Consolidated Financial Statements

May 19, 2006

For the year ended March 31, 2006

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 19, 2006
Name of related company: Sanri Kosan Co., Ltd. (Code no: N/A)
Percentage of voting rights of Nipro Corporation held by related company: 20.6%
Adoption of U.S. GAAP: N/A

1. Consolidated Results for the Year ended March 31, 2006 (From April 1, 2005 to March 31, 2006)

(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, 2006	206,801	7.5	12,331	18.5	12,228	40.8
Year ended March 31, 2005	192,320	1.9	10,404	(17.1)	8,685	(8.9)

	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, 2006	4,512	(0.1)	69.57	-	4.3	3.9	5.9
Year ended March 31, 2005	4,518	7.2	69.37	-	4.7	3.0	4.5

Notes: 1. Equity in loss of affiliate: Year ended March 31, 2006: (702) million yen Year ended March 31, 2005: (741) million yen
2. The weighted average number of outstanding shares for the period (consolidated) :
Year ended March 31, 2006: 63,548,846 shares Year ended March 31, 2005: 63,596,799 shares
3. Change in accounting method: Adopted
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, 2006	338,740	112,390	33.2	1,767.69
Year ended March 31, 2005	293,748	96,700	32.9	1,519.58

Note: The number of outstanding shares at the end of the period (consolidated):
Year ended March 31, 2006: 63,528,916 shares Year ended March 31, 2005: 63,565,537 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, 2006	6,701	(27,555)	15,712	49,914
Year ended March 31, 2005	17,375	(12,627)	7,088	53,734

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

Number of consolidated subsidiaries: 19
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: 4 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, 2007 (From April 1, 2006 to March 31, 2007)

	Net Sales	Recurring Income	Net Income
	Millions of yen	Millions of yen	Millions of yen
Six months ending Sept. 30, 2006	104,000	4,800	2,250
Year ending March 31, 2007	212,000	11,400	6,000

(Reference) Projected earnings per share for the year ending March 31, 2007: 93.01 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 7.

Corporate Group

Our group consists of the Reporting Company ("the Company"), its 22 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 Equipment Division>

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

Overseas: Nipro (Thailand) Corporation Ltd. (Thailand), 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.

Nipro Europe N.V. (Belgium), Nipro Medical Corporation (U.S.A.), and Nipro Asia Pte. Ltd. (Singapore) sell medical equipment etc. in the areas of their locations.

Nipro Diabetes Systems, Inc. (U.S.A.) develops and sells diabetes-related products such as insulin pump.

<Pharmaceutical Division>

The Company, Nipro Pharma Corporation and Nipro Genepha Corporation manufacture and sell pharmaceutical products. Tohoku Nipro Pharmaceutical Corporation manufactures 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. 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 operates supermarkets in the Keihanshin region, selling fresh produce, etc.

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

<Other>

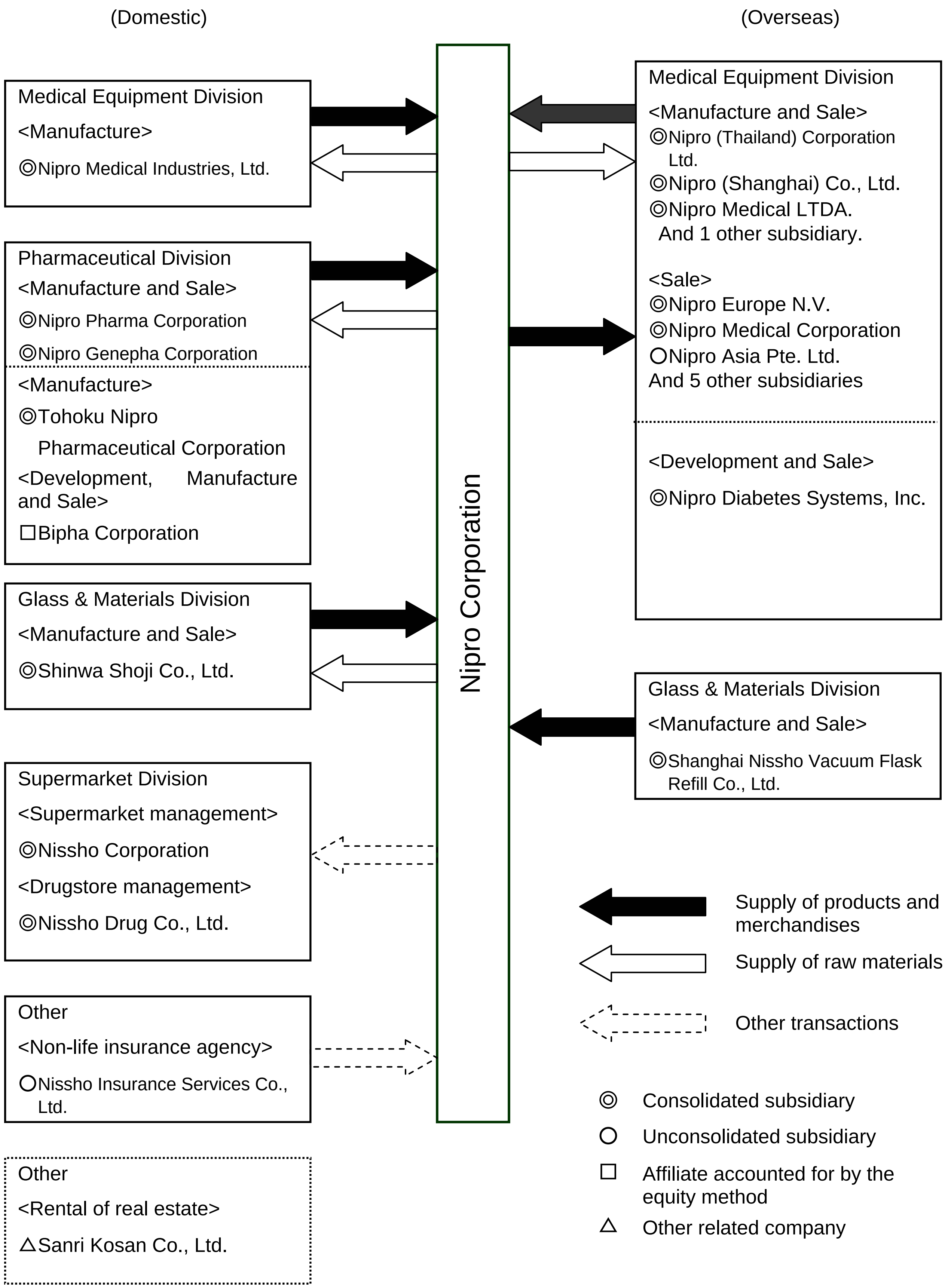
The Company manufactures (purchases, in some cases) and sells machinery for manufacture of medical equipment, etc.

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 Equipment Division
<Manufacture>
◎Nipro Medical Industries, Ltd.
Pharmaceutical Division
<Manufacture and Sale>
◎Nipro Pharma Corporation
◎Nipro Genepha Corporation
<Manufacture>
◎Tohoku Nipro Pharmaceutical Corporation
<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 Equipment Division
<Manufacture and Sale>
◎Nipro (Thailand) Corporation Ltd.
◎Nipro (Shanghai) Co., Ltd.
◎Nipro Medical LTDA.
And 1 other subsidiary.
<Sale>
◎Nipro Europe N.V.
◎Nipro Medical Corporation
○Nipro Asia Pte. Ltd.
And 5 other subsidiaries
<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 medicals 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.

In terms of the payment of dividends after the enforcement of corporate law in Japan (2006/5/1), we will pay at the end of the interim period and at the end of the fiscal year, as before.

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.

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 Equipment, 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 Equipment 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, focus on development of products that would hold the leading share, and expand aggressively the business of generic products as a manufacturer.

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, different from manufacturing business which can create a big hit, there is no expectation of explosive growth, but on the other hand, supermarket business is also one of the essential business to the consumer public. We will endeavor to understand varieties of consumers' needs, focus on making our stores familiar to and loved by our customers, and expand community-based stores.

6. Issues and Challenges that the Group Faces

In the domestic business of the Medical Equipment division, we will focus on dialysis-related products. such as dialyzers, blood tubing sets, and dialysis machines. 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 nutrition infusion related products.

With regard to the cardiovascular products, we will enlarge the product line-up by introducing new products such as PTCA balloon and stent, 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.

In the international business, we have been exposed to the pretty severe surroundings because of tough competition to grab market share in addition to the reduction of medical expenses in many countries. Recently medical business has been changing its confirmation and our distribution system. We are facing the necessity to sell and supply integrated products in more combinations on each patient's demands. We manufacture and sell such varieties of dialysis-related products that we can react positively to this new market situation. Under such circumstances we understand necessity to improve our distribution system, therefore we open more branches and keep trying to expand direct selling net work. We give priority to better service leading to our customers' satisfaction. With the establishment of medical service system in developing countries, we will endeavor to provide our service in right consideration of time place and occasion, and strengthen sales promotion. In terms of artificial organ products, we particularly endeavor to develop and sell artificial hearts aggressively in overseas countries. In the Medical Equipment division, we generally promote to develop and sell more products of measures for safety.

In the pharmaceutical division, we aims to increase in product numbers of our kit products such as "liquid-and-powder" double-bag kits of antibiotics and pre-filled syringes, as well as to improve the products including prevention measures of malpractice.

In terms of oral drugs, while we increase our own generic products to a large extent, we focus on the co-development of oral drugs. Furthermore we intend to develop pharmaceutically contrived products, for instance, drugs with prominent easiness to drink. In addition, we will make efforts for early realization 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 the overseas market and production of the glass pre-filled syringes. In terms of the glass for lighting purposes, we will strive to increase sales of glass materials for LCD backlights and glass-related products in the situation of expanding business of FPD (Flat Panel Display).

In the Supermarket division, we state the principle based on the "customers' satisfaction", promote the management of respective distinctiveness, by means of expanding variety of commodities on customers' demands and improving management with the participation by all members of staff. As a result, we aim at locally dominating stores in each area with the differentiation from other competitors.

We strive to generate more profit by renovation of existing stores, adopt the LSP (Labor Scheduling Program) to improve the operating efficiency.

In terms of drugstores, we will endeavor to improve the profitability and enhance the specialty of healthcare section in order to overcome severe competitions in the market.

7. Parent or Related Company

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

(As of March 31, 2006)

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

Since the company does not belong to the group of Sanri Kosan Co., Ltd., the company is never influenced by Sanri Kosan Co., Ltd., in terms of any business or personal relationship. Sanri Kosan Co., Ltd. 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 be slowly recovering led by robust capital investments and individual consumption due to the improvement of corporate earnings. Unpredictable business environment, however, has been in progress due to decelerating global economy and jump in crude oil price as well as signs of a weak U.S. dollar in the foreign exchange market.

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 7.5% from the previous period to 206,801 million yen, operating income increased by 18.5% to 12,331 million yen and recurring income increased by 40.8% to 12,228 million yen. Net income, however, decreased by 0.1% to 4,512 million yen due to the increase in extraordinary loss resulted from recording a loss on impairment of fixed assets.

The results by segments were as follows:

a. Medical Equipment division

In the domestic business, its environment remained severe due to various factors such as increasingly intensifying marketing battle and price competition led by the government promotion of holding down medical costs and acceleration of joint purchase for consumables among medical institutions.

Under such 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.

In the international business, our reinforcement of foreign sales bases resulted in acceptable performance. OEM business have showed firm growth, and on the other hand, sales of Nipro-branded products have also made a good progress to reach the level of sales of OEM business. In the field of dialysis-related products, we had a tough time in the U.S. market since our sales were influenced by takeover and grouping of the enterprises. In the other area, however, we have seen steady growth. We are sure that our steady growth resulted from our achievement of a high reputation for the quality of our products including excellent biocompatibility. While the dialysis industry has come to oligopoly, we have increased in our sales of dialyzer because we have produced and sold our dialyzer made of a unique materials different from competitor's. Additionally, we intended to increase our share in the synthetic type membrane dialyzer by launching the products with improved quality. We also strove to increase sales of safety medical equipment and our injection-related products were running well.

As a result, net sales of this division increased by 10.1% from the previous period to 90,868 million yen.

b. Pharmaceutical division

In the Pharmaceutical division, the environment of market also remained very severe, due to the governmental controls to suppress medical costs such as promotion of diagnosis-procedure combination (DPC) 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 “liquid-and-powder” double-bag kits, pre-filled syringe kits, and injectables in plastic-ampoules. In addition, as from the year ended March 31, 2006, Nipro Genepha Corporation and Tohoku Nipro Pharmaceutical Corporation were included in the consolidated financial statements.

As a result, net sales of this division increased by 34.4% to 35,219 million yen.

c. Glass & Materials division

In the filed of glass for pharmaceutical purposes, sales of glass tubes for ampoule decreased due to the impact of the change of container forms, but then sales of glass for tube bottle increased due to the steady sales of big size products such as a nursing bottle. In the field of other glass & materials item, though sales of glass for vacuum bottle decreased in domestic, sales of glass for lighting purpose such as small electric bulbs for automobiles, small electric bulbs and glass for LCD backlight made a good progress.

As a result, net sales of this division increased by 2.3% to 11,933 million yen.

d. Store division

In the retailing sectors, despite a gradual recovery trend in Japanese economy, its environment remained relatively grim with limited recovery in individual consumption.

Under such circumstances, in the field of Supermarket, we set “improvement of customer satisfaction” as the top priority issue, and endeavored to improve profitability by the measures such as promotion of information-sharing by strengthening of communication, improvement of selling places by introducing suggestion system, customer retention by utilization of data of card member, reinforcement of weekly management and shutting down unprofitable stores. Net sales of supermarket business, however, decreased due to the above factors.

As regards drugstores, though our efforts to improve its profit resulted in increase of profit, sales of this business slightly decreased due to the shutting down some stores at the end of the previous fiscal year and the restraint in opening new stores.

As a result, net sales of this division decreased by 5.1% to 67,261 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 37.9% to 1,518 million yen.

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

The business environment is anticipated to remain severe, as there is a concern about such as jump in crude oil prices, rise in interest rates and drastic decline of U.S. dollar.

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, 2007, we project the consolidated net sales of 212,000 million yen (increase by 2.5% compared with the previous period), recurring income of 11,400 million yen (decrease by 6.8%), and net income of 6,000 million yen (increase by 33.0%).

Projections on net sales by segments are as follows:

Medical Equipment division:	93,800 million yen	(increase by 3.2%),
Pharmaceutical division:	39,600 million yen	(increase by 12.4%)
Glass & Materials division:	11,500 million yen	(decrease by 3.6%)
Store division:	65,500 million yen	(decrease by 2.6%)
Other division:	1,600 million yen	(increase by 5.4%)

(3) Matters related to Appropriation of Earnings

Annual dividends are calculated to be 37.50 yen per share, in accordance with the 50% pay-out ratio as a criterion. As we already paid interim dividends of 16.00 yen per share, year-end dividends are to be 21.50 yen per share; this will be proposed to the Company’s 53rd 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 44,992 million yen from the end of the previous period to 338,740 million yen. Current assets increased by 10,498 million yen to 145,863 million yen, and fixed assets increased by 34,493 million yen to 192,877 million yen. Main reason for the increase in current assets was that trade notes and accounts receivable and inventories increased, and main reason for the increase in fixed assets was that tangible fixed assets and investment securities increased.

On the other hand, liabilities increased by 29,297 million yen to 224,737 million yen. Current liabilities increased by 15,043 million yen to 111,285 million yen, and fixed liabilities increased by 14,254 million yen to 113,452 million yen. Main reason for the increase in current liabilities was that currento portion of bonds increased, and main reason for the increase in fixed liabilities was that deferred tax liabilities increased.

Shareholders' equity increased by 15,690 million yen to 112,390 million yen. In this section, earned surplus increased by 2,364 million yen to 34,545 million yen and valuation differences of other securities increased by 12,804 million yen to 25,563 million yen.

As for cash flows for the period, net cash provided by operating activities was 6,701 million yen, net cash used in investing activities was 27,555 million yen, and net cash provided by financing activities was 15,712 million yen, and as a result, cash and cash equivalents increased to 49,914 million yen.

Net cash provided by operating activities mainly reflected net income before adjustment of taxes and amortization. Net cash used in investing activities reflected the payments for acquisition of fixed assets for 20,359 million yen, and net cash provided by financing activities was mainly from the proceeds from issuance of bonds for 14,922 million yen.

(2) Trend of the cash flow indicators

	The 50th period Year ended March 31, 2003	The 51st period Year ended March 31, 2004	The 52nd period Year ended March 31, 2005	The 53rd period Year ended March 31, 2006
Shareholders’ equity ratio (%)	33.0	33.9	32.9	33.2
Ratio of market value of shareholders’ equity (%)	45.7	35.5	38.3	33.9
Debt redemption (years)	21.7	7.3	7.1	21.1
Interest coverage ratio	3.1	9.4	10.3	4.6

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.

(CAUTION)

The statements of Target management Indicators, Management Strategies and Prospects for the Fiscal Year Ending March 31, 2006 on this report are based on information available as of the issuing date of this report. They certainly includes potential risks and uncertainties, therefore actual results and prospects may considerably differ from the projected figures and the statements on this report due to various factors.

Consolidated Balance Sheets

(Unit: Millions of yen)

Account \ Period	Previous Period (as of March. 31, 2005) Amount	Ratio	Current Period (as of March 31, 2006) Amount	Ratio	Change in amount
(ASSETS)		%		%	
Current Assets	135,365	46.1	145,863	43.1	10,498
Cash on hand and in banks	56,153		53,395		(2,757)
Trade notes and accounts receivable	40,144		45,794		5,649
Inventories	33,649		40,558		6,909
Deferred tax assets	2,203		2,151		(52)
Other current assets	3,423		4,320		897
Allowance for doubtful accounts	(209)		(357)		(148)
Fixed Assets	158,383	53.9	192,877	56.9	34,498
Tangible fixed assets	98,788	33.6	106,195	31.3	7,407
Buildings and structures	40,718		43,245		2,527
Machinery, equipment and vehicles	23,990		26,955		2,964
Land	22,839		23,079		240
Construction in progress	7,232		8,210		978
Others	4,007		4,704		696
Intangible fixed assets	941	0.3	1,292	0.4	350
Consolidation adjustments	2		111		108
Others	939		1,180		241
Investments and other assets	58,653	20.0	85,389	25.2	26,736
Investment securities	41,706		68,313		26,606
Long-term loans receivable	2,459		2,405		(54)
Deferred tax assets	238		431		193
Lease deposits	11,513		11,003		(510)
Other assets	3,465		4,021		555
Allowance for doubtful accounts	(730)		(784)		(53)
Total Assets	293,748	100.0	338,740	100.0	44,992

(Notes)

	(Previous period)	(Current Period)
1.Accumulated depreciation of tangible fixed assets	96,758 mil.yen	106,320 mil.yen
2.Discounted notes receivable	76 〃	223 〃
3.Obligations under guarantee contracts	2,183 〃	1,638 〃
4.Pledged assets	16,500 〃	17,078 〃

Consolidated Balance Sheets

(Unit: Millions of yen)

Account \ Period	Previous Period (as of March. 31, 2005) Amount	Ratio	Current Period (as of March 31, 2006) Amount	Ratio	Change in amount
(LIABILITIES)		%		%	
Current liabilities	96,241	32.7	111,285	32.8	15,043
Trade notes and accounts payable	29,084		31,424		2,340
Short-term borrowings	40,443		44,174		3,730
Current portion of bonds	3,000		10,020		7,020
Other payables	4,614		4,626		11
Accrued income taxes	3,493		3,331		(161)
Allowance for bonuses payable	1,405		1,606		200
Notes payable for plant and equipment	2,936		2,719		(217)
Commercial paper	7,000		9,000		2,000
Others	4,262		4,382		119
Fixed liabilities	99,198	33.8	113,452	33.5	14,254
Bonds	26,000		31,030		5,030
Convertible type bonds with stock acquisition rights	14,000		14,000		-
Long-term borrowings	46,183		47,038		855
Deferred tax liabilities	6,753		15,054		8,301
Accrued pension and severance cost	2,867		2,978		110
Other fixed liabilities	3,393		3,350		(43)
Total liabilities	195,439	66.5	224,737	66.3	29,297
(MINORITY INTERESTS)					
Minority interests	1,608	0.6	1,612	0.5	3
(SHAREHOLDERS' EQUITY)					
Capital	28,663	9.8	28,663	8.5	-
Capital surplus	29,972	10.2	29,972	8.9	-
Earned surplus	32,181	10.9	34,545	10.2	2,364
Valuation differences of other securities	12,759	4.3	25,563	7.5	12,804
Foreign currency translation adjustments	(6,289)	(2.1)	(5,705)	(1.7)	584
Treasury stock	(586)	(0.2)	(648)	(0.2)	(62)
Total shareholders' equity	96,700	32.9	112,390	33.2	15,690
Total liabilities, minority interests, and shareholders' equity	293,748	100.0	338,740	100.0	44,992

(Notes)

	(Previous period)	(Current period)
5. Number of treasury shares		
Common share	312,968 shares	349,589 shares
6. Accounts related to unconsolidated subsidiaries and affiliate companies		
Investment securities (stock)	5,406 mil. yen	4,094 mil. yen
Investments other than stock	23 〃	23 〃

Consolidated Statements of Income

(Unit: Millions of yen)

Account \ Period	Previous Period (From April 1, 2004 To March 31, 2005) Amount	Ratio	Previous Period (From April 1, 2005 To March 31, 2006) Amount	Ratio	Change in amount
		%		%	
Net sales	192,320	100.0	206,801	100.0	14,481
Cost of goods sold	140,072	72.8	149,971	72.5	9,899
Gross profit	52,247	27.2	56,829	27.5	4,581
Selling, general and administrative expenses	41,843	21.8	44,497	21.5	2,654
Operating income	10,404	5.4	12,331	6.0	1,927
Non-operating income	849	0.4	2,705	1.3	1,856
Interest income	124		179		54
Dividend income	204		508		304
Exchange gain	173		1,475		1,301
Others	346		541		195
Non-operating expenses	2,567	1.3	2,808	1.4	240
Interest expenses	1,594		1,552		(42)
Equity in loss of affiliate	741		702		(38)
Others	231		553		321
Recurring income	8,685	4.5	12,228	5.9	3,543
Extraordinary gains	1,245	0.6	201	0.1	(1,043)
Gain on sale of fixed assets	21		112		91
Reversion of allowance for doubtful accounts	52		10		(42)
Gain on sale of investment securities	1,108		15		(1,092)
Others	63		63		(0)
Extraordinary losses	1,271	0.6	3,369	1.6	2,097
Loss on sale and disposal of fixed assets	368		497		128
Impairment loss on fixed assets	-		1,997		1,997
Loss on disposal of inventories	167		195		27
Abnormal manufacturing cost	344		158		(185)
Amortization of transitional difference from change in accounting standards of pension and severance benefits	76		-		(76)
Retirement allowance	-		113		113
Cost of re-edition	-		100		100
Others	314		307		(7)
Net income before adjustment of taxes	8,659	4.5	9,060	4.4	401
Corporate, inhabitants and enterprise taxes	4,900	2.5	5,240	2.5	340
Adjustment for deferred taxes	(653)	(0.3)	(540)	(0.2)	112
Minority shareholders' share in net loss of consolidated subsidiaries	106	0.1	151	0.1	45
Net income	4,518	2.4	4,512	2.2	(6)

(Notes)

Research and development expenditure included in Selling, general and administrative expenses and manufacturing cost.

(Previous period) 3,422 mil yen　　(Current period) 3,760 mil yen

Consolidated Statements of Surplus

(Unit: Millions of yen)

Account \ Period	Previous Period (From April 1, 2004 To March 31, 2005) Amount	Previous Period (From April 1, 2005 To March 31, 2006) 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	30,610	32,181	1,571
Increase in earned surplus	4,520	4,512	(7)
Net income	4,518	4,512	(6)
Increase in surplus due to inclusion of new subsidiary in consolidation	1	-	(1)
Decrease in earned surplus	2,949	2,148	(800)
Dividends	2,862	1,843	(1,018)
Bonuses to directors and corporate auditors	86	107	20
[including bonuses to corporate auditors]	[2]	[3]	[0]
Loss on disposal of treasury stock	-	0	0
Decrease in surplus due to inclusion of new subsidiary in consolidation	-	197	197
Ending balance of earned surplus	32,181	34,545	2,364

Consolidated Statements of Cash Flows

(Unit: Millions of yen)

Account \ Period	Previous Period (From April 1, 2004 To March 31, 2005) Amount	Previous Period (From April 1, 2005 To March 31, 2006) Amount	Change in amount
Cash flows from operating activities			
Net income before adjustment for taxes	8,659	9,060	401
Depreciation and amortization	10,265	12,315	2,049
Impairment loss on fixed assets	-	1,997	1,997
Amortization of consolidation adjustments	51	27	(23)
Equity in loss of affiliate	741	702	(38)
Increase (decrease) in allowance for doubtful accounts	57	131	74
Interest and dividend income	(329)	(688)	(358)
Interest expenses	1,594	1,.552	(42)
Exchange loss (gain)	413	(1,377)	(1,790)
Decrease (increase) in trade receivables	1,329	(4,893)	(6,223)
Decrease (increase) in inventories	(1,158)	(5,754)	(4,595)
Increase (decrease) in trade payables	76	1,118	1,041
Decrease (increase) in other assets	(191)	(1,371)	(1,180)
Increase (decrease) in other liabilities	1,160	(599)	(1,760)
Bonuses to directors and corporate auditors	(86)	(107)	20
Other non-operating income/expenses and extraordinary gains/losses	(591)	514	1,106
Subtotal	21,992	12,628	(9,364)
Interest and dividends received	249	702	453
Interest paid	(1,681)	(1,467)	213
Other revenues	647	1,103	456
Other expenditures	(759)	(597)	161
Income taxes paid	(3,072)	(5,667)	(2,594)
Cash flows from operating activities	17,375	6,701	(10,673)
Cash flows from investing activities			
Deposits in time deposits	(4,058)	(5,067)	(1,008)
Proceeds from matured time deposits	4,622	4,244	(377)
Payments for purchases of securities	(120)	(9,504)	(9,384)
Proceeds from sales of securities	1,737	3,125	1,388
Payments for acquisition of new consolidated subsidiary	-	(26)	(26)
Payments for acquisition of fixed assets	(15,070)	(20,359)	(5,288)
Proceeds from sales of fixed assets	206	375	169
Lending of loans	(2)	(1,421)	(1,419)
Collections of loans receivable	57	1,144	1,087
Expenditures for other investments	-	(67)	(67)
Revenues from other investments	0	0	(0)
Cash flows from investing activities	(12,627)	(27,555)	(14,927)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	1,483	2,888	1,404
Net increase (decrease) in commercial paper	500	2,000	1,500
Proceeds from long-term borrowings	24,599	13,384	(11,215)
Repayment of long-term borrowings	(9,144)	(12,260)	(3,116)
Proceeds from issuance of bonds	2,979	14,922	11,942
Payments for redemption of bonds	(10,000)	(3,020)	6,980
Payments for issuance of new stock	-	(11)	(11)
Proceeds from disposal of treasury stock	-	1	1
Payments for acquisitions of treasury stock	(80)	(63)	16
Proceeds from sale and lease back	-	69	69
Repayments of finance lease obligations	(391)	(356)	35
Payments for dividends	(2,858)	(1,840)	1,017
Cash flows from financing activities	7,088	15,712	8,623
Effect of exchange rate changes on cash and cash equivalents	(349)	1,180	1,530
Increase (decrease) in cash and cash equivalents	11,486	(3,961)	(15,447)
Balance of cash and cash equivalents at the beginning of the period	42,228	53,734	11,505
Increase in cash and cash equivalents due to inclusion of new subsidiary in consolidation	19	141	121
Balance of cash and cash equivalents at the end of the period	53,734	49,914	(3,820)

Basis of Preparation for the Consolidated Financial Statements

1. Scope of Consolidation

   1) Consolidated subsidiaries: 19

      - Nipro Medical Industries, Ltd.
      - Fuzhou Nipro Co., Ltd.
      - Nipro Medical LTDA.
      - Nipro Medical Corporation
      - Nipro Medical Panama S.A.
      - Nipro Medical of Puerto Rico, Inc
      - Nipro Pharma Corporation
      - Nipro Genepha 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.
      - OOO Nipro Medical
      - Tohoku Nipro Pharmaceutical Corporation
      - Shinwa Shoji Co., Ltd..
      - Nissho Corporation

      Nipro Medical Puerto Rico, Inc and OOO Nipro Medical were included in consolidation due to new foundation, Tohoku Nipro Pharmaceutical Corporation was due to the company's acquisition of the stocks, and Nipro Genepha Corporation was due to the increase of its importance.

      Note: Takeshima Pharmaceutical Co., Ltd amended its corporate name to Nipro Genepha Corporation on April 1, 2005.

   2) Unconsolidated subsidiaries: 3

      The unconsolidated subsidiaries, Nissho Insurance Services Co., Ltd., Nipro Asia Pte. Ltd., 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 3 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), Nipro Medica de Mexico S.A. DE C.V. (Mexico), Nipro medical Puerto Rico (Puerto Rico) and OOONipro Medical(Russia) close their accounts on March 31. Consolidated 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 foreign subsidiaries use straight-line method in accordance with the tax laws of their countries.

3) Accounting method for deferred assets

Stock issue cost and 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 collectability.

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.

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 are excluded from revenues and expenses accounts.

5. Range of cash and cash equivalent carried on the consolidated cash flow statement.

Cash and cash equivalent carried on the cash flow statement consist of cash on hand, cash in banks that is able to withdraw as needed, and short-term investment that will be matured within three months after acquisition, easy to be converted into cash without much risks from fluctuation of prices.

(Change in Accounting Method)

Impairment accounting for fixed assets

Since the current financial period, we have adopted "the Opinions on Accounting Standard for Impairment of Fixed Assets" (issued by the Business Accounting Council of Japan on August 9, 2002) and "Guidelines for application of Accounting Standard for Impairment of Fixed Assets" (Accounting Standard Board Guideline No.6 issued by the Financial Accounting Standards Board of Japan on October 31, 2003) The application of the new accounting standard reduced net income before adjustment of taxes by 1,997 million yen, compared to the previous accounting method. Accumulated impairment loss is deducted directly from each relevant asset in accordance with the revised Regulations for annual Consolidated

Financial Statement.

(Notes to the Financial Statements)

Loss on Impairment of Fixed Assets

We, the Nipro group, recognized impairment loss on the following assets in this financial period.

Use	Type	Location	Amount of loss (Millions of yen)
Store	Buildings & structures, etc	4 sites in Hyogo pref.	716
Store	Buildings & structures, etc	8 sites in Osaka pref.	505
Leased asset	Land & buildings, etc	6 sites in Osaka pref.	259
Leased asset	Land & buildings, etc	4 sites in Niigata pref. etc	484
Idle asset	Land	1 site in Kagoshima pref.	31
		Total	1,997

We categorize its assets principally into the groups of assets for business use, leased assets, idle assets, and assets for common use. The assets for business use are classified into groups on which separate financial information is reported for management accounting purposes and individual store, whereas leased assets and idle assets are individually categorized. Headquarters assets, R&D facilities, dormitory and company-offered houses are categorized into assets for common use, since these assets can not generate cash flow in itself.

The book value of assets whose land had significantly depreciated, or which incurred consecutive operating losses were reduced to recoverable amount, and such deducted amount was recorded as loss on impairment of fixed assets of 1,997 million yen in the extraordinary loss section. The loss on impairment of fixed assets consisted of loss on buildings of 1,514 million yen, on structures of 34 million yen, on machinery and equipment of 8 million yen, and on land of 440 million yen. The recoverable amount of such asset groups are measured by their net realizable value of assets. Relevant assets were evaluated based on the real estate appraisal standards or on the price of the land fronting major roads for the immaterial assets. The asset groups which were difficult to sell or which could not be used for other purpose, however, were evaluated as a minimum unit price. Some of the leased assets belonging to the supermarket segment were evaluated at the utility value, which was computed with future cash flows discounted by 4.4%.

(Related Party Transactions)

N/A

(Derivative Transactions)

N/A

(Segment information)

1. Segment information by business category

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

	Medical Equipment	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

(2) Current period (From April 1, 2005 to March 31, 2006) (Millions of yen)

	Medical Equipment	Pharma-ceutical	Glass & Materials	Super-market	Other	Total	Eliminations /Corporate	Consolidated
1. Net sales and operating income Net sales								
(1) Sales to third parties	90,868	35,219	11,933	67,261	1,518	206,801	-	206,801
(2) Inter-segment sales and transfers	0	-	3,401	35	516	3,953	(3,953)	-
Total	90,868	35,219	15,335	67,296	2,035	210,755	(3,953)	206,801
Operating expenses	77,438	33,108	13,499	66,718	1,506	192,271	2,197	194,469
Operating income	13,429	2,111	1,835	577	528	18,483	(6,151)	12,331
2. Assets, depreciation and capital expenditures Assets	98,092	68,869	16,188	39,245	1,238	223,634	115,106	338,740
Depreciation	4,489	5,607	608	995	5	11,707	607	12,315
Impairment loss	31	-	-	1,490	475	1,997	-	1,997
Capital expenditures	8,959	10,621	233	348	19	20,182	691	20,874

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 and commodities
Medical Equipment	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 5,188 million yen and 6,151 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 93,563 million yen and 115,320 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, 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

(2) Current period (From April 1, 2005 to March 31, 2006) (Millions of yen)

	Japan	America	Europe	Asia	Total	Eliminations /Corporate	Consolidated
1. Net sales and operating income Net sales							
(1) Sales to third parties	184,154	14,682	6,312	1,652	206,801	-	206,801
(2) Inter-segment sales and transfers	15,829	450	4	10,803	27,088	(27,088)	-
Total	199,983	15,132	6,317	12,455	233,890	(27,088)	206,801
Operating expenses	181,129	15,710	6,558	11,597	214,996	(20,526)	194,469
Operating income (loss)	18,854	(577)	(241)	858	18,893	(6,562)	12,331
2. Assets	201,235	11,814	3,537	19,738	236,325	102,415	338,740

Notes:
1. Operating expenses of "Eliminations and Corporate" for the previous and current consolidated accounting periods included unallocated corporate costs of 5,188 million yen and 6,151 million yen, respectively. The unallocated corporate costs consisted primarily of the parent company's research and development costs and the headquarters administration costs.
2. Assets of "Eliminations/Corporate" for the previous and current consolidated accounting periods included corporate assets of 93,563 million yen and 115,320 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. Classification of countries or areas is based on geographical proximity.
4. 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. Overseas sales

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

	America	Europe	Asia	Total
1. Overseas sales	23,128	13,606	5,232	41,966
2. Consolidated net sales				192,320
3. Percentage of overseas sales to consolidated net sales (%)	12.0%	7.1%	2.7%	21.8%

(2) Current period (From April 1, 2005 to March 31, 2006) (Millions of yen)

	America	Europe	Asia	Total
1. Overseas sales	28,876	14,073	6,407	49,358
2. Consolidated net sales				206,801
3. Percentage of overseas sales to consolidated net sales (%)	14.0%	6.8%	3.1	23.9%

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.

(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	7,237 mil.yen	4,498 mil.yen
Accumulated depreciation equivalent	4,939 〃	3,220 〃
Book value equivalent	2,297 〃	1,277 〃
Lease commitments		
Due within one year	1,304 mil.yen	545 mil.yen
Due after over one year	983 〃	653 〃
Total	2,287 〃	1,198 〃
Lease payments	1,317 mil.yen	940 mil.yen
Depreciation equivalent	1,091 mil.yen	757 mil.yen
Interest expense equivalent	104 mil.yen	65 mil.yen

Method of calculation of depreciation equivalent

For the tangible fixed assets, ten ninths 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.

(Deferred Taxes)

1. Major components of deferred tax assets and liabilities

	Current period (as of March 31, 2006)
Deferred tax assets (current)	
Elimination of unrealized profits	647 mil. yen
Disallowed accrued enterprise tax	281
Disallowed accrued bonuses	652
Disallowed accounts receivable	198
Excess of inventory book value over tax basis	153
Tax loss carryforwards	252
Others	100
Subtotal	2,286
Allowance account	(98)
Gross deferred tax assets (current)	2,187
Offset with deferred tax liabilities (current)	(35)
Net deferred tax assets (current)	2,151
Deferred tax liabilities (current)	
Reserve for special depreciation	23 mil. yen
Others	12
Gross deferred tax liabilities (current)	35
Offset with deferred tax assets (current)	(35)
Net deferred tax liabilities (current)	-
Deferred tax assets (fixed)	
Impairment loss	653 mil. yen
Valuation difference of land	149
Excess of allowance for doubtful accounts over tax-allowable amount	153
Excess of accrued pension and severance cost over tax-allowable amount	1,172
Disallowed loss from bad debt	117
Tax loss carryforwards	1,891
Others	75
Subtotal	4,211
Allowance account	(1,875)
Gross deferred tax assets (fixed)	2,335
Offset with deferred tax liabilities (fixed)	(1,904)
Net deferred tax assets (fixed)	431
Deferred tax liabilities (fixed)	
Valuation differences of other securities	16,859 mil. yen
Others	99
Gross deferred tax liabilities (fixed)	16,959
Offset with deferred tax assets (fixed)	(1,904)
Net deferred tax liabilities (fixed)	15,054

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	2.3
Permanently non-taxable items such as dividends received	(0.3)
Unrecognized tax benefits of loss-making subsidiaries	11.6
Per capita charges of inhabitants taxes	2.1
Unrecognized tax benefits of equity in loss of affiliate	3.1
Tax credits on research and development expenses, etc.	(4.5)
Utilization of tax loss carryforwards	(3.3)
Others	0.4
Effective tax rate after adoption of tax-effect accounting	51.9

(Securities)

1. Other securities with market quotations

(Unit: Millions of yen)

Classification	Previous period (as of March 31, 2005)			Current period (as of March 31, 2006)		
	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	11,775	31,800	20,024	21,157	62,675	41,517
Bonds	-	-	-	-	-	-
Others	-	-	-	88	108	20
Subtotal	11,775	31,800	20,024	21,246	62,783	41,537
Securities whose carrying value do not exceed their acquisition cost						
Stock	11	9	(1)	-	-	-
Bonds	-	-	-	-	-	-
Others	60	54	(5)	-	-	-
Subtotal	71	64	(7)	-	-	-
Total	11,847	31,864	20,016	21,246	62,783	41,537

(Note) Impairment loss is not recorded on the other securities with market quotations for the previous consolidated accounting period and the current consolidated accounting period.
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, 2004 To March 31, 2005)			Current period (From April 1, 2005 To March 31, 2006)		
Sales proceeds	Total gains	Total losses	Sales proceeds	Total gains	Total losses
1,737	1,108	-	3,125	15	-

3. Securities that do not have market quotations

(Unit: Millions of yen)

	Previous period (as of March 31, 2005) Carrying value on Consolidated Balance Sheet	Current period (as of March 31, 2006) Carrying value on Consolidated Balance Sheet
Other securities		
Unlisted stock	4,435	1,435
Stocks of subsidiaries and affiliates		
Stocks of unconsolidated subsidiaries	722	113
Stocks of affiliated companies	4,683	3,980
Total	9,841	5,529

(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, 2005)	Current period (as of March 31,2006)
(1) Pension and severance liabilities	(9,133) mil. yen	(9,601) mil. yen
(2) Pension plan assets	6,367	7,967
(3) Unfunded pension and severance liabilities (1)+(2)	(2,766)	(1,633)
(4) Unrecognized actuarial differences	(101)	(1,344)
(5) Net amount on the consolidated balance sheet (3)+(4)	(2,867)	(2,978)
(6) Accrued pension and severance cost	(2,867)	(2,978)

(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, 2004 To March 31, 2005)	Current period (From April 1, 2005) To March 31, 2006)
(1) Service cost	593 mil. yen	640mil. yen
(2) Interest cost	218	226
(3) Expected return on plan assets	(86)	(95)
(4) Amortization of transitional difference that arose from change in accounting standards	103	-
(5) Amortization of actuarial differences	223	174
(6) Others (Retirement allowance)	-	113
(7) Pension and severance benefit expenses (1)+(2)+(3)+(4)+(5)+(6)	1,052	1,060

(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%	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	-

Production, Orders received and Sales

1. Production

(Unit: Millions of yen)

Business segment	Previous period (From April 1, 2004 To March 31, 2005)		Current period (From April 1, 2005 To March 31, 2006)	
	Amount produced	Ratio of change from the previous period (%)	Amount produced	Ratio of change from the previous period (%)
Medical Equipment	58,921	2.3	65,453	11.1
Pharmaceutical	25,479	2.8	35,867	40.8
Glass & Materials	3,668	(4.2)	3,415	(6.9)
Other	493	(31.5)	912	84.9
Total	88,563	1.9	105,649	19.3

Notes: 1. Amounts produced are calculated based on average selling prices.
2. The above amounts are after eliminations of the inter-segment 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, 2004 To March 31, 2005)		Current period (From April 1, 2005 To March 31, 2006)	
	Amount sold	Ratio of change from the previous period (%)	Amount sold	Ratio of change from the previous period (%)
Medical Equipment	82,503	4.8	90,868	10.1
Pharmaceutical	26,207	3.4	35,219	34.4
Glass & Materials	11,666	(1.9)	11,933	2.3
Supermarket	70,841	(0.7)	67,261	(5.1)
Other	1,101	(20.6)	1,518	37.9
Total	192,320	1.9	206,801	7.5

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 19, 2006

For the year ended March 31, 2006

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 19, 2006
Interim dividend plan: Adopted
Date of the annual general meeting of shareholders: June 29, 2006
Scheduled date to commence payment of dividends: June 30, 2006
Unit share system: Adopted (1,000 shares/unit)

3. Results for the year ended March 31, 2006 (From April 1, 2005 to March 31, 2006)

(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, 2006	116,950	8.5	10,563	27.1	11,492	44.8
Year ended March 31, 2005	107,760	1.5	8,308	(10.0)	7,938	1.7

	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, 2006	4,962	(3.0)	76.67	-	4.3	4.1	9.8
Year ended March 31, 2005	5,114	26.0	78.75	-	4.8	3.1	7.4

Notes: 1.The weighted average number of shares outstanding for the period:
Year ended March 31, 2006 63,548,846 shares
Year ended March 31, 2005 63,596,799 shares
2.Change in accounting method: Adopted
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, 2006	37.50	16.00	21.50	2,382	48.9	1.9
Year ended March 31, 2005	38.50	25.50	13.00	2,448	48.9	2.3

(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, 2006	298,767	122,981	41.2	1,934.42
Year ended March 31, 2005	256,928	108,490	42.2	1,705.08

Notes: 1. The number of outstanding shares at the end of the period:
Year ended March 31, 2006: 63,528,916 shares
Year ended March 31, 2005: 63,565,537 shares
2 The number of treasury stock at the end of the period:
Year ended March 31, 2006: 349,589 shares
Year ended March 31, 2005: 312,968 shares

4. Projections for the Results of the Year ending March 31, 2007 (From April 1, 2006 to March 31, 2007)

	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, 2006	58,000	4,700	2,650	20.50	-	-
Year ending March 31, 2007	119,000	10,200	6,000	-	25.00	45.50

(Reference) Projected earnings per share for the year ending March 31, 2007: 93.03 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 7

Balance Sheets

(Unit: Millions of yen)

Account / Period	Previous Period (as of March 31, 2005)		Current Period (as of March 31, 2006)		Change in amount
	Amount	Ratio	Amount	Ratio	
(ASSETS)		%		%	
Current Assets	103,036	40.1	105,351	36.3	5,315
Cash on hand and in banks	44,129		39,719		(4,410)
Trade notes receivable	12,644		12,621		(22)
Accounts receivable	26,280		31,994		5,713
Merchandise and finished products	13,779		16,041		2,262
Raw materials and supplies	1,760		2,168		407
Work in process	1,030		1,726		696
Prepaid expenses	125		157		32
Deferred tax assets	884		769		(115)
Other receivables	959		944		(14)
Other current assets	1,447		2,214		767
Allowance for doubtful accounts	(5)		(5)		-
Fixed Assets	153,892	59.9	190,415	63.7	36,523
Tangible fixed assets	33,925	13.2	33,433	11.2	(491)
Buildings	9,785		9,970		184
Structures	308		327		18
Machinery	8,318		7,709		(609)
Vehicles	22		19		(2)
Tools and equipment	1,803		1,848		45
Land	12,440		10,885		(1,554)
Construction in progress	1,246		2,673		1,426
Intangible fixed assets	247	0.1	214	0.1	(32)
Software	174		146		(27)
Others	73		67		(5)
Investments and other assets	119,719	46.6	156,768	52.4	37,048
Investment securities	33,783		59,439		25,655
Stocks of related companies	53,692		57,307		3,615
Investments other than stock in related companies	10,790		9,938		(851)
Long-term loans receivable	444		382		(61)
Long-term loans receivable from subsidiaries	14,639		23,039		8,400
Long-term prepaid expenses	885		1,377		492
Lease deposits	4,985		4,893		(92)
Other assets	957		909		(48)
Allowance for doubtful accounts	(459)		(521)		(62)
Total Assets	256,928	100.0	298,767	100.0	41,839

Balance Sheets

(Unit: Millions of yen)

Account \ Period	Previous Period (as of March 31, 2005) Amount	Ratio	Current Period (as of March 31, 2006) Amount	Ratio	Change in amount
(LIABILITIES)		%		%	
Current liabilities	73,502	28.6	85,756	28.7	12,253
Trade notes payable	14,602		16,433		1,830
Trade accounts payable	12,830		12,592		(238)
Short-term borrowings	19,900		21,300		1,400
Current portion of bonds	3,000		10,000		7,000
Current portion of long-term borrowings	8,094		8,448		353
Other payables	2,543		2,407		(135)
Accrued expenses	559		591		32
Accrued income taxes	2,850		2,650		(200)
Amounts withheld for income taxes, etc.	56		50		(5)
Accrued bonuses	645		822		176
Notes payable for plant and equipment	1,134		969		(165)
Commercial paper	7,000		9,000		2,000
Other current liabilities	285		492		206
Fixed liabilities	74,934	29.2	90,029	30.1	15,095
Bonds	26,000		31,000		5,000
Convertible-bond-type bonds with stock acquisition rights	14,000		14,000		-
Long-term borrowings	26,223		29,424		3,201
Deferred tax liabilities	6,032		12,763		6,731
Accrued pension and severance cost	1,674		1,771		97
Lease deposits received	1,004		1,069		65
Total liabilities	148,437	57.8	175,786	58.8	27,348
(SHAREHOLDERS' EQUITY)					
Capital	28,663	11.1	28,663	9.6	-
Capital surplus	29,972	11.7	29,972	10.1	-
Capital reserve	29,972		29,972		-
Earned surplus	39,795	15.5	42,808	14.3	3,012
Revenue reserve	1,196		1,196		-
Voluntary reserves	34,743		37,296		2,552
Reserve for dividends	16		16		-
Reserve for special depreciation	192		145		(47)
Special reserve	34,535		37,135		2,600
Unappropriated retained earnings	3,855		4,315		460
Valuation differences of other securities	10,646	4.1	22,186	7.4	11,540
Treasury stock	(586)	(0.2)	(648)	(0.2)	(62)
Total shareholders' equity	108,490	42.2	122,981	41.2	14,490
Total liabilities and shareholders' equity	256,928	100.0	298,767	100.0	41,839

Statements of Income

(Unit: Millions of yen)

Account / Period	Previous Period (From April 1, 2004 To March 31, 2005) Amount	Ratio	Current Period (From April 1, 2005 To March 31, 2006) Amount	Ratio	Change in amount	Ratio of change
		%		%		
Net sales	107,760	100.0	116,950	100.0	9,190	8.5
Cost of goods sold	82,305	76.4	87,751	75.0	5,445	6.6
Gross profit	25,454	23.6	29,199	25.0	3,745	14.7
Selling, general and administrative expenses	17,146	15.9	18,636	16.0	1,489	8.7
Operating income	8,308	7.7	10,563	9.0	2,255	27.1
Non-operating income	932	0.9	2,185	1.9	1,252	134.2
Interest income	300		404		103	
Dividend income	186		484		297	
Exchange gain	340		1,053		713	
Others	104		242		137	
Non-operating expenses	1,303	1.2	1,256	1.1	(46)	(3.6)
Interest expenses	394		426		31	
Interest on bonds	843		716		(127)	
Bond issue cost	20		78		58	
Others	44		35		(8)	
Recurring income	7,938	7.4	11,492	9.8	3,554	44.8
Extraordinary gains	1,144	1.1	133	0.1	(1,010)	
Gains on sales of fixed assets	10		100		89	
Governmental subsidies	-		19		19	
Reversion of allowance for doubtful accounts	24		-		(24)	
Gain on sale of investment securities	1,108		10		(1,097)	
Others	0		3		2	
Extraordinary losses	249	0.3	3,270	2.8	3,021	
Losses on sales and disposals of fixed assets	189		368		178	
Impairment loss on fixed assets	-		1,779		1,779	
Loss on devaluation of investment in affiliates	-		851		851	
Compensation payment	38		57		18	
Others	21		214		193	
Net income before income taxes	8,832	8.2	8,354	7.1	(478)	(5.4)
Corporate, inhabitants and enterprise taxes	4,026	3.8	4,400	3.8	374	
Adjustment for deferred taxes	(308)	(0.3)	(1,008)	(0.9)	(700)	
Net income	5,114	4.7	4,962	4.2	(152)	(3.0)
Retained earnings at the beginning of the period	363		370			
Loss on disposal of treasury stock	-		0			
Interim dividends	1,621		1,016			
Unappropriated retained earnings	3,855		4,315		460	

Proposal for Appropriation of Retained Earnings

(Unit: Millions of yen)

Account / Period	Previous Period (From April 1, 2004 To March 31, 2005)	Current Period (From April 1, 2005 To March 31, 2006)	Change in amount
	Amount	Amount	
Unappropriated retained earnings	3,855	4,315	460
Disposal of voluntary reserves	47	44	(3)
Reserve for special depreciation	47	44	(3)
Total	3,902	4,359	456
Appropriations of retained earnings	3,532	4,055	523
Cash dividends	826	1,365	539
[per share]	[13.00 yen]	[21.50 yen]	[8.50 yen]
Bonuses to directors and corporate auditors	106	89	(16)
[including bonuses to corporate auditors]	[3]	[3]	[(0)]
Special reserve	2,600	2,600	-
Retained earnings carried forward	370	303	(66)

Notes: 1. Reserve for special depreciation is reserve under the Special Taxation Measures Law.
2. On December 9, 2005, the Company appropriated 1,016 million yen for interim dividends (16 yen per share).

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. 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.

(Change in Accounting Method)

Impairment accounting for fixed assets

Since this financial period we have adopted “the Opinions on Accounting Standard for Impairment of Fixed Assets” (issued by the Business Accounting Council of Japan on August 9, 2002) and “Guidelines for application of Accounting Standard for Impairment of Fixed Assets” (Accounting Standard Board Guideline No.6 issued by the Financial Accounting Standards Board of Japan on October 31, 2003) The application of the new accounting standard reduced net income before adjustment of taxes by 1,779 million yen, compared to the previous accounting method. Accumulated impairment loss is deducted directly from each relevant asset in accordance with the revised Regulations for Annual Consolidated Financial Statements.

Notes to the Financial Statements

(Balance Sheet)

	(Previous period)	(Current period)
1. Accumulated depreciation of tangible fixed assets	46,774 mil. yen	48,085 mil. yen
2. Balances with related companies		
Short-term receivables	10,111 mil. yen	15,022 mil. yen
Long-term receivables	14,639	23,039
Short-term payables	9,801	10,725
3. Pledged assets		
Buildings	5,156 mil. yen	4,793 mil. yen
Land	2,685	2,685
4. Obligations under guarantee contracts	15,209 mil. yen	14,216 mil. yen
5. Obligations as a co-surety	1,666 mil. yen	1,458 mil. yen
6. Notes receivable discounted	76 mil. yen	24 mil. yen
7. Number of treasury shares		
Common share	312,968 shares	349,589 shares

(Statement of Income)

	(Previous Period)	(Current Period)
1. Amounts of transactions with related companies		
Sales	16,698 mil. yen	21,410 mil. yen
Purchases	30,479	32,515
Other operational transactions	178	146
Non-operational transactions	335	536
2. Research and development expenses included in selling, general and administrative expenses	2,594 mil. yen	2,901 mil. yen

(loss on impairment of fixed assets)

The company recognized impairment loss on following assets in this period.

Use	Type	Location	Amount of loss (Millions of yen)
Leased assets	Land & buildings, etc	2 sites in Osaka pref.	1,389
Leased assets	Land & buildings, etc	3 sites in Niigata pref. etc	358
Idle assets	Land	1 site in Kagoshima pref.	31
		Total	1,779

The company categorizes its assets principally into the groups of assets for business use, leased assets, idle assets, and assets for common use. The assets for the business use are classified into groups on which separate financial information is reported for management accounting purposes, whereas leased assets and idle assets are individually categorized. Headquarters assets, R&D facilities, dormitory and company-offered houses are categorized into assets for common use, since these assets can not generate cash flow in itself.

The book value of assets whose land had significantly depreciated, or which incurred consecutive operating losses were reduced to recoverable amount, and such deducted amount was recorded as loss on impairment of fixed assets of 1,779 million yen in the extraordinary loss section.

The loss on impairment of fixed assets consisted of loss on buildings of 192 million yen, on structures of 0 million yen and on land of 1,586 million yen. The recoverable amount of such asset groups is measured by the net realizable value of assets Relevant assets were evaluated based on the real estate appraisal standards, or on the price of the land fronting major roads for the immaterial assets. The asset groups which were difficult to sell or which could not be used for other purpose, however, were evaluated as a minimum unit price.

Net Sales by Division and Proportion to the Total

(Millions of yen)

Period / Division	Previous Period (From April 1, 2004 To March 31, 2005)		Current Period (From April 1, 2005 To March 31, 2006)		Change in Amount	Ratio of change
	Amount	Ratio	Amount	Ratio		
		%		%		%
Medical Equipment division	78,027	72.4	84,105	71.9	6,078	7.8
Pharmaceutical division	16,540	15.3	18,228	15.6	1,688	10.2
Glass & Materials division	11,827	11.0	12,426	10.6	599	5.1
Other	1,365	1.3	2,190	1.9	824	60.4
Total	107,760	100.0	116,950	100.0	9,190	8.5
[including Exports]	[36,510]	33.9	[42,105]	36.0	[5,595]	15.3

(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	960 mil. yen	903 mil. yen
Accumulated depreciation equivalent	606	592
Book value equivalent	353	310
Lease commitments		
Due within one year	181 mil. yen	177 mil. yen
Due after over one year	301	262
Total	483	439
Lease payments	218 mil. yen	213 mil. yen
Depreciation equivalent	218	202
Interest expense equivalent	11	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.

(Securities)

As of March 31, 2005 and 2006, 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, 2006)
Deferred tax assets (current)	
Disallowed accrued enterprise tax	243
Disallowed accrued bonuses	332
Disallowed accounts receivable	198
Others	18
Gross deferred tax assets (current)	792
Offset with deferred tax liabilities (current)	(23)
Net deferred tax assets (current)	769
Deferred tax liabilities (current)	
Reserve for special depreciation	23 mil. yen
Gross deferred tax liabilities (current)	23
Offset with deferred tax assets (current)	(23)
Net deferred tax liabilities (current)	-
Deferred tax assets (fixed)	
Loss on impairment of fixed assets	714 mil. yen
Valuation difference of land	149
Difference in recorded amount of stock of related company	193
Loss on devaluation of stock of related company	344
Excess of allowance for doubtful accounts over tax-allowable amount	111
Excess of accrued pension and severance cost over tax-allowable amount	717
Disallowed loss from bad debt	117
Others	34
Gross deferred tax assets (fixed)	2,383
Offset with deferred tax liabilities (fixed)	(2,383)
Net deferred tax assets (fixed)	-
Deferred tax liabilities (fixed)	
Reserve for special depreciation	45 mil. yen
Valuation differences of other securities	15,101
Gross deferred tax liabilities (fixed)	15,147
Offset with deferred tax assets (fixed)	(2,383)
Net deferred tax liabilities (fixed)	12,763

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

Changes in directors and/or corporate auditors was already disclosed on May 19, 2006.