NIPRO®

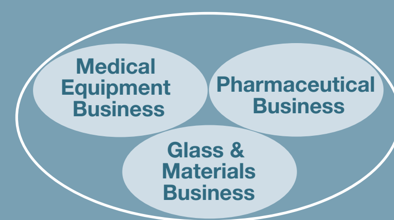
Medical Supplies for the world population

Annual Report 2009

Year Ended March 31, 2009

Profile

Since its founding in 1954, the Nipro Group has enjoyed continuing growth thanks to the trust it has achieved worldwide through the manufacture and sale of medical equipment and high-value-added pharmaceuticals. Key themes that propel our ongoing growth are the dedicated pursuit of technology that helps improve the quality of life of patients and the development of original products in line with our corporate philosophy of contributing to society through technology-oriented business activities. The Nipro Group is highly valued in Japan and overseas as an artificial kidney and dialyzer manufacturer, and is now working to be known equally for its artificial hearts, lungs, pericardia, skin, and blood. The Group is also actively involved in the generic pharmaceutical industry with the promotion of injection, oral, and percutaneous absorption drugs. Centering on the two main areas of medical equipment and pharmaceuticals, The Nipro Group plans to focus on the research of medical equipment and expand operations as a comprehensive manufacturer. Bounding toward the future, we aim to become a top maker of artificial organs worldwide and the chief maker of pharmaceuticals in Japan.



Consolidated Financial Highlights

Nipro Corporation and its Consolidated Subsidiaries Years ended March 31, 2009 and 2008	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
For the year:			
Net sales	**¥ 175,945**	¥ 172,113	**$ 1,791,153**
Operating income	**14,775**	13,677	**150,412**
Net income	**4,531**	4,454	**46,126**
Capital expenditures	**33,142**	25,900	**337,392**
Depreciation and amortization	**18,109**	15,054	**184,353**
R&D expenses	**5,352**	6,194	**54,484**
At year-end:			
Total assets	**¥ 330,641**	¥ 349,302	**$ 3,365,988**
Net assets	**95,049**	118,156	**967,617**
Per share data (in yen and U.S. dollars):			
Net income:			
Basic	**¥ 71.4**	¥ 70.2	**$ 0.73**
Cash dividends	**32.0**	37.5	**0.33**
Equity	**1,498.5**	1,861.8	**15.26**

The U.S. dollar amounts in this report represent translations of Japanese yen, for convenience only, at the rate of ¥98.23=US$1, the approximate exchange rate on March 31, 2009.

Contents

Disclaimer regarding Forward-looking Statements

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

Both sales and profits increased despite the decelerating global economy.

Although the Nipro group (The Group) was not able to meet initial guidance due to drastic fluctuations in exchange rates, the Group has adjusted its organization in response to the challenges ahead and should be able to approach targets for fiscal year ending March 2011.

Overview of business and results during the current fiscal year

Although the Group felt the full impact of the high yen overseas, performance was strong domestically.

During the current fiscal year ended March 2009, the entire global economy suffered from the impact of the financial crisis triggered in the United States, and fell into an economic recession. The Japanese economy was exposed to rampant volatility in the prices of crude oil and raw materials, while facing rapid yen appreciation and a downturn in the economy.

The Group has newly defined its organization as a specialist manufacturer of medical equipment and pharmaceuticals and was posed for expansion in the global market. However, the year was characterized by the substantial adverse impact caused by volatility in the foreign exchange markets.

In the Medical Equipment business, the Group aims to become the world's top manufacturer of its core product, dialyzers. It is thought there is an annual global demand of from 150 million to more than 170 million dialyzers. The Group's target is to be capable of producing 60 million dialyzers by the fiscal year ending March 2011. As a result of recent expansion, current production capacity is 47 million dialyzers. The Group has introduced new products such as a dialyzer using a hollow fiber membrane that was internally produced and sales have been very favorable in the domestic market. In markets overseas, however, because our main products, dialyzers have been exported from Japan, both sales and profits have suffered due to appreciation of the yen, although there has been growth in the number of goods sold. For this business, which includes dialysis-related products, sales on a consolidated basis were ¥113.0 billion (up by 1.7% on the previous year).

In the Pharmaceuticals business, domestic developments have focused mainly on two pillars: the manufacture and sales of generic drugs and the contruct manufacturing business. There was solid growth in the Group's distinctive generic drugs, including kit preparations, oral drugs, and dialysis-related products, thanks in part to measures taken to expand and promote sales. The contruct manufacturing business is characterized by its adaptability to every kind of pharmaceutical field. This fiscal year, a production plant for oral drugs was newly constructed and we became the largest pharmaceutical contruct manufacturing corporate group in Japan. For this division, sales on a consolidated basis were ¥52.7 billion (up by 8.1% on the previous year).

As a result, Group sales were ¥176.0 billion (up by 2.2% on the previous year), operating income was ¥14.8 billion (up by 8.0% on the previous year), and net income was ¥4.5 billion (up by 1.7% on the previous year) on a consolidated basis, including the Glass & Materials business that manufactures and sells pharmaceutical glass and materials, and the other businesses.

In response to volatility in foreign exchange rates, over the short-term the Group plans to improve business operations and cut production costs, and respond to this issue over the long-term by moving centers of production overseas.

Business Strategy

The Group has taken the bold step of setting a new ¥500 billion target for sales on a consolidated basis.

For medical equipment and pharmaceuticals, the Group has striven to attain the FY2010 management target that it has set for the fiscal year ending March 2011, consisting of target sales of ¥200 billion and recurring income of ¥20 billion. In terms of recurring income of ¥20 billion, it is difficult to anticipate because it is partly depends on the fluctuation of echange rate of foreign currencies, but the sales of ¥200 billion is anticipated that this goal should be virtually achievable.

The Group, therefore, has set a new target for FY2020, and will begin working towards this goal of reaching sales of ¥500 billion in fields in which it already has products. The Group will work to achieve this goal by focusing on raising production capacity in fields in which increases in volume are expected, and providing high-quality products at low cost. The plan is to exploit this business model to its fullest potential and utilize our formidable price competitiveness in order to expand market share.

In the Medical Equipment business, it is anticipated that demand for dialyzers will increase in emerging countries, and that demand on the global market will continue to grow over the years. We will make efforts to expand sales volume while remaining profitable by promoting improvements in the internal production rate. This has been made possible thanks to organizational enhancements that facilitate consistent production. The Group will also manage to expand sales volume while remaining profitable. In the Pharmaceutical business as well, the Group plans to continue promoting its two core businesses of selling generic drugs and the contract manufacturing business in order to achieve the FY2020 target.

Dividend policy

Based on the dividend policy, a yearly dividend of ¥32 per share was issued.

The Group has adopted a performance-based remuneration system as its basic stance towards dividends, aiming at a 50% payout ratio on a unitary basis.

This year, the Group issued an interim dividend of ¥32 yen per share. At the end of the full fiscal year, as the target dividend payout ratio had already been significantly exceeded, there will unfortunately be no year-end dividend. We also plan to issue dividends based on this dividend policy in the next fiscal year as well.

In order to increase the number of our private investors and liquidity in the stock market, the Group changed the trading unit from 1,000 shares to 100 shares on July 1, 2009.

Prospects for next fiscal year

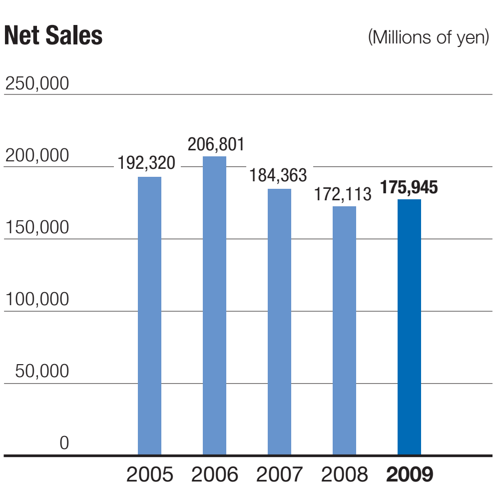
Sales are expected to increase for the Group overall thanks to progress made in response to fluctuations in foreign exchange rates.

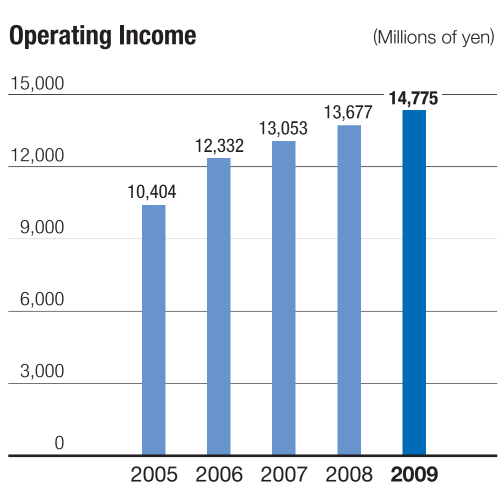
Next fiscal year ending March 31,2010, the world economy is not expected to stage an early recovery. In the Japanese economy as well, it is anticipated that corporate earnings will continue to feel pressure from the high yen and increased competition, and that the management environment will remain harsh both overseas and in Japan.

In response, the Group has enacted various measures during the current fiscal year to reduce costs and improve production efficiency, and is trying to make adjustments in its organization to enable it to respond more efficiently to fluctuations in foreign exchange rates. Although the business environment remains uncertain, the Group will strive to aggressively face the challenges that lie ahead this next fiscal year.

In the Medical Equipment business, we will work towards understanding the different needs of markets worldwide and build up our points of sales overseas. In the dialyzer field, there are plans to develop new products in response to market needs, however it is expected that the high yen could adversely affect these plans.

In the Pharmaceutical business, steady expansion is





anticipated from increased sales of our generic drugs and the start of our production for pharmaceuticals on large-scale consignment orders.

Guidance for the next fiscal year ending March 31, 2010 on a consolidated basis consists of sales of ¥180 billion (up by 2.3% on the previous year), operating income of ¥15 billion (up by 1.5% on the previous year), and net income of ¥6.05 billion (up by 33.5% on the previous year). These projections have been made based on the assumptions of ¥90 to the US dollar and ¥120 to the euro.

The Group promotes environmental awareness in its management principles, such as energy conservation and zero emissions. In order to respond to the demands of the times, the preservation of the global environment is very important, and we would like to accelerate the implementation of environmental measures next fiscal year ending March 31, 2010.

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

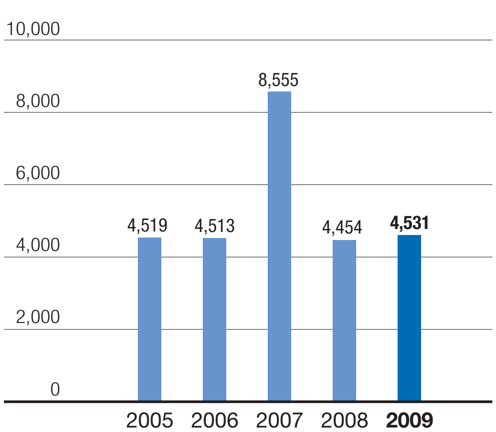
Minoru Sano President

July 2009

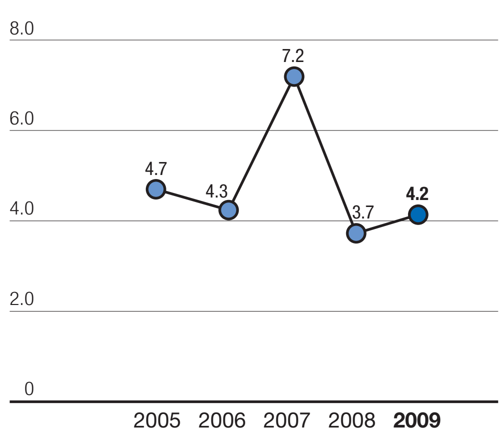
Minoru Sano

Minoru Sano
President

Net Income (Millions of yen)



Return on Equity (%)



Research and development

Nipro group is promoting both research and development of medical equipments and pharmaceutical products.

In the Medical Equipment Business, we are achieving steady progress in the field of cutting-edge, while trying to achieve high quality and functionality in the field of existing products. In the field of regenerative medicine, we have already commercialized nerve-regeneration assisting tubes and pericardiac regeneration assisting membranes. In the field of artificial organs, we are developing systemized artificial lungs with high functionality, while advancing the introduction of implantable ventricular assist device (VAD). Artificial lungs and kidneys have been developed comprehensively in the R&D facility of artificial organs.

We are also promoting fast commercialization of high-value-added products by establishing a department of clinical development. Another purpose of this department is to perform speedy clinical tests under the compliance of good clinical practice (GCP), and to perform speedy communication with examining authorities.

In the Pharmaceuticals Business, combination products (kit preparations) that are developed through integrations with medical equipment technology have been very successful. We are also focusing efforts on the development of generic drugs and have made steady progress in the development of oral dosage forms by our proprietary drug preparation technologies to meet demand for drugs that are easier to take. We are also making steady progress in advanced research, including the development of artificial oxygen carriers drug delivery systems based on new formulation technologies and non invasive administration systems.

In this consolidated accounting year, the total cost for R&D activity was ¥5.4 billion (US$54,474.2 million).

1 Medical Equipment Business

The following research and development activities are performed mainly through our Research & Development Laboratory.

General purpose medical equipment

We perform research and development in areas such as infusions, catheters, fertility treatment, safety-related products, and medical equipment for testing and treating diabetes. For infusions-related products, development focused on a new hood connector system, a needleless three-way stopcock with a chemical resistant connector, a precision infusion set with new fixed-quantity tubing, and an infusion set with a filter to remove foreign bodies. For catheter-related products, there was development in antithrombotic central venous catheters, catheters for new-born and premature infants, multi-lumen seldinger catheters, and peripheral vein central venous catheters. Development in fertility treatment-related products focused on cova needles, embryo transfer catheters, sperm injection catheters, and artificial insemination by husband catheters. In safety-related products, there were developments in SAFETOUCH™ AVFs, SAFETOUCH™ PSVs, SAFETOUCH™ cannulas (clamp-type), and SAFETOUCH™ coreless needles. In clinical testing products, development proceeded in blood collection needles with a flash bag function. In diabetes treatment-related products, there were developments in infusion sets for insulin pumps.

Intervention-related medical equipment

We developed and introduced circulatory-organ-related medical equipment that is used in intervention treatment and diagnosis. In cardiovascular catheter-related products, there were developments in new PTCA balloon catheters, thrombus vacuum aspiration catheters, guiding catheters, and stents. In peripheral blood vessel catheter-related products, development proceeded in PTA catheters and peripheral stents.

Artificial organ-related medical equipment

We focuse on its core products in the field of artificial kidney-related equipment and is developing and introducing products such as artificial heart-lungs and heart-related medical equipment used in the treatment of circulatory and respiratory organs. In artificial kidney-related products, we developed dialysis machines, dialyzers, blood access products, blood circuits, and a continuous hemofiltration blood circuit using a syringe pump. In artificial heart-lungs-related products, development proceeded in oxygenators, perfusion tubing sets, centrifugal blood pumps, venous reservoirs, hemoconcentrators, PCPS kits, percutaneous catheter kits, and implantable left ventricular assist devices.

Regenerative medicine

We are developing regenerative medicine-related products such as bag systems for culturing cells, bag systems for preserving cells, and regenerative medicine products that stimulate and take advantage of the self-healing abilities of tissues and organs. Developments were made in new-type cell culture bags filled with medium islet, cell freezing containers, nerve-regeneration tubes, and pericardium regenerative support membranes.

Pharmaceutical containers

In cooperation with pharmaceutical companies, our Pharmaceutical Research Center developed medical equipment and kit containers for medical equipment and pharmaceuticals. This included double-bag kits for various kinds of pharmaceuticals and pre-filled syringes.

In vitro diagnostics(IVD)

We've developed new IVD's that is useful for early diagnosis and monitoring the effects of the treatment, as well as POCT systems that takes advantage of medicak device technology, for Alzheimer's disease, rheuma drug-resistant tuberculosis, nutriton assessment and diabetes mellitus.

The total amount of research and development costs in this division for the current fiscal year was ¥1.9 billion (US$18.9 million).

2 Pharmaceutical Business

The following research and development activities were performed, mainly through the Pharmaceutical Research Center.

Development of combination products (kit preparations)

We have proceeded with the development of combination products that will contribute to the improvement of treatment quality by promoting improved safety, sanitation, and efficiency for clinical practice. For pre-filled syringe, sales of new products, including two products with one ingredient. In addition, there are nine products with three ingredients that are awaiting approval for manufacture and sales, and five products with two ingredients that are being developed. Development has also proceeded with double chamber-type pre-filled syringe. For double-bag (liquid–and-powder), two products with two antibiotic ingredients are awaiting approval for manufacture and sales. In the future, we will strive to provide a wider variety of combination products.

Low dose-specification drugs (half-dose tablets)

Development of six products with six ingredients has actively proceeded for low dose-requirement drugs, due to needs by elderly with renal insufficiency and drug metabolism disorder, patients suffering from functional disorders, and healthworker such as pharmacists at medical facilities. In addition, approval for one ingredient has been acquired, one ingredient is under application for approval, and there are plans to apply for approval for manufacture and sales of two more ingredients next year. In the future, we will continue to develop pharmaceutical preparations that are in high demand.

Nutritional solution

We are developing new nutritional solution that can keep to a minimum the occurrence of vessel pain and thrombophlebitis which are issues during peripheral, and provide patients with higher amount of energy in comparison with existing products. The third phase of clinical trials has been completed and preparations for the approval application are being made.

Development of oral dosage forms

For oral dosage forms this year, twelve products with seven ingredients will be placed on the market, and manufacture and sales approval was acquired for nine products with six ingredients. In addition, new applications for approval have been placed for ten products with five ingredients. We are also developing orally-disintegrating tablets that are easy to swallow. Approval has been acquired for two products with one ingredient and application for approval has been placed for three products with two ingredients.

Development of premixed bag preparations

We have begun development of premixed bag preparations that contain drug solutions that have been diluted in advance to a set level in order to prevent the risk of medical error. This year, approval has been acquired for two products with two ingredients, and one product is currently being developed. In the future, we will continue to develop new products in consideration of needs and market demand.

Development of renal disease-related drugs

This year, application for manufacture and sales approval has been placed for four products with one ingredient related to blood coagulation inhibitor by pre-filled syringe which is used during dialysis. In addition, four products with one ingredient are currently being developed and there are plans to apply for approval next year. In the field of hemo-dialysis preparations, we proceeded with the development of innovative new formulations. We are also actively developing recombinant erythropoietin, bio-similar product, used for the therapy of renal diseases.

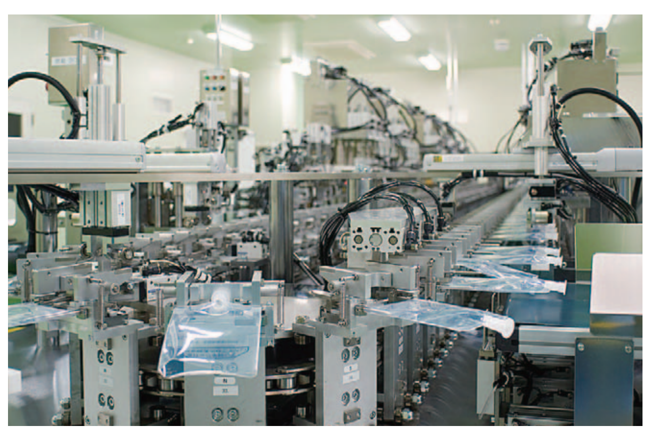
Application of new generic formulation technologies

We are active in the applied development of new technologies that avoid the breakup of peptides and proteins that often occurs with oral administration, and DDS technologies using liposomes, also non-invasive administration systems.

Blood-related pharmaceuticals preparations

The development of hemoglobin encapsulated artificial oxygen carriers is an industrial-academic cooperative project which is promoted by the Ministry of Health, Labour and Welfare. The project is making great progress and preparations for construction of production facilities are underway for investigational drugs. We are also cooperating with a university research organization in the development of artificial oxygen carriers using synthetic heme- and recombinant human hemoglobins.

The total amount of research and development costs in this division for the current fiscal year was ¥ 3.5 billion (US$35,5 million).



Plant and Equipment

1 Overview of Capital Investment, etc.

The Group (the Company and its consolidated subsidiaries) focused on investing in research and development and product areas where growth can be expected in the future for energy efficiency, rationalization, product quality improvement, and increasing production capacity. Capital investment (tangible fixed assets on an acceptance basis; figures shown do not include consumption tax, etc.) during this consolidated fiscal year totaled ¥32.7 billion (US$332.5 million). Capital investment by business segment is shown below.

The Medical Equipment business segment made capital investments to increase production capacity and for production rationalization at the Company's Odate factory and the Thailand factory of Nipro (Thailand) Corporation Ltd.

The Pharmaceutical buiness segment made capital investments in a new project for antibiotic preparations at the Odate factory of Nipro Pharma Corporation. Furthermore, Tohoku Nipro Pharmaceutical Corporation made capital investments for new contract manufacturing of oral drugs.

The Glass & Materials business segment made capital investments for glass syringes used for pharmaceuticals at the Company's Otsu factory.

Elimination and Corporate capital investments were made primarily in equipment and devices for research and development at the Pharmaceutical Research Center and Research and Development Laboratory.

The required funds were allocated from owned capital and loans.

There was no material retirement or disposal of plant and equipment.

Current: Consolidated Fiscal Year

	Millions of yen	Thousands of U.S. dollars
Medical Equipment	¥ 11,306	$ 115,097
Pharmaceutical	20,392	207,595
Glass & Materials	134	1,364
Other	68	692
Eliminations/Corporate	760	7,737
Total	32,660	332,485

2 Status of Major Plant and Equipment

(1) Reporting Companies

As of March 31, 2009

Name of Facility (Location)	Name of Segment by Business Category	Type of Asset	Book Value (Millions of yen)					Number of Employees
			Buildings and Structures	Machinery and Equipment	Land (Area m²)	Construction in progress	Total	(People)
Odate Factory (Odate, Akita)	Medical Equipment Pharmaceuticals Glass & Materials	Medical Equipment Production Facilities, etc.	¥ 8,633	¥ 12,637	¥ 961 (198,025)	¥ 1,270	¥ 23,501	1,062
Otsu Factory (Otsu, Shiga)	Glass & Materials	Glass Tube Processing Production Facilities, etc.	212	213	25 (4,603)	—	450	36
Tokyo Office (Bunkyo-ku, Tokyo)	Medical Equipment Pharmaceuticals Glass & Materials	Sales Facilities	287	58	1,975 (376)	—	2,320	23
Domestic Operations 21 Branches and 33 Sales Offices in Japan	Medical Equipment Pharmaceuticals	Sales Facilities	443	657	357 (2,565)	42	1,499	581
Research and Development Laboratory & Pharmaceutical Research Center (Kusatsu, Shiga)	Other or Corporate	Research and Development Plant and Equipment, other	2,224	865	467 (26,544)	7	3,563	266 2,325
Headquarters (Kita-ku, Osaka)	Medical Equipment Pharmaceuticals Glass & Materials Corporate	Other Plant and Equipment	396	291	1,508 (1,891)	—	2,195	184
Leased Assets, Other (Settsu, Osaka, Other)	Other	Other Plant and Equipment	1,376	2	4,969 (54,028) [21,371]*Note:1	—	6,347	—

Name of Facility (Location)	Name of Segment by Business Category	Type of Asset	Book Value (Thousands of U.S. dollars)					Number of Employees
			Buildings and Structures	Machinery and Equipment	Land (Area m²)	Construction in progress	Total	(People)
Odate Factory (Odate, Akita)	Medical Equipment Pharmaceuticals Glass & Materials	Medical Equipment Production Facilities, etc.	*$ 87,886*	*$128,647*	*$9,783 (198,025)*	*$ 12,929*	*$239,245*	*1,062*
Otsu Factory (Otsu, Shiga)	Glass & Materials	Glass Tube Processing Production Facilities, etc.	*2,158*	*2,168*	*255 (4,603)*	—	*4,581*	*36*
Tokyo Office (Bunkyo-ku, Tokyo)	Medical Equipment Pharmaceuticals Glass & Materials	Sales Facilities	*2,922*	*590*	*20,106 (376)*	—	*23,618*	*23*
Domestic Operations 21 Branches and 33 Sales Offices in Japan	Medical Equipment Pharmaceuticals	Sales Facilities	*4,510*	*6,688*	*3,634 (2,565)*	*428*	*15,260*	*581*
Research and Development Laboratory & Pharmaceutical Research Center (Kusatsu, Shiga)	Other or Corporate	Research and Development Plant and Equipment, other	*22,641*	*8,806*	*4,754 (26,544)*	*71*	*36,272*	*266*
Headquarters (Kita-ku, Osaka)	Medical Equipment Pharmaceuticals Glass & Materials Corporate	Other Plant and Equipment	*4,031*	*2,962*	*15,353*	—	*22,346*	*184*
Leased Assets, Other (Settsu, Osaka, Other)	Other	Other Plant and Equipment	*14,009*	*20*	*50,585 (54,028) [21,371]*Note:1*	—	*64,614*	—

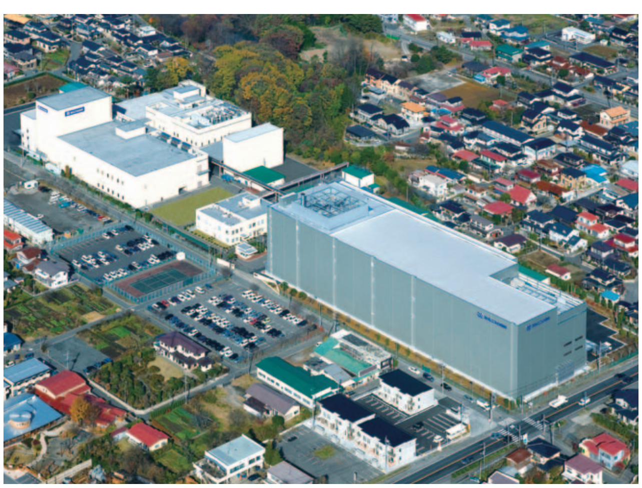
Note: (1) [21,371] is the area(m²) of major facilities leased to entities other than consolidated subsidiaries.

(2) Domestic subsidiaries

As of March 31, 2009

Company	Name of Facility (Location)	Name of Segment by Business Category	Type of Asset	Book Value (Millions of yen)					Number of Employees (People)
				Buildings and Structures	Machinery and Equipment	Land (Area m²)	Construction in progress	Total	
Nipro Medical Industries Co., Ltd.	Tatebayashi Factory (Tatebayashi, Gunma)	Medical Equipment	Medical Equipment Production Facilities	¥ 1,393	¥ 2,220	¥ 488 (14,519)	¥ 97	¥ 4,198	363
Nipro Pharma Corporation	Ise Factory (Matsuzaka, Mie)	Pharmaceuticals	Pharmaceuticals Production Facilities	7,766	2,364	1,310 (92,935)	531	11,971	640
	Odate Factory (Odate, Akita)	Pharmaceuticals	Pharmaceuticals Production Facilities	9,913	5,405	1,247 (195,468)	9,571	26,136	527
Tohoku Nipro Pharmaceutical Corporation	Kagamiishi Factory (Kagamiishi-machi, Iwase-gun, Fukushima)	Pharmaceuticals	Pharmaceuticals Production Facilities	7,076	5,278	458 (83,841)	—	12,812	156
Zensei Pharmaceutical Industries Co., Ltd.	Kishiwada Factory (Kishiwada, Osaka)	Pharmaceuticals	Pharmaceuticals Production Facilities	1,446	327	552 (22,223)	—	2,325	188
Nipro Patch Co., Ltd.	Kasukabe Factory (Kasukabe, Saitama)	Pharmaceuticals	Pharmaceuticals Production Facilities	1,232	675	1,008 (9,611)	3	2,918	166
	Hanyu Factory (Hanyu, Saitama)	Pharmaceuticals	Pharmaceuticals Production Facilities	797	144	455 (16,680)	1,412	2,808	40

Company	Name of Facility (Location)	Name of Segment by Business Category	Type of Asset	Book Value (Thousands of U.S. dollars)					Number of Employees (People)
				Buildings and Structures	Machinery and Equipment	Land (Area m²)	Construction in progress	Total	
Nipro Medical Industries Co., Ltd.	Tatebayashi Factory (Tatebayashi, Gunma)	Medical Equipment	Medical Equipment Production Facilities	*$14,181*	*$22,600*	*$4,968 (14,519)*	*$ 987*	*$ 42,736*	*363*
Nipro Pharma Corporation	Ise Factory (Matsuzaka, Mie)	Pharmaceuticals	Pharmaceuticals Production Facilities	*79,059*	*24,066*	*13,336 (92,935)*	*5,406*	*121,867*	*640*
	Odate Factory (Odate, Akita)	Pharmaceuticals	Pharmaceuticals Production Facilities	*100,915*	*55,024*	*12,695 (195,468)*	*97,435*	*266,069*	*527*
Tohoku Nipro Pharmaceutical Corporation	Kagamiishi Factory (Kagamiishi-machi, Iwase-gun, Fukushima)	Pharmaceuticals	Pharmaceuticals Production Facilities	*72,035*	*53,731*	*4,663 (83,841)*	—	*130,429*	*156*
Zensei Pharmaceutical Industries Co., Ltd.	Kishiwada Factory (Kishiwada, Osaka)	Pharmaceuticals	Pharmaceuticals Production Facilities	*14,721*	*3,329*	*5,619 (22,223)*	—	*23,669*	*188*
Nipro Patch Co., Ltd.	Kasukabe Factory (Kasukabe, Saitama)	Pharmaceuticals	Pharmaceuticals Production Facilities	*12,542*	*6,872*	*10,262 (9,611)*	*30*	*29,706*	*166*
	Hanyu Factory (Hanyu, Saitama)	Pharmaceuticals	Pharmaceuticals Production Facilities	*8,114*	*1,466*	*4,632 (16,680)*	*14,374*	*28,586*	*40*



Tohoku Nipro Pharmaceutical Corporation

Nipro Patch Co., Ltd. Hanyu Factory

(3) Overseas subsidiaries

As of March 31, 2009

Company	Name of Facility (Location)	Name of Segment by Business Category	Type of Asset	Book Value (Millions of yen)					Number of Employees (People)
				Buildings and Structures	Machinery and Equipment	Land (Area m²)	Construction in progress	Total	
Nipro (Thailand) Corporation Limited	Thailand Factory (Ayuthaya, Thailand)	Medical Equipment	Medical Equipment Production Facilities	¥ 2,142	¥ 6,746	¥ 268 (159,148)	¥ 3,639	¥ 12,795	3,074
Nipro (Shanghai) Co., Ltd.	Shanghai Factory (Shanghai, China)	Medical Equipment	Medical Equipment Production Facilities	914	1,902	— <40,681>*Note:2	57	2,873	718
Nipro Medical Ltda.	Brazil Factory (Sorocaba, Sao Paolo, Brazil)	Medical Equipment	Medical Equipment Production Facilities	404	1,263	47 (73,623)	38	1,752	366

Company	Name of Facility (Location)	Name of Segment by Business Category	Type of Asset	Book Value (Thousands of U.S. dollars)					Number of Employees (People)
				Buildings and Structures	Machinery and Equipment	Land (Area m²)	Construction in progress	Total	
Nipro (Thailand) Corporation Limited	Thailand Factory (Ayuthaya, Thailand)	Medical Equipment	Medical Equipment Production Facilities	*$21,807*	*$68,676*	*$2,727 (159,148)*	*$37,046*	*$130,256*	*3,074*
Nipro (Shanghai) Co., Ltd.	Shanghai Factory (Shanghai, China)	Medical Equipment	Medical Equipment Production Facilities	*9,305*	*19,363*	*— <40,681>*Note:2*	*580*	*29,248*	*718*
Nipro Medical Ltda.	Brazil Factory (Sorocaba, Sao Paolo, Brazil)	Medical Equipment	Medical Equipment Production Facilities	*4,114*	*12,858*	*477 (73,623)*	*387*	*17,836*	*366*

Note:
(1) "Other" in book value is the total of machinery, equipment, fixtures, and construction in progress.
(2) <40,681> is the area(m^2) of facilities leased from entities other than consolidated subsidiaries.
(3) The figures shown above do not include consumption taxes, etc.
(4) There are no major facilities currently in abeyance.
(5) Number of Employees indicates the number of people employed.
(6) In addition to the above, the details of major facilities leased from entities other than consolidated subsidiaries are shown below.

i) Nipro Corporation

Name of Facility (Location)	Name of Segment by Business Category	Type of Facility	Major Lease Period	Annual Lease Payments (Millions of yen)	Lease Contracts Balance (Millions of yen)
Head Office (Kita-ku, Osaka)	Medical Equipment Pharmaceuticals Glass & Materials Corporate	Host Computer and Peripheral Equipment, etc.	5 years	¥ 91	¥ 162
Domestic Divisions 21 branches and 33 sales offices in Japan	Medical Equipment Pharmaceuticals	Company Vehicles, etc.	5 years	221	582

Name of Facility (Location)	Name of Segment by Business Category	Type of Facility	Major Lease Period	Annual Lease Payments (Thousands of U.S. dollars)	Lease Contracts Balance (Thousands of U.S. dollars)
Head Office (Kita-ku, Osaka)	Medical Equipment Pharmaceuticals Glass & Materials Corporate	Host Computer and Peripheral Equipment, etc.	5 years	*$ 926*	*$ 1,649*
Domestic Divisions 21 branches and 33 sales offices in Japan	Medical Equipment Pharmaceuticals	Company Vehicles, etc.	5 years	*2,250*	*5,925*

ii) Domestic subsidiaries

Company	Name of Facility (Location)	Name of Segment by Business Category	Type of Facility	Major Lease Period	Annual Lease Payments (Millions of yen)	Lease Contracts Balance (Millions of yen)
Nipro Pharma Corporation	Ise Factory (Matsuzaka, Mie)	Pharmaceuticals	Pharmaceuticals Production Facilities	5 years	¥ 39	¥ 66

Company	Name of Facility (Location)	Name of Segment by Business Category	Type of Facility	Major Lease Period	Annual Lease Payments (Thousands of U.S. dollars)	Lease Contracts Balance (Thousands of U.S. dollars)
Nipro Pharma Corporation	Ise Factory (Matsuzaka, Mie)	Pharmaceuticals	Pharmaceuticals Production Facilities	5 years	*$ 397*	*$ 672*

3 Plans for New Construction or Disposal of Facilities

(1) New Construction of Major Facilities, etc.

The Reporting Company leads coordination of plans for new construction of facilities to avoid duplicate investment across the Group, since each individual consolidated subsidiary is principally responsible for setting their own capital investment plans. Plans for new construction of major facilities are as shown below.

Company Name of Facility	Location	Name of Segment by Business Category	Type of Facility	Planned Amount of Investment: Total Amount (Millions of yen)	Planned Amount of Investment: Paid-in Amount (Millions of yen)	Means of Fund Raising	Month and Year of Construction Start	Planned Completion Month and Year
Reporting Company Odate Factory	Odate, Akita	Medical Equipment Pharmaceuticals Glass & Materials	Medical Equipment Production Facilities, etc.	¥ 3,760	¥ —	Loans and Owned Capital	April 2009	March 2010
Nipro (Thailand) Corporation Limited	Ayuthaya, Thailand	Medical Equipment	Medical Equipment Production Facilities	2,000	—	Loans and Owned Capital	April 2009	December 2009
Nipro Pharma Corporation Ise Factory	Matsuzaka, Mie	Pharmaceuticals	Pharmaceuticals Production Facilities	1,800	—	Loans and Owned Capital	April 2009	March 2010
Nipro Pharma Corporation Odate Factory	Odate, Akita	Pharmaceuticals	Pharmaceuticals Production Facilities	11,770	5,670	Loans and Owned Capital	May 2008	March 2010

Company Name of Facility	Location	Name of Segment by Business Category	Type of Facility	Planned Amount of Investment: Total Amount (Thousands of U.S. dollars)	Planned Amount of Investment: Paid-in Amount (Thousands of U.S. dollars)	Means of Fund Raising	Month and Year of Construction Start	Planned Completion Month and Year
Reporting Company Odate Factory	Odate, Akita	Medical Equipment Pharmaceuticals Glass & Materials	Medical Equipment Production Facilities, etc.	*$ 38,278*	*$ —*	Loans and Owned Capital	April 2009	March 2010
Nipro (Thailand) Corporation Limited	Ayuthaya, Thailand	Medical Equipment	Medical Equipment Production Facilities	*20,360*	—	Loans and Owned Capital	April 2009	December 2009
Nipro Pharma Corporation Ise Factory	Matsuzaka, Mie	Pharmaceuticals	Pharmaceuticals Production Facilities	*18,324*	—	Loans and Owned Capital	April 2009	March 2010
Nipro Pharma Corporation Odate Factory	Odate, Akita	Pharmaceuticals	Pharmaceuticals Production Facilities	*119,821*	*57,722*	Loans and Owned Capital	May 2008	March 2010

Note :The figures shown above do not include consumption taxes, etc.

(2) Retirement of major facilities, etc.

There are no planned retirements, etc., of major facilities.


Nipro Corporation Odate Factory


Nipro Pharma Corporation Odate Factory

Issues Facing the Company

As far as the domestic sales in the Medical Equipment business are concerned, in dialysis-related products, we will focus on dialyzers, blood lines for dialysis, and dialysis machines. We will strive to respond to market needs, develop new products, deploy products in markets, offer improved quality, and enhance marketing efforts in order to gain even more market share and sales growth.

In injection and infusion-related products, we hope to gain market share led by products such as syringe needles, syringes, infusion sets and PSV needles, and products that incorporate safeguard mechanisms to prevent injuries from intravenous catheter needles, etc. For nutrition-related products, we will develop new products to meet market demand while actively deploying and marketing our products.

In clinical testing products, we will develop, deploy, and increase the marketing of new products such as testing equipment for blood sugar measurement and test agents for diabetes patients. In addition, we will increase marketing of blood-sampling tubes for blood tests and make active market deployment efforts in order to gain more market share. In the heart- and blood vessel-related fields, we will make efforts to provide customers with a wider variety of products, promote expanded market deployment and selling power, and gain market share by actively developing and introducing new products such as vascular-related products, artificial heart-lungs, and left ventricular assist device-related products. We will also promote the active introduction of products in new fields, such as those related to applied regenerative medicine, iPS cells, and ES cells.

In response to the appreciation of the yen overseas, we will make continual efforts to reduce expenses and more fully develop points of sales overseas. Especially for our core dialyzer products, we will enhance marketing for dialyzers with standard triacetate membranes and dialyzers with synthetic polymer membranes. In diabetes-related products, we will engage in the development of products with improved safety and more accuracy. In artificial heart-lung-related products, products with improved features are being introduced in continuously expanding markets and we are making efforts to find new markets for our products. In response to an increasingly challenging market brought about by the adverse effects of foreign currency fluctuations, we are strengthening our cooperation with overseas sales subsidiaries and affiliate companies, are building up a business base that can cope with appreciation of the yen, and are making strong efforts in marketing activities.

In the Pharmaceutical business, we will offer a wider variety of generic drugs.

In injectables, we will market high-quality pharmaceuticals led by distinctive drugs such as double-bag antibiotic kit (liquid-and-powder) drugs, pre-filled syringe pharmaceuticals, and plastic ampoule medicines. In oral drugs, we will largely increase the number of products to be developed. At the same time, we will actively promote cooperative development with other companies in order to improve the efficiency of product development and fortify contract manufacturing. We will also continue with the development of new dosage forms of drugs in response to demand for medicines that are easy to swallow. In terms of production, we are taking steps to expand contract manufacturing and establish a framework for the manufacture of high-quality generic drugs through the completion last year of a new facility for contract manufacturing of oral drugs and a packaging facility. In the newly entered field of external drugs, which consists mainly of transdermal absorption preparations, the Company will actively proceed with development in-house as well as cooperative development, and also expand the contract manufacturing business. For pharmaceuticals such as nutritional infusions, electrolyte infusions, biosimilar gene-spliced erythropoietin, artificial blood, and drug delivery systems, we aim to offer these on the market as early as possible. We will also continue to actively develop injectables (including kit preparations), oral drugs, and external drugs. We are making efforts to expand our pharmaceutical business in order to provide a wider variety of distinctive pharmaceuticals that are required by users. We are also striving to expand sales routes, contract manufacturing, and product development, as well as to improve productivity at production plants.

In the Glass & Materials business, we will make progress in technical innovations for glass processing in response to pharmaceutical industry needs. We will engage in product development focused on pharmaceutical containers, and will make efforts to expand sales while actively developing new product materials.

In the field of glass for lighting, with growing markets for liquid crystal panels, including China, we will continue to make efforts to expand sales for backlight glass and related materials as well as to increase profitability.

Status of Corporate Governance, etc.

1 Status of Corporate Governance

(1) Basic Policies for Corporate Governance

The globalization of the economy and the advance of the borderless world have continued to rapidly and dramatically change the operating environment for companies in Japan. Serious management risks continue to grow and have become real threats to the continuity of companies as numerous deplorable events have occurred in recent years, reflecting these changes in the business environment.

In order to respond to these rapid changes in the operating environment, strengthening the management control systems in consideration of various stakeholders has become both necessary and indispensable.

The Company has been working to put its business on a sound footing, increase efficiencies, strengthen management control systems across its business units, positioning corporate governance as a key management issue from the perspective of corporate social responsibility.

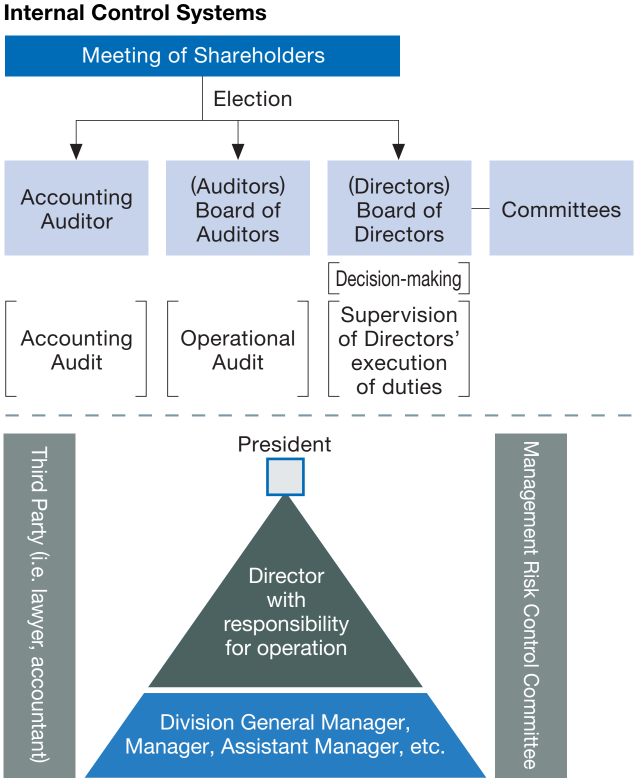
(2) Status of the Company's Governance Bodies and Internal Control Systems

(1) Basic Explanation of the Company's Governance Bodies

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

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

(2) Overview of the Company's Governance Bodies and Internal Control Systems



(3) Status of the Internal Control Systems

The Company's basic policy for internal control systems, as stipulated in Article 362, Paragraph 5, of the Companies Act, was approved at the Board of Directors meeting convened on April 29, 2006, and implemented from May 1st of the same year.

The Company endeavors to establish the business units as the foundation of the internal control systems of the entire Group. The Company's directors and statutory auditors, as well as representatives of each of the major companies of the group, hold a Group management meeting on a regular monthly basis to report on the progress of business operations, decide important operating matters, and deliberate on pending matters. To build awareness of and compliance with the laws, regulations, and corporate ethics among executives and employees, the Company implements appropriate training and education programs using company newsletters, anonymous whistleblower systems, and archiving of handbooks on internal company networks. These internal control systems, which are aimed at the executives and employees of each company in the Group, are operated as a consistent management mechanism through mutual cooperation.

(4) Status of Internal Auditing and Audits by Statutory Auditors

The Company conducts audits of accounting, procedures, and other operations based on internal audit protocols through the Auditing Section, which serves as the internal audit organization for the Company.

Aside from the two full-time employees at the Auditing Section, employees are dispatched as necessary from the Head Office Management Division or other divisions to carry out inspections timely, smoothly and efficiently.

In regards to implementation of specific audit operations, the Company establishes audit policies and audit plans, based on which, audits are conducted as well as endeavoring to ensure smooth accounting audits and audits by statutory auditors through mutual cooperation of the statutory auditors and accounting auditors.

For audits by statutory auditors, in accordance with the auditing policy and the division of labor as agreed upon by the Board of Auditors, each statutory auditor attends important meetings, including Board of Directors meetings, and receives reports from Directors and employees, in addition to inspecting important documents and undertaking other auditing duties. The statutory auditors hold Board of Auditors Meetings regularly, or as necessary, in order to exchange views and hold discussions. At present, two of the three Auditors are external auditors, as stipulated by Article 2, Paragraph 16 of the Companies Act.

(5) Status of Accounting Audits

Name of Accounting Audit Company: Osaka Audit Corporation
Name of Certified Public Accountants conducting Audit Operations: Yoshitsugu Hashimoto, Kouichi Aki, Kazuhiro Bando.
Support Staff for Audit Operations:
Certified Public Accountants: 12 people
Assistant Certified Public Accountant: 1 person
Other: 2 people

(6) Personal, Capital, Transactional or other Interests between the Company and External Auditors

There are no particular interests, vested or otherwise, between the Company and the External Auditors.

(7) Status of the Risk Management System

The Company has established risk management regulations and a system for managing business risk and other individual risks in order to recognize and evaluate in an appropriate and comprehensive manner risks that could have a material impact on business operations. In order to effect management across all companies in the Group, the Company has established a Management Risk Control Committee and works continuously to further strengthen the system for promoting management of business risk. Furthermore, the Company has established a

Rewards and Punishments Committee, chaired by the President, which endeavors to ensure the soundness of business operations through the appropriate handling of rewards and punishments.

(8) Details of Directors' Remuneration

Remuneration Paid to Directors: ¥96 million (internal directors: ¥96 million)

Remuneration Paid to Auditors: ¥8 million (including ¥4 million to internal corporate auditors, and ¥3 million to external auditors.)

(9) Provisions in the Articles of Incorporation related to the Fixed Number of the Directors

The Company's Articles of Incorporation stipulate that the number of directors shall be 30 persons or less.

(10) Conditions for the Election of Directors

The Company's Articles of Incorporation stipulate that resolutions for election of directors must be carried by a majority of votes at a General Shareholders Meeting attended by shareholders entitled to execute one-third or more of shareholder voting rights. Furthermore, the Articles of Incorporation stipulate that resolutions for election of directors shall not be carried by accumulative votes.

(11) Provisions for Resolution by Board of Directors Meeting of Matters for Resolution at General Shareholders Meetings

(i) The Company's Articles of Incorporation, pursuant to Article 165, Paragraph 2, of the Companies Act, provide that acquisition of own shares by Market Transactions, as stipulated in Paragraph 1 of the same Article, may be prescribed by resolution of a Board of Directors meeting in order to make possible the execution of an expeditious funding policy.

(ii) The Company's Articles of Incorporation provide for distribution of Interim Dividends, as stipulated in Article 454, Paragraph 5, of the Companies Act, by resolution of the Board of Directors to shareholders, or pledgees of registered shares, who are recorded in or listed on the final Shareholders Register as of September 30th of each year, in order to smoothly implement dividend policies.

(iii) The Company's Articles of Incorporation provide for exemption of liability of directors and auditors (including persons who were directors or auditors) who have failed in their duties, to the extent which such exemption may be given pursuant to the law and ordinances, by resolution of the Board of Directors, as stipulated in Article 426, Paragraph 1, of the Companies Act, in order to make possible the full execution of the roles expected of directors and auditors.

(12) Conditions for Special Resolutions at General Shareholders Meetings

The Company's Articles of Incorporation provide that special resolutions at General Shareholders Meetings shall be carried by two-thirds or more of votes at a General Shareholders Meeting attended by shareholders who are entitled to exercise one-third or more of shareholder voting rights, as stipulated by Article 309, Paragraph 2, of the Companies Act, to contribute to the harmonious management of General Shareholders Meetings.

2 Details, etc., of Auditors Remuneration

(1) Details of Remuneration for Audit Certified Public Accountants, etc.

Classification	Millions of yen			
	2008		2009	
	Remuneration for Audit Certification Services	Remuneration for Non-Audit Services	Remuneration for Audit Certification Services	Remuneration for Non-Audit Services
Reporting Companies	—	—	¥ 34	—
Consolidated	—	—	12	—
Total	—	—	¥ 46	—

Classification	Thousands of U.S. dollars			
	2008		2009	
	Remuneration for Audit Certification Services	Remuneration for Non-Audit Services	Remuneration for Audit Certification Services	Remuneration for Non-Audit Services
Reporting Companies	—	—	$ 346	—
Consolidated	—	—	122	—
Total	—	—	$ 468	—

(2) Details of Other Important Remuneration

There were no applicable items.

(3) Details of Non-Audit Services Provided by Audit Certified Public Accountants, etc., to Reporting Companies

There were no applicable items.

(4) Decision-Making Policy for Audit Remuneration

There were no applicable items, however, remuneration was decided in consideration of scale, specialty, number of audit days, etc.

3 Dividend Policy

The Company considers providing stockholders with a portion of company profits to be a very important aspect of management policy. This basic stance is based on the idea that a company is an organization composed of three parts: stockholders, employees, and management; and that the profits from business operations should be properly distributed amongst these three components.

As our basic approach, we have been aiming at a 50% payout ratio on a unitary basis.

The Company's basic policy is to distribute dividends of retained earnings twice a year, with an interim dividend and a year-end dividend. The interim dividend is determined by the board of directors with the year-end dividend determined at the general meeting of stockholders.

Our dividends for the present year have been issued at a rate of ¥32 per share (comprised of an interim dividend of ¥32). Because provision of a year-end dividend would make the dividend payout ratio significantly exceed 50%, there will be no year-end dividend.

The Company believes that retained earnings are essential for expanding our business base and for the long-term development of our business. The Company will actively invest these funds in the marketing, production, and research and development divisions, in order to ensure stable earnings and sustainable growth in the future.

Through a decision of the board of directors, the provision of an interim dividend was made possible in the articles of incorporation and September 30 of every year was established as the record date.

The dividends of retained earnings with record dates in the current business year are as described below.

Date of Resolution	Amount of dividends	Dividend per share
	Millions of yen	Yen
November 11, 2008	¥ 2,030	¥ 32.00

Date of Resolution	Amount of dividends	Dividend per share
	Thousands of U.S. dollars	U.S. dollars
November 11, 2008	$ 20,666	$ 0.33

Board of Directors and Auditors

President
Minoru Sano

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

Managing Director
Yoshihiko Sano
Domestic division

Managing Director
Makoto Sato
Pharmaceutical business

Managing Director
Kazuo Wakatsuki
International division

Directors

Masato Naganami
Glass & materials development division

Noriaki Watanabe
International division

Toshiaki Masuda
Domestic division/
Research & development laboratory

Tsuyoshi Yamazaki
International division

Masanobu Iwasa
Medical promotion department

Hideo Okamoto
Glass & materials development division

Yozo Sawada
Intellectual property department

Hideto Nakamura
Human resources/general affairs division

Akihiko Yamabe
Accounting division

Kiyotaka Yoshioka
Domestic division

Mitsutaka Ueda
Domestic division

Yusuke Kofuku
International division

Toshiya Kai
Pharmaceutical research center

Kyoetu Kobayashi
Manufacturing technology/R&D division

Kimihito Minoura
Corporate planning & coordination division

Standing Statutory Auditor
Takayuki Nomiya

Statutory Auditor
Masamichi Wada

Statury Auditory
Kiyoshi Kase

Financial Review

Overview

In the fiscal year ended March 31, 2009, world economy had slow downed yet again due to turmoil in the financial markets of the U.S., generally undergoing the rising specter of recession while violent ups and downs in oil and raw material prices and impact from strong yen rate in the Japanese economy.

Under such circumstance, our group has continuously promoted to develop innovative medical equipment in the fields of artificial organs and regenerative medicine as well as made effort to injection drug and oral drug business to grow our business and improve the performance.

Consolidated Business Results

In the fiscal year ended March 31, 2009, consolidated net sales amounted to ¥175.9 billion (US$1,791.2 million), an increase of 2.2% compared with the previous fiscal year.

Net Sales by Business Segment

Medical Equipment

In the domestic business of this business segment, drug prices and official reimbursement price of specific-insurance medical materials were drastically driven down as the medical fee scheme was revised last April. Additionally, our business environment became even more severe, because increasing number of hospitals introduced Diagnostic Procedure Combination system (hereafter called as “DPC”) which is a comprehensive reimbursement system of medical cost for acute stage inpatient, and the material price and delivery cost also rose. Under such circumstances, we showed consistent growth in each field of dialysis-related products, injection and infusion-related products, diabetes-related-products, vascular-related products by means of more active promotion of sales, improvement in sales efficiency and expansion in lineup of core products.

In the International business, we were severely affected by the strength of the yen against the U.S. dollar and Euro owing to the worldwide financial crisis started with American sub-prime loans. Under such circumstances, the influence of sharp exchange rate fluctuations was inevitable and our sales amount hit the wall, although we raised the prices and took cost-cutting measures. We, however, rose at a double-digit pace selling quantity of the core products, such as dialyzer, blood circuit, dialysis machine, AVF (Arterial Venous Fistula) needle and diabetes-related-products. As a result, net sales of this business increased by 1.7% from the previous period to ¥113.0 billion (US$1,150.1 million).

Pharmaceutical

In this business segment, we advanced the sales of characteristics drugs and medicines, thanks to the policies for the popularization of generic products in the aging of the population and increase of the establishments introducing DPC. As a result, we steadily raised the sales of dialysis-related products such as powdered dialysate solutions and kit product of substitution fluid for hemofiltration and hemodiafiltration, as well as liquid-and-powder double-bag kits, pre-filled syringe kits and such oral drug as orally disintegrating tablets and extended-release tablets. In the contract manufacturing business, we built up the structure which enabled to stably supply the high-quality products, by means of expanding the production capacity such as a new plant and a packaging plant for contract manufacture of oral drug, as the largest contract manufacturer of pharmaceutical products in Japan.

As a result, net sales of this business increased 8.1% from the previous period to ¥52.7 billion (US$536.8 million).

Glass & Materials

In the filed of glass for pharmaceutical purposes, the sales of pill bottle increased solidly, though the sales of glass tubes for ampoule decreased. In the field of other glass & materials products, the total sales decreased, as the sales of lighting glass for LCD and automobile-related decreased sharply and the sales of glass for vacuum bottle showed a slight decline, in addition to the lagging sales of consumer goods. As a result, net sales of this business decreased 16.5% from the previous period to ¥9.6 billion (US$97.3 million).

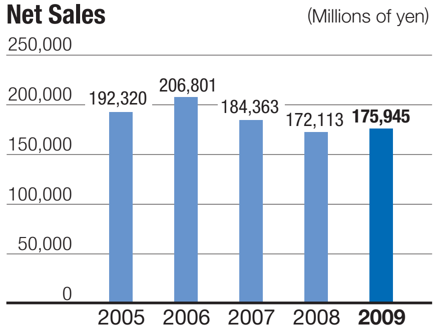
Other

Net sales of other segment, consisting mainly of sales of machine for manufacture of medical equipment and real estate rentals, decreased 17.0% from the previous period to ¥1.0 billion (US$7.1 million).

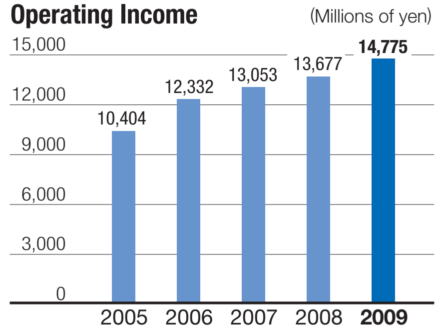
Cost of Sales

The cost of sales increased 1.0% compared with the previous fiscal year to ¥124.4 billion (US$1,266.4 million). The main reason for the increase was the increase of sales and production of pharmaceutical products. The ratio of cost of sales decreased 0.8 percentage point compared with the previous fiscal year to 70.7%, mainly due to the improvement of productivity of the factories in the Medical Equipment and Pharmaceutical segment. As a result, gross profit increased 5.2% compared with the previous fiscal year to ¥51.5 billion (US$524.8 million).

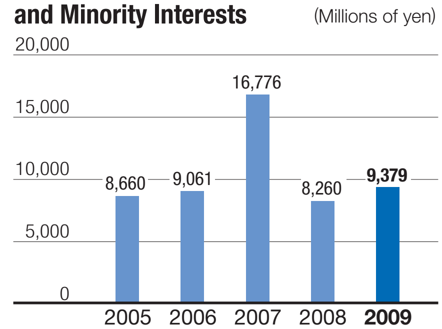
Net Sales (Millions of yen)



Operating Income (Millions of yen)



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



Selling, General and Administrative Expenses

Selling, general and administrative expenses increased 4.1% compared with the previous fiscal year to ¥36.8 billion (US$374.4 million), mainly due to the increase of personnel costs in overseas subsidiaries and freight charges.

Operating Income

As a result of the above-mentioned factors, operating income rose 8.0% to ¥14.8 billion (US$150.4 million). The ratio of operating income to net sales improved 0.5 percentage point to 8.4%.

Operating Income by Business Segment

Medical Equipment

Operating income of Medical Equipment business rose 2.4% to ¥16.2 billion (US$165.0 million), resulting from the increase of sales quantity mainly of dialysis-related products and improvement of manufacturing profitability at factories, even though there were the influences from strong yen rate against U.S. dollar and Euro on export business and revision of reimbursement price on domestic business.

Pharmaceutical

Operating income of Pharmaceutical business increased 24.8% to ¥4.1 billion (US$41.6 million), resulting from the increase of sales mainly of kit preparations and improvement of manufacturing profitability at factories.

Glass & Materials

Operating income of Glass & Materials business decreased 6.2% compared with the previous fiscal year to ¥1.8 billion (US$18.0 million), resulting from the decrease of sales of glass for lighting.

Other

Operating income of "Other" decreased 68.5% compared with the previous fiscal year to ¥0.004 billion (US$0.04 million) due to decrease in net sales.

Elimination/Corporate

The unallocated corporate costs, which consisted mainly of the R&D-related expenses and headquarters administration expenses, decreased 0.5% compared with the previous fiscal year to ¥7.3 billion (U$74.2 million) mainly due to the decrease of R&D costs.

Other Income (Expense)

We recorded other expenses of ¥5.4 billion (US$54.9 million), which was almost at the same level as the previous fiscal year. Major components of other expenses are exchange loss of ¥3.7 billion (US$38.1 million) and abnormal manufacturing cost of ¥0.5 billion (US$5.5 million) resulting from new manufacturing project of pharmaceutical kit products.

Income before Income Taxes and Minority Interests

As a result of the factors outlined above, income before income taxes and minority interests increased 13.5% compared with the previous fiscal year to ¥9.4 billion (US$95.5 million).

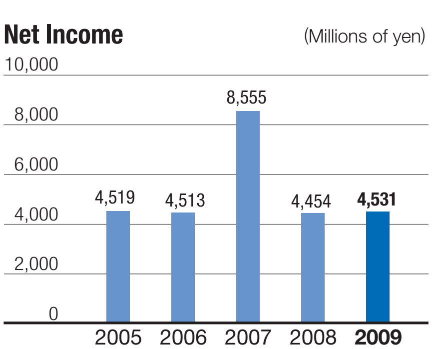
Net Sales and Operating Income by Geographic Segment

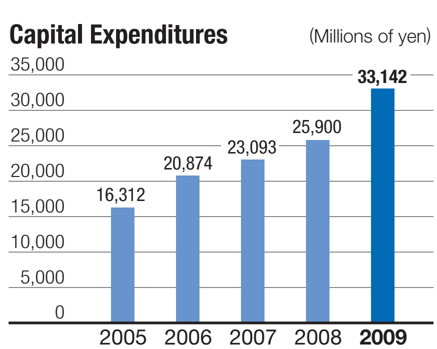
In Japan net sales decreased 0.9% compared with the previous fiscal year to ¥134.3 billion (US$1,367.5 million) due to the strong yen rate against U.S. dollar and Euro on export business. Operating income also decreased 6.9% compared with the previous fiscal year to ¥20.5 billion (US$208.8 million), owing to the impact of exchange rate and increase of depreciation amount at factories in the medical equipment business.

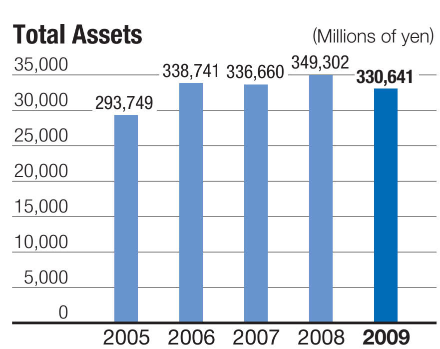
In America, net sales rose 1.9% compared with the previous fiscal year to ¥21.3 billion (US$216.9 million), due to increase in sales of dialysis-related and cardiopulmonary products. However, this segment recorded an operating loss of ¥0.6 billion (US$6.0 million) in the fiscal year under review, because the U.S. subsidiary which sells insulin pumps made a loss, although the Brazilian manufacturing subsidiary improved its profitability.

In Europe, net sales rose 35.5% compared with the previous fiscal year to ¥12.4 billion (US$126.6 million) due to increase in sales of dialysis-related products. However, this segment recorded an operating loss of ¥0.03 billion (US$0.3 million), as a result of rise of unit price for purchase, affected by the change of exchange rate.

In Asia, net sales rose 22.7% compared with the previous fiscal year to ¥7.9 billion (US$80.2 million), due to increase in sales of dialysis-related and cardiopulmonary products at sales subsidiaries. Operating income rose 48.0% compared with the previous fiscal year to ¥1.4 billion (US$14.4 million), mainly due to the improvement of profitability at the manufacturing subsidiary in Thailand.







Financial Review

Financial Position

Total net assets as of March 31, 2009 stood at ¥330.6 billion (US$3,366.0 million), a decrease of 5.3% from the end of the previous fiscal year. Current assets decreased 1.2% from the end of the previous fiscal year to ¥160.9 billion (US$1,637.6 million), due mainly to the decrease in trade notes and accounts receivable. Property, plant and equipment, net of accumulated depreciation, increased 6.7% from the end of the previous fiscal year to ¥126.7 billion (US$1,290.2 million) as a result of active investments in manufacturing facilities. Capital investments in property, plant and equipment totaled ¥32.7 billion (US$332.5 million). By business segment, capital investments amounted to ¥ 11.3 billion (US$115.1 million) in the Medical Equipment and ¥20.4 billion (US$ 207.6 million) in the Pharmaceutical business. Investment and other assets decreased 36.5% to ¥43.0 billion (US$438.1 million), due mainly to the decrease in investment securities affected by the sluggish stock market.

Current liabilities increased 5.5% from the end of the previous fiscal year to ¥114.8 billion (US$1,168.6 million), mainly due to the increase in notes and accounts payable for plant and equipment. Long-term liabilities decreased 1.4% from the end of the previous fiscal year to ¥119.3 billion (US$1,214.3 million), owing to the decrease in deferred income taxes.

Total net assets decreased 19.2% from the end of the previous fiscal year to ¥96.6 billion (US$983.0 million), due to the decrease in unrealized gain of available-for-sale securities.

Cash Flow

Net cash provided by operating activities increased 94.8% compared with the previous fiscal year to ¥18.9 billion (US$191.9 million), mainly because payment of income taxes decreased. Net cash used in investing activities amounted to ¥21.2 billion (US$215.7 million), mainly for purchase of property, plant and equipment. Net cash provided by financing activities amounted to ¥0.8 billion (US$8.0 million).

As a result, net cash and cash equivalents decreased ¥2.3 billion (US$23.5 million) compared with the end of previous fiscal year to ¥45.4 billion (US$461.7 million).

Staff

Total number of employees at the end of the fiscal year under review increased 334 compared with the end of the previous fiscal year to 9,354. Employees in Japan increased 233 to 4,655, and the overseas employees increased 101 to 4,699.

Basic Policy on Distribution of Profits

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

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

Risk Factors

The following are risks that may have an effect on the Nipro Group's results of operations and/or its financial condition. The items concerned were determined as at March 31, 2009.

(1) Risks Related to Product Safety

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

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

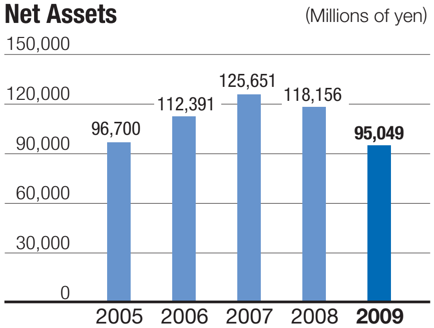
(2) Risks Related to Supplier Concentration

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

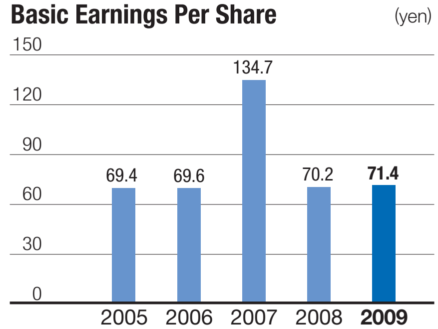
(3) Risks Related to Changes in Government Healthcare Policies

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

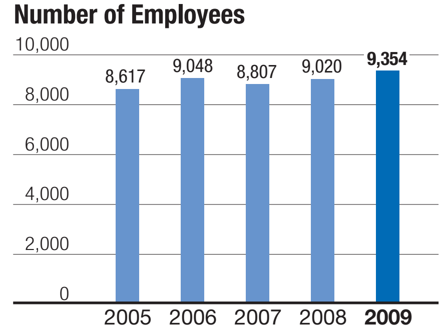
Net Assets (Millions of yen)



Basic Earnings Per Share (yen)



Number of Employees



changes in the government healthcare policies, there could be a material adverse effect on our results of operations and financial condition.

(4) Risks Related to Changes in Sale Prices

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

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

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

(6) Risks Related to Overseas Expansion

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

(7) Risks Related to Intellectual Property

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

(8) Risks Related to Environmental Regulations

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

(9) Risks Related to Exchange Rate Fluctuations

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

(10) Risks Related to Investment Value

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

(11) Risks Related to Controls on Personal Information

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

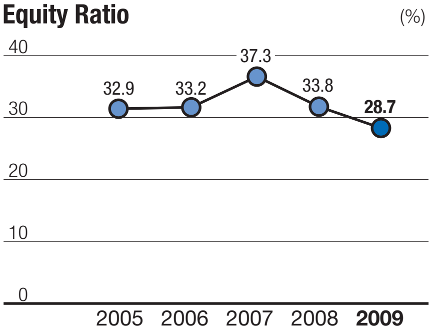
(12) Risks Related to Litigation

On December 7, 2007, a damage suit was filed at the Tokyo Higher Court by Naigai Co., Ltd. and Naigai Glass Kogyo Co., Ltd. against the Company, based on the 25th article of the antitrust law. The claimed amount was ¥2,032 million (US$20,686 thousand). The Company is arguing, among others, the occurrence of the damage and the correlation between the act and the damage. Should the defense of the Company be unsuccessful and a judgment to order the payment of compensation be given to the Company, there could be a material adverse effect on our results of operations and financial condition.

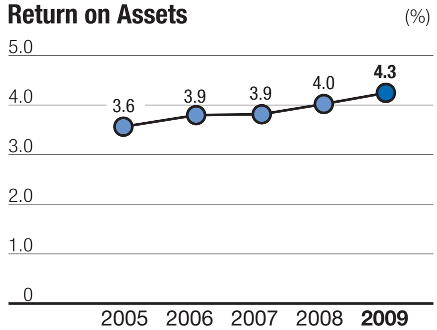
(13) Other Risks

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

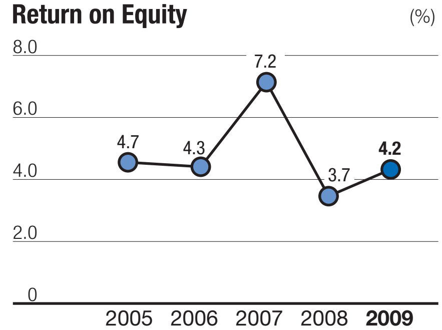
Equity Ratio (%)



Return on Assets (%)



Return on Equity (%)



10 year summary

Nipro Corporation and its Consolidated Subsidiaries
Years ended March 31

	Millions of yen			
	2009	2008	2007	2006
Income Statement Data:				
Net sales	**¥ 175,945**	¥ 172,113	¥ 184,363	¥ 206,801
Medical Equipment	**112,970**	111,084	97,300	90,868
Pharmaceutical	**52,726**	48,754	42,152	35,220
Glass and Materials	**9,554**	11,437	12,919	11,934
Store	**—**	—	30,973	67,261
Cost of sales	**124,396**	123,108	132,142	149,971
Selling, general and administrative expenses	**36,774**	35,328	39,168	44,498
Operating income	**14,775**	13,677	13,053	12,332
Medical Equipment (1)	**16,209**	15,830	14,334	13,430
Pharmaceutical (1)	**4,082**	3,271	3,298	2,111
Glass and Materials (1)	**1,772**	1,890	1,865	1,836
Store (1)	**—**	—	270	578
Income before income taxes and minority interests	**9,379**	8,260	16,776	9,061
Net income	**4,531**	4,454	8,555	4,513
Capital expenditures	**33,142**	25,900	23,093	20,874
Depreciation and amortization	**18,109**	15,054	12,470	12,315
R&D expenses	**5,352**	6,194	4,461	3,760
Balance Sheet Data:				
Total assets	**¥ 330,641**	¥ 349,302	¥ 336,660	¥ 338,741
Property, plant and equipment-net	**126,739**	118,812	104,882	106,195
Working capital	**46,070**	53,911	43,128	34,579
Current liabilities	**114,796**	108,835	104,105	111,285
Long-term liabilities	**119,285**	120,923	105,535	113,453
Common stock	**28,663**	28,663	28,663	28,663
Capital surplus	**29,973**	29,975	29,973	29,972
Net Assets (2)	**95,049**	118,156	125,651	112,391

	Yen			
Per share data:				
Basic earnings (3)	**¥ 71.4**	¥ 70.2	¥ 134.7	¥ 69.6
Diluted earnings (3)	**—**	—	—	—
Cash dividends	**32.0**	37.5	80.0	37.5
Equity	**1,498.5**	1,861.8	1,979.2	1,767.7
Number of common shares issued	**63,878,505**	63,878,505	63,878,505	63,878,505
Number of employees	**9,354**	9,020	8,807	9,048
Selected Data and Ratios:				
Equity ratio (4) (%)	**28.7**	33.8	37.3	33.2
Return on assets (4) (%)	**4.3**	4.0	3.9	3.9
Return on equity (4) (%)	**4.2**	3.7	7.2	4.3
Price earnings ratio (4) (times)	**21.5**	24.8	17.1	26.0

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

2005	2004	2003	2002	2001	2000	2009
Millions of yen						Thousands of U.S. dollars (Note 1)
¥ 192,320	¥ 188,700	¥ 180,370	¥ 171,217	¥ 152,072	¥ 143,700	**$ 1,791,153**
82,504	78,727	76,009	77,572	66,413	65,718	**1,150,056**
26,207	25,339	21,979	15,946	14,120	13,478	**536,761**
11,667	11,891	11,064	11,234	11,784	12,021	**97,261**
70,841	71,357	69,560	64,764	56,882	51,034	**—**
140,072	137,153	128,776	122,092	110,608	104,734	**1,266,375**
41,844	38,990	36,695	34,690	31,735	30,344	**374,366**
10,404	12,557	14,899	14,435	9,729	8,622	**150,412**
11,039	12,117	14,175	15,016	11,913	10,422	**165,011**
2,261	2,471	1,981	1,104	844	516	**41,556**
1,889	1,819	1,777	1,806	1,773	1,758	**18,039**
115	420	1,109	1,037	20	637	**—**
8,660	8,044	8,781	11,617	6,641	5,930	**95,480**
4,519	4,216	5,078	5,842	3,401	2,621	**46,126**
16,312	14,500	20,775	17,166	14,295	8,463	**337,392**
10,266	9,819	8,767	7,215	6,898	7,124	**184,353**
3,422	3,074	2,328	2,553	3,048	2,278	**54,484**
¥ 293,749	¥ 279,701	¥ 252,848	¥ 245,403	¥ 228,918	¥ 217,455	**$ 3,365,988**
98,788	94,005	91,147	81,029	72,061	64,497	**1,290,227**
39,123	28,570	27,542	9,792	35,770	52,065	**469,001**
96,242	96,364	88,889	105,764	74,995	75,008	**1,168,645**
99,198	86,932	78,657	61,952	83,260	75,585	**1,214,344**
28,663	28,663	28,663	23,113	22,563	22,563	**291,795**
29,972	29,972	29,972	24,435	23,886	23,886	**305,131**
96,700	94,711	83,533	76,099	69,196	65,368	**967,617**
Yen						U.S. dollars (Note 1)
¥ 69.4	¥ 64.9	¥ 84.3	¥ 104.4	¥ 60.8	¥ 46.9	**$ 0.73**
—	—	78.5	92.4	54.3	42.1	**—**
38.5	30.5	32.0	47.0	31.0	34.5	**0.33**
1,519.6	1,487.5	1,310.7	1,343.7	1,236.6	1,168.2	**15.26**
63,878,505	63,878,505	63,878,505	56,670,149	55,956,987	55,956,987	
8,617	8,132	8,029	7,835	6,818	6,636	
32.9	33.9	33.0	31.0	30.2	30.1	
3.6	4.7	6.0	6.1	4.4	4.1	
4.7	4.7	6.4	8.0	5.1	4.0	
25.6	24.1	21.5	17.4	16.5	18.6	

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

Consolidated Balance Sheets

Nipro Corporation and its Consolidated Subsidiaries
As of March 31,2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Assets			
Current assets:			
Cash and cash equivalents	**¥ 45,352**	¥ 47,657	**$ 461,692**
Time deposits (over three months)	**3,848**	1,812	**39,173**
Trade notes and accounts receivable (Note 5 and 11)	**50,947**	53,507	**518,650**
Allowance for doubtful receivables	**(410)**	(474)	**(4,174)**
Inventories (Note 3)	**51,114**	48,077	**520,350**
Deferred income taxes (Note 4)	**2,847**	2,902	**28,983**
Other current assets	**7,168**	9,265	**72,972**
Total current assets	**160,866**	162,746	**1,637,646**
Property, plant and equipment (Note 5 and 6):			
Land	**19,459**	19,413	**198,096**
Buildings and structures	**101,361**	95,005	**1,031,874**
Machinery and equipment	**131,332**	125,897	**1,336,985**
Construction in progress	**16,848**	11,220	**171,516**
	269,000	251,535	**2,738,471**
Accumulated depreciation	**(142,261)**	(132,723)	**(1,448,244)**
Property, plant and equipment-net	**126,739**	118,812	**1,290,227**
Investments and other assets:			
Investment in unconsolidated subsidiaries and an affiliate accounted for by the equity method	**3,667**	3,397	**37,331**
Investment securities (Note 7)	**33,203**	56,528	**338,013**
Lease deposits	**2,030**	2,266	**20,666**
Deferred income taxes (Note 4)	**141**	159	**1,435**
Other	**3,995**	5,394	**40,670**
Total investments and other assets	**43,036**	67,744	**438,115**
Total	**¥ 330,641**	¥ 349,302	**$ 3,365,988**

The accompanying notes are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Liabilities and net assets			
Current liabilities:			
Short-term bank loans (Note 5 and 9)	**¥ 30,488**	¥ 28,221	**$ 310,374**
Current portion of long-term debt (Note 5 and 9)	**23,832**	30,164	**242,614**
Trade notes and accounts payable	**28,323**	30,009	**288,334**
Accrued income taxes	**2,281**	2,226	**23,221**
Accrued expenses	**8,288**	8,811	**84,373**
Allowance for loss on clearance of business	**1,955**	1,955	**19,902**
Notes and accounts payable for plant and equipment	**18,172**	6,879	**184,994**
Other current liabilities	**1,457**	570	**14,833**
Total current liabilities	**114,796**	108,835	**1,168,645**
Long-term liabilities:			
Long-term debt (Note 5 and 9)	**114,172**	106,705	**1,162,293**
Accrued pension and severance liabilities (Note 10)	**1,889**	2,129	**19,230**
Deferred income taxes (Note 4)	**913**	9,833	**9,295**
Other long-term liabilities	**2,311**	2,256	**23,526**
Total long-term liabilities	**119,285**	120,923	**1,214,344**
Commitments and contingent liabilities (Note 11)			
Net Assets (Notes 12):			
Common stock	**28,663**	28,663	**291,795**
Authorized : 200,000,000 shares			
Issued : 63,878,505 shares			
Capital surplus	**29,973**	29,975	**305,131**
Retained earnings	**41,458**	39,477	**422,050**
Less cost of common shares of treasury stock	**(850)**	(795)	**(8,653)**
(447,874 shares in 2009 and 415,037 shares in 2008)			
Total shareholders' equity	**99,244**	97,320	**1,010,323**
Unrealized gain on available-for-sale securities	**4,998**	18,948	**50,881**
Foreign currency translation adjustments	**(9,193)**	1,888	**(93,587)**
Total valuation and translation adjustments and others	**(4,195)**	20,836	**(42,706)**
Minority interests	**1,511**	1,388	**15,382**
Total net assets	**96,560**	119,544	**982,999**
Total	**¥ 330,641**	¥ 349,302	**$ 3,365,988**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Income

Nipro Corporation and its Consolidated Subsidiaries
For the years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Net sales	**¥ 175,945**	¥ 172,113	**$ 1,791,153**
Cost of sales	**124,396**	123,108	**1,266,375**
Gross profit	**51,549**	49,005	**524,778**
Selling, general and administrative expenses (Note 14 and 15)	**36,774**	35,328	**374,366**
Operating income	**14,775**	13,677	**150,412**
Other income (expenses):			
Interest and dividend income	**1,178**	1,100	**11,992**
Interest expense (Note 9)	**(2,376)**	(1,951)	**(24,188)**
Loss on sale and disposal of property, plant and equipment - net	**(14)**	(620)	**(143)**
Exchange gain (loss)	**(3,746)**	(3,169)	**(38,135)**
Equity in profit of an affiliated company	**88**	16	**896**
Loss on impairment of fixed assets (Note 6)	**(163)**	—	**(1,659)**
Abnormal manufacturing cost	**(538)**	(167)	**(5,477)**
Loss on disposal of inventories	**(269)**	(139)	**(2,738)**
Loss on devaluation of inventories	**(253)**	—	**(2,576)**
Other income (loss)-net	**697**	(487)	**7,096**
Income before income taxes and minority interests	**9,379**	8,260	**95,480**
Income taxes (Note 4):			
Current	**4,037**	3,758	**41,098**
Deferred	**629**	37	**6,403**
Minority interests in income (loss) of consolidated subsidiaries	**182**	11	**1,853**
Net income	**¥ 4,531**	¥ 4,454	**$ 46,126**

	Yen		U.S. dollars (Note 1)
Amounts per common share :			
Basic earnings	**71.4**	70.2	**0.73**
Diluted earnings	**—**	—	**—**
Cash dividends	**32.0**	37.5	**0.33**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

Nipro Corporation and its Consolidated Subsidiaries
For the years ended March 31, 2009 and 2008

	Thousands	Millions of yen									
	Outstanding number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Total valuation and translation adjustments and others	Minority interests	Total net assets
Balance at March 31, 2007	63,485	¥ 28,663	¥ 29,973	¥ 39,149	¥ (741)	¥ 97,044	¥ 29,884	¥(1,277)	¥28,607	¥ 1,369	¥ 127,020
Net income				4,454		4,454					4,454
Cash dividends				(4,126)		(4,126)					(4,126)
Purchase of treasury stock	(28)				(65)	(65)					(65)
Disposal of treasury stock	6		2		11	13					13
Other net change during the year						—	(10,936)	3,165	(7,771)	19	(7,752)
Balance at March 31, 2008	**63,463**	**28,663**	**29,975**	**39,477**	**(795)**	**97,320**	**18,948**	**1,888**	**20,836**	**1,388**	**119,544**
Net income				**4,531**		**4,531**					**4,531**
Increase (decrease) in retained earnings due to inclusion of new subsidiaries in consolidation				**84**		**84**					**84**
Cash dividends				**(2,634)**		**(2,634)**					**(2,634)**
Purchase of treasury stock	**(42)**				**(73)**	**(73)**					**(73)**
Disposal of treasury stock	**10**		**(2)**		**18**	**16**					**16**
Other net change during the year						**—**	**(13,950)**	**(11,081)**	**(25,031)**	**123**	**(24,908)**
Balance at March 31, 2009	**63,431**	**¥ 28,663**	**¥ 29,973**	**¥ 41,458**	**¥ (850)**	**¥ 99,244**	**¥ 4,998**	**¥ (9,193)**	**¥ (4,195)**	**¥ 1,511**	**¥ 96,560**

	Thousands	Thousands of U.S. dollars (Note 1)									
	Outstanding number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Total valuation and translation adjustments and others	Minority interests	Total net assets
Balance at March 31, 2008	**63,463**	**$ 291,795**	**$ 305,151**	**$ 401,883**	**$ (8,093)**	**$ 990,736**	**$192,895**	**$ 19,220**	**$ 212,115**	**$14,130**	**$1,216,981**
Net income				**46,126**		**46,126**					**46,126**
Increase (decrease) in retained earnings due to inclusion of new subsidiaries in consolidation				**855**		**855**					**855**
Cash dividends				**(26,814)**		**(26,814)**					**(26,814)**
Purchase of treasury stock	**(42)**				**(743)**	**(743)**					**(743)**
Disposal of treasury stock	**10**		**(20)**		**183**	**163**					**163**
Other net change during the year						**—**	**(142,014)**	**(112,807)**	**(254,821)**	**1,252**	**(253,569)**
Balance at March 31, 2009	**63,431**	**$ 291,795**	**$ 305,131**	**$ 422,050**	**$ (8,653)**	**$1,010,323**	**$ 50,881**	**$ (93,587)**	**$ (42,706)**	**$15,382**	**$ 982,999**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

Nipro Corporation and its Consolidated Subsidiaries
For the years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Operating activities:			
Net income	**¥ 4,531**	¥ 4,454	**$ 46,126**
Adjustments to reconcile net income to net cash provided operating activities:			
Depreciation and amortization	**18,109**	15,054	**184,353**
Loss on impairment of fixed assets	**163**	—	**1,659**
Equity in loss (profit) of an affiliated company	**(88)**	(16)	**(896)**
Allowance for doubtful receivables	**351**	(75)	**3,573**
Provision for deferred taxes	**629**	37	**6,403**
Exchange loss (gain)	**2,037**	286	**20,737**
Loss on devaluation of marketable securities	**75**	—	**764**
Loss on sale and disposal of property, plant and equipment-net	**14**	619	**143**
Other, net	**27**	780	**275**
Changes in operating assets and liabilities:			
Trade receivables	**(2,527)**	2,608	**(25,725)**
Inventories	**(6,539)**	(6,650)	**(66,568)**
Other current assets	**(529)**	754	**(5,385)**
Lease deposits	**(236)**	325	**(2,403)**
Trade payables	**1,557**	(464)	**15,851**
Accrued income taxes	**55**	(6,178)	**560**
Other, net	**1,222**	(1,859)	**12,440**
Total adjustments	**14,320**	5,221	**145,781**
Net cash provided by operating activities	**18,851**	9,675	**191,907**
Investing activities:			
Purchase of property, plant and equipment	**(20,534)**	(24,802)	**(209,040)**
Proceeds from sale of property, plant and equipment	**390**	182	**3,970**
Purchase of available-for-sale securities	**(375)**	(1,015)	**(3,817)**
Purchase of investments in consolidated subsidiaries affecting scope of consolidation	**—**	(3,125)	**—**
Net decrease (increase) in short-term loans to affiliates	**(49)**	(1,029)	**(499)**
Deposits (Over three months)	**(2,184)**	3	**(22,233)**
Other, net	**1,566**	(287)	**15,942**
Net cash used in investing activities	**(21,186)**	(30,073)	**(215,677)**
Financing activities:			
Net increase (decrease) in short-term loans	**2,267**	(2,787)	**23,078**
Proceeds from long-term loans	**27,300**	33,775	**277,919**
Repayment of long-term loans	**(15,881)**	(24,325)	**(161,672)**
Proceeds from issuance of bonds	**4,979**	19,880	**50,687**
Repayment of bonds	**(15,150)**	(60)	**(154,230)**
Cash dividends paid	**(2,631)**	(4,120)	**(26,784)**
Other, net	**(97)**	(95)	**(986)**
Net cash provided by (used in) financing activities	**787**	22,268	**8,012**
Effect of exchange rate changes on cash and cash equivalents	**(1,566)**	(323)	**(15,943)**
Net increase (decrease) in cash and cash equivalents	**(3,114)**	1,547	**(31,701)**
Cash and cash equivalents, beginning of period	**47,657**	46,110	**485,157**
Cash and cash equivalents of newly consolidated subsidiary, beginning of period	**809**	—	**8,236**
Cash and cash equivalents, end of period	**¥ 45,352**	¥ 47,657	**$ 461,692**

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

Nipro Corporation and its Consolidated Subsidiaries

1. Basis of Presenting Consolidated Financial Statements

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

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

In addition, the notes to consolidated financial statements include additional information which is not required under generally accepted accounting principles and practices in Japan. Certain reclassifications have been made to the 2008 amounts to coform with the 2009 presentation.

The financial statements presented herein are expressed in Japanese yen and, solely for the convenience of the reader, have been translated into United States dollars at the rate of ¥98.23=US$1, the approximate exchange rate on March 31, 2009. These translations should not be contrued as representations that the Japnaese yen amounts actually are, have been could be converted into U.S. dollar amounts.

2. Summary of Significant Accounting Policies

(a) Basis of Consolidation

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

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

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

All accounts herein have been presented on the basis of the twelve months ended March 31, 2009 for the Company and for consolidated domestic subsidiaries, and December 31, 2008 for all overseas consolidated subsidiaries.

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

(b) Translation of Foreign Currencies

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

(c) Cash and Cash Equivalents

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

(d) Inventories

Inventories are stated principally at cost. Cost is determined principally by the average method, except for certain inventories determined by the first-in, first-out method.

(e) Depreciation

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

The range of useful lives is principally from 31 to 50 years for buildings and from 7 to 8 years for machinery and equipment.

(f) Investment Securities

Investment securities are classified and accounted for, depending on management's intent, as follows:

i) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are reported at amortized cost; and

ii) available-for-sale securities, which are not classified as the aforementioned securities, are reported at fair value. Unrealized gain and loss, net of applicable tax, reported in the "Valuation and translation adjustments and others" section of net assets.

For year ended March 31,2009, there was no held-to-maturity debt securities held by the Company and its consolidated subsidiaries.

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

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

(g) Leases

Finance leases of the Company and its domestic subsidiaries, except for those where the legal title of the underlying property is transferred to the leasee at the end of the lease term, are accounted for as operating leases. The pro forma information of such leased properties on a "as if capitalized" basis is presented in Note 8. "Leases".

(h) Income Taxes

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

(i) Amounts per Common Share

Basic earnings per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits. Diluted earnings per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted earnings per share of common stock assums full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants. For the year ended March 31, 2009, there was no common stock equivalents that have a dilutive effect.

(j) Change in Accounting Policy

i) Standards for measurement of inventories

The Company and its domestic consolidated subsidiaries adopted the "Accounting standards for measurement of inventories"(ASBJ Statement No.9, issued on July 5, 2006) from the fiscal year ended March 31, 2009 and the basis of measurement was mainly changed to writing down method below cost to the net selling value for decreased profitability. As a result, gross profit and operating income increased ¥10 million (US$102 thousand) and income before income taxes and minority interests decreased ¥242 million (US$2,464 thousand),comparing with the computation by the previous method. The effects of this change in specific segments are described in the segment Information section (Note 13).

ii) Practical solution on unification of accounting policies applied to overseas subsidiaries for consolidated financial statements subsidiaries for consolidated financial statements

The Company and its overseas consolidated subsidiaries applied "Application of Practical Solution on Unification of Accounting Policies Applied to Foreign subsidiaries for Consolidated Financial Statements" (ASBJ "Practical Issues Task Force No. 18," May 17, 2006). Necessary adjustments were made to the consolidated financial statements.
As a result, gross profit increased ¥220 million (US$2,240 thousand), operating income increased ¥217 million (US$2,209 thousand) and income before income taxes and minority interests increased ¥765 million (US$7,788 thousand),comparing with the computation by the previous method. The effects of this change in specific segments are described in the segment Information section (Note 13).

iii) Standards for lease transaction

The Company and its domestic subsidiaries applied the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, issued on June 7, 1993, ultimate revision on March 30, 2007) and the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No.16, issued on January 18, 1994, ultimate revision on March 30, 2007) from the current consolidated accounting period to change the treatment of finance lease transaction that does not transfer ownership from the one similar to an ordinary rental transaction to the one similar to ordinary sale and purchase transaction, to be an assets under finance lease. As for the method of depreciation of the assets under finance lease, its useful lives are equals to the lease term and the residual values are equal to zero. However, we still adopted the similar manner to an ordinary rental transaction for the finance lease transactions that do not transfer ownership and the starting dates of the lease transactions were before March 31, 2008. This change gave no effects on income.

(k) Supplemental Information

Change in useful life of tangible fixed assets
The company and its domestic subsidiary companies changed the useful lives of machinery from the current consolidated accounting period according to the revision of the domestic corporate income tax law (Law for revision of a part of income tax law and related law, published on April 30, 2008, the enforcement ordinance no.23). As a result, gross profit decreased ¥1,726 million (US$17,571 thousand) and operating income decreased ¥1,725 million (US$17,561 thousand), and income before income taxes and minority interests decreased ¥1,692 million (US$17,225 thousand) respectively, comparing with the computation by the previous useful lives. The effects of this change in specific segments are described in the segment information section (Note 13).

3. Inventories

Inventories consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Finished goods and merchandises	**¥ 35,759**	¥ 34,120	**$ 364,033**
Raw materials	**6,853**	7,224	**69,765**
Work in process	**6,410**	4,810	**65,255**
Packing and other	**2,092**	1,923	**21,297**
Total	**¥ 51,114**	¥ 48,077	**$ 520,350**

4. Income Taxes

The Company and its domestic subsidiaries are subject to Japanese national and local taxes based on income which, in aggregate, resulted in a normal statutory tax rate of approximately 40.5% for the years ended March 31, 2009 and 2008.

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Deferred tax assets			
Operating loss carryforwards for tax purposes	**¥ 3,475**	¥ 3,180	**$ 35,376**
Intercompany profits	**690**	987	**7,024**
Allowance for bonuses to employees	**654**	621	**6,658**
Allowance for loss on clearance of business	**792**	792	**8,063**
Accounts receivable	**188**	196	**1,914**
Loss on impairment of fixed assets	**883**	847	**8,989**
Excess of allowance for doubtful accounts over tax allowable amounts	**1,171**	1,176	**11,921**
Accrued pension and severance liabilities	**743**	838	**7,564**
Accrued enterprise taxes	**203**	171	**2,067**
Other	**1,071**	928	**10,903**
Gross deferred tax assets	**¥ 9,870**	¥ 9,736	**$ 100,479**
Less: Valuation allowance	**(4,272)**	(3,484)	**(43,490)**
Total deferred tax assets	**¥ 5,598**	¥ 6,252	**$ 56,989**
Deferred tax liabilities			
Unrealized gain on available-for-sale securities	**¥ 3,423**	¥ 12,941	**$ 34,847**
Other	**100**	83	**1,018**
Total deferred tax liabilities	**¥ 3,523**	¥ 13,024	**$ 35,865**
Net deferred tax assets (liabilities)	**¥ 2,075**	¥ (6,772)	**$ 21,124**

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

	2009	2008
Statutory tax rate	**40.5%**	40.5%
Expenses not deductible for tax purposes	**1.8**	2.9
Non-taxable dividend income	**(1.4)**	(1.4)
Loss in subsidiaries	**13.9**	10.9
Tax credits primarily for research and development costs	**(5.0)**	(5.1)
Other	**0.0**	(1.9)
Effective income tax rate	**49.8%**	45.9%

5. Pledged Assets

The following assets were pledged as collateral:

	Millions of yen				Thousands of U.S. dollars (Note 1)	
	2009		2008		2009	
Land	¥	2,448	¥	3,330	$	24,921
Buildings and structures		9,437		6,322		96,070
Notes receivable		3,432		2,370		34,938
Total	¥	15,317	¥	12,022	$	155,929

The above assets were pledged against the following liabilities:

	Millions of yen				Thousands of U.S. dollars (Note 1)	
	2009		2008		2009	
Short term bank loans	¥	3,925	¥	3,290	$	39,957
Current portion of long-term debt		681		965		6,933
Long-term debt		5,863		1,311		59,686
Total	¥	10,469	¥	5,566	$	106,576

6. Loss on Impairment of Fixed Assets

The Company and its consolidated subsidiaries reviewed their fixed assets for impairment as of March 31, 2009 and, as a result, recognized impairment loss of ¥163 million (US$1,659 thousand) as follows:

2009						
Use	Type of asset	Location	Millions of yen		Thousands of U.S. dollars (Note 1)	
Idle asset	Buildings and Machinery etc.	3 sites in Gunma Pref. etc.	¥	150	$	1,527
Assets for common use	Buildings and Land	1 site in Akita Pref.		13		132
Total			¥	163	$	1,659

7. Investment securities

Investment securities as of March 31, 2009 and 2008 consisted of the followings:

	Millions of yen				Thousands of U.S. dollars (Note 1)	
	2009		2008		2009	
Non-current:						
Marketable:						
Marketable equity securities	¥	31,770	¥	55,285	$	323,425
Investment trust funds and other		39		59		397
Sub total	¥	31,809	¥	55,344	$	323,822
Non-marketable securities	¥	1,394	¥	1,184	$	14,191
Total	¥	33,203	¥	56,528	$	338,013

The carrying amounts and aggregate fair values of marketable securities for investments as of March 31, 2009 and 2008 were as follows:

	Millions of yen			
	2009			
	Cost	Unrealized gain	Unrealized loss	Fair Value
Available-for-sale securities				
Equity securities	¥ 24,200	¥ 11,279	¥ 3,709	¥ 31,770
Debt securities and other	61	—	22	39
Total	¥ 24,261	¥ 11,279	¥ 3,731	¥ 31,809

	Thousands of U.S. dollars (Note 1)			
	2009			
	Cost	Unrealized gain	Unrealized loss	Fair Value
Available-for-sale securities				
Equity securities	$ 246,361	$ 114,822	$ 37,758	$ 323,425
Debt securities and other	621	—	224	397
Total	$ 246,982	$ 114,822	$ 37,982	$ 323,822

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

8. Leases

The pro forma information of leased assets under finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis as of March 31, 2009 and 2008 was follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
Acquisition cost	¥ 1,659	¥ 2,695	$ 16,889
Accumulated depreciation	1,113	1,884	11,331
Net leased property	¥ 546	¥ 811	$ 5,558

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
Payments due within one year	¥ 290	¥ 525	$ 2,952
Payments due after one year	440	657	4,479
Total	¥ 730	¥ 1,182	$ 7,431

Lease payments under such leases for the years ended March 31, 2009 and 2008 were ¥535 million (US$5,446 thousand) and ¥606 million, respectively.

9. Short-Term Loans and Long-Term Debt

Short-term loans comprised overdrafts and promissory notes.
The weighted-average interest rate of short-term bank loans for the years ended March 31, 2009 and 2008 was 1.207% and 1.402%, respectively.

Long-term debt comprised the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
Zero coupon convertible bonds due 2023	¥ 14,000	¥ 14,000	$ 142,522
3.2% unsecured bonds due 2008	—	10,000	—
1.42% unsecured bonds due 2011	10,000	10,000	101,802
1.07% unsecured bonds due 2010	3,000	3,000	30,541
1.18% unsecured bonds due 2009	3,000	3,000	30,541
1.18% unsecured bonds due 2009	—	5,000	—
1.51% unsecured bonds due 2012	5,000	—	50,901
1.37% unsecured bonds due 2013	10,000	10,000	101,802
2.04% unsecured bonds due 2018	10,000	10,000	101,802
0.67% unsecured bonds due 2008	—	10	—
0.72% unsecured bonds due 2008	—	100	—
1.28% unsecured bonds due 2009	100	100	1,018
0.7% unsecured bonds due 2010	20	40	204
0.95% unsecured bonds due 2010	100	100	1,018
0.79% unsecured bonds due 2010	30	50	305
1.55% unsecured bonds due 2011	50	50	509
Long-term bank loans due through 2020, with weighted-average interest rate of 1.506% for the year ended March 31, 2009, and of 1.435% for the year ended March 31, 2008.	82,704	71,419	841,942
Less current portion of long-term debt	(23,832)	(30,164)	(242,614)
Total	¥ 114,172	¥ 106,705	$ 1,162,293

In June 1998, the Company issued ¥10,000 million (US$101,802 thousand) of 3.2% unsecured bonds due 2008.

In July 2003, the Company issued ¥14,000 million (US$142,523 thousand) of zero coupon convertible bonds due 2023.

In September 2003, Nipro Genepha Corporation issued ¥100 million (US$1,018 thousand) of 0.67% privately-placed bonds to be serially redeemed by 2008.

In July 2004, the Company issued ¥3,000 million (US$30,541 thousand) of 1.18% privately-placed bonds due 2009.

In January 2005, Zensei Pharmaceutical Industries Co., Ltd. issued ¥100 million (US$1,018 thousand) of 0.7% privately-placed bonds to be serially redeemed by 2010.

In August 2005, Zensei Pharmaceutical Industries Co., Ltd. issued ¥100 million (US$1,018 thousand) of 0.95% privetely-placed bonds due 2010.

In August 2005, Zensei Pharmaceutical Industries Co., Ltd. issued ¥100 million (US$1,018 thousand) of 0.79% privately-placed bonds to be serially redeemed by 2010.

In March 2006, the Company issued ¥10,000 million (US$101,802 thousand) of 1.42% unsecured bonds due 2011.

In March 2006, the Company issued ¥ 5,000 mllion (US$50,901 thousand) of 1.18% privately-placed bonds due 2009.

In March 2006, Zensei Pharmaceutical Industries Co., Ltd. issued ¥50 million (US$509 thousand) of 1.55% privately-placed bonds due 2011.

In March 2008, the Company issued ¥10,000 million (US$101,802 thousand) of 1.37% unsecured bonds due 2013.

In March 2008, the Company issued ¥10,000 million (US$101,802 thousand) of 2.04% unsecured bonds due 2018.

In February 2009, the Company issued ¥ 5,000 million (US$50,901 thousand) of 1.51% privately-placed bonds due 2012.

The aggregate annual maturities of long-term debt outstanding at March 31, 2009 are as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
	2009	**2009**
2009	¥ 23,832	$ 262,614
2010	25,770	262,343
2011	17,699	180,179
2012 and thereafter	70,703	719,771
Total	¥ 138,004	$ 1,404,907

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

In addition, the agreements provide that the bank has the right to offset cash deposits against any long-term and short-term bank loan that becomes due, and in case of default and certain other specified events, against all other loans payable to the bank.

10. Accrued Pension and Severance Liabilities

The Company and certain consolidated subsidiaries have defined benefit pension plans and unfunded retirement benefit plans for employees. The following table sets forth the changes in projected benefit obligation, plan assets and funded status of the Company and its consolidated subsidiaries at March 31, 2009 and 2008.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
1) Projected benefit obligation	¥ (9,194)	¥ (8,876)	$ (93,597)
2) Fair value of plan assets	6,337	6,992	64,512
3) Projected benefit obligation in excess of plan assets 1)+2)	(2,857)	(1,884)	(29,085)
4) Unrecognized actuarial (gain) loss	1,030	(173)	10,486
5) Unrecognized past service obligation	(18)	(21)	(183)
6) Total 3)+4)+5)	(1,845)	(2,078)	(18,782)
7) Prepaid pension cost	44	50	448
8) Accrued pension and severance liabilities 6)-7)	¥ (1,889)	¥ (2,128)	$ (19,230)

The breakdown of net pension and severance costs for the years ended March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Service cost	¥ 679	¥ 586	$ 6,912
Interest cost	220	208	2,240
Expected return on plan assets	(116)	(124)	(1,181)
Amortization of actuarial gain	(230)	(262)	(2,341)
Amortization of past service obligation	(3)	(3)	(31)
Other	85	69	865
Net pension and severance costs	¥ 635	¥ 474	$ 6,464

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

	2009	2008
Discount rate	**Primarily 2.5%**	Primarily 2.5%
Expected rate of return on plan assets	**Primarily 1.5%**	Primarily 1.5%
Amortization period of past service obligation	**Primarily 5 years**	Primarily 5 years
Amortization period of actuarial differences	**Primarily 5 years**	Primarily 5 years

11. Commitments and Contingent Liabilities

The Company and Consolidated Subsidiaries had the following commitments and contingent liabilities:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2008**
Liabilities for guarantees	**¥ 54**	¥ 549	**$ 550**
Export drafts discounted	**18**	18	**183**
Trade notes receivable discounted	**14**	199	**142**
Total	**¥ 86**	¥ 766	**$ 875**

12. Net Assets

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

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

(a) Dividends

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

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

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

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

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

The Company's legal reserve, which is included in retained earnings, amounted to ¥1,196 million (US$12,176 thousand) as of March 31, 2009, and its additional paid-in capital, which is included in capital surplus, amounted to ¥29,972 million (US$ 305,121 thousand) as of March 31, 2009.

13. Segment Reporting

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

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

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

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

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

Business segment information for the years ended March 31, 2009 and 2008 was as follows:

	Millions of yen						
	2009						
	Medical Equipment	Pharmaceutical	Glass & Materials	Other	Total	Eliminations/ Corporate	Consolidated
Net sales:							
Outside	¥ 112,970	¥ 52,726	¥ 9,554	¥ 695	¥ 175,945	—	¥ 175,945
Intersegment	—	—	3,389	90	3,479	¥ (3,479)	—
Total	112,970	52,726	12,943	785	179,424	(3,479)	175,945
Operating expenses	96,761	48,644	11,171	781	157,357	3,813	161,170
Operating income	¥ 16,209	¥ 4,082	¥ 1,772	¥ 4	¥ 22,067	¥ (7,292)	¥ 14,775
Identifiable assets	¥ 120,447	¥ 111,203	¥ 10,800	¥ 6,106	¥ 248,556	¥ 82,085	¥ 330,641
Depreciation and amortization	9,720	6,963	445	89	17,217	892	18,109
Loss on impairment of fixed assets	13	19	131	—	163	—	163
Capital expenditures	11,516	20,633	134	68	32,351	791	33,142

	Thousands of U.S. dollars (Note 1)						
	2009						
	Medical Equipment	Pharmaceutical	Glass & Materials	Other	Total	Eliminations/ Corporate	Consolidated
Net sales:							
Outside	$1,150,056	$ 536,761	$ 97,261	$ 7,075	$1,791,153	—	$1,791,153
Intersegment	—	—	34,501	916	35,417	$ (35,417)	—
Total	1,150,056	536,761	131,762	7,991	1,826,570	(35,417)	1,791,153
Operating expenses	985,045	495,205	113,723	7,951	1,601,924	38,817	1,640,741
Operating income	$ 165,011	$ 41,556	$ 18,039	$ 40	$ 224,646	$ (74,234)	$ 150,412
Identifiable assets	$1,226,173	$1,132,068	$ 109,946	$ 62,160	$2,530,347	$ 835,641	$3,365,988
Depreciation and amortization	98,951	70,885	4,530	906	175,272	9,081	184,353
Loss on impairment of fixed assets	132	193	1,334	—	1,659	—	1,659
Capital expenditures	117,235	210,048	1,364	692	329,339	8,053	337,392

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

Note:

(1) Operating expenses of "Eliminations/Corporate" for the years ended March 31, 2009 and 2008 included unallocated corporate costs of ¥7,292 million (US$74,234 thousand) and ¥7,327 million, respectively. The unallocated corporate costs consisted primarily of research and development costs and headquarters administration costs.

(2) Assets of "Eliminations/Corporate" at March 31, 2009 and 2008 included ¥82,341 million (US$ 838,247 thousand) and ¥104,741 million of corporate assets, respectively, consisting primarily of cash and cash equivalents, investments securities, research and development -related equipment and headquarters administration-related assets.

(3) The Company and its consolidated domestic subsidaries adopted "Accounting standards for measurement of inventories", and the basis of measurement has been changed to writing down method below cost to the net selling value for decreased profitability. As a result, operating expenses in Medical Equipment segment is supposed to be increasing ¥7 million yen (US$71 thousand) and that in Pharmaceutical segment is supposed to be decreasing ¥18 million yen (US$183 thousand), while operating income in Medical Equipment and pharmaceutical segments are supposed to be increased and decreased equivalently, comparing with the incomes calculated according to previous method.

(4) The Company and its consolidated subsidiaries adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" from the current consolidated accounting period to make necessary adjustments on consolidation. As a result, operating expenses in Medical Equipment segment decreased ¥218 million (US$2,219 thousand), and operating incomes are supposed to increase equivalently, comparing with the incomes calculated according to previous method.

(5) The Company and its consolidated domestic subsidiary companies have changed the useful lives of machinery from the current consolidated accounting period according to the revision of corporate income tax law. As a result, operating expenses in Medical Equipment, Glass & Materials, Others and Eliminations/Corporate segments are supposed to be increased ¥2,056 million (US$20,930), ¥42 million (US$428), ¥2 million (US$20 thousand) and ¥1 million (US$10 thousand) respectively and that in Pharmaceutical segment decreased ¥374 million (US$3,807 thousand) while operating incomes in Medical Equipment, Glass & Materials and Others and Eliminations/Corporate segments are supposed to be decreased and that in pharmaceutical segment increased equivalently.

The information by geographic area for the years ended March 31, 2009 and 2008 was as follows:

	Millions of yen											
	2009											
		Japan		America		Europe		Asia		Eliminations/ Corporate		Consolidated
Net sales:												
Outside	¥	134,330	¥	21,307	¥	12,432	¥	7,876			¥	175,945
Intersegment		30,207		823		4		14,382	¥	(45,416)		—
Total		164,537		22,130		12,436		22,258		(45,416)		175,945
Operating expenses		144,027		22,721		12,468		20,848		(38,894)		161,170
Operating income (loss)	¥	20,510	¥	(591)	¥	(32)	¥	1,410	¥	(6,522)	¥	14,775
Identifiable assets	¥	256,812	¥	3,025	¥	5,082	¥	6,085	¥	59,637	¥	330,641

	Thousands of U.S. dollars (Note 1)											
	2009											
		Japan		America		Europe		Asia		Eliminations/ Corporate		Consolidated
Net sales:												
Outside	$	1,367,505	$	216,909	$	126,560	$	80,179		—	$	1,791,153
Intersegment		307,513		8,378		41		146,411	$	(462,343)		—
Total		1,675,018		225,287		126,601		226,590		(462,343)		1,791,153
Operating expenses		1,466,222		231,304		126,927		212,237		(395,949)		1,640,741
Operating income (loss)	$	208,796	$	(6,017)	$	(326)	$	14,353	$	(66,394)	$	150,412
Identifiable assets	$	2,614,395	$	30,795	$	51,736	$	61,946	$	607,116	$	3,365,988

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

Note:
(1) Operating expenses of "Eliminations/Corporate" for the years ended March 31, 2009 and 2008 included unallocated corporate costs of ¥7,292 million (US$74,234 thousand) and ¥7,327 million, respectively. The unallocated corporate costs consisted primarily of research and development costs and headquarters administration costs.
(2) Assets of "Eliminations/Corporate" at March 31, 2009 and 2008 included ¥82,341 million (US$ 838,247 thousand) and ¥104,741 million of corporate assets, respectively, consisting primarily of cash and cash equivalents, investments securities, research and development -related equipment and headquarters administration-related assets.
(3) The main countries of each geographic area are:
America : The United States of America and Brazil
Europe : Belgium
Asia : China, Thailand and Singapore
(4) The Company and its consolidated domestic subsidaries adopted "Accounting standards for measurement of inventories", and the basis of measurement has been changed to writing down method below cost to the net selling value for decreased profitability. As a result, operating expenses in Japan segment are supposed to be decreased ¥11 million (US$112 thousand) , and operating incomes are supposed to be increased equivalently.
(5) The Company and its consolidated subsidiaries adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" from the current consolidated accounting period to make necessary adjustments on consolidation. As a result, operating expenses in America and Asia segments are supposed to be decreased ¥229 million (US$2,331 thousand) and be increased ¥11 million (US$112 thousand) respectively, while operating incomes in America segment is to be equivalently increased and in Asia segment decreased, respectively.
(6) The Company and its consolidated domestic subsidiary companies have changed the useful lives of machinery from the current consolidated accounting period according to the revision of corporate income tax law. As a result, operating expenses in Japan and Eliminations/Corporate segment are supposed to be increased ¥1,725 million (US$17,561 thousand) and ¥1 million (US$10) respectively, while the operating costs are supposed to be respectively decreased.

Sales to foreign customers were as follows:

	Millions of yen							
	2009				2008			
	America	Europe	Asia	Total	America	Europe	Asia	Total
Export sales and sales by overseas subsidiaries	**¥ 33,291**	**¥ 19,991**	**¥ 10,666**	**¥ 63,948**	¥ 35,688	¥ 19,140	¥ 10,284	¥ 65,112
Percentage of such sales against consolidated net sales	**18.9%**	**11.4%**	**6.1%**	**36.4%**	20.7%	11.1%	6.0%	37.8%

	Thousands of U.S. dollars (Note 1)			
	2009			
	America	Europe	Asia	Total
Export sales and sales by overseas subsidiaries	**$338,909**	**$203,512**	**$108,582**	**$651,003**
Percentage of such sales against consolidated net sales	**18.9%**	**11.4%**	**6.1%**	**36.4%**

14. Selling, General and Administrative Expenses

Significant components of selling, general and administrative expenses for the years ended March 31, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
Salaries	**¥ 9,610**	¥ 8,976	**$ 97,832**
Freight charges	**4,320**	3,952	**43,978**

15. Research and Development Expenses

Research and development expenses for the years ended March 31, 2009 and 2008 were ¥5,352 million (US$54,484 thousand) and ¥6,194 million, respectively.

16. Supplemental Disclosures of Cash Flow Information

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
Cash paid during the year for:			
Interest	**¥ 2,784**	¥ 1,889	**$ 28,342**
Income tax	**3,522**	10,137	**35,855**

Report of Independent Auditors

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Nipro Corporationt

We have audited the accompanying consolidated balance sheet of Nipro Corporation and consolidated subsidiaries as of March 31, 2009 , and the related consolidated statement of income, changes in net assets, and cash flows for the year then ended, all expressed in Japanese yen. The consolidated financial statements are the responsibility of Nipro Corporation's management. Our responsibility is to express an opinion on the consolidated financial statements based on our audit.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nipro Corporation and consolidated subsidiaries as of March 31, 2009, and the consolidated results of operations and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Osaka, Japan
July 31, 2009

Osaka Audit Corporation

Osaka Audit Corporation

Corporate Information (As of March 31, 2009)

Date of Establishment
July 8, 1954

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

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

Number of Employees

Parent Company	2,152
Consolidated subsidiaries	7,202
Total	9,354

Common Stock

Authorized	200,000,000 shares
Issued	63,878,505 shares
Outstanding	63,430,631 shares
Number of Shareholders	12,448

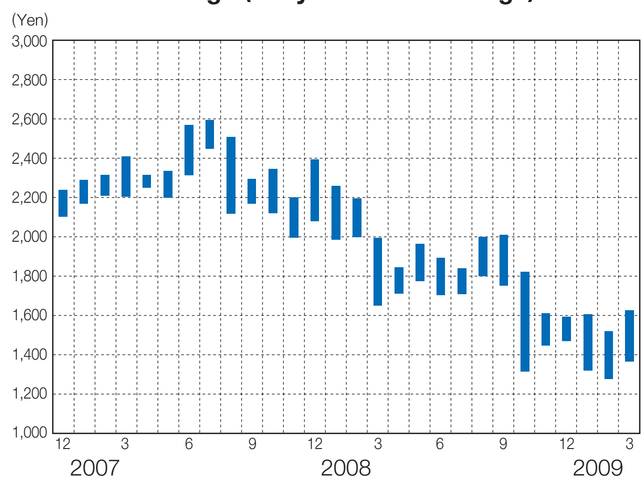
Stock Listings
Tokyo Stock Exchange, Osaka Securities Exchange
Ticker Code: 8086

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

Principal Shareholders

	Number of Shares Held (in thousands)	Percentage of Total Shares in Issue (%)
Sanri Kosan Co., Ltd.	12,920	20.23
Japan Trustee Services Bank, Ltd.	9,000	14.09
The Master Trust Bank of Japan, Ltd.	3,498	5.48
Trust & Custody Services Bank, Ltd.	2,297	3.60
Minoru Sano	1,993	3.12
Resona Bank Limited	1,380	2.16
Mizuho Corporate Bank, Ltd.	782	1.23
Bank of New York, Tax Treaty JASDEC Omnibus Two	705	1.10
NikkoCiti Trust and Banking Corporation	651	1.02
The Dai-ichi Mutual Life Insurance Company	632	0.99
Total	33,859	53.01

Stock Price Range (Tokyo Stock Exchange)



Subsidiaries and affiliates (As of June 30, 2009)

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

★: Affiliate accounted for by the equity method

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