Consolidated Financial Statements

May 20, 2005

For the year ended March 31, 2005

Company name: **NIPRO CORPORATION** Stock Exchange 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
Name of related company: Sanri Kosan Co., Ltd. (Code no: N/A)
Percentage of voting rights of Nipro Corporation held by related company: 20.62%
Adoption of U.S. GAAP: N/A

1. Consolidated Results for the Year ended March 31, 2005 (From April 1, 2004 to March 31, 2005)

(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, 2005	192,320	1.9	10,404	(17.1)	8,685	(8.9)
Year ended March 31, 2004	188,700	4.6	12,557	(15.7)	9,539	(16.3)

	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, 2005	4,518	7.2	69.37	-	4.7	3.0	4.5
Year ended March 31, 2004	4,216	(17.0)	64.90	-	4.7	3.6	5.1

Notes: 1. Equity in loss of affiliate: Year ended March 31, 2005: (741) million yen Year ended March 31, 2004: (771) million yen
2. The weighted average number of outstanding shares for the period (consolidated) :
Year ended March 31, 2005: 63,596,799 shares Year ended March 31, 2004: 63,631,774 shares
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, 2005	293,748	96,700	32.9	1,519.58
Year ended March 31, 2004	279,701	94,711	33.9	1,487.50

Note: The number of outstanding shares at the end of the period (consolidated):
Year ended March 31, 2005: 63,565,537 shares Year ended March 31, 2004: 63,613,567 shares

(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, 2005	17,375	(12,627)	7,088	53,734
Year ended March 31, 2004	15,432	(12,786)	10,400	42,228

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

Number of consolidated subsidiaries: 15
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: 1 Removed: 0
Number of companies accounted for by the equity method Added: 0 Removed: 0

2. Projected Consolidated Financial Results for the Year ending March 31, 2006 (From April 1, 2005 to March 31, 2006)

	Net Sales	Recurring Income	Net Income
	Millions of yen	Millions of yen	Millions of yen
Six months ending Sept. 30, 2005	99,500	5,600	2,000
Year ending March 31, 2006	206,000	11,200	4,800

(Reference) Projected earnings per share for the year ending March 31, 2006: 73.82 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 9.

Corporate Group

Our group consists of the Reporting Company ("the Company"), its 19 subsidiaries and 1 affiliate, and is primarily engaged in manufacture and sale of medical equipment, pharmaceutical products and glass and material products as well as 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) purchase some of raw materials and machinery for their production 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), 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 and sells diabetes-related products such as insulin pump.

<Pharmaceutical Division>

The Company, a consolidated subsidiary Nipro Pharma Corporation and an unconsolidated subsidiary Takeshima Pharmaceutical Co., Ltd. (its company name was changed to Nipro Genepha Corporation as of April 1, 2005) manufacture and sell pharmaceutical products.

Bipha Corporation, an affiliate accounted for by the equity method, is engaged in research and development, manufacture and sale 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: A consolidated subsidiary 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>

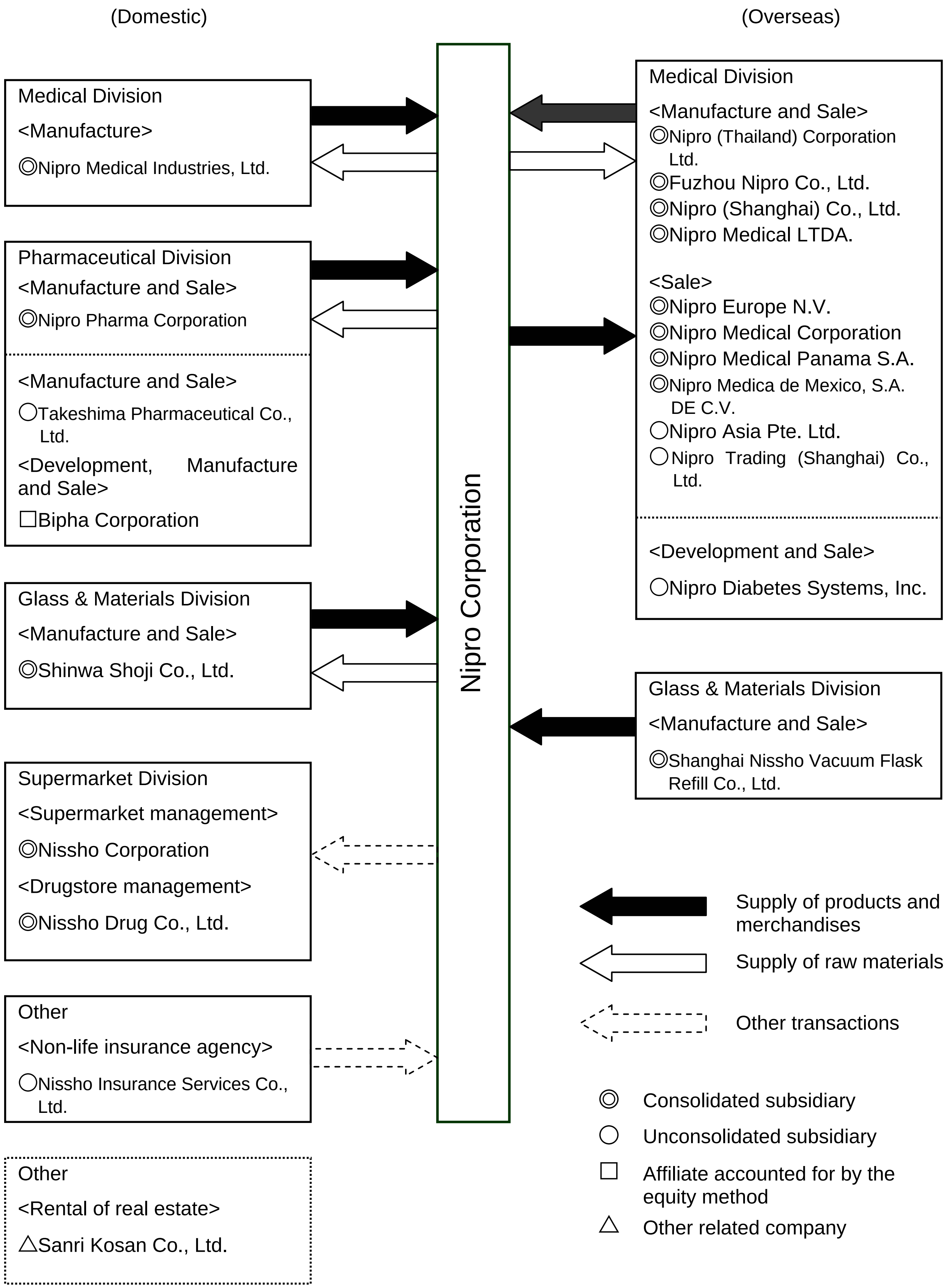
The Company manufactures (purchases, in some cases) and sells machinery for manufacture of medical equipment, etc.

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 related company, is engaged in leasing of real estate properties.

The above explanations are illustrated as follows:


(Domestic)
(Overseas)
Nipro Corporation
Medical Division
<Manufacture>
◎Nipro Medical Industries, Ltd.
Pharmaceutical Division
<Manufacture and Sale>
◎Nipro Pharma Corporation
<Manufacture and Sale>
○Takeshima Pharmaceutical Co., Ltd.
<Development, Manufacture and Sale>
□Bipha Corporation
Glass & Materials Division
<Manufacture and Sale>
◎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
<Manufacture and Sale>
◎Nipro (Thailand) Corporation Ltd.
◎Fuzhou Nipro Co., Ltd.
◎Nipro (Shanghai) Co., Ltd.
◎Nipro Medical LTDA.
<Sale>
◎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 Sale>
○Nipro Diabetes Systems, Inc.
Glass & Materials Division
<Manufacture and Sale>
◎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 philosophy in contributing to the society through corporate activities, especially focusing on developing new products in the fields of medical and pharmaceuticals.

As a management structure in pursuit of compatibility between "stability" and "growth" that is most important for any company, 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. In view of the large amount of implementation costs etc., we will consider to reduce the reduction of trading unit at the occasion of transition to the company without share certificate

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 recurring income and 10% of return on equity (ratio of net income to shareholders' equity) by the fiscal year 2010.

As a fundamental perspective for achieving these targets, we will continuously strengthen research and development, production capacity, and sales force to expand the business, while seeking the mutual complement among Medical, Pharmaceutical, Glass & Materials and Supermarket divisions.

Especially as for research and development, we will progress research of cutting-edge medical technologies, such as regenerative medicine and recombinant pharmaceutical formulations, etc. based on a long-term view. On the other hand, for strengthening production capacity, we will utilize and expand domestic and overseas production bases of medical equipment, and expand the production facilities for contract manufacturing of the pharmaceutical business.

5. Medium- and Long-term Management Strategies

In the Medical division, we, as a general medical equipment manufacturer, will seek to enhance the added-value of Nipro brand 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 advanced medical technologies such as catheters and artificial organs, reinforcing the product line-up, and conducting active sales and marketing in the overseas markets.

In the Pharmaceutical division, we devote efforts to developments of pharmaceutical products and research of new formulation technologies in the fields of kidney disease, blood, and nutrition infusion. At the same time, we will promote commercialization of kit products that integrate container, device, drug and solution, expand sales of double-bag kits and powdered dialysate solutions, launch the infusion-related business, and focus on development of products that would hold the leading share.

In the Glass and Materials division, we will increase competitiveness by reducing manufacturing costs of various glass products based on our peerless glass processing technologies, conduct global sales activities and strive to secure stable profit.

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

6. Issues and Challenges that the Group Faces

In the domestic business of the Medical division, we will focus on dialysis-related products. In addition to the existing products such as dialyzers, blood tubing sets, substitution fluid for hemofiltration and hemodiafiltration, powdered dialysate solutions and dialysis machines, we launched pre-filled Heparin (pre-filled syringe of Heparin). We will endeavor to react to the market needs promptly, develop and market new products, improve the product quality, strengthen sales activities and increase the market share. In the field of disposable products, we will make efforts to increase our market share of injection and infusion-related products such as infusion sets and syringes, as well as to develop, market and promote new products such as intravascular catheters.

With regard to the products related to circulatory organs, we will enlarge the product line-up by introducing new products such as PTCA balloon, reinforce marketing and sales forces, and increase our market share. In addition, as for the examination-related products, we will market and promote blood glucose monitoring device for diabetics and test reagents, and strengthen sales of blood collection tubes for blood test and obtain market share by active marketing.

For the international business, in addition to the high quality, prompt response to the rapidly changing market, including pricing, is required. As the governmental regulations on the medical safety are becoming increasingly strict, we will promote introduction of new medical devices with incident-prevention feature. As for the sales activities, in order to rationalize distribution and to strengthen our competitiveness in the market, we will reinforce existing overseas bases as well as promote to establish new offices. We will also attempt to enrich the intrinsic value of our products, continue to expand sales of the products of foreign cooperative manufacturers, and enhance the brand image in the market. Regarding the dialysis-related products, we will arrange the sales organization to reflect our comprehensive range of related products and cope with the increasingly oligopolistic market. Especially we will devote our efforts to develop the hardware with functions and certifications that conform to every market. In the field of diabetes, we will further enlarge the products of growing “point-of-care” area. In addition, we will attempt to market the ventricular assist system and the newly introduced artificial lung in the overseas markets by developing new peripheral products and establishing international competitiveness.

In the Pharmaceutical division, we have been working to increase in product numbers of kit products such as “liquid-and-powder” double-bag kits of antibiotics and pre-filled syringes. We will continuously proceed to launch new products as soon as possible. Also, we will focus on development of oral drugs. We will largely increase in the number of items in development for enlarging our product offerings, and at the same time, work on development of new drug type contrived in terms of pharmaceutics, for instance, drugs with prominent easiness to drink. In addition, we will make efforts for early materialization 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 endeavor to expand our pharmaceutical business by actively developing injection drugs including kit products and oral drugs.

In the Glass and Materials division, we will continue to innovate glass-processing technology, develop applied uses of glass tubes and expand production of the glass pre-filled syringes. With regard to the glass for lighting purposes, we will strive to increase sales of glass materials for LCD backlights following the market expansion of FPD (Flat Panel Display) and strengthen sales of commodity glass materials for small lighting.

In the Supermarket division, we place great emphasis on the “customer satisfaction”, setting all of our conduct guidelines from a viewpoint of customers, that is, what is good for customers. We will make up differentiated stores in comparison with the competitors, by enhancing the value of products in terms of healthiness, confidence and safety of food, and by speedy response to the needs of neighborhood customers. We will strive to maintain profit by renovation of existing stores, improvement of work efficiency using the LSP (Labor Scheduling Program) and customer management.

In the drugstores, we will work to further strengthen the specialty nature of healthcare sections such as medicines and health food, transform our stores to better and differentiated ones, and improve profitability.

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

(1) Basic Perspective on Corporate Governance

As the economy is becoming global and borderless and the business environment that surround Japanese companies is changing rapidly, we have seen various scandals in recent years, and the serious management risks that might threaten corporate existence are increasing and growing obvious.

In order to cope with such changes in management circumstances, it is necessary to strengthen the management structure considering various stakeholders.

We consider improvement of corporate governance to be one of the most critical issues in view of corporate social responsibility (CSR), and we endeavor to strengthen our administration structure under the division system and to make sound and efficient management.

(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 corporate auditors, as set forth in the Japanese Commercial Code. Specifically, we have established a management framework with self-sufficient business divisions, which clearly define the responsibilities and enhance the administration structure.
- The board of directors meeting is held in principle once a month in order to make important decisions and report and discuss execution of business.
- All of the current three corporate 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, and there is no full-time staff for outside auditors.

b. Status of Internal Control System and Internal Audit

- The Company holds the corporate management meeting regularly once a month in order to discuss and decide on the important issues about business execution. The participants of this meeting are the directors and corporate auditors of the Company as well as the representatives of the major group companies, and they discuss the progress in business activities and the outstanding issues and make swift decision-makings.
- The corporate auditors perform their audit, in accordance with the audit policy and assignment decided at the board of corporate auditors, e.g. participating in the important meetings such as board of directors meeting, hearing from employees, and inspecting important documents. The corporate auditors hold the board of auditors meeting regularly or as occasion demands for exchange of opinions and discussion.
- The Company also set the “Internal Audit Section” that is independent of the organization of business operations. The internal audit section performs fair internal audit according to the audit policy and the annual schedule, and strive for observance of laws and ordinances, check of misconduct and errors, and maintenance of internal control system, in cooperation with operational audit by corporate auditors and accounting audit by certified public accountants.

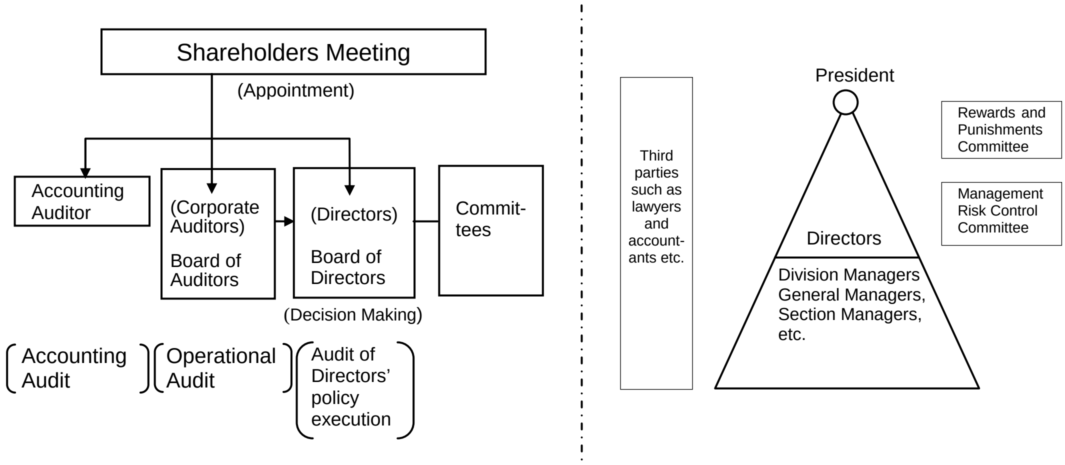
・The names of the certified public accountants who performed the accounting audit for the Company are as follows:

Audit firm:	Tomei Audit Corporation
Certified public accountants:	Nobuhiro Nakamichi and Toshio Nishikawa

c. Status of Maintenance of Risk Management Structure

We set up the Management Risk Control Committee in order to control the management risks and to promote compliance with laws, ordinances and corporate ethics. 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.

<Diagram of Corporate Governance Structure>



d. 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.

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

We have adjusted the organization in compliance with revision to the Pharmaceutical Affairs Law, enforcement of Personal Information Protection Law, and other recent amendments etc in laws. We also made and distributed a revised version of "the Code of Conduct for Compliance with Laws, Ordinances and Corporate Ethics" and enlighten our employees by regularly placing articles in the corporate newsletters and training for the employees.

f. Remunerations Paid to Directors, Corporate Auditors and Accounting Auditors

・Remunerations paid to the directors and corporate auditors

The remunerations paid to the directors and corporate auditors during the period under review are as follows:

14 Directors	90 million yen
3 Auditors	9 million yen

(Note) The above amounts do not include the part of employee salaries paid to the directors who also work as employees.

・Audit fees

The audit fees paid to Tomei Audit Corporation, the accounting auditor, were as follows:

Amount of audit certification fees based on audit contract: 19 million yen

There was no other fee paid than above.

8. Parent or Related Company

(1) The Name etc. of Parent or Related Company

(As of March 31, 2005)

Name	Attribute	Percentage of voting rights held by parent or related company	Stock exchange etc. where the shares of parent or related company are listed
Sanri Kosan Co., Ltd.	The listed company's related company	20.62 %	N/A

(2) Roles Assigned to the Listed Company in the Group of Parent or Related Company
Sanri Kosan Co., Ltd., a related company, does not involve in the Company's management, and the Company operate its management independently.

(3) Transactions with Parent or Related Company
N/A

Business Results and Financial Conditions

1. Business Results

(1) Summary of Overall Business and Results by Segments

Japanese economy for the period under review appeared to find a way out of deflation, led by exports and capital investments. However, the prospects have increased opacity due to concerns over decelerating economy of the U.S.A. and China and a jump in crude oil price.

Under such circumstances, we have continued to focus on development of new products and reinforced production capacity and sales capability to improve business performance.

As a result, the consolidated net sales for the period under review increased by 1.9% from the previous period to 192,320 million yen. However, operating income decreased by 17.1% to 10,404 million yen, mainly due to increase in selling, general and administrative expenses. Consequently, recurring income also decreased by 8.9% to 8,685 million yen.

On the other hand, net income increased by 7.2% to 4,518 million yen, due to gain on sale of investment securities and decrease in extraordinary losses.

The results by segments were as follows:

a. Medical division

For the domestic business, the environment has been severe with harder competitions, as the downward revisions to the National Health Insurance drug prices in the year 2004 caused unusual discount race in the market.

Under the circumstances, we sought to enhance the efficiency of sales activities and strengthen 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 promote expansion of the business by means of product offerings in the systematized package and to expand both our market shares and sales.

On the other hand, as for the international business, rapid changes in the market have made it difficult to maintain the adequate profit margin to the sales amount, but the OEM businesses for the products related to dialysis, blood collection and diabetes have showed firm growth.

Also, the sales of Nipro-branded products increased steadily in terms of the above products as well as injection-related products, as a result of reinforcement of foreign branches and promotion of direct sales organization.

As a result, net sales of this division increased by 4.8% from the previous period to 82,503 million yen.

b. Pharmaceutical division

The environment of the Pharmaceutical division has been very harsh, due to the governmental controls to suppress medical expenditures such as promotion of diagnosis procedure combination and to the intensified price competition.

Under such circumstances, we strove to increase sales of powdered dialysate solutions and kit product of substitution fluid for hemofiltration and hemodiafiltration. We also exerted ourselves to expand sales of kit products such as "liquid-and-liquid" double-bag kits and pre-filled syringe kits, and as a result, net sales of this division increased by 3.4% to 26,207 million yen.

c. Glass & Materials Division

Sales of glass for lighting purposes increased owing to the increase in demands for glass for small electric bulbs for automobiles and glass for LCD backlight. However, sales of glass for pharmaceutical purposes decreased, as the glasses for ampoules and glass tubes were affected by the shift of container forms. Consumer items were also sluggish due to the slump of volume retailers.

As a result, net sales of this division decreased by 1.9% to 11,666 million yen.

d. Supermarket division

In the retailing sectors, despite the growing expectation for economic recovery, personal consumptions remained stagnant and it has been like a normal state. In addition, the competition was intense due to the competitors' opening new stores and redecorating existing stores, and we were also affected by the drop in unit purchase per customer due to the tax-inclusive price indication and by the unusual weathers. Consequently sales conditions have continued to be severe.

Under the circumstances, we set "improvement of customer satisfaction" as the top priority issue, and endeavored to improve profitability by the measures such as giving more authority to individual stores, utilization of point card system and reinforcement of management. Although we maintained the number of customers and ratio of gross margin in comparison with the previous period, net sales decreased due to the above factors.

As regards drugstores, despite the effects of heat wave for the summer items were limited while the sluggish consumptions, net sales increased owing to openings of new stores and the factors such as hay fever.

As a result, net sales of this division decreased by 0.7% to 70,841 million yen.

e. Other division

Net sales of this division, consisting mainly of sales of machine for manufacture of medical equipment and real estate rentals, decreased by 20.6% to 1,101 million yen.

(2) Prospects for the Fiscal Year Ending March 31, 2006

The business environment is anticipated to remain severe, as the uncertainty for the future is spreading due to appreciation of yen and rise of interest rates as well as stalled foreign economy and jump in crude oil price.

Under the conditions, we will strive to improve the business performance by focusing on development of new products and reinforcement of production capacity and sales capability.

For the year ending March 31, 2006, we project the consolidated net sales of 206,000 million yen (increase by 7.1% compared with the previous period), recurring income of 11,200 million yen (increase by 28.9%), and net income of 4,800 million yen (increase by 6.2%).

Projections on net sales by segments are as follows:

Medical division:	88,200 million yen	(increase by 6.9%),
Pharmaceutical division:	33,900 million yen	(increase by 29.4%)
Glass and Materials division:	11,500 million yen	(decrease by 1.4%)
Supermarket division:	71,400 million yen	(increase by 0.8%)
Other division:	1,000 million yen	(decrease by 9.2%)

(3) Matters related to Appropriation of Earnings

Annual dividends are calculated to be 38.50 yen per share, in accordance with the 50% pay-out ratio as a criterion. As we already paid interim dividends of 25.50 yen per share, year-end dividends are to be 13.00 yen per share; this will be proposed to the Company's 52nd 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 14,047 million yen from the end of the previous period to 293,748 million yen. Current assets increased by 10,431 million yen to 135,365 million yen, and fixed assets increased by 3,616 million yen to 158,383 million yen. Main reason for the increase in current assets was that cash on hand in banks increased as a result of postponed payments for capital investments, and main reason for the increase in fixed assets was the increase in machinery, etc.

On the other hand, liabilities increased by 12,144 million yen to 195,439 million yen. Current liabilities slightly decreased to 96,241 million yen, but fixed liabilities increased by 12,266 million yen to 99,198 million yen, mainly reflecting the increase in long-term borrowings owing to capital investments.

Shareholders' equity increased by 1,988 million yen to 96,700 million yen. In this section, earned surplus increased by 1,571 million yen to 32,181 million yen.

As for cash flows for the period, net cash provided by operating activities was 17,375 million yen, net cash used in investing activities was 12,627 million yen, and net cash provided by financing activities was 7,088 million yen, and as a result, cash and cash equivalents increased to 53,734 million yen.

Net cash used in investing activities mainly reflected net income before adjustment of taxes and depreciation and amortization. Net cash used in investing activities reflected the payments for acquisition of fixed assets for 15,070 million yen, and net cash provided by financing activities was mainly from the proceeds from long-term borrowings for 24,599 million yen.

(2) Trend of the cash flow indicators

	The 49th period Year ended March 31, 2002	The 50th period Year ended March 31, 2003	The 51st period Year ended March 31, 2004	The 52nd period Year ended March 31, 2005
Shareholders' equity ratio (%)	31.0	33.0	33.9	32.9
Ratio of market value of shareholders' equity (%)	41.8	45.7	35.5	38.3
Debt redemption (years)	14.1	21.7	7.3	7.1
Interest coverage ratio	4.3	3.1	9.4	10.3

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	Previous Period (as of March 31, 2004)		Current Period (as of March 31, 2005)		Change in amount
	Amount	Ratio	Amount	Ratio	
(ASSETS)		%		%	
Current Assets	124,934	44.7	135,365	46.1	10,431
Cash on hand and in banks	45,241		56,153		10,911
Trade notes and accounts receivable	41,524		40,144		(1,379)
Inventories	32,541		33,649		1,108
Deferred tax assets	1,734		2,203		469
Other current assets	4,100		3,423		(676)
Allowance for doubtful accounts	(208)		(209)		(0)
Fixed Assets	154,767	55.3	158,383	53.9	3,616
Tangible fixed assets	94,004	33.6	98,788	33.6	4,783
Buildings and structures	40,545		40,718		172
Machinery, equipment and vehicles	21,018		23,990		2,971
Land	22,456		22,839		383
Construction in progress	6,143		7,232		1,088
Others	3,840		4,007		167
Intangible fixed assets	1,012	0.4	941	0.3	(71)
Consolidation adjustments	54		2		(51)
Others	958		939		(19)
Investments and other assets	59,749	21.3	58,653	20.0	(1,095)
Investment securities	42,522		41,706		(816)
Long-term loans receivable	2,843		2,459		(384)
Deferred tax assets	193		238		44
Lease deposits	11,774		11,513		(260)
Other assets	3,085		3,465		380
Allowance for doubtful accounts	(670)		(730)		(59)
Total Assets	279,701	100.0	293,748	100.0	14,047

(Notes)

	(Previous period)	(Current period)
1. Accumulated depreciation of tangible fixed assets	89,922 mil. yen	96,758 mil. yen
2. Notes receivable discounted	51	76
3. Obligations under guarantee contracts	2,728	2,183
4. Pledged assets	15,795	16,533

Consolidated Balance Sheets

(Unit: Millions of yen)

Account \ Period	Previous Period (as of March 31, 2004)		Current Period (as of March 31, 2005)		Change in amount
	Amount	Ratio	Amount	Ratio	
(LIABILITIES)		%		%	
Current liabilities	96,363	34.4	96,241	32.7	(121)
Trade notes and accounts payable	29,048		29,084		35
Short-term borrowings	35,503		40,443		4,940
Current portion of bonds	10,000		3,000		(7,000)
Other payables	4,769		4,614		(154)
Accrued income taxes	1,580		3,493		1,912
Accrued bonuses	1,444		1,405		(38)
Notes payable for plant and equipment	4,207		2,936		(1,270)
Commercial paper	6,500		7,000		500
Other current liabilities	3,310		4,262		952
Fixed liabilities	86,931	31.1	99,198	33.8	12,266
Bonds	26,000		26,000		-
Convertible-bond-type bonds with stock acquisition rights	14,000		14,000		-
Long-term borrowings	34,183		46,183		11,999
Deferred tax liabilities	6,688		6,753		64
Accrued pension and severance cost	2,528		2,867		339
Other fixed liabilities	3,531		3,393		(137)
Total liabilities	183,295	65.5	195,439	66.5	12,144
(MINORITY INTERESTS)					
Minority interests	1,693	0.6	1,608	0.6	(85)
(SHAREHOLDERS' EQUITY)					
Capital	28,663	10.2	28,663	9.8	-
Capital surplus	29,972	10.7	29,972	10.2	-
Earned surplus	30,610	10.9	32,181	10.9	1,571
Valuation differences of other securities	12,462	4.5	12,759	4.3	297
Foreign currency translation adjustments	(6,489)	(2.3)	(6,289)	(2.1)	200
Treasury stock	(506)	(0.1)	(586)	(0.2)	(80)
Total shareholders' equity	94,711	33.9	96,700	32.9	1,988
Total liabilities, minority interests, and shareholders' equity	279,701	100.0	293,748	100.0	14,047

(Notes)

	(Previous period)	(Current period)
5. Number of treasury shares		
Common share	264,938 shares	312,968 shares
6. Accounts related to unconsolidated subsidiaries and affiliate companies		
Investment securities (stock)	6,113 mil. yen	5,406 mil. yen
Investments other than stock	23	23

Consolidated Statements of Income

(Unit: Millions of yen)

Account \ Period	Previous Period (From April 1, 2003 To March 31, 2004) Amount	Ratio	Current Period (From April 1, 2004 To March 31, 2005) Amount	Ratio	Change in amount
		%		%	
Net sales	188,700	100.0	192,320	100.0	3,619
Cost of goods sold	137,153	72.7	140,072	72.8	2,918
Gross profit	51,547	27.3	52,247	27.2	700
Selling, general and administrative expenses	38,989	20.6	41,843	21.8	2,854
Operating income	12,557	6.7	10,404	5.4	(2,153)
Non-operating income	963	0.5	849	0.4	(114)
Interest income	160		124		(36)
Dividend income	184		204		20
Gain on sale of investment securities	139		-		(139)
Exchange gain	-		173		173
Others	479		346		(132)
Non-operating expenses	3,982	2.1	2,567	1.3	(1,414)
Interest expenses	1,635		1,594		(41)
Equity in loss of affiliate	771		741		(30)
Exchange loss	1,429		-		(1,429)
Others	145		231		86
Recurring income	9,539	5.1	8,685	4.5	(853)
Extraordinary gains	573	0.3	1,245	0.6	672
Reversion of allowance for doubtful accounts	108		52		(55)
Subsidies received	445		-		(445)
Gain on sale of investment securities	-		1,108		1,108
Others	18		84		66
Extraordinary losses	2,068	1.1	1,271	0.6	(796)
Loss on sale and disposal of fixed assets	427		368		(58)
Loss on devaluation of investment securities	102		-		(102)
Loss on disposal of inventories	54		167		113
Advanced depreciation on fixed assets	445		7		(438)
Abnormal manufacturing cost	271		344		72
Amortization of transitional difference from change in accounting standards of pension and severance benefits	76		76		0
Loss from bad debts	290		-		(290)
Settlement by reconciliation regarding sales rights	272		-		(272)
Others	125		307		181
Net income before adjustment of taxes	8,043	4.3	8,659	4.5	615
Corporate, inhabitants and enterprise taxes	3,765	2.0	4,900	2.5	1,135
Adjustment for deferred taxes	85	0.1	(653)	(0.3)	(738)
Minority shareholders' share in net loss of consolidated subsidiaries	23	0.0	106	0.1	83
Net income	4,216	2.2	4,518	2.4	302

(Note)

	(Previous period)	(Current period)
Research and development expenses included in selling, general and administrative expenses	3,074 mil. yen	3,422 mil. yen

Consolidated Statements of Surplus

(Unit: Millions of yen)

Account \ Period	Previous Period (From April 1, 2003 To March 31, 2004) Amount	Current Period (From April 1, 2003 To March 31, 2004) Amount	Change in amount
(CAPITAL SURPLUS)			
Beginning balance of capital surplus	29,972	29,972	-
Ending balance of capital surplus	29,972	29,972	-
(EARNED SURPLUS)			
Beginning balance of earned surplus	27,904	30,610	2,705
Increase in earned surplus	4,216	4,520	304
Net income	4,216	4,518	302
Increase in surplus due to inclusion of new subsidiary in consolidation	-	1	1
Decrease in earned surplus	1,511	2,949	1,437
Dividends	1,400	2,862	1,462
Bonuses to directors and corporate auditors	111	86	(24)
[including bonuses to corporate auditors]	[5]	[2]	[(2)]
Ending balance of earned surplus	30,610	32,181	1,571

Consolidated Statements of Cash Flows

(Unit: Millions of yen)

Account / Period	Previous Period (From April 1, 2003 To March 31, 2004) Amount	Current Period (From April 1, 2004 To March 31, 2005) Amount	Change in amount
Cash flows from operating activities			
Net income before adjustment for taxes	8,043	8,659	615
Depreciation and amortization	9,819	10,265	446
Amortization of consolidation adjustments	159	51	(107)
Equity in loss of affiliate	771	741	(30)
Loss from bad debts	290	-	(290)
Increase (decrease) in allowance for doubtful accounts	(13)	57	71
Interest and dividend income	(344)	(329)	15
Interest expenses	1,635	1,594	(41)
Exchange loss (gain)	502	413	(88)
Decrease (increase) in trade receivables	1,093	1,329	235
Decrease (increase) in inventories	(1,515)	(1,158)	356
Increase (decrease) in trade payables	2,172	76	(2,096)
Decrease (increase) in other assets	(981)	(191)	790
Increase (decrease) in other liabilities	(133)	1,160	1,294
Bonuses to directors and corporate auditors	(111)	(86)	24
Other non-operating income/expenses and extraordinary gains/losses	512	(591)	(1,104)
Subtotal	21,902	21,992	90
Interest and dividends received	261	249	(11)
Interest paid	(1,637)	(1,681)	(44)
Other revenues	911	647	(264)
Other expenditures	(1,195)	(759)	436
Income taxes paid	(4,809)	(3,072)	1,736
Cash flows from operating activities	15,432	17,375	1,943
Cash flows from investing activities			
Deposits in time deposits	(3,064)	(4,058)	(993)
Proceeds from matured time deposits	3,117	4,622	1,504
Payments for purchases of securities	(516)	(120)	396
Proceeds from sales of securities	448	1,737	1,288
Payments for acquisition of fixed assets	(13,244)	(15,070)	(1,825)
Proceeds from sales of fixed assets	578	206	(372)
Lending of loans	(134)	(2)	132
Collections of loans receivable	53	57	3
Expenditures for other investments	(23)	-	23
Revenues from other investments	0	0	0
Cash flows from investing activities	(12,786)	(12,627)	158
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	(1,763)	1,483	3,247
Net increase (decrease) in commercial paper	(500)	500	1,000
Proceeds from long-term borrowings	6,126	24,599	18,473
Repayment of long-term borrowings	(7,734)	(9,144)	(1,409)
Proceeds from issuance of bonds	13,921	2,979	(10,942)
Payments for redemption of bonds	(2,000)	(10,000)	8,000
Payments for acquisitions of treasury stock	(54)	(80)	(25)
Repayments of finance lease obligations	(336)	(391)	(55)
Payments for dividends	(1,399)	(2,858)	(1,458)
Reimbursement of funds for redemption of convertible bonds	4,141	-	(4,141)
Cash flows from financing activities	10,400	7,088	(3,312)
Effect of exchange rate changes on cash and cash equivalents	(211)	(349)	(138)
Increase (decrease) in cash and cash equivalents	12,835	11,486	(1,349)
Balance of cash and cash equivalents at the beginning of the period	29,393	42,228	12,835
Increase in cash and cash equivalents due to inclusion of new subsidiary in consolidation	-	19	19
Balance of cash and cash equivalents at the end of the period	42,228	53,734	11,505

Basis of Preparation for the Consolidated Financial Statements

1. Scope of Consolidation

   1) Consolidated subsidiaries: 15

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

      Nipro Diabetes Systems, Inc. was included in consolidation as from the year ended March 31, 2005, because its importance has increased.

   2) Unconsolidated subsidiaries: 4

      The unconsolidated subsidiaries, Nissho Insurance Services Co., Ltd., Nipro Asia Pte. Ltd., Nipro Trading (Shanghai) Co., Ltd., and Takeshima Pharmaceutical Co., Ltd. (its company name was changed to Nipro Genepha Corporation as of April 1, 2005), 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. Accounting Period 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, Nipro Diabetes Systems, Inc. (U.S.A.), Nipro Medical Panama S.A. (Panama) and Nipro Medica de Mexico S.A. DE C.V. (Mexico) close their accounts on December 31. Financial statements as of that date are used in preparing for consolidated financial statements, and necessary adjustments are made to reflect significant transactions that occurred between December 31 and March 31.

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.

(Additional Information)

Presentation of factor-based portion of corporate enterprise tax in the consolidated statement of income

In accordance with the Practical Issues Tasks Force Report No.12 Presentation of factor-based portion of corporate enterprise tax in an income statement" (published on February 13, 2004 by the Accounting Standard Board of Japan), as from the current consolidated accounting period, the added-value portion and capital portion of the corporate enterprise tax amounting to 318 million yen was accounted for in the selling, general and administrative expenses.

(Lease Transactions)

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

	(Previous period)	(Current period)
Acquisition price equivalent	9,435 mil. yen	7,237 mil. yen
Accumulated depreciation equivalent	6,456	4,939
Book value equivalent	2,978	2,297
Lease commitments		
Due within one year	1,162 mil. yen	1,304 mil. yen
Due after over one year	2,370	983
Total	3,533	2,287
Lease payments	2,150 mil. yen	1,317 mil. yen
Depreciation equivalent	1,883	1,091
Interest expense equivalent	152	104

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) Previous period (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

(2) Current period (From April 1, 2004 to March 31, 2005) (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	82,503	26,207	11,666	70,841	1,101	192,320	-	192,320
(2) Inter-segment sales and transfers	876	-	2,384	-	553	3,813	(3,813)	-
Total	83,379	26,207	14,051	70,841	1,654	196,133	(3,813)	192,320
Operating expenses	72,340	23,946	12,162	70,726	1,366	180,541	1,374	181,915
Operating income	11,039	2,260	1,889	114	288	15,592	(5,188)	10,404
2. Assets, depreciation and capital expenditures Assets	86,062	56,556	13,824	42,960	857	200,261	93,487	293,748
Depreciation	4,406	3,449	630	1,169	26	9,683	582	10,265
Capital expenditures	6,056	7,269	1,452	1,005	2	15,785	526	16,311

Notes: 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 previous and current consolidated accounting periods included unallocated corporate costs of 4,673 million yen and 5,188 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" for the previous and current consolidated accounting periods included corporate assets of 84,557 million yen and 93,563 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) Previous period (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

(2) Current period (From April 1, 2004 to March 31, 2005) (Millions of yen)

	Japan	America	Europe	Asia	Total	Eliminations /Corporate	Consolidated
1. Net sales and operating income Net sales							
(1) Sales to third parties	175,327	9,790	5,816	1,385	192,320	-	192,320
(2) Inter-segment sales and transfers	12,261	384	3	10,012	22,662	(22,662)	-
Total	187,589	10,175	5,820	11,397	214,982	(22,662)	192,320
Operating expenses	171,827	10,699	6,166	10,634	199,327	(17,411)	181,915
Operating income (loss)	15,762	(523)	(346)	762	15,655	(5,251)	10,404
2. Assets	179,625	8,837	3,056	17,906	209,427	84,321	293,748

Notes:
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 previous and current consolidated accounting periods included unallocated corporate costs of 4,673 million yen and 5,188 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" for the previous and current consolidated accounting periods included corporate assets of 84,557 million yen and 93,563 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) Previous period (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%

(2) Current period (From April 1, 2004 to March 31, 2005) (Millions of yen)

	America	Europe	Asia	Total
1. Overseas sales	29,953	18,313	5,234	53,502
2. Consolidated net sales				192,320
3. Percentage of overseas sales to consolidated net sales (%)	15.6%	9.5%	2.7%	27.8%

Notes:
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

	Current period (as of March 31, 2005)
Deferred tax assets (current)	
Elimination of unrealized profits	478 mil. yen
Disallowed accrued enterprise tax	329
Disallowed accrued bonuses	570
Disallowed accounts receivable	360
Excess of inventory book value over tax basis	110
Tax loss carryforwards	300
Others	94
Gross deferred tax assets (current)	2,245
Offset with deferred tax liabilities (current)	(41)
Net deferred tax assets (current)	2,203
Deferred tax liabilities (current)	
Reserve for special depreciation	29 mil. yen
Others	11
Gross deferred tax liabilities (current)	41
Offset with deferred tax assets (current)	(41)
Net deferred tax liabilities (current)	-
Deferred tax assets (fixed)	
Valuation difference of land	149 mil. yen
Excess of allowance for doubtful accounts over tax-allowable amount	133
Excess of accrued pension and severance cost over tax-allowable amount	1,082
Disallowed loss from bad debt	117
Tax loss carryforwards	1,798
Others	180
Subtotal	3,461
Valuation allowance	(1,741)
Gross deferred tax assets (fixed)	1,720
Offset with deferred tax liabilities (fixed)	(1,482)
Net deferred tax assets (fixed)	238
Deferred tax liabilities (fixed)	
Valuation differences of other securities	8,118 mil. yen
Others	116
Gross deferred tax liabilities (fixed)	8,235
Offset with deferred tax assets (fixed)	(1,482)
Net deferred tax liabilities (fixed)	6,753

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

Statutory tax rate	40.5 %
(Adjustments)	
Permanently disallowed items such as entertainment expenses	2.0
Permanently non-taxable items such as dividends received	(0.3)
Unrecognized tax benefits of loss-making subsidiaries	6.2
Per capita charges of inhabitants taxes	2.1
Unrecognized tax benefits of equity in loss of affiliate	3.5
Tax credits on research and development expenses, etc.	(4.2)
Utilization of tax loss carryforwards	(2.4)
Others	1.6
Effective tax rate after adoption of tax-effect accounting	49.0

(Securities)

1. Other securities with market quotations

(Unit: Millions of yen)

Classification	Previous period (as of March 31, 2004)			Current period (as of March 31, 2005)		
	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	12,329	31,856	19,526	11,775	31,800	20,024
Bonds	-	-	-	-	-	-
Others	-	-	-	-	-	-
Subtotal	12,329	31,856	19,526	11,775	31,800	20,024
Securities whose carrying value do not exceed their acquisition cost						
Stock	85	80	(4)	11	9	(1)
Bonds	-	-	-	-	-	-
Others	60	54	(5)	60	54	(5)
Subtotal	145	135	(10)	71	64	(7)
Total	12,475	31,991	19,516	11,847	31,864	20,016

(Note) Impairment loss for the other securities with market quotations for the previous consolidated accounting period was 102 million yen.
Impairment loss is recorded on the securities whose fair values at the end of the consolidated accounting period have declined by more than 50%, unless the values are reasonably considered to be recoverable.

2. Other securities sold during the previous and current periods

(Unit: Millions of yen)

Previous period (From April 1, 2002 To March 31, 2003)			Current period (From April 1, 2003 To March 31, 2004)		
Sales proceeds	Total gains	Total losses	Sales proceeds	Total gains	Total losses
448	139	0	1,737	1,108	-

3. Securities that do not have market quotations

(Unit: Millions of yen)

	Previous period (as of March 31, 2004) Carrying value on Consolidated Balance Sheet	Current period (as of March 31, 2005) Carrying value on Consolidated Balance Sheet
Other securities		
Unlisted stock (excluding those traded on the over-the-counter market)	4,417	4,435
Stocks of subsidiaries and affiliates		
Stocks of unconsolidated subsidiaries	687	722
Stocks of affiliated companies	5,425	4,683
Total	10,530	9,841

(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

	Previous period (as of March 31, 2004)	Current period (as of March 31, 2005)
(1) Pension and severance liabilities	(8,793) mil. yen	(9,133) mil. yen
(2) Pension plan assets	5,794	6,367
(3) Unfunded pension and severance liabilities (1)+(2)	(2,998)	(2,766)
(4) Unamortized transitional difference that arose from change in accounting standards	103	-
(5) Unrecognized actuarial differences	366	(101)
(6) Unrecognized prior service cost	-	-
(7) Net amount on the consolidated balance sheet (3)+(4)+(5)+(6)	(2,528)	(2,867)
(8) Prepaid pension cost	-	-
(9) Accrued pension and severance cost (7)-(8)	(2,528)	(2,867)

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

3. Matters related to pension and severance benefit expenses

	Previous period (From April 1, 2003 To March 31, 2004)	Current period (From April 1, 2004 To March 31, 2005)
(1) Service cost	600 mil. yen	593 mil. yen
(2) Interest cost	215	218
(3) Expected return on plan assets	(73)	(86)
(4) Amortization of transitional difference that arose from change in accounting standards	103	103
(5) Amortization of actuarial differences	393	223
(6) Amortization of prior service cost	-	-
(7) Pension and severance benefit expenses (1)+(2)+(3)+(4)+(5)+(6)	1,240	1,052

(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.

	Previous period (as of March 31, 2004)	Current period (as of March 31, 2005)
(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 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	Previous period (From April 1, 2003 To March 31, 2004)		Current period (From April 1, 2004 To March 31, 2005)	
	Amount produced	Ratio of change from the previous period (%)	Amount produced	Ratio of change from the previous period (%)
Medical	57,577	0.2	58,921	2.3
Pharmaceutical	24,785	7.2	25,479	2.8
Glass & Materials	3,829	12.7	3,668	(4.2)
Other	720	(41.9)	493	(31.5)
Total	86,913	2.0	88,563	1.9

Notes: 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	Previous period (From April 1, 2003 To March 31, 2004)		Current period (From April 1, 2004 To March 31, 2005)	
	Amount sold	Ratio of change from the previous period (%)	Amount sold	Ratio of change from the previous period (%)
Medical	78,726	3.6	82,503	4.8
Pharmaceutical	25,338	15.3	26,207	3.4
Glass & Materials	11,890	7.5	11,666	(1.9)
Supermarket	71,357	2.6	70,841	(0.7)
Other	1,386	(21.2)	1,101	(20.6)
Total	188,700	4.6	192,320	1.9

Notes: 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, 2005

For the year ended March 31, 2005

Company name: **NIPRO CORPORATION** Stock Exchange 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, 2005
Interim dividend plan: Adopted
Date of the annual general meeting of shareholders: June 29, 2005
Scheduled date to commence payment of dividends: June 30, 2004
Unit share system: Adopted (1,000 shares/unit)

1. Results for the year ended March 31, 2005 (From April 1, 2004 to March 31, 2005)

(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, 2005	107,760	1.5	8,308	(10.0)	7,938	1.7
Year ended March 31, 2004	106,119	5.4	9,227	(9.9)	7,807	(11.8)

	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, 2005	5,114	26.0	78.75	-	4.8	3.1	7.4
Year ended March 31, 2004	4,060	(1.1)	62.46	-	4.0	3.3	7.4

Notes: 1. The weighted average number of shares outstanding for the period:
Year ended March 31, 2004: 58,949,626 shares Year ended March 31, 2005 63,631,774 shares
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	Interim dividends	Year-end dividends	Annual total of dividends	Pay-out ratio	Ratio of dividends to shareholders' equity
	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2005	38.50	25.50	13.00	2,448	48.9	2.3
Year ended March 31, 2004	30.50	11.00	19.50	1,940	48.8	1.8

(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, 2005	256,928	108,490	42.2	1,705.08
Year ended March 31, 2004	252,413	106,370	42.1	1,670.78

Notes: 1. The number of outstanding shares at the end of the period:
Year ended March 31, 2004: 63,645,860 shares Year ended March 31, 2005: 63,613,567 shares
2. The number of treasury stock at the end of the period:
Year ended March 31, 2004: 232,645 shares Year ended March 31, 2005: 264,938 shares

2. Projections for the Results of the Year ending March 31, 2006 (From April 1, 2005 to March 31, 2006)

	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, 2005	55,200	4,750	1,650	12.50	-	-
Year ending March 31, 2006	115,000	9,950	3,950	-	16.50	29.00

(Reference) Projected earnings per share for the year ending March 31, 2006: 60.47 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 9.

Balance Sheets

(Unit: Millions of yen)

Account \ Period	Previous Period (as of March 31, 2004) Amount	Ratio	Current Period (as of March 31, 2005) Amount	Ratio	Change in amount
(ASSETS)		%		%	
Current Assets	95,315	37.8	103,036	40.1	7,720
Cash on hand and in banks	34,932		44,129		9,197
Trade notes receivable	14,868		12,644		(2,224)
Accounts receivable	24,763		26,280		1,516
Merchandise and finished products	14,002		13,779		(223)
Raw materials and supplies	1,864		1,760		(104)
Work in process	1,215		1,030		(185)
Prepaid expenses	158		125		(33)
Deferred tax assets	681		884		203
Other receivables	1,127		959		(168)
Other current assets	1,704		1,447		(257)
Allowance for doubtful accounts	(5)		(5)		-
Fixed Assets	157,097	62.2	153,892	59.9	(3,205)
Tangible fixed assets	32,733	12.9	33,925	13.2	1,191
Buildings	10,506		9,785		(720)
Structures	333		308		(24)
Machinery	6,621		8,318		1,696
Vehicles	27		22		(4)
Tools and equipment	1,860		1,803		(57)
Land	12,440		12,440		-
Construction in progress	944		1,246		301
Intangible fixed assets	241	0.1	247	0.1	6
Software	158		174		15
Others	82		73		(8)
Investments and other assets	124,122	49.2	119,719	46.6	(4,402)
Investment securities	34,342		33,783		(559)
Stocks of related companies	53,584		53,692		107
Investments other than stock in related companies	10,790		10,790		-
Long-term loans receivable	479		444		(35)
Long-term loans receivable from subsidiaries	18,791		14,639		(4,152)
Long-term prepaid expenses	491		885		394
Lease deposits	5,114		4,985		(129)
Other assets	1,013		957		(55)
Allowance for doubtful accounts	(486)		(459)		27
Total Assets	252,413	100.0	256,928	100.0	4,515

Balance Sheets

(Unit: Millions of yen)

Account \ Period	Previous Period (as of March 31, 2004) Amount	Ratio	Current Period (as of March 31, 2005) Amount	Ratio	Change in amount
(LIABILITIES)		%		%	
Current liabilities	74,403	29.5	73,502	28.6	(900)
Trade notes payable	15,097		14,602		(495)
Trade accounts payable	11,312		12,830		1,518
Short-term borrowings	17,700		19,900		2,200
Current portion of bonds	10,000		3,000		(7,000)
Current portion of long-term borrowings	6,613		8,094		1,481
Other payables	2,813		2,543		(270)
Accrued expenses	623		559		(64)
Accrued income taxes	1,300		2,850		1,550
Amounts withheld for income taxes, etc.	50		56		5
Accrued bonuses	704		645		(59)
Notes payable for plant and equipment	1,002		1,134		132
Commercial paper	6,500		7,000		500
Other current liabilities	685		285		(399)
Fixed liabilities	71,639	28.4	74,934	29.2	3,295
Bonds	26,000		26,000		-
Convertible-bond-type bonds with stock acquisition rights	14,000		14,000		-
Long-term borrowings	23,037		26,223		3,185
Deferred tax liabilities	6,113		6,032		(81)
Accrued pension and severance cost	1,517		1,674		156
Lease deposits received	969		1,004		34
Total liabilities	146,042	57.9	148,437	57.8	2,394
(SHAREHOLDERS' EQUITY)					
Capital	28,663	11.3	28,663	11.1	-
Capital surplus	29,972	11.9	29,972	11.7	-
Capital reserve	29,972		29,972		-
Earned surplus	37,629	14.9	39,795	15.5	2,166
Revenue reserve	1,196		1,196		-
Voluntary reserves	32,732		34,743		2,010
Reserve for dividends	16		16		-
Reserve for special depreciation	182		192		10
Reserve for advanced depreciation of fixed assets	20		-		(20)
Reserve for losses on overseas investments	179		-		(179)
Special reserve	32,335		34,535		2,200
Unappropriated retained earnings	3,700		3,855		155
Valuation differences of other securities	10,611	4.2	10,646	4.1	34
Treasury stock	(506)	(0.2)	(586)	(0.2)	(80)
Total shareholders' equity	106,370	42.1	108,490	42.2	2,120
Total liabilities and shareholders' equity	252,413	100.0	256,928	100.0	4,515

Statements of Income

(Unit: Millions of yen)

Account \ Period	Previous Period (From April 1, 2003 To March 31, 2004)		Current Period (From April 1, 2004 To March 31, 2005)		Change in amount	Ratio of change
	Amount	Ratio	Amount	Ratio		
		%		%		
Net sales	106,119	100.0	107,760	100.0	1,640	1.5
Cost of goods sold	80,813	76.2	82,305	76.4	1,491	1.8
Gross profit	25,305	23.8	25,454	23.6	148	0.6
Selling, general and administrative expenses	16,077	15.1	17,146	15.9	1,068	6.6
Operating income	9,227	8.7	8,308	7.7	(919)	(10.0)
Non-operating income	864	0.8	932	0.9	68	7.9
Interest income	320		300		(19)	
Dividend income	168		186		18	
Gain on sale of investment securities	139		-		(139)	
Exchange gain	-		340		340	
Others	235		104		(131)	
Non-operating expenses	2,285	2.1	1,303	1.2	(981)	(43.0)
Interest expenses	411		394		(17)	
Interest on bonds	905		843		(61)	
Bond issue cost	78		20		(57)	
Exchange loss	866		-		(866)	
Others	23		44		20	
Recurring income	7,807	7.4	7,938	7.4	130	1.7
Extraordinary gains	113	0.1	1,144	1.1	1,030	
Gain on sale of fixed assets	9		10		1	
Reversion of allowance for doubtful accounts	103		24		(78)	
Gain on sale of investment securities	-		1,108		1,108	
Others	-		0		0	
Extraordinary losses	1,015	1.0	249	0.3	(765)	
Loss on sales and disposals of fixed assets	328		189		(138)	
Loss on devaluation of investment securities	102		-		(102)	
Loss from bad debts	290		-		(290)	
Settlement by reconciliation regarding sales rights	272		-		(272)	
Others	20		60		39	
Net income before income taxes	6,905	6.5	8,832	8.2	1,927	27.9
Corporate, inhabitants and enterprise taxes	2,937	2.8	4,026	3.8	1,088	
Adjustment for deferred taxes	(93)	(0.1)	(308)	(0.3)	(214)	
Net income	4,060	3.8	5,114	4.7	1,053	26.0
Retained earnings at the beginning of the period	339		363			
Interim dividends	699		1,621			
Unappropriated retained earnings	3,700		3,855		155	

Proposal for Appropriation of Retained Earnings

(Unit: Millions of yen)

Account \ Period	Previous Period (From April 1, 2003 To March 31, 2004) Amount	Current Period (From April 1, 2004 To March 31, 2005) Amount	Change in amount
Unappropriated retained earnings	3,700	3,855	155
Disposal of voluntary reserves	242	47	(195)
Reserve for special depreciation	43	47	4
Reserve for advanced depreciation on fixed assets	20	-	(20)
Reserve for losses on overseas investments	179	-	(179)
Total	3,942	3,902	(40)
Appropriations of retained earnings	3,579	3,532	(47)
Cash dividends	1,240	826	(414)
[per share]	[19.50 yen]	[13.00 yen]	[6.50 yen]
Bonuses to directors and corporate auditors	85	106	20
[including bonuses to corporate auditors]	[2]	[3]	[0]
Reserve for special depreciation	53	-	(53)
Special reserve	2,200	2,600	400
Retained earnings carried forward	363	370	7

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, 2004, the Company appropriated 1,621 million yen for interim dividends (25.50 yen per share).

Net Sales by Division and Proportion to the Total

(Millions of yen)

Division \ Period	Previous Period (From April 1, 2003 To March 31, 2004)		Current Period (From April 1, 2004 To March 31, 2005)		Change in Amount	Ratio of change
	Amount	Ratio	Amount	Ratio		
		%		%		%
Medical division	76,179	71.8	78,027	72.4	1,847	2.4
Pharmaceutical division	16,018	15.1	16,540	15.3	522	3.3
Glass & Materials division	11,919	11.2	11,827	11.0	(92)	(0.8)
Other	2,002	1.9	1,365	1.3	(636)	(31.8)
Total	106,119	100.0	107,760	100.0	1,640	1.5
[including Exports]	[33,106]	31.2	[36,510]	33.9	[3,403]	10.3

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

	(Previous period)	(Current period)
Acquisition price equivalent	899 mil. yen	960 mil. yen
Accumulated depreciation equivalent	612	606
Book value equivalent	286	353
Lease commitments		
Due within one year	159 mil. yen	181 mil. yen
Due after over one year	245	301
Total	405	483
Lease payments	205 mil. yen	218 mil. yen
Depreciation equivalent	184	218
Interest expense equivalent	10	11

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 Financial Statements

(Balance Sheet)

	(Previous period)	(Current period)
1. Accumulated depreciation of tangible fixed assets	45,250 mil. yen	46,774 mil. yen
2. Balances with related companies		
Short-term receivables	8,872 mil. yen	10,111 mil. yen
Long-term receivables	18,791	14,639
Short-term payables	10,196	9,801
3. Pledged assets		
Buildings	5,590 mil. yen	5,161 mil. yen
Land	2,714	2,714
4. Obligations under guarantee contracts	15,657 mil. yen	15,209 mil. yen
5. Obligations as a co-surety	1,917 mil. yen	1,666 mil. yen
6. Notes receivable discounted	51 mil. yen	76 mil. yen
7. Number of treasury shares		
Common share	264,938 shares	312,968 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)

	(Previous Period)	(Current Period)
1. Amounts of transactions with related companies		
Sales	13,977 mil. yen	16,698 mil. yen
Purchases	29,399	30,479
Other operational transactions	133	178
Non-operational transactions	1,135	335
2. Research and development expenses included in selling, general and administrative expenses	2,316 mil. yen	2,594 mil. yen

(Securities)

As of March 31, 2004 and 2005, 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

	Current Period (as of March 31, 2005)
Deferred tax assets (current)	
Disallowed accrued enterprise tax	263 mil. yen
Disallowed accrued bonuses	261
Disallowed accounts receivable	360
Others	29
Gross deferred tax assets (current)	914
Offset with deferred tax liabilities (current)	(29)
Net deferred tax assets (current)	884
Deferred tax liabilities (current)	
Reserve for special depreciation	29 mil. yen
Gross deferred tax liabilities (current)	29
Offset with deferred tax assets (current)	(29)
Net deferred tax liabilities (current)	-
Deferred tax assets (fixed)	
Valuation difference of land	149 mil. yen
Difference in recorded amount of stock of related company	193
Loss on devaluation of stock of related company	68
Excess of allowance for doubtful accounts over tax-allowable amount	102
Excess of accrued pension and severance cost over tax-allowable amount	623
Disallowed loss from bad debt	117
Others	28
Gross deferred tax assets (fixed)	1,282
Offset with deferred tax liabilities (fixed)	(1,282)
Net deferred tax assets (fixed)	-
Deferred tax liabilities (fixed)	
Reserve for special depreciation	68 mil. yen
Valuation differences of other securities	7,246
Gross deferred tax liabilities (fixed)	7,315
Offset with deferred tax assets (fixed)	(1,282)
Net deferred tax liabilities (fixed)	6,032

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

The 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

N/A