

Consolidated Financial Statements

For the Six-Months Period ended September 30, 2007 (Fiscal Year Ending March 31, 2008)



November 19, 2007

Company name: **NIPRO CORPORATION**

Stock Exchange listed: Tokyo and Osaka

Code Number: 8086

URL: <http://www.nipro.co.jp/>

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Scheduled date of the semi-annual securities report filing: December 20, 2007

Scheduled date to commence payment of interim dividends: December 10, 2007

(Note: Amounts are truncated to 1 million yen)

1. Consolidated Results for the Six months ended September 30, 2007 (From April 1, 2007 to Sep. 30, 2007)

(1) Consolidated Results of Operations (Note: % shows increase/decrease ratio against the six months ended September 30, 2006)

	Net Sales		Operating Income		Recurring Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2007	84,288	(15.9)	7,432	25.1	6,537	34.2	3,328	(17.1)
Six months ended September 30, 2006	100,280	(1.6)	5,940	(4.1)	4,869	(21.5)	4,016	97.4
Year ended March 31, 2007	184,362	-	13,053	-	11,355	-	8,555	-

	Earnings per Share	Diluted Earnings per Share
	Yen	Yen
Six months ended September 30, 2007	52.44	-
Six months ended September 30, 2006	63.24	-
Year ended March 31, 2007	134.71	-

Note: Equity in loss of affiliate: Six months ended September 30, 2007 397 million yen, Six months ended September 30, 2006 356 million yen, Year ended March 31, 2007 791 million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Six months ended September 30, 2007	341,968	126,300	36.5	1,967.54
Six months ended September 30, 2006	319,733	116,166	35.7	1,795.78
Year ended March 31, 2007	336,659	127,020	37.3	1,979.21

Note: Shareholders' Equity: Six months ended September 30, 2007 124,882 million yen, Six months ended September 30, 2006 114,037 million yen, Year ended March 31, 2007 125,561 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Six months ended September 30, 2007	1,931	(15,737)	467	33,118
Six months ended September 30, 2006	7,984	7,146	(23,946)	41,160
Year ended March 31, 2007	14,488	(2,924)	(15,654)	46,109

2. Dividends

(Basis date)	Annual dividends per share		
	Interim dividends	Year-end dividends	Annual dividends
	Yen	Yen	Yen
Year ended March 31, 2007	43.00	37.00	80.00
Year ending March 31, 2008	28.00		48.50
Year ending March 31, 2008(Projected)		20.50	

3. Projected Consolidated Financial Results for the Year ending March 31, 2008 (From April 1, 2007 to March 31, 2008)

(Note: % shows increase/decrease ratio against March 31, 2007)

	Net Sales		Operating Income		Recurring Income		Net Income		Earnings per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending March 31, 2008	162,000	(12.1)	14,100	8.0	13,050	14.9	6,600	(22.9)	103.98

4. Others

(1) Change in significant subsidiaries during the six months ended September 30, 2007 (Resulting in a change in scope of consolidation): Yes

Addition: 1 (Saitama Daiichi Pharmaceutical Co., Ltd.) Removal: 0

(Note) Please refer to page 7 ("Corporate group") for further details.

(2) Changes in accounting principles, procedures or presentation related to the preparation of consolidated financial statements (i.e., changes in the basis of significant accounting policies)

1) Changes due to adoption of new accounting standards: Yes

2) Changes other than those included in 1) above: None

(Note) Please refer to page 20 ("Basis of Preparation for the Consolidated Financial Statements") for further details.

(3) Total number of common shares issued

1) Total number of common shares issued at the end of period (including treasury stock):

September 2007: 63,878,505 shares September 2006: 63,878,505 shares March 2007: 63,878,505 shares

2) Total number of shares in treasury at the end of period:

September 2007: 407,015 shares September 2006: 375,315 shares March 2007: 393,067 shares

(Note) Please refer to page 29 ("Per share information") to see the basis of share numbers to calculate Earnings per share (Consolidated).

(Reference) Overview of Non-consolidated financial results

1. Results for the six months ended September 30, 2007 (From April 1, 2007 to September 30, 2007)

(1) Results of Operations (Note: % shows increase/decrease ratio against the six months ended September 30, 2006)

	Net Sales		Operating Income		Recurring Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2007	67,192	8.1	6,500	40.8	6,207	29.3	3,575	(34.6)
Six months ended September 30, 2006	62,134	8.0	4,615	(17.6)	4,802	(19.5)	5,465	167.9
Year ended March 31, 2007	127,407	-	10,696	-	11,031	-	10,420	-

	Earnings per Share
	Yen
Six months ended September 30, 2007	56.32
Six months ended September 30, 2006	86.04
Year ended March 31, 2007	164.08

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
Six months ended September 30, 2007	306,436	131,924	43.1	2,078.49
Six months ended September 30, 2006	284,700	125,376	44.0	1,974.34
Year ended March 31, 2007	306,347	133,768	43.7	2,107.07

Note: Shareholders' Equity: Six months ended September 30, 2007 131,924 million yen, Six months ended September 30, 2006 125,376 million yen, Year ended March 31, 2007 133,768 million yen

2. Projections for the Results of the Year ending March 31, 2008 (From April 1, 2007 to March 31, 2008)

(Note: % shows increase/decrease ratio against March 31, 2007)

	Net Sales		Operating Income		Recurring Income		Net Income		Earnings per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending March 31, 2008	129,000	1.3	11,350	6.1	11,350	2.9	6,350	(39.1)	100.04

*Disclaimer regarding projection information including appropriate use of forecasted financial results, and other special notes

The projection figures shown above are based on information that was available at the time of preparation and may contain certain uncertainties. Actual performance and other factors may differ from these projections due to changes in circumstances and other developments. More information concerning these forecasts can be found in section 1. Business results on page 3 in the attachments.

1. Business Results

(1) Analysis concerning business results

[1] Overview of business results for the current interim period

Japanese economy for the current interim period under review was in the gradual recovery supported by firm capital investment, in spite of augmenting worries about negative factors such as rises of oil prices and interests, and individual consumption being in standstill.

Under such circumstances, we have always endeavored innovation of technology to promote development of medical equipment in the unique view, put effort into the oral drug business on top of the injection drug business, and, furthermore, made effort to be a true global enterprise and a leading brand to be recognized world widely in the field of artificial organs and regenerative medicine.

As a result, the consolidated net sales for the current interim period under review decreased 15.9% to 84,288 million yen, mainly because the sales of Store Business which recorded 26,428 million yen in the same period of the previous year, decreased for withdrawal of the business.

The net sales in the Medical Equipment Business rose 18.1%, compared with the same period of the previous year, to 54,196 million yen. The net sales in the Pharmaceutical Business rose 20.0%, compared with the same period of the previous year, to 24,396 million yen. The net sales in the Glass and Materials Business decreased 23.6%, compared with the same period of the previous year, to 5,365 million yen. The net other sales decreased 45.0%, compared with the same period of the previous year, to 330 million yen.

The consolidated operating income rose 25.1% to 7,432 million yen, and consolidated recurring income rose 34.2% to 6,537 million yen, compared with the same period of the previous year. On the other hand, net income decreased 17.1% from the same period of the previous year to 3,328 million yen, due to the decrease of extraordinary gains. Business situations by segment are as follows.

[2] Situation by segment

a. Medical Equipment division

For the domestic business, its environment has been severe as functional classification for dialyzer and downward pressure on medical cost in hospitals have been more intensified, and furthermore, hospitals started joint purchase arrangement for consumables and competitions of sales and price reduction became harder.

Under such circumstances, we sought to enhance the efficiency of sales activities, strengthen the staffs for sales and made efforts to develop and launch new products in the fields of dialysis, injection and infusion, treatment on circulatory organs and examination, as well as to promote expansion of the business by means of product offerings in the systematized package and to expand both our market shares and sales.

On the other hand, as for the international business, the active expansion of the business has been promoted to secure new customers by reinforcing the sales organization and product specialists. In the field of artificial lung, we have started to sell in 30 oversea countries, and in the field of dialysis related products, we reinforced our response ability against the market by increasing the product portfolio as well as made effort to expand sales of the other dialysis related supplies by upgrading its quality and competitive price. Injection related products recorded highly better results comparing with the previous year as well as OEM business showed a good growth by launching new products.

As a result, net sales of the division rose 18.1% to 54,196 million yen.

b. Pharmaceutical division

In the Pharmaceutical division, the environment of market remained very severe, due to the governmental controls to suppress medical expenditures growing year by year and to the intensified price competition. Under such circumstances, we strove to increase sales of powdered dialysate solutions, and kit product of substitution fluid for hemofiltration and hemodiafiltration, and pre-filled syringe preparations. We also exerted ourselves to expand sales of "liquid-and-powder" double-bag kits, and plastic-ampoules, which resulted a prosperous growth in this division.

As a result, net sales of the division rose 20.0% from the same period of the previous year to 24,396 million yen.

c. Glass & Materials Division

In the Glass & Materials division, in the field of glass for pharmaceutical purposes, sales of glass tubes for ampoule decreased due to the drop of domestic needs, however, net sales of glasses for tubes bottle for medical use or makeup use increased as well as cartridge and pre-filled syringe. On the other hand, glasses for vacuum bottle decreased due to decline of domestic sales in spite of good effort in export sales and glasses for lighting purpose also decreased due to substantial sales decrease of glasses for Liquid Cristal Display (LCD) backlight and related materials, affected by inventory adjustment and execution of cost reduction in the market of Flat Panel Display.

As a result, net sales of the division decreased 23.6% to 5,365 million yen.

d. Other division

Net sales of this division, consisting mainly of sales of machine for manufacture of medical equipment and real estate rentals, decreased 45.0 % to 330 million yen.

[3] Prospects for the Fiscal Year Ending March 31, 2008 and the prospects by segment

The business environment is anticipated to remain severe, with concerns about appreciation of crude-oil prices and rise of interest rate, or concerns about risk of appreciation of yen in exchange markets. However we will strive to improve the business performance by focusing on development of new products and reinforcement of production capacity and sales capability.

For the year ending March 31, 2008, we project the consolidated net sales of 162,000 million yen (decrease 12.1% compared with the previous period), operating income of 14,100 million yen (increase 8.0%), recurring income of 13,050 million yen (increase 14.9%), and net income of 6,600 million yen (decrease 22.9%).

Projections on net sales by segments are as follows:

Medical division:	103,000 million yen	(increase 5.9%)
Pharmaceutical division:	48,000 million yen	(increase 13.9%)
Glass and Materials division:	10,500 million yen	(decrease 18.7%)
Other division:	500 million yen	(decrease 50.9%)
Total:	162,000 million yen	(decrease 12.1%)

(2) Analysis concerning (Consolidated) financial position

[1] Condition of assets, liabilities and net assets

Total assets at the end of the current interim period under review increased 5,309 million yen from the end of the previous period to 341,968 million yen. Current assets decreased 3,528 million yen to 143,704 million yen, and fixed assets increased 8,837 million yen to 198,263 million yen. Main reason for the decrease in current assets was that cash on hand and in banks decreased, and main reason for the increase in fixed assets was that buildings & structures and machinery in tangible fixed assets increased.

On the other hand, total liabilities at the end of the current interim period under review increased 6,029 million yen to 215,668 million yen. Current liabilities increased 15,913 million yen to 120,018 million yen, and the fixed liabilities decreased 9,884 million yen to 95,650 million yen. Main reason for the increase in current liabilities was that current portion of bonds increased, and main reason for the decrease in fixed liabilities was that bonds decreased.

Net assets decreased 720 million yen to 126,300 million yen. The main reason of decrease was that valuation difference of other securities decreased.

[2] Condition of cash flows

Cash and cash equivalent at the end of the current interim period under review decreased 12,991 million yen to 33,118 million yen from the previous period.

The condition and reasons of each cash flow for the period are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 1,931 million yen, decreased by 6,053 million yen comparing with the same period of the previous year. The main elements of positive cash flow were net income before adjustment of taxes, 6,017 million yen, and depreciation, 6,871 million yen. The main elements of negative cash flow were increase of inventory, 3,824 million yen and payments of corporate income tax, 7,586 million yen.

(Cash flows from investing activities)

Net cash paid in investing activities was 15,737 million yen, increased 22,883 million yen. It is mainly because of payments of 11,951 million yen for acquisition of fixed assets.

(Cash flows from financing activities)

Net cash provided by financing activities was 467 million yen, increased 24,413 million yen comparing with the same period of the previous year. It is mainly because of proceeds from long-term borrowing.

Trend of the cash flow indicators is as follows.

	Year ended March 31, 2006	Six months ended Sep. 30, 2006	Year ended March 31, 2007	Six months ended Sep. 30, 2007
Shareholders' equity ratio (%)	33.2	35.7	37.3	36.5
Ratio of market value of shareholders' equity (%)	33.9	42.8	43.4	42.1
Debt redemption (years)	21.1	-	8.3	-
Interest coverage ratio	4.6	8.6	8.5	2.2

Note: Shareholders' equity ratio = Shareholders' equity / Total Assets
Ratio of market value of shareholders' equity = Aggregate market value of the
outstanding shares / Total Assets
Debt redemption = Interest-bearing liabilities / Cash flow from operating activities
(The figures of interim period are not presented.)
Interest coverage ratio = Cash flows from operating activities / Interest payments

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

(3) Basic Policies on Distribution of Profits and Dividends for years ending March 31, 2008

As we position profit return in the important administrative measures, our policy is that 50% of the non-consolidated net income is to be distributed to the shareholders. Orienting a rational system for distribution of profits linked to operation results, not only the bonuses of the directors and the statutory auditors but also the employees' bonuses are determined based on the business performance of the Company.

Retained earnings are to be invested in the sales and production facilities as well as in research and development actively and strategically, so as to ensure high profitability and to realize durable growth.

In terms of the payment of dividends after the enforcement of corporate law in Japan, we will pay at the end of the interim period and at the end of the fiscal year, as before. Thus, interim dividends are determined to be 28.00 yen per share.

2. Corporate Group

Our group consists of the Reporting Company (“the Company”), its 29 subsidiaries and 1 affiliate, and is primarily engaged in manufacture and sale of medical equipment, pharmaceutical products and glass and material products.

Positioning of each company in connection with the businesses of our group and the relation to the business segments are as follows:

<Medical Equipment Division>

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

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

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

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

<Pharmaceutical Division>

The Company, Nipro Pharma Corporation and Nipro Genepha Corporation, Zensei Pharmaceutical Industries Co.,Ltd and Saitama Daiichi Pharmaceutical Co., Ltd. manufacture and sell pharmaceutical products. Tohoku Nipro Pharmaceutical Corporation manufactures pharmaceutical products.

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

<Glass and Materials Division>

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

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

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

<Other>

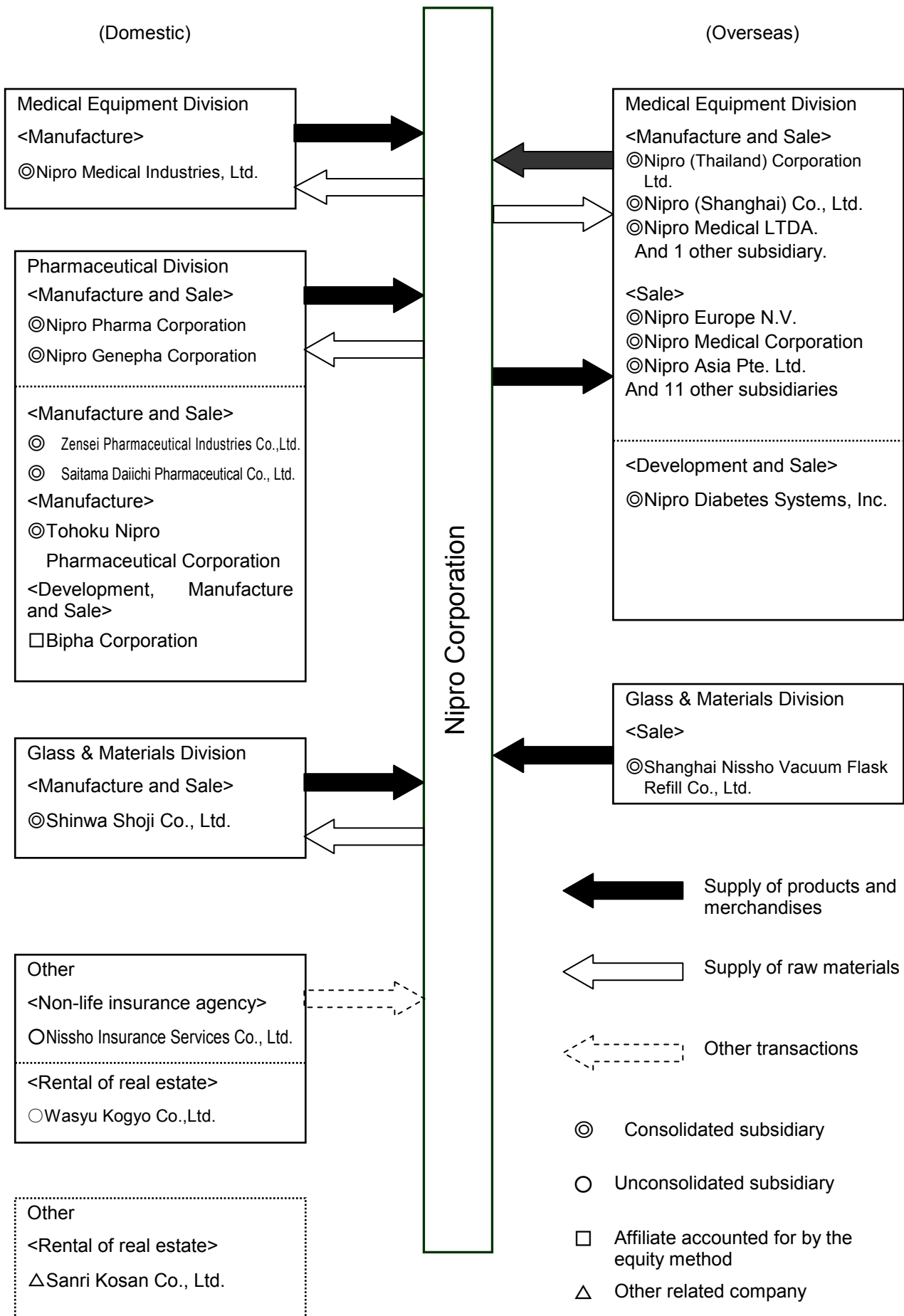
The Company manufactures (purchases, in some cases) and sells machinery for manufacture of medical equipment, etc.

The Company and Wasyu Kogyo Co., Ltd. lease real estate properties.

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

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

The above explanations are illustrated as follows:



3. Management Policies

(1) Basic Policies of Management

Since our foundation of year 1954 with concept of “technology innovation”, we have based ourselves on technology to grow pursuing the technologies of which unique products can always solve QOL (Quality of Life) of patients and subjects in Medical treatment sites, under philosophy in contributing to the society through corporate activities.

As a management structure considering compatibility between “stability” and “growth” that is most important for a company, we implement the “performance-linked remuneration system” that is the rule of profit sharing among shareholders, employees and management, and carry out active business operations, holding the employees responsible for boosting the performance of individual businesses.

(2) Target Management Indicators

Our performance targets are to achieve 200 billion yen of net sales, 20 billion yen of recurring income and 10% of return on equity (ratio of net income to shareholders' equity) by the fiscal year 2010 on consolidation base.

(3) Medium- and Long-term Management Strategies

In the Medical Equipment division, we are aiming at top share of our main product, dialyzer in the world by intensive mass production, improvement of its quality and cost reduction driven from full self-production from the raw materials produced by self-spinning of hollow fibers. We will also strive to strengthen the product line-up and establishment of sales bases in the field of artificial lung, which we are aiming to bring up to the world wide products following to the dialyzer.

In the Pharmaceutical division, we reinforce our contract manufacturing ability in each field of injection drugs, oral drugs and external application drugs. On top of that, we enhance high value-added technology of formulation as new kit drugs and drug for Drug Delivery System (DDS) to promote the development type contract manufacturing. As for the generic products, we also devote efforts to quality upgrading and cost reduction of the products to establish mass production system entering oversea business development in the view, promoting co-development or cooperation with other companies.

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

(4) Issues and Challenges that the Group Faces

In the domestic business of the Medical Equipment division, we will focus on dialysis-related products such as dialyzers, blood tubing sets, and dialysis machines. We will endeavor to react to the market needs promptly, develop and market new products, improve the product quality, strengthen sales activities and increase the market share. As for disposable related-products, in the field of cardiovascular products, we develop and

introduce new product such as PTCA balloon catheters, blood-clot trapping device and stents to enlarge product line-up and promote to strengthen market leading and sales, to secure our share. We will also make efforts to expand our market share of injection and infusion-related products, developing nutrition infusion related products as well as marketing and reinforcing sales. In addition, as for the examination-related products, we will promote development, marketing and reinforcing sales of new products of blood glucose monitoring device for diabetics and test reagents, and strengthen sales of blood collection tubes for blood test and expand the market share by active marketing.

In the international business, toward further enhancement of oversea selling entities, we make effort to reinforce product specialists, improve customer service, formulate network of selling entities and strengthen function of logistic center. As for injection related products, we enhance more competitiveness in price and quality for the increase of customers' purchasing under tender system which intensifies sales competition. In the dialysis related products, of our main products, we promote development of dialysis machine applying to all regions, as high performance dialysis machines are requested. We also develop the dialyzers capable for all of augmenting requests for price and performance in the market.

In the diabetes related products, we engage in development and launch of point-of-care products which further safety and function upgrading in accuracy is requested. We also expand the cardiovascular related products and promote finding market in abroad for intervention related products and artificial lung related products.

In the pharmaceutical division, we are requested further complement of our product portfolio. As for injection drugs, we are to develop the new products such as "liquid-and-powder" double-bag kits of antibiotics, pre-filled syringes and injectables in plastic-ampoules, as well as to improve the products including prevention measures of malpractice. In terms of oral drugs, we continue to increase largely our self-development items, and even promote co-developments. We continuously develop pharmaceutically contrived products of new drug type, for instance, drugs with prominent easiness to drink. Furthermore, we will engage in active development and contract manufacturing in the field of external application drugs such as transdermal therapeutic drugs, which has been newly added to our business portfolio from the current period. We will promote to enlarge contract manufacturing, including development of drugs, and selling channels, which will improve productivity of pharmaceutical production factories of Nipro group. In addition, we will make efforts for early realization of pharmaceutical products in application of recombinant human serum albumin such as artificial blood, DDS and drug of recombinant erythropoietin as new development theme. We will endeavor to expand our pharmaceutical business by actively developing injection drugs including kit products, oral drugs and external application drugs.

In the Glass and Materials division, we will continue to innovate glass-processing technology applying to demands by the pharmaceutical industry, developing mainly glass tubes as well as new materials actively to expand our sales. In terms of the glass for lighting purposes, we will continuously strive to increase sales of glass materials for Liquid Cristal Display (LCD) backlights and glass-related products in the situation of worldwide expansion of LCD business.

4. Interim Consolidated Financial Statements

(1) Consolidated balance sheets

(Note: Amounts are truncated to one million yen)

Period Accounts	Previous interim period As of September 30, 2006		Current interim period As of September 30, 2007		Previous period As of March 31, 2007	
	Amount	Proportion	Amount	Proportion	Amount	Proportion
(ASSETS)		%		%		%
Current Assets	<u>142,652</u>	44.6	<u>143,704</u>	42.0	<u>147,233</u>	43.7
Cash on hand and in banks	43,240		34,876		47,934	
Trade notes and accounts receivables	48,626		54,785		50,972	
Inventories	43,214		45,469		40,213	
Deferred tax assets	3,639		3,062		3,033	
Other current assets	4,382		6,020		5,581	
Allowance for doubtful accounts	(450)		(510)		(501)	
Fixed Assets	<u>177,081</u>	55.4	<u>198,263</u>	58.0	<u>189,426</u>	56.3
Tangible fixed assets	<u>102,476</u>	32.1	<u>118,330</u>	34.6	<u>104,881</u>	31.2
Buildings and structures	39,119		45,254		38,113	
Machinery and vehicles	29,585		35,298		31,105	
Land	18,408		19,242		18,032	
Construction in progress	10,717		13,573		12,856	
Others	4,644		4,961		4,773	
Intangible fixed assets	<u>1,618</u>	0.5	<u>2,711</u>	0.8	<u>1,902</u>	0.6
Goodwill	260		887		240	
Others	1,358		1,824		1,661	
Investment and other assets	<u>72,985</u>	22.8	<u>77,221</u>	22.6	<u>82,642</u>	24.5
Investment securities	64,595		72,304		77,304	
Long-term loans receivables	1,393		246		303	
Deferred tax assets	508		49		61	
Lease deposits	6,158		4,557		4,791	
Other assets	3,494		3,117		3,198	
Allowance for doubtful accounts	(3,163)		(3,054)		(3,017)	
Total Assets	319,733	100.0	341,968	100.0	336,659	100.0

(Note: Amounts are truncated to one million yen)

Period Accounts	Previous interim period As of September 30, 2006		Current interim period As of September 30, 2007		Previous period As of March 31, 2007	
	Amount	Proportion	Amount	Proportion	Amount	Proportion
(LIABILITIES)		%		%		%
Current liabilities	<u>100,758</u>	31.5	<u>120,018</u>	35.1	<u>104,104</u>	30.9
Trade notes and accounts payables	31,848		31,112		26,547	
Short-term borrowings	43,238		54,820		50,209	
Current portion of bonds	60		10,160		60	
Other payables	4,220		5,132		6,123	
Accrued income taxes	7,134		3,505		8,404	
Allowance for bonuses payable	2,733		1,679		1,461	
Allowance for bonuses payable for directors and corporate auditor	-		2		230	
Allowance for loss on clearance of business	1,954		1,954		1,954	
Notes payable for plant and equipment	4,814		7,777		3,655	
Others	4,754		3,873		5,457	
Fixed assets	<u>102,808</u>	32.2	<u>95,650</u>	28.0	<u>105,534</u>	31.4
Bonds	31,480		21,320		31,450	
Convertible bond type bonds with stock acquisition rights	14,000		14,000		14,000	
Long-term borrowings	39,633		41,169		38,765	
Deferred tax liabilities	13,302		14,993		17,417	
Accrued pension and severance cost	2,783		2,349		2,564	
Accrued severance indemnity for directors and corporate auditors	-		502		-	
Others	1,609		1,315		1,336	
Total Liabilities	203,567	63.7	215,668	63.1	209,639	62.3
(NET ASSETS)						
Shareholders' equity	<u>94,838</u>	29.7	<u>97,990</u>	28.7	<u>97,044</u>	28.8
Capital	28,663	9.0	28,663	8.4	28,663	8.5
Capital surplus	29,972	9.4	29,975	8.8	29,973	8.9
Earned surplus	36,904	11.5	40,128	11.7	39,148	11.6
Treasury stock	(701)	(0.2)	(776)	(0.2)	(741)	(0.2)
Valuation and translation differences	<u>19,199</u>	6.0	<u>26,892</u>	7.8	<u>28,606</u>	8.5
Valuation differences of other securities	23,314	7.3	26,557	7.7	29,883	8.9
Foreign currency translation adjustments	(4,114)	(1.3)	335	0.1	(1,276)	(0.4)
Minority interests	<u>2,128</u>	0.6	<u>1,417</u>	0.4	<u>1,369</u>	0.4
Total Net Assets	116,166	36.3	126,300	36.9	127,020	37.7
Total Liabilities and Net Assets	319,733	100.0	341,968	100.0	336,659	100.0

(2) Consolidated Statements of Income

(Note: Amounts are truncated to one million yen)

Period Accounts	Previous interim period (From April 1, 2006 To September 30, 2006)		Current interim period (From April 1, 2007 To September 30, 2007)		Previous period (From April 1, 2006 To March 31, 2007)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
		%		%		%
Net Sales	100,280	100.0	84,288	100.0	184,362	100.0
Cost of goods sold	72,443	72.2	59,839	71.0	132,142	71.7
Gross profit	27,836	27.8	24,448	29.0	52,220	28.3
Selling, general and administrative expenses	21,896	21.9	17,015	20.2	39,167	21.2
Operating income	5,940	5.9	7,432	8.8	13,053	7.1
Non-operating income	<u>657</u>	0.7	<u>827</u>	1.0	<u>1,657</u>	0.9
Interest income	133		210		308	
Dividend income	295		313		560	
Exchange gain	-		-		313	
Others	227		303		475	
Non-operating expenses	<u>1,727</u>	1.7	<u>1,723</u>	2.0	<u>3,355</u>	1.8
Interest expense	830		888		1,645	
Exchange loss	0		148		-	
Depreciation	204		167		381	
Equity in loss of affiliate	356		397		791	
Others	336		122		537	
Recurring income	4,869	4.9	6,537	7.8	11,355	6.2
Extraordinary gains	<u>9,625</u>	9.6	<u>283</u>	0.3	<u>13,660</u>	7.4
Gain on sales of fixed assets	18		16		30	
Life insurance income	-		191		-	
Governmental subsidies received	-		4		661	
Gain on sale of investment securities	9,576		-		12,706	
Others	29		71		261	
Extraordinary losses	<u>6,571</u>	6.6	<u>803</u>	1.0	<u>8,240</u>	4.5
Loss on sale and disposal of fixed assets	219		122		516	
Impairment loss on fixed assets	1,286		-		1,286	
Allowance for loss on clearance of business	1,954		-		1,954	
Loss on investment securities	268		-		268	
Loss on disposal of inventories	100		31		253	
Abnormal manufacturing cost	134		64		246	
Advanced depreciation on fixed assets	-		3		650	
Allowance for doubtful debts	2,306		12		2,361	
Allowance for accrued severance indemnity for directors and corporate auditors in prior years	-		471		-	
Others	300		96		703	
Net(Interim) income before adjustment of taxes	7,923	7.9	6,017	7.1	16,775	9.1
Corporate, inhabitants and enterprise taxes	6,573	6.6	2,692	3.2	10,059	5.5
Adjustment for deferred taxes	(2,656)	(2.7)	(29)	(0.0)	(1,873)	(1.0)
Minority shareholders' share in net income of consolidated subsidiaries	(10)	(0.0)	26	0.0	33	0.0
Net (Interim) income	4,016	4.0	3,328	3.9	8,555	4.6

(3) Consolidated Statement of Shareholders' Equity

Previous interim period (From April 1, 2006 to September 30, 2006) (Note: Amounts are truncated to one million yen)

	Shareholders' equity				
	Capital	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Balance at March 31, 2006	28,663	29,972	34,545	(648)	92,532
Increase(decrease) during the period					
Dividends of surplus			(1,365)		(1,365)
Bonuses to directors and corporate auditors			(91)		(91)
Net interim income			4,016		4,016
Acquisition of treasury stock				(56)	(56)
Disposal of treasury stock		0		3	4
Decrease in earned surplus due to addition of consolidated subsidiaries			(201)		(201)
Increase(decrease) of the items other than shareholders' equity during the period					-
Net increase(decrease) during the period	-	0	2,358	(52)	2,306
Balance at September 30, 2006	28,663	29,972	36,904	(701)	94,838

	Valuation and translation differences			Minority interests	Total net assets
	Valuation differences of other securities	Foreign currency translation adjustment	Total valuation and translation differences		
Balance at March 31, 2006	25,563	(5,705)	19,858	1,612	114,003
Increase(decrease) during the period					
Dividends of surplus			-		(1,365)
Bonuses to directors and corporate auditors			-		(91)
Net interim income			-		4,016
Acquisition of treasury stock			-		(56)
Disposal of treasury stock			-		4
Decrease in earned surplus due to addition of consolidated subsidiaries			-		(201)
Increase(decrease) of the items other than shareholders' equity during the period	(2,249)	1,590	(659)	515	(143)
Net increase(decrease) during the period	(2,249)	1,590	(659)	515	2,163
Balance at September 30, 2006	23,314	(4,114)	19,199	2,128	116,166

Current interim period (From April 1, 2007 to September 30, 2007) (Note: Amounts are truncated to one million yen)

	Shareholders' equity				
	Capital	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Balance at March 31, 2007	28,663	29,973	39,148	(741)	97,044
Increase(decrease) during the period					
Dividends of surplus			(2,348)		(2,348)
Net interim income			3,328		3,328
Acquisition of treasury stock				(42)	(42)
Disposal of treasury stock		2		6	8
Increase(decrease) of the items other than shareholders' equity during the period					-
Net increase(decrease) during the period	-	2	979	(35)	946
Balance at September 30, 2007	28,663	29,975	40,128	(776)	97,990

	Valuation and translation differences			Minority interests	Total net assets
	Valuation differences of other securities	Foreign currency translation adjustment	Total valuation and translation differences		
Balance at March 31, 2007	29,883	(1,276)	28,606	1,369	127,020
Increase(decrease) during the period					
Dividends of surplus			-		(2,348)
Net interim income			-		3,328
Acquisition of treasury stock			-		(42)
Disposal of treasury stock			-		8
Increase(decrease) of the items other than shareholders' equity during the period	(3,326)	1,612	(1,714)	48	(1,666)
Net increase(decrease) during the period	(3,326)	1,612	(1,714)	48	(720)
Balance at September 30, 2007	26,557	335	26,892	1,417	126,300

Previous period (From April 1, 2006 to March 31, 2007)

(Note: Amounts are truncated to one million yen)

	Shareholders' equity				
	Capital	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Balance at March 31, 2006	28,663	29,972	34,545	(648)	92,532
Increase(decrease) during the period					
Dividends of surplus			(4,096)		(4,096)
Bonuses to directors and corporate auditors			(91)		(91)
Net income			8,555		8,555
Acquisition of treasury stock				(101)	(101)
Disposal of treasury stock		1		9	10
Increase in earned surplus due to divest of consolidated subsidiaries			436		436
Decrease in earned surplus due to addition of consolidated subsidiaries			(201)		(201)
Increase(decrease) of the items other than shareholders' equity during the period					-
Net increase(decrease) during the period	-	1	4,602	(92)	4,512
Balance at March 31, 2007	28,663	29,973	39,148	(741)	97,044

	Valuation and translation differences			Minority interests	Total net assets
	Valuation differences of other securities	Foreign currency translation adjustment	Total valuation and translation differences		
Balance at March 31, 2006	25,563	(5,705)	19,858	1,612	114,003
Increase(decrease) during the period					
Dividends of surplus			-		(4,096)
Bonuses to directors and corporate auditors			-		(91)
Net income			-		8,555
Acquisition of treasury stock			-		(101)
Disposal of treasury stock			-		10
Increase in earned surplus due to divest of consolidated subsidiaries			-		436
Decrease in earned surplus due to addition of consolidated subsidiaries			-		(201)
Increase(decrease) of the items other than shareholders' equity during the period	4,319	4,428	8,748	(243)	8,505
Net increase(decrease) during the period	4,319	4,428	8,748	(243)	13,017
Balance at March 31, 2007	29,883	(1,276)	28,606	1,369	127,020

(4) Consolidated Statement of Cash Flows

(Note: Amounts are truncated to one million yen)

Accounts	Period	Previous interim period (From April 1, 2006 To September 30, 2006)	Current interim period (From April 1, 2007 To September 30, 2007)	Previous period (From April 1, 2006 To March 31, 2007)
		Amount	Amount	Amount
Cash flows from operating activities				
Net income before adjustment for taxes		7,923	6,017	16,775
Depreciation and amortization		5,855	6,871	12,469
Impairment loss on fixed assets		1,286	-	1,286
Amortization of goodwill		100	106	129
Equity in loss of affiliate		356	397	791
Allowance for doubtful accounts		2,306	-	2,361
Allowance for loss on clearance of business		1,954	-	1,954
Increase(decrease)in allowance for doubtful accounts		97	3	(92)
Interest and dividend income		(429)	(524)	(868)
Interest expenses		830	888	1,645
Exchange loss(gain)		79	(198)	(68)
Gain on sales of shares of subsidiary company		(9,576)	-	(12,706)
Decrease(increase) in trade receivables		(1,488)	(1,985)	(2,186)
Decrease(increase) in inventories		(2,657)	(3,824)	(3,061)
Increase(decrease) in trade payables		1,776	2,623	(1,982)
Decrease(increase) in other assets		247	202	(565)
Increase(decrease) in other liabilities		1,352	(1,109)	2,678
Bonuses to directors and corporate auditors		(96)	-	(96)
Other non-operating income/expenses and extraordinary gains/losses		773	(104)	882
Sub total		10,692	9,365	19,347
Interest and dividends received		396	546	830
Interest paid		(923)	(861)	(1,697)
Other revenues		658	674	1,590
Other expenditures		(182)	(208)	(262)
Income taxes paid		(2,658)	(7,586)	(5,320)
Cash flows from operating activities		7,984	1,931	14,488
Cash flows from investing activities				
Deposits in time deposits		(1,081)	(1,307)	(5,792)
Proceeds from matured time deposits		2,642	1,399	7,665
Payments for purchases of securities		(90)	(1,014)	(2,244)
Proceeds from sales of securities		24	-	24
Payments for acquisition with change in scope of consolidated subsidiary		(517)	(2,479)	(517)
Payments for investment with change in scope of consolidated subsidiary		-	-	(703)
Proceeds from sales of shares with change in scope of consolidated subsidiaries		15,264	-	19,372
Payments for acquisition of fixed assets		(8,669)	(11,951)	(19,911)
Proceeds from sales of fixed assets		90	56	273
Increase(decrease) in short-term lending		(539)	(490)	(1,078)
Collections of loans receivables		33	29	59
Expenditures for other investments		(50)	(1)	(112)
Revenues from other investments		40	21	40
Cash flows from investing activities		7,146	(15,737)	(2,924)
Cash flows from financing activities				
Net increase(decrease) in short-term borrowings		2,389	776	121
Net increase(decrease) in commercial paper		(9,000)	-	(9,000)
Proceeds from long-term borrowings		930	8,633	20,853
Repayments of long-term borrowings		(6,665)	(6,507)	(13,181)
Payments from redemption of bonds		(10,030)	(30)	(10,060)
Proceeds from issuance of bonds		-	3	-
Proceeds from treasury stock		4	8	10
Payments for acquisitions of treasury stock		(56)	(42)	(101)
Repayments of finance lease obligations		(152)	(14)	(205)
Payments for dividends		(1,365)	(2,345)	(4,090)
Other payments		(0)	(14)	(0)
Cash flows from financing activities		(23,946)	467	(15,654)
Effect of exchange rate changes on cash and cash equivalents		(15)	347	208
Increase(decrease) in cash and cash equivalents		(8,831)	(12,991)	(3,881)
Balance of cash and cash equivalents at the beginning of the period		49,914	46,109	49,914
Increase in cash and cash equivalents due to inclusion of new subsidiary in consolidation		77	-	77
Balance of cash and cash equivalents at the end of the period		41,160	33,118	46,109

(5) Basis of Preparation for the Consolidated Financial Statements

1) Scope of Consolidation

[1] Consolidated subsidiaries: 24

Name of representative consolidated subsidiaries.

- Nipro Medical Industries, Ltd.
- Nipro (Thailand) Corporation Ltd.
- Nipro Europe N.V.
- Nipro Medical Corporation
- Nipro Pharma Corporation
- Tohoku Nipro Pharmaceutical Corporation
- Saitama Daiichi Pharmaceutical Co., Ltd.

Nipro Sales Thailand Co., Ltd. was included in consolidation from the current interim period due to new foundation, as well as Saitama Daiichi Pharmaceutical Co., Ltd. due to the acquisition of the stocks.

[2] Unconsolidated subsidiaries: 3

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

2) Application of Equity Method

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

The equity method is not applied to the 3 unconsolidated subsidiaries, since they are not material to the consolidated net income and earned surplus etc., either individually or in the aggregate.

3) Accounting Period of Consolidated Subsidiaries

Among the consolidated subsidiaries, accounts closing date of the foreign subsidiaries is June 30. Consolidated financial statements as of that date are used in preparing for consolidated financial statements, and necessary adjustments are made to reflect significant transactions that occurred between June 30 and September 30.

4) Accounting Principles and Practices

[1] Valuation standards and methods for significant assets

Securities

Other securities:

Securities with market

quotations Valued at the market price quoted on the balance sheet date.

(Differences in valuation are presented as a component of shareholders' equity. Costs are determined by the weighted average method.)

Securities without

market quotations Valued at cost by the weighted average method

Inventories

Valued at cost principally by the weighted average method.

[2] Method of depreciation and amortization for significant depreciable assets

Tangible fixed assets: Declining-balance method

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

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

[3] Standards for recognition of significant allowances

Allowance for doubtful accounts	In order to cover the probable losses on collection, an allowance for doubtful accounts is provided for the estimated amount of uncollectible receivables. For general receivables, the amount of provision is based on historical write-off rates, and for the doubtful receivables, based on the specific collect ability.
Allowance for bonuses payables	In order to cover the payment of bonuses to employees, an allowance is provided for the estimated amount of bonuses to be paid, prorated for the consolidated fiscal period.
Allowance for bonuses payables for directors and corporate auditors	In order to cover the payment of bonuses to directors and corporate auditors, an allowance is provided for the estimated amount of bonuses to be paid, corresponding to the consolidated fiscal period.
Allowance for loss on clearance of business	In connection with withdrawal from retail business which we sold the shares of the consolidated subsidiaries, the estimated loss at the end of the consolidated fiscal period is posted for disposal of land, building and other properties to be sold accordingly.
Accrued pension and severance cost	An allowance is provided for employee's pension and severance payments based on the estimated amounts of projected benefit obligation and plan assets at the end of the fiscal year. Past service liabilities are expensed mainly for five years using the straight-line method. Actuarial difference is expensed in the following fiscal years after the year of such recognition, using the straight-line method for five years.
Accrued severance indemnity for directors and corporate auditors ...	An allowance is provided for severance indemnity for directors and corporate auditors based on the amounts to be paid at the end of the consolidated fiscal periods based on the internal regulation of the companies.

[4] Standards for translation of significant assets and liabilities denominated in foreign currencies into Japanese Yen

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

[5] Accounting method for lease transactions

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

[6] Other significant basis on preparation for consolidated financial statements

Consumption taxes

Consumption taxes are excluded from revenues and expenses accounts.

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

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

(6) Change in significant matter of basis of preparation for consolidated financial statements

(Change in Accounting Method)

1) Change in depreciation method of tangible fixed assets

Revised the corporate income tax law (Law for revision of a part of income tax law and related law, published on March 30, 2007, and Government ordinance for revision of a part of the enforcement ordinance of the corporate income tax law, published on March 30, 2007, the enforcement ordinance no.83), we have changed the depreciation method according to the method of the revised corporate income tax law for tangible fixed assets acquired on or after April 1, 2007, from the consolidated fiscal year under review. As a result, gross profit decreased 144 million yen, operating income decreased 167 million yen, and recurring income and net income before adjustment of taxes decreased 177 million yen, comparing with the computation by the previous method.

As for the effect to the segment information, please see the notes in the segment information section.

2) Standard for recognition of accrued severance indemnity for directors and corporate auditors

Severance cost for directors and corporate auditors had been processed as expense when it was paid. However, we have adopted since this interim period, "Treatment on audit concerning reserves based on the special taxation measures law and reserves or provisions based on special laws" (Japan Institute Certified Public Accountants, published on April 13, 2007, Audit, assurance practice committee report No.42) to provide accrued severance indemnity for directors and corporate auditors at the end of the current interim fiscal period, according to the internal regulation of the companies. As a result, selling, general and administrative expenses increased 24 million yen, operating income and recurring income decreased the same amount, and net income before adjustment of taxes decreased 496 million yen, comparing with the computation by the previous standard.

As for the effect to the segment information, please see the notes in the segment information section.

(Additional information)

Change in depreciation method for tangible fixed assets

Revised the corporate income tax law(Law for revision of a part of income tax law and related law, published on March 30, 2007, and Government ordinance for revision of a part of the enforcement ordinance of the corporate income tax law, published on March 30, 2007, the enforcement ordinance no.83), we have depreciated, included in cost of goods sold and selling, general and administrative expenses, the difference between 5% equivalent amount of acquisition cost of tangible fixed assets and its memorandum value for 5 years from next consolidated fiscal year to consolidated fiscal year when reached to 5% of its acquisition cost which was depreciated by application of the corporate income tax before the revision. As a result, gross profit decreased 161 million yen, operating income, recurring income and net income before adjustment of taxes decreased 185 million yen, comparing with the computation by the previous method.

As for the effect to the segment information, please see the notes in the segment information section.

(7) Notes to the consolidated financial statements

(Notes to the consolidated balance sheets)

	(Previous interim period)	(Current interim period)	(Previous period)
1. Accumulated depreciation of tangible fixed assets	104,254 mil. yen	126,856 mil. yen	108,725 mil. yen
2. Notes receivable discounted	51 mil. yen	46 mil. yen	87 mil. yen
3. Obligations under guarantee contracts	1,366 mil. yen	821mil. yen	1,093 mil. yen
4. Pledged assets	16,672 mil. yen	16,387 mil. yen	16,178 mil. yen
5. Accounting process for matured bill on last day of the consolidated period			

Matured bill at the ended date of the consolidated period and bank holiday was processed on the traded date of bill. Accordingly, the matured bill at the ended date of each consolidated periods was included in the following accounts.

	(Previous interim period)	(Current interim period)	(Previous period)
Trade notes receivables	905 mil. yen	781 mil. yen	1,095 mil. yen
Trade notes payables	581 mil. yen	437 mil. yen	453 mil. yen
Trade notes payables for plant and equipment	- mil. yen	- mil. yen	23 mil. yen

(Notes to the consolidated statements of shareholders' equity)

Previous interim period (From April 1, 2006 to September 30, 2006)

1) Sort and total numbers of shares issued

Sort of shares	Number of shares As of March 31, 2006	Increased numbers	Decreased numbers	Number of shares As of September 30, 2006
Common stock	63,878,505	-	-	63,878,505

2) Sort and numbers of treasury stock

Sort of shares	Number of shares As of March 31, 2006	Increased numbers	Decreased numbers	Number of shares As of September 30, 2006
Common stock	349,589	27,721	1,995	375,315

(Note) 1. The increased numbers are of purchase of shares which number is less than unit amount.
2. The decreased numbers are of selling of shares which number is less than unit amount.

3) Dividends

[1] Amount of dividends paid

Decision	Sort of shares	Total amount of dividends paid	Dividends per shares	Basis date	Effective date
June 29, 2006 at ordinary general shareholders' meeting	Common stock	Million of yen 1,365	Yen 21.50	March 31, 2006	June 30, 2006

[2] Dividends of basis date belonging to the consolidated fiscal period with effective on date after the consolidated fiscal period.

Decision	Sort of shares	Proceeds of dividends	Total amount of dividends paid	Dividends per shares	Basis date	Effective date
November 20, 2006 at meeting of board of directors	Common stock	Earned surplus	Million of yen 2,730	Yen 43.00	September 30, 2006	December 8, 2006

Current interim period (From April 1, 2007 to September 30, 2007)

1) Sort and total numbers of shares issued

Sort of shares	Number of shares As of March 31, 2007	Increased numbers	Decreased numbers	Number of shares As of September 30, 2007
Common stock	63,878,505	-	-	63,878,505

2) Sort and numbers of treasury stock

Sort of shares	Number of shares As of March 31, 2007	Increased numbers	Decreased numbers	Number of shares As of September 30, 2007
Common stock	393,067	17,585	3,637	407,015

(Note) 1. The increased numbers are of purchase of shares which number is less than unit amount.
2. The decreased numbers are of selling of shares which number is less than unit amount.

3) Dividends

[1] Amount of dividends paid

Decision	Sort of shares	Total amount of dividends paid	Dividends per shares	Basis date	Effective date
June 27, 2007 at ordinary general shareholders' meeting	Common stock	Million of yen 2,348	Yen 37.00	March 31, 2007	June 28, 2007

[2] Dividends of basis date belonging to the consolidated fiscal period with effective on date after the consolidated fiscal period.

Decision	Sort of shares	Proceeds of dividends	Total amount of dividends paid	Dividends per shares	Basis date	Effective date
November 19, 2007 at meeting of board of directors	Common stock	Earned surplus	Million of yen 1,777	Yen 28.00	September 30, 2007	December 10, 2007

Previous period (From April 1, 2006 to March 31, 2007)

1) Sort and total numbers of Shared issues

Sort of shares	Number of shares As of March 31, 2006	Increased numbers	Decreased numbers	Number of shares As of March 31, 2007
Common stock	63,878,505	-	-	63,878,505

2) Sort and numbers of Treasury stock

Sort of shares	Number of shares As of March 31, 2006	Increased numbers	Decreased numbers	Number of shares As of March 31, 2007
Common stock	349,589	48,487	5,009	393,067

(Note) 1. The increased numbers are of purchase of shares which number is less than unit amount.
2. The decreased numbers are of selling of shares which number is less than unit amount.

3) Dividends

[1] Amount of dividends paid

Decision	Sort of shares	Total amount of dividends paid	Dividends per shares	Basis date	Effective date
June 29, 2006 at ordinary general shareholders' meeting	Common stock	Million of yen 1,365	Yen 21.50	March 31, 2006	June 30, 2006
November 20, 2006 at meeting of board of directors	Common stock	Million of yen 2,730	Yen 43.00	September 30, 2006	December 8, 2006

[2] Dividends of basis date belonging to the consolidated fiscal period with effective date in the next consolidated fiscal period.

Decision	Sort of shares	Proceeds of dividends	Total amount of dividends paid	Dividends per shares	Basis date	Effective date
June 27, 2007 at ordinary general shareholders' meeting	Common stock	Earned surplus	Million of yen 2,348	Yen 37.00	March 31, 2007	June 28, 2007

(Segment information)

1. Segment information by business category

Previous interim period(From April 1, 2006 to September 30, 2006) (Note: Amounts are truncated to one million yen)

	Medical Equipment	Pharmaceutical	Glass & Materials	Store	Other	Total	Eliminations/Corporate	Consolidated
Net sales								
(1)Sales to third parties	45,897	20,331	7,021	26,428	601	100,280	-	100,280
(2)Inter-segment sales and transfers	3	-	1,645	-	188	1,837	(1,837)	-
Total	45,901	20,331	8,666	26,428	789	102,117	(1,837)	100,280
Operating expenses	38,996	18,880	7,699	26,193	648	92,418	1,921	94,339
Operating income(loss)	6,905	1,450	966	234	140	9,698	(3,758)	5,940

Current interim period(From April 1, 2007 to September 30, 2007) (Note: Amounts are truncated to one million yen)

	Medical Equipment	Pharmaceutical	Glass & Materials	Other	Total	Eliminations/Corporate	Consolidated
Net sales							
(1)Sales to third parties	54,196	24,396	5,365	330	84,288	-	84,288
(2)Inter-segment sales and transfers	-	-	1,635	35	1,670	(1,670)	-
Total	54,196	24,396	7,000	365	85,959	(1,670)	84,288
Operating expenses	45,864	22,500	6,146	364	74,875	1,980	76,855
Operating income(loss)	8,331	1,896	854	1	11,083	(3,651)	7,432

Previous period(From April 1, 2006 to March 31, 2007)

(Note: Amounts are truncated to one million yen)

	Medical Equipment	Pharmaceutical	Glass & Materials	Store	Other	Total	Eliminations/Corporate	Consolidated
Net sales								
(1)Sales to third parties	97,300	42,152	12,918	30,973	1,017	184,362	-	184,362
(2)Inter-segment sales and transfers	3	-	3,445	-	220	3,668	(3,668)	-
Total	97,303	42,152	16,364	30,973	1,238	188,031	(3,668)	184,362
Operating expenses	82,970	38,854	14,498	30,702	1,087	168,113	3,195	171,309
Operating income(loss)	14,333	3,298	1,865	270	150	19,918	(6,864)	13,053

Notes: 1. Classification of business categories and main products in each business category

Business categories are classified based on the proximity in terms of purposes and manners of usage of the products in the market.

Main products belonging to each business categories are as follows:

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

2. Operating expenses of "Eliminations/Corporate" for the previous interim consolidated period, the current interim consolidated fiscal period and the previous consolidated fiscal period included unallocated corporate costs of 3,758 million yen, 3,651 million yen and 6,864 million yen, respectively. The unallocated corporate costs consisted primarily of the parent company's research and development costs and headquarters administration costs.
3. As described in "Changes in accounting method" 1), revised the corporate income tax law, we have adopted the depreciation method based on the revised corporate income tax law for tangible fixed assets acquired on or after April 1, 2007, from the current interim consolidated fiscal period. As a result, operating expenses in Medical Equipment, Pharmaceutical, Glass&Materials and Elimination/Corporate segment, are supposed to be increasing 56 million yen, 96 million yen, 1 million yen and 13 million yen respectively, and operating incomes are supposed to be decreasing respectively, comparing with the incomes calculated according to the previous method.
4. As described in "Changes in accounting method" 2), applied "Treatment on audit concerning reserves based on the special taxation measures law and reserves or provisions based on special laws" from the current interim consolidated fiscal year, we have changed the standard of recognition of the amount to be paid at the end of the current interim fiscal period for severance indemnity for directors and corporate auditors as a provision. As a result, operating expenses in Pharmaceutical and Elimination/Corporate segment, are supposed to be increasing 16 million yen and 8 million yen respectively, and operating incomes are supposed to be decreasing respectively, comparing with the incomes calculated according to the previous standard.
5. As described in "Additional information", revised the corporate income tax law, we have depreciated, included in cost of goods sold and selling, general and administrative expenses, the difference between 5% equivalent amount of acquisition cost of tangible fixed assets and its memorandum value for 5 years from next consolidated fiscal year to consolidated fiscal year when reached to 5% of its acquisition cost which was depreciated by application of the corporate income tax before the revision. As a result, operating expenses in Medical Equipment, Pharmaceutical, Glass&Materials, Others and Elimination/Corporate segment, are supposed to be increasing 58 million yen, 97 million yen, 19 million yen, 0 million yen, and 10 million yen respectively, and operating incomes are supposed to be decreasing respectively, comparing with the incomes calculated according to the previous method.

2) Segment information by geographical area

Previous interim period(From April 1, 2006 to September 30, 2006) (Note: Amounts are truncated to one million yen)

	Japan	America	Europe	Asia	Total	Eliminations /Corporate	Consolidated
Net sales							
(1)Sales to third parties	87,774	7,357	3,320	1,828	100,280	-	100,280
(2)Inter-segment sales and transfers	11,370	332	3	5,758	17,464	(17,464)	-
Total	99,144	7,689	3,323	7,586	117,744	(17,464)	100,280
Operating expenses	89,202	8,217	3,190	7,277	107,887	(13,547)	94,339
Operating income(loss)	9,942	(528)	133	309	9,857	(3,916)	5,940

Current interim period(From April 1, 2007 to September 30, 2007) (Note: Amounts are truncated to one million yen)

	Japan	America	Europe	Asia	Total	Eliminations /Corporate	Consolidated
Net sales							
(1)Sales to third parties	66,818	9,864	4,455	3,149	84,288	-	84,288
(2)Inter-segment sales and transfers	13,914	604	5	6,829	21,354	(21,354)	-
Total	80,733	10,468	4,461	9,978	105,642	(21,354)	84,288
Operating expenses	69,125	11,036	4,229	9,563	93,955	(17,099)	76,855
Operating income(loss)	11,608	(568)	231	415	11,687	(4,254)	7,432

Previous period(From April 1, 2006 to March 31, 2007)

(Note: Amounts are truncated to one million yen)

	Japan	America	Europe	Asia	Total	Eliminations /Corporate	Consolidated
Net sales							
(1)Sales to third parties	156,042	17,382	7,102	3,835	184,362	-	184,362
(2)Inter-segment sales and transfers	23,610	804	86	12,373	36,875	(36,875)	-
Total	179,653	18,186	7,188	16,208	221,238	(36,875)	184,362
Operating expenses	159,255	19,133	7,050	15,755	201,193	(29,884)	171,309
Operating income(loss)	20,398	(946)	138	453	20,044	(6,991)	13,053

- Note 1. Operating expenses of “Eliminations/Corporate” for the previous interim consolidated fiscal period, the current interim consolidated fiscal period and the previous consolidated fiscal period included unallocated corporate costs of 3,758 million yen, 3,651 million yen and 6,864 million yen, respectively. The unallocated corporate costs consisted primarily of the parent company’s research and development costs and headquarters administration costs.
2. Classification of countries or areas is based on geographical proximity.
3. The major countries included in each geographical area are as follows:
- | | |
|--------------|---|
| America..... | The United States of America and Brazil |
| Europe..... | Belgium |
| Asia..... | China, Thailand and Singapore |
4. As described in “Changes in accounting method” 1), revised the corporate income tax law, we have adopted the depreciation method based on the revised corporate income tax law for tangible fixed assets acquired on or after April 1, 2007, from the current interim consolidated fiscal period. As a result, operating expenses in Japan and Elimination/Corporate segment, are supposed to be increasing 154 million yen and 13 million yen respectively, and operating incomes are supposed to be decreasing respectively, comparing with the incomes calculated according to the previous method.
5. As described in “Changes in accounting method” 2), applied “Treatment on audit concerning reserves based on the special taxation measures law and reserves or provisions based on special laws” from the current interim consolidated fiscal year, we have changed the standard of recognition of the amount to be paid at the end of the current interim fiscal period for severance indemnity for directors and corporate auditors as a provision. As a result, operating expenses in Japan and Elimination/Corporate segment, are supposed to be increasing 16 million yen, 8 million yen, and operating incomes are supposed to be decreasing respectively, comparing with the incomes calculated according to the previous standard.
6. As described in “Additional information”, revised the corporate income tax law, we have depreciated, included in cost of goods sold and selling, general and administrative expenses, the difference between 5% equivalent amount of acquisition cost of tangible fixed assets and its memorandum value for 5 years from next consolidated fiscal year to consolidated fiscal year when reached to 5% of its acquisition cost which was depreciated by application of the corporate income tax before the revision. As a result, operating expenses in Japan and Elimination/Corporate segment, are supposed to be increasing 175 million yen and 10 million yen respectively, and operating incomes are supposed to be decreasing respectively, comparing with the incomes calculated according to the previous method.

3) Overseas sales

Previous interim period(From April 1, 2006 to September 30, 2006) (Note: Amounts are truncated to one million yen)

	America	Europe	Asia	Total
1 Overseas sales	14,524	7,017	3,727	25,268
2 Consolidated net sales				100,280
3 Percentage of overseas sales to consolidated net sales	14.5%	7.0%	3.7%	25.2%

Current interim period(From April 1, 2007 to September 30, 2007) (Note: Amounts are truncated to one million yen)

	America	Europe	Asia	Total
1 Overseas sales	17,429	9,426	4,945	31,801
2 Consolidated net sales				84,288
3 Percentage of overseas sales to consolidated net sales	20.7%	11.2%	5.8%	37.7%

Previous period(From April 1, 2006 to March 31, 2007) (Note: Amounts are truncated to one million yen)

	America	Europe	Asia	Total
1 Overseas sales	31,899	15,071	7,567	54,538
2 Consolidated net sales				184,362
3 Percentage of overseas sales to consolidated net sales	17.3%	8.2%	4.1%	29.6%

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

(Lease transactions)

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

	(Previous interim period)	(Current interim period)	(Previous period)
Acquisition value equivalent	3,680 mil. yen	2,875 mil. yen	3,894 mil. yen
Accumulated depreciation equivalent	2,468 mil. yen	1,741 mil. yen	2,569 mil. yen
<u>Book value equivalent</u>	<u>1,212 mil. yen</u>	<u>1,133 mil. yen</u>	<u>1,324 mil. yen</u>

Lease commitments

Due within one year	574 mil. yen	670 mil. yen	523 mil. yen
Due after over one year	851 mil. yen	682 mil. yen	630 mil. yen
<u>Total</u>	<u>1,425 mil. yen</u>	<u>1,353 mil. yen</u>	<u>1,154 mil. yen</u>
Lease payments	355 mil. yen	299 mil. yen	585 mil. yen
Depreciation equivalent	274 mil. yen	275 mil. yen	503 mil. yen
Interest expense equivalent	35 mil. yen	23 mil. yen	49 mil. yen

Method of calculation of depreciation equivalent

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

Method of calculation of interest equivalent

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

(Securities)

1) Other securities with market quotations

(Note: Amounts are truncated to one million yen)

	Previous interim period As of September 30, 2006			Current interim period As of September 30, 2007			Previous period As of March 31, 2007		
	Acquisi- on cost	Carrying value on consolida- ted B/S	Difference	Acquisi- on cost	Carrying value on consolida- ted B/S	Difference	Acquisi- on cost	Carrying value on consolida- ted B/S	Difference
Stock	21,113	59,466	38,352	24,272	68,055	43,783	23,267	72,665	49,398
Bonds	-	-	-	-	-	-	-	-	-
Others	60	75	15	60	79	18	60	81	20
Total	21,174	59,541	38,367	24,332	68,135	43,802	23,328	72,746	49,418

(Note) Impairment loss is not recorded on the other securities with market quotations for the previous consolidated fiscal period and the current consolidated fiscal period.

Impairment loss is recorded on the securities whose fair values at the end of the consolidated fiscal period have declined by more than 50%, unless the values are reasonably considered to be recoverable.

2) Securities that do not have market quotations

(Note: Amounts are truncated to one million yen)

	Previous interim period As of September 30, 2006 Carrying value on consolidated B/S	Current interim period As of September 30, 2007 Carrying value on consolidated B/S	Previous period As of March 31, 2007 Carrying value on consolidated B/S
Other securities			
Unlisted stock	1,236	1,175	1,175
Bonds	-	10	-
Stock of subsidiaries and affiliate			
Stock of unconsolidated subsidiaries	192	192	192
Stock of affiliated company	3,624	2,792	3,189
Total	5,053	4,169	4,557

(Derivative Transactions)

N/A

(Stock options)

N/A

(Per share information)

	Previous interim period (From April 1, 2006 To September 30, 2006)	Current interim period (From April 1, 2007 To September 30, 2007)	Previous period (From April 1, 2006 To March 31, 2007)
Net assets per share	1,795.78 yen	1,967.54 yen	1,979.21 yen
Earnings per share	63.24 yen	52.44 yen	134.71 yen
	Diluted earning per share is not presented because there is no potential stock which could have a dilutive effect.	Diluted earning per share is not presented because there is no potential stock which could have a dilutive effect.	Diluted earning per share is not presented because there is no potential stock which could have a dilutive effect.

(Notes) Basis of computation

1. Net assets per share

	Previous interim period As of September 30, 2006	Current interim period As of September 30, 2007	Previous period As of March 31, 2007
Total net assets in B/S (million yen)	116,166	126,300	127,020
Net assets related to the common stocks(million yen)	114,037	124,882	125,651
Amount to be deducted from total net assets in B/S (Million yen) Minority interests	2,128	1,417	1,369
Common stocks issued (Thousands shares)	63,878	63,878	63,878
Treasury stocks of common stock (Thousands shares)	375	407	393
Number of common stocks(thousand shares) utilized for computation of net assets per share	63,503	63,471	63,485

2. Earnings per share

	Previous interim period (From April 1, 2006 To September 30, 2006)	Current interim period (From April 1, 2007 To September 30, 2007)	Previous period (From April 1, 2006 To March 31, 2007)
Net (interim) income (Million yen)	4,016	3,328	8,555
Net (interim) income related to the common stock (Million yen)	4,016	3,328	8,555
Amount not attributed to the common stock (Million yen)	-	-	-
Average shares of the common stock during the period (Thousands shares)	63,519	63,479	63,507
Overview of the potential shares not included in the computation of diluted earning share because of not having a dilutive effect	Sort of potential shares: Stock acquisition right Number of potential shares: 2,800 units	Sort of potential shares: Stock acquisition right Number of potential shares: 2,800 units	Sort of potential shares: Stock acquisition right Number of potential shares: 2,800 units

(Production, Orders received and Sales)

1) Production

(Note: Amounts are truncated to one million yen)

Business Segment	Previous interim period (From April 1, 2006 To September 30, 2006)		Current interim period (From April 1, 2007 To September 30, 2007)		Previous period (From April 1, 2006 To March 31, 2007)	
	Amount produced	Ratio of change from the previous period(%)	Amount produced	Ratio of change from the previous period(%)	Amount produced	Ratio of change from the previous period(%)
Medical Equipment	30,303	(6.2)	40,904	35.0	73,011	11.5
Pharmaceutical	20,012	21.5	24,222	21.0	41,744	16.4
Glass & Materials	1,742	4.0	1,520	(12.8)	3,253	(4.8)
Others	386	76.8	591	53.1	700	(23.3)
Total	52,444	3.5	67,238	28.2	118,709	12.4

Notes: 1. Amounts produced are calculated based on average selling prices.

2. The above amounts are after eliminations of the inter-segment transactions.

3. The above amounts do not include the related consumption taxes etc.

2) Order received

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

3) Sales

(Note: Amounts are truncated to one million yen)

Business Segment	Previous interim period (From April 1, 2006 To September 30, 2006)		Current interim period (From April 1, 2007 To September 30, 2007)		Previous period (From April 1, 2006 To March 31, 2007)	
	Amount sold	Ratio of change from the previous period(%)	Amount sold	Ratio of change from the previous period(%)	Amount sold	Ratio of change from the previous period(%)
Medical Equipment	45,897	2.6	54,196	18.1	97,300	7.1
Pharmaceutical	20,331	26.0	24,396	20.0	42,152	19.7
Glass & Materials	7,021	21.7	5,365	(23.6)	12,918	8.3
Store	26,428	(23.8)	-	-	30,973	(54.0)
Others	601	(4.1)	330	(45.0)	1,017	(33.0)
Total	100,280	(1.6)	84,288	(15.9)	184,362	(10.9)

Notes: 1. The above amounts are after eliminations of the inter-segment transactions.

2. The above amounts do not include the related consumption taxes etc.

5. Interim Financial statements

(1) Balance Sheet

(Note: Amounts are truncated to one million yen)

Accounts	Previous interim period As of September 30, 2006		Current interim period As of September 30, 2007		Previous period As of March 31, 2007	
	Amount	Proportion	Amount	Proportion	Amount	Proportion
(ASSETS)		%		%		%
Current Assets	<u>106,427</u>	37.4	<u>105,376</u>	34.4	<u>116,129</u>	37.9
Cash on hand and in banks	32,187		21,197		37,437	
Trade notes receivable	13,480		13,211		13,722	
Accounts receivable	34,085		40,410		36,090	
Inventories	20,644		22,563		21,592	
Deferred tax assets	2,281		1,595		1,914	
Other current assets	3,783		6,452		5,410	
Allowance for doubtful accounts	(36)		(54)		(38)	
Fixed Assets	<u>178,272</u>	62.6	<u>201,060</u>	65.6	<u>190,218</u>	62.1
Tangible fixed assets	<u>36,182</u>	12.7	<u>44,227</u>	14.4	<u>37,482</u>	12.2
Buildings	10,207		14,513		10,619	
Machinery	10,787		11,925		10,871	
Land	10,885		11,225		11,225	
Others	4,301		6,563		4,766	
Intangible fixed assets	<u>257</u>	0.1	<u>364</u>	0.1	<u>278</u>	0.1
Investments and other assets	<u>141,832</u>	49.8	<u>156,467</u>	51.1	<u>152,457</u>	49.8
Investment securities	56,636		65,072		69,161	
Stocks of related companies	49,816		56,418		48,433	
Investments to related companies	8,537		11,018		9,482	
Long-term loan receivables	358		241		294	
Long-term loans receivables from subsidiaries	22,929		21,306		22,292	
Other assets	6,924		6,532		6,909	
Allowance for doubtful accounts	(2,738)		(2,568)		(2,563)	
Allowance for investment loss	(631)		(1,553)		(1,553)	
Total Assets	284,700	100.0	306,436	100.0	306,347	100.0

(Note: Amounts are truncated to one million yen)

Periods Accounts	Previous interim period As of September 30, 2006		Current interim period As of September 30, 2007		Previous period As of March 31, 2007	
	Amount	Proportion	Amount	Proportion	Amount	Proportion
		%		%		%
(LIABILITIES)						
Current liabilities	<u>74,933</u>	26.3	<u>96,820</u>	31.6	<u>86,253</u>	28.1
Trade notes payables	16,269		18,035		16,941	
Accounts payables	13,568		14,346		13,242	
Short-term borrowings	27,913		39,095		38,213	
Current portion of bonds	-		10,000		-	
Accrued income taxes	6,420		2,060		7,500	
Allowance for bonuses payables	1,928		874		850	
Allowance for bonuses payables for directors and corporate auditors	-		-		229	
Allowance for loss on clearance of business	1,954		1,954		1,954	
Other current assets	6,879		10,454		7,322	
Fixed assets	<u>84,389</u>	29.7	<u>77,691</u>	25.3	<u>86,325</u>	28.2
Bonds	31,000		21,000		31,000	
Convertible-bond-type bonds with stock acquisition rights	14,000		14,000		14,000	
Long-term borrowings	25,810		27,279		23,926	
Deferred tax liabilities	10,688		12,429		14,645	
Accrued pension and severance cost	1,686		1,315		1,543	
Accrued severance cost for directors and corporate auditors	-		479		-	
Lease deposits received	1,204		1,186		1,210	
Total Liabilities	159,323	56.0	174,512	56.9	172,579	56.3
(NET ASSETS)						
Shareholders' equity	<u>104,751</u>	36.8	<u>108,130</u>	35.3	<u>106,937</u>	34.9
Capital	28,663	10.1	28,663	9.4	28,663	9.3
Capital Surplus	<u>29,972</u>	10.5	<u>29,975</u>	9.8	<u>29,973</u>	9.8
Capital reserve	29,972		29,972		29,972	
Other capital surplus	0		3		1	
Earned Surplus	<u>46,817</u>	16.4	<u>50,268</u>	16.4	<u>49,042</u>	16.0
Revenue reserve	1,196		1,196		1,196	
Other earned surplus						
Reserve for dividends	16		16		16	
Reserve for special depreciation	83		53		66	
Voluntary reserve	39,735		44,935		39,735	
Retained earnings	5,786		4,067		8,028	
Treasury stock	(701)	(0.2)	(776)	(0.3)	(741)	(0.2)
Valuation and translation differences	<u>20,625</u>	7.2	<u>23,794</u>	7.8	<u>26,830</u>	8.8
Valuation difference of other securities	20,625		23,794		26,830	
Total Net Assets	125,376	44.0	131,924	43.1	133,768	43.7
Total Liabilities and Net Assets	284,700	100.0	306,436	100.0	306,347	100.0

(2) Statement of Income

(Note: Amounts are truncated to one million yen)

Accounts	Previous interim period (From April 1, 2006 To September 30, 2006)		Current interim period (From April 1, 2007 To September 30, 2007)		Previous period (From April 1, 2006 To March 31, 2007)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
		%		%		%
Sales	62,134	100.0	67,192	100.0	127,407	100.0
Cost of goods sold	47,266	76.1	50,334	74.9	96,439	75.7
Gross profit	14,867	23.9	16,858	25.1	30,968	24.3
Selling, general and administrative expenses	10,252	16.5	10,358	15.4	20,271	15.9
Operating income	4,615	7.4	6,500	9.7	10,696	8.4
Non-operating income	<u>803</u>	1.3	<u>844</u>	1.2	<u>1,544</u>	1.2
Interest income	271		331		578	
Dividend income	284		302		537	
Exchange gain	210		-		343	
Others	38		210		85	
Non-operating expenses	<u>616</u>	1.0	<u>1,137</u>	1.7	<u>1,209</u>	0.9
Interest expenses	242		361		526	
Interest on bonds	354		294		648	
Exchange loss	-		367		-	
Others	19		114		34	
Recurring income	4,802	7.7	6,207	9.2	11,031	8.7
Extraordinary gains	<u>10,495</u>	16.9	<u>67</u>	0.1	<u>14,273</u>	11.2
Gains of sales of fixed assets	5		2		8	
Gain on sales of securities in affiliates	10,478		-		13,588	
Governmental subsidies	-		4		661	
Adjustments for correction of prior years' results	-		41		-	
Others	11		19		14	
Extraordinary losses	<u>6,250</u>	10.0	<u>539</u>	0.8	<u>7,998</u>	6.3
Loss on sales and disposal of fixed assets	63		53		176	
Impairment loss on fixed assets	384		-		384	
Allowance for loss on clearance of business	1,954		-		1,954	
Loss on investment securities	268		-		268	
Loss on devaluation of investment in affiliates	700		-		700	
Allowance for investment loss on affiliated companies	631		-		1,553	
Advanced depreciation on fixed assets	-		3		650	
Allowance for doubtful accounts	2,200		-		2,200	
Allowance for accrued severance indemnity for directors and corporate auditors in prior years	-		471		-	
Others	47		10		110	
Net(interim)income before income taxes	9,047	14.6	5,735	8.5	17,306	13.6
Corporate, inhabitants and enterprise taxes	6,106	9.8	1,990	3.0	9,310	7.3
Adjustment for deferred taxes	(2,524)	(4.0)	169	0.2	(2,424)	(1.9)
Net(interim)Income	5,465	8.8	3,575	5.3	10,420	8.2

(3) Statement of Shareholders' Equity

Previous interim period (From April 1, 2006 to September 30, 2006) (Note: Amounts are truncated to one million yen)

	Shareholders' equity											
	Capital	Capital surplus			Revenue reserve	Earned surplus					Treasury stock	Total shareholders' equity
		Capital reserve	Other capital surplus	Total capital surplus		Other earned surplus				Total earned surplus		
						Reserve for dividends	Reserve for special depreciation	Voluntary reserve	Retained earnings			
Balance at Mar.31, 2006	28,663	29,972	-	29,972	1,196	16	145	37,135	4,315	42,808	(648)	100,794
Increase(decrease) during the period												
Dividends of surplus									(1,365)	(1,365)		(1,365)
Bonuses to director and corporate auditors									(89)	(89)		(89)
Net interim income									5,465	5,465		5,465
Reversal of reserve for special depreciation							(61)		61	-		-
Addition to voluntary reserve								2,600	(2,600)	-		-
Acquisition of treasury stock											(56)	(56)
Disposal of treasury stock			0	0							3	4
Increase(decrease) of the items other than shareholders' equity during the period												
Net increase(decrease) during the period	-	-	0	0	-	-	(61)	2,600	1,470	4,009	(52)	3,957
Balance at Sep.30, 2006	28,663	29,972	0	29,972	1,196	16	83	39,735	5,786	46,817	(701)	104,751

	Valuation and translation differences		Total net assets
	Valuation differences of other securities	Total valuation and translation differences	
Balance at Mar.31, 2006	22,186	22,186	122,981
Increase(decrease) during the period			
Dividends of surplus			(1,365)
Bonuses to director and corporate auditors			(89)
Net interim income			5,465
Reversal of reserve for special depreciation			-
Addition to voluntary reserve			-
Acquisition of treasury stock			(56)
Disposal of treasury stock			4
Increase(decrease) of the items other than shareholders' equity during the period	(1,561)	(1,561)	(1,561)
Net increase(decrease) during the period	(1,561)	(1,561)	2,395
Balance at Sep.30, 2006	20,625	20,625	125,376

Current interim period (From April 1, 2007 to September 30, 2007) (Note: Amounts are truncated to one million yen)

	Shareholders' equity											Treasury stock	Total shareholders' equity
	Capital	Capital surplus			Revenue Reserve	Earned surplus					Total earned surplus		
		Capital reserve	Other capital surplus	Total capital surplus		Other earned surplus							
						Reserve for dividends	Reserve for special depreciation	Voluntary reserve	Retained earnings				
Balance at Mar.31, 2007	28,663	29,972	1	29,973	1,196	16	66	39,735	8,028	49,042	(741)	106,937	
Increase(decrease) during the period													
Dividends of surplus									(2,348)	(2,348)		(2,348)	
Net interim income									3,575	3,575		3,575	
Reversal of reserve for special depreciation							(12)		(12)	-		-	
Addition to voluntary reserve								5,200	(5,200)	-		-	
Acquisition of treasury stock											(42)	(42)	
Disposal of treasury stock			2	2							6	8	
Increase(decrease) of the items other than shareholders' equity during the period													
Net increase(decrease) during the period	-	-	2	2	-	-	(12)	5,200	(3,961)	1,226	(35)	1,192	
Balance at Sep.30, 2007	28,663	29,972	3	29,975	1,196	16	53	44,935	4,067	50,268	(776)	108,130	

	Valuation and translation differences		Total net assets
	Valuation differences of other securities	Total valuation and translation differences	
Balance at Mar.31, 2006	26,830	26,830	133,768
Increase(decrease) during the period			
Dividends of surplus			(2,348)
Net interim income			3,575
Reversal of reserve for special depreciation			-
Addition to voluntary reserve			-
Acquisition of treasury stock			(42)
Disposal of treasury stock			8
Increase(decrease) of the items other than shareholders' equity during the period	(3,036)	(3,036)	(3,036)
Net increase(decrease) during the period	(3,036)	(3,036)	(1,843)
Balance at Sep.30, 2007	23,794	23,794	131,924

Previous period (From April 1, 2006 to March 31, 2007)

(Note: Amounts are truncated to one million yen)

	Shareholders' equity											
	Capital	Capital surplus			Revenue reserve	Earned surplus					Treasury stock	Total shareholders' equity
		Capital reserve	Other capital surplus	Total capital surplus		Other earned surplus				Total earned surplus		
						Reserve for dividends	Reserve for special depreciation	Voluntary reserve	Retained earnings			
Balance at Mar.31, 2006	28,663	29,972	-	29,972	1,196	16	145	37,135	4,315	42,808	(648)	100,794
Increase(decrease) during the period												
Dividends of surplus									(4,096)	(4,096)		(4,096)
Bonuses to director and corporate auditors									(89)	(89)		(89)
Net income									10,420	10,420		10,420
Reversal of reserve for special depreciation							(78)		78	-		-
Addition to voluntary reserve								2,600	(2,600)	-		-
Acquisition of treasury stock											(101)	(101)
Disposal of treasury stock			1	1							9	10
Increase(decrease) of the items other than shareholders' equity during the period												
Net increase(decrease) during the period	-	-	1	1	-	-	(78)	2,600	3,712	6,234	(92)	6,143
Balance at Mar.31, 2007	28,663	29,972	1	29,973	1,196	16	66	39,735	8,028	49,042	(741)	106,937

	Valuation and translation differences		Total net assets
	Valuation differences of other securities	Total valuation and translation differences	
Balance at Mar.31, 2006	22,186	22,186	122,981
Increase(decrease) during the period			
Dividends of surplus			(4,096)
Bonuses to director and corporate auditors			(89)
Net income			10,420
Reversal of reserve for special depreciation			-
Addition to voluntary reserve			-
Acquisition of treasury stock			(101)
Disposal of treasury stock			10
Increase(decrease) of the items other than shareholders' equity during the period	4,644	4,644	4,644
Net increase(decrease) during the period	4,644	4,644	10,787
Balance at Mar.31, 2007	26,830	26,830	133,768

(4) Basis of Preparation for the Financial Statements

1) Valuation standards and methods for assets

[1] Securities

Stocks issued by subsidiaries

and affiliated companies Valued at cost by the weighted average method

Other securities

Securities with market

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

Securities without

market quotations Valued at cost by the weighted average method

[2] Inventories

Merchandises, finished products

and work in process Valued at cost by the weighted average method

Raw materials and supplies Valued at cost by the first-in first-out method

2) Method of depreciation and amortization for fixed assets

[1] Tangible fixed assets: Declining-balance method

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

[2] Intangible fixed assets Straight-line method

Except software for internal use is amortized by the straight-line method for the period during which it is available in the Company (5 years).

3) Standards for recognition of allowances

[1] Allowance for doubtful

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

[2] Allowance for investment

loss In order to cover the probable losses on investment to the affiliates, an allowance for loss is provided for the estimated amount considering the business results and assets situation.

[3] Allowance for bonuses

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

[4] Allowance for loss on

clearance of business In connection with withdrawal from retail business which we sold the shares of the subsidiaries, the estimated loss at the end of the fiscal period is posted for disposal of land, building and other properties to be sold accordingly.

[5] Accrued pension and

severance cost An allowance is provided for employee's pension and severance payments based on the estimated amounts of projected benefit obligation and plan assets at the end of the fiscal year.

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

[6] Accrued severance indemnity

for directors and corporate auditors .. An allowance is provided for severance indemnities for directors and corporate auditors based on the amounts to be paid at the end of the current interim periods based on the internal regulation of the companies.

4) Accounting method for lease transactions

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

5) Other significant basis on preparation for financial statements

Consumption Taxes

Consumption taxes are excluded from revenues and expenses accounts.

(5) Change in Significant Matter of Basis of Preparation for Financial Statements

(Change in Accounting Method)

1) Change in depreciation method of tangible fixed assets

Revised the corporate income tax law (Law for revision of a part of income tax law and related law, published on March 30, 2007, and Government ordinance for revision of a part of the enforcement ordinance of the corporate income tax law, published on March 30, 2007, the enforcement ordinance no.83), we have changed the depreciation method according to the method of the revised corporate income tax law for tangible fixed assets acquired on or after April 1, 2007, from the fiscal year under review. As a result, gross profit decreased 48 million yen, operating income, recurring income and net income before income taxes decreased 68 million yen, comparing with the computation by the previous method.

2) Standard for recognition of accrued severance indemnity for directors and corporate auditors

Severance cost for directors and corporate auditors had been processed as expense when it was paid. However, we have adopted since this interim period, "Treatment on audit concerning reserves based on the special taxation measures law and reserves or provisions based on special laws" (Japan Institute Certified Public Accountants, published on April 13, 2007, Audit, assurance practice committee report No.42) to provide the accrued severance indemnity for directors and corporate auditors at the end of the current interim fiscal period, according to the internal regulation of the companies. As a result, selling, general and administrative expenses increased 8 million yen, operating income and recurring income decreased the same amount, and net income before income taxes decreased 479 million yen, comparing with the computation by the previous standard.

(Additional information)

Change in depreciation method for tangible fixed assets

Revised the corporate income tax law(Law for revision of a part of income tax law and related law, published on March 30, 2007, and Government ordinance for revision of a part of the enforcement ordinance of the corporate income tax law, published on March 30, 2007, the enforcement ordinance no.83), we have depreciated, included in cost of goods sold and selling, general and administrative expenses, the difference between 5% equivalent amount of acquisition cost of tangible fixed assets and its memorandum value for 5 years from next fiscal year to fiscal year when reached to 5% of its acquisition cost which was depreciated by application of the corporate income tax before the revision. As a result, gross profit decreased 63 million yen, operating income, recurring income and net income before adjustment of taxes decreased 78 million yen, comparing with the computation by the previous method.

(6) Notes to the Financial Statements

(Notes to the Balance Sheets)

	(Previous interim period)	(Current interim period)	(Previous period)
1. Accumulated depreciation of tangible fixed assets	49,143 mil. yen	52,038 mil. yen	50,142 mil. yen
2. Pledged assets			
Buildings	5,134 mil. yen	4,927 mil. yen	4,936 mil. yen
Land	2,685 mil. yen	2,685 mil. yen	2,685 mil. yen

3. Obligations under guarantee contracts	8,290 mil. yen	8,381 mil. yen	7,825 mil. yen
4. Notes receivable discounted	32 mil. yen	46 mil. yen	24 mil. yen
5. Accounting processing for matured bill on last day of the fiscal period			
Matured bill at the ended date of the fiscal period and bank holiday was processed on the traded date of bill. Accordingly, the matured bill at the ended date of each fiscal periods was included in the following accounts.			
	(Previous interim period)	(Current interim period)	(Previous period)
Trade notes receivables	630 mil. yen	614 mil. yen	753 mil. yen
Trade notes payables	1,194 mil. yen	1,518 mil. yen	1,471 mil. yen
Other current liabilities (Trade notes payables for plant and equipment)	- mil. yen	- mil. yen	23 mil. yen

(Notes to the Statement of Income)

(Previous interim period) (Current interim period) (Previous period)

Depreciation and amortization

Tangible fixed assets	1,632 mil. yen	2,203 mil. yen	3,639 mil. yen
Intangible fixed assets	42 mil. yen	36 mil. yen	89 mil. yen

(Notes to the Statements of Shareholders' equity)

Previous interim period (From April 1, 2006 to September 30, 2006)

Sort and numbers of Treasury stock

Sort of shares	Number of shares As of March 31, 2006	Increased numbers	Decreased numbers	Number of shares As of September 30, 2006
Common stock	349,589	27,721	1,995	375,315

(Note) 1. The increased numbers are of purchase of shares which number is less than unit amount.

2. The decreased numbers are of selling of shares which number is less than unit amount.

Current interim period (From April 1, 2007 to September 30, 2007)

Sort and numbers of Treasury stock

Sort of shares	Number of shares As of March 31, 2007	Increased numbers	Decreased numbers	Number of shares As of September 30, 2007
Common stock	393,067	17,585	3,637	407,015

(Note) 1. The increased numbers are of purchase of shares which number is less than unit amount.

2. The decreased numbers are of selling of shares which number is less than unit amount.

Previous period (From April 1, 2006 to March 31, 2007)

Sort and numbers of Treasury stock

Sort of shares	Number of shares As of March 31, 2006	Increased numbers	Decreased numbers	Number of shares As of March 31, 2007
Common stock	349,589	48,487	5,009	393,067

(Note) 1. The increased numbers are of purchase of shares which number is less than unit amount.

2. The decreased numbers are of selling of shares which number is less than unit amount.

(Lease transactions)

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

	(Previous interim period)	(Current interim period)	(Previous period)
Acquisition value equivalent	909 mil. yen	1,007 mil. yen	858 mil. yen
Accumulated depreciation equivalent	611 mil. yen	575 mil. yen	553 mil. yen
<u>Book value equivalent</u>	<u>298 mil. yen</u>	<u>432 mil. yen</u>	<u>305 mil. yen</u>
Lease commitments			
Due within one year	167 mil. yen	202 mil. yen	168 mil. yen
Due after over one year	244 mil. yen	362 mil. yen	254 mil. yen
<u>Total</u>	<u>411 mil. yen</u>	<u>564 mil. yen</u>	<u>422 mil. yen</u>
Lease payments	104 mil. yen	115 mil. yen	208 mil. yen
Depreciation equivalent	83 mil. yen	120 mil. yen	188 mil. yen
Interest expense equivalent	5 mil. yen	7 mil. yen	10 mil. yen

Method of calculation of depreciation equivalent

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

Method of calculation of interest equivalent

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

(Securities)

There was no stocks issued by subsidiaries and affiliated companies which had market value in the previous interim fiscal period, current interim fiscal period and previous fiscal period.

(Net Sales by Division and Proportion to the Total)

(Note: Amounts are truncated to one million yen)

Accounts	Previous interim period (From April 1, 2006 To September 30, 2006)		Current interim period (From April 1, 2007 To September 30, 2007)		Previous period (From April 1, 2006 To March 31, 2007)	
	Amount	Proportion	Amount	Proportion	Amount	Proportion
Medical Equipment	44,770	72.1	50,563	75.3	92,557	72.6
Pharmaceutical	8,963	14.4	9,764	14.5	19,154	15.0
Glass&Materials	7,481	12.0	5,922	8.8	14,084	11.1
Others	919	1.5	942	1.4	1,611	1.3
Total	62,134	100.0	67,192	100.0	127,407	100.0
(including Exports)	(23,958)	38.6	(28,462)	42.4	(49,422)	38.8