Consolidated Financial Statements

November 21, 2005

For the Six-Month Period ended September 30, 2005 (Fiscal Year Ending 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: November 21, 2005
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 Six months ended September 30, 2005 (From April 1, 2005 to Sep. 30, 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	%
Six months ended Sep.30, 2005	101,952	6.6	6,195	2.9	6,206	11.0
Six months ended Sep.30, 2004	95,683	4.0	6,019	6.0	5,589	32.0
Year ended March 31, 2005	192,320		10,404		8,685	

	Net Income		Earnings per Share	Diluted Earnings per Share
	Millions of yen	%	Yen	Yen
Six months ended Sep.30, 2005	2,034	(46.1)	32.01	-
Six months ended Sep.30, 2005	3,776	100.1	59.37	-
Year ended March 31, 2005	4,518		69.37	-

Notes: 1. Equity in loss of affiliate: Six months ended Sep.30, 2005: (319) million yen Six months ended Sep.30, 2004: (382) million yen Year ended March 31, 2005: (741) million yen
2. The weighted average number of outstanding shares for the period (consolidated) : Six months ended Sep.30, 2005: 63,559,272 shares Six months ended Sep.30, 2004: 63,607,103 shares Year ended March 31, 2005: 63,596,799 shares
3. Accounting method: Changed
4. Percentages in the above table for Net Sales, Operating Income, Recurring Income and Net Income represent changes from the corresponding six month period of the previous fiscal year.

(2) Consolidated Financial Position

	Total Assets	Shareholders' Equity	Ratio of Shareholders' Equity to Total Assets	Shareholders'Equity per Share
	Millions of yen	Millions of yen	%	Yen
Six months ended Sep.30, 2005	301,248	101,790	33.8	1,601.76
Six months ended Sep.30, 2004	283,150	93,652	33.1	1,472.64
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): Six months ended Sep.30, 2005: 63,549,130 shares Six months ended Sep.30, 2004: 63,594,527 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
Six months ended Sep.30, 2005	2,391	(13,106)	(6,138)	37,460
Six months ended Sep.30, 2004	7,494	(4,772)	4,774	49,825
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: 18
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: 3 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
Year ending March 31, 2006	205,000	10,500	4,400

(Reference) Projected earnings per share for the year ending March 31, 2006: 67.55 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 21 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. manufacture medical equipment, and the Company sells medical equipment manufactured by its foreign subsidiaries.

Overseas: 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.

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), Nipro Medical of Puerto Rico Inc (Puerto Rico), 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.) 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>

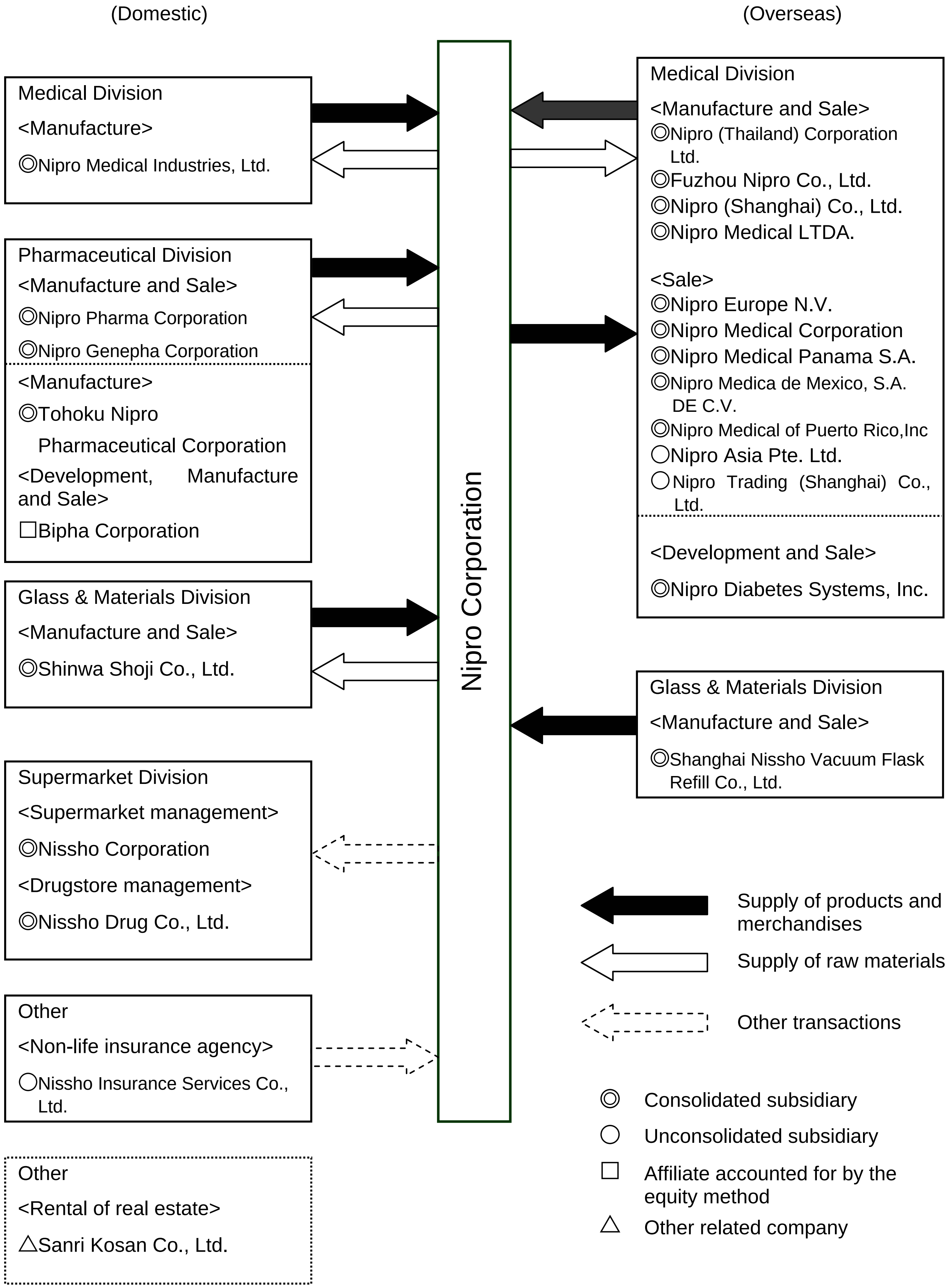
The Company manufactures (purchases, in some cases) and sells machinery for manufacture of medical equipment, etc.

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 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 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 Medical of Puerto Rico,Inc
○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 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.

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, 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, 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, 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 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 are increasingly required to adjust prices of our products, in order to react to the tide of reducing medical expenses in overseas countries. Nowadays, medical-related information, such as the news of medical malpractice, spreads worldwide simultaneously, and reaches users of the products very fast. The needs of the market is shaped mainly by users. We are also ,not to mention the safety precaution, required to structure the business system linking directly to users to get their demands constantly, therefore the direct distribution sales is now getting important. Since last year, we have been improving and opening new branches, we will be continuing to make more efforts to enrich our customer service.

In the dialysis-related business, we are required to promote dialysis machines for the stable trade of disposable products. In terms of dialysis machines, we are facing the urgent necessity to acquire the every required license in each area. In terms of diabetes-related products, in addition to blood drawing products with safety precaution , we will endeavor to develop diagnostic products

In terms of artificial lung we introduced this year, which has been already launched to the market, we will promote to formulate the trade system of both our own and introduced products in order to expand our line of internationally competitive products.

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 enhance the specialty of healthcare and cosmetic section, reinforce the assortment of groceries and other goods, and also appeal to prices in order to improve.

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 surrounds 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 becoming obvious.

In order to cope with such changes in management circumstances, it is necessary to strengthen the management structure for consideration of 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.

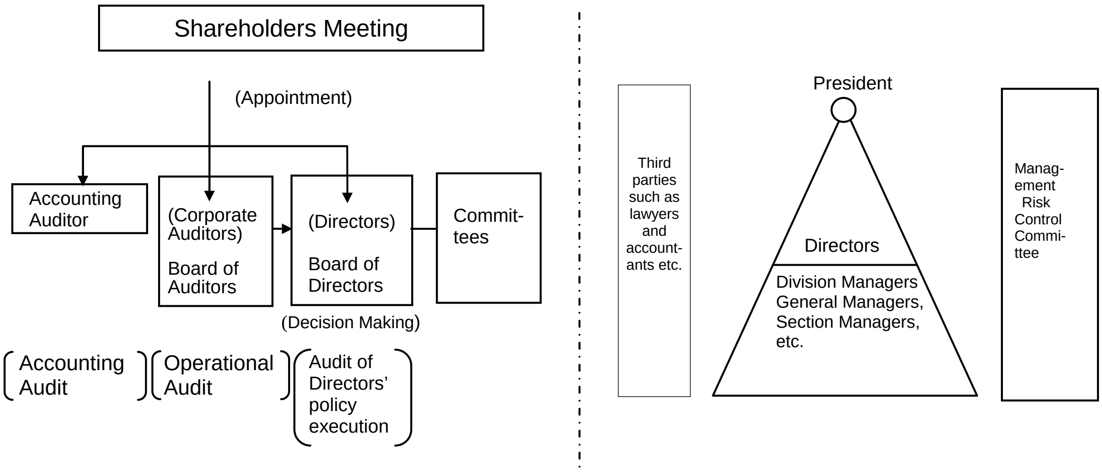
- The names of the certified public accountants who performed the accounting audit for the Company are as follows:

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. We also properly treated and solved the cases reported through our internal notification system.

8. Parent or Related Company

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

(As of September 30, 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 current interim period under review, in spite of decelerating foreign economy and high crude oil price, remained in a expectation of slight expansion led by individual consumption and capital investments.

Under such circumstances, we have continued to focus on the 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 6.6% to 101,952 million yen, the consolidated operating income increased by 2.9% to 6,195 million yen, and consolidated recurring income increased by 11.0% to 6,206 million yen

On the other hand, net income decreased by 46.1% from the same period of the previous year to 2,034 million yen, due to the increase of extraordinary loss owing to the impairment loss on fixed assets.

Business situations by segment are as follows below.

a. Medical division

For the domestic business, its environment has been severe as more hospitals started joint purchase arrangement for consumables, and competitions became harder, which caused the downward pressure on prices.

Under such circumstances, we sought to enhance the efficiency of sales activities and strengthen the sales bases. We also made efforts to develop and launch 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, in terms of the sales of Nipro-branded products, we achieved, although market is rapidly changing, significant result from the reinforcement of foreign branches and promotion of direct sales organization. OEM business also remained steady.

OEM business for the products related to the dialysis, blood connection and diabetes remained steady and boosted its sales up. Sales of the Nipro-branded products also increased steadily for the above-mentioned products as well as injection-related products, as a result of reinforcement of foreign branches and the promotion of direct sales organization. Due to the hard change of the market, however, it was quite difficult to obtain the appropriate ratio of profit, comparing with net sales.

As a result, net sales of the division increased by 9.6% to 44,745 million yen.

b. Pharmaceutical division

In the Pharmaceutical division, the environment of market remained very severe, due to the governmental controls to suppress medical expenditures 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 plastic-ampoules, as a result, business of this division showed a prosperous growth.

As a result, net sales of the division increased by 24.0% from the same period of the previous year to 16,138 million yen.

c. Glass & Materials Division

In the Glass & Materials Division, the demands of medical use glasses are declining due to the transformation of reservoir, and net sales of vacuum bottle glasses decreased due to the reduction of domestic demands. On the other hand, the business related to glasses for lighting purpose was sustained by increasing sales of glasses for small electric bulbs for automobiles and glasses for LCD backlight.

As a result, net sales of the division decreased by 3.3% to 5,771 million yen.

d. Supermarket division

In the retail business, individual consumption has remained slackening as if an ordinary state. In addition, the business was affected by bleeding competition of refurbishing and opening new stores, as well as affected by drop in the number of customers and unit purchase per customer. As a result, net sales remained in severe situation.

Under the circumstances, we aimed primarily to improve customers’ satisfaction and produce local and familiar stores by means of gathering and analyzing customers’ demands, introducing part-time workers’ suggestion, strengthening distribution of locally-produced-and-consumed vegetables, reacting to the tide of aging population combined with the diminishing number of children, imposing more responsibility on each store, and promoting Reward Cards to more customers. We endeavored to enhance the efficient management to generate more profit. While the number of customers and gross margin maintained the level of previous year, however, net sales in the current period decreased from the previous period due to the factors mentioned above.

On the other hand, in the drug store division, while net sales remained at the same level due to opening of new stores, however, by means of enhancing the sales of high–margin products, such as, medicines, or health food products, net income achieved certain growth in the current period.

As a result, net sales of the division decreased by 2.9% to 34,670 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, increased by 20.0 % to 627 million yen.

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

The business environment is anticipated to remain severe, with concerns about appreciation of crude-oil prices and rise of interest rate.

However 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 205,000 million yen (increase by 6.6% compared with the previous period), recurring income of 10,500 million yen (increase by 20.9%), and net income of 4,400 million yen (decrease by 2.6%).

Projections on net sales by segments are as follows:

Medical division:	88,000 million yen	(increase by 6.7%),
Pharmaceutical division:	35,700 million yen	(increase by 36.2%)
Glass and Materials division:	11,400 million yen	(decrease by 2.3%)
Supermarket division:	68,600 million yen	(decrease by 3.2%)
Other division:	1,300 million yen	(increase by 18.1%)

2. Financial Conditions

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

Total assets increased by 7,499 million yen from the end of the previous period to 301,248 million yen. Current assets decreased by 8,817million yen to 126,547 million yen, and fixed assets increased by 16,317 million yen to 174,700 million yen. Main reason for the decrease in current assets was that cash on hand and in banks decreased as a result of payments for the capital investments, and main reason for the increase in fixed assets was the increase of buildings & structures, machinery, equipments, and vehicles, as a result of capital investments, as well as the increase of investment securities due to the rise of prices in the stock market.

On the other hand, liabilities increased by 2,415 million yen to 197,855 million yen. Current liabilities increased by 13,912 million yen to 110,154 million yen, but the fixed liabilities decreased by 11,497 million yen to 87,700 million yen, mainly due to the transfer of bonds between short-term and long-term.

Shareholders' equity increased by 5,089 million yen to 101,790 million yen. In this section, earned surplus increased by 902 million yen to 33,083 million yen.

As for cash flows for the interim period, net cash provided by operating activities was 2,391 million yen, net cash used in investing activities was 13,106 million yen, and net cash used in financing activities was 6,138 million yen, and as a result, cash and cash equivalents was 37,460 million yen.

Net cash provided by operating activities mainly reflected interim net income before adjustment of taxes and depreciation and amortization. Net cash used in investing activities reflected the payments of 11,566 million yen for acquisition of fixed assets, and net cash used in financing activities mainly reflected the repayment of 5,424 million yen for long-term borrowings.

(2) Trend of the cash flow indicators

	Fiscal Year ended March. 31, 2005	Six Months ended Sept. 30, 2004	Fiscal Year ended March. 31, 2005	Six Months ended Sept. 30, 2005
Shareholders' equity ratio (%)	33.9	33.1	32.9	33.8
Ratio of market value of shareholders' equity (%)	35.5	36.2	38.3	36.0
Debt redemption (years)	7.3	-	7.1	-
Interest coverage ratio	9.4	9.2	10.3	3.1

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 / Cash flow from operating activities
Interest coverage ratio = Cash flow 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).
- Cash flow 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 Interim Period (as of Sept. 30, 2004)		Current Interim Period (as of Sept. 30, 2005)		Previous Period (as of March 31, 2005)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
(ASSETS)		%		%		%
Current Assets	131,361	46.4	126,547	42.0	135,365	46.1
Cash on hand and in banks	52,897		41,270		56,153	
Trade notes and accounts receivable	40,694		42,963		40,144	
Inventories	31,973		37,146		33,649	
Deferred tax assets	1,833		1,975		2,203	
Other current assets	4,171		3,510		3,423	
Allowance for doubtful accounts	(208)		(317)		(209)	
Fixed Assets	151,789	53.6	174,700	58.0	158,383	53.9
Tangible fixed assets	96,816	34.2	106,744	35.4	98,788	33.6
Buildings and structures	41,943		43,879		40,718	
Machinery, equipment and vehicles	23,232		27,717		23,990	
Land	22,460		23,131		22,839	
Construction in progress	4,976		6,946		7,232	
Others	4,202		5,068		4,007	
Intangible fixed assets	921	0.3	1,079	0.4	941	0.3
Consolidation adjustments	2		115		2	
Others	918		964		939	
Investments and other assets	54,052	19.1	66,876	22.2	58,653	20.0
Investment securities	37,177		49,569		41,706	
Long-term loans receivable	2,496		2,375		2,459	
Deferred tax assets	225		605		238	
Lease deposits	11,696		11,392		11,513	
Other assets	3,088		3,580		3,465	
Allowance for doubtful accounts	(632)		(646)		(730)	
Total Assets	283,150	100.0	301,248	100.0	293,748	100.0

(Notes)

	(Previous Interim period)	(Current Interim Period)	(Previous Period)
1.Accumulated depreciation of tangible fixed assets	93,047 mil.yen	102,035 mil.yen	96,758 mil.yen
2.Discounted notes receivable	25 〃	272 〃	76 〃
3.Obligations under guarantee contracts	2,455 〃	1,911 〃	2,183 〃
4.Pledged assets	14,371 〃	16,259 〃	16,500 〃

Consolidated Balance Sheets

(Unit: Millions of yen)

Account \ Period	Previous Interim Period (as of Sept. 30, 2004)		Current Interim Period (as of Sept 30, 2005)		Previous Period (as of March 31, 2005)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
(LIABILITIES)		%		%		%
Current liabilities	92,193	32.6	110,154	36.6	96,241	32.7
Trade notes and accounts payable	27,689		30,385		29,084	
Short-term borrowings	37,875		40,560		40,443	
Current portion of bonds	10,000		13,020		3,000	
Other payables	3,751		4,318		4,614	
Accrued income taxes	3,250		2,921		3,493	
Allowance for bonuses payable	1,586		1,871		1,405	
Notes payable for plant and equipment	3,685		4,334		2,936	
Commercial paper	-		7,000		7,000	
Others	4,355		5,743		4,262	
Fixed liabilities	95,696	33.8	87,700	29.1	99,198	33.8
Bonds	29,000		16,040		26,000	
Convertible type bonds with stock acquisition rights	14,000		14,000		14,000	
Long-term borrowings	41,570		41,461		46,183	
Deferred tax liabilities	4,887		9,596		6,753	
Accrued pension and severance cost	2,724		3,160		2,867	
Other fixed liabilities	3,513		3,441		3,393	
Total liabilities	187,889	66.4	197,855	65.7	195,439	66.5
(MINORITY INTERESTS)						
Minority interests	1,609	0.5	1,602	0.5	1,608	0.6
(SHAREHOLDERS' EQUITY)						
Capital	28,663	10.1	28,663	9.5	28,663	9.8
Capital surplus	29,972	10.6	29,972	9.9	29,972	10.2
Earned surplus	33,060	11.7	33,083	11.0	32,181	10.9
Valuation differences of other securities	9,857	3.5	17,755	5.9	12,759	4.3
Foreign currency translation adjustments	(7,364)	(2.6)	(7,070)	(2.3)	(6,289)	(2.1)
Treasury stock	(537)	(0.2)	(614)	(0.2)	(586)	(0.2)
Total shareholders' equity	93,652	33.1	101,790	33.8	96,700	32.9
Total liabilities, minority interests, and shareholders' equity	283,150	100.0	301,248	100.0	293,748	100.0

(Notes)

	(Previous Interim period)	(Current Interim period)	(Previous Period)
5. Number of treasury shares			
Common share	283,978 shares	329,375 shares	312,968shares

Consolidated Statements of Income

(Unit: Millions of yen)

Account / Period	Previous Interim Period (From April 1, 2004 To September 30, 2004)		Current Interim Period (From April 1, 2005 To September 30, 2005)		Previous Period (From April 1, 2004 To March 31, 2005)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
		%		%		%
Net sales	95,683	100.0	101,952	100.0	192,320	100.0
Cost of goods sold	69,146	72.3	73,729	72.3	140,072	72.8
Gross profit	26,536	27.7	28,222	27.7	52,247	27.2
Selling, general and administrative expenses	20,517	21.4	22,026	21.6	41,843	21.8
Operating income	6,019	6.3	6,195	6.1	10,404	5.4
Non-operating income	873	0.9	1,277	1.2	849	0.4
Interest income	58		78		124	
Dividend income	112		246		204	
Exchange gain	531		641		173	
Others	171		312		346	
Non-operating expenses	1,303	1.4	1,266	1.2	2,567	1.3
Interest expenses	808		769		1,594	
Equity in loss of affiliate	382		319		741	
Others	111		177		231	
Recurring income	5,589	5.8	6,206	6.1	8,685	4.5
Extraordinary gains	1,268	1.3	112	0.1	1,245	0.6
Reversion of allowance for bonuses	46		53		0	
Governmental subsidies	-		19		-	
Gain on sale of investment securities	1,108		17		1,108	
Others	113		22		136	
Extraordinary losses	350	0.3	2,436	2.4	1,271	0.6
Loss on sale and disposal of fixed assets	105		176		368	
Impairment loss on fixed assets	-		1,920		-	
Loss on disposal of inventories	20		45		167	
Abnormal manufacturing cost	137		98		344	
Amortization of transitional difference from change in accounting standards of pension and severance benefits	38		-		76	
Retirement allowance	-		101		-	
Others	48		93		314	
Net income before adjustment of taxes	6,508	6.8	3,882	3.8	8,659	4.5
Corporate, inhabitants and enterprise taxes	3,011	3.1	2,645	2.6	4,900	2.5
Adjustment for deferred taxes	(161)	(0.1)	(673)	(0.7)	(653)	(0.3)
Minority shareholders' share in net loss of consolidated subsidiaries	118	0.1	124	0.1	106	0.1
Net income	3,776	3.9	2,034	2.0	4,518	2.4

Consolidated Statements of Surplus

(Unit: Millions of yen)

Account \ Period	Previous Interim Period (From April 1, 2004 To Sept.30 2004)	Current Interim Period (From April 1, 2005 To Sept. 30,2005)	Previous Period (From April 1, 2004 To March 31, 2005)
	Amount	Amount	Amount
(CAPITAL SURPLUS)			
Beginning balance of capital surplus	29,972	29,972	29,972
Ending balance of capital surplus	29,972	29,972	29,972
(EARNED SURPLUS)			
Beginning balance of earned surplus	30,610	32,181	30,610
Increase in earned surplus	3,778	2,034	4,520
Net income	3,776	2,034	4,518
Increase in surplus due to inclusion of new subsidiary in consolidation	1	-	1
Decrease in earned surplus	1,327	1,132	2,949
Dividends	1,240	826	2,862
Bonuses to directors and corporate auditors	86	107	86
[including bonuses to corporate auditors]	[2]	[3]	[2]
	-	198	-
Ending balance of earned surplus	33,060	33,083	32,181

Consolidated Statements of Cash Flows

(Unit: Millions of yen)

Account / Period	Previous Interim Period (From April 1, 2004 To sept.30, 2004) Amount	Current Interim Period (From April 1, 2005 To Sept 30, 2005) Amount	Previous Period (From April 1, 2004 To March 31, 2005) Amount
Cash flows from operating activities			
Net income before adjustment for taxes	6,508	3,882	8,659
Depreciation and amortization	4,822	5,589	10,265
Impairment loss on fixed assets	-	1,920	-
Amortization of consolidation adjustments	52	14	51
Equity in loss of affiliate	382	319	741
Increase (decrease) in allowance for doubtful accounts	(39)	(18)	57
Interest and dividend income	(170)	(324)	(329)
Interest expenses	808	769	1,594
Exchange loss (gain)	(518)	(526)	413
Decrease (increase) in trade receivables	1,200	(2,389)	1,329
Decrease (increase) in inventories	510	(2,842)	(1,158)
Increase (decrease) in trade payables	(1,391)	604	76
Decrease (increase) in other assets	(224)	(446)	(191)
Increase (decrease) in other liabilities	(1,377)	(790)	1,160
Bonuses to directors and corporate auditors	(86)	(107)	(86)
Other non-operating income/expenses and extraordinary gains/losses	(975)	83	(591)
Subtotal	9,498	5,738	21,992
Interest and dividends received	121	284	249
Interest paid	(811)	(760)	(1,681)
Other revenues	292	411	647
Other expenditures	(278)	(146)	(759)
Income taxes paid	(1,328)	(3,136)	(3,072)
Cash flows from operating activities	7,494	2,391	17,375
Cash flows from investing activities			
Deposits in time deposits	(2,257)	(2,951)	(4,058)
Proceeds from matured time deposits	2,183	1,660	4,622
Payments for purchases of securities	(119)	(420)	(120)
Proceeds from sales of securities	1,737	58	1,737
Payments for acquisition of new consolidated subsidiary	-	(26)	-
Payments for acquisition of fixed assets	(6,487)	(11,566)	(15,070)
Proceeds from sales of fixed assets	146	171	206
Lending of loans	(2)	(0)	(2)
Collections of loans receivable	27	34	57
Expenditures for other investments	-	(66)	-
Revenues from other investments	0	-	0
Cash flows from investing activities	(4,772)	(13,106)	(12,627)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	1,684	(32)	1,483
Net increase (decrease) in commercial paper	(6,500)	-	500
Proceeds from long-term borrowings	12,694	300	24,599
Repayment of long-term borrowings	(4,621)	(5,424)	(9,144)
Proceeds from issuance of bonds	2,979	-	2,979
Payments for redemption of bonds	-	(10)	(10,000)
Payments for acquisitions of treasury stock	(31)	(27)	(80)
Proceeds for sale and lease back	-	69	-
Repayments of finance lease obligations	(193)	(187)	(391)
Payments for dividends	(1,237)	(826)	(2,858)
Cash flows from financing activities	4,774	(6,138)	7,088
Effect of exchange rate changes on cash and cash equivalents	80	437	(349)
Increase (decrease) in cash and cash equivalents	7,577	(16,415)	11,486
Balance of cash and cash equivalents at the beginning of the period	42,228	53,734	42,228
Increase in cash and cash equivalents due to inclusion of new subsidiary in consolidation	19	141	19
Balance of cash and cash equivalents at the end of the period	49,825	37,460	53,734

Basis of Preparation for the Consolidated Financial Statements

1. Scope of Consolidation

   1) Consolidated subsidiaries: 18

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

Nipro Medical Puerto Rico, Inc was 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), and Nipro medical Puerto Rico (Puerto Rico) close their interim accounts on June 30. Interim financial statements as of that date are used in preparing for consolidated interim financial statements, and necessary adjustments are made to reflect significant transactions that occurred between June 30 and September 30.

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) 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.

4) 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.

5) 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.

6) 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 interim 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 this interim 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 1,920 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 Semiannual Consolidated Financial Statement.

(Notes to the Interim Financial Statements)

Loss on Impairment of Fixed Assets

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

Use	Type	Location	Amount of loss (Millions of yen)
Store	Buildings & structures, etc	3 sites in Hyogo pref.	673
Store	Buildings & structures, etc	7 sites in Osaka pref.	489
Leased asset	Land & buildings, etc	5 sites in Osaka pref.	367
Leased asset	Land & buildings, etc	3 sites in Niigata pref. etc	358
Idle asset	Land	1 site in Kagoshima pref.	31
		Total	1,920

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 1,920 million yen in the extraordinary loss section. The loss on impairment of fixed assets consisted of loss on buildings of 1,441 million yen, on structures of 31 million yen, on machinery and equipment of 7 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%.

(Lease Transactions)

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

	Previous interim period	Current interim period	Previous period
Acquisition price equivalent	7,224 mil.yen	4,474 mil.yen	7,237 mil.yen
Accumulated depreciation equivalent	4,429 〃	3,018 〃	4,939 〃
Book value equivalent	2,795 〃	1,455 〃	2,297 〃
Lease commitments			
Due within one year	1,585 mil.yen	629 mil.yen	1,304 mil.yen
Due after over one year	1,234 〃	823 〃	983 〃
Total	2,820 〃	1,453 〃	2,287 〃
Lease payments	673 mil.yen	570 mil.yen	1,317 mil.yen
Depreciation equivalent	535 mil.yen	444 mil.yen	1,091 mil.yen
Interest expense equivalent	57 mil.yen	39 mil.yen	104 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.

(Segment information)

1. Segment information by business category

(1)Previous Interim period (From April 1, 2004, to September 30, 2004) (Unit: 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	40,843	13,015	5,584	35,717	522	95,683	-	95,683
(2) Inter-segment sales and transfers	517	-	1,141	15	283	1,958	(1,958)	-
Total	41,361	13,015	6,725	35,733	806	97,641	(1,958)	95,683
Operating expenses	35,230	11,688	5,766	35,767	640	89,092	571	89,663
Operating income	6,131	1,326	959	(33)	165	8,549	(2,530)	6,019

(2) Current Interim period (From April 1, 2005 to September 30, 2005) (Unit: 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	44,745	16,138	5,771	34,670	627	101,952	-	101,952
(2) Inter-segment sales and transfers	-	-	1,585	15	255	1,856	(1,856)	-
Total	44,745	16,138	7,356	34,685	882	103,808	(1,856)	101,952
Operating expenses	37,885	15,180	6,572	34,552	533	94,724	1,032	95,756
Operating income	6,860	958	783	133	348	9,084	(2,888)	6,195

(3) Previous period (From April 1, 2004 to March 31, 2005) (Unit: 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

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 six months ended September 30, 2005, 2004 and the year ended March 31, 2005 included unallocated corporate costs of 2,888 million yen, 2,530 million yen, and 5,188 million yen respectively. The unallocated corporate costs consisted primarily of the parent company’s research and development cost and headquarters’ administrative expenses.

2. Segment information by geographical area

(1) Previous Interim period (From April 1, 2004 to September 30, 2004) (Unit: Millions of yen)

	Japan	America	Europe	Asia	Total	Eliminations /Corporate	Consolidated
1. Net sales and operating income Net sales							
(1) Sales to third parties	87,899	4,385	2,962	435	95,683	-	95,683
(2) Inter-segment sales and transfers	5,898	160	1	4,924	10,985	(10,985)	-
Total	93,798	4,545	2,964	5,360	106,668	(10,985)	95,683
Operating expenses	85,707	4,628	2,822	5,122	98,282	(8,618)	89,663
Operating income (loss)	8,090	(83)	141	237	8,386	(2,366)	6,019

(2) Current Interim period (From April 1, 2005 to September 30, 2005) (Unit: Millions of yen)

	Japan	America	Europe	Asia	Total	Eliminations /Corporate	Consolidated
1. Net sales and operating income Net sales							
(1) Sales to third parties	91,072	7,220	2,904	755	101,952	-	101,952
(2) Inter-segment sales and transfers	7,946	184	3	5,080	13,215	(13,215)	-
Total	99,019	7,404	2,907	5,835	115,167	(13,215)	101,952
Operating expenses	89,672	7,538	3,044	5,541	105,796	(10,039)	95,756
Operating income (loss)	9,347	(134)	(136)	294	9,371	(3,175)	6,195

(3) Previous period (From April 1, 2004 to March, 31, 2005) (Unit: 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

Notes:
1. Operating expenses of "Eliminations and Corporate" for the six months ended September 30, 2005, 2004 and the year ended March 31, 2005 included unallocated corporate costs of 2,888 million yen, 2,530million yen and 5,188million yen respectively. The unallocated corporate costs consisted primarily of the parent company's research and development costs and the headquarters administration costs.
2. Classification of countries or areas is based on geographical proximity.
3. 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 Interim period (From April 1, 2004 to September 30, 2004) (Unit: Millions of yen)

	America	Europe	Asia	Total
1. Overseas sales	14,255	9,318	2,467	26,040
2. Consolidated net sales				95,683
3. Percentage of overseas sales to consolidated net sales (%)	14.9%	9.7%	2.6%	27.2%

(2) Current Interim period (From April 1, 2005 to September 30, 2005) (Unit: Millions of yen)

	America	Europe	Asia	Total
1. Overseas sales	18,733	9,862	2,969	31,565
2. Consolidated net sales				101,952
3. Percentage of overseas sales to consolidated net sales (%)	18.4%	9.7%	2.9%	31.0%

(3) Previous period (From April 1, 2004 to March 31, 2005) (Unit: 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.Overseas sales represent those of the Company and the consolidated subsidiaries to countries and areas outside of Japan.
2.Classification of countries or areas is based on geographical proximity.
3.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

(Securities)

1. Other securities with market quotations

(Unit: Millions of yen)

	As of September 30, 2004			As of September 30, 2005			As of March 31, 2005		
	Acquisition cost	Carrying value on consolidated B/S	Difference	Acquisition cost	Carrying value on consolidated B/S	Difference	Acquisition cost	Carrying value on consolidated B/S	Difference
Stocks	11,786	26,914	15,128	12,079	40,479	28,400	11,787	31,810	20,022
Bonds	-	-	-	-	-	-	-	-	-
Others	60	50	(9)	81	88	(6)	60	54	(5)
Total	11,846	26,965	15,118	12,160	40,567	28,406	11,847	31,864	20,016

(Note) No impairment loss was recorded for the other securities with market quotations for the both previous and current interim 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. Securities that do not have market quotations

(Unit: Millions of yen)

	Carrying value on Consolidated Balance Sheet As of Sept. 30, 2004	Carrying value on Consolidated Balance Sheet As of Sept. 30, 2005	Carrying value on Consolidated Balance Sheet As of March 31, 2005
Other securities			
Unlisted stocks (excluding those traded on the over-the-counter market)	4,447	4,525	4,435
Stocks of subsidiaries and affiliates			
Stocks of unconsolidated subsidiaries	722	113	722
Stocks of affiliated companies	5,042	4,364	4,683
Total	10,212	9,002	9,841

(Derivatives)

N/A

Production, Orders received and Sales

1. Production

(1) Previous Interim Period (From April. 1, 2004 To September, 30, 2004)

(Unit: Millions of yen)

Business segment	Amount produced	Ratio of change from the previous period (%)
Medical	29,036	3.0
Pharmaceutical	12,690	0.2
Glass & Materials	1,812	(1.2)
Other	381	(23.2)
Total	43,922	1.7

(2) Current Interim Period (From April 1, 2005 To September 30, 2005)

(Unit: Millions of yen)

Business segment	Amount produced	Ratio of change from the previous period (%)
Medical	32,213	11.3
Pharmaceutical	16,470	29.8
Glass & Materials	1,675	(7.6)
Other	218	(42.8)
Total	50,677	15.4

(3) Previous Period (From April 1, 2004 To March 31, 2005)

(Unit: Millions of yen)

Business segment	Amount produced	Ratio of change from the previous period (%)
Medical	58,921	2.3
Pharmaceutical	25,479	2.8
Glass & Materials	3,668	(4.2)
Other	493	(31.5)
Total	88,563	1.9

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

(1) Previous Interim Period (From April 1, 2004 To September 30, 2004)

(Unit: Millions of yen)

Business segment	Sales Amount	Ratio of change from the previous period (%)
Medical	40,843	8.2
Pharmaceutical	13,015	9.4
Glass & Materials	5,584	(1.0)
Supermarket	35,717	(1.1)
Other	522	(18.8)
Total	95,683	4.0

(2) Current Interim Period (From April 1, 2005 To September 30, 2005)

(Unit: Millions of yen)

Business segment	Sales Amount	Ratio of change from the previous period (%)
Medical	44,745	9.6
Pharmaceutical	16,138	24.0
Glass & Materials	5,771	3.3
Supermarket	34,670	(2.9)
Other	627	20.0
Total	101,952	6.6

(3) Previous Period (From April 1, 2004 To March 31, 2005)

(Unit: Millions of yen)

Business segment	Sales Amount	Ratio of change from the previous period (%)
Medical	82,503	4.8
Pharmaceutical	26,207	3.4
Glass & Materials	11,666	(1.9)
Supermarket	70,841	(0.7)
Other	1,101	(20.6)
Total	192,320	1.9

Notes:1.The above amounts are after eliminations of the inter-segment transactions.
2.The above amounts do not include the related consumption taxes etc.

Summary of Non-consolidated Financial Statements

November 21, 2005

For the Six-Month Period ended September 30, 2005 (Fiscal Year Ending 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: November 21, 2005
Interim dividend plan: Adopted
Scheduled date to commence payment of dividends: December 9, 2005
Unit share system: Adopted (1,000 shares/unit)

1. Interim results for the year ending March 31, 2005 (From April 1, 2005 to September 30, 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	%
Six months ended Sep.30, 2005	57,536	7.0	5,599	24.5	5,963	28.7
Six months ended Sep.30, 2004	53,792	6.4	4,498	16.8	4,634	55.0
Year ended March 31, 2005	107,760		8,308		7,938	

	Net Income		Earnings per Share
	Millions of yen	%	Yen
Six months ended Sep.30, 2005	2,039	(37.4)	32.09
Six months ended Sep.30, 2005	3,256	132.5	51.20
Year ended March 31, 2005	5,114		78.75

Notes: 1. The weighted average number of shares outstanding for the period:
Six months ended September.30, 2005: 63,559,272 shares Six months ended September.30, 2004: 63,607,103 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 interim period.

(2) Dividends

	Interim dividends per share	Annual dividends per share
	Yen	Yen
Six months ended Sep.30, 2005	16.00	- . -
Six months ended Sep.30, 2005	25.50	- . -
Year ended March 31, 2005	- . -	38.50

(3) Financial Position

	Total Assets	Shareholders' Equity	Ratio of Shareholders' Equity to Total Assets	Shareholders'Equity per Share
	Millions of yen	Millions of yen	%	Yen
Six months ended Sep.30, 2005	260,931	114,094	43.7	1,795.38
Six months ended Sep.30, 2005	249,639	105,697	42.3	1,662.06
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:
Six months ended September 3, 2005: 63,549,130shares Six months ended September 30, 2004: 63,594,527shares
Year ended march 31,2005: 63,565,537 shares
2. The number of treasury stock at the end of the period:
Six months ended September 30, 2005: 329,375 shares: Six months ended September 30,2005: 283,978
Year ended March 31, 2005: 312,968 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	
				Year-end Dividends	
	Millions of yen	Millions of yen	Millions of yen	Yen	Yen
Year ending March 31, 2006	114,000	9,850	3,950	13.00	29.00

(Reference) Projected earnings per share for the year ending March 31, 2006: 60.49 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 Interim Period (as of Sept. 30, 2004)		Current Interim Period (as of Sept 30, 2005)		Previous Period (as of March 31, 2005)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
(ASSETS)		%		%		%
Current Assets	103,569	41.5	92,470	35.4	103,036	40.1
Cash on hand and in banks	42,587		28,579		44,129	
Trade notes receivable	13,367		13,112		12,644	
Accounts receivable	25,759		28,726		26,280	
Merchandise and finished products	15,840		17,063		16,570	
Deferred tax assets	758		712		884	
Other current assets	5,260		4,280		2,531	
Allowance for doubtful accounts	(5)		(5)		(5)	
Fixed Assets	146,070	58.5	168,460	64.6	153,892	59.9
Tangible fixed assets	33,233	13.3	34,209	13.1	33,925	13.2
Buildings	10,143		10,417		9,785	
Machinery	7,434		8,282		8,318	
Land	12,440		10,946		12,440	
Other tangible fixed assets	3,214		4,562		3,380	
Intangible fixed assets	209	0.1	219	0.1	247	0.1
Investments and other assets	112,627	45.1	134,031	51.4	119,719	46.6
Investment securities	29,402		41,669		33,783	
Stocks of related companies	53,692		56,295		53,692	
Investments other than stock in related companies	10,790		9,938		10,790	
Long-term loans receivable	12,781		19,657		15,083	
Other assets	6,424		6,856		6,828	
Allowance for doubtful accounts	(464)		(387)		(459)	
Total Assets	249,639	100.0	260,931	100.0	256,928	100.0

Balance Sheets

(Unit: Millions of yen)

Account \ Period	Previous Interim Period (as of Sept. 30, 2004)		Current Interim Period (as of Sept. 30, 2005)		Previous Period (as of March 31, 2005)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
(LIABILITIES)		%		%		%
Current liabilities	70,188	28.1	83,079	31.9	73,502	28.6
Trade notes payable	14,244		15,592		14,602	
Trade accounts payable	10,706		10,751		12,830	
Short-term borrowings	26,740		27,627		27,994	
Current portion of bonds	10,000		13,000		3,000	
Accrued income taxes, etc	2,730		2,420		2,850	
Accrued bonuses	830		1,061		645	
Commercial paper	-		7,000		7,000	
Other current liabilities	4,935		5,626		4,579	
Fixed liabilities	73,753	29.6	63,756	24.4	74,934	29.2
Bonds	29,000		16,000		26,000	
Convertible-bond-type bonds with stock acquisition rights	14,000		14,000		14,000	
Long-term borrowings	23,852		22,904		26,223	
Deferred tax liabilities	4,331		7,936		6,032	
Accrued pension and severance cost	1,589		1,883		1,674	
Lease deposits received	979		1,031		1,004	
Total liabilities	143,941	57.7	146,836	56.3	148,437	57.8
(SHAREHOLDERS' EQUITY)						
Capital	28,663	11.5	28,663	11.0	28,663	11.1
Capital surplus	29,972	12.0	29,972	11.5	29,972	11.7
Capital reserve	29,972		29,972		29,972	
Earned surplus	39,559	15.8	40,902	15.7	39,795	15.5
Revenue reserve	1,196		1,196		1,196	
Voluntary reserves	34,743		37,296		34,743	
Undivided retained interim earnings	3,619		2,410		3,855	
Valuation differences of other securities	8,040	3.2	15,170	5.8	10,646	4.1
Treasury stock	(537)	(0.2)	(614)	(0.3)	(586)	(0.2)
Total shareholders' equity	105,697	42.3	114,094	43.7	108,490	42.2
Total liabilities and shareholders' equity	249,639	100.0	260,931	100.0	256,928	100.0

Statements of Income

(Unit: Millions of yen)

Account \ Period	Previous Interim Period (From April 1, 2004 To Sept. 30, 2004)		Current Interim Period (From April 1, 2005 To Sept. 30, 2005)		Current Period (From April 1, 2004 To March 31, 2005)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
		%		%		%
Net sales	53,792	100.0	57,536	100.0	107,760	100.0
Cost of goods sold	40,980	76.2	42,904	74.6	82,305	76.4
Gross profit	12,811	23.8	14,632	25.4	25,454	23.6
Selling, general and administrative expenses	8,312	15.4	9,033	15.7	17,146	15.9
Operating income	4,498	8.4	5,599	9.7	8,308	7.7
Non-operating income	829	1.5	986	1.7	932	0.9
Interest income	170		182		300	
Dividend income	106		237		186	
Exchange gain	504		389		340	
Others	48		177		104	
Non-operating expenses	693	1.3	621	1.0	1,303	1.2
Interest expenses	195		209		394	
Interest on bonds	459		353		843	
Others	39		58		64	
Recurring income	4,634	8.6	5,963	10.4	7,938	7.4
Extraordinary gains	1,165	2.2	39	0.1	1,144	1.1
Gain on sale of investment securities	1,108		10		1,108	
Governmental subsidies	-		19		-	
Others	57		10		35	
Extraordinary losses	99	0.2	2,691	4.7	249	0.3
Losses on sales and disposals of fixed assets	78		19		189	
Impairment loss on fixed assets	-		1,779		-	
Loss on devaluation of investment in affiliated company	-		851		-	
Others	20		41		60	
Net income before income taxes	5,700	10.6	3,311	5.8	8,832	8.2
Corporate, inhabitants and enterprise taxes	2,552	4.7	2,275	4.0	4,026	3.8
Adjustment for deferred taxes	(108)	(0.2)	(1,003)	(1.7)	(308)	(0.3)
Net income	3,256	6.1	2,039	3.5	5,114	4.7
Retained earnings at the beginning of the period	363		370		363	
Interim dividends	-		-		1,621	
Undivided retained earnings	3,619		2,410		3,855	

Significant Accounting Principles

1.

(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

2. 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).

3. 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 collectability.
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.

4. 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.

5. Other significant basis on preparation for financial statements

Consumption taxes are excluded from revenues and expenses accounts.

(Change in Accounting Method)

Impairment accounting for fixed assets

Since this interim 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 Semiannual Consolidated Financial Statements.

Notes to the Interim Financial Statements

(Balance Sheet)

	As of September 30, 2004	As of September 30, 2005	As of March 31, 2005
1. Accumulated depreciation of tangible fixed assets	45,918 mil.yen	48,257 mil.yen	46,774 mil.yen
2. Pledged assets			
Buildings	5,378 mil.yen	4,972 mil.yen	5,156 mil.yen
Land	2,714 〃	2,685 〃	2,685 〃
3. Obligations under guarantee contracts	14,767 mil.yen	13,912 mil.yen	15,209 mil.yen
4. Obligations as a co-surety	1,834 mil.yen	1,562 mil.yen	1,666 mil.yen
5. Notes receivable discounted	25 mil.yen	25 mil.yen	76 mil.yen
6. Number of treasury stock	283,978 shares	329,375 shares	312,968 Shares

(Statement of Income)

	From April 1, 2004 To September 30, 2004	From April 1, 2005 To September 30, 2005	From April 1, 2004 To March 31, 2005
1. Amount of depreciation			
Tangible fixed assets	1,515 mil.yen	1,583 mil.yen	3,330 mil.yen
Intangible fixed assets	34 mil.yen	37 mil.yen	68 mil.yen

2. Loss on Impairment of Fixed Assets

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

(Lease Transactions)

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

	As of September 30, 2004	As of September 30, 2005	As of March 31,2005
Acquisition price equivalent	947 mil.yen	909 mil.yen	960 mil.yen
Accumulated depreciation equivalent	540 〃	566 〃	606 〃
Book value equivalent	407 〃	343 〃	353 〃
Lease commitments			
Due within one year	189 mil.yen	179 mil.yen	181 mil.yen
Due after over one year	336 〃	286 〃	301 〃
Total	526 〃	466 〃	483 〃
Lease payments	109 mil.yen	108 mil.yen	218 mil.yen
Depreciation equivalent	104 mil.yen	96 mil.yen	218 mil.yen
Interest expense equivalent	5 mil.yen	5 mil.yen	11 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.

(Securities)

As of September 30, 2005, 2004 and March 31, 2005 there was no stock issued by subsidiaries or affiliated companies that have market quotations.

Net Sales by Division and Proportion to the Total

(Millions of yen)

Period / Division	From April 1, 2004 To September 30, 2004		From April 1, 2005 To September 30, 2005		From April 1, 2004 To March 31, 2005	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
		%		%		%
Medical division	39,091	72.7	41,820	72.7	78,027	72.4
Pharmaceutical division	8,236	15.3	8,777	15.2	16,540	15.3
Glass & Materials division	5,656	10.5	5,979	10.4	11,827	11.0
Other	807	1.5	959	1.7	1,365	1.3
Total	53,792	100.0	57,536	100.0	107,760	100.0
[including Exports]	[18,257]	33.9	[20,686]	36.0	[36,510]	33.9