sale securities				
Equity securities	$ 844,434	$ 45,720	$ 261,276	$ 628,878
Debt securities and other	500	21	—	521
Total	$ 844,934	$ 45,741	$ 261,276	$ 629,399

	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

Proceeds from sales of securities and gross realized gain or loss on those sales for the years ended March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**
Proceeds	**¥ 18**	¥ 10	**$ 191**
Gains on sales	**9**	—	**96**
Losses on sales	**3**	—	**32**

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, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**
Acquisition cost	**¥ 221**	¥ 772	**$ 2,350**
Accumulated depreciation	**217**	736	**2,307**
Net leased property	**¥ 4**	¥ 36	**$ 43**

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**
Payments due within one year	**¥ 7**	¥ 52	**$ 74**
Payments due after one year	**1**	6	**11**
Total	**¥ 8**	¥ 58	**$ 85**

Lease payments under such leases for the years ended March 31, 2013 and 2012 were ¥56 million (US$595 thousand) and ¥160 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.

Investment 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-terms 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, 2012 and 2013 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		
	2013			2012		
	Book value	Fair value	Difference	Book value	Fair value	Difference
Cash and cash equivalents, time deposits	¥ 106,001	¥ 106,001	¥ —	¥ 95,738	¥ 95,738	¥ —
Trade notes and accounts receivable, net of allowance for doubtful receivables	83,201	83,201	—	68,281	68,281	—
Investment securities	59,195	59,195	—	58,246	58,246	—
Assets total	¥ 248,397	¥ 248,397	¥ —	¥ 222,265	¥ 222,265	¥ —
Trade notes and accounts payable	¥ 40,879	¥ 40,879	¥ —	¥ 37,721	¥ 37,721	¥ —
Short-term bank loans, current portion of long-term debt, and commercial paper	138,516	138,516	—	124,132	124,132	—
Other notes and account payable (*1)	14,028	14,028	—	12,367	12,367	—
Long-term debt	226,954	226,520	434	189,380	189,165	215
Lease obligations (*2)	3,053	2,911	142	1,341	1,289	52
Liabilities total	¥ 423,430	¥ 422,854	¥ 576	¥ 364,941	¥ 364,674	¥ 267

	Thousands of U.S. dollars (Note 1)		
	2013		
	Book value	Fair value	Difference
Cash and cash equivalents, time deposits	$1,127,071	$1,127,071	$ —
Trade notes and accounts receivable, net of allowance for doubtful receivables	884,646	884,646	—
Investment securities	629,399	629,399	—
Assets total	$2,641,116	$2,641,116	$ —
Trade notes and accounts payable	$ 434,651	$ 434,651	$ —
Short-term bank loans, current portion of long-term debt, and commercial paper	1,472,790	1,472,790	—
Other notes and account payable (*1)	149,155	149,155	—
Long-term debt	2,413,121	2,408,506	4,615
Lease obligations (*2)	32,461	30,952	1,509
Liabilities total	$4,502,178	$4,496,054	$ 6,124

(*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)
	2013	2012	2013
Unlisted equity securities	¥ 3,946	¥ 13,583	$ 41,956

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)
	2013	2012	2013
	Within 1 year	Within 1 year	Within 1 year
Cash and cash equivalents, time deposits	¥ 106,001	¥ 95,738	$ 1,127,071
Trade notes and accounts receivable	83,201	68,281	884,646

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, 2013 are as follows:

	Millions of yen					
	2013					
	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	¥ 40,879	¥ —	¥ —	¥ —	¥ —	¥ —
Short-term bank loans, current portion of long-term debt, and commercial paper	138,516	—	—	—	—	—
Other notes and account payable	14,028	—	—	—	—	—
Long-term debt	—	61,782	63,540	52,400	43,469	5,763
Lease obligations	1,012	849	463	235	101	393
Total	¥ 194,435	¥ 62,631	¥ 64,003	¥ 52,635	¥ 43,570	¥ 6,156

	Thousands of U.S. dollars (Note 1)					
	2013					
	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	$ 434,651	$ —	$ —	$ —	$ —	$ —
Short-term bank loans, current portion of long-term debt, and commercial paper	1,472,790	—	—	—	—	—
Other notes and account payable	149,155	—	—	—	—	—
Long-term debt	—	656,906	675,598	557,150	462,190	61,277
Lease obligations	10,760	9,027	4,924	2,499	1,073	4,179
Total	$2,067,356	$ 665,933	$ 680,522	$ 559,649	$ 463,263	$ 65,456

9. Derivatives

The Company and its consolidated subsidiaries had the following derivatives contracts outstanding at March 31, 2013.

(1) Derivatives not designated as hedging instruments

(a) Currency related

		Millions of yen		
		2013		
	Type of Derivatives	Contract amount	Over 1 year out of contract amount	Fair value
Transaction other than market transaction	Currency option			
	Buying call option/U.S. dollars	¥ 279	¥ —	¥ 3
	Selling put option/U.S. dollars	564	—	(42)
	Currency swap			
	Buying U.S. dollars	¥ 752	¥ —	¥ (125)

		Thousands of U.S. dollars (Note 1)		
		2013		
	Type of Derivatives	Contract amount	Over 1 year out of contract amount	Fair value
Transaction other than market transaction	Currency option			
	Buying call option/U.S. dollars	$ 2,967	$ —	$ 32
	Selling put option/U.S. dollars	5,997	—	(447)
	Currency swap			
	Buying U.S. dollars	$ 7,996	$ —	$ (1,329)

Fair value is based on information provided by financial institution at the end of fiscal year.

(b) Interest related

		Millions of yen		
		2013		
	Type of Derivatives	Contract amount	Over 1 year out of contract amount	Fair value
Transaction other than market transaction	Interest rate option	¥ 57	¥ —	¥ 0
	Interest rate swap			
	To receive variable/To pay fixed	¥ 72	¥ 47	¥ (6)

		Thousands of U.S. dollars (Note 1)		
		2013		
	Type of Derivatives	Contract amount	Over 1 year out of contract amount	Fair value
Transaction other than market transaction	Interest rate option	$ 606	$ —	$ 0
	Interest rate swap			
	To receive variable/To pay fixed	$ 766	$ 500	$ (64)

Fair value is based on information provided by financial institution at the end of fiscal year.

(2) Derivatives designated as hedging instruments

			Millions of yen		
			2013		
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	¥ 2,864	¥ 2,216	(*1)
Allocation method of forward foreign exchange contract, etc.	Currency swap	long-term loans	1,339	1,268	(*1)

			Thousands of U.S. dollars (Note 1)		
			2013		
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	$ 30,452	$ 23,562	(*1)
Allocation method of forward foreign exchange contract, etc.	Currency swap	long-term loans	14,237	13,482	(*1)

			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)

(*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, 2013 and 2012 were 1.001% and 1.067%, respectively.
The weighted-average interest rate of commercial paper for the years ended March 31, 2013 and 2012 were 0.112% and 0.113% respectively.

Long-term debt comprised the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
1.37% unsecured bonds due 2014	¥ 3,000	¥ 3,000	$ 31,898
1.37% unsecured bonds due 2013	—	10,000	—
2.04% unsecured bonds due 2018	10,000	10,000	106,326
0.877% unsecured bonds due 2016	20,000	20,000	212,653
0.83% unsecured bonds due 2016	6,000	—	63,796
1.09% unsecured bonds due 2018	4,000	—	42,531
Zero coupon convertible bonds due 2015	14,900	15,000	158,426
0.64% unsecured bonds due 2016	1,000	1,000	10,633
0.35%–0.86% unsecured bonds due 2017	4,424	—	47,039
Long-term bank loans due through 2021, with weighted-average interest rate of 1.213% for the year ended March 31, 2013, and of 1.137% for the year ended March 31, 2012	208,574	181,254	2,217,692
Less current portion of long-term debt	(44,944)	(50,874)	(477,873)
Total	¥ 226,954	¥ 189,380	$2,413,121

In September 2009, the Company issued ¥3,000 million (US$31,898 thousand) of 1.37% privately-placed bonds due 2014.
In March 2008, the Company issued ¥10,000 million (US$106,326 thousand) of 1.37% unsecured bonds due 2013.
In March 2008, the Company issued ¥10,000 million (US$106,326 thousand) of 2.04% unsecured bonds due 2018.
In March 2011, the Company issued ¥20,000 million (US$212,653 thousand) of 0.877% unsecured bonds due 2016.
In March 2013, the Company issued ¥6,000 million (US$63,796 thousand) of 0.83% unsecured bonds due 2016.
In March 2013, the Company issued ¥4,000 million (US$42,531 thousand) of 1.09% unsecured bonds due 2018.
In March 2010, the Company issued ¥15,000 million (US$158,426 thousand) of zero coupon convertible bonds due 2015.
In April 2011, Tohoku Nipro Pharmaceutical Corporation issued ¥1,000 million (US$10,633 thousand) of 0.64% privately-placed bonds due 2016.
From November 2010 to September 2011, Goodman Co., Ltd. issued ¥4,424 million (US$42,039 thousand) of 0.35%–0.86 unsecure bonds due from 2013 to 2017.

The aggregate annual maturities of long-term debt outstanding at March 31, 2013 are as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
	2013	2013
2013	¥ 44,944	$ 477,873
2014	61,782	656,906
2015	63,540	675,598
2016 and thereafter	101,632	1,080,617
Total	¥ 271,898	$ 2,890,994

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, 2013 and 2012.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
1) Projected benefit obligation	¥ (10,739)	¥ (8,770)	$ (114,184)
2) Fair value of plan assets	7,375	6,141	78,416
3) Projected benefit obligation in excess of plan assets 1)+2)	(3,364)	(2,629)	(35,768)
4) Unrecognized actuarial (gain) loss	532	669	5,657
5) Unrecognized past service obligation	(6)	(9)	(64)
6) Total 3)+4)+5)	(2,838)	(1,969)	(30,175)
7) Prepaid pension cost	17	19	181
8) Accrued pension and severance liabilities 6)-7)	¥ (2,855)	¥ (1,988)	$ (30,356)

The breakdown of net pension and severance costs for the years ended March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Service cost	¥ 665	¥ 614	$ 7,071
Interest cost	174	152	1,850
Expected return on plan assets	(110)	(102)	(1,170)
Amortization of actuarial gain	358	264	3,806
Amortization of past service obligation	(3)	(3)	(32)
Other	419	264	4,455
Net pension and severance costs	¥ 1,503	¥ 1,189	$ 15,980

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

	2013	2012
Discount rate	Primarily 1.2%	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)
	2013	2012	2013
Export drafts discounted	¥ 37	¥ 9	$ 393
Trade notes receivable discounted	—	10	—
Total	¥ 37	¥ 19	$ 393

13. Stock Options

The stock options outstanding as of March 31, 2013 were as follows:
Consolidated subsidiary (Goodman Co., Ltd.)

	2013			
	November 25, 2005 at board of directors' meeting	January 6, 2006 at board of directors' meeting	April 14, 2006 at board of directors' meeting	April 27, 2006 at board of directors' meeting
Persons granted	Directors of Goodman Co., Ltd: 4 Employees of Goodman Co., Ltd: 348 Others: 4	Employees of Goodman Co., Ltd: 2	Employees of Goodman Co., Ltd: 16	Employees of Goodman Co., Ltd: 6
Class and number of share	878,500 shares of common stock of Goodman	6,500 shares of common stock of Goodman	31,000 shares of common stock of Goodman	7,000 shares of common stock of Goodman
Grant date	December 5, 2005	January 6, 2006	April 14, 2006	April 28, 2006
Exercise period	From December 6, 2005 to August 31, 2015	From September 23, 2007 to August 31, 2015	From September 23, 2007 to August 31, 2015	From April 28, 2006 to August 31, 2015
Terms for vesting	—	—	—	—
Specified term of years before vesting	—	—	—	—

In addition to the aforementioned information of the stock options outstanding, the stock option activity is as follows:
Consolidated subsidiary (Goodman Co., Ltd.)

	2013			
	November 25, 2005 at board of directors' meeting	January 6, 2006 at board of directors' meeting	April 14, 2006 at board of directors' meeting	April 27, 2006 at board of directors' meeting
Company name	Goodman Co., Ltd.	Goodman Co., Ltd.	Goodman Co., Ltd.	Goodman Co., Ltd.
Non-vested shares				
At the beginning of the year	—	—	—	—
Granted during the year	—	—	—	—
Forfeited and expired during the year	—	—	—	—
Vested during the year	—	—	—	—
At the end of the year	—	—	—	—
Vested shares				
At the beginning of the year	**709,000**	**6,500**	**28,500**	**2,500**
Vested during the year	—	—	—	—
Exercised during the year	—	—	—	—
Forfeited and expired during the year	—	—	—	—
Unexercised at the end of the year	**709,000**	**6,500**	**28,500**	**2,500**

The number of stock options were converted into that of common stocks.

	Yen			
	2013			
	November 25, 2005 at board of directors' meeting	January 6, 2006 at board of directors' meeting	April 14, 2006 at board of directors' meeting	April 27, 2006 at board of directors' meeting
Exercise price	**¥ 2,169**	**¥ 2,410**	**¥ 2,490**	**¥ 2,415**
Average stock price at exercise	—	—	—	—
Fair value price at the grant date	—	—	—	—

	U.S. dollars (Note 1)			
	2013			
	November 25, 2005 at board of directors' meeting	January 6, 2006 at board of directors' meeting	April 14, 2006 at board of directors' meeting	April 27, 2006 at board of directors' meeting
Exercise price	**$ 23**	**$ 26**	**$ 26**	**$ 26**
Average stock price at exercise	—	—	—	—
Fair value price at the grant date	—	—	—	—

14. Business Combination

(1) Outline of the business combination

1) Name of the acquired company
Goodman Co., Ltd.

2) Business of the acquired company
Import, development, sale and manufacture of medical devices and medical disposables

3) Date of the business combination
March 15, 2013

4) Legal form of the business combination
Acquisition of shares primarily by takeover bid

5) Ratio of voting rights acquired
54.2%

(2) Period of the performance of the acquired company in the consolidated statements of income

No business performance is included in the consolidated statements of income, as the deemed acquisition date is March 31, 2013.

(3) Acquisition cost

	Millions of yen	Thousands of U.S. dollars (Note 1)
Common shares	¥ 1,986	$ 21,116
Preferred shares	682	7,251
Others	77	819
Total	¥ 2,745	$ 29,186

(4) Amount, cause, method and period of amortization of goodwill

1) Amount of goodwill

¥10,432million (US$110,920 thousand)

2) Cause of goodwill

Anticipated future profitability

3) Method and period of amortization of goodwill

Straight-line method over the period the Company will benefit from its use

(5) Amounts of assets acquired and liabilities assumed on the day of the business combination

	Millions of yen	Thousands of U.S. dollars (Note 1)
Current assets	¥ 11,863	$ 126,135
Fixed assets	2,760	29,346
Total assets	¥ 14,624	$ 155,492
Current liabilities	¥ 14,372	$ 152,812
Fixed liabilities	8,438	89,718
Total liabilities	¥ 22,810	$ 242,531

15. 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 ¥1,673 million (US$17,788 thousand) as of March 31, 2013, and its additional paid-in capital, which is included in capital surplus, amounted to ¥635 million (US$6,752 thousand) as of March 31, 2013.

16. 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-Related business, Pharmaceutical-Related business and Glass-Related business).

Medical-Related

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

Pharmaceutical-Related

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

Glass-Related

The division sells glass for pharmaceutical purposes including glass for vials and ampoules, and glass & materials products such as glass for thermos bottles and glass for lighting purpose.

In addition, the corporate reorganization was conducted effective on October 1, 2012 in order to enforce Pharmaceutical-Related business and build a strong cooperative relationship among Medical-Related, Pharmaceutical-Related and Glass-Related business. As a result of the reorganization, some business divisions included in Glass-Related business were changed to Pharmaceutical-Related business.

Accordingly the segment information is presented as if the aforementioned reorganization had been conducted at the beginning of the financial year 2012.

Business segment information for the years ended March 31, 2013 and 2012 was as follows:

	Millions of yen							
	2013							
	Reportable Segment				Other (*1)	Total	Adjustment (*2)	Consolidated financial statements
	Medical-Related	Pharmaceutical-Related	Glass-Related	Total				
Net sales:								
Outside	¥ 167,532	¥ 66,212	¥ 7,042	¥ 240,786	¥ 235	¥ 241,021	¥ —	¥ 241,021
Intersegment	1,277	6,907	491	8,675	45	8,720	(8,720)	—
Total	168,809	73,119	7,533	249,461	280	249,741	(8,720)	241,021
Operating income	14,558	3,988	330	18,876	222	19,098	(7,727)	11,371
Identifiable assets	¥ 295,896	¥ 132,829	¥ 15,942	¥ 444,667	¥ 4,542	¥ 449,209	¥ 130,093	¥ 579,302
Other items								
Depreciation and amortization	¥ 11,844	¥ 8,191	¥ 319	¥ 20,354	¥ 49	¥ 20,403	¥ 807	¥ 21,210
Amortization of goodwill	2,733	(1)	102	2,834	—	2,834	—	2,834
Capital expenditures	24,163	10,340	2,212	36,715	—	36,715	1,282	37,997

	Thousands of U.S. dollars (Note 1)							
	2013							
	Reportable Segment				Other (*1)	Total	Adjustment (*2)	Consolidated financial statements
	Medical-Related	Pharmaceutical-Related	Glass-Related	Total				
Net sales:								
Outside	$ 1,781,308	$ 704,009	$ 74,875	$ 2,560,192	$ 2,498	$ 2,562,690	$ —	$ 2,562,690
Intersegment	13,578	73,440	5,221	92,239	478	92,717	(92,717)	—
Total	1,794,886	777,449	80,096	2,652,431	2,976	2,655,407	(92,717)	2,562,690
Operating income	154,790	42,403	3,509	200,702	2,360	203,062	(82,158)	120,904
Identifiable assets	$ 3,146,156	$ 1,412,323	$ 169,506	$ 4,727,985	$ 48,293	$ 4,776,278	$ 1,383,232	$ 6,159,510
Other items								
Depreciation and amortization	$ 125,933	$ 87,092	$ 3,392	$ 216,417	$ 520	$ 216,937	$ 8,581	$ 225,518
Amortization of goodwill	29,059	(11)	1,085	30,133	—	30,133	—	30,133
Capital expenditures	256,917	109,942	23,519	390,378	—	390,378	13,631	404,009

	Millions of yen							
	2012							
	Reportable Segment				Other (*1)	Total	Adjustment (*2)	Consolidated financial statements
	Medical-Related	Pharmaceutical-Related	Glass-Related	Total				
Net sales:								
Outside	¥ 145,082	¥ 59,715	¥ 6,954	¥ 211,751	¥ 262	¥ 212,013	¥ —	¥ 212,013
Intersegment	1,851	6,332	465	8,648	46	8,694	(8,694)	—
Total	146,933	66,047	7,419	220,399	308	220,707	(8,694)	212,013
Operating income	17,078	4,940	454	22,472	230	22,702	(6,877)	15,825
Identifiable assets	¥ 219,306	¥ 120,795	¥ 11,793	¥ 351,894	¥ 4,592	¥ 356,486	¥ 143,201	¥ 499,687
Other items								
Depreciation and amortization	¥ 12,353	¥ 8,095	¥ 279	¥ 20,727	¥ 48	¥ 20,775	¥ 806	¥ 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	13,829	1,064	38,837	—	38,837	688	39,525

(*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, 2013 and 2012 include ¥(44) million (US$(468) thousand) and ¥110 million of elimination of inter-segment transaction and ¥(7,683) million (US$(81,691) thousand) and ¥(6,987) 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, 2013 and 2012 include ¥(51,045) million (US$(542,743) thousand) and ¥(3,148) million of elimination of inter-segment transaction and ¥181,138 million (US$1,925,976 thousand) and ¥146,347 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, 2013 and 2012 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					
	2013						2012					
	Reportable Segment				Other	Total	Reportable Segment				Other	Total
	Medical-Related	Pharmaceutical-Related	Glass-Related	Total			Medical-Related	Pharmaceutical-Related	Glass-Related	Total		
Loss on impairment of fixed assets	¥ 2	¥ —	¥ —	¥ 2	¥ —	¥ 2	¥ 529	¥ —	¥ —	¥ 529	¥ —	¥ 529
Unamortized balance of goodwill	22,441	9	290	22,740	—	22,740	11,539	(3)	359	11,895	—	11,895

	Thousands of U.S. dollars (Note 1)					
	2013					
	Reportable Segment				Other	Total
	Medical-Related	Pharmaceutical-Related	Glass-Related	Total		
Loss on impairment of fixed assets	$ 21	$ —	$ —	$ 21	$ —	$ 21
Unamortized balance of goodwill	238,607	96	3,083	241,786	—	241,786

Net sales and Property, plant and equipment for each area were as follows:

	Millions of yen					Millions of yen				
	2013					2012				
	Japan	America	Europe	Asia	Total	Japan	America	Europe	Asia	Total
Net sales	¥ 138,962	¥ 46,311	¥ 32,372	¥ 23,376	¥ 241,021	¥ 129,237	¥ 40,519	¥ 23,140	¥ 19,117	¥ 212,013
Property, plant and equipment	102,527	12,199	7,870	52,107	174,703	102,275	8,392	3,311	31,701	145,679

	Thousands of U.S. dollars (Note 1)				
	2013				
	Japan	America	Europe	Asia	Total
Net sales	$1,477,533	$ 492,408	$ 344,200	$ 248,549	$2,562,690
Property, plant and equipment	1,090,134	129,708	83,679	554,035	1,857,556

17. Selling, General and Administrative Expenses

Significant components of selling, general and administrative expenses for the years ended March 31, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Salaries	¥ 13,192	¥ 11,372	$ 140,266
Freight charges	5,706	5,143	60,670

18. Research and Development Expenses

Research and development expenses for the years ended March 31, 2013 and 2012 were ¥6,464 million (US$68,729 thousand) and ¥5,957 million, respectively.

19. 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)
	2013	2012	2013
Cash paid during the year for:			
Interest	¥ 3,439	¥ 3,226	$ 36,566
Income tax	6,288	6,147	66,858

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, 2013, 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, 2013, 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, 2013, 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.

Emphasis of Matter

We draw attention to Note "(r) Subsequent event" to the financial statements. The Company purchased its own shares through the market with resolution of the Company's Board of Directors on May 14, 2013, pursuant to Article 165 Paragraph 3 of the Corporate Law and the Company's article of incorporation.
Our opinion is not qualified in respect of this matter.

Osaka, Japan
June 26, 2013

PKF Osaka Audit Corporation

PKF Osaka Audit Corporation

Corporate Information (As of March 31, 2013)

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	2,437
Consolidated subsidiaries	16,890
Total	19,327

Common Stock

Authorized	400,000,000 shares
Issued	171,459,479 shares
Outstanding	170,545,372 shares
Number of Shareholders	40,850

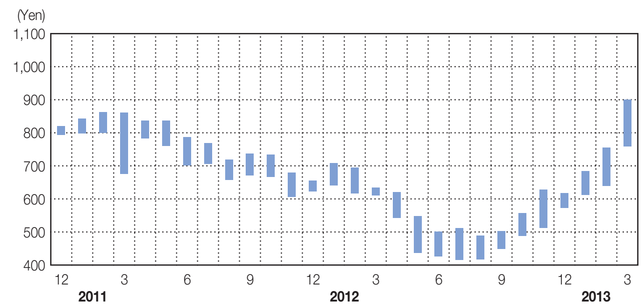
Stock Listings
Tokyo Stock Exchange
Ticker Code: 8086

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.	25,718	15.00
Japan Trustee Services Bank, Ltd.	7,618	4.44
Resona Bank Limited	5,360	3.13
Trust & Custody Services Bank, Ltd.	2,879	1.68
The Master Trust Bank of Japan, Ltd.	2,083	1.21
Kazumi Sano	1,910	1.11
Mizuho Corporate Bank, Ltd.	1,565	0.91
Nipro employees' stock ownership associations	1,426	0.83
Mitsubishi Tanabe Pharma Corporation	1,166	0.68
Total	86,537	50.47

Stock Price Range(Tokyo Stock Exchange)



Major Subsidiaries (As of June 30, 2013)

Area	Country	Name	Principal business
Domestic	Japan	Nipro Medical Industries Co., Ltd.	Manufacturing and Marketing of medical devices
		Goodman Co., Ltd.	Manufacturing and Marketing of medical devices
		Nipro Pharma Corporation	Manufacturing and Marketing of pharmaceuticals
		Zensei Pharmaceutical Industries Co., Ltd.	Manufacturing and Marketing of pharmaceuticals
		Nichihos Co., Ltd.	Management of dispensing pharmacies and Marketing of pharmaceutical products
Oversea	Thailand	Nipro (Thailand) Corporation Limited	Manufacturing and Marketing of medical devices
		Nipro Sales (Thailand) Co., Ltd.	Marketing of medical devices
	China	Nipro (Shanghai) Co., Ltd.	Manufacturing and Marketing of medical devices
		Nipro Trading (Shanghai) Co., Ltd.	Marketing of medical devices
		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 (Hefei) Co., Ltd.	Manufacturing and Marketing of medical devices
		Shanghai Nissho Vacuum Flask Refill Co., Ltd.	Marketing of glass products
	Singapore	Nipro Asia Pte Ltd.	Marketing of medical devices
	India	Nipro India Corporation Private Limited	Manufacturing and Marketing of medical devices
		Nipro Glass India Private Limited	Manufacturing and Marketing of medical glass products
		Nipro Tube Glass Limited	Manufacturing and Marketing of medical glass products
	Bangladesh	Nipro JMI Co., Ltd.	Manufacturing and Marketing of medical devices
		Nipro JMI Pharma Ltd.	Manufacturing and Marketing of pharmaceuticals
	Indonesia	P.T. Nipro Indonesia JAYA	Manufacturing and Marketing of medical devices and medical glass products
	UAE	Nipro Middle East FZE	Marketing of medical devices
	Brazil	Nipro Medical Ltda.	Manufacturing and Marketing of medical devices
	U.S.A.	Nipro Medical Corporation	Marketing of medical devices
		Nipro Diagnostics, Inc.	Manufacturing and Marketing of diabetes products
		Nipro Glass Americas Corporation	Manufacturing and Marketing of medical glass products
	Belgium	Nipro Europe N.V.	Marketing of medical devices
		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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