NIPRO®

Medical Supplies for the world population

Annual Report 2008

Year Ended March 31, 2008

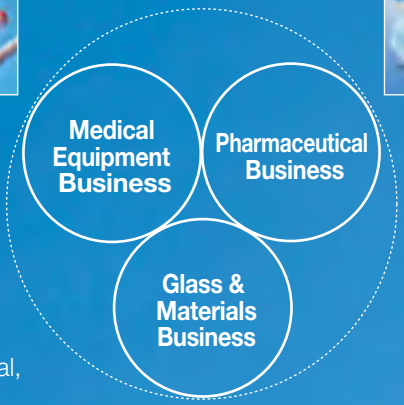
Bound to the Future

Bound to the Future

Since its founding in 1954, the Nipro Group has enjoyed continuing growth thanks to the trust it has achieved worldwide through the manufacture and sale of medical equipment and high-value-added pharmaceuticals. Key themes that propel our ongoing growth are the dedicated pursuit of technology that helps improve the quality of life of patients and the development of original products in line with our corporate philosophy of contributing to society through technology-oriented business activities.

The Nipro Group is highly valued in Japan and overseas as an artificial kidney and dialyzer maker, and is now working to be known equally for its artificial hearts, lungs, pericardia, skin, and blood. The Group is also actively involved in the generic pharmaceutical industry with the promotion of injection, oral, and percutaneous absorption drugs.

Centering on the two main areas of medical equipment and pharmaceuticals, The Nipro Group plans to focus on the research of medical equipment and expand operations as a comprehensive manufacturer. Bounding toward the future, we aim to become a top maker of artificial organs worldwide and the chief maker of pharmaceuticals in Japan.



Contents

1 Profile
2 Consolidated Financial Highlights
3 For the Attention of Shareholders and Investors
6 Business Activity Report
- 7 Manufacturing System
- 9 Sales and Maketing
- 11 Research and Development

13 Review of Operations
- 13 Medical Equipment Business
- 15 Pharmaceutical Business
- 17 Glass & Materials Business

18 News and Highlights
19 Corporate Governance/Compliance
21 Board of Directors and Auditors
22 Financial Section 2008

Disclaimer regarding Forward-looking Statements

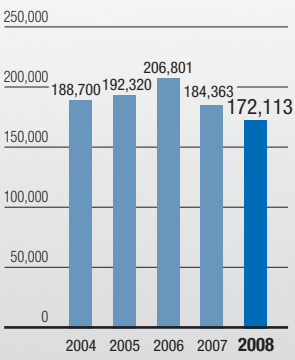
This report contains forward-looking statements regarding business indices, strategies and performance representing the expectations and judgments of the management, based on information available to the Company and publishable at the time this report was prepared. When reading this report, please understand that forward-looking statements involve potential risks and uncertainties; actual future business performance and forecasts may therefore differ materially from those contained in these statements, given the possible emergence of new factors or changes in economic circumstances and/or the business environment.

Consolidated Financial Highlights

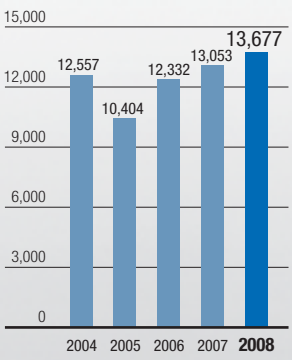
Nipro Corporation and its Consolidated Subsidiaries Years ended March 31, 2008 and 2007	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
For the year:			
Net sales	**¥ 172,113**	¥ 184,363	**$ 1,717,866**
Operating income	**13,677**	13,053	**136,511**
Net income	**4,454**	8,555	**44,456**
Capital expenditures	**25,900**	23,093	**258,509**
Depreciation and amortization	**15,054**	12,470	**150,255**
R&D expenses	**6,194**	4,461	**61,823**
At year-end:			
Total assets	**¥ 349,302**	¥ 336,660	**$ 3,486,396**
Net assets	**118,156**	125,651	**1,179,319**
Per share data (in yen and U.S. dollars):			
Net income:			
Basic	**¥ 70.2**	¥ 134.7	**$ 0.70**
Diluted	**—**	—	**—**
Cash dividends	**37.5**	80.0	**0.37**
Equity	**1,861.8**	1,979.2	**18.58**

The U.S. dollar amounts in this report represent translations of Japanese yen, for convenience only, at the rate of ¥100.19=US$1, the approximate exchange rate on March 31, 2008.

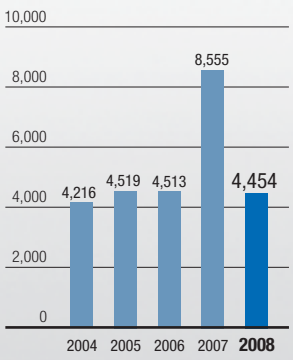
Net Sales (Millions of yen)



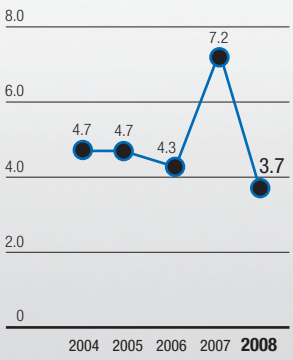
Operating Income (Millions of yen)



Net Income (Millions of yen)



Return on Equity (%)



Moving toward the long-awaited expansion of sales on the global market.

Overview of Business and Results during the Current Term

Construction of a Framework for Realization of the "FY2010 Targets" Almost Completed

The global economy during FY2007 (the year ended March 31, 2008) gradually deteriorated, as was evident in the steep rise in the price of crude oil and the prices of raw materials especially from the second half of the year and the appreciation of the yen caused by concern about recession in the United States. In the Japanese world of medical care, competition over sales prices in the industry originating in policies aimed at restricting medical costs grew fiercer, as did competition over sales of general-purpose medical equipments and products on the global market.

On the basis of this economic environment, the Nipro group withdrew entirely from store operations during FY2006 and we became a manufacturer specializing in medical equipments and pharmaceutical products. This was a year when we concentrated our management resources on two specific areas of business and got on track to creating the foundations on the product and manufacturing fronts for realizing our mid-term FY2010 management targets.

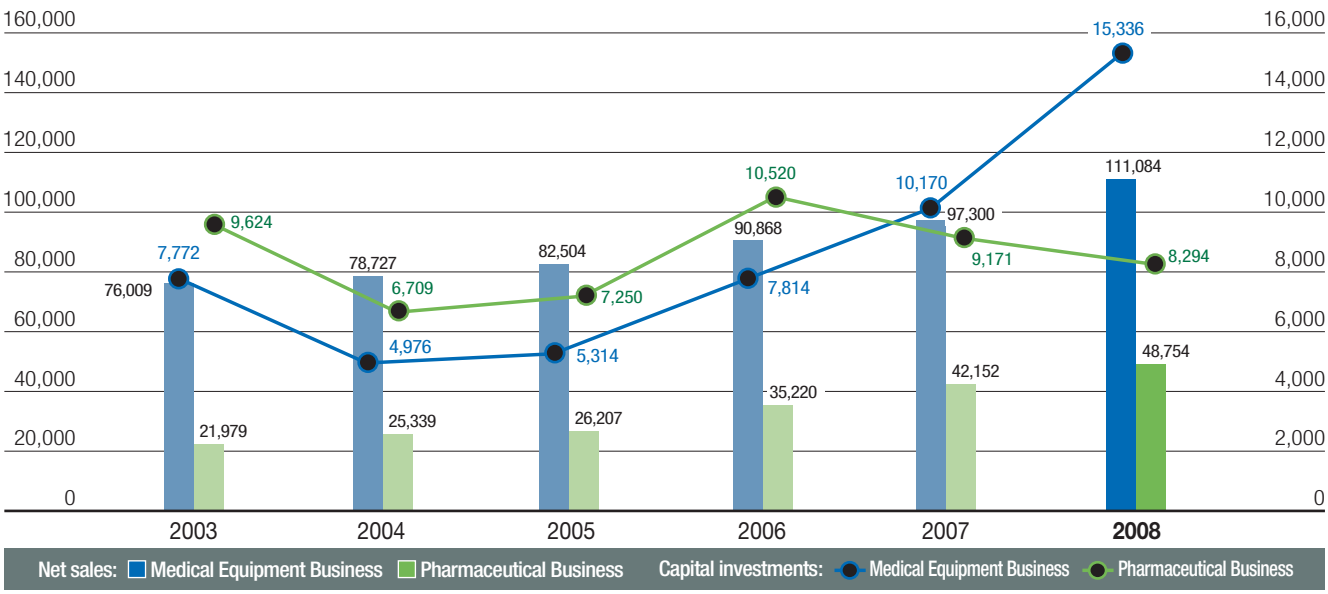
In our core business area of medical equipments, our integrated production system extending from hollow fiber operated smoothly and contributed to an expansion in our key dialyzer business. We also began mass production of our new dialyzers. As regards the cardiopulmonary business that will be constituting next major pillar of our business activities, we increased our consolidated sales in this area with the start of sales all over the world under the Nipro brand name. However, since more than a half of these key products are exported from Japan, we were adversely affected in terms of profits by fluctuations in the exchange rate.

In the field of pharmaceutical business, adding the field of percutaneous pharmaceuticals through M&A has made it possible to create a structure enabling the production and sale by the Nipro group of generic pharmaceutical products of all kinds and the application of this system to all fields of pharmaceutical products through contract manufacture. Due to these factors, consolidated sales in this business increased.

As a result of these efforts, our consolidated net sales during the term were down by 6.6% over the previous year (down by ¥12.2 billion) to ¥172.1 billion due to our withdrawal from store business (sales from store business during the

Net sales and capital investments

(Millions of yen)



previous year amounted to ¥31.0 billion). Consolidated operating income amounted to ¥13.7 billion (up by 4.8% on the previous year).

Our consolidated net income fell by 47.9% over the previous year to ¥4.5 billion due mainly to losses from exchange rates.

We are sticking rigorously to our policy of not hedging on foreign currencies. In the short term we can not avoid the influence of exchange rate, but we are intending to respond to fluctuations in exchange rates by strengthening our sales capacity and reducing our manufacturing costs, and in the long term we intend to proceed with a policy of transfer of production bases overseas.

Business Strategy

Strengthening the Sales Structure on Global Markets and Aiming to Achieve the Targets Set for FY2010

Our FY2010 targets envisage consolidated sales of ¥200 billion, ordinary income of ¥20 billion and return on equity of 10% in FY2010.

In the general-purpose product category which will constitute the foundation for realization of these targets, we have moved in the direction of expansion on the basis of a policy of intensive production through the “supply of high-quality low-cost products through mass production” in order to win out in competition on the global market.

With regard to the construction of a system to enable the production of 60 million dialyzers, which is the key feature of our targets for FY2010, this has now become a feasible proposition due to the capital investment of just under ¥25 billion effected during FY2007. Increasing sales on the global market is set to be a major priority in the future, and in this regard we have established a overseas network of 45 bases during the current year following the addition of three new bases in the Philippines and elsewhere. We are planning to set up new bases in Germany, Romania, Uruguay and others in the course of the next year in an effort to expand sales rooted in the medical equipment markets of specific individual countries.

In the field of generic drugs, we have been assisted by the policies aimed at encouraging the use of these drugs being implemented by the Japanese Ministry of Health, Labour and Welfare. While working toward expanding the production system that enables response to these measures, we are engaged on a strategy that takes account of sales not just in Japan but in other countries as well. On the other hand, as regards contract manufacture business, a period of several years is required until production can be commenced due to the need to obtain the necessary authorizations, and the Nipro group is currently at the stage of carrying out forward-looking capital investment in this regard. Our pharmaceutical business are likely to enter a period of major growth from FY2010, when we begin production of items for which contracts have already been entered into.

We are intending to carry out capital investment in excess of ¥27 billion next year centering on pharmaceuticals, and this will be partly prior investment with sights set on achievement of our targets for FY2010. We will have virtually completed major aspects of capital investment in connection with both medical equipment and pharmaceutical products in the course of next year, after which we will at last enter into a period of increased sales on the global market.

For the Attention of Shareholders and Investors

Dividend Policy

Dividends of ¥37.50 Issued

Adopting the "performance-linked remuneration system", that is the rule of profit sharing among shareholders, employees and management, as our basic approach, we have been aiming at a 50% payout ratio on a unitary basis.

On the basis of the profit-sharing method, our dividends for the present year have been issued at a rate of ¥37.50 per share, a figure calculated by adding a year-end dividend of ¥9.50 per share to the mid-term dividend of ¥28 per share already issued. Dividends during next year will also be issued on the basis of the profit-sharing method.

Prospects for Next Year

Prospect of Increased Sales in Connection with Both Medical Equipment and Pharmaceutical Products Business

The Japanese economy is likely to move forward in difficult business conditions under the influences of the steep rise in the price of crude oil, higher interest rates and sudden fluctuations in exchange rates.

The Nipro group will continue to focus on the development of new products and to make efforts to improve our results by strengthening our production capacity and sales capacity in each category. We expect thereby to improve our results in connection with both medical equipment and pharmaceutical business.

Our plan for FY2008 is to achieve consolidated sales of ¥184 billion (up by 6.9% on the previous year), consolidated operating income of ¥12.8 billion (down by 6.4% on the previous year), and consolidate net profit for the term of ¥6.1 billion (up by 37.0% on the previous year). These results are presumed upon exchange rates of ¥100 to the US dollar and ¥155 to the euro.

We hope that our shareholders and investors will look forward to our future progress and results, and in the meantime we would like to ask you for your continuing support.

August 2008

Minoru Sano

Minoru Sano
President

Our Three Words to Define our Future

Business Activity Report

7 Manufacturing System
9 Sales and Maketing
11 Research and Development

60 Million Dialyzers in FY2012

As a manufacturer specializing in medical care, we are aiming to achieve the top position on the global stage in terms of quality, quanity and pricing.

In the field of medical equipment, our aim is to become the world's top company as regards to quality and quantity in connection with the dialyzers that consitute our key product. We produced 31 million dialyzers in FY2007. Our aim now is to expand production further to 60 million pieces by FY2012 and thus occupy top share of the global market for dialyzers.

With this target in mind, we established a production system for hollow fibers in FY2006 at the Odate factory where we produce our dialyzers. We have created an integrated development and production system that extends from the materials stage and have enhanced our control capacity in connection with quality, our capacity to maintain a full range of products in line with the needs of our customers, and our predominance as regards to costs. In FY2007 we invested a total of ¥9 billion to establish a system that would make it possible for us to produce 45 million dialyzers a year.

We are also directing efforts toward investing in equipment at our factory in Thailand with a view to ensuring a stable supply of insulin needles and other medical equipments onto the global market.

Strengthening Production of Generic Drugs Centering on Oral Drugs

We are actively investing in the field of pharmaceuticals and are putting efforts into achieving superiority as regards to quality and pricing through intensive production.

We are placing particular importance on expanding production in the field of generic drugs. Accompanying the strengthening of policies aimed at cutting back on medical costs, generic drugs have come into focus in Japan, and developments in the industry are advancing quickly. The manufacturing, sales and contract manufacture of generic drugs is one of the pillars of growth for our company's pharmaceutical business, and we are working on an active strategy of expansion.

Over the past few years we have been adopting a policy of M&A that has led to several pharmaceuticals companies that are particularly strong in the area of oral drugs come under our wing as subsidiaries. In 2004 we invested in Takeshima Pharmaceutical Co., Ltd. (now Nipro Genepha Corporation), and in July 2005 Tohoku Chugai Pharmaceutical Co., Ltd. (now Tohoku Nipro Pharmaceutical Corporation) became a subsidiary. In April 2006 we invested in the established generic drugs company Zensei Pharmaceutical Industries

Manufacturing System

Expansion

With the aim of becoming the world' s top manufacturer in the medical field, we have continued to work toward raising quality and strengthening our production capacity in the two areas of medical equipment and pharmaceuticals. With our production capacity extending over the whole range of pharmaceutical products, the Nipro Group is also growing as a corporate entity engaged in contract manufacture.

Odate Factory (Nipro Corporation)

Co., Ltd. As a result of these measures, the oral drug production capacity of the group as a whole has risen to a level in excess of 4 billion tablets per year. We hope in the future to achieve a production capacity in excess of 10 billion tablets per year.

Tohoku Nipro Pharmaceutical Corporation is currently engaged on the construction of Japan's largest new solid drugs facility. At the Phase 1 start-up point in December 2008, production capacity will be 1.4 billion tablets and will eventually arise to 6 billion tablets. Moreover, the Kishiwada Plant of Zensei Pharmaceuticals Industries Co., Ltd. had a production capacity of between 420 and 430 million tablets in FY2006, but we are currently creating a system that will increase this capacity to 1.5 billion tablets per year.

Manufacture of Percutaneous Drugs

In parallel with increasing production capacity, we are also directing efforts toward expansion in the field of contract manufacture. We are already among the top players within Japan in connection with the contract manufacture of injectables and oral drugs. However, since implementation of the revised Pharmaceutical Affairs Law in 2005, Japanese pharmaceutical companies have seen production sectors disintegrate and the phenomenon of outsourcing. We intend in the future to work on creating a system allowing for quick reaction and fullfillment in the production of all kinds of pharmaceutical products, including of course injectables, which are our particular strength.

In May 2007 we became capable of producing percutaneously absorbed drugs as a consequence of Saitama Daiichi Pharmaceutical Co., Ltd. (the name of the company was changed in July 2008 to Nipro Patch Co., Ltd.) becoming one of our subsidiaries. This means that we have now completed a system enabling us to manufacture pharmaceutical products in all fields and have created the foundations for expanding our business in the two fields of contract manufacture and the production and sale of generic drugs.

With the goal of developing new drugs and stepping up the production of generics and contract manufactured products, we are currently building the new Hanyu tape factory, serving as our base for the production of hot melt tape medicaments. The factory is scheduled for completion in December 2008 and will be able to produce 150 million tape products per year. Plans include exporting such tape-based medicaments.

Artist rendition of Hanyu Factory (Nipro Patch Co., Ltd.)

Ongoing Expansion of the Overseas Sales Network for Medical Equipment

The Nipro Group's overseas business operations center on the two categories of OEM (Original Equipment Manufacturing), including our key medical equipment, and our own brand products. However, over the past few years we have been attempting to strengthen sales of our own brand products by directing efforts especially toward the opening of new branches and overseas subsidiaries. The changeover from distributors to direct sales has been moving forward at a rapid pace.

In continuation from FY2007 we have set up a sales office in Manila, Philippines to be able to provide finely tailored services closely linked to users. In addition, one of our overseas subsidiaries has taken a French medical equipment sales company under its wing as a subsidiary. We have also set up a distribution center in Memphis, Tennessee in United States of America to serve as a base for distribution in the Americas while creating a structure for the stable supply of products.

In the course of FY2008 we are planning to open new bases in three continents. These are Germany and Romania in Europe, and Uruguay in Latin America, and Dalian, Qingdao, Amoy and Chengdu in China. These cities in China are in addition to those already operating in Shanghai, Guangzhou and Beijing.

In addition to expansion, the Nipro Group created alliances in January 2008 with OEM customers in connection with dialysis-related products. Making use of our strengths as a manufacturer and relying on our high quality and supply capacity, we will be selling not only OEM customer brands but also joint brand products created by ourselves and OEM customers through their own respective sales channels.

Aiming Toward the Diffusion of Generic Drugs

In June 2007 the Ministry of Health, Labour and Welfare set a numerical target of 30 percent for share of the market to be occupied by generic drugs by FY2012. Generic drugs are not as common in Japan as they are in Europe and the United States; however, the government is now doing everything possible to encourage their diffusion in order to reduce the burden of medical costs placed upon patients and to improve the state of public finances in connection with medical insurance.

Due to the new target set for generic drugs, new changes were made in prescriptions in April 2008. Up until then, a doctor's signature on a prescription was required when generic drugs were to be prescribed. The system only requires a doctor's signature when a change cannot be made to generic drugs. This will in turn increase cases where dispensing pharmacies will prescribe generic drugs at the

Sales and Marketing

Pioneer

In the field of medical equipment, we intend to continue working on the creation of a global sales network and directing our efforts toward expanding sales of Nipro brand products. As regards to pharmaceuticals, we are involved in sales promotion activities and in improving the provision of information, spurred on by the government' s policy of popularizing generic drugs.

Nipro Group Overseas Network

[Overseas]

Sales Locations

Asia 13 locations	Europe 11 locations
America 14 locations	Africa 1 location

Factories

Asia 2 locations
America 2 locations

request of patients.

Under the guidance of the Ministry of Health, Labour and Welfare, there has been an increase in the number of large hospitals such as university hospitals (DPC hospitals) introducing a comprehensive fixed-sum payment system for medical costs on the basis of DPC (Diagnosis Procedure Combination). Under this system reimbursement of medical costs is determined for each illness. This means that no matter what quantity of drugs is prescribed and how many examinations are performed, the same fixed sum is paid to the hospital. It is thus likely that generic drugs will become even more frequently used than before in order to reduce drug costs. Nipro Group estimates that DPC hospitals will account for between 60 to 70 percent when converted into the number of beds by 2012.

The Nipro Group reckons that this revision in the system of medical reimbursement will provide us with major business opportunities, and we are striving to increase our sales to dispensing pharmacy chains and new DPC hospitals.

Response to On-site Medical Needs such as the Prompt Supply of Safety Information

Gaining the understanding and trust of medical practitioners in connection with generic drugs is essential if these drugs are to come into wider use. In order to achieve the numerical target of 30 percent market share to be occupied by generic drugs, the Ministry of Health, Labour and Welfare issued an 'Action Program for Encouraging the Secure Use of Generic Drugs' in October 2007 that outlined the matters that manufacturers of generic drugs need to tackle. These include stable inventory supply, quality, and availability of information to medical practitioners. The Nipro Group is working on strengthening stable supply by investing in production facilities and by means of quality control through the implementation of tests above and beyond the requirements for authorization. We are also attempting to make more information on generic drugs available to medical practitioners. Medical institutions are cooperating by supplying us with information on the side effects of these drugs, and we are featuring this information on our website in order to make it more readily available. We have also created a system that makes it possible for us to provide information promptly and appropriately when requested to do so by medical institutions and pharmacies covered by health insurance.

The distribution channels for drugs produced by the Nipro Group can be divided into areas. The 'wide-area wholesale routes' aimed at key hospitals such as university hospitals that not only focus on original drugs but also handle generic drugs, and the 'sales company routes' targeted at small and medium-scale hospitals that primarily handle generic drugs. In terms of sales activities, Nipro Pharma Corporation is active on wide-area wholesale routes while Nipro Genepha Corporation is involved mainly on 'sales company routes'. In order to increase our sales yet further, the Nipro Group intends to engage in sales promotion activities in response to customers' needs by encouraging Nipro Genepha Corporation to sell the double bag and pre-filled syringe drugs of Nipro Pharma Corporation along sales company routes.

Fortifying Our Artificial Lung Operations

Becoming the world's leading manufacturers of artificial organs, in addition to artificial kidneys, we sell extracorporeal left ventricular assist devices and insulin pumps, and develop artificial blood vessels and pericardium.

One of our expanding artificial organs business projects is the artificial lungs or oxygenators, and we put special energy to this area. Our membrane oxygenator is widely used in open-heart surgery in Japan. Our own cardio-pulmonary system is under the development by using this oxygenator as a core product. Also, we are developing cardio-pulmonary bypass circuits including a reservoir, centrifugal pumps and cannulaes for taking blood in and out of circulation as an extracorporeal cardio pulmonary bypass (CPB) circuits required in heart surgery. During FY2008, we will market a new PCPS*1 system in Japan. This is a universal type of respiratory circulation support treatment with our oxygenator for more than one month use.

In December 2006, we took over the oxygenator business of the Brazilian subsidiary of Edwards Life Sciences Inc. ('Edwards CPP'). The oxygenators and related products by Edwards CPP are currently being supplied to approximately forty countries. With this Brazilian and domestic membrane-oxygenator sales, we obtain 10% of worldwide market share. By utilizing the hollow fiber spun by ourselves at the Odate factory in the near future, we will be able to develop new oxygenators at a low cost and with high performance. We put our continuous efforts to work on developing and supplying sophisticated, high-functioned, and low-cost products, so that Nipro can gain a 30 percent share of the global oxygenator market.

*1 PCPS is an abbreviation of 'Percutaneous Cardio Pulmonary Support', that supports patiens' damaged heart and lungs by circulating blood via femoral artery less invasively.

Development of High Value Added Preparations

In the field of development of injectable pharmaceutical products, we are developing kit preparations that contribute to improved quality of medical treatment in several aspects such as safty, sanitary conditions and operational efficency, and we are also expanding our range of products. In FY2007 we released three new medicine products containing two ingredients of the pre-filled syringe kit type that do not require transfer from vials or ampoules. We are also developing double chamber pre-filled syringes*2 and intend to applying for authorization of production and sale of two products at the end of FY2008. As regards liquid-powder double bag kits of the type that are intended to be

Research and Development

Keenness

Making use of the strengths that can be attributed to our possession of two sides to our business, namely Medical Equipment and Pharmaceutical, we intend to move ahead with the development of products with higher added value through fusion of technology to provide a response to the fields of regenerative medicine and detailed treatment, the importance of which is likely to grow in the future.

dissolved at immediately before use, we have begun to sell three new antibiotic products and are currently developing another product for which we intend to apply for authorization of production and sale in April 2008. We submitted applications in January 2008 for four products with two ingredients of the pre-mixed bag type that are intended to reduce the possibility of medical errors occurring by diluting the medical fluid beforehand to a prescribed density. We intend to engage in contract manufacture in connection with two other products.

In the field of of oral drugs, we are applying for authorization of production and sale of two products,and are developing one product for orally disintegrating tablets that can be taken without water.

Also, we are selling six products with six ingredients in the field of medicines based on standards applying to items with low medicinal content intended for patients such as elderly people whose kidney functions and drug metabolism functions have deteriorated and patients suffering from functional disorders. One of these products was newly released in FY2007. As regards medicines based on standards applying to items with low medicinal content, an application for new manufacture and sale of one product was submitted in FY2007, and we are currently engaged on the development of two products with two ingredients. In addition, we are continuing with new technical research in connection with the absorption of drugs that cannot be absorbed by means of oral administration as DDS preparations. A prototype manufacturing device was created in FY2007, and medicines are being devised and assessed.

In the field of oral medicine in the generic drug market, the number of items for which application for production and sale was submitted in FY2007 rose to seven items with five ingredients. Three items with two ingredients in the area of oral drug whose most distinctive quality lies in the ease with which they can be taken were subject to an application for approval of production and sale in FY2007.

*2 Double chamber pre-filled syringes: a drug unstable in solution of is kept in powder form seperately from the solution, yet in the same syringe, to be dissolved only when needed for use.

Response to the Fields of Regenerative and Cellular Medicine

In the field of regenerative medicine, we are engaged on research and development with sights set on the next generation. We are currently developing nerve-regeneration tubes that regenerate nerves that have been severed under circumstances such as accidents and surgical operations and enable them to recover their functions, and heart membrane regeneration support membranes that regenerate heart membranes severed in the course of an operation on the heart without causing the heart membrane to adhere. In FY2007 we issued products including own cell culture kits and own periosteal cell culture kits making use of cell culture technology, and we were engaged on the development of hematopoietic stem cell culture bags for the treatment of leukemia and culture systems for anti-ageing treatment.

At the end of 2007, Professor Shinya Yamanaka of the University of Kyoto became the first researcher anywhere in the world to create iPS cells (artificial multi-function stem cells). This research has the potential to totally transform the very concept of medical treatment and to lead to revolutionary new forms of treatment. With regard to this new type of medical care, we will be taking part in research and development based on the cell culture technology that Nipro has built up over the years, and we intend to work toward the realization of cellular medical care.

In the pharmaceuticals sector, recombinant human serum albumin has being worked on with a view to commercial release by our affiliate Bipha Co., Ltd. Authorization for manufacture and sale was obtained in October 2007 and the product was released in May 2008. We reckon that sales will peak in FY2010, and Nipro intends to work on further applications of this product in the future. We plan to expedite studies of how uses can be developed on the basis of joint research conducted by our company and university research bodies.

In the field of blood-related products too, we drew up a new three-year plan to run from FY2008 for artificial oxygen carriers of the hemoglobin capsule type on which work has been proceeding on the basis of cooperation between the industrial and academic sectors, and we intend to update our system and our facilities with a view to achieving practical application. We are also currently selecting ideal compounds in connection with artificial oxygen carriers using synthetic hemoglobin not originating in human blood. We established a small-scale production method for artificial oxygen carriers using genetically modified hemoglobin in FY2007.

Oxygenator

Nipro has a wide range of cardiopulmonary products to support every requirement of our customers. Following to the acquisition of cardiopulmonary business, we have decades of experience in the field by offering sophisticated products and well organized distribution channels. Our oxygenator and related products have been favorably operated by perfusionists and doctors all over the world. Nipro is the world leader of development and production of cardiopulmonary products. Our products are designed for safety and ease of use with the highest level of quality.

Medical Equipment

Market Overview

We faced a very difficult market environment within Japan in FY2007 due to the increasing severity of sales competition from other companies and pressure over lowering prices. This was caused by the ongoing functional classification of dialyzers, strong efforts to cut down on medical costs by medical institutions, and the joint purchase of consumables on the market.

On the other hand, as regards to overseas sales, considerable foreign exchanges losses were experienced due to the sudden rise in the value of the yen in respect to the dollar. Price competition over dialysis-related products became increasingly severe, though the market continued to expand.

Responses and Results

In terms of domestic business, we attempted to make further improvements in our sales efficiency and to strengthen our sales force. We also developed and introduced to the market new products for artificial kidneys, treatment of the circulatory organs, injection and transfusion, and examination purposes. When offering them to customers, we have encouraged the sale not just of individual products but of entire product related packages to increase our share of the market and to augment sales.

As regards to international business, following on from FY2006 we have continued to improve our sales offices and the quality of our product experts, which resulted in the expansion of sales. The dialyzer, which is the main item in our dialysis-related product range, did very well in terms both of Nipro brand sales and OEM. To increase in sales of dialyzers, we introduced new dialysis equipment and added a new feature to our existing dialysis equipment. In addition, as a result of energetic sales promotion activities in the BRICs nations, we made successful bids for sales in the Middle East and witnessed strong growth in sales in Latin America and China.

The artificial lung business that we purchased in FY2006 provided us with the opportunity to begin sales of the Nipro brand in many parts of the world. The sales of dialysis-related products also showed steady increase.

As a consequence, sales in the medical equipment business in FY2007 amounted to ¥111.1 billion, up by 14.2% on the previous year. Operating income was up by 10.4% on the previous year to ¥15.8 billion.

Outlook

The market environment surrounding the Japanese economy in FY2008 is likely to be even more severe and unpredictable than before. The environment affecting domestic sales is extremely volatile, with redemption prices being lowered due to the revision in pharmaceuticals prices made in FY2008.

Domestic sales focused on dialyzers, dialysis blood tubing set, dialysis equipment and other products related to artificial kidneys. We worked on the development of new products, improving quality, and strengthening sales distribution in order to increase our market share and increase sales. In the field of products related to intravascular treatment, we improved our product lineup through the development of PTCA balloon catheter, thrombotic supplementation equipment, stents and the introduction of new equipment. We strengthened our sales of products for injections and transfusions such as syringe in order to increase our market share. In the field of products related to examination, we strengthened our sales of blood collection tube used in blood tests.

As regards to overseas sales, we continued to work on making improvements in our sales offices. Our push was on our key product, the dialyzer, where we strove to increase our sales focusing on newly developed products but including related products as well. We will be continuing to work hard on promoting sales of dialysis equipment to BRICs nations during FY2008, and we intend to introduce new items and enhance the functions of our existing products.

We also intend to step up the functions of our products in the diabetes field. As regards to dialysis-related products on foreign markets, we are tackling the development of products that are able to meet the needs of increasingly globalized markets.

Through the implementation of this strategy, we hope to achieve sales of ¥117.0 billion for medical equipment in FY2008, up by 5.3% on the previous year.

Dialyzer

For many years, Nipro has been recognized as a leading company in the world of dialyzer manufactures. Nipro has been manufacturing the FB/SUREFLUX™ series of CTA dialyzers over the past 25 years and, in recent years, has also launched the SURELYZER™ PES series of PES dialyzers. As a result, Nipro is steadily gaining global market share in the realm of synthetic dialyzers.

In 2008, Nipro launched the ELISIO™-H series of new high flux PES dialyzer POLYNEPHORN™ membranes.

AVF (Arterial Venous Fistula needle)

Nipro has been recognized as one of the world largest dialysis product manufacturers with the concept of continuous product development. As a part of this product development, Nipro develop the arterial venous fistula needle with newly evolved safety function “SAFETOUCH LOCKTAIL™” safety fistula needle.
In the winter of 2008, Nipro has launch “SAFETOUCH LOCKTAIL™” fistula needle which has a unique concept of “easy to use for clinic technicians” and “comfortable for patients” in the United States of America and will market in all over the world for the improvement of the quality of medical both for patients and clinic technicians.

SafeTouch™ Huber Infusion Set

Nipro actively pursues the development of innovative and safe products with the safety of healthcare professionals and patients in mind.

One of these products is the SafeTouch™ Huber Infusion Set, a product that is used for drawing blood or administering medication through a Huber needle and surgically embedded intravascular port. This product also incorporates an integrated safety mechanism to prevent accidental needle sticks. One important feature of this mechanism is that it is easy to confirm its activation by sight, touch, and an audible click.

This product offers a safe working environment for healthcare professionals without compromising patient safety.

Business

SURDIAL™ 55Plus

SURDIAL™ 55Plus is a new kind of dialysis machine that was designed with the needs of overseas markets in mind to provide all customers with quality dialysis treatment.

Standard features of this product are filtration and acetate/bicarbonate solution profiles, and a user-friendly, color TFT touch display that swivels. In addition, heat disinfection and bicarbonate powder cartridges can also be used to meet customer needs. All of these functions contribute to accurate and safe treatment.

SURDIAL™ 55Plus was launched in May 2008 and we expect it to expand business in the dialysis field.

Market Overview

In the midst of the ongoing process of globalization, in August 2007 the Ministry of Health, Labour and Welfare presented a new vision for the pharmaceuticals industry and formulated a five-year plan for the creation of innovatory drugs and medical devices. This has served to increase the ferocity of competition in connection with the development of new drugs. In order to cut down on the costs of medical treatment and to solve the problem of 'drug lag'*1 the administrative authorities have come up with measures such as expanding DPC hospitals*2 and encouraging the use of generic drugs through changes in prescription methods. Under these conditions, the pharmaceuticals market in FY2007 remained in a difficult environment throughout the year, what with extremely stringent measures being taken to reduce drug expenditure through administrative medical reforms announced in response to the steep rise in medical costs incurred by the elderly and the increasing severity of competition with the products of rival companies in connection with sales.

Responses and Results

In the midst of a severe market environment we have striven to increase sales of powdered dialysate solutions for artificial kidneys, substitution fluids for HF and HDF kit solutions, and pre-filled syringe formulations. We have also put efforts into increasing sales of double-bag kit (liquid and powder) formulations and plastic ampoule formulations. We have seen particularly significant increases in the sales of injection kit formulations, in terms of both our own company's products and products manufactured to contract.

In order to strengthen our contract manufacture, in FY2007 we acquired all the shares of Saitama Daiichi Pharmaceutical Co.,Ltd. (SDP), which thereby became one of our subsidiaries. SDP has extensive technical capacity centering on pharmaceuticals for external use and possesses its own R&D division. SDP hopes to engage in R&D-type contract manufacture in the field of percutaneously absorbed administration systems, and we believe that its status as a subsidiary will make a significant contribution to enabling the Nipro Group to expand our business in the field of pharmaceutical products. SDP changed its name to Nipro Patch Co.,Ltd. in July 2008.

As a result, sales in the pharmaceutical business were up by 15.7% on the previous year to ¥48.8 billion. Due to the increased burden of fixed costs in the factory engaged in the production of injection kit formulations, operating income was down by 0.8% over the previous year to ¥3.3 billion.

Outlook

The Biggest pillar in the Nipro Group's pharmaceutical business is contract manufacture.

We are expanding manufacturing capacities quantitatively especially in connection with production to order, and we intend to proceed globally. As a result the number of different items being produced to order at group companies is increasing, as is also the absolute quantity of the products.

In the field of external use newly entering the market, we are actively working on development within the company and on joint development. We also intend to strengthen our business involving production to order.

The quantitative expansion in production to order is evident especially in connection with injectables, oral drugs and external use, and we have created a system for undertaking large orders. In connection with intensive production, the Nipro Group is jointly developing generic drugs with several other companies including new drug manufacturers. We are creating a business model that will make it possible for the Nipro group to manufacture all the generic drugs that we develop, and products developed by three companies on the basis of this business model are scheduled for release in July 2008. We are also putting efforts into collaboration with manufacturers of active pharmaceutical ingredients with a view to establishing an integrated system of production extending from drug substances to final formulations. As regards globalization, we are working together with global companies based in South Korea, China and Europe and are making preparations for releasing products in other countries.

*1 Drug lag: This refers to a condition in which drugs that are in standard use in other countries cannot be used in Japan. This is caused by the length of time required for authorization for drugs to be granted in Japan whereby other countries take the lead in carrying out clinical trials and release of a particular drug occurs later in Japan than in other countries.

*2 DPC hospitals: Hospitals that have introduced a system under which the costs of medical care including the administration of drugs and injections and hospitalization costs are determined by the government as a fixed daily sum in contrast to the piecework payment method previously applied whereby charges are calculated on the basis of individual acts of medical care.

Pharmaceutical

Generic drug business is the second pillar in our pharmaceutical business.

Because of the changes to be made in the prescription system, during FY2008 it will be an urgent priority for us to put together a full range of products of generic drugs. The number of items in the lineup of a particular generic drug manufacturer is likely to be one of the criteria applied by hospitals, pharmacies and wholesalers when selecting a generic drug manufacturer, and ↙

Business

possessing a full range of products is thus essential from a commercial standpoint. The Nipro Group intends to take the lead in the research and development of generic drugs. As regards items regarded as indispensable such as the essential drugs*3 announced by the World Health Organization (WHO), we are making further advances on the basis of regulation between companies within the group and introduction (concurrent selling) from other companies. We hope to be able to add around 100 types of oral formulation over the coming year or so, and we also intend to complete our efforts to put together the whole range of necessary products in the field of essential drugs.

This strategy means that we are looking to achieve sales in the pharmaceuticals sector in FY2008 of ¥55 billion, up by 12.8% on the previous year.

*3 'Essential medicines' or 'essential drugs' are defined as follows by WHO: 'Essential medicines are those that satisfy the priority health care needs of the population… [They] are intended to be available within the context of functioning health systems at all times in adequate amounts, in the appropriate dosage forms, with assured quality, and at a price the individual and the community can afford.' There are approximately 320 medicines designated in this manner.

Kit Preparations

Kit preparations are the pharmaceutical products that enable provision of safe and reliable medical care in a simple form. They contribute to prevention of contamination of preparation process, avoidance of medical errors and saving of the labor of medical staffs.

One of the reasons why the Nipro Group has been highly evaluated in the field of kit preparations is that it has not only its own research institutes of medical devices and pharmaceuticals but also its own production plant. The Nipro Group has the integrated system from development of containers and pharmaceuticals to their production.

This self-development and production system enables the Nipro Group to provide high-quality products rapidly at low costs.

Double-bag kit (Liquid/Powder)

Half-type kit

Pre-filled syringe

Market Overview

In the field of glass for medical purposes, we are witnessing an increase in new uses for glass tubes for vials and bottles in connection with items such as cosmetics containers and babies' feeding bottles. Market conditions for glass tubes for ampoules are particularly severe due to changes in containers in favor of materials such as plastic, past problems involving the generation of glass powder when nurses have cut ampoules, and the involvement of other manufacturers in the production of pre-filled syringes combined with the drug due to the occurrence of medical errors.

Market conditions for glass tubes for lighting purposes are also severe due to the need to respond to the large-scale reduction in costs being made by manufacturers of liquid crystal sets.

Responses and Results

In connection with glass for pharmaceutical purposes, strong results were obtained for glass tubes in connection with pharmaceutical bottles, cosmetics containers and other cartridges, and pre-filled syringes. Results were enhanced by the fact that Nipro is able to produce many different types in small individual quantities. Results for glass tubes for ampoules were adversely affected by the change to the use of plastics for the production of containers, and shipments were down to around only 20% of the figures recorded in the heyday of this item.

On the other hand, as far as glass materials are concerned, exports of glass for thermos flasks especially to the Middle East were strong and compensated for the fall in demand within Japan, although they still amounted to around only 20% of the peak figures in the past. As to glass tubes for lighting, there was a large-scale fall-off in back-lighting parts and materials due to the need to respond to the attempts being made by liquid crystal panel manufacturers to decrease their costs.

In fields other than glass, health foods including products such as the processed ashitaba herb (Angelica keiskei) put up a strong showing, but the market as a whole failed to grow due to the general dullness of consumer activity.

As a result, sales in the glass and materials business in FY2007 were down by 11.5% over the previous year to ¥11.4 billion. But operating income were up by 1.3% to ¥1.9 billion due to the decrease in business costs.

Outlook

In order to continue responding to the demands of the pharmaceuticals industry, during FY2008 we will be proceeding with technical innovation in connection with glass manufacturing technology and will be developing products centering on containers for drugs. We also intend to proceed actively with the development of new products.

In the field of glass for lighting, we will continue working on increasing our sales of LCD backlights and related products in response to the growing market for liquid crystal panels.

However, despite these efforts, we reckon that FY2008 is going to continue presenting us with a difficult market environment for parts and materials related to LCD backlights, and we forecast that our sales in the glass and materials business will be down by 1.2% over the previous year to ¥11.3 billion.

Glass & Materials Business

Release of Nipro Carefast™, a measuring device that is able to measure blood glucose levels rapidly and accurately with only a tiny quantity of blood

In December 2007 Nipro released Nipro Carefast™, a device which is able to measure blood glucose levels in a very brief time (5 seconds) with a small quantity of blood (0.5 microliters). It sometimes happens that blood glucose levels higher than the real values are indicated in the case of people receiving infusions of intravenous fluids containing the sugar known as maltose and people who are being administered pralidoxime iodide (PAM), the antidote to organic phosphorus poisoning. But Nipro Carefast™ is not influenced at all by maltose or PAM.

The sensor can be ejected safely from the main unit without coming into contact with blood, and efforts have thus been made to ensure the safety of medical practitioners. It is also possible to confirm easily whether or not blood has been adequately absorbed by the sensor. With a view to satisfying a wide variety of needs, the backlight function makes it possible to use the unit in dark places and to differentiate between the results of measurements taken before and after meals.

Nipro Carefast™

Release of Welsupport™, a device that permits the accurate measurement and control of the amount of energy consumed through movement

In May 2008 Nipro released Welsupport™, an intelligent calorie counter (a device for recording daily activity) that measures and controls energy consumption through physical movement by patients suffering from lifestyle-related diseases in hospitals and medical facilities.

It has not hitherto been possible to accurately measure the amount of energy consumed through vertical movement such as walking up and down stairs using ordinary commercially available pedometers. In order to solve this problem, we have incorporated an acceleration sensor and an atmospheric pressure sensor into Welsupport™, thereby making it possible to conduct accurate measurements of three-dimensional movement.

It has become generally known in recent years that lifestyle-related diseases such as diabetes can be prevented or relieved by improving eating habits and by taking regular exercise every day. By accurately measuring the amount of movement, Welsupport™ motivates patients to get into the habit of taking daily exercise and contributes to improvements in their quality of life.

Welsupport™

Non-preservative containers awarded the “Good Design” prize

The non-preservative multi-dose containers developed jointly by Nipro and Wakamoto Pharmaceutical Co., Ltd. were awarded the 2007 “Good Design” Prize held by the Japan Industrial Design Promotion Organization.

Attention has been directed recently to the influence on the cornea and on tear fluid in forms such as corneal problems and allergies caused by the preservative agents present in eye drops. Non-preservative containers have a structure that makes it possible to maintain aseptic properties without the addition of preservatives. The containers are the same size as those generally employed by eye drop products, and the liquid is just as easy to apply to the eyes. Care has also been taken with the visibility of the nozzle and the transparency of the bottle.

The approach involves maintaining a sterilized condition without the use of preservatives through the use of two types of filter. The design that has made this possible is both effective and visually attractive. This point was highly evaluated by the judges, who were also impressed by the way in which the problems faced by users had been resolved through the use of new technology and new materials.

In the future we intend to tackle development and production with the emphasis on the unmet needs of customers and to make improvements in the quality and safety of medical care.

Non-preservative containers

The Nipro Group' s priority tasks are to establish fair and highly transparent corporate governance and enforce thorough compliance. To these ends, appropriate organizational frameworks and control systems have been created and are being constantly improved.

Management control system

In compliance with Japan's Corporate Law, the Nipro Group has the following bodies in place, in addition to the Meeting of Shareholders and Directors. The Board of Directors, Auditors, the Board of Auditors and Accounting Auditor.

The management control systems that relates to management decision-making, execution and supervision basically operates through the Board of Directors and the Auditors. This entails a management control systems that oversees autonomous corporate business divisions. The systems endeavor to ensure clear assignment of responsibilities and to reinforce systems of control.

The Nipro Group's Board of Directors meets at least once a month, in principle, to make important decisions, report on operational execution and hold discussions. At present, two of the three Auditors are external auditors, as stipulated by the Corporate Law. No external director is in office at present. There is no staff exclusively assigned to external auditors.

Internal control systems and auditing

The Group Management Meeting, held regularly once a month, discusses important operational execution and makes decisions. The Nipro Group's directors and statutory auditors, as well as representatives of major Group companies, attend this Meeting to discuss the progress of business activities and any issues pending, so as to make dynamic management decisions.

In accordance with the auditing policy and the division of labor as agreed upon by the Board of Auditors, each statutory auditor attends important meetings, including Board of Directors meetings, and receives reports from Directors and employees, in addition to inspecting important documents and undertaking other auditing duties. The statutory auditors hold Board of Auditors Meeting regularly, or as necessary, in order to exchange views and hold discussions.

An Auditing Section has been set up, independent from the operational organization. Aside from the two full-time employees at the Auditing Section, employees are dispatched as necessary from the Head Office Management Division or other divisions to carry out inspections timely, smoothly and efficiently. The Auditing Section implements auditing policy and conducts impartial internal audits based on the annual plan. Mutual coordination takes place between the statutory auditors' audit and the accountant's audit, ensuring the management director's compliance with the law, preventing of illegal practices and errors and improving of the internal control systems.

Status of the compliance/ management risk control system

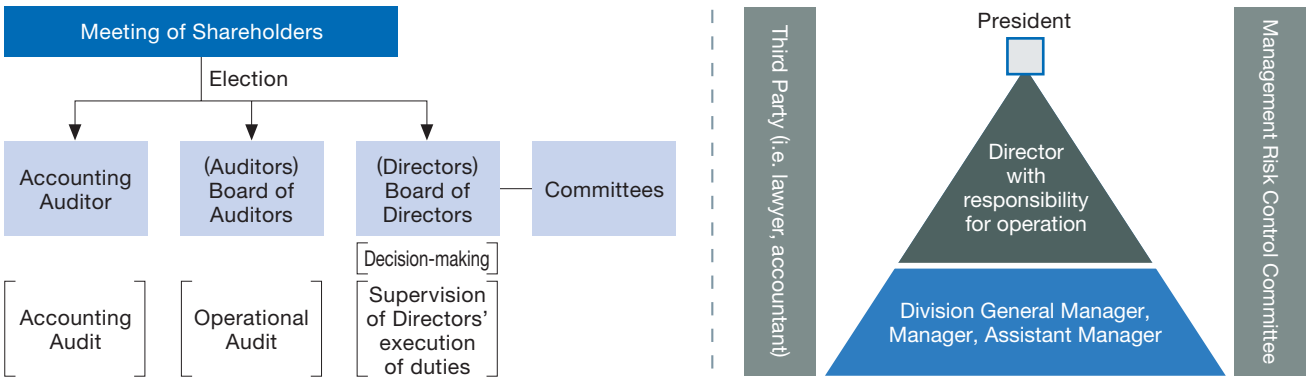
The Nipro Group set up a Management Risk Control Committee in an effort to control management risks and further strengthen systems that promote legal compliance and observation of corporate ethics.

We also distribute handbooks to executives and employees to foster an understanding of laws and regulations and encourage compliance with corporate ethics, implement internal reporting systems and introduce educational and awareness activities through an internal newsletter.

With respect to the timely disclosure of corporate information, the Nipro Group aims to disclose important company information to its investors speedily, accurately and fairly. An Information Manager has been appointed in the Human Resources and General Affairs Division, as part of the Nipro Group's drive to improve the corporate information control system.

Should persons not belonging to the company observe the Nipro Group employee commit an illegal act, or should they be adversely affected by the Nipro Group employee, a similar alarm-raising facility for external use is in place so that the Management Risk Control Committee can be alerted directly.

Conceptual Diagram of Corporate Governance



Basic Policy on Internal Control

(1) A system to ensure that the execution of duties by Directors and employees is in compliance with legislation and the Article of Incorporation

This system is designed to clarify the responsibilities of directors and employees, ensure the appropriate exercise of authority, prevent illegal and inappropriate behavior and, should such behavior occur, implement measures to prevent a recurrence. For these reasons, the Company establishes internal regulations, distributes materials and conducts awareness activities among executives and employees (hereinafter, "employees and other personnel") about the need for compliance with laws and other regulations, as well as with corporate ethics. We have introduced a portal site-based hotline as part of our efforts to create an effective in-house system to call attention quickly to any misconduct.

(2) A system to deal with the storage and control of information concerning the execution of duties by the Directors

This system clarifies directors' and employees' handling of documents (including electronic documents) pertaining to the execution of their duties. The system establishes internal regulations concerning the creation, storage and disposal of documents, including those containing information on the Board of Directors' decisions. The system also specifies documentation procedures for the submission and return of applications and final decision-making. The Company's documentation system allows directors and statutory auditors to browse the documents to which they have legal access. Any alterations or improvements to the Company's internal regulations about the handling of important documents require the approval of the Board of Directors.

(3) Regulation and other systems that deal with loss-related risk management

The Company has established risk management procedures to ensure the comprehensive and appropriate recognition and evaluation of the dangers of loss (risks) that could materially impact management. A core management system is in place to counter operating and other specific risks. By employing a flat organizational structure that encompasses representatives of each Group company and business unit, the system helps prevent major risks from materializing, prevents recurrence and contributes to swift responses. The system also enables the Group to respond flexibly to legal and regulatory changes and sudden changes in the business environment.

(4) A system to ensure efficient execution of duties by the Directors

The Company employs efficient budget enforcement and other management supervisory systems, with each business unit responsible for its own profits and losses. We have established a Group Management Meeting of directors, statutory auditors and representatives of major subsidiaries. Taking a multifaceted approach, this council addresses important topics that affect the Group. Other meetings are held regularly or as necessary to raise operating efficiency. We have introduced an Intranet to which nearly all employees and other personnel have access. Such additions to our information infrastructure play a crucial role in improving business efficiency.

(5) A system to ensure the existence of a suitable control system within the corporate group

We have established a control environment that encompasses groupwide human and financial resources and information control. This master control system provides instructions for directors and employees of each Group company, including those overseas, on creating their own control environments that retain the spirit of the Group's basic policy, as well as information on control awareness and other topics. We also promote communications among Group companies and actively approach the internal control issues that arise from business expansion or the extension of business foundations. For affiliated companies that request our involvement, we help formulate and implement internal regulations and assist with important decision-making. The Company's statutory auditors liaise with subsidiaries' auditors to implement audit practices and confirm that subsidiaries are conducting these activities properly.

(6) A system to ensure the trustworthiness of disclosures relating to financial reports

To maintain the reliability of the corporate information provided through annual security and other financial reports, the Company comprehensively gathers important information and thoroughly discloses it in a timely and appropriate manner. To this end, we work to create disclosure systems, formulate and implement internal regulations and create IT-compliant systems to transmit and monitor information.

(7) A system to deal with reports to Auditors

In addition to legally stipulated items, the Company has created a system for directors and employees to report swiftly to statutory auditors any items with the potential to materially impact the Company and Group companies. They can also report the implementation status of internal audits and other significant information through the internal hotline.

(8) A system to ensure effective execution of the Auditors' audit

In the course of audits performed by statutory auditors, employees and personnel report on the status of their business activities and provide materials related to their assigned duties. As necessary, statutory auditors confer with accounting auditors, attorneys and other specialists, and submit any suggestions involving significant revisions to the Board of Directors. In the event that employees are required to assist in the statutory auditors' tasks, these personnel are assigned specifically to auditing duties, in consideration of the need for independence. Statutory auditors participate in deliberations involving the selection of personnel.

Board of Directors and Auditors (As of June 30, 2008)

President
Minoru Sano ⋆

Senior Managing Director
Shigeki Tanaka ⋆
Manufacturing technology /R&D division

Managing Director
Yoshihiko Sano
Domestic division

Managing Director
Makoto Sato
Pharmaceutical business

Managing Director
Kazuo Wakatsuki
International division

Director
Masato Naganami
Glass & material development division

Director
Akihiko Yamabe
Accounting & corporate planning division

Director
Hiroshi Ikeuchi
Human resources / general affairs division

Director
Noriaki Watanabe
International division

Director
Hiroyuki Hattori
Research & Development Laboratory

Director
Kiyotaka Yoshioka
Domestic division

Director
Toshiaki Masuda
Domestic division

Standing Statutory Auditor
Takayuki Nomiya

Statutory Auditor
Masamichi Wada

Statutory Auditor
Kiyoshi Kase

⋆ Representative Director

Financial Section 2008

23 Financial Review

27 10 year summary

29 Consolidated Balance Sheets

31 Consolidated Statements of Income

32 Consolidated Statements of Changes in Net Assets

33 Consolidated Statements of Cash Flows

34 Notes to Consolidated Financial Statements

45 Report of Independent Certified Public Accountants on The Consolidated Financial Statements

46 Corporate Information

Overview

In the fiscal year ended March 31, 2008, Japanese economy was felt to be gradually deteriorating due to rise in the prices of oil and raw materials and to the depreciation of U.S. dollar in fear of the underperforming economy in the United States. Meanwhile, drastic changes were taking place in the medical field with the progress of regenerative medicine and cell therapy, which has in turn made a very severe circumstance for our operations.

Under such circumstance, we have promoted to develop innovative medical equipment in the fields of artificial organs and regenerative medicine as well as made effort in the businesses of injection drug and oral drug, so as to establish a worldwide leading brand and to be a true global enterprise.

Consolidated Business Results

Net Sales

In the fiscal year ended March 31, 2008, consolidated net sales amounted to ¥172.1 billion (US$1,717.9 million), a decrease of 6.6% compared with the previous fiscal year, mainly because of the divestiture of the retail business which took place in the previous period.

Net Sales by Business Segment

Medical Equipment

Net sales in this business rose 14.2% compared with the previous fiscal year to ¥111.1 billion (US$1,108.7 million). Sales of artificial organs including dialysis products rose 17.0% to ¥54.4 billion (US$543.0 million) and those of injection and infusion related devices also rose 11.6% to ¥56.6 billion (US$564.9 million).

The domestic business environment remained severe due to intensive sales competition caused by various factors such as the performance-based classification of dialyzers, reinforced cost control at medical institutions and promotion of joint purchases of medical consumables. Under such circumstances, we took several measures to expand our market shares and increase in sales; we enhanced the sales efficiency and increased the sales force. We also made efforts to develop and market new products in the fields of dialysis, vascular therapy, injection and infusion and examination, and promote business expansion by means of systematized product offerings.

Overseas, in spite of abrupt exchange fluctuation, we achieved a good sales growth by the reinforcement of sales bases and product specialists. Especially, dialyzers, our mainstay product, showed a steady result both by our own brand marketing and by OEM. Dialysis machines made an outstanding growth with new model machines and additional functions. We started promotion of oxygenator worldwide, following the acquisition of business in the previous period. Diabetes-related products also achieved strong growth, despite harder price competition, thanks to the expansion of the market.

Pharmaceutical

Net sales in this business rose 15.7% compared with the previous fiscal year to ¥48.8 billion (US$486.6 million). The increase was mainly owing to the new consolidation of Saitama Daiichi Pharmaceutical Co., Ltd. which manufactures external medicines such as adhesive skin patch.

Market environment of this business was also very severe, with governmental control on drug costs as part of the medical administration reform and intensified sales competition. Under the circumstances, we endeavored to expand sales of our characteristic products such as pre-filled syringes and "liquid-and-powder" double bag kits. Sales of injectable kit preparations including aforesaid items increased 3.6% to ¥14.9 billion (US$148.7 million). Sales of oral drugs leveled off in this fiscal year, affected by the termination of some contracts. Sales of external drugs amounted to ¥6.7 billion (US$66.9 million) because of the new consolidation mentioned above.

Glass & Materials

Net sales in this business declined 11.5% compared with the previous fiscal year to ¥11.4 billion (US$114.2 million). Glass for pharmaceutical containers generally showed a steady trend and sales increased 5.2% to ¥3.5 billion (US$34.9 million). On the other hand, sales of other glass materials dropped 17.3% to ¥7.9 billion (US$78.9 million). This was mainly due to decrease in backlight-related materials, affected by the cost reduction requirements of LCD panel makers.

Other

Sales of "Other" are mainly of machinery for manufacture of medical equipment and real estate rental income. Net sales of "Other" decreased 17.7% to ¥0.8 billion (US$8.4 million) due to decline of real estate rental income.

Cost of Sales

The cost of sales decreased 6.8% compared with the previous fiscal year to ¥123.1 billion (US$1,228.7 million). The main reason for the decrease was the divestiture of retail business. The ratio of cost of sales to net sales was 71.5% which was almost at the same level as the previous period. As a result, gross profit decreased 6.2% compared with the previous fiscal year to ¥49.0 billion (US$489.1 million).

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased 9.8% compared with the previous fiscal year to ¥35.3 billion

Net Sales (Millions of yen)

2004	188,700
2005	192,320
2006	206,801
2007	184,363
2008	**172,113**

Operating Income (Millions of yen)

2004	12,557
2005	10,404
2006	12,332
2007	13,053
2008	**13,677**

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

2004	8,044
2005	8,660
2006	9,061
2007	16,776
2008	**8,260**

(US$352.6 million), mainly due to decrease in salaries and rent resulting from the divestiture of retail business.

Operating Income
As a result of the above-mentioned factors, operating income rose 4.8% to ¥13.7 billion (US$136.5 million). The ratio of operating income to net sales improved 0.9 percentage points to 8.0%.

Operating Income by Business Segment
Medical Equipment
Operating income of Medical Equipment business rose 10.4% to ¥15.8 billion (US$158 million). Profit from increased sales covered the increased depreciation expense from new investments for expanding manufacturing capacity of dialyzers at the Company's Odate factory.

Pharmaceutical
Operating income of Pharmaceutical business slightly decreased 0.8% to ¥3.3 billion (US$32.6 million). New consolidation of Saitama Daiichi Pharmaceutical Co., Ltd. made a contribution to income, however, Nipro Pharma Corporation's Odate factory incurred loss from newly introduced manufacturing lines due to low capacity utilization.

Glass & Materials
Operating income of Glass & Materials business increased 1.3% compared with the previous fiscal year to ¥1.9 billion (US$18.9 million), by the cost reduction and increase in the sales of products with higher profit margin.

Other
Operating income of "Other" decreased 91.3% compared with the previous fiscal year to ¥0.01 billion (US$0.1 million) due to decrease in net sales.

Elimination/Corporate
The unallocable corporate costs, which consisted mainly of the R&D-related expenses and headquarters administration expenses, increased 6.7% compared with the previous fiscal year to ¥7.3 billion (US$73.1 million) mainly due to the increase in the pharmaceutical R&D costs.

Other Income (Expenses)
We recorded other expenses of ¥5.4 billion (US$54.1 million) compared with the other income of ¥3.7billion in the previous year. In the previous fiscal year, we recorded a gain on sale of investments in consolidated subsidiaries for ¥12.7 billion. On the other hand, in the fiscal year under review, we recorded exchange loss of ¥3.2 billion (US$31.6 million) as a result of the revaluation of assets denominated in U.S. dollars. In the previous fiscal year, we recorded loss on impairment of ¥1.3 billion, allowance for loss on business clearance of ¥2.0 billion and extraordinary loss on doubtful debt of ¥2.4 billion in relation to the divestiture of retail business. In the fiscal year under review, no such exceptional item was recorded.

Income before Income Taxes and Minority Interests
As a result of the factors outlined above, income before income taxes and minority interests declined 50.8% compared with the previous fiscal year to ¥8.3 billion (US$82.4 million).

Net Income
The effective tax rate for corporate taxes following deferred tax accounting was 45.9% compared with 48.8% for the previous fiscal year. Minority interests showed income of ¥0.01 billion (US$0.1 million). As a result, net income declined 47.9% to ¥4.5 billion (US$44.5 million). Basic earnings per common share amounted to ¥70.2 (US$0.70) compared with ¥134.7 of the previous fiscal year. Cash dividends per common share amounted to ¥37.5 (US$0.37) compared with ¥80.0 of the previous fiscal year.

Net Sales and Operating Income by Geographic Segment
In Japan, net sales decreased 13.1% compared with the previous fiscal year to ¥135.6 billion (US$1,353.5 million) due to divestiture of retail business. Operating income, however, increased 8.1% to ¥22.0 billion (US$220.0 million) owing to the increase in transaction volume of Medical Equipment business.

In America, net sales rose 20.3% compared with the previous fiscal year to ¥20.9 billion (US$208.7 million) due to increase in sales of dialysis-related and oxygenator-related products. However, this segment recorded an operating loss of ¥1.7 billion (US$16.6 million) for the fiscal year under review, because a Brazilian subsidiary made a loss from exports affected by the weak U.S. dollar and anticipatory investment in sales force. Another factor of the operating loss was the expenses of a development-stage company in the United States.

In Europe, net sales rose 29.2% compared with the previous fiscal year to ¥9.2 billion (US$ 91.6 million) as a result of the establishment of new sales network and increase in trade of dialysis-related products. Operating income also increased 51.0% to ¥0.2 billion (US$2.1 million).

In Asia, net sales rose 67.4% compared with the previous fiscal year to ¥6.4 billion (US$64.1 million) owing to the increase in sales of dialysis-related and oxygenator-related products. Operating income rose 109.9% to ¥1.0 billion (US$9.5 million) thanks to the improvement in manufacturing profitability at factories.

Net Income (Millions of yen)

2004	4,216
2005	4,519
2006	4,513
2007	8,555
2008	**4,454**

Capital Expenditures (Millions of yen)

2004	14,500
2005	16,312
2006	20,874
2007	23,093
2008	**25,900**

Total Assets (Millions of yen)

2004	279,701
2005	293,749
2006	338,741
2007	336,660
2008	**349,302**

Financial Position

Total assets at March 31, 2008 stood at ¥349.3 billion (US$3,486.4 million), an increase of 3.8% from the end of the previous fiscal year. Current assets increased 10.5% from the end of the previous fiscal year to ¥162.7 billion (US$1,624.4 million), due mainly to the increase in trade receivables and inventories. Property, plant and equipment, net of accumulated depreciation, increased 13.3% from the end of the previous fiscal year to ¥118.8 billion (US$1,185.9 million) as a result of active investments in manufacturing facilities. Capital investments in property, plant and equipment totaled ¥24.7 billion (US$246.8 million). By business segment, capital investments amounted to ¥15.3 billion (US$153.1 million) in the Medical Equipment business and ¥8.3 billion (US$82.8 million) in the Pharmaceutical business. Investment and other assets decreased 19.9% to ¥67.7 billion (US$676.2 million), due mainly to the decrease in investment securities affected by the sluggish stock market.

Current liabilities increased 4.5% from the end of the previous fiscal year to ¥108.8 billion (US$1,086.3 million), mainly due to the increase in current portion of long-term debt. Long-term liabilities also increased 14.6% from the end of the previous fiscal year to ¥120.9 billion (US$1,206.9 million), owing to the increase in long-term debt.

Total net assets decreased 5.9% from the end of the previous fiscal year to ¥119.5 billion (US$1,193.2 million), due to the decrease in unrealized gain of available-for-sale securities.

Cash Flow

Net cash provided by operating activities decreased 33.7% compare with the previous fiscal year to ¥9.7 billion (US$96.6 million), mainly because net income decreased and the payment of income taxes increased. Net cash used in investing activities amounted to ¥30.1 billion (US$300.2 million), mainly for purchase of property, plant and equipment. Net cash provided by financing activities amounted to ¥22.2 billion (US$222.3 million), due to the increased long-term loans and issuance of bonds.

As a result, net cash and cash equivalents increased ¥1.5 billion (US$15.4 million) compared with the end of previous fiscal year to ¥47.7 billion (US$475.7 million).

Staff

Total number of employees at the end of the fiscal year under review increased 213 compared with the end of the previous fiscal year to 9,020. Employees in Japan increased 347 to 4,422, and the overseas employees decreased 134 to 4,598.

Basic Policy on Distribution of Profits

Our policy is that 50% of non-consolidated net income is to be distributed to shareholders. Employees' bonuses are determined according to the business performance of the division to which the employees belong. Bonuses for directors and statutory auditors are determined on the basis of corporate business performance.

Retained earnings are invested in sales and production facilities as well as in R&D, with a view to establishing the firm management basis and long-term business development, which in turn should ensure stable profits in the future.

Risk Factors

The following are risks that may have an effect on the Nipro Group's results of operations and/or its financial condition. The items concerned were determined as at March 31, 2008.

(1) Risks Related to Product Safety

The Nipro Group brings all of its capabilities to bear in securing product safety in the design, development and manufacturing of medical equipment and pharmaceutical products. There are still the risks, however, that accidental defects or side-effects could result in damages to a third party and our being sued for liability.

To cover these risks, we therefore maintain general liability and product liability insurance. In the unlikely event of a successful claim in excess of the insurance coverage, however, there could be a material adverse effect on our results of operations and financial condition.

(2) Risks Related to Supplier Concentration

The Nipro Group procures materials and parts for its operations from a large number of suppliers. Some key materials or parts may be obtained only from a single supplier or a limited group of suppliers. If circumstances at any of these suppliers make it impossible for us to acquire a sufficient quantity of materials or parts to meet our production needs in a timely and cost-effective manner, there could be a material adverse effect on our results of operations and financial condition.

(3) Risks Related to Changes in Government Healthcare Policies

The business sector to which the Nipro Group belongs is intimately connected with the healthcare system and is subject to the regulations laid out by the government organizations, including the National Health Insurance System and the Pharmaceutical Affairs Law. Should circumstances arise in which we were unable to respond to changes in the environment brought about by unforeseeable wholesale changes in the government healthcare policies, there could be

Net Assets (Millions of yen)

2004	94,711
2005	96,700
2006	112,391
2007	125,651
2008	**118,156**

Basic Earnings Per Share (yen)

2004	64.9
2005	69.4
2006	69.6
2007	134.7
2008	**70.2**

Number of Employees

2004	8,132
2005	8,617
2006	9,048
2007	8,807
2008	**9,020**

a material adverse effect on our results of operations and financial condition.

(4) Risks Related to Changes in Sale Prices

The products sold by the Nipro Group include some that are, in general, subject every two years to the effect of price reductions in the system of payment for medical care, drug prices and reimbursement prices for medical materials and supplies. Should measures to hold down medical costs also become pervasive worldwide, resulting in intensified competition between corporations and leading to prices falling to a greater degree than anticipated, there could be a material adverse effect on our results of operations and financial condition.

(5) Risks Related to Changes in Prices of Raw Materials

The products manufactured by the Nipro Group include some that are made from petrochemical products such as plastics. Should the cost of such raw materials rise, there could be a material adverse effect on our results of operations and financial condition.

(6) Risks Related to Overseas Expansion

The Nipro Group maintains manufacturing bases and sales offices around the world for the production and supply of its products. Should there be unexpected revisions to legal regulations or political or economic changes in these countries or regions, there could be a material adverse effect on our results of operations and financial condition.

(7) Risks Related to Intellectual Property

The Nipro Group owns numerous patents and trademarks, and maintains various proprietary rights for the products it manufactures. Additionally, we take all possible measures to avoid infringing on the patents and proprietary rights of any third party, and to avoid breaching any license agreements we have concluded concerning technologies. Nevertheless, if an unanticipated claim for damages were to be made by a third party and the defense of the Nipro Group were to be rejected, there could be a material adverse effect on its results of operations and financial condition.

(8) Risks Related to Environmental Regulations

The Nipro Group believes it has taken adequate precautions to comply with applicable regulations in the course of its business activities. Should our activities cause an unforeseen environmental problem, however, with a claim for damages made against us, there could be a material adverse effect on our results of operations and financial condition.

(9) Risks Related to Exchange Rate Fluctuations

The Nipro Group, including its overseas subsidiaries, carries out its foreign currency transactions primarily in US dollars and euro, but calculates financial statements for its overseas subsidiaries using Japanese yen for the purpose of producing consolidated financial statements. Fluctuations in exchange rates may therefore have a material adverse effect on our results of operations and financial condition.

(10) Risks Related to Investment Value

The Nipro Group's assets include investments in stocks and other securities. These investments have been made for purposes such as building good business relationships with the issuers of such securities, or for gathering useful information for the development of new products or for new business opportunities. Should the value of these investments decline significantly owing to fluctuations in the stock market, circumstances at an issuer, or a change in the accounting methods used to deal with these investments, there could be a material adverse effect on our results of operations and financial condition.

(11) Risks Related to controls on Personal Information

The Nipro Group set the strict precautions to protect the confidential personal information that the Group possesses. In the unforeseen events or accidents that the personal information is leaked outside the Group, causing loss of trust or customers, there could be a material adverse effect on its results of operations and financial condition.

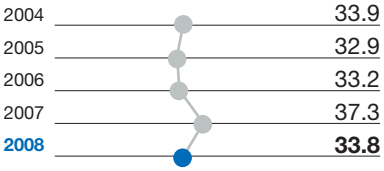
(12) Risks Related to Litigation

On December 7, 2007, a damage suit was filed at the Tokyo Higher Court by Naigai Co., Ltd. and Naigai Glass Kogyo Co., Ltd. against the Company, based on the 25th article of the antitrust law. The claimed amount was ¥2,032 million (US$20,281 thousand). The Company is arguing, among others, the occurrence of the damage and the correlation between the act and the damage. Should the defense of the Company be unsuccessful and a judgment to order the payment of compensation be given to the Company, there could be a material adverse effect on our results of operations and financial condition.

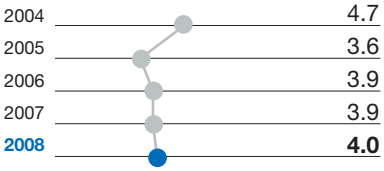
(13) Other Risks

Fire, earthquake, terrorist act, war, epidemic, or other unforeseen man-made or natural disasters affecting areas or facilities where the Nipro Group conducts its business activities may possibly cause a delay or interruption in production, sales, distribution, or provision of services. Should such a delay or interruption become extended, there could be a material adverse affect on our results of operations and financial condition.

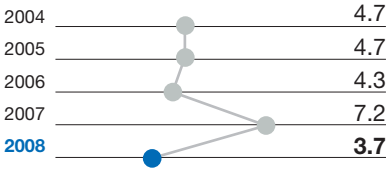
Equity Ratio (%)



Return on Assets (%)



Return on Equity (%)



10 year summary

Nipro Corporation and its Consolidated Subsidiaries
Years ended March 31

	Millions of yen			
	2008	2007	2006	2005
Income Statement Data:				
Net sales	**¥ 172,113**	¥ 184,363	¥ 206,801	¥ 192,320
Medical Equipment	**111,084**	97,300	90,868	82,504
Pharmaceutical	**48,754**	42,152	35,220	26,207
Glass and Materials	**11,437**	12,919	11,934	11,667
Store	**—**	30,973	67,261	70,841
Cost of sales	**123,108**	132,142	149,971	140,072
Selling, general and administrative expenses	**35,328**	39,168	44,498	41,844
Operating income	**13,677**	13,053	12,332	10,404
Medical Equipment (1)	**15,830**	14,334	13,430	11,039
Pharmaceutical (1)	**3,271**	3,298	2,111	2,261
Glass and Materials (1)	**1,890**	1,865	1,836	1,889
Store (1)	**—**	270	578	115
Income before income taxes and minority interests	**8,260**	16,776	9,061	8,660
Net income	**4,454**	8,555	4,513	4,519
Capital expenditures	**25,900**	23,093	20,874	16,312
Depreciation and amortization	**15,054**	12,470	12,315	10,266
R&D expenses	**6,194**	4,461	3,760	3,422
Balance Sheet Data:				
Total assets	**¥ 349,302**	¥ 336,660	¥ 338,741	¥ 293,749
Property, plant and equipment-net	**118,812**	104,882	106,195	98,788
Working capital	**53,911**	43,128	34,579	39,123
Current liabilities	**108,835**	104,105	111,285	96,242
Long-term liabilities	**120,923**	105,535	113,453	99,198
Common stock	**28,663**	28,663	28,663	28,663
Capital surplus	**29,975**	29,973	29,972	29,972
Net assets (2)	**118,156**	125,651	112,391	96,700
	Yen			
Per share data:				
Basic earnings (3)	**¥ 70.2**	¥ 134.7	¥ 69.6	¥ 69.4
Diluted earnings (3)	**—**	—	—	—
Cash dividends	**37.5**	80.0	37.5	38.5
Equity	**1,861.8**	1,979.2	1,767.7	1,519.6
Number of common shares issued	**63,878,505**	63,878,505	63,878,505	63,878,505
Number of employees	**9,020**	8,807	9,048	8,617
Selected Data and Ratios:				
Equity ratio (4) (%)	**33.8**	37.3	33.2	32.9
Return on assets (4) (%)	**4.0**	3.9	3.9	3.6
Return on equity (4) (%)	**3.7**	7.2	4.3	4.7
Price earnings ratio (4) (times)	**24.8**	17.1	26.0	25.6

Note:

(1) Operating income at the operating segment level is not adjusted for intra-segment transactions. See note 13 to the consolidated financial statements.
(2) Effective April 1, 2006, the Company adopted a new accounting standard for presentation of net assets in the balance sheet issued by the Accounting Standard Board of Japan. In the new accounting standard, net assets refer to the sum of total shareholders' equity, total valuation and translation adjustments and others, and minority interests. Minority interests, however, have not been included in net assets above to conform to the prior years' presentation.
(3) Effective April 1, 2002, the Company adopted a new accounting standard for earnings per share of common stock issued by the Accounting Standards Board of Japan. Basic earnings and diluted earnings per share for the year ended March 31, 2003 and thereafter are computed in accordance with the new standard. Basic earnings and diluted per share for the prior years are not translated to reflect the new standard's provision, based on the weighted average number of

Millions of yen						Thousands of U.S. dollars (Note 1)
2004	2003	2002	2001	2000	1999	2008
¥ 188,700	¥ 180,370	¥ 171,217	¥ 152,072	¥ 143,700	¥ 141,635	**$ 1,717,866**
78,727	76,009	77,572	66,413	65,718	64,730	**1,108,734**
25,339	21,979	15,946	14,120	13,478	11,969	**486,615**
11,891	11,064	11,234	11,784	12,021	11,907	**114,153**
71,357	69,560	64,764	56,882	51,034	51,199	**—**
137,153	128,776	122,092	110,608	104,734	101,965	**1,228,745**
38,990	36,695	34,690	31,735	30,344	29,328	**352,610**
12,557	14,899	14,435	9,729	8,622	10,342	**136,511**
12,117	14,175	15,016	11,913	10,422	12,272	**158,000**
2,471	1,981	1,104	844	516	71	**32,648**
1,819	1,777	1,806	1,773	1,758	1,780	**18,864**
420	1,109	1,037	20	637	888	**—**
8,044	8,781	11,617	6,641	5,930	4,440	**82,444**
4,216	5,078	5,842	3,401	2,621	1,793	**44,456**
14,500	20,775	17,166	14,295	8,463	12,362	**258,510**
9,819	8,767	7,215	6,898	7,124	6,681	**150,255**
3,074	2,328	2,553	3,048	2,278	2,889	**61,823**
¥ 279,701	¥ 252,848	¥ 245,403	¥ 228,918	¥ 217,455	¥ 205,558	**$ 3,486,396**
94,005	91,147	81,029	72,061	64,497	62,919	**1,185,867**
28,570	27,542	9,792	35,770	52,065	44,820	**538,087**
96,364	88,889	105,764	74,995	75,008	73,398	**1,086,286**
86,932	78,657	61,952	83,260	75,585	64,478	**1,206,937**
28,663	28,663	23,113	22,563	22,563	22,563	**286,086**
29,972	29,972	24,435	23,886	23,886	23,886	**299,182**
94,711	83,533	76,099	69,196	65,368	65,563	**1,179,319**
		Yen				U.S. dollars (Note 1)
¥ 64.9	¥ 84.3	¥ 104.4	¥ 60.8	¥ 46.9	¥ 32.0	**$ 0.70**
—	78.5	92.4	54.3	42.1	28.1	**—**
30.5	32.0	47.0	31.0	34.5	19.0	**0.37**
1,487.5	1,310.7	1,343.7	1,236.6	1,168.2	1,171.7	**18.58**
63,878,505	63,878,505	56,670,149	55,956,987	55,956,987	55,956,987	
8,132	8,029	7,835	6,818	6,636	6,064	
33.9	33.0	31.0	30.2	30.1	31.9	
4.7	6.0	6.1	4.4	4.1	5.3	
4.7	6.4	8.0	5.1	4.0	2.7	
24.1	21.5	17.4	16.5	18.6	34.6	

outstanding shares for the period.

(4) Equity ratio is the ratio of the sum of total shareholders' equity and total valuation and translation adjustments and others to total assets at the period end. Return on assets is the ratio of operating income for the period to average of total assets during the period. Return on equity is the ratio of net income for the period to average of the sum of total shareholders' equity and total valuation and translation adjustments and others during the period. Price earnings ratio is the ratio of the closing price of the Company's shares listed on the First Section of the Tokyo Stock Exchange on the last trading day in March of each year to basic earnings per share.

Consolidated Balance Sheets

Nipro Corporation and its Consolidated Subsidiaries
As of March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	**2008**
Assets			
Current assets:			
Cash and cash equivalents	**¥ 47,657**	¥ 46,110	**$ 475,666**
Time deposits (over three months)	**1,812**	1,825	**18,086**
Trade notes and accounts receivable (Note 5 and 11)	**53,507**	50,972	**534,055**
Allowance for doubtful receivables	**(474)**	(502)	**(4,731)**
Inventories (Note 3)	**48,077**	40,213	**479,858**
Deferred income taxes (Note 4)	**2,902**	3,034	**28,965**
Other current assets	**9,265**	5,581	**92,475**
Total current assets	**162,746**	147,233	**1,624,374**
Property, plant and equipment (Note 5 and 6):			
Land	**19,413**	18,032	**193,762**
Buildings and structures	**95,005**	79,482	**948,248**
Machinery and equipment	**125,897**	103,814	**1,256,583**
Construction in progress	**11,220**	12,857	**111,987**
	251,535	214,185	**2,510,580**
Accumulated depreciation	**(132,723)**	(109,303)	**(1,324,713)**
Property, plant and equipment-net	**118,812**	104,882	**1,185,867**
Investments and other assets:			
Investment in unconsolidated subsidiaries and an affiliate accounted for by the equity method	**3,397**	3,382	**33,906**
Investment securities (Note 7)	**56,528**	73,922	**564,208**
Lease deposits	**2,266**	2,591	**22,617**
Deferred income taxes (Note 4)	**159**	62	**1,587**
Other	**5,394**	4,588	**53,837**
Total investments and other assets	**67,744**	84,545	**676,155**
Total	**¥ 349,302**	¥ 336,660	**$ 3,486,396**

The accompanying notes are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	**2008**
Liabilities, and net assets			
Current liabilities:			
Short-term bank loans (Note 9)	**¥ 28,221**	¥ 26,964	**$ 281,675**
Current portion of long-term debt (Note 9)	**30,164**	23,305	**301,068**
Trade notes and accounts payable	**30,009**	26,547	**299,521**
Accrued income taxes	**2,226**	8,405	**22,218**
Accrued expenses	**9,269**	9,348	**92,514**
Allowance for loss on clearance of business	**1,955**	1,955	**19,513**
Other current liabilities	**6,991**	7,581	**69,777**
Total current liabilities	**108,835**	104,105	**1,086,286**
Long-term liabilities:			
Long-term debt (Note 9)	**106,705**	84,216	**1,065,026**
Accrued pension and severance liabilities (Note 10)	**2,129**	2,565	**21,250**
Deferred income taxes (Note 4)	**9,833**	17,417	**98,144**
Other long-term liabilities	**2,256**	1,337	**22,517**
Total long-term liabilities	**120,923**	105,535	**1,206,937**
Commitments and contingent liabilities (Note 11)			
Net Assets (Note 12):			
Common stock	**28,663**	28,663	**286,086**
Authorized : 200,000,000 shares			
Issued : 63,875,505 shares			
Capital surplus	**29,975**	29,973	**299,182**
Retained earnings	**39,477**	39,149	**394,021**
Less cost of common shares of treasury stock	**(795)**	(741)	**(7,935)**
(415,037shares in 2008 and 393,067 shares in 2007)			
Total shareholders' equity	**97,320**	97,044	**971,354**
Unrealized gain on available-for-sale securities	**18,948**	29,884	**189,121**
Foreign currency translation adjustments	**1,888**	(1,277)	**18,844**
Total valuation and translation adjustments and others	**20,836**	28,607	**207,965**
Minority interests	**1,388**	1,369	**13,854**
Total net assets	**119,544**	127,020	**1,193,173**
Total	**¥ 349,302**	¥ 336,660	**$ 3,486,396**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Income

Nipro Corporation and its Consolidated Subsidiaries
For the years ended March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	**2008**
Net sales	**¥ 172,113**	¥ 184,363	**$ 1,717,866**
Cost of sales	**123,108**	132,142	**1,228,745**
Gross profit	**49,005**	52,221	**489,121**
Selling, general and administrative expenses (Note 14 and 15)	**35,328**	39,168	**352,610**
Operating income	**13,677**	13,053	**136,511**
Other income (expenses):			
Interest and dividend income	**1,100**	869	**10,979**
Interest expense (Note 9)	**(1,951)**	(1,645)	**(19,473)**
Loss on sale and disposal of property, plant and equipment - net	**(620)**	(485)	**(6,188)**
Exchange gain (loss)	**(3,169)**	314	**(31,630)**
Equity in profit (loss) of an affiliated company	**16**	(791)	**160**
Gain on sale of investments in consolidated subsidiaries	**—**	12,706	**—**
Loss on impairment of fixed assets (Note 6)	**—**	(1,287)	**—**
Abnormal manufacturing cost	**(167)**	(246)	**(1,667)**
Allowance for loss on clearance of business	**—**	(1,955)	**—**
Loss on doubtful debts	**—**	(2,361)	**—**
Loss on disposal of inventories	**(139)**	(253)	**(1,387)**
Loss on investment securities	**—**	(269)	**—**
Other income (loss)-net	**(487)**	(874)	**(4,861)**
Income before income taxes and minority interests	**8,260**	16,776	**82,444**
Income taxes (Note 2 and 4):			
Current	**3,758**	10,059	**37,509**
Deferred	**37**	(1,873)	**369**
Minority interests in income (loss) of consolidated subsidiaries	**11**	35	**110**
Net income	**¥ 4,454**	¥ 8,555	**$ 44,456**

	Yen		U.S. dollars (Note 1)
Amounts per common share (Note 2):			
Basic earnings	**¥ 70.2**	¥ 134.7	**$ 0.70**
Diluted earnings	**—**	—	**—**
Cash dividends	**37.5**	80.0	**0.37**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

Nipro Corporation and its Consolidated Subsidiaries
For the years ended March 31, 2008 and 2007

	Thousands	Millions of yen									
	Outstanding number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Total valuation and translation adjustments and others	Minority interests	Total net assets
Balance at March 31, 2006	63,529	¥ 28,663	¥ 29,972	¥ 34,546	¥ (649)	¥ 92,532	¥ 25,564	¥ (5,705)	¥ 19,859	¥ 1,612	¥ 114,003
Net income				8,555		8,555					8,555
Cash dividends				(4,097)		(4,097)					(4,097)
Bonuses to directors and statutory auditors				(91)		(91)					(91)
Purchase of treasury stock	(49)				(101)	(101)					(101)
Disposal of treasury stock	5		1		9	10					10
Increase (decrease) in retained earnings due to exclusion of subsidiaries from consolidation				437		437					437
Increase (decrease) in retained earnings due to inclusion of new subsidiaries in consolidation				(201)		(201)					(201)
Other net change during the year						–	4,320	4,428	8,748	(243)	8,505
Balance at March 31, 2007	**63,485**	**28,663**	**29,973**	**39,149**	**(741)**	**97,044**	**29,884**	**(1,277)**	**28,607**	**1,369**	**127,020**
Net income				**4,454**		**4,454**					**4,454**
Cash dividends				**(4,126)**		**(4,126)**					**(4,126)**
Purchase of treasury stock	**(28)**				**(65)**	**(65)**					**(65)**
Disposal of treasury stock	**6**		**2**		**11**	**13**					**13**
Other net change during the year						**–**	**(10,936)**	**3,165**	**(7,771)**	**19**	**(7,752)**
Balance at March 31, 2008	**63,463**	**¥ 28,663**	**¥ 29,975**	**¥ 39,477**	**¥ (795)**	**¥ 97,320**	**¥ 18,948**	**¥ 1,888**	**¥ 20,836**	**¥ 1,388**	**¥ 119,544**

	Thousands	Thousands of U.S. dollars (Note 1)									
	Outstanding number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Total valuation and translation adjustments and others	Minority interests	Total net assets
Balance at March 31, 2007	**63,485**	**$ 286,086**	**$ 299,162**	**$ 390,748**	**$ (7,396)**	**$ 968,600**	**$ 298,273**	**$ (12,746)**	**$ 285,527**	**$ 13,664**	**$ 1,267,791**
Net income				**44,456**		**44,456**					**44,456**
Cash dividends				**(41,183)**		**(41,183)**					**(41,183)**
Purchase of treasury stock	**(28)**				**(649)**	**(649)**					**(649)**
Disposal of treasury stock	**6**		**20**		**110**	**130**					**130**
Other net change during the year						**–**	**(109,152)**	**31,590**	**(77,562)**	**190**	**(77,372)**
Balance at March 31, 2008	**63,463**	**$ 286,086**	**$ 299,182**	**$ 394,021**	**$ (7,935)**	**$ 971,354**	**$ 189,121**	**$ 18,844**	**$ 207,965**	**$ 13,854**	**$ 1,193,173**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

Nipro Corporation and its Consolidated Subsidiaries
For the years ended March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	**2008**
Operating activities:			
Net income	**¥ 4,454**	¥ 8,555	**$ 44,456**
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**15,054**	12,470	**150,255**
Loss on impairment of fixed assets	**—**	1,287	**—**
Equity in loss (profit) of an affiliated company	**(16)**	791	**(160)**
Allowance for doubtful receivables	**(75)**	(93)	**(749)**
Loss on doubtful debts	**—**	2,361	**—**
Allowance for loss on business clearance	**—**	1,955	**—**
Gain on sale of investments in consolidated subsidiaries	**—**	(12,706)	**—**
Provision for deferred taxes	**37**	(1,873)	**369**
Exchange loss (gain)	**286**	(68)	**2,855**
Loss on sale and disposal of property, plant and equipment-net	**619**	485	**6,178**
Other, net	**780**	1,222	**7,785**
Changes in operating assets and liabilities:			
Trade receivables	**2,608**	(2,187)	**26,030**
Inventories	**(6,650)**	(3,061)	**(66,374)**
Other current assets	**754**	(565)	**7,526**
Lease deposits	**325**	502	**3,244**
Trade payables	**(464)**	(1,982)	**(4,631)**
Accrued income taxes	**(6,178)**	5,072	**(61,663)**
Other, net	**(1,859)**	2,419	**(18,555)**
Total adjustments	**5,221**	6,029	**52,110**
Net cash provided by operating activities	**9,675**	14,584	**96,566**
Investing activities:			
Purchase of property, plant and equipment	**(24,802)**	(19,236)	**(247,550)**
Proceeds from sale of property, plant and equipment	**182**	273	**1,817**
Purchase of available-for-sale securities	**(1,015)**	(2,245)	**(10,131)**
Proceeds from sale of investment securities	**—**	24	**—**
Purchase of investments in consolidated subsidiaries affecting scope of consolidation	**(3,125)**	(1,220)	**(31,191)**
Proceeds from sales of investments in consolidated subsidiaries affecting scope of consolidation	**—**	19,372	**—**
Net decrease (increase) in short-term loans to affiliates	**(1,029)**	(1,078)	**(10,270)**
Deposits (Over three months)	**3**	1,873	**30**
Other, net	**(287)**	(687)	**(2,864)**
Net cash used in investing activities	**(30,073)**	(2,924)	**(300,159)**
Financing activities:			
Net increase (decrease) in short-term loans	**(2,787)**	122	**(27,817)**
Proceeds from long-term loans	**33,775**	20,853	**337,109**
Repayment of long-term loans	**(24,325)**	(13,181)	**(242,789)**
Proceeds from issuance of bonds	**19,880**	—	**198,423**
Repayment of bonds	**(60)**	(10,060)	**(599)**
Net increase (decrease) in commercial paper	**—**	(9,000)	**—**
Cash dividends paid	**(4,120)**	(4,091)	**(41,122)**
Bonuses to directors and statutory auditors	**—**	(97)	**—**
Other, net	**(95)**	(297)	**(948)**
Net cash provided by (used in) financing activities	**22,268**	(15,751)	**222,257**
Effect of exchange rate changes on cash and cash equivalents	**(323)**	209	**(3,224)**
Net increase (decrease) in cash and cash equivalents	**1,547**	(3,882)	**15,440**
Cash and cash equivalents, beginning of period	**46,110**	49,915	**460,226**
Cash and cash equivalents of newly consolidated subsidiary, beginning of period	**—**	77	**—**
Cash and cash equivalents, end of period	**¥ 47,657**	¥ 46,110	**$ 475,666**

The accompanying notes are an integral part of these statements.

Nipro Corporation and its Consolidated Subsidiaries

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements are prepared from the consolidated financial statements issued for domestic reporting purposes. Nipro Corporation (the "Company") and its domestic consolidated subsidiaries maintain their accounts and records in accordance with the provisions set forth in the Japanese Securities and Exchange Law and its related accounting regulations, and in conformity with generally accepted accounting principles and practices in Japan. Its foreign subsidiaries maintain their accounts in conformity with generally accepted accounting principles of the respective countries of domicile.

In preparing the accompanying consolidated financial statements, certain reclassifications have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

In addition, the notes to consolidated financial statements include additional information which is not required under generally accepted accounting principles and practices in Japan. Certain reclassifications have been made to the 2007 amounts to conform with the 2008 presentation.

The financial statements presented herein are expressed in Japanese yen and, solely for the convenience of the reader, have been translated into United States dollars at the rate of ¥100.19=US$1, the approximate exchange rate on March 31, 2008. These translations should not be construed as representations that the Japanese yen amounts actually are, have been or could be converted into U.S. dollar amounts.

2. Summary of Significant Accounting Policies

(a) Basis of Consolidation

The consolidated financial statements include the accounts of the Company and the significant subsidiaries and affiliated company accounted for by the equity method.

Investment in unconsolidated subsidiaries are stated at cost and the equity method is not applied for the valuation of such investments since they are considered immaterial in the aggregate.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Company and its consolidated subsidiaries is eliminated. The difference between the cost of investments in subsidiaries and affiliates and the equity in their net assets at dates of acquisition is being amortized over five years.

All accounts herein have been presented on the basis of the twelve months ended March 31, 2008 for the Company and for consolidated domestic subsidiaries, and December 31, 2007 for all overseas consolidated subsidiaries.

Adjustments have been made for any significant intercompany transactions which took place during the period between the end of accounting period of the overseas subsidiaries and that of the Company.

(b) Translation of Foreign Currencies

Balance sheets of consolidated overseas subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for shareholders' equity, which is translated at the historical rate. Income statements of consolidated overseas subsidiaries are translated into Japanese yen at the average exchange rate for the period. Resulting translation adjustments are shown as "Foreign currency translation adjustments" in the "Valuation and translation adjustments and others" section of net assets.

(c) Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments, generally with original maturities of three months or less, that are readily convertible to cash.

(d) Inventories

Inventories are stated principally at cost. Cost is determined principally by the average method for the medical, pharmaceutical and glass and materials segment, except for certain inventories determined by the first-in, first-out method.

(e) Depreciation

Depreciation of property, plant and equipment of the Company and its domestic subsidiaries is computed principally by the declining-balance method. The straight-line method is applied to buildings acquired by the domestic companies after April 1, 1998, and is principally applied to the property, plant and equipment of overseas subsidiaries.

The range of useful lives is principally from 31 to 50 years for buildings and from 7 to 12 years for machinery and equipment.

(Change in accounting policy)

Pursuant to the amendment to the Japanese Corporate Tax Law, effective from the fiscal year ended March 31, 2008, the Company and its consolidated domestic subsidiaries changed the method of depreciation for tangible fixed assets acquired on or after April 1, 2007 to that based on the revised law. As a result of this change, gross profit decreased ¥431 million (US$4,302 thousand), operating income decreased ¥510 million (US$5,090 thousand), income before income taxes and minority interests decreased ¥537 million (US$5,360 thousand) compared with the computation by the previous method. The effects of this change in specific segments are described in the Segment Information section (Note 13).

(Supplemental information)
Pursuant to the amendment to the Japanese Corporate Tax Law, effective from the fiscal year ended March 31, 2008, the Company and its consolidated domestic subsidiaries depreciate the difference between 5% of acquisition cost of tangible fixed assets acquired on or before March 31, 2007 and the memorandum value of 1 yen by the straight-line method over 5 years commencing from the fiscal year following the year in which the carrying amount of the asset reaches 5% of the acquisition cost. The depreciated amounts are included in depreciation expenses in cost of sales and selling, general and administrative expenses. As a result of this change, gross profit decreased ¥278 million (US$2,775 thousand), and operating income and income before income taxes and minority interests decreased ¥320 million (US$3,194 thousand) compared with the computation by the previous method. The effects of this change in specific segments are described in the Segment Information section (Note 13).

(f) Investment Securities
Investment securities are classified and accounted for, depending on management's intent, as follows:
i) held-to-maturity securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are reported at amortized cost; and
ii) available-for-sale securities, which are not classified as the aforementioned securities, are reported at fair value. Unrealized gain and loss, net of applicable tax, reported in the "Valuation and translation adjustments and others" section of net assets.

For year ended March 31, 2008, there was no held-to-maturity securities held by the Company and its consolidated subsidiaries.

Non-marketable securities are stated at cost determined by the average method.

For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

(g) Leases
In accordance with Japanese accounting standards for leases, finance leases of the Company and its domestic subsidiaries, except for those where the legal title of the underlying property is transferred to the lessee at the end of the lease term, are accounted for as operating leases. The pro forma information of such leased properties on a "as if capitalized" basis is presented in Note 8. "Leases".

(h) Income Taxes
The provision for income taxes is computed based on income for financial statement purpose. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

(i) Amounts per Common Share
Basic earnings per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.Diluted earnings per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted earnings per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants. For the year ended March 31, 2008, there was no common stock equivalents that have a dilutive effect.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the period. Appropriation of retained earnings at each year-end are reflected in the financial statements for the following year upon shareholders' approval.

3. Inventories

Inventories consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	**2008**
Finished goods and merchandises	**¥ 34,120**	¥ 28,752	**$ 340,553**
Raw materials	**7,224**	5,815	**72,103**
Work in process	**4,810**	3,675	**48,009**
Packing and other	**1,923**	1,971	**19,193**
Total	**¥ 48,077**	¥ 40,213	**$ 479,858**

4. Income Taxes

The Company and its domestic subsidiaries are subject to Japanese national and local taxes based on income which, in aggregate, resulted in a normal statutory tax rate of approximately 40.5% for the years ended March 31, 2008 and 2007.

The significant components of deferred tax assets and liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	**2008**
Deferred tax assets			
Operating loss carryforwards for tax purposes	**¥ 3,180**	¥ 2,467	**$ 31,740**
Intercompany profits	**987**	718	**9,851**
Allowance for bonuses to employees	**621**	592	**6,198**
Allowance for loss on clearance of business	**792**	792	**7,905**
Accounts receivable	**196**	203	**1,956**
Loss on impairment of fixed assets	**847**	848	**8,454**
Excess of allowance for doubtful accounts over tax allowable amounts	**1,176**	1,106	**11,738**
Accrued pension and severance liabilities	**838**	1,010	**8,364**
Accrued enterprise taxes	**171**	619	**1,707**
Other	**928**	359	**9,262**
Gross deferred tax assets	**¥ 9,736**	¥ 8,714	**$ 97,175**
Less: Valuation allowance	**(3,484)**	(2,545)	**(34,774)**
Total deferred tax assets	**¥ 6,252**	¥ 6,169	**$ 62,401**
Deferred tax liabilities			
Unrealized gain on available-for-sale securities	**¥ 12,941**	¥ 20,403	**$ 129,165**
Other	**83**	87	**828**
Total deferred tax liabilities	**¥ 13,024**	¥ 20,490	**$ 129,993**
Net deferred tax assets (liabilities)	**¥ (6,772)**	¥ (14,321)	**$ (67,592)**

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

	2008	2007
Statutory tax rate	**40.5%**	40.5%
Expenses not deductible for tax purposes	**2.9**	2.3
Non-taxable dividend income	**(1.4)**	(0.6)
Loss in subsidiaries	**10.9**	4.6
Tax credits primarily for research and development costs	**(5.1)**	(2.0)
Equity in loss (profit) of an affiliated company	**(0.1)**	1.9
Other	**(1.8)**	2.1
Effective income tax rate	**45.9%**	48.8%

5. Pledged Assets

The following assets were pledged as collateral:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	**2008**
Land	**¥ 3,330**	¥ 3,362	**$ 33,237**
Buildings and structures	**6,322**	6,435	**63,100**
Notes receivable	**2,370**	3,938	**23,655**
Total	**¥ 12,022**	¥ 13,735	**$ 119,992**

The above assets were pledged against the following liabilities:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	**2008**
Short term bank loans	**¥ 3,290**	¥ 4,885	**$ 32,838**
Current portion of long-term debt	**965**	939	**9,632**
Long-term debt	**1,311**	2,251	**13,085**
Total	**¥ 5,566**	¥ 8,075	**$ 55,555**

6. Loss on Impairment of Fixed Assets

In the year ended March 31, 2007, the Company and its consolidated subsidiaries recorded the impairment loss of ¥1,287 million as follows:

2007			
Use	Type of asset	Location	Impairment loss Millions of yen
Leased Assets	Land	Osaka Pref.	¥ 1,272
Store	Buildings and structures, and Machinery and equipment	Hyogo Pref.	15
Total			¥ 1,287

The fixed assets of the Company and its consolidated subsidiaries are categorized principally into the groups of assets for business use, leased assets, idle assets, and assets for common use. The assets for business use are divided into groups on which separate financial information is reported for management accounting purposes and individual store, whereas leased assets and idle assets are categorized individually. Headquarters assets, R&D facilities, dormitories and company-offered houses are categorized into assets for common use, since these assets can not generate identifiable cash flows.

The carrying amounts of asset groups whose land had significantly depreciated, or which incurred consecutive operating losses, were reduced to recoverable amounts, and such deducted amounts were recorded as loss on impairment of fixed assets. The loss on impairment of fixed assets consisted of a loss on buildings and structures of ¥14 million, on machinery and equipment of ¥1 million, and on land of ¥1,272 million.

The recoverable amount of such asset groups was measured by their net realizable value. 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 memorandum value.

7. Investment securities

Investment securities as of March 31, 2008 and 2007 consisted of the followings:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	**2008**
Non-current:			
Marketable:			
Marketable equity securities	**¥ 55,285**	¥ 72,665	**$ 551,802**
Investment trust funds and other	**59**	81	**588**
Sub total	**¥ 55,344**	¥ 72,746	**$ 552,390**
Non-marketable securities	**¥ 1,184**	¥ 1,176	**$ 11,818**
Total	**¥ 56,528**	¥ 73,922	**$ 564,208**

The carrying amounts and aggregate fair values of marketable securities for investments as of March 31, 2008 and 2007 were as follows:

	Millions of yen			
	2008			
	Cost	Unrealized gain	Unrealized loss	Fair Value
Available-for-sale securities				
Equity securities	¥ 24,273	¥ 31,303	¥ 291	¥ 55,285
Debt securities and other	60	—	1	59
Total	¥ 24,333	¥ 31,303	¥ 292	¥ 55,344

	Thousands of U.S. dollars (Note 1)			
	2008			
	Cost	Unrealized gain	Unrealized loss	Fair Value
Available-for-sale securities				
Equity securities	$ 242,270	$ 312,436	$ 2,904	$ 551,802
Debt securities and other	598	—	10	588
Total	$ 242,868	$ 312,436	$ 2,914	$ 552,390

	Millions of yen			
	2007			
	Cost	Unrealized gain	Unrealized loss	Fair Value
Available-for-sale securities				
Equity securities	¥ 23,267	¥ 49,428	¥ 30	¥ 72,665
Debt securities and other	61	20	—	81
Total	¥ 23,328	¥ 49,448	¥ 30	¥ 72,746

Proceeds from sales of securities and gross realized gain or loss on those sales for the years ended March 31, 2008 and 2007 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	2008
Proceeds	¥ —	¥ 24	$ —
Gain (loss) on sales	—	(4)	—

8. Leases

The pro forma information of leased assets under finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis as of March 31, 2008 and 2007 was follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	2008
Acquisition cost	¥ 2,695	¥ 3,895	$ 26,899
Accumulated depreciation	1,884	2,570	18,804
Net leased property	¥ 811	¥ 1,325	$ 8,095

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	2008
Payments due within one year	¥ 525	¥ 523	$ 5,240
Payments due after one year	657	631	6,558
Total	¥ 1,182	¥ 1,154	$ 11,798

Lease payments under such leases for the years ended March 31, 2008 and 2007 were ¥606 million (US$6,049 thousand) and ¥586 million, respectively.

9. Short-Term Loans and Long-Term Debt

Short-term loans comprised overdrafts and promissory notes.
The weighted-average interest rate of short-term bank loans for the years ended March 31, 2008 and 2007 was 1.402% and 1.211%, respectively.

Long-term debt comprised the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	**2008**
Zero coupon convertible bonds due 2023	**¥ 14,000**	¥ 14,000	**$ 139,735**
3.2% unsecured bonds due 2008	**10,000**	10,000	**99,810**
1.42% unsecured bonds due 2011	**10,000**	10,000	**99,810**
1.07% unsecured bonds due 2010	**3,000**	3,000	**29,943**
1.18% unsecured bonds due 2009	**3,000**	3,000	**29,943**
1.18% unsecured bonds due 2009	**5,000**	5,000	**49,905**
1.37% unsecured bonds due 2013	**10,000**	—	**99,810**
2.04% unsecured bonds due 2018	**10,000**	—	**99,810**
0.67% unsecured bonds due 2008	**10**	30	**100**
0.72% unsecured bonds due 2008	**100**	100	**998**
1.28% unsecured bonds due 2009	**100**	100	**998**
0.7% unsecured bonds due 2010	**40**	60	**400**
0.95% unsecured bonds due 2010	**100**	100	**998**
0.79% unsecured bonds due 2010	**50**	70	**499**
1.55% unsecured bonds due 2011	**50**	50	**499**
Long-term bank loans due through 2019, with weighted-average interest rate of 1.435% for the year ended March 31, 2008, and of 1.218% for the year ended March 31, 2007.	**71,419**	62,011	**712,836**
Less current portion of long-term debt	**(30,164)**	(23,305)	**(301,068)**
Total	**¥ 106,705**	¥ 84,216	**$ 1,065,026**

In June 1998, the Company issued ¥10,000 million (US$99,810 thousand) of 3.2% unsecured bonds due 2008.

In March 2003, the Company issued ¥3,000 million (US$29,943 thousand) of 1.07% privately-placed bonds due 2010.

In July 2003, the Company issued ¥14,000 million (US$139,735 thousand) of zero coupon convertible bonds due 2023.

In July 2003, Zensei Pharmaceutical Industries Co., Ltd. issued ¥100 million (US$998 thousand) of 0.72% privately-placed bonds due 2008.

In September 2003, Nipro Genepha Corporation issued ¥100 million (US$998 thousand) of 0.67% privately-placed bonds to be serially redeemed by 2008.

In July 2004, the Company issued ¥3,000 million (US$29,943 thousand) of 1.18% privately-placed bonds due 2009.

In July 2004, Zensei Pharmaceutical Industries Co., Ltd. issued ¥100 million (US$998 thousand) of 1.28% privately-placed bonds due 2009.

In January 2005, Zensei Pharmaceutical Industries Co., Ltd. issued ¥100 million (US$998 thousand) of 0.7% privately-placed bonds to be serially redeemed by 2010.

In August 2005, Zensei Pharmaceutical Industries Co., Ltd. issued ¥100 million (US$998 thousand) of 0.95% privetely-placed bonds due 2010.

In August 2005, Zensei Pharmaceutical Industries Co., Ltd. issued ¥100 million (US$998 thousand) of 0.79% privately-placed bonds to be serially redeemed by 2010.

In March 2006, the Company issued ¥10,000 million (US$99,810 thousand) of 1.42% unsecured bonds due 2011.

In March 2006, the Company issued ¥5,000 mllion (US$49,905 thousand) of 1.18% privately-placed bonds due 2009.

In March 2006, Zensei Pharmaceutical Industries Co., Ltd. issued ¥50 million (US$499 thousand) of 1.55% privately-placed bonds due 2011.

In March 2008, the Company issued ¥10,000 million (US$99,810 thousand) of 1.37% unsecured bonds due 2013.

In March 2008, the Company issued ¥10,000 million (US$99,810 thousand) of 2.04% unsecured bonds due 2018.

The aggregate annual maturities of long-term debt outstanding at March 31, 2008 are as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
	2008	**2008**
2008	**¥ 30,164**	**$ 301,068**
2009	**20,680**	**206,408**
2010	**21,753**	**217,117**
2011 and thereafter	**64,272**	**641,501**
Total	**¥ 136,869**	**$ 1,366,094**

As is customary in Japan, long-term and short-term bank loans are made under general agreements which provide that additional securities and guarantees for present and future indebtedness will be given under certain circumstances at the request of the bank, and that any collateral so furnished will be applicable to all indebtedness due to the bank.

In addition, the agreements provide that the bank has the right to offset cash deposits against any long-term and short-term bank loan that becomes due, and in case of default and certain other specified events, against all other loans payable to the bank. Such rights have never been exercised by banks against the Company or its consolidated subsidiaries.

10. Accrued Pension and Severance Liabilities

The Company and certain consolidated subsidiaries have defined benefit pension plans and unfunded retirement benefit plans for employees. The following table sets forth the changes in projected benefit obligation, plan assets and funded status of the Company and its consolidated subsidiaries at March 31, 2008 and 2007.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	**2008**
1) Projected benefit obligation	**¥ (8,876)**	¥ (7,750)	**$ (88,592)**
2) Fair value of plan assets	**6,992**	6,539	**69,788**
3) Projected benefit obligation in excess of plan assets 1)+2)	**(1,884)**	(1,211)	**(18,804)**
4) Unrecognized actuarial gain	**(173)**	(1,354)	**(1,727)**
5) Unrecognized past service obligation	**(21)**	—	**(210)**
6) Total 3)+4)+5)	**(2,078)**	(2,565)	**(20,741)**
7) Prepaid pension cost	**50**	—	**499**
8) Accrued pension and severance liabilities 6)−7)	**¥ (2,128)**	¥ (2,565)	**$ (21,240)**

The breakdown of net pension and severance costs for the years ended March 31, 2008 and 2007 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	**2008**
Service cost	**¥ 586**	¥ 586	**$ 5,849**
Interest cost	**208**	204	**2,076**
Expected return on plan assets	**(124)**	(99)	**(1,238)**
Amortization of actuarial gain	**(262)**	(166)	**(2,615)**
Amortization of past service obligation	**(3)**	—	**(30)**
Other	**69**	—	**689**
Net pension and severance costs	**¥ 474**	¥ 525	**$ 4,731**

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

	2008	2007
Discount rate	**Primarily 2.5%**	Primarily 2.5%
Expected rate of return on plan assets	**Primarily 1.5%**	1.5%
Amortization period of past service obligation	**Primarily 5 years**	—
Amortization period of actuarial differences	**Primarily 5 years**	5 years

11. Commitments and Contingent Liabilities

The Company and its consolidated subsidiaries had the following commitments and contingent liabilities:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	**2008**
Liabilities for guarantees	**¥ 549**	¥ 1,094	**$ 5,480**
Export drafts discounted	**18**	24	**180**
Trade notes receivable discounted	**199**	63	**1,986**
Total	**¥ 766**	¥ 1,181	**$ 7,646**

12. Net Assets

The significant provisions in the Corporate Law of Japan (the "Corporate Law") that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Corporate Law, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as (1) having the board of directors, (2) having independent auditors, (3) having the board of corporate auditors, and (4) the service period of the directors is prescribed as one year rather than the normal term of two years by its articles of incorporation, the board of directors may declare dividends (except for dividends in kind) if the company has prescribed so in its articles of incorporation. The Company's present system meets the first three criteria but the two-year service period of the directors does not meet the fourth criterion.

Interim dividends may also be paid once a year by the resolution of the board of directors if the articles of incorporation of the company stipulate so. The Company's articles of incorporation contain such a stipulation, and it pays interim dividend semi-annually by the resolution of the Board of Directors.

The Corporate Law provides certain limitations on the amounts available for dividends or the purchase of treasury stock.

(b) Increases / decreases and transfer of common stock, reserve and surplus

The Corporate Law requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Corporate Law, the total amount of additional paid-in capital and legal reserve may be reversed without limitation.

The Corporate Law also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions by the resolution of the shareholders.

The Company's legal reserve, which is included in retained earnings, amounted to ¥1,196 million (US$11,937 thousand) as of March 31, 2008, and its additional paid-in capital, which is included in capital surplus, amounted to ¥29,972 million (US$ 299,152 thousand) as of March 31, 2008.

The accompanying consolidated financial statements do not reflect the appropriation of retained earnings, including the year-end dividend of ¥9.50 (US$0.09) per share, aggregating ¥603 million (US$6,019 thousand), which was subsequently approved by the Shareholders' Meeting held on June 26, 2008.

13. Segment Reporting

The Company and its consolidated subsidiaries are primarily engaged in the business consisting of three major segments: Medical Equipment, Pharmaceutical and Glass and Materials. The Company is organized into business segments based on the market nature of products.

The Store segment was removed from business segment as a result of divestiture of subsidiaries Nissho Corporation and Nissho Drug Co., Ltd. in 2006.

The Medical Equipment segment manufactures and sells disposable medical equipment. The medical equipment sold includes dialyzers, dialysis-related devices, and injection-related products.

The Pharmaceutical segment manufactures and sells a range of pharmaceutical products and devices, such as prescribed specialized and diagnostic products for hospital use, and medical equipment incorporating solutions and drugs, such as pre-filled syringes and infusion kits.

The Glass and Materials segment sells internal glass sections for vacuum flasks, glass tubes for ampoule and vial production, glass tube vials and other glass products.

The sales of "Other" include the sales of machinery for manufacture of medical equipment and real estate rental income.

Business segment information for the years ended March 31, 2008 and 2007 was as follows:

	Millions of yen						
	2008						
	Medical Equipment	Pharmaceutical	Glass & Materials	Other	Total	Eliminations/ Corporate	Consolidated
Net sales:							
Outside	¥ 111,084	¥ 48,754	¥ 11,437	¥ 838	¥ 172,113	—	¥ 172,113
Intersegment	—	—	3,166	75	3,241	¥ (3,241)	—
Total	111,084	48,754	14,603	913	175,354	(3,241)	172,113
Operating expenses	95,254	45,483	12,713	900	154,350	4,086	158,436
Operating income	¥ 15,830	¥ 3,271	¥ 1,890	¥ 13	¥ 21,004	¥ (7,327)	¥ 13,677
Identifiable assets	¥ 133,581	¥ 93,143	¥ 12,326	¥ 5,701	¥ 244,751	¥ 104,551	¥ 349,302
Depreciation and amortization	7,057	6,613	471	80	14,221	833	15,054
Capital expenditures	16,419	8,352	386	59	25,216	684	25,900

	Thousands of U.S. dollars (Note 1)						
	2008						
	Medical Equipment	Pharmaceutical	Glass & Materials	Other	Total	Eliminations/ Corporate	Consolidated
Net sales:							
Outside	$1,108,734	$ 486,615	$ 114,153	$ 8,364	$1,717,866	—	$1,717,866
Intersegment	—	—	31,600	748	32,348	$ (32,348)	—
Total	1,108,734	486,615	145,753	9,112	1,750,214	(32,348)	1,717,866
Operating expenses	950,734	453,967	126,889	8,982	1,540,572	40,783	1,581,355
Operating income	$ 158,000	$ 32,648	$ 18,864	$ 130	$ 209,642	$ (73,131)	$ 136,511
Identifiable assets	$1,333,277	$ 929,664	$ 123,026	$ 56,902	$2,442,869	$1,043,527	$3,486,396
Depreciation and amortization	70,436	66,005	4,701	799	141,941	8,314	150,255
Capital expenditures	163,879	83,362	3,853	589	251,683	6,827	258,510

	Millions of yen							
	2007							
	Medical Equipment	Pharmaceutical	Glass & Materials	Store	Other	Total	Eliminations/ Corporate	Consolidated
Net sales:								
Outside	¥ 97,300	¥ 42,152	¥ 12,919	¥ 30,973	¥ 1,019	¥ 184,363	—	¥ 184,363
Intersegment	4	—	3,445	—	220	3,669	¥ (3,669)	—
Total	97,304	42,152	16,364	30,973	1,239	188,032	(3,669)	184,363
Operating expenses	82,970	38,854	14,499	30,703	1,088	168,114	3,196	171,310
Operating income	¥ 14,334	¥ 3,298	¥ 1,865	¥ 270	¥ 151	¥ 19,918	¥ (6,865)	¥ 13,053
Identifiable assets	¥ 114,946	¥ 80,342	¥ 12,482	¥ —	¥ 6,009	¥ 213,779	¥ 122,881	¥ 336,660
Depreciation and amortization	5,327	5,496	534	383	89	11,829	641	12,470
Loss on impairment of fixed assets	—	—	—	15	1,272	1,287	—	1,287
Capital expenditures	11,065	9,490	167	58	86	20,866	2,227	23,093

Note:

(1) Operating expenses of "Eliminations/Corporate" for the years ended March 31, 2008 and 2007 included unallocated corporate costs of ¥7,327 million (US$73,131 thousand) and ¥6,865 million, respectively. The unallocated corporate costs consisted primarily of research and development costs and headquarters administration costs.

(2) Assets of "Eliminations/Corporate" at March 31, 2008 and 2007 included ¥104,741 million (US$1,045,424 thousand) and ¥122,931 million of corporate assets, respectively, consisting primarily of cash and cash equivalents, investments securities, research and development-related equipment and headquarters administration-related assets.

(3) Pursuant to the amendment to the Japanese Corporate Tax Law, effective from the fiscal year ended March 31, 2008, the Company and its consolidated domestic subsidiaries changed the method of depreciation for tangible fixed assets acquired on or after April 1, 2007 to that based on the revised law. As a result of this change, operating expenses in the Medical Equipment, Pharmaceutical and Glass & Materials segments and "Eliminations/Corporate" increased ¥225 million (US$2,246 thousand), ¥228 million (US$2,275 thousand), ¥12 million (US$120 thousand) and ¥45 million (US$449 thousand), respectively, while operating income in those segments decreased by the same amounts, compared with the computation by the previous method.

(4) Pursuant to the amendment to the Japanese Corporate Tax Law, effective from the fiscal year ended March 31, 2008, the Company and its consolidated domestic subsidiaries depreciate the difference between 5% of acquisition cost of tangible fixed assets acquired on or before March 31, 2007 and the memorandum value of 1 yen by the straight-line method over 5 years commencing from the fiscal year following the year in which the carrying amount of the asset reaches 5% of the acquisition cost. The depreciated amounts are included in depreciation expenses in cost of sales and selling, general and administrative expenses. As a result of this change, operating expenses in the Medical Equipment, Pharmaceutical and Glass & Materials segments and "Eliminations/Corporate" increased ¥113 million (US$1,128 thousand), ¥147 million (US$1,467 thousand), ¥39 million (US$389 thousand) and ¥21 million (US$210 thousand), respectively, while operating income in those segments decreased by the same amounts, compared with the computation by the previous method.

The information by geographic area for the years ended March 31, 2008 and 2007 was as follows:

	Millions of yen					
	2008					
	Japan	America	Europe	Asia	Eliminations/ Corporate	Consolidated
Net sales:						
Outside	¥ 135,609	¥ 20,909	¥ 9,174	¥ 6,421	—	¥ 172,113
Intersegment	26,416	1,137	9	13,955	¥ (41,517)	—
Total	162,025	22,046	9,183	20,376	(41,517)	172,113
Operating expenses	139,984	23,712	8,974	19,424	(33,658)	158,436
Operating income (loss)	¥ 22,041	¥ (1,666)	¥ 209	¥ 952	¥ (7,859)	¥ 13,677
Identifiable assets	¥ 241,544	¥ 8,661	¥ 4,565	¥ 9,585	¥ 84,947	¥ 349,302

	Thousands of U.S. dollars (Note 1)					
	2008					
	Japan	America	Europe	Asia	Eliminations/ Corporate	Consolidated
Net sales:						
Outside	$1,353,518	$ 208,694	$ 91,566	$ 64,088	—	$1,717,866
Intersegment	263,659	11,348	90	139,285	$ (414,382)	—
Total	1,617,177	220,042	91,656	203,373	(414,382)	1,717,866
Operating expenses	1,397,185	236,670	89,570	193,872	(335,942)	1,581,355
Operating income (loss)	$ 219,992	$ (16,628)	$ 2,086	$ 9,501	$ (78,440)	$ 136,511
Identifiable assets	$2,410,859	$ 86,446	$ 45,564	$ 95,668	$ 847,859	$3,486,396

	Millions of yen					
	2007					
	Japan	America	Europe	Asia	Eliminations/ Corporate	Consolidated
Net sales:						
Outside	¥ 156,043	¥ 17,382	¥ 7,102	¥ 3,836	—	¥ 184,363
Intersegment	23,611	805	86	12,374	¥ (36,876)	—
Total	179,654	18,187	7,188	16,210	(36,876)	184,363
Operating expenses	159,255	19,133	7,050	15,756	(29,884)	171,310
Operating income (loss)	¥ 20,399	¥ (946)	¥ 138	¥ 454	¥ (6,992)	¥ 13,053
Identifiable assets	¥ 214,819	¥ 6,427	¥ 3,112	¥ 6,370	¥ 105,932	¥ 336,660

Note:
(1) Operating expenses of "Eliminations/Corporate" for the years ended March 31, 2008 and 2007 included unallocated corporate costs of ¥7,327 million (US$73,131 thousand) and ¥6,865 million, respectively. The unallocated corporate costs consisted primarily of research and development costs and headquarters administration costs.
(2) Assets of "Eliminations/Corporate" at March 31, 2008 and 2007 included ¥104,741 million (US$1,045,424 thousand) and ¥122,931 million of corporate assets, respectively, consisting primarily of cash and cash equivalents, investments securities, research and development-related equipment and headquarters administration-related assets.
(3) The main countries of each geographic area were:
America : The United States of America and Brazil
Europe : Belgium
Asia : China, Thailand and Singapore
(4) Pursuant to the amendment to the Japanese Corporate Tax Law, effective from the fiscal year ended March 31, 2008, the Company and its consolidated domestic subsidiaries changed the method of depreciation for tangible fixed assets acquired on or after April 1, 2007 to that based on the revised law. As a result of this change, operating expenses in the Japan segment and "Eliminations/Corporate" increased ¥465 million (US$4,641 thousand) and ¥45 million (US$449 thousand), respectively, while operating income in those segments decreased by the same amounts, compared with the computation by the previous method.
(5) Pursuant to the amendment to the Japanese Corporate Tax Law, effective from the fiscal year ended March 31, 2008, the Company and its consolidated domestic subsidiaries depreciate the difference between 5% of acquisition cost of tangible fixed assets acquired on or before March 31, 2007 and the memorandum value of 1 yen by the straight-line method over 5 years commencing from the fiscal year following the year in which the carrying amount of the asset reaches 5% of the acquisition cost. The depreciated amounts are included in depreciation expenses in cost of sales and selling, general and administrative expenses. As a result of this change, operating expenses in the Japan segment and "Eliminations/Corporate" increased ¥299 million (US$2,984 thousand) and ¥21 million (US$210 thousand), respectively, while operating income in those segments decreased by the same amounts, compared with the computation by the previous method.

Sales to foreign customers were as follows:

	Millions of yen							
	2008				2007			
	America	Europe	Asia	Total	America	Europe	Asia	Total
Export sales and sales by overseas subsidiaries	¥ 35,688	¥ 19,140	¥ 10,284	¥ 65,112	¥ 31,899	¥ 15,071	¥ 7,568	¥ 54,538
Percentage of such sales against consolidated net sales	20.7%	11.1%	6.0%	37.8%	17.3%	8.2%	4.1%	29.6%

	Thousands of U.S. dollars (Note 1)			
	2008			
	America	Europe	Asia	Total
Export sales and sales by overseas subsidiaries	$356,203	$191,037	$102,645	$649,885
Percentage of such sales against consolidated net sales	20.7%	11.1%	6.0%	37.8%

14. Selling, General and Administrative Expenses

Significant components of selling, general and administrative expenses for the years ended March 31, 2008 and 2007 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	2008
Salaries	¥ 8,976	¥ 10,953	$ 89,590
Freight charges	3,952	3,497	39,445

15. Research and Development Expenses

Research and development expenses for the years ended March 31, 2008 and 2007 were ¥6,194 million (US$61,823 thousand) and ¥4,461 million, respectively.

16. Supplemental Disclosures of Cash Flow Information

Supplemental information related to the Consolidated Statements of Cash Flows was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	2008
Cash paid during the year for:			
Interest	¥ 1,889	¥ 1,698	$ 18,854
Income tax	10,137	5,320	101,178

Report of Independent Certified Public Accountants on The Consolidated Financial Statements

To the Board of Directors
of Nipro Corporation

We have audited the accompanying consolidated balance sheets of Nipro Corporation and its Consolidated Subsidiaries as of March 31, 2008 and 2007, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of Niporo Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards, procedures and practices generally accepted and applied in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nipro Corporation and its Consolidated Subsidiaries as of March 31, 2008 and 2007 and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan.

Osaka, Japan
June 28, 2008

Tomei Audit Corporation

Corporate Information (As of March 31, 2008)

Date of Establishment
July 8, 1954

Head Office
3-9-3 Honjo-nishi, Kita-ku, Osaka 531-8510, Japan
Telephone : +81-6-6372-2331
Facsimile : +81-6-6375-0669
http://www.nipro.co.jp/english/

Tokyo Office
4-3-4 Hongo, Bunkyo-ku, Tokyo 113-0033, Japan
Telephone : +81-3-5684-5611
Facsimile : +81-3-5684-5610

Number of Employees

Parent Company	2,080
Consolidated subsidiaries	6,940
Total	9,020

Common Stock

Authorized	200,000,000 shares
Issued	63,878,505 shares
Outstanding	63,463,468 shares
Number of Shareholders	12,650

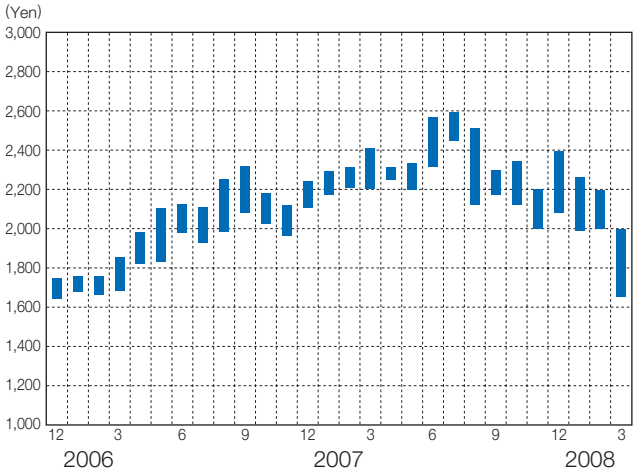
Stock Listings
Tokyo Stock Exchange, Osaka Securities Exchange
Ticker Code: 8086

Transfer Agent
Mizuho Trust & Banking Co., Ltd., Osaka Branch,
Stock Transfer Agency Dpt.
2-11-16 Sonezaki, Kita-ku, Osaka 530-0057, Japan

Principal Shareholders

	Number of Shares Held (in thousands)	Percentage of Total Shares in Issue (%)
Sanri Kosan Co., Ltd.	12,920	20.22
Japan Trustee Services Bank, Ltd.	4,884	7.65
The Master Trust Bank of Japan, Ltd.	2,770	4.34
Trust & Custody Services Bank, Ltd.	2,129	3.33
Minoru Sano	1,993	3.12
Resona Bank, Ltd.	1,380	2.16
Mizuho Corporate Bank, Ltd.	783	1.23
State Street Bank and Trust Company 505019	757	1.18
Morgan Stanley and Company Inc.	738	1.15
Bank of New York, Tax Treaty JASDEC Omnibus Two	643	1.01
Total	28,997	45.39

Stock Price Range (Tokyo Stock Exchange)



Subsidiaries and affiliates (As of June 30, 2008)

Area	Country	Company	Segment	Principal business
Domestic	Japan	Nipro Medical Industries, Ltd.	Medical Equipment	Manufacturing
		Nipro Pharma Corporation	Pharmaceutical	Manufacturing and Marketing
		Nipro Genepha Corporation	Pharmaceutical	Manufacturing and Marketing
		Tohoku Nipro Pharmaceutical Corporation	Pharmaceutical	Manufacturing
		Zensei Pharmaceutical Industries Co., Ltd.	Pharmaceutical	Manufacturing and Marketing
		Saitama Daiichi Pharmaceutical Co., Ltd.	Pharmaceutical	Manufacturing and R&D
		Shinwa Shoji Co., Ltd.	Glass & Materials	Manufacturing and Marketing
		Nissho Insurance Services Co., Ltd.	Other	Insurance Agency
		Washu Kogyo Co., Ltd.	Other	Real estate lease
		Bipha Corporation*	Pharmaceutical	R&D and Manufacturing
Overseas	Thailand	Nipro (Thailand) Corporation Ltd.	Medical Equipment	Manufacturing and Marketing
		Nipro Sales (Thailand) Co., Ltd.	Medical Equipment	Marketing
	Philippines	Nipro Hospital Products, Inc.	Medical Equipment	Marketing
	India	Nipro Medical (India) Pvt Ltd.	Medical Equipment	Marketing
	China	Nipro (Shanghai) Co., Ltd.	Medical Equipment	Manufacturing and Marketing
		Nipro Trading (Shanghai) Co., Ltd.	Medical Equipment	Marketing
		Shanghai Nissho Vacuum Flask Refill Co., Ltd.	Glass & Materials	Marketing
	Singapore	Nipro Asia Pte Ltd.	Medical Equipment	Marketing
	U.A.E.	Nipro Middle East FZE	Medical Equipment	Marketing
	South Africa	Nipro South Africa Pty Ltd.	Medical Equipment	Marketing
	Brazil	Nipro Medical LTDA.	Medical Equipment	Manufacturing and Marketing
		Nipro Industria e Comercio de Produtos Cardiopulmonares LTDA.	Medical Equipment	Manufacturing and Marketing
	U.S.A.	Nipro Medical Corporation	Medical Equipment	Marketing
		Nipro Diabetes Systems, Inc.	Medical Equipment	R&D and Marketing
	Panama	Nipro Medical Panama S.A.	Medical Equipment	Marketing
	Mexico	Nipro Medica de Mexico, S.A. DE C.V.	Medical Equipment	Marketing
	Puerto Rico	Nipro Medical Puerto Rico Inc.	Medical Equipment	Marketing
	Belgium	Nipro Europe N.V.	Medical Equipment	Marketing
	France	Nipro Biocorp S.A.	Medical Equipment	Marketing
	Russia	OOO Nipro Medical	Medical Equipment	Marketing

*: Affiliate accounted for by the equity method

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