Consolidated Financial Statements

May 20, 2004

For the Fiscal Year ended March 31, 2004

Company name: **NIPRO CORPORATION**
Stock Exchange where listed: Tokyo and Osaka
Code No: 8086
Head Office Location: Osaka, Japan
(URL: http://www.nipro.co.jp/)
Representative: Minoru Sano, President and Representative Director
Contact: Akihiko Yamabe, Director, General Manager of Accounting and Corporative Planning Division
TEL (06) 6372-2331
Date of the meeting of the Board of Directors for approval of the financial statements: May 20, 2004
Adoption of U.S. GAAP: No

1. Consolidated Results for the Fiscal Year ended March 31, 2004 (From April 1, 2003 to March 31, 2004)

(1) Consolidated Results of Operations (Note: Amounts are truncated to 1 million yen)

	Net Sales		Operating Income		Recurring Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2004	188,700	4.6	12,557	(15.7)	9,539	(16.3)
Year ended March 31, 2003	180,369	5.3	14,899	3.2	11,397	(15.1)

	Net Income		Earnings per Share	Diluted Earnings per share	Ratio of Net Income to Shareholders' Equity	Ratio of Recurring income to Total Assets	Ratio of Recurring Income to Net Sales
	Millions of yen	%	Yen	Yen	%	%	%
Year ended March 31, 2004	4,216	(17.0)	64.90	-	4.7	3.6	5.1
Year ended March 31, 2003	5,077	(13.1)	84.25	78.48	6.4	4.6	6.3

Notes: 1. Equity in losses of affiliate for the fiscal year ended March 31, 2004 and 2003 was (771) million yen and (657) million yen, respectively.
2. The weighted average number of outstanding shares (consolidated) for the fiscal year ended March 31, 2004 and 2003 was 63,631,774 shares and 58,949,626 shares, respectively.
3. Change in accounting method: N/A
4. Percentages in the above table for Net Sales, Operating Income, Recurring Income and Net Income represent changes from the previous fiscal year.

(2) Consolidated Financial Position

	Total Assets	Shareholders' Equity	Ratio of Shareholders' Equity to Total Assets	Shareholder' Equity per Share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2004	279,701	94,711	33.9	1,487.50
Year ended March 21, 2003	252,847	83,532	33.0	1,310.72

Notes: The number of outstanding shares (consolidated) as of March 31, 2004 and 2003 was 63,613,567 shares and 63,645,860 shares, respectively.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2004	15,432	(12,786)	10,400	42,228
Year ended March 31, 2003	5,453	(30,107)	11,469	29,393

(4) Matters related to scope of consolidation and application of equity method

Number of consolidated subsidiaries: 14
Number of unconsolidated subsidiaries accounted for by the equity method: 0
Number of affiliate company accounted for by the equity method: 1

(5) Change of reporting entities

Number of consolidated companies Added: 0 Removed: 0
Number of companies accounted for by the equity method Added: 0 Removed: 0

2. Projected Consolidated Financial Results for the Fiscal Year ending March 31, 2005 (From April 1, 2004 to March 31, 2005)

	Net Sales	Recurring Income	Net Income
	Millions of yen	Millions of yen	Millions of yen
Six months ending Sept. 30, 2004	98,500	4,850	2,550
Year ending March 31, 2005	200,000	10,400	5,300

(Reference) Projected Earnings per Share for the Fiscal Year ending March 31, 2005: 81.95 yen

* The projections shown above are prepared based on information available as of the issuing date of this report. The actual results may differ from the projected figures due to various factors. Concerning the matters related to the above projections, please refer to the Page 8.

Corporate Group

Our group consists of the Reporting Company (“the Company”), its 18 subsidiaries and 1 affiliate, and is primarily engaged in manufacture and sales of medical equipment, pharmaceutical products and glass and material products as well as the management of supermarkets and drugstores.
Positioning of each company in connection with the businesses of our group and the relation to the business segments are as follows:

<Medical Division>

Domestic: The Company and Nipro Medical Industries, Ltd., a consolidated subsidiary, manufacture medical equipment, and the Company sells medical equipment manufactured by its foreign subsidiaries.

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

Consolidated subsidiaries Nipro Europe N.V. (Belgium), Nipro Medical Corporation (U.S.A.), Nipro Medical Panama S.A. (Panama) and Nipro Medica de Mexico S.A. DE C.V. (Mexico), and unconsolidated subsidiary Nipro Asia Pte. Ltd. (Singapore) and Nipro Trading (Shanghai) Co., Ltd. (China) sell medical equipment etc. in the areas of their locations.

Nipro Diabetes Systems, Inc. (U.S.A.), an unconsolidated subsidiary, develops portable diabetes-related products such as Insulin Pump.

<Pharmaceutical Division>

The Company and Nipro Pharma Corporation (previous company name: Hishiyama Pharmaceutical Co., Ltd.) manufacture and sell pharmaceutical products.

Bipha Corporation, an affiliate accounted for by the equity method, is engaged in research and development, manufacture and sales of pharmaceutical products such as blood products.

<Glass and Materials Division>

Domestic: The Company sells glass tubes in the Kansai area as well as manufactures and sells other glass products.

In the Kanto area, Shinwa Shoji Co., Ltd., a consolidated subsidiary, purchases glass tubes as raw materials, and manufactures and sells glass products.

Overseas: Shanghai Nissho Vacuum Flask Refill Co., Ltd. (China) manufactures internal glass sections of vacuum flask and other glass products, and sells locally as well as exports.

<Supermarket Division>

Nissho Corporation, a consolidated subsidiary, operates supermarkets in the Keihanshin region, selling fresh produce, etc.

Nissho Drug Co., Ltd., a consolidated subsidiary, carries out drugstores mainly in the Hanshin region, retailing medicine and general grocery, etc.

<Other>

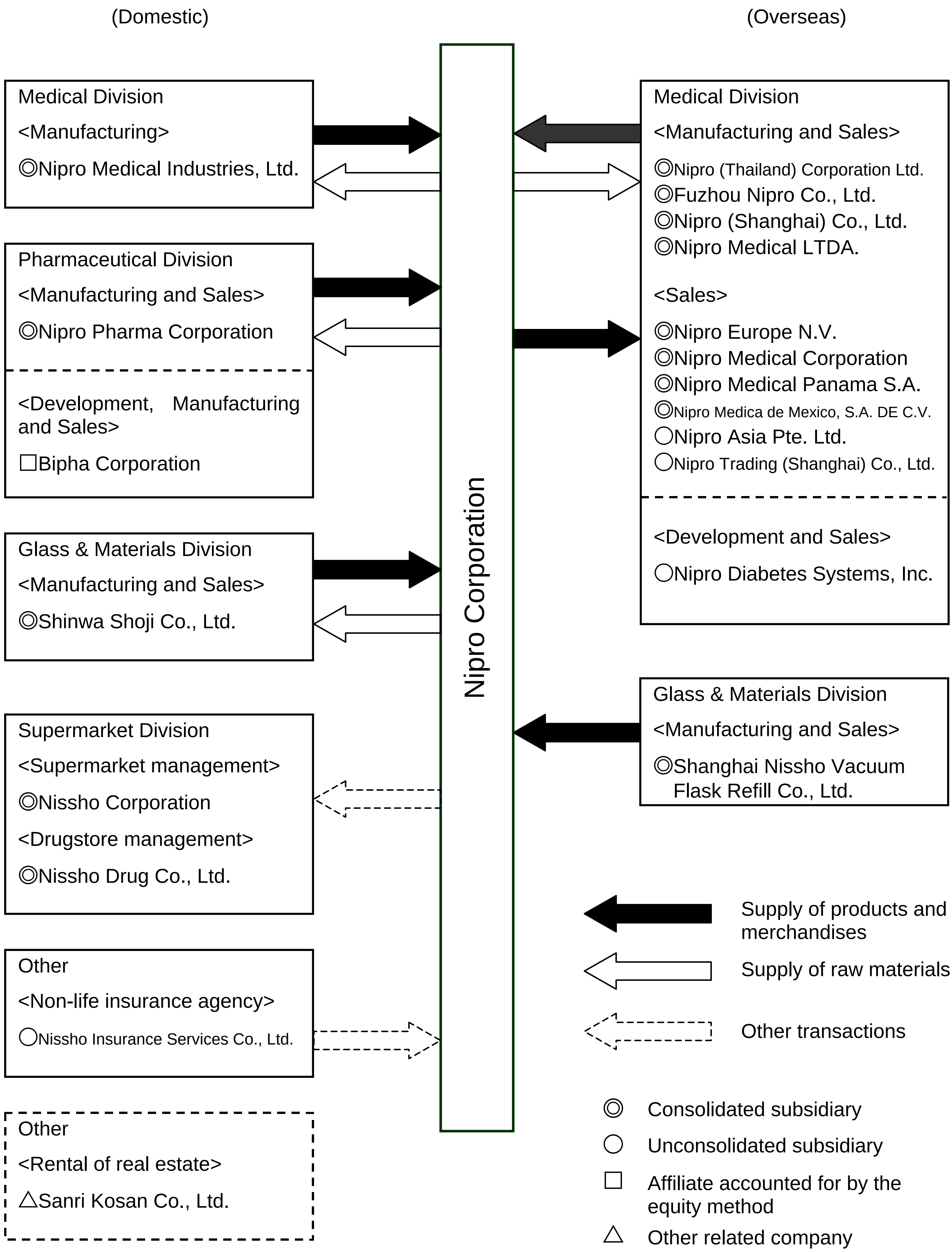
The Company manufactures (purchases, in some cases) and sells machinery for manufacture of medical equipment.

The Company and Nissho Corporation lease real estate properties.

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

Sanri Kosan Co., Ltd., an other affiliate company, is engaged in leasing of real estate properties.

The above explanations are illustrated as follows:


(Domestic)
(Overseas)
Nipro Corporation
Medical Division
<Manufacturing>
◎Nipro Medical Industries, Ltd.
Pharmaceutical Division
<Manufacturing and Sales>
◎Nipro Pharma Corporation
<Development, Manufacturing and Sales>
□Bipha Corporation
Glass & Materials Division
<Manufacturing and Sales>
◎Shinwa Shoji Co., Ltd.
Supermarket Division
<Supermarket management>
◎Nissho Corporation
<Drugstore management>
◎Nissho Drug Co., Ltd.
Other
<Non-life insurance agency>
○Nissho Insurance Services Co., Ltd.
Other
<Rental of real estate>
△Sanri Kosan Co., Ltd.
Medical Division
<Manufacturing and Sales>
◎Nipro (Thailand) Corporation Ltd.
◎Fuzhou Nipro Co., Ltd.
◎Nipro (Shanghai) Co., Ltd.
◎Nipro Medical LTDA.
<Sales>
◎Nipro Europe N.V.
◎Nipro Medical Corporation
◎Nipro Medical Panama S.A.
◎Nipro Medica de Mexico, S.A. DE C.V.
○Nipro Asia Pte. Ltd.
○Nipro Trading (Shanghai) Co., Ltd.
<Development and Sales>
○Nipro Diabetes Systems, Inc.
Glass & Materials Division
<Manufacturing and Sales>
◎Shanghai Nissho Vacuum Flask Refill Co., Ltd.
Supply of products and merchandises
Supply of raw materials
Other transactions
◎ Consolidated subsidiary
○ Unconsolidated subsidiary
□ Affiliate accounted for by the equity method
△ Other related company

Management Policies

1. Basic Policies of Management

Since our foundation, we have based ourselves on “technology” and aimed at manufacturing better products at lower costs. We set our management objective in contributing to the society through corporate activities, especially focusing on developing new products in the field of medical and pharmaceutical products.

As a management structure in pursuit of compatibility between “stability” and “growth”, which are essential for an enterprise, we implement the “performance-linked remuneration system” that is the rule of profit sharing among shareholders, employees and management, and carry out active business operations, holding the employees responsible for boosting the performance of individual businesses.

2. Basic Policies on Distribution of Profits

Our policy is that 50% of the non-consolidated net income is to be distributed to the shareholders. Employees’ bonuses are determined according to the business performance of the division where the employees belong, and the bonuses of the directors and the statutory auditors are determined based on the business performance of the Company.

Retained earnings are to be invested in the sales and production facilities as well as in research and development, in view of establishing the firm management basis and long-term business developments, so as to ensure stable profits for the future.

3. Position and Policy on Reduction of Trading Unit of Stock

We consider that reduction of trading unit of stock will promote individual investors into the market and lead to the vitalization of securities market. However, as the implementation would incur a large amount of costs, we would rather watch the situation of, among other things, the introduction of non-issuance of share certificates.

4. Target Management Indicators

Our performance targets are to achieve 300 billion yen of consolidated net sales, 20 billion yen of consolidated recurring income and 10% of return on equity (ratio of net income to shareholders’ equity) by the fiscal year 2010.

In the Medical Division, we, as a general medical equipment manufacturer, will seek to enhance the added-value of Nipro-branded products and increase the market share by strengthening the sales in the field of dialysis-related products such as dialyzers and maintaining the leading share in the market, as well as forging ahead to the field of catheters and artificial organs, reinforcing the product line-up, and conducting active sales and marketing in the overseas markets.

In the Pharmaceutical Division, we will further promote commercialization of kit products and increase sales of double-bag kits, powdered dialysate solutions, as well as expand the infusion-drug-related business and develop the products that would take the leading position in the market.

In the Glass and Materials Division, we will secure stable profit by reducing manufacturing costs based on our peerless glass processing technologies and global marketing.

In the Supermarket Division, we will make attractive product offerings for fresh food and medicine etc. and bear closely on the daily needs of neighborhood customers.

5. Medium- and Long-term Management Strategies

We manage four distinct businesses, a medical division, a pharmaceutical division, a glass and materials division, and a supermarket division. In order to enhance the complementary effects on the other divisions' businesses and to secure the stable profits, we will devote our resources on strengthening production capacity, sales and marketing capabilities and research & development.

As regards production capacity, we will reinforce cost competitiveness by utilizing overseas manufacturing bases of medical equipment, and equip with and expand the production facilities to meet the expected demands on outsourced production of pharmaceutical products as a result of revised Pharmaceutical Affairs Law.

Concerning the research & development, we will take a long-term view and carry out research work of advanced medical technologies such as regenerative medicine and recombinant human serum albumin.

6. Issues and Challenges that the Group Faces

In the domestic business of the Medical Division, we will focus on dialysis-related products such as dialyzers, blood tubing sets, substitution fluid for hemofiltration and hemodiafiltration, powdered dialysate solutions and dialysis machines. We will seek to increase the market share by responding to the market needs, development and marketing of new products, improving product quality and reinforcing the sales ability. In the field of disposable medical equipment such as injection, infusion and catheters, we will increase the market share of injection- and infusion-related products such as infusion sets and syringes, and promote development, marketing and sales of products with safety features. As regards the products related to circulatory organs, we will promote sales and marketing of thrombus vacuum aspiration catheter and PTCA balloon. In addition, as for the examination-related products, we will market and promote blood glucose monitoring system for diabetic patients and test reagents, as well as sterilized blood collection tubes.

For the international business, as the world is rapidly becoming a single market, we consider pricing of our products to be the most critical issue. In response to the globalization with regard to the quality assurance, we implement the group-wide quality system so that we can provide safety-first products, promptly collecting detailed information on claims that occur anywhere in the world. Reacting to the unification of world markets, we have set about rearrangement of sales organization since last year; we have agreed with one of the major customers on a tie-up of manufacturing and sales of dialysis-related disposables and machines, which would enable us to extend our presence in the increasingly oligopolistic market. As for the medical-related commodity products, we will strengthen our sales capability by improving the sales organization and by joining forces with the local leading companies. The market of the diabetes-related products are changing in connection with the development of new drugs, but our products, used mainly for the symptomatic treatment, will continue to have steady demands, and we will further market in this field by completing the wide product range. The clinical trials of implantable left ventricular assist system (VAS) has finished and we will serve it to the treatment as soon as an approval is granted, but in the meantime we will promote external VAS and related products. Placing greater importance on establishing competitiveness in the global market, we will develop stronger sales structure of the overseas subsidiaries as we have done in the Latin American countries, in accordance with the expansion of European Union and the economic growth of Asian countries.

In the Pharmaceutical Division, we will broaden the product line-up of kit products such as "liquid-and-powder" double-bag kits for antibiotics and pre-filled syringes. We are working on numerous new products, especially pre-filled syringes, and we will accelerate the speed of development. In addition, we will continue the development of pharmaceutical products in application of recombinant human serum albumin such as artificial blood and Drug Delivery System (DDS) and products related to recombinant protein for the renal diseases. We will newly develop oral medicines as well as injection drugs, and expand our pharmaceutical business.

In the Glass and Materials Division, we will expand our sales of glass for pharmaceutical purposes to abroad, promote applied uses of large-sized vials, and produce glass pre-filled syringes. In the area of glass for lighting purposes, we will increase sales of glass for liquid crystal display (LCD) backlight and related materials and processed products of colored glass. As for glass for lighting purposes, we will see to it that we manufacture and sell environment-friendly glasses.

In the food supermarket of the Supermarket Division, we will improve productivity by “Weekly Change System” and restructuring of work schedule system (LSP), and foster an ability-based evaluation by introducing new personnel management system. We will also strive to differentiate ourselves from the competitors by developing products that meet changing customers’ needs. Furthermore, in order to reflect the experience of the store managers and make up our stores based on the needs of neighboring customers, we grant larger authority to the store managers and set up supporting system at the headquarters. On the other hand, drugstores will improve profitability by developing differentiated stores, renovation of aged stores, and development and sales of high added-value products.

7. Basic Perspective on Corporate Governance and Implementation of Related Measures

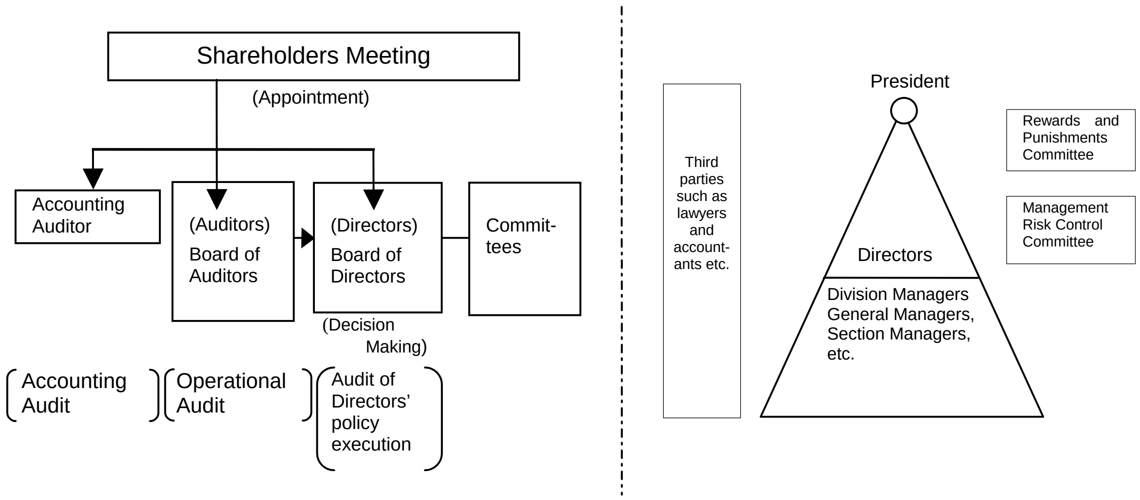
(1) Basic Perspective on Corporate Governance

Since we consider improvement of Corporate Governance to be one of the most critical issues in view of an enterprise’s social responsibility, we endeavor to strengthen our administration system and to make sound and efficient management structure.

(2) Implementation of Measures Related to Corporate Governance

a. Current Condition of the Corporate Governance System

- Our management administration organization related to the Company’s management decision making, policy execution, and supervision is basically in accordance with the systems of board of directors and board of auditors, as set forth in the Japanese Commercial Code. Specifically, we have established a self-sufficient management administration framework for each business division, which clearly define the responsibilities and improve the administration system.
- All of the current three auditors are outside auditors as provided in the paragraph 1 of the Article 18 of “Law for Special Exceptions to the Commercial Code Concerning Audit etc. of Joint Stock Corporations (kabushiki-kaisha)”. Currently, no outside directors are appointed. Outside auditors do not have full-time staff, but collaborate closely with the staff of Internal Audit Section through internal auditing.
- Structure of the Company’s business execution, supervision and internal control



The Company retains lawyers, accountants, tax accountants, patent attorneys and other professionals under advisory contracts with regard to law, labor, accounting, taxation, and intellectual property etc. so that we can conduct our business properly and timely and have managerial advices from an objective viewpoint.

- In April 2003, “the Management Risk Control Committee” is set up in order to establish a structure to control management risks and promote compliance with laws, ordinances and corporate ethics. We enlighten our employees by distributing a booklet (“the Code of Conduct for Compliance with Laws, Ordinance and Corporate Ethics”) to directors and employees, placing articles in the corporate magazines, and setting up the Compliance Hotline.
  We also set up “the Rewards and Punishments Committee”, whose chairman is the President of the Company, for the purpose of managing commendations and penalties.

b. Personal, Capital or Transactional Relationships, and/or Other Interests Between the Company and Its Outside Directors and Auditors

There are no such special relationships between the Company and its outside auditors.

c. Implementation in the Past Year of Measures Designed to Strengthen the Company's Corporate Governance

In April 2003, "the Management Risk Control Committee" is set up in an effort to establish a structure to control management risks and promote compliance with corporate ethics including laws and ordinances. We enlighten our employees by distributing a booklet titled "the Code of Conduct for Compliance with Laws, Ordinances and Corporate Ethics" to our employee and by placing the articles in the corporate magazines. In February 2004, we launched the Compliance Hotline, so as to discover management risks at an early stage as well as to prevent such risks.
We will effectively implement the Committee so that the operations of the Company will be run properly.

Business Results and Financial Conditions

1. Business Results

(1) Summary of Overall Business and Results by Segments

Japanese economy has turned to a recovery stage, pulled around mainly by exports and capital investments. However, appreciation of yen and severe condition of individual income still remained, and the mood of recession generally remained for the period under review. Under such circumstances, the Company continued to focus on research & development, and to conduct active sales activities.

As a result, the consolidated net sales for the period under review increased to 188.7 billion yen, up 4.6% compared with the previous fiscal year, operating income decreased to 12,557 million yen, down 15.7% compared with the previous fiscal year, due to increase in selling, general and administrative expenses, recurring income decreased to 9,539 million yen (down 16.3% compared with the previous fiscal year) and net income decreased to 4,216 million yen (down 17.0% compared with the previous fiscal year).

The results by segments were as follows:

a. Medical Division

For the domestic business, while the governmental controls on medical expenditures were increasingly severe, we sought to enhance the efficiency of sales activities and reinforce the sales bases. We also made efforts to develop and market new products in the fields of dialysis, injection and infusion, treatment on circulatory organs and examination, as well as to sell those products in comprehensive package. However, the cost competition has been further intensified, and there were also adjustments on distributors' inventories.

As for the international business, on the other hand, we were able to achieve steady results by our continuous efforts for the market penetration of Nipro-branded products. Especially in terms of dialysis-related products, OEM (original equipment manufacturer) products, sales of which decreased last year due to market changes, have recovered substantially. Products related to blood collection and diabetes showed steady increase, and we have also launched some new products of safety AVF and blood tubing sets. Despite the fluctuation of exchange rates, the results were generally satisfactory for the period.

As a result, net sales of this division increased to 78,726 million yen (up 3.6% compared with the previous fiscal year).

b. Pharmaceutical Division

The market of the pharmaceutical business has been awfully harsh, due to the intense price competition driven by the governmental controls on drug prices.

Under such circumstances, we strove to increase sales of powdered dialysate solutions and substitution fluid for hemofiltration and hemodiafiltration, etc. We also exerted ourselves to expand sales of “liquid-and-liquid” double-bag kits and pre-filled syringe kits, etc., and all of these products showed an outstanding growth.

As a result, net sales of this division increased to 25,338 million yen (up 15.3% compared with the previous fiscal year).

c. Glass & Materials Division

In the field of glass for pharmaceutical purposes, despite the shift from glass ampoules to plastic ampoules or pre-filled syringes and the change from glass vials to plastic bags, the sales showed steady growth, owing to increase in exports of glass tubes and large-sized vials such as nursing bottles. As for the other glass materials, sales of glass for thermos bulbs remained steady both at home and abroad, garnering favorable reception on quality. For the glass for lighting purposes, sales of glass for liquid crystal display (LCD) backlight and related materials were in an upward trend, along with the expansion of the market of LCD televisions.

As a result, net sales of this division increased to 11,890 million yen (up 7.5% compared with the previous fiscal year).

d. Supermarket Division

Despite there have been some signs of economic recovery in the latter half of the period, individual consumption remained tight due to deteriorated conditions of employment and income. Furthermore, we were affected by various factors such as a bird influenza problem, a BSE issue in the U.S., bad weathers and the intensified competition arising from foreign and domestic competitors’ opening of new stores. Under such circumstances, we endeavored to improve the profitability by increasing the number of stores with liquor sales license, giving more privileged offers to the point card members, and other measures to increase sales. However, the results were generally low-toned, due to decrease in number of customers coming to stores.

As regards drugstores, openings of new stores contributed to the increase in sales, though the seasonal items were in a slump, influenced by cool summer, warm winter and less pollens causing hay fever.

As a result, net sales of this division increased to 71,357 million yen (up 2.6% compared with the previous fiscal year).

e. Other Division

Net sales of this division, consisting mainly of sales of machine for manufacture of medical equipment and real estate rentals, decreased to 1,386 million yen (down 21.2% compared with the previous fiscal year).

(2) Prospects for the Fiscal Year Ending March 31, 2005

Japanese economy is anticipated to remain unpredictable, due to the concerns in appreciation of yen and rise of interest rates, while the conditions of individual income continue to be severe.

Under the conditions, we will continue to improve the business performance by focusing on research & development and sales & marketing.

For the fiscal year ending March 31, 2005, we project the consolidated net sales of 200,000 million yen (increase by 6.0% compared with the previous fiscal year), recurring income of 10,400 million yen (increase by 9.0% compared with the previous fiscal year), and net income of 5,300 million yen (increase by 25.7% compared with the previous fiscal year).

Projections on net sales by segments are as follows:

Medical Division: 81,900 million yen (increase by 4.0% compared with the previous fiscal year), Pharmaceutical Division: 27,250 million yen (increase by 7.5% compared with the previous fiscal year), Glass and Materials Division: 12,050 million yen (increase by 1.3% compared with the previous fiscal year), Supermarket Division: 77,700 million yen (increase by 8.9% compared with the previous fiscal year), and Other Division: 1,100 million yen (decrease by 20.6% compared with the previous fiscal year).

(3) Matters related to Appropriation of Earnings

Annual dividends are calculated to be 30.50 yen per share, in accordance with the 50% pay-out ratio as a criterion. As we already paid interim dividends of 11 yen per share, year-end dividends are to be 19.50 yen per share; this will be proposed to the Company's 51st ordinary general meeting of shareholders.

2. Financial Conditions

(1) Analysis of the conditions of assets, liabilities, shareholders' equity and cash flows

Total assets increased by 26,853 million yen from the end of the previous fiscal year to 279,701 million yen. Current assets increased by 8,502 million yen to 124,934 million yen, and fixed assets increased by 18,350 million yen to 154,767 million yen. Main reason for the increase in current assets was that cash on hand in banks increased by 12,701 million yen as a result of issuance of convertible-bond-type bond with stock acquisition rights, and main reason for the increase in fixed assets was that investment securities increased by 15,504 million yen due to the rise in stock prices.

On the other hand, liabilities increased by 15,749 million yen from the end of the previous fiscal year to 183,295 million yen. Current liabilities increased by 7,474 million yen to 96,363 million yen, and fixed liabilities increased by 8,274 million yen to 86,931 million yen. Main reason for the increase in current liabilities was that current portion of bonds increased by 8,000 million yen, and main reason for the increase in fixed liabilities was that convertible-bond-type bonds with stock acquisition rights increased by 14,000 million yen.

Shareholders' equity increased by 11,178 million yen from the end of the previous fiscal year to 94,711 million yen. In this section, earned surplus increased by 2,705 million yen to 30,610 million yen, and valuation differences of other securities increased by 9,611 million yen to 12,462 million yen.

Net cash provided by operating activities was 15,432 million yen, net cash used in investing activities was 12,786 million yen, net cash provided by financing activities was 10,400 million yen, and cash and cash equivalents increased by 12,835 million yen to 42,228 million yen.

Net cash used in investing activities mainly reflected the payments for acquisition of fixed assets for 13,244 million yen. Net cash provided by financing activities was mainly from the proceeds from issuance of the bonds for 13,921 million yen.

(2) Trend of the cash flow indicators

	The 48th period Year ended March 31, 2001	The 49th period Year ended March 31, 2002	The 50th period Year ended March 31, 2003	The 51st period Year ended March 31, 2004
Shareholders' equity ratio (%)	30.2	31.0	33.0	33.9
Ratio of market value of shareholders' equity (%)	24.4	41.8	45.7	35.5
Debt redemption (years)	15.4	14.1	21.7	7.3
Interest coverage ratio	3.8	4.3	3.1	9.4

Note: Shareholders' equity ratio = Shareholders' equity / Total Assets
Ratio of market value of shareholders' equity = Aggregate market value of the outstanding shares / Total Assets
Debt redemption = Interest-bearing liabilities / Cashflow from operating activities
Interest coverage ratio = Cashflow from operating activities / Interest payments

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

Consolidated Balance Sheets

(Unit: Millions of yen)

Account / Period	As of March 31, 2003		As of March 31, 2004		Change in amount
	Amount	Ratio	Amount	Ratio	
(ASSETS)		%		%	
Current Assets	116,431	46.0	124,934	44.7	8,502
Cash on hand and in banks	32,539		45,241		12,701
Trade notes and accounts receivable	42,761		41,524		(1,236)
Inventories	31,213		32,541		1,327
Deferred tax assets	2,244		1,734		(509)
Other current assets	7,873		4,100		(3,772)
Allowance for doubtful accounts	(201)		(208)		(7)
Fixed Assets	136,416	54.0	154,767	55.3	18,350
Tangible fixed assets	91,146	36.1	94,004	33.6	2,857
Buildings and structures	38,841		40,545		1,703
Machinery, equipment and vehicles	19,748		21,018		1,269
Land	22,459		22,456		(2)
Construction in progress	6,852		6,143		(708)
Others	3,245		3,840		595
Intangible fixed assets	1,271	0.5	1,012	0.4	(258)
Consolidation adjustments	213		54		(159)
Others	1,057		958		(99)
Investments and other assets	43,998	17.4	59,749	21.3	15,750
Investment securities	27,018		42,522		15,504
Long-term loans receivable	2,601		2,843		242
Deferred tax assets	175		193		18
Lease deposits	12,234		11,774		(460)
Other assets	2,660		3,085		424
Allowance for doubtful accounts	(692)		(670)		21
Total Assets	252,847	100.0	279,701	100.0	26,853

(Notes)

	As of March 31, 2003	As of March 31, 2004 (Millions of yen)
1. Accumulated depreciation of tangible fixed assets	83,908	89,922
2. Notes receivable discounted	35	51
3. Obligations under guarantee contracts	3,273	2,728
4. Pledged assets	18,090	15,795

Consolidated Balance Sheets

(Unit: Millions of yen)

Account \ Period	As of March 31, 2003 Amount	Ratio	As of March 31, 2004 Amount	Ratio	Change in amount
(LIABILITIES)		%		%	
Current liabilities	88,888	35.2	96,363	34.4	7,474
Trade notes and accounts payable	27,085		29,048		1,962
Short-term borrowings	36,257		35,503		(754)
Current portion of bonds	2,000		10,000		8,000
Other payables	3,783		4,769		985
Accrued income taxes	2,619		1,580		(1,038)
Accrued bonuses	1,587		1,444		(143)
Allowance for price reduction	1,359		-		(1,359)
Notes payable for plant and equipment	3,356		4,207		851
Commercial paper	7,000		6,500		(500)
Other current liabilities	3,838		3,310		(528)
Fixed liabilities	78,657	31.1	86,931	31.1	8,274
Bonds	36,000		26,000		(10,000)
Convertible-bond-type bonds with stock acquisition rights	-		14,000		14,000
Long-term borrowings	36,821		34,183		(2,637)
Deferred tax liabilities	541		6,688		6,147
Accrued pension and severance cost	1,977		2,528		551
Other fixed liabilities	3,317		3,531		214
Total liabilities	167,546	66.3	183,295	65.5	15,749
(MINORITY INTERESTS)					
Minority interests	1,768	0.7	1,693	0.6	(74)
(SHAREHOLDERS' EQUITY)					
Capital	28,663	11.3	28,663	10.2	-
Capital surplus	29,972	11.9	29,972	10.7	-
Earned surplus	27,904	11.0	30,610	10.9	2,705
Valuation differences of other securities	2,850	1.1	12,462	4.5	9,611
Foreign currency translation adjustments	(5,406)	(2.1)	(6,489)	(2.3)	(1,083)
Treasury stock	(451)	(0.2)	(506)	(0.1)	(54)
Total shareholders' equity	83,532	33.0	94,711	33.9	11,178
Total liabilities, minority interests, and shareholders' equity	252,847	100.0	279,701	100.0	26,853

(Notes)

	As of March 31, 2003	As of March 31, 2004
5. Number of treasury stock		
Common stock	232,645 shares	264,938 shares
6. Accounts related to unconsolidated subsidiaries and affiliate companies		
Investment securities (stock)	6,383 million yen	6,113 million yen

Consolidated Statements of Income

(Unit: Millions of yen)

Account \ Period	From April 1, 2002 To March 31, 2003		From April 1, 2003 To March 31, 2003		Change in amount
	Amount	Ratio	Amount	Ratio	
		%		%	
Net sales	180,369	100.0	188,700	100.0	8,330
Cost of goods sold	128,775	71.4	137,153	72.7	8,377
Gross profit	51,594	28.6	51,547	27.3	(47)
Selling, general and administrative expenses	36,695	20.3	38,989	20.6	2,294
Operating income	14,899	8.3	12,557	6.7	(2,341)
Non-operating income	755	0.4	963	0.5	208
Interest income	207		160		(46)
Dividend income	190		184		(6)
Gain on sale of investment securities	-		139		139
Others	357		479		121
Non-operating expenses	4,256	2.4	3,982	2.1	(274)
Interest expenses	1,671		1,635		(35)
Equity in loss of affiliate	657		771		114
Exchange losses	1,749		1,429		(320)
Others	177		145		(32)
Recurring income	11,397	6.3	9,539	5.1	(1,858)
Extraordinary gains	1,334	0.7	573	0.3	(761)
Reversion of allowance for doubtful accounts	42		108		66
Subsidies received	1,129		445		(683)
Lease termination fees received	85		-		(85)
Others	77		18		(58)
Extraordinary losses	3,951	2.2	2,068	1.1	(1,882)
Losses on sales and disposals of fixed assets	341		427		86
Loss on devaluation of investment securities	628		102		(526)
Advanced depreciation on fixed assets	1,129		445		(683)
Abnormal manufacturing cost	111		271		160
Loss on claims	308		24		(283)
Amortization of transitional difference from change in accounting standards of pension and severance benefits	76		76		-
Loss from bad debts	-		290		290
Compensation for breach of contract	1,178		-		(1,178)
Settlement by reconciliation regarding sales rights	-		272		272
Others	177		155		(21)
Net income before adjustment of taxes	8,780	4.8	8,043	4.3	(736)
Corporate, inhabitants and enterprise taxes	4,957	2.7	3,765	2.0	(1,192)
Adjustment for deferred taxes	(1,340)	(0.7)	85	0.1	1,426
Minority shareholders' share in net income of consolidated subsidiaries	85	0.0	(23)	(0.0)	(109)
Net income	5,077	2.8	4,216	2.2	(861)

(Notes)

	From April 1, 2002 To March 31, 2003	From April 1, 2003 To March 31, 2004
Research and development expenses included in selling, general and administrative expenses	2,328 million yen	3,074 million yen

Consolidated Statements of Surplus

(Unit: Millions of yen)

Account \ Period	From April 1, 2002 To March 31, 2003 Amount	From April 1, 2003 To March 31, 2004 Amount	Change in amount
(CAPITAL SURPLUS)			
Beginning balance of capital surplus	24,434	29,972	5,537
Beginning balance of additional paid-in capital	24,434		
Increase in capital surplus	5,537	-	(5,537)
Conversion of convertible bonds	5,537	-	(5,537)
Ending balance of capital surplus	29,972	29,972	-
(EARNED SURPLUS)			
Beginning balance of earned surplus	25,810	27,904	2,094
Beginning balance of consolidated retained earnings	25,810		
Increase in earned surplus	5,077	4,216	(861)
Net income	5,077	4,216	(861)
Decrease in earned surplus	2,983	1,511	(1,472)
Dividends	2,814	1,400	(1,414)
Bonuses to directors and corporate auditors	168	111	(57)
[Bonuses to corporate auditors, inclusive]	[7]	[5]	[(2)]
Ending balance of earned surplus	27,904	30,610	2,705

Consolidated Statements of Cash Flows

(Unit: Millions of yen)

Account / Period	From April 1, 2002 To March 31, 2003 Amount	From April 1, 2003 To March 31, 2004 Amount	Change in amount
Cash flows from operating activities			
Net income before adjustment for taxes	8,780	8,043	(736)
Depreciation and amortization	8,766	9,819	1,052
Amortization of consolidation adjustments	222	159	(63)
Equity in loss of affiliate	657	771	114
Loss from bad debts	-	290	290
Increase (decrease) in allowance for doubtful accounts	(15)	(13)	1
Interest and dividend income	(397)	(344)	52
Interest expenses	1,671	1,635	(35)
Exchange losses (gains)	1,039	502	(536)
Decrease (increase) in trade receivables	(3,883)	1,093	4,977
Decrease (increase) in inventories	(4,517)	(1,515)	3,001
Increase (decrease) in trade payables	(1,004)	2,172	3,176
Decrease (increase) in other assets	(675)	(981)	(306)
Increase (decrease) in other liabilities	436	(133)	(570)
Bonuses to directors and corporate auditors	(168)	(111)	57
Other non-operating income/expenses and extraordinary gains/losses	2,727	512	(2,214)
Subtotal	13,639	21,902	8,262
Interest and dividends received	362	261	(100)
Interest paid	(1,755)	(1,637)	118
Other revenues	736	911	175
Other expenditures	(1,702)	(1,195)	506
Income taxes paid	(5,826)	(4,809)	1,016
Cash flows from operating activities	5,453	15,432	9,978
Cash flows from investing activities			
Deposits in time deposits	(3,493)	(3,064)	429
Proceeds from matured time deposits	1,373	3,117	1,743
Payments for purchases of securities	(4,060)	(516)	3,543
Proceeds from sales of securities	20	448	428
Payments for acquisition of fixed assets	(23,886)	(13,244)	10,641
Proceeds from sales of fixed assets	143	578	435
Lending of loans	(257)	(134)	122
Collections of loans receivable	56	53	(3)
Expenditures for other investments	(4)	(23)	(19)
Revenues from other investments	1	0	(1)
Cash flows from investing activities	(30,107)	(12,786)	17,320
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	3,718	(1,763)	(5,482)
Net increase (decrease) in commercial paper	7,000	(500)	(7,500)
Proceeds from long-term borrowings	23,598	6,126	(17,471)
Repayment of long-term borrowings	(8,181)	(7,734)	447
Proceeds from issuance of bonds	5,966	13,921	7,954
Payments for redemption of bonds	(13,122)	(2,000)	11,122
Proceeds from issuance of common stock	105	-	(105)
Payments for acquisitions of treasury stock	(396)	(54)	341
Repayments of finance lease obligations	(268)	(336)	(68)
Payments for dividends	(2,810)	(1,399)	1,410
Reimbursement of funds for redemption of convertible bonds	-	4,141	4,141
Deposit of funds for redemption of convertible bonds	(4,141)	-	4,141
Others	(0)	-	0
Cash flows from financing activities	11,469	10,400	(1,068)
Effect of exchange rate changes on cash and cash equivalents	(206)	(211)	(4)
Increase (decrease) in cash and cash equivalents	(13,391)	12,835	26,226
Balance of cash and cash equivalents at the beginning of the period	42,784	29,393	(13,391)
Balance of cash and cash equivalents at the end of the period	29,393	42,228	12,835

Basis of Preparation for the Consolidated Financial Statements

1. Scope of Consolidation

    1) Consolidated subsidiaries: 14

        - Nipro Medical Industries, Ltd.
        - Fuzhou Nipro Co., Ltd.
        - Nipro Medical LTDA.
        - Nipro Medical Corporation
        - Nipro Medica de Mexico S.A. DE C.V.
        - Shinwa Shoji Co., Ltd.
        - Nissho Corporation
        - Nipro (Thailand) Corporation Ltd.
        - Nipro (Shanghai) Co., Ltd.
        - Nipro Europe N.V.
        - Nipro Medical Panama S.A.
        - Nipro Pharma Corporation
        - Shanghai Nissho Vacuum Flask Refill Co., Ltd.
        - Nissho Drug Co., Ltd.

    (Note) On April 1, 2003, Hishiyama Pharmaceutical Co., Ltd. changed its company name to Nipro Pharma Corporation.

    2) Unconsolidated subsidiaries: 4

    The unconsolidated subsidiaries, Nissho Insurance Services Co., Ltd., Nipro Asia Pte. Ltd., Nipro Diabetes Systems, Inc. and Nipro Trading (Shanghai) Co., Ltd., are small-sized companies, whose combined total assets, net sales, net income and earned surplus in the aggregate (averaged for recent 5 years) are not material to the consolidated financial statements.

2. Application of Equity Method

    Number of affiliate accounted for by the equity method: 1 Bipha Corporation

    The equity method is not applied to the 4 unconsolidated subsidiaries, since they are not material to the consolidated net income and earned surplus etc., either individually or in the aggregate.

3. Date of Interim Closing of Consolidated Subsidiaries

    Among the consolidated subsidiaries, Nipro (Thailand) Corporation Ltd. (Thailand), Fuzhou Nipro Co., Ltd. Nipro (Shanghai) Co., Ltd., Shanghai Nissho Vacuum Flask Refill Co., Ltd. (China), Nipro Medical LTDA. (Brazil), Nipro Europe N.V. (Belgium), Nipro Medical Corporation (U.S.A.), Nipro Medical Panama S.A. (Panama) and Nipro Medica de Mexico S.A. DE C.V. (Mexico) close their interim accounts on December 31. Significant transactions occurred between December 31 and March 31 are reflected properly in preparing for the consolidated financial statements.

4. Accounting Principles and Practices

    1) Valuation standards and methods for significant assets

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

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

        b. Inventories
        Medical, Pharmaceutical and Glass & Materials Divisions:
        Valued at cost principally by the weighted average method. Partially First-In First-Out method is used.

        Supermarket Division:
        Valued at cost by the retail method

2) Method of depreciation and amortization for significant depreciable assets

Tangible fixed assets:

Declining-balance method

Durable years and residual values are based on the same standards as provided by the Corporate Income Tax Law.

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

The 9 foreign subsidiaries use straight-line method in accordance with the tax laws of their countries.

3) Accounting method for deferred assets

Bond issue cost:

Expensed at the time of expenditure

4) Standards for recognition of significant allowances

a. Allowance for doubtful accounts:

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

b. Accrued bonuses

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

c. Accrued pension and severance cost

An allowance is provided for employees pension and severance payments based on the estimated amounts of projected benefit obligation and plan assets at the end of the fiscal year. The transitional difference that arose from the change in accounting standards (519 million yen) is amortized for five years by the straight-line method.

Actuarial difference is expensed in the following fiscal years after the year of such recognition, using the straight-line method for five years.

5) Standards for translation of significant assets and liabilities denominated in foreign currencies into Japanese Yen

Monetary assets and liabilities denominated in foreign currencies are translated to Japanese yen using the spot exchange rate of the consolidated balance sheet date, and translation differences are recognized as gains or losses. The assets and liabilities of foreign subsidiaries etc. are translated to Japanese yen using the spot exchange rate of their balance sheet date, while revenues and expenses are translated using the average rate for the period. Translation differences are included in foreign currency translation adjustments in the Shareholders' Equity section.

6) Accounting method for lease transactions

Finance leases, except for those where ownership of the leased assets is deemed to be transferred to the lessee, are accounted for by the method similar to that applicable to ordinary operating leases.

7) Other significant basis on preparation for consolidated financial statements

Consumption Taxes

Consumption taxes are excluded from revenues and expenses accounts.

5. Valuation of assets and liabilities of consolidated subsidiaries

Partial fair market value method is used for valuation of assets and liabilities of consolidated subsidiaries.

6. Amortization of consolidation adjustment account

Consolidation adjustment account is amortized using the straight-line method for five years.

7. Appropriation of retained earnings

Consolidated statements of shareholders' equity are prepared based on appropriation of earnings determined during the fiscal year.

8. Scope of funds in the consolidated statements of cash flows

Funds (cash and cash equivalents) in the consolidated statements of cash flows are comprised of cash in hand, bank deposits that can be withdrawn on demand, and short-term investments redeemable within three months from the date of acquisition and ready to be converted into cash with little risk against change in value.

(Lease Transactions)

Finance lease transactions, except for those where ownership of the leased assets is deemed to be transferred to the lessee

	Year ended March 31, 2003	Year ended March 31, 2004
		(Millions of Yen)
Acquisition price equivalent	9,687	9,435
Accumulated depreciation equivalent	4,772	6,456
Book value equivalent	4,915	2,978
Lease commitments		
Due within one year	1,477	1,162
Due after over one year	4,022	2,370
Total	5,500	3,533
Lease payments	1,748	2,150
Depreciation equivalent	1,527	1,883
Interest expense equivalent	207	152

Method of calculation of depreciation equivalent

For the tangible fixed assets, ten ninth of the amount computed by the declining-balance method with 10% of hypothetical residual value for the lease term as remaining life is allocated to each period over the lease term.

Method of calculation of interest equivalent

Difference between total lease payments and acquisition cost equivalent of leased assets comprises interest expense equivalent, and interest expense equivalent is allocated to each period over the lease term by the interest method.

(Segment information)

1. Segment information by business category

(1) Year ended March 31, 2003 (From April 1, 2002 to March 31, 2003) (Millions of yen)

	Medical	Pharma-ceutical	Glass & Materials	Super-market	Other	Total	Eliminations /Corporate	Consolidated
1. Net sales and operating income Net sales								
(1) Sales to third parties	76,008	21,979	11,063	69,559	1,758	180,369	-	180,369
(2) Inter-segment sales and transfers	534	-	2,473	0	667	3,674	(3,674)	-
Total	76,542	21,979	13,536	69,559	2,425	184,044	(3,674)	180,369
Operating expenses	62,368	19,997	11,760	68,450	2,277	164,854	615	165,470
Operating income	14,174	1,981	1,776	1,109	147	19,189	(4,290)	14,899
2. Assets, depreciation and capital expenditures Assets	84,726	51,191	13,603	41,879	2,044	193,444	59,403	252,847
Depreciation	3,649	2,828	559	1,151	40	8,228	538	8,766
Capital expenditures	7,852	9,645	1,476	1,327	69	20,371	403	20,774

(2) Year ended March 31, 2004 (From April 1, 2003 to March 31, 2004) (Millions of yen)

	Medical	Pharma-ceutical	Glass & Materials	Super-market	Other	Total	Eliminations /Corporate	Consolidated
1. Net sales and operating income Net sales								
(1) Sales to third parties	78,726	25,338	11,890	71,357	1,386	188,700	-	188,700
(2) Inter-segment sales and transfers	639	-	2,356	-	596	3,592	(3,592)	-
Total	79,365	25,338	14,247	71,357	1,983	192,292	(3,592)	188,700
Operating expenses	67,248	22,868	12,428	70,937	1,578	175,061	1,081	176,142
Operating income	12,117	2,470	1,818	420	404	17,231	(4,673)	12,557
2. Assets, depreciation and capital expenditures Assets	83,785	54,037	13,207	43,102	1,155	195,288	84,412	279,701
Depreciation	3,833	3,637	630	1,164	31	9,298	520	9,819
Capital expenditures	5,231	6,747	625	1,450	4	14,059	441	14,500

Note: 1. Classification of business categories and main products in each business category
Business categories are classified based on the proximity in terms of purposes and manners of usage of the products in the market.
Main products belonging to each business categories are as follows

Business category	Main products
Medical	Dialyzers, blood tubing sets, injection needles, syringes, and infusion sets, etc.
Pharmaceutical	Half-type and full-type kits, double-bag kits, pre-filled syringes, dialysate solution, and circulatory drugs, etc.
Glass & Materials	Glass for pharmaceutical containers, glass for thermos bottles, glass for lighting purposes, stoppers for plastic containers and rubber stoppers, etc.
Supermarket	Fresh meat and fish, vegetables, fruits, processed food, daily foods, frozen foods, general groceries and medicine, etc.
Other	Machinery for manufacture of medical equipment and real estate rental income, etc.

2. Operating expenses of “Eliminations/Corporate” for the year ended March 31, 2003 and 2004 included unallocated corporate costs of 4,290 million yen and 4,673 million yen, respectively. The unallocated corporate costs consisted primarily of the parent company’s research and development costs and headquarters administration costs.
3. Assets of “Eliminations/Corporate” as of March 31, 2003 and 2004 included corporate assets of 59,672 million yen and 84,557 million yen, respectively. The corporate assets consisted mainly of parent company’s surplus operating funds (cash on hand and in banks), long-term investment funds (investment securities) and assets related to research and development, as well as of the assets belonging to the headquarters administration department.
4. Depreciation and capital expenditures included long-term prepaid expenses and its amortization.

2. Segment information by geographical area

(1) Year ended March 31, 2003 (From April 1, 2002 to March 31, 2003) (Millions of yen)

	Japan	America	Europe	Asia	Total	Eliminations /Corporate	Consolidated
1. Net sales and operating income Net sales							
(1) Sales to third parties	168,847	4,544	5,360	1,617	180,369	-	180,369
(2) Inter-segment sales and transfers	8,801	419	34	8,234	17,488	(17,488)	-
Total	177,648	4,963	5,394	9,851	197,858	(17,488)	180,369
Operating expenses	159,549	4,710	5,239	8,966	178,467	(12,996)	165,470
Operating income	18,098	253	154	884	19,391	(4,492)	14,899
2. Assets	172,740	4,840	3,075	18,119	198,775	54,072	252,847

(2) Year ended March 31, 2004 (From April 1, 2003 to March 31, 2004) (Millions of yen)

	Japan	America	Europe	Asia	Total	Eliminations /Corporate	Consolidated
1. Net sales and operating income Net sales							
(1) Sales to third parties	176,373	4,707	5,922	1,696	188,700	-	188,700
(2) Inter-segment sales and transfers	9,609	377	27	8,470	18,485	(18,485)	-
Total	185,983	5,085	5,949	10,167	207,185	(18,485)	188,700
Operating expenses	169,172	5,265	5,833	9,755	190,026	(13,883)	176,142
Operating income (loss)	16,810	(180)	116	412	17,159	(4,602)	12,557
2. Assets	174,610	6,081	3,345	17,210	201,247	78,453	279,701

Note:
1. Classification of countries or areas is based on geographical proximity.
2. The major countries included in each geographical area are as follows
   America …….. The United States of America and Brazil
   Europe ……… Belgium
   Asia …………. China and Thailand
3. Operating expenses of “Eliminations and Corporate” for the year ended March 31, 2003 and 2004 included unallocated corporate costs of 4,290 million yen and 4,673 million yen, respectively. The unallocated corporate costs consisted primarily of the parent company’s research and development costs and the headquarters administration costs.
4. Assets of “Eliminations/Corporate” as of March 31, 2003 and 2004 included corporate assets of 59,672 million yen and 84,557 million yen, respectively. The corporate assets consisted mainly of parent company’s surplus operating funds (cash on hand and in banks), long-term investment funds (investment securities) and assets related to research and development, as well as of the assets belonging to the headquarters administration department.

3. Overseas sales

(1) Year ended March 31, 2003 (From April 1, 2002 to March 31, 2003) (Millions of yen)

	America	Europe	Asia	Total
1. Overseas sales	19,031	17,364	5,427	41,822
2. Consolidated net sales				180,369
3. Percentage of overseas sales to consolidated net sales (%)	10.6%	9.6%	3.0%	23.2%

(2) Year ended March 31, 2004 (From April 1, 2003 to March 31, 2004) (Millions of yen)

	America	Europe	Asia	Total
1. Overseas sales	21,136	18,861	5,425	45,422
2. Consolidated net sales				188,700
3. Percentage of overseas sales to consolidated net sales (%)	11.2%	10.0%	2.9%	24.1%

Note:
1. Classification of countries or areas is based on geographical proximity.
2. The major countries included in each geographical area are as follows
   - America …….. The United States of America, Canada and Brazil
   - Europe ……… Belgium, Denmark and Germany
   - Asia …………. China, Taiwan and Thailand
3. Overseas sales represent those of the Company and the consolidated subsidiaries to countries and areas outside of Japan.

(Related Party Transactions)

N/A

(Derivative Transactions)

N/A

(Deferred Taxes)

1. Major components of deferred tax assets and liabilities

	As of March 31, 2004 (Millions of yen)
Deferred tax assets (current)	
Elimination of unrealized profits	429
Accrued enterprise tax	140
Accrued bonuses	586
Accrued price reductions	246
Excess of inventory book value over tax basis	111
Tax loss carryforwards	170
Others	199
Subtotal	1,884
Valuation allowance	(90)
Gross deferred tax assets (current)	1,794
Offset with deferred tax liabilities (current)	(59)
Net deferred tax assets (current)	1,734
Deferred tax liabilities (current)	
Reserve for special depreciation	32
Others	27
Subtotal	59
Offset with deferred tax assets (current)	(59)
Net deferred tax liabilities (current)	-
Deferred tax assets (fixed)	
Valuation difference of land	149
Excess of allowance for doubtful accounts over tax-allowable amount	159
Excess of accrued pension and severance cost over tax-allowable amount	901
Bad debt losses	117
Tax loss carryforwards	1,568
Others	204
Subtotal	3,100
Valuation allowance	(1,543)
Gross deferred tax assets (fixed)	1,556
Offset with deferred tax liabilities (fixed)	(1,362)
Net deferred tax assets (fixed)	193
Deferred tax liabilities (fixed)	
Valuation differences of other securities	7,909
Others	141
Gross deferred tax liabilities (fixed)	8,051
Offset with deferred tax assets (fixed)	(1,362)
Net deferred tax liabilities (fixed)	6,688

2. Reconciliation of the difference between statutory tax rate and effective tax rate after adoption of tax-effect accounting

Statutory tax rate	41.9 %
(Adjustments)	
Permanently disallowed items such as entertainment expenses	2.3
Permanently tax-exempted items such as dividends received	(0.8)
Unrecognized tax benefits of loss-making subsidiaries	3.5
Per capita charges of inhabitants taxes	2.3
Unrecognized tax benefits of equity in loss of affiliate	4.0
Tax credits on research and development expenses, etc.	(3.5)
Utilization of tax loss carryforwards	(4.5)
Amortization of consolidation adjustment account	0.8
Others	1.9
Effective tax rate after adoption of tax-effect accounting	47.9

(Securities)

1. Other securities with market quotations

(Unit: Millions of yen)

Classification	As of March 31, 2003			As of March 31, 2004		
	Acquisition cost	Carrying value on consolidated B/S	Difference	Acquisition cost	Carrying value on consolidated B/S	Difference
Securities whose carrying value exceeds their acquisition cost						
Stock	4,361	8,706	4,344	12,329	31,856	19,526
Bonds	-	-	-	-	-	-
Others	-	-	-	-	-	-
Subtotal	4,361	8,706	4,344	12,329	31,856	19,526
Securities whose carrying value do not exceed their acquisition cost						
Stock	8,040	7,010	(1,029)	85	80	(4)
Bonds	-	-	-	-	-	-
Others	367	344	(23)	60	54	(5)
Subtotal	8,407	7,354	(1,052)	145	135	(10)
Total	12,769	16,061	3,291	12,475	31,991	19,516

(Note) Impairment losses for the year ended March 31, 2003 and 2004 were 628 million yen and 102 million yen, respectively.
Impairment losses are recorded on the securities whose fair values at the end of the period have declined by more than 50%, unless the values are reasonably considered to be recoverable.

2. Other securities sold during the periods

(Unit: Millions of yen)

From April 1, 2002 To March 31, 2003			From April 1, 2003 To March 31, 2004		
Sales proceeds	Total gains	Total losses	Sales proceeds	Total gains	Total losses
5	-	-	448	139	0

3. Securities that do not have market quotations

(Unit: Millions of yen)

	Carrying value on Consolidated Balance Sheet As of March 31, 2003	Carrying value on Consolidated Balance Sheet As of March 31, 2004
Other securities		
Unlisted stock (excluding those traded on the over-the-counter market)	4,573	4,417
Stocks of subsidiaries and affiliates		
Stocks of unconsolidated subsidiaries	186	687
Stocks of affiliated companies	6,197	5,425
Total	10,957	10,530

(Employees Pension and Severance Benefits)

1. Outline of the adopted pension and severance benefit plan

The Company and its domestic consolidated subsidiaries have defined benefit plans, such as tax-qualified pension plan and lump-sum severance benefit plan.

Certain foreign subsidiaries also have defined benefit plans.

2. Matters related to pension and severance liabilities

(Unit: Millions of yen)

	As of March 31, 2003	As of March 31, 2004
(1) Pension and severance liabilities	(8,678)	(8,793)
(2) Pension plan assets	4,883	5,794
(3) Unfunded pension and severance liabilities (1)+(2)	(3,794)	(2,998)
(4) Unamortized transitional difference that arose from change in accounting standards	207	103
(5) Unrecognized actuarial differences	1,609	366
(6) Unrecognized prior service cost	-	-
(7) Net amount on the consolidated balance sheet (3)+(4)+(5)+(6)	(1,977)	(2,528)
(8) Prepaid pension cost	-	-
(9) Accrued pension and severance cost (7)-(8)	(1,977)	(2,528)

(Note) Certain subsidiaries adopt a simplified method in calculation of their pension and severance liabilities.

3. Matters related to pension and severance benefit expenses

(Unit: Millions of yen)

	From April 1, 2002 To March 31, 2003	From April 1, 2003 To March 31, 2004
(1) Service cost	535	600
(2) Interest cost	231	215
(3) Expected return on plan assets	(180)	(73)
(4) Amortization of transitional difference that arose from change in accounting standards	103	103
(5) Amortization of actuarial differences	192	393
(6) Amortization of prior service cost	-	-
(7) Pension and severance benefit expenses (1)+(2)+(3)+(4)+(5)+(6)	882	1,240

(Note) Pension and severance benefit expenses of consolidated subsidiaries that adopt a simplified method are included in "(1) Service cost".

4. Matters related to the basis of calculations of pension and severance liabilities, etc.

	As of March 31, 2003	As of March 31, 2004
(1) Method of allocating expected pension and severance benefits to reporting periods	Fixed base for period	Fixed base for period
(2) Discount rate	Mainly 2.5% (mainly 3.0% at the beginning of the period)	Mainly 2.5%
(3) Expected rate of return on plan assets	1.5 – 4.0%	1.5%
(4) Amortization period of actuarial differences	5 years by straight-line method from the following fiscal years after the year of recognition of difference	5 years by straight-line method from the following fiscal years after the year of recognition of difference
(5) Amortization period of transitional difference that arose from change in accounting standards	5 years	5 years

Production, Orders received and Sales

1. Production

(Unit: Millions of yen)

Business segment	From April 1, 2002 To March 31, 2003		From April 1, 2003 To March 31, 2004	
	Amount produced	Ratio of change from the previous fiscal year (%)	Amount produced	Ratio of change from the previous fiscal year (%)
Medical	57,473	1.3	57,577	0.2
Pharmaceutical	23,126	42.1	24,785	7.2
Glass & Materials	3,396	(14.4)	3,829	12.7
Other	1,239	94.7	720	(41.9)
Total	85,236	9.8	86,913	2.0

Note: 1. Amounts produced are calculated based on average selling prices.
2. The above amounts are after eliminations of the intersegment transactions.
3. The above amounts do not include the related consumption taxes etc.

2. Orders received

Since we adopt the production system based on estimated orders, there is nothing applicable hereto regarding the amount and the balance of orders received.

3. Sales

(Unit: Millions of yen)

Business segment	From April 1, 2002 To March 31, 2003		From April 1, 2003 To March 31, 2004	
	Amount sold	Ratio of change from the previous fiscal year (%)	Amount sold	Ratio of change from the previous fiscal year (%)
Medical	76,008	(2.0)	78,726	3.6
Pharmaceutical	21,979	37.8	25,338	15.3
Glass & Materials	11,063	(1.5)	11,890	7.5
Supermarket	69,559	7.4	71,357	2.6
Other	1,758	3.4	1,386	(21.2)
Total	180,369	5.3	188,700	4.6

Note: 1. The above amounts are after eliminations of the intersegment transactions.
2. The above amounts do not include the related consumption taxes etc.

Summary of Non-consolidated Financial Statements

May 20, 2004

For the Fiscal Year ended March 31, 2004

Company name: **NIPRO CORPORATION**
Stock Exchange where listed: Tokyo and Osaka
Code No: 8086
Head Office Location: Osaka, Japan
(URL: http://www.nipro.co.jp/)
Representative: Minoru Sano, President and Representative Director
Contact: Akihiko Yamabe, Director, General Manager of Accounting and Corporate Planning Division TEL (06) 6372-2331

Date of the meeting of the Board of Directors for approval of the financial statements: May 20, 2004
Interim dividend plan: Adopted
Unit share system: Adopted (1,000 shares/unit)
Date of the annual general meeting of shareholders: June 29, 2004

1. Results for year ended March 31, 2004 (From April 1, 2003 to March 31, 2004)

(1) Results of Operations (Note: Amounts are truncated to one million yen)

	Net Sales		Operating Income		Recurring Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2004	106,119	5.4	9,227	(9.9)	7,807	(11.8)
Year ended March 31, 2003	100,664	(3.5)	10,238	2.2	8,851	(12.1)

	Net Income		Earnings per Share	Diluted Earnings per share	Ratio of Net Income to Shareholders' Equity	Ratio of Recurring income to Total Assets	Ratio of Recurring Income to Net Sales
	Millions of yen	%	Yen	Yen	%	%	%
Year ended March 31, 2004	4,060	(1.1)	62.46	-	4.0	3.3	7.4
Year ended March 31, 2003	4,105	(23.6)	67.82	63.31	4.5	4.0	8.8

Notes: 1. The weighted average number of shares outstanding for the year ended March 31, 2003 and 2004 was 58,949,626 shares and 63,631,774 shares, respectively.
2. Change in accounting method: N/A
3. Percentages in the above table for Net Sales, Operating Income, Recurring Income and Net Income represent changes from the previous fiscal year.

(2) Dividends

	Annual dividends per share			Annual total of dividends	Pay-out ratio	Ratio of dividends to shareholders' equity
		Interim dividends	Year-end dividends			
	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2004	30.50	11.00	19.50	1,940	48.8	1.8
Year ended March 31, 2003	32.00	21.00	11.00	1,957	47.2	2.1

(3) Financial Position

	Total Assets	Shareholders' Equity	Ratio of Shareholders' Equity to Total Assets	Shareholder' Equity per Share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2004	252,413	106,370	42.1	1,670.78
Year ended March 31, 2003	225,456	94,844	42.1	1,488.50

Notes: 1. The number of shares outstanding as of March 31, 2003 and 2004 was 63,645,860 shares and 63,613,567 shares, respectively.
2. The number of treasury stock as of March 31, 2003 and 2004 was 232,645 shares and 264,938 shares, respectively.

2. Projections for the Results of the Year ending March 31, 2005 (From April 1, 2004 to March 31, 2005)

	Net Sales	Recurring Income	Net Income	Annual dividends per Share		
				Interim Dividends	Year-end Dividends	
	Millions of yen	Millions of yen	Millions of yen	Yen	Yen	Yen
Six months ending Sept. 30, 2004	53,000	4,400	2,500	19.50	-	-
Year ending March 31, 2005	108,000	9,100	5,150	-	19.50	39.00

(Reference) Projected earnings per share for the year ending March 31, 2005: 79.61 yen

* The projections shown above are prepared based on information available as of the issuing date of this report. The actual results may differ from the projected figures due to various factors. Concerning the matters related to the above projections, please refer to the Page 8.

Balance Sheets

(Unit: Millions of yen)

Account \ Period	As of March 31, 2003 Amount	Ratio	As of March 31, 2004 Amount	Ratio	Change in amount
(ASSETS)		%		%	
Current Assets	86,892	38.5	95,315	37.8	8,423
Cash on hand and in banks	20,244		34,932		14,687
Trade notes receivable	14,816		14,868		52
Accounts receivable	27,275		24,763		(2,511)
Merchandise and finished products	14,678		14,002		(675)
Raw materials and supplies	1,951		1,864		(86)
Work in process	1,286		1,215		(70)
Prepaid expenses	153		158		5
Deferred tax assets	895		681		(214)
Other receivables	4,722		1,127		(3,594)
Other current assets	932		1,704		771
Allowance for doubtful accounts	(64)		(5)		59
Fixed Assets	138,564	61.5	157,097	62.2	18,533
Tangible fixed assets	33,415	14.8	32,733	12.9	(681)
Buildings	11,391		10,506		(885)
Structures	358		333		(25)
Machinery	7,454		6,621		(832)
Vehicles	35		27		(7)
Tools and equipment	1,567		1,860		292
Land	12,440		12,440		-
Construction in progress	167		944		777
Intangible fixed assets	302	0.2	241	0.1	(61)
Software	205		158		(46)
Others	97		82		(15)
Investments and other assets	104,845	46.5	124,122	49.2	19,276
Investment securities	19,565		34,342		14,776
Stocks of related companies	51,558		53,584		2,026
Investment s other than stock in related companies	10,766		10,790		23
Long-term loans receivable	509		479		(30)
Long-term loans receivable from subsidiaries	15,673		18,791		3,117
Long-term prepaid expenses	676		491		(184)
Lease deposits	5,613		5,114		(498)
Other assets	1,012		1,013		0
Allowance for doubtful accounts	(531)		(486)		45
Total Assets	225,456	100.0	252,413	100.0	26,956

Balance Sheets

(Unit: Millions of yen)

Account / Period	As of March 31, 2003 Amount	As of March 31, 2003 Ratio	As of March 31, 2004 Amount	As of March 31, 2004 Ratio	Change in amount
(LIABILITIES)		%		%	
Current liabilities	65,249	28.9	74,403	29.5	9,154
Trade notes payable	13,736		15,097		1,360
Trade accounts payable	10,906		11,312		405
Short-term borrowings	17,400		17,700		300
Current portion of bonds	2,000		10,000		8,000
Current portion of long-term borrowings	5,725		6,613		887
Other payables	2,147		2,813		666
Accrued expenses	627		623		(3)
Accrued income taxes	1,660		1,300		(360)
Amounts withheld for income taxes, etc.	116		50		(65)
Accrued bonuses	803		704		(99)
Allowance for price reduction	1,359		-		(1,359)
Notes payable for plant and equipment	1,622		1,002		(620)
Commercial paper	7,000		6,500		(500)
Other current liabilities	143		685		541
Fixed liabilities	65,363	29.0	71,639	28.4	6,276
Bonds	36,000		26,000		(10,000)
Convertible-bond-type bonds with stock acquisition rights	-		14,000		14,000
Long-term borrowings	26,996		23,037		(3,958)
Deferred tax liabilities	276		6,113		5,837
Accrued pension and severance cost	1,163		1,517		353
Lease deposits received	926		969		43
Total liabilities	130,612	57.9	146,042	57.9	15,430
(SHAREHOLDERS' EQUITY)					
Capital	28,663	12.7	28,663	11.3	-
Capital surplus	29,972	13.3	29,972	11.9	-
Capital reserve	29,972		29,972		-
Earned surplus	35,076	15.6	37,629	14.9	2,552
Revenue reserve	1,196		1,196		-
Voluntary reserves	30,597		32,732		2,134
Reserve for dividends	16		16		-
Reserve for special depreciation	164		182		17
Reserve for advanced depreciation of fixed assets	23		20		(3)
Reserve for losses on overseas investments	358		179		(179)
Special reserve	30,035		32,335		2,300
Unappropriated retained earnings	3,282		3,700		417
Valuation differences of other securities	1,583	0.7	10,611	4.2	9,028
Treasury stock	(451)	(0.2)	(506)	(0.2)	(54)
Total shareholders' equity	94,844	42.1	106,370	42.1	11,525
Total liabilities and shareholders' equity	225,456	100.0	252,413	100.0	26,956

Statements of Income

(Unit: Millions of yen)

Account \ Period	From April 1, 2002 To March 31, 2003		From April 1, 2003 To March 31, 2004		Change in amount	Ratio of change
	Amount	Ratio	Amount	Ratio		
		%		%		
Net sales	100,664	100.0	106,119	100.0	5,455	5.4
Cost of goods sold	75,121	74.6	80,813	76.2	5,692	7.6
Gross profit	25,543	25.4	25,305	23.8	(237)	(0.9)
Selling, general and administrative expenses	15,304	15.2	16,077	15.1	773	5.1
Operating income	10,238	10.2	9,227	8.7	(1,010)	(9.9)
Non-operating income	1,011	1.0	864	0.8	(147)	(14.6)
Interest income	185		320		134	
Dividend income	676		168		(507)	
Gain on sale of investment securities	-		139		139	
Others	149		235		86	
Non-operating expenses	2,398	2.4	2,285	2.1	(113)	(4.7)
Interest expenses	356		411		54	
Interest on bonds	1,047		905		(142)	
Bond issue cost	34		78		44	
Exchange loss	879		866		(12)	
Others	80		23		(56)	
Recurring income	8,851	8.8	7,807	7.4	(1,044)	(11.8)
Extraordinary gains	108	0.1	113	0.1	5	
Gains on sales of fixed assets	1		9		8	
Gains on donated fixed assets	67		-		(67)	
Reversion of allowance for doubtful accounts	34		103		69	
Others	4		-		(4)	
Extraordinary losses	1,993	2.0	1,015	1.0	(977)	
Losses on sales and disposals of fixed assets	196		328		131	
Loss on devaluation of investment securities	605		102		(502)	
Loss from bad debts	-		290		290	
Compensation for breach of contract	1,178		-		(1,178)	
Settlement by reconciliation regarding sales rights	-		272		272	
Others	13		20		7	
Net income before income taxes	6,966	6.9	6,905	6.5	(61)	(0.9)
Corporate, inhabitants and enterprise taxes	3,336	3.3	2,937	2.8	(398)	
Adjustment for deferred taxes	(475)	(0.5)	(93)	(0.1)	382	
Net income	4,105	4.1	4,060	3.8	(45)	(1.1)
Retained earnings at the beginning of the period	434		339			
Interim dividends	1,257		699			
Unappropriated retained earnings	3,282		3,700		417	

Proposal for Appropriation of Retained Earnings

(Unit: Millions of yen)

Account \ Period	From April 1, 2002 To March 31, 2003 Amount	From April 1, 2003 To March 31, 2004 Amount	Change in amount
Unappropriated retained earnings	3,282	3,700	417
Disposal of voluntary reserves	224	242	18
Reserve for special depreciation	42	43	1
Reserve for advanced depreciation on fixed assets	3	20	16
Reserve for losses on overseas investments	179	179	-
Total	3,507	3,942	435
Appropriations of retained earnings	3,167	3,579	412
Cash dividends	700	1,240	540
[per share]	[11.00 yen]	[19.50 yen]	[8.50 yen]
Bonuses to directors and corporate auditors	107	85	(21)
[bonuses to corporate auditors, inclusive]	[5]	[2]	[(2)]
Reserve for special depreciation	59	53	(5)
Special reserve	2,300	2,200	(100)
Retained earnings carried forward	339	363	23

Notes: 1. Reserve for special depreciation, reserve for advanced depreciation on fixed assets and reserve for losses on overseas investments are reserves under the Special Taxation Measures Law.
2. On December 10, 2003, the Company appropriated 699 million yen for interim dividends (11.00 yen per share).

Net Sales by Division and Proportion to the Total

(Millions of yen)

Division \ Period	From April 1, 2002 To March 31, 2003		From April 1, 2003 To March 31, 2004		Change in Amount	Ratio of change
	Amount	Ratio	Amount	Ratio		
		%		%		%
Medical Division	73,485	73.0	76,179	71.8	2,694	3.7
Pharmaceutical Division	13,089	13.0	16,018	15.1	2,928	22.4
Glass & Materials Division	10,942	10.9	11,919	11.2	977	8.9
Other	3,147	3.1	2,002	1.9	(1,145)	(36.4)
Total	100,664	100.0	106,119	100.0	5,455	5.4
[Exports, inclusive]	[30,300]	30.1	[33,106]	31.2	[2,805]	9.3

Significant Accounting Principles

1. Valuation standards and methods for securities

Stocks issued by subsidiaries and affiliated companies
Valued at cost by the weighted average method
Other securities:
Securities with market quotations:
Valued at market price quoted on the balance sheet date.
(Differences in valuation are presented as a component of shareholders' equity. Costs of sales are determined by the weighted average method.)
Securities without market quotations:
Valued at cost by the weighted average method

2. Valuation standards and methods for inventories

Merchandises, Finished products and Work in process:
Valued at cost by the weighted average method
Raw materials and Supplies:
Valued at cost by the First-In First-Out method

3. Method of depreciation and amortization for fixed assets

Tangible fixed assets:
Declining-balance method
Durable years and residual values are based on the same standards as provided by the Corporate Income Tax Law.
Buildings acquired after April 1, 1998 (excluding attached structures), are depreciated by straight-line method.
Intangible fixed assets
Straight-line method
Durable years are based on the same standards as provided by the Corporate Income Tax Law.
However, the software for internal use is amortized by the straight-line method for the period during which it is available in the Company (5 years).
Long-term prepaid expenses
Straight-line method
Periods of amortization are based on the same standards as provided by the Corporate Income Tax Law.

4. Accounting method for deferred assets

Bond issue cost:
Expensed at the time of expenditure

5. Standards for recognition of allowances

Allowance for doubtful accounts:
In order to cover the probable losses on collection, an allowance for doubtful accounts is provided for the estimated amount of uncollectible receivables. For general receivables, the amount of provision is based on historical write-off rates, and for the doubtful receivables, based on the specific collectibility.
Accrued bonuses:
In order to cover the payment of bonuses to employees, an allowance is provided for the estimated amount of bonuses to be paid, prorated for the consolidated accounting period.
Accrued pension and severance cost:
An allowance is provided for employees pension and severance payments based on the estimated amounts of projected benefit obligation and plan assets at the end of the fiscal year.
The transitional difference that arose from the change in accounting standards (147 million yen) is amortized for five years by the straight-line method.
Actuarial difference is expensed in the following fiscal years after the year of such recognition, using the straight-line method for five years.

6. Accounting method for lease transactions

Finance leases, except for those where ownership of the leased assets is deemed to be transferred to the lessee, are accounted for by the method similar to that applicable to ordinary operating leases.

7. Other significant basis on preparation for financial statements

Consumption Taxes

Consumption taxes are excluded from revenues and expenses accounts.

(Lease Transactions)

Finance lease transactions, except for those where ownership of the leased assets is deemed to be transferred to the lessee

	Year ended March 31, 2003	Year ended March 31, 2004
		(Millions of Yen)
Acquisition price equivalent	910	899
Accumulated depreciation equivalent	595	612
Book value equivalent	315	286
Lease commitments		
Due within one year	171	159
Due after over one year	272	245
Total	443	405
Lease payments	208	205
Depreciation equivalent	191	184
Interest expense equivalent	12	10

Method of calculation of depreciation equivalent

For the tangible fixed assets, ten ninth of the amount computed by the declining-balance method with 10% of hypothetical residual value for the lease term as remaining life is allocated to each period over the lease term.

Method of calculation of interest equivalent

Difference between total lease payments and acquisition cost equivalent of leased assets comprises interest expense equivalent, and interest expense equivalent is allocated to each period over the lease term by the interest method.

Notes to the Interim Financial Statements

(Balance Sheet)

(Millions of yen)

	As of March 31, 2003	As of March 31, 2004
1. Accumulated depreciation of tangible fixed assets	44,390	45,250
2. Balances with related companies		
Short-term receivables	9,003	8,872
Long-term receivables	15,673	18,791
Short-term payables	9,666	10,196
3. Pledged assets		
Buildings	6,010	5,590
Land	2,714	2,714
4. Obligations under guarantee contracts	22,922	15,657
5. Obligations as a co-surety	2,083	1,917
6. Notes receivable discounted	35	51
7. Number of treasury stock Common stock	232,645 shares	264,938 shares
8. Contribution for subscription of new shares, paid on the balance sheet date, included in stocks of related companies	---	Stocks of related companies included 501 million yen of contribution for subscription of new shares of Takeshima Pharmaceutical Co., Ltd.

(Statement of Income)

(Millions of yen)

	From April 1, 2002 To March 31, 2003	From April 1, 2003 To March 31, 2004
1. Amounts of transactions with related companies		
Sales	14,072	13,977
Purchases	28,129	29,399
Other operational transactions	97	133
Non-operational transactions	859	1,135
2. Research and development expenses included in selling, general and administrative expenses	1,960	2,316

(Securities)

As of March 31, 2003 and 2004, there was no stock issued by subsidiaries or affiliated companies that have market quotations.

(Deferred Taxes)

1. Major components of deferred tax assets and liabilities

	As of March 31, 2004 (Millions of yen)
Deferred tax assets (current)	
Accrued enterprise tax	125
Accrued bonuses	285
Accrued price reductions	246
Others	56
Gross deferred tax assets (current)	713
Offset with deferred tax liabilities (current)	(32)
Net deferred tax assets (current)	681
Deferred tax liabilities (current)	
Reserve for special depreciation	32
Gross deferred tax liabilities (current)	32
Offset with deferred tax assets (current)	(32)
Net deferred tax liabilities (current)	-
Deferred tax assets (fixed)	
Valuation difference of land	149
Difference in recorded amount of stock of related company from tax basis	193
Loss on devaluation of stock of related company	68
Excess of allowance for doubtful accounts over tax-allowable amount	119
Excess of accrued pension and severance cost over tax-allowable amount	511
Bad debt losses	117
Others	49
Gross deferred tax assets (fixed)	1,208
Offset with deferred tax liabilities (fixed)	(1,208)
Net deferred tax assets (fixed)	-
Deferred tax liabilities (fixed)	
Reserve for special depreciation	98
Valuation differences of other securities	7,223
Gross deferred tax liabilities (fixed)	7,321
Offset with deferred tax assets (fixed)	(1,208)
Net deferred tax liabilities (fixed)	6,113

2. Reconciliation of the difference between statutory tax rate and effective tax rate after adoption of tax-effect accounting

   This note is omitted, because the difference between statutory tax rate and effective tax rate after adoption of tax-effect accounting is less than 5% of statutory tax rate.

Changes in Directors and Corporate Auditors

1. Change in representative directors

   N/A

2. Changes in other directors and/or corporate auditors

   Retiring director (scheduled to retire on June 29, 2004)

   Kiyoshi Fukui, director