Consolidated Financial Statements

For the year ended March 31, 2009

May 15, 2009

Company name: **NIPRO CORPORATION**
Code No: 8086
Representative: Minoru Sano, President and Representative Director
Contact: Akihiko Yamabe, Director, General Manager of Accounting and Corporative Planning Division
Stock Exchange listed: Tokyo and Osaka
URL: http://www.nipro.co.jp/
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Date of the general shareholder's meeting to be held: June 26, 2009
Scheduled date of the annual securities report filing: June 26, 2009
Scheduled date to commence payment of dividends: -

1. Consolidated Results for the Year ended March 31, 2009 (From April 1, 2008 to March 31, 2009)

(1) Consolidated Results of Operations (Note: Amounts are truncated to 1 million yen)

	Net Sales		Operating Income		Recurring Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2009	175,944	2.2	14,775	8.0	9,890	2.3	4,530	1.7
Year ended March 31, 2008	172,113	(6.6)	13,677	4.8	9,669	(14.8)	4,454	(47.9)

	Earnings per Share	Diluted Earnings per share	Ratio of Net Income to Shareholders' Equity	Ratio of Recurring income to Total Assets	Ratio of Operating Income to Net Sales
	Yen	Yen	%	%	%
Year ended March 31, 2009	71.41	-	4.2	2.9	8.4
Year ended March 31, 2008	70.17	-	3.7	2.8	7.9

Note: Equity in profit (loss) of affiliate Year ended March 31, 2009: 88 million yen Year ended March 31, 2008: 15 million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2009	330,640	96,560	28.7	1,498.47
Year ended March 31, 2008	349,302	119,544	33.8	1,861.79

Note: Shareholders' equity: Year ended March 31, 2009: 95,049 million yen Year ended March 31, 2008: 118,155 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2009	18,851	(21,186)	786	45,352
Year ended March 31, 2008	9,675	(30,072)	22,267	47,656

2. Dividends

	Annual dividends per share					Annual total of dividends	Pay-out ratio (Consolidated)	Ratio of dividends to Net Assets (Consolidated)
	First-quarter	Second-quarter	Third-quarter	Year-end Dividends	Annual dividends			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2008	-	28.00	-	9.50	37.50	2,380	53.4	2.0
Year ended March 31, 2009	-	32.00	-	0.00	32.00	2,030	44.8	1.9
Year ending March 31, 2010 (Projected)	-	21.50	-	27.00	48.50		50.9	

3. Projected Consolidated Financial Results for the Year ending March 31, 2010 (From April 1, 2009 to March 31, 2010)

	Net Sales		Operating Income		Recurring Income		Net Income		Earnings per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending Sept. 30, 2009	87,300	0.8	6,400	(8.0)	5,200	(25.0)	2,250	(33.9)	35.46
Year ending March 31, 2010	180,000	2.3	15,000	1.5	13,000	31.4	6,050	33.5	95.35

Note: The % displays in the line of six months ending Sept. 30, 2009 show increase/decrease ratio against the six months ended Sept.30, 2008. The % displays in the line of Year ending March 31, 2010 show increase/decrease ratio against the year ended March 31, 2009

4. Others

(1) Change in significant subsidiaries during the year ended March 31, 2009(Resulting in a change in scope of consolidation): None

(2) Changes in accounting principles, procedures or presentation related to the preparation of consolidated financial statements (i.e., mentioned or referred to "Change in significant matter of basis of preparation for consolidated financial statements")
1) Changes due to adoption of new accounting standards: Yes
2) Changes other than those included in 1) above: None
(Note) Please see page 19 "Change in significant matter of basis of preparation for consolidated financial statements" for further details.

(3) Total number of common shares issued
1) Total number of common shares issued (Including treasury stock):

Year ended March 31, 2009: 63,878,505 shares	Year ended March 31, 2008: 63,878,505 shares

2) Total number of shares in treasury:

Year ended March 31, 2009: 447,874 shares	Year ended March 31, 2008: 415,037 shares

(Note) Please see page 32 "Per share information" to confirm the share numbers to be basis of calculation of Earning per share (Consolidated).

(Reference) Overview of Non-consolidated financial results

1. Results for the year ended March 31, 2009 (From April 1, 2008 to March 31, 2009)

(1) Results of Operations (Note: % shows increase/decrease ratio against the previous year)

	Net Sales		Operating Income		Recurring Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2009	135,256	0.2	10,161	(17.2)	8,265	(4.1)
Year ended March 31, 2008	135,035	6.0	12,273	14.7	8,618	(21.9)

	Net Income		Earnings per Share	Diluted Earnings per share
	Millions of yen	%	Yen	Yen
Year ended March 31, 2009	540	(88.8)	8.52	-
Year ended March 31, 2008	4,848	(53.5)	76.39	-

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2009	282,408	109,206	38.7	1,721.67
Year ended March 31, 2008	309,863	124,172	40.1	1,956.60

Note: Shareholders' equity: Year ended March 31, 2009: 109,206 million yen Year ended March 31, 2008: 124,172 million yen

2. Projections for the Results of the Year ending March 31, 2010 (From April 1, 2009 to March 31, 2010)

	Net Sales		Operating Income		Recurring Income		Net Income		Earnings per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending Sept. 30, 2009	65,000	(5.5)	4,700	(16.1)	4,500	(23.6)	2,750	(32.8)	43.34
Year ending March 31, 2010	135,000	(0.2)	10,400	2.3	10,400	25.8	6,200	-	97.72

Note: The % displays in the line of six months ending Sept. 30, 2009 show increase/decrease ratio against the six months ended Sept.30, 2008. The % displays in the line of Year ending March 31, 2010 show increase/decrease ratio against the year ended March 31, 2009

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

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

1. Business Results

(1) Analysis concerning business results

1) Business results for the period under review and the results by segments

Word economy for the period under review had slow downed yet again due to turmoil in the American financial markets, generally undergoing the rising specter of recession while violent ups and downs in oil and raw material prices and affection 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.

The results by segments were as follows:

a. Medical equipment division

In the domestic business, drug prices and official call 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 sever, because more and more hospitals have begun to introduce 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 shows consistent growth in the each fields 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 core products' assortment.

In the International business, we were severely affected by the strength of the yen against the 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 had 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 division increased by 1.7% from the previous period to 112,969 million yen.

b. Pharmaceutical division

In the Pharmaceutical division, 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 enables to stably supply the high-quality products, by mean 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, conducting the production facilities.

As a result, net sales of this division increased 8.1% from the previous period to 52,725 million yen.

c. Glass & Materials division

In the filed of glass for pharmaceutical purposes, the sales of pill bottle increased healthy, though the sales of glass tubes for ampoule decreased.

In the field of other glass & materials products, the total sales decreased, though the sales of glass for vacuum bottle showed a slight decline, however, the sales of lighting glass for LCD and automobile-related decreased sharply, in addition to the lagging sales of goods for mass consumption.

As a result, net sales of this division decreased 16.5% from the previous period to 9,553 million yen.

d. Other division

Net sales of other division, consisting mainly of sales of machine for manufacture of medical equipment and real estate rentals, decreased 17.0% from the previous period to 695 million yen.

As a result, net sales amounted to 175,944 million yen, increased 2.2 %.

About the profit, operating income increased 8.0% from the previous period to 14,775 million yen due to the increase of gross profit in medical equipment and pharmaceutical divisions and ordinary profit increased 2.3% from the previous period to 9,890 million yen.Net income also increased 1.7% from the previous period to 4,530 million yen.

2) Prospects for the subsequent fiscal and projections by segments

While we can not foresee improvement in the recession of business condition in the United States and the deceleration of European economy, it is anticipated to remain more unpredictable in future world economy as well as in Japanese economy to remain quite severe as putting pressure on corporate profits by strong yen rate and escalation of competitions among enterprises.

Under such circumstances, we will strive to improve production efficiency continuously and establish low-cost structuring for reinforcement of management base.

For the year ending March 31, 2010, we project the consolidated net sales of 180,000 million yen (to increase 2.3% compared with the period under review), operating income of 15,000 million yen (to increase 1.5% compared with the period under review), recurring income of 13,000 million yen (to increase 31.4% compared with the period under review), and net income of 6,050 million yen (to increase 33.5% compared with the period under review), under the projected exchange rate of 90 yen to the U.S. dollar.

Projections on net sales by segments are as follows:

Medical Equipment division:	110,000 million yen (to decrease 2.6% compared with the previous period)
Pharmaceutical division:	59,400 million yen (to increase 12.7% compared with the previous period)
Glass & Materials division:	9,800 million yen (to increase 2.6% compared with the previous period)
Other division:	800 million yen (to increase 15.1% compared with the previous period)

(2) Analysis concerning financial position (consolidated)

1) Analysis concerning the conditions of assets, liabilities, net assets and cash flows

Total assets decreased 18,661 million yen from the end of the previous period to 330,640 million yen. Current assets decreased 1,881 million yen to 160,865 million yen, and fixed assets decreased 16,780 million yen to 169,775 million yen.

Main reason for the decrease in current assets was that trade notes and accounts receivable decreased, and main reason for the decrease in fixed assets was that investment securities decreased significantly due to the underperforming stock exchange market.

Total liabilities increased 4,322 million yen to 234,080 million yen. Current liabilities increased 5,960 million yen to 114,795 million yen, and fixed liabilities decreased 1,638 million yen to 119,284 million yen.

Main reason for the increase in current liabilities was that notes payable for plant and equipment increased, and main reason for the decrease in fixed liabilities was that deferred tax liabilities decreased.

Net assets decreased 22,983 million yen to 96,560 million yen. Shareholders' equity increased

1,923 million yen to 99,244 million yen, but valuation and translation difference decreased 25,030 million. The main reason for the decrease in valuation and translation difference was that the unrealized gain on valuation of marketable securities and foreign currency translation adjustment decreased.

The ending balance of cash and cash equivalents in the period under review decreased 2,304 million yen to 45,352 million yen.

The conditions and main factors of each cash flow during the period under review were as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 18,851 million yen, increased by 94.8% from the previous period.

The main accounts of cash inflow were net income before adjustment of taxes, 9,379 million yen, depreciation and amortization, 1,819 million yen. The main accounts of cash outflow were increase of inventories, 6,539 million yen and payment of corporate income tax, 3,521 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 21,186 million yen.

The main account of cash outflow was payments for acquisition of fixed assets, 20,856 million yen.

(Cash flows from financing activities)

Net cash provided by investing activities was 786 million yen.

The main accounts of cash inflow were proceeds from long-term borrowings, 27,300 million yen, and proceeds from issuance of bonds, 4,979 million yen. The main accounts of cash outflow were repayment of long-term borrowings, 15,881 million yen, and payment for redemption of bonds, 15,150 million yen.

2) Trend of the cash flow indicators

	The 53rd period Year ended March 31, 2006	The 54th period Year ended March 31, 2007	The 55th period Year ended March 31, 2008	The 56th period Year ended March 31, 2009
Shareholders' equity ratio (%)	33.2	37.3	33.8	28.7
Ratio of market value of shareholders' equity (%)	33.9	43.4	31.6	29.4
Debt redemption (years)	21.1	8.3	15.6	8.2
Interest coverage ratio	4.6	8.5	5.1	6.8

Note: Shareholders' equity ratio = Shareholders' equity / Total Assets
Ratio of market value of shareholders' equity = Aggregate market value of the outstanding shares / Total Assets
Debt redemption = Interest-bearing liabilities / Cash flow from operating activities
Interest coverage ratio = Cash flow from operating activities / Interest payments

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

(3) Basic Policies on Distribution of Profits and Dividends for years ended March 31, 2009 and ending March 31, 2010.

As we position profit return in the important administrative measures, our policy is that 50% of the non-consolidated net income is to be distributed to shareholders.

Retained earnings are to be actively invested in the sales and production facilities as well as in research and development to ensure profit over future and to realize view of expanding the firm management basis and long-term business developments, so as to ensure sustainable profits in the future and continuous growth.

About annual dividends, dividend payout ratio substantially exceeded 50% as we already paid interim dividends of 32.00 yen per share. We are to pass the year-end dividends, much to our regret.

Dividends for year ending March 31, 2010 are expected to be made according to the above-mentioned policy.

Corporate Group

Our group consists of the Reporting Company ("the Company"), its 27 subsidiaries and 2 affiliates, and is primarily engaged in manufacture and sale of medical equipment, pharmaceutical products and glass and material products.

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

<Medical Equipment Division>

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

Cell Science & Technology Institute, Inc., an affiliate, develops, manufactures and sells cell-culture-related products.

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

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

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

Please note that, Nipro Industria E Commercio de Produtos Cardiopulmonares Ltda. ceased to exist as of January 23rd, 2009 as a result of the merger with Nipro Medical LTDA..

<Pharmaceutical Division>

The Company, Nipro Pharma Corporation and Nipro Genepha Corporation, Zensei Pharmaceutical Industries Co., Ltd and NIPRO PATCH CO., LTD. (Altered the corporate name from "Saitama Daiichi Pharmaceutical Co., Ltd. on July 1st, 2008) manufacture and sell pharmaceutical products. In addition, Tohoku Nipro Pharmaceutical Corporation manufactures pharmaceutical products.

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

<Glass and Materials Division>

Domestic: The Company sells glass tubes as well as manufactures and sells glass products.

Please note that, Shinwa Shoji Co., Ltd. ceased to exist as of August 1st, 2008 as a result of the merger with the Company.

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

<Other>

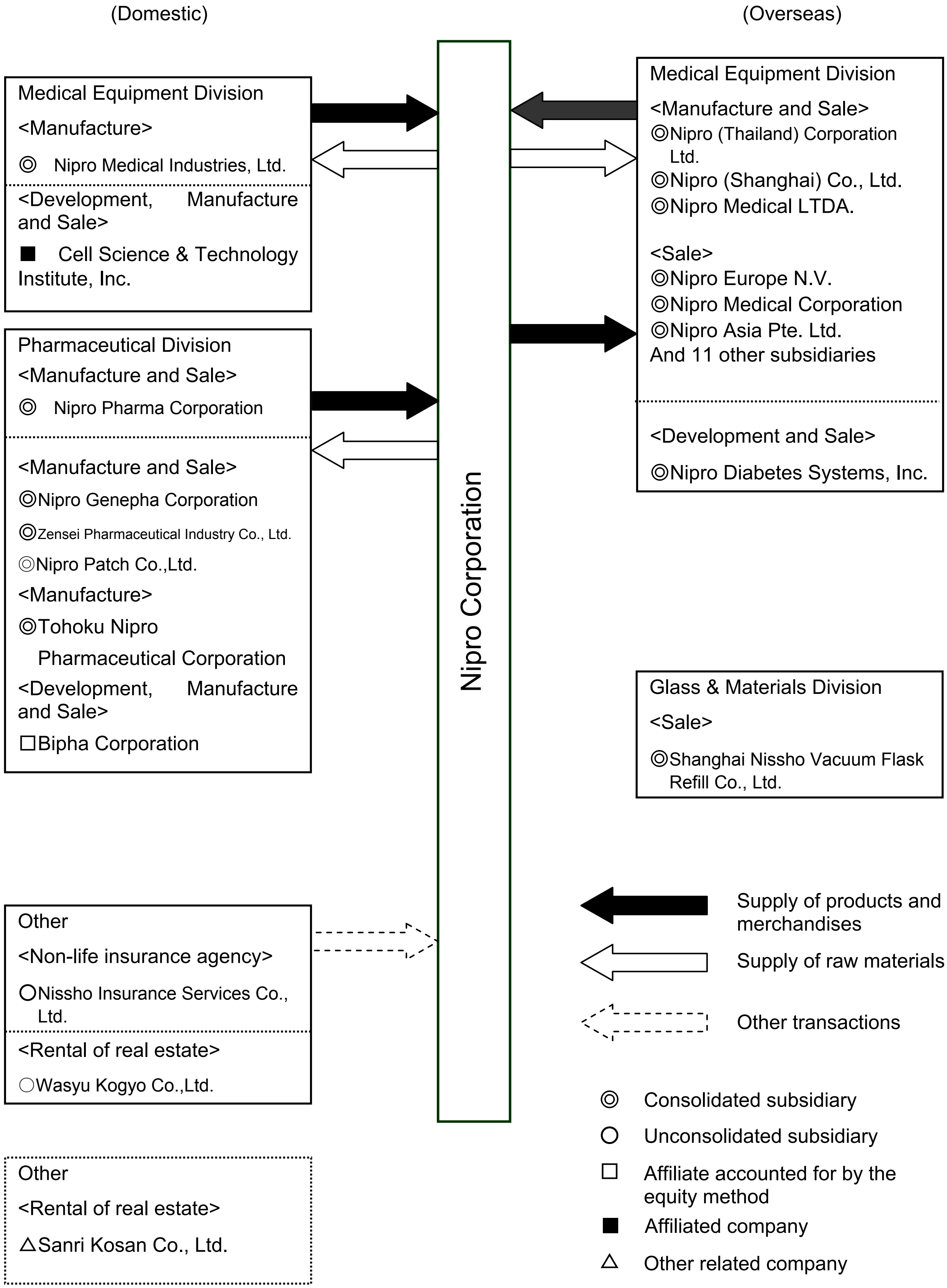
The Company manufactures (purchases, in some cases) and sells machinery for manufacture of medical equipment, etc.

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

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

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

The above explanations are illustrated as follows:


(Domestic)
(Overseas)
Medical Equipment Division
<Manufacture>
◎ Nipro Medical Industries, Ltd.
<Development, Manufacture and Sale>
■ Cell Science & Technology Institute, Inc.
Pharmaceutical Division
<Manufacture and Sale>
◎ Nipro Pharma Corporation
<Manufacture and Sale>
◎Nipro Genepha Corporation
◎Zensei Pharmaceutical Industry Co., Ltd.
◎Nipro Patch Co.,Ltd.
<Manufacture>
◎Tohoku Nipro Pharmaceutical Corporation
<Development, Manufacture and Sale>
□Bipha Corporation
Other
<Non-life insurance agency>
○Nissho Insurance Services Co., Ltd.
<Rental of real estate>
○Wasyu Kogyo Co.,Ltd.
Other
<Rental of real estate>
△Sanri Kosan Co., Ltd.
Nipro Corporation
Medical Equipment Division
<Manufacture and Sale>
◎Nipro (Thailand) Corporation Ltd.
◎Nipro (Shanghai) Co., Ltd.
◎Nipro Medical LTDA.
<Sale>
◎Nipro Europe N.V.
◎Nipro Medical Corporation
◎Nipro Asia Pte. Ltd.
And 11 other subsidiaries
<Development and Sale>
◎Nipro Diabetes Systems, Inc.
Glass & Materials Division
<Sale>
◎Shanghai Nissho Vacuum Flask Refill Co., Ltd.
Supply of products and merchandises
Supply of raw materials
Other transactions
◎ Consolidated subsidiary
○ Unconsolidated subsidiary
□ Affiliate accounted for by the equity method
■ Affiliated company
△ Other related company

3. Management Policies

(1) Basic Policies of Management

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

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

(2) Target Management Indicators

Our performance targets were to achieve 200 billion yen of consolidated net sales, 20 billion yen of recurring income and 10% of return on equity (ratio of net income to shareholders’ equity) by the fiscal year 2010, but we set up new targets to achieve 500 billion yen of consolidated net sales and 40 billion yen of recurring income, in order to promote further growth of business. To realize this new goal, we are going to move towards steady business development by means of improved management and efficiency.

(3) Medium- and Long-term Management Strategies

In the core business such as medical equipment and pharmaceutical division, the Group adopts a basic policy and corporate strategies which aim to expand sales by means of strengthening cost-competitiveness in response to world markets, intensively increasing the production capacity in the fields expected to expand in quantity.

In the Medical Equipment division, we are aiming at top share of our current main product, dialyzer in the world by intensive mass production, improvement of its quality and cost reduction driven from full self-production of the main raw materials, hollow fibers. We will also develop our business on global markets, striving to strengthen the product lineup, focus on new-product development and establish sales-bases, in the field of artificial lung and intravascular treatment,

As the research aimed at practical use of iPS (induced Pluripotent Stem cell) are advancing, we are seeing cell culture and regeneration medicine area as growth fields and going to advance the approach to develop the business in those area as our key business.

In the Pharmaceutical division, we enhance our production system of all fields such as injection drug, oral drug and external application drug so as to growth the contract manufacturing business meeting the needs of customers, using the unique technology of kit drugs, orally disintegrating tablets and transdermal absorption formulation. As for the generic medicines, we devote efforts to strengthen direct-selling structure, actively promoting co-development and corporation with other companies. We also promote the research and development in the areas including biosimilars, artificial blood and DDS (drug delivery system), entering oversea business expansion in the view.

In the Glass and Materials division, we continue to drive establishment and innovation in glass processing technologies and work on development and expansion of pharmaceutical container and lighting glass products. In addition, we will collaborate with medical equipment and pharmaceutical divisions in such field as pharmaceutical container, so as to actively develop the oversea business.

(4) Issues and Challenges that the Group Faces

In the domestic business of the Medical Equipment division, we will put effort into dialysis-related products such as dialyzers, blood tubing sets, and dialysis machines, to react to the market needs promptly, develop and market new products, improve product quality, strengthen sales capacity and increase the market share and sales more.

In the field of injection and infusion-related products, we will try to increase our market share focus on safety-use product such as injection needle, syringes, infusion sets, butterfly needle and intra-vascular catheter. In the filed of nutrition-related products as well, we try to develop new products meeting the demands in the market and to promote sales activity and business development of nutrition-related products.

As for the examination-related products, we will develop and market new products of blood glucose monitoring device for diabetics and test reagents, strengthen sales of blood collection tubes for blood test and obtain market share by active marketing. In the cardioangiology-related field, we will try to expand the range of merchandise by active development and introduction of new products of vascular-related product, oxygenator and ventricular assist device, so as to promote the business development and expansion of sales forces in aim to increase the shares in market. Furthermore, we will aggressively promote to introduce products related to such new field as regenerative medicine, induced Pluripotent Stem cell and Embryo-Stem cell.

In the international business, on the other hand, we will continuously promote to enrich sales bases and to push forward cost reduction under trend of high-yen exchange rates. Especially for our main product, dialyzer, we are going to promote the sales of dialyzers of synthetic membrane as well as existing dialyzers of tri-acetate membrane. In diabetes related products, we will engage in development of products which are applicable for more security and accuracy improvement. In artificial heart-lung related products, we will bring the improved and upgrade products to more and more expanding market in order to develop the market. In the increasingly server market due to the influence of exchange rate fluctuations, we are going to enhance the partnerships with foreign sales subsidiaries and cooperative firms, in order to build a solid business foundation adaptable to progressing appreciation of the yen and to promote sales activities.

In the pharmaceutical division, we are eager to expand the range of generic products.

As for injection drug, we are to provide high-quality drugs mainly such distinctive products as “liquid-and-powder” double-bag kits of antibiotics, pre-filled syringes and injectables in plastic-ampoules.
In terms of oral drugs, we will increase item numbers largely and promote co-developments with other companies to enhance efficiency in product development and reinforcement of contract manufacturing. We will also continuously develop the products of new drug type, for instance, drugs with prominent easiness to drink. In production, we will expand contract manufacturing and establish production system of high quality generic drug by launching a new plant and a packing plant built in last year for contract manufacturing of oral drug. In the field of external application drugs centering transdermal therapeutic drugs, which has been newly added to our business portfolio, we will proactively proceed both of self-development and co-development as well as reinforce contract manufacturing. In addition, we will make efforts for early realization of products such as infusion of nutrient, electrolyte infusion, pharmaceutical products in biosimilar drug of recombinant erythropoietin, artificial blood, and Drug Delivery System (DDS), while actively developing injection drugs including kit products and oral drugs. Then, we will endeavor to enrich distinctive product line up from the user point of view, and expand our pharmaceutical business by enlarging contract manufacturing including research of pharmaceutical preparation and selling routes, to enhance productivity in manufacturing factories.

In the Glass and Materials division, we will continue to drive innovate glass processing technologies applying to demands by the pharmaceutical industry, developing mainly glass tubes as well as new materials actively to expand our sales.

In terms of the glass for lighting purposes, we will strive to increase profits of glass materials for Liquid Cristal Display (LCD) backlights and glass-related products in the expanding LCD panel market like Chinese market.

Consolidated Balance Sheets

(Unit: Millions of yen)

	Previous Period (as of March. 31, 2008)	Current Period (as of March 31, 2009)
(ASSETS)		
Current Assets	162,746	160,865
Cash on hand and in banks	49,469	49,200
Trade notes and accounts receivable	53,507	50,947
Merchandise and finished products	34,120	35,759
Work in process	4,810	6,410
Raw materials and supplies	9,146	8,944
Deferred tax assets	2,902	2,846
Other current assets	9,264	7,167
Allowance for doubtful accounts	(473)	(410)
Fixed Assets	186,555	169,775
Tangible fixed assets	118,811	126,739
Buildings and structures	45,414	49,131
Machinery, equipment and vehicles	37,780	36,524
Land	19,412	19,459
Lease Assets	-	81
Construction in progress	11,220	16,847
Others	4,983	4,694
Intangible fixed assets	3,163	2,448
Goodwill	1,425	851
Others	1,737	1,597
Investments and other assets	64,580	40,587
Investment securities	59,925	36,869
Long-term loans receivable	223	-
Deferred tax assets	159	140
Lease deposits	4,466	4,229
Other assets	2,779	2,561
Allowance for doubtful accounts	(2,972)	(3,214)
Total Assets	349,302	330,640

Consolidated Balance Sheets

(Unit: Millions of yen)

	Previous Period (as of March. 31, 2008)	Current Period (as of March 31, 2009)
(LIABILITIES)		
Current liabilities	108,835	114,795
Trade notes and accounts payable	30,008	28,322
Short-term borrowings	43,234	48,179
Current portion of bonds	15,150	6,140
Lease obligation	-	72
Other payables	5,388	4,437
Accrued income taxes	2,226	2,281
Allowance for bonuses payable	1,528	1,615
Allowance for bonuses payable for directors and corporate auditors	75	3
Allowance for loss on clearance of business	1,954	1,954
Notes payable for plant and equipment	5,225	14,452
Others	4,043	7,336
Fixed liabilities	120,923	119,284
Bonds	36,300	35,160
Convertible type bonds with stock acquisition rights	14,000	14,000
Long-term borrowings	56,405	65,012
Lease obligation	-	92
Deferred tax liabilities	9,833	913
Accrued pension and severance cost	2,128	1,888
Accrued severance indemnity for directors and corporate auditors	700	631
Allowance for loss on lawsuit	170	170
Other fixed liabilities	1,385	1,416
Total liabilities	229,758	234,080
(Net Assets)		
Shareholders' Equity	97,320	99,244
Capital	28,663	28,663
Capital surplus	29,975	29,973
Earned surplus	39,476	41,457
Treasury stock	(794)	(849)
Valuation and translation difference	20,835	(4,195)
Valuation differences of other securities	18,947	4,998
Foreign currency translation adjustments	1,887	(9,193)
Minority interests	1,388	1,511
Total Net Assets	119,544	96,560
Total Liabilities and Net Assets	349,302	330,640

Consolidated Statements of Income

(Unit: Millions of yen)

	Previous Period (From April 1, 2007 To March 31, 2008)	Current Period (From April 1, 2008 To March 31, 2009)
Net sales	172,113	175,944
Cost of goods sold	123,108	124,395
Gross profit	49,004	51,549
Selling, general and administrative expenses	35,327	36,774
Operating income	13,677	14,775
Non-operating income	1,805	1,820
Interest income	462	438
Dividend income	637	740
Equity in profit of affiliate	15	88
Others	689	554
Non-operating expenses	5,813	6,705
Interest expenses	1,950	2,376
Depreciation	384	358
Exchange loss	3,168	3,745
Others	309	224
Recurring income	9,669	9,890
Extraordinary gains	2,371	1,663
Gain on sale of fixed assets	52	279
Life insurance income	191	-
Governmental subsidies received	1,859	269
Adjustments to the prior year's results	86	727
Settlement received	-	200
Others	181	187
Extraordinary losses	3,780	2,174
Loss on disposal of fixed assets	529	292
Impairment loss on fixed assets	-	163
Loss on disposal of inventories	138	269
Abnormal manufacturing cost	167	538
Loss on revaluation of inventories	-	253
Advanced depreciation on fixed assets	1,842	269
Allowance for accrued severance indemnity for directors and corporate auditors in prior years	640	51
Others	461	336
Net income before adjustment of taxes	8,260	9,379
Corporate, inhabitants and enterprise taxes	3,758	4,037
Adjustment for deferred taxes	36	629
Minority shareholders' share in net income of consolidated subsidiaries	11	182
Net income	4,454	4,530

Consolidated Statement of Shareholders' Equity

(Unit: Millions of yen)

	Previous Period (From April 1, 2007 To March 31, 2008)	Current Period (From April 1, 2008 To March 31, 2009)
Shareholder's equity		
Capital		
Balance at beginning of year	28,663	28,663
Balance at end of year	28,663	28,663
Capital Surplus		
Balance at beginning of year	29,973	29,975
Increase(decrease) during the period		
disposal of treasury stock	2	(2)
Net increase(decrease) during the period	2	(2)
Balance at end of year	29,975	29,973
Earned surplus		
Balance at beginning of year	39,148	39,476
Increase(decrease) during the period		
Dividend of surplus	(4,126)	(2,633)
Net income	4,454	4,530
Change of scope of consolidation	-	83
Net increase(decrease) during the period	327	1,981
Balance at end of year	39,476	41,457
Treasury stock		
Balance at beginning of year	(741)	(794)
Increase(decrease) during the period		
Acquisition of treasury stock	(64)	(73)
Disposal of treasury stock	10	18
Net increase(decrease) during the period	(53)	(54)
Balance at end of year	(794)	(849)
Total Shareholders' equity		
Balance at beginning of year	97,044	97,320
Increase(decrease) during the period		
Dividend of surplus	(4,126)	(2,633)
Net income	4,454	4,530
Acquisition of treasury stock	(64)	(73)
Disposal of treasury stock	13	15
Change of scope of consolidation	-	83
Net increase(decrease) during the period	276	1,923
Balance at end of year	97,320	99,244

(Unit: Millions of yen)

	Previous Period (From April 1, 2007 To March 31, 2008)	Current Period (From April 1, 2008 To March 31, 2009)
Valuation and translation differences		
Valuation differences of other securities		
Balance at beginning of year	29,883	18,947
Increase(decrease) during the period		
Net increase(decrease) of the items other than shareholders' equity during the period	(10,935)	(13,949)
Net increase(decrease) during the period	(10,935)	(13,949)
Balance at end of year	18,947	4,998
Foreign currency translation differences		
Balance at beginning of year	(1,276)	1,887
Increase(decrease) during the period		
Net increase(decrease) of the items other than shareholders' equity during the period	3,164	(11,080)
Net increase(decrease) during the period	3,164	(11,080)
Balance at end of year	1,887	(9,193)
Total valuation and translation differences		
Balance at beginning of year	28,606	20,835
Increase(decrease) during the period		
Net increase(decrease) of the items other than shareholders' equity during the period	(7,771)	(25,030)
Net increase(decrease) during the period	(7,771)	(25,030)
Balance at end of year	20,835	(4,195)
Minority interests		
Balance at beginning of year	1,369	1,388
Increase(decrease) during the period		
Net increase(decrease) of the items other than shareholders' equity during the period	19	122
Net increase(decrease) during the period	19	122
Balance at end of year	1,388	1,511
Total net assets		
Balance at beginning of year	127,020	119,544
Increase(decrease) during the period		
Dividend of surplus	(4,126)	(2,633)
Net income	4,454	4,530
Acquisition of treasury stock	(64)	(73)
Disposal of treasury stock	13	15
Change of scope of consolidation	-	83
Net increase(decrease) of the items other than shareholders' equity during the period	(7,752)	(24,907)
Net increase(decrease) during the period	(7,476)	(22,983)
Balance at end of year	119,544	96,560

Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	Previous Period (From April 1, 2007 To March 31, 2008)	Current Period (From April 1, 2008 To March 31, 2009)
Cash flows from operating activities		
Net income before adjustment for taxes	8,260	9,379
Depreciation and amortization	15,054	18,109
Impairment loss on fixed assets	-	163
Amortization of goodwill	263	374
Equity in loss (gain) of affiliate	(15)	(88)
Increase (decrease) in allowance for doubtful accounts	(75)	351
Interest and dividend income	(1,100)	(1,178)
Interest expenses	1,950	2,376
Exchange loss (gain)	286	2,037
Decrease (increase) in trade receivables	2,608	(2,527)
Decrease (increase) in inventories	(6,650)	(6,539)
Increase (decrease) in trade payables	(464)	1,556
Decrease (increase) in other assets	753	(528)
Increase (decrease) in other liabilities	(1,367)	525
Other non-operating income/expenses and extraordinary gains/losses	464	(405)
Subtotal	19,970	23,606
Interest and dividends received	1,094	1,041
Interest paid	(1,889)	(2,784)
Other revenues	1,036	732
Other expenditures	(398)	(222)
Income taxes paid	(10,137)	(3,521)
Cash flows from operating activities	9,675	18,851
Cash flows from investing activities		
Deposits in time deposits	(2,242)	(4,238)
Proceeds from matured time deposits	2,246	2,055
Payments for purchases of securities	(1,015)	(374)
Payments for acquisition of shares with change in scope of consolidated subsidiary	(3,125)	-
Payments for acquisition of fixed assets	(25,180)	(20,856)
Proceeds from sales of fixed assets	187	389
Proceeds from governmental subsidies for investment in property and equipment	-	1,838
Increase(decrease) in short-term lending	(1,029)	(49)
Collections of loans receivable	94	48
Expenditures for other investments	(40)	(0)
Revenues from other investments	33	1
Cash flows from investing activities	(30,072)	(21,186)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,787)	2,266
Proceeds from long-term borrowings	33,775	27,300
Repayment of long-term borrowings	(24,325)	(15,881)
Proceeds from issuance of bonds	19,880	4,979
Payments for redemption of bonds	(60)	(15,150)
Proceeds from stock issuance to minority shareholders	3	9
Decrease(Increase) in treasury stock	(51)	(59)
Repayments of finance lease obligations	(32)	(46)
Payments for dividends	(4,120)	(2,631)
Other payments	(14)	(0)
Cash flows from financing activities	22,267	786
Effect of exchange rate changes on cash and cash equivalents	(323)	(1,566)
Increase (decrease) in cash and cash equivalents	1,547	(3,114)
Balance of cash and cash equivalents at the beginning of the period	46,109	47,656
Increase in cash and cash equivalents due to inclusion of new subsidiary in consolidation	-	809
Balance of cash and cash equivalents at the end of the period	47,656	45,352

(5) Notes related to going concern

N/A

(6) Basis of Preparation for the Consolidated Financial Statements

1) Scope of Consolidation

[1] Consolidated subsidiaries: 25

Name of representative consolidated subsidiaries.

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

We have included Nipro Trading (Shanghai) Co. Ltd. in the scope of consolidation from the current period due to the growth of its importance.

In addition, Shinwa Shoji Co., Ltd. ceased to exist as of August 1, 2008 as a result of the merger with the Company.

Nipro Patch CO, .LTD altered the corporate name from "Saitama Daiichi Pharmaceutical Co., Ltd. on July 1st, 2008.

[2] Unconsolidated subsidiaries: 3

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

2) Application of Equity Method

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

Number of affiliate not accounted for by the equity method: 1
Cell Science & Technology Institute, Inc.

The equity method is not applied to the 3 unconsolidated subsidiaries and 1 affiliate company, since they are not material to the consolidated net income and earned surplus etc., either individually or in the aggregate.

3) Accounting Period of Consolidated Subsidiaries

Among the consolidated subsidiaries, accounts closing date of the foreign subsidiary is December 31. Consolidated financial statements as of that date are used in preparing for consolidated financial statements, and necessary adjustments are made to reflect significant transactions that occurred between December 31 and March 31.

4) Accounting Principles and Practices

[1] Valuation standards and methods for significant assets

Securities

Other securities:

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

Securities without market quotations·············Valued at cost by the weighted average method

Inventories

Valued at cost by the weighted average method (Writing down method below cost to the net selling value for decreased profitability)

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

Tangible fixed assets: ······Declining-balance method
(Excluding lease assets)

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

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

[3] Method of treating significant deferred asset

Bond issue cost: Record in full as expenses on expenditure

[4] Standards for recognition of significant allowances

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

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

Allowance for bonuses payables for directors and corporate auditors ········In order to cover the payment of bonuses to directors and corporate auditors, an allowance is provided for the estimated amount of bonuses to be paid, prorated for the consolidated accounting period.

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

Accrued pension and severance cost ···················· An allowance is provided for employee's pension and severance payments based on the estimated amounts of projected benefit obligation and plan assets at the end of the consolidated accounting period.

Past service liabilities are expenses mainly for five years using the straight line method.

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

Accrued severance indemnity for directors and corporate auditors········· An allowance is provided for severance indemnity for directors and corporate directors based on the amounts to be paid at the end of the consolidated accounting period.

Allowance for loss on lawsuit.................................. In order to cover the probable losses on lawsuit, an allowance for loss is provided for the estimated amount acceptable as needed.

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

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

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

Consumption taxes

Consumption taxes are excluded from revenues and expenses accounts.

5) Evaluation of assets and liabilities of the consolidated subsidiaries

Partial fair market value method is used for valuation of assets and liabilities of consolidated subsidiaries.

6) Amortization of goodwill

Goodwill is amortized using the straight-line method for five years.

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

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

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

(Change in Accounting Method)

1) Standards for measurement of inventories

We have adopted the "Accounting standards for measurement of inventories"(ASBJ, Statement No.9, issued on July 5, 2006) from the current consolidated accounting period and the basis of measurement has been mainly changed to writing down method below cost to the net selling value for decreased profitability. As a result, gross profit, operating income and ordinary income, increased 10 million yen and income before income taxes and minority interests decreased 242 million yen, comparing with the computation by the previous method.

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

2) Practical solution on unification of accounting policies applied to foreign subsidiaries for consolidated financial statements

We have adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force No. 18) from the current consolidated accounting period to make necessary adjustments on consolidation closing process. As a result, gross profit increased 220 million yen, operating income increased 217 million yen, ordinary income increased 88 million yen and income before income taxes and minority interests increased 765 million yen.

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

3) Standards for lease transaction

We have adopted 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 have 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 31 March 2008. No affection against profit and loss will be given by the change.

(Additional information)

Change in useful life of tangible fixed assets

Nipro Corporation and its domestic subsidiary companies have 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 yen and operating income decreased 1,725 million yen, ordinary income and income before income taxes and minority interests decreased 1,691 million yen respectively, comparing with the computation by the previous useful lives.

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

(8) Notes to the consolidated financial statements
(Notes to the Consolidated Statements of Income)

	(Previous period)		(Current Period)	
1) Accumulated depreciation of tangible fixed assets	132,145	mil.yen	141,524	mil.yen
2) Pledged assets	12,021		15,317	
3) Obligations under guarantee contracts	548		53	
4) Discounted notes receivable	217		32	
5) Accounts related to unconsolidated subsidiaries and affiliate companies				
Investment securities (stock)	3,208	mil.yen	3,477	mil.yen
Investments other than stock	83		-	

(Notes to the Consolidated Statements of Income)

	(Previous period)	(Current period)
1) Research and development expenditure included in selling general and administrative expenses and manufacturing cost.	6,194 mil yen	5,351mil yen

2) Loss on impairment of fixed assets

Use	Type of Asset	Location	Impairment loss (Millions of Yen)
Idle Assets	Buildings and Machinery etc.	3 places in Gunma Pref. etc.	149
Assets for Common Use	Buildings and Land	1 place in Akita Pref.	13
		Total	163

The fixed assets of the Company and its consolidated subsidiaries are categorized into the groups of assets for business use, leased assets, idle assets, and assets for common use. The assets for business use are divided into groups based on the business segment of management accounting, where as leased assets and idle assets are categorized individually. Headquarters assets, R&D facilities, dormitories and company-offered houses are categorized into assets for common use, since these assets can not generate identifiable cash flows.

The carrying amounts of assets groups whose land had significantly depreciated, or which incurred consecutive operating loss, were reduced to the recoverable amounts, and such deducted amounts were recorded as loss on impairment of fixed assets (163 million yen) under extraordinary loss. The impairment loss consisted of a loss on building of 103 million yen, on structures of 1 million yen, on machinery and equipment of 48 million yen, on vehicles of 0 million yen, on tools and equipments 1 million yen, on land 4 million yen, and on construction in progress of 3 million yen,

The recoverable amount of such asset groups was measured by their net realizable value. Relevant assets were evaluated based on the real estate appraisal standards or on the price of the land fronting major roads for the immaterial assets. The assets groups which were difficult to sell or which could not be used for other purpose, however, were evaluated as a memorandum value.

(Notes to the Consolidated Statement of Shareholders' equity)

Previous period (From April 1, 2007 to March 31, 2008)

1. Sort and total numbers of Shared issues

Sort of shares	Number of shares As of March 31, 2007	Increased numbers	Decreased numbers	Number of shares As of March 31, 2008
Common stock	63,878,505	-	-	63,878,505

2. Sort and numbers of Treasury stock

Sort of shares	Number of shares As of March 31, 2007	Increased numbers	Decreased numbers	Number of shares As of March 31, 2008
Common stock	393,067	27,665	5,685	415,037

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

3. Dividends

(1) Amount of dividends paid

Decision	Sort of shares	Total amount of dividends paid	Dividends per shares	Basis date	Effective date
June 27, 2007 at ordinary general shareholders' meeting	Common stock	Million of yen 2,348	Yen 37.00	March 31, 2007	June 28, 2007
November 19, 2007 at board of directors meeting	Common stock	Million of yen 1,777	Yen 28.00	September 30, 2007	December 10, 2007

(2) Dividends of basis date belonging to the consolidated accounting period to its effective date be in the next consolidated accounting period.

Decision	Sort of shares	Proceeds of dividends	Total amount of dividends paid	Dividends per shares	Basis date	Effective date
June 26, 2008 at ordinary general shareholders' meeting	Common stock	Earned surplus	Million of yen 602	Yen 9.50	March 31, 2008	June 27, 2008

Current period (From April 1, 2008 to March 31, 2009)

1. Sort and total numbers of Shared issues

Sort of shares	Number of shares As of March 31, 2008	Increased numbers	Decreased numbers	Number of shares As of March 31, 2009
Common stock	63,878,505	-	-	63,878,505

2. Sort and numbers of Treasury stock

Sort of shares	Number of shares As of March 31, 2008	Increased numbers	Decreased numbers	Number of shares As of March 31, 2009
Common stock	415,037	42,395	9,558	447,874

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

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

3. Dividends

(1) Amount of dividends paid

Decision	Sort of shares	Total amount of dividends paid	Dividends per shares	Basis date	Effective date
June 26, 2008 at ordinary general shareholders' meeting	Common stock	Million of yen 602	Yen 9.50	March 31, 2008	June 27, 2008
November 11, 2008 at board of directors meeting	Common stock	Million of yen 2,030	Yen 32.00	September 30, 2008	December 8, 2008

(2) Dividends of basis date belonging to the consolidated accounting period to its effective date be in the next consolidated accounting period.

N/A

(Related Party Transactions)

N/A

(Derivative Transactions)

N/A

(Stock Options)

N/A

(Business combinations, etc.)

Transactions under common control

1 Name and description of business of the combined entity, the legal form of business combination, the name of entity after reorganization and outline and purpose of the transaction.

(1) Combined entity

1 Acquirer NIPRO CORPORATION

2 Acquired company Shinwa Shoji Co., Ltd.

(2) Description of business

Manufacture and sale of glass products

(3) Legal form of business combination

Merger by absorption, existing company is the Company and Shinwa Shoji Co., Ltd. ceases to exist

(4) Name of entity after the reorganization

NIPRO CORPORATION

(5) Outline of the transaction including its purpose

1 Purpose of merger

Shinwa Shoji Co., Ltd., a wholly-owned subsidiary of the Company, acted as a production and sales base of glass materials in Eastern Japan. In order to raise business efficiency, cut costs and achieve production rationalization, it merged with the Company because it became inefficient to act as a separate company, while diminishing its role in the groups and decreasing profitability due to the changes in the main market of small electric bulb.

2 Date of merger

August 1, 2008

2 Summary of accounting treatment

Because this merger is the case of transactions under common control, based on “Accounting standards for Business Combining”(ASBJ, issued on October 31, 2003) and “Guidance on Accounting Standards for Business Combining and Accounting Standard for Business Divestitures” (ASBJ Guidance No.10, ultimate revision on November 15, 2007), all transaction were eliminated as inter-company transactions deal.

(Segment information)

1. Segment information by business category

(1) Previous period (From April 1, 2007 to March 31, 2008) (Millions of yen)

	Medical Equipment	Pharma-ceutical	Glass & Materials	Other	Total	Eliminations /Corporate	Consolidated
1. Net sales and operating income Net sales							
(1) Sales to third parties	111,084	48,753	11,437	837	172,113	-	172,113
(2) Inter-segment sales and transfers	-	0	3,166	75	3,241	(3,241)	-
Total	111,084	48,753	14,603	912	175,354	(3,241)	172,113
Operating expenses	95,253	45,482	12,713	899	154,349	4,086	158,435
Operating income	15,830	3,270	1,890	13	21,004	(7,327)	13,677
2. Assets, depreciation and capital expenditures Assets	133,580	93,142	12,326	5,701	244,751	104,551	349,302
Depreciation	7,057	6,612	471	80	14,222	832	15,054
Capital expenditures	16,419	8,351	386	58	25,216	684	25,900

(2) Current period (From April 1, 2008 to March 31, 2009) (Millions of yen)

	Medical Equipment	Pharma-ceutical	Glass & Materials	Other	Total	Eliminations /Corporate	Consolidated
1. Net sales and operating income Net sales							
(1) Sales to third parties	112,969	52,725	9,553	695	175,944	-	175,944
(2) Inter-segment sales and transfers	-	0	3,389	89	3,479	(3,479)	-
Total	112,969	52,726	12,943	785	179,424	(3,479)	175,944
Operating expenses	96,761	48,643	11,170	781	157,356	3,812	161,169
Operating income	16,208	4,082	1,772	4	22,067	(7,292)	14,775
2. Assets, depreciation, impairment loss and capital expenditures Assets	120,447	111,202	10,800	6,106	248,556	82,084	330,640
Depreciation	9,719	6,963	445	88	17,217	891	18,109
Impairment loss of fixed assets	13	18	130	-	163	-	163
Capital expenditures	11,515	20,632	134	68	32,035	791	33,141

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

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

Main products belonging to each business category are as follows:

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

2. Operating expenses of "Eliminations/Corporate" for the previous and current consolidated accounting periods included unallocated corporate costs of 7,327 million yen and 7,292 million yen, respectively. The unallocated corporate costs consisted primarily of the parent company's research and development costs and headquarters administration costs.
3. As described in "Changes in accounting method" 1), we have 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 and that in Pharmaceutical segment is supposed to be decreasing 18 million yen, 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. As described in "Changes in accounting method" 2), we have 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 217 million yen, and operating incomes are supposed to increase equivalently, comparing with the incomes calculated according to previous method.
5. As described in "Additional information", the Company and its 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 2,055 million yen, 41 million yen, 1 million yen and 0 million yen respectively and that in Pharmaceutical segment decreased 374 million yen, 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.
6. Assets of "Eliminations/Corporate" for the previous and current consolidated accounting periods included corporate assets of 104,740 million yen and 82,340 million yen, respectively. The corporate assets consisted mainly of parent company's surplus operating funds (cash on hand and in banks), long-term investment funds (investment securities) and assets related to research and development, as well as of the assets belonging to the headquarters administration department.
7. Depreciation and capital expenditures included long-term prepaid expenses and its amortization.

2. Segment information by geographical area

(1) Previous period (From April 1, 2007 to March 31, 2008) (Millions of yen)

	Japan	America	Europe	Asia	Total	Eliminations /Corporate	Consolidated
1. Net sales and operating income Net sales							
(1) Sales to third parties	135,609	20,909	9,173	6,421	172,113	-	172,113
(2) Inter-segment sales and transfers	26,416	1,137	9	13,954	41,517	(41,517)	-
Total	162,025	22,046	9,183	20,375	213,630	(41,517)	172,113
Operating expenses	139,984	23,712	8,973	19,423	192,093	(33,658)	158,435
Operating income (loss)	22,041	(1,666)	209	952	21,536	(7,859)	13,677
2. Assets	241,543	8,661	4,565	9,585	264,355	84,946	349,302

(2) Current period (From April 1, 2008 to March 31, 2009) (Millions of yen)

	Japan	America	Europe	Asia	Total	Eliminations /Corporate	Consolidated
1. Net sales and operating income Net sales							
(1) Sales to third parties	134,330	21,306	12,432	7,875	175,944	-	175,944
(2) Inter-segment sales and transfers	30,207	822	3	14,381	45,415	(45,415)	-
Total	164,537	22,129	12,435	22,257	221,359	(45,415)	175,944
Operating expenses	144,026	22,721	12,467	20,847	200,063	(38,894)	161,169
Operating income (loss)	20,510	(591)	(32)	1,409	21,296	(6,520)	14,775
2. Assets	256,811	3,025	5,081	6,084	271,003	59,637	330,640

Notes: · 1. Operating expenses of “Eliminations and Corporate” for the previous and current consolidated accounting periods included unallocated corporate costs of 7,327 million yen and 7,292 million yen, respectively. The unallocated corporate costs consisted primarily of the parent company’s research and development costs and the headquarters administration costs.

2. As described in “Changes in accounting method” 1), we have 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 10 million yen, and operating incomes are supposed to be increased equivalently.

3. As described in “Changes in accounting method” 2), we have 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 228 million yen and be increased 10 million yen respectively, while operating incomes in America segment is to be equivalently increased and in Asia segment decreased, respectively.

4. As described in “Additional information”, the Company and its 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 1,724 million yen and 0 million yen respectively, while the operating costs are supposed to be respectively decreased.

5. Assets of “Eliminations/Corporate” for the previous and current consolidated accounting periods included corporate assets of 104,740 million yen and 82,340 million yen, respectively. The corporate assets consisted mainly of parent company’s surplus operating funds (cash on hand and in banks), long-term investment funds (investment securities) and assets related to research and development, as well as of the assets belonging to the headquarters administration department.

6. Classification of countries or areas is based on geographical proximity.

7. The major countries included in each geographical area are as follows:
   America…….. The United States of America and Brazil
   Europe……… Belgium
   Asia…………. China, Thailand and Singapore

3. Overseas sales

(1) Previous period (From April 1, 2007 to March 31, 2008) (Millions of yen)

	America	Europe	Asia	Total
1. Overseas sales	35,687	19,140	10,284	65,112
2. Consolidated net sales				172,113
3. Percentage of overseas sales to consolidated net sales (%)	20.7%	11.1%	6.0	37.8%

(2) Current period (From April 1, 2008 to March 31, 2009) (Millions of yen)

	America	Europe	Asia	Total
1. Overseas sales	33,291	19,990	10,666	63,948
2. Consolidated net sales				175,944
3. Percentage of overseas sales to consolidated net sales (%)	18.9%	11.4%	6.1%	36.4%

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

(Lease Transactions)

1) Finance lease transactions (borrower)

Lease Assets related to the finance lease transaction that does not transfer ownership

Contents of Lease Assets

Tangible Lease Assets

Mainly, host computer and server (Tools, materials and equipment) at the company

The method of depreciation of the assets under finance lease

Straight-line method its useful lives are equals to the lease term and the residual values are equal to zero

2) We still have 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 31 March 2008, as follows:

	Previous period	Current period
Acquisition cost equivalent	2,694 mil. yen	1,659 mil. yen
Accumulated depreciation equivalent	1,883	1,112
Book value equivalent	810	546
Lease commitments		
Due within one year	525 mil. yen	290 mil. yen
Due after over one year	656	439
Total	1,181	730
Lease payments	605 mil. yen	783 mil. yen
Depreciation equivalent	561 mil. yen	494 mil. yen
Interest expense equivalent	46 mil. yen	38 mil. yen

Method of calculation of depreciation equivalent

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

Method of calculation of interest equivalent

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

(Tax-effect accounting)

1. Major components of deferred tax assets and liabilities

	Previous period (as of March 31, 2008)		Current period (as of March 31, 2009)	
Deferred tax assets (current)				
Elimination of unrealized profits	986	mil. yen	690	mil. yen
Accrued enterprise tax	170		202	
Allowances for bonus payables	621		653	
Allowances for loss on clearance of business	791		791	
Accounts receivable	196		187	
Inventory assets	49		186	
Allowance for doubtful accounts	164		29	
Tax loss carryforwards	46		259	
Others	160		211	
Subtotal	3,187		3,211	
Allowance account	(273)		(353)	
Gross deferred tax assets (current)	2,914		2,857	
Offset with deferred tax liabilities (current)	(12)		(10)	
Net deferred tax assets (current)	2,902		2,846	
Deferred tax liabilities (current)				
Reserve for special depreciation	11	mil. yen	10	mil. yen
Others	0		-	
Gross deferred tax liabilities (current)	12		10	
Offset with deferred tax assets (current)	(12)		(10)	
Net deferred tax liabilities (current)	-		-	
Deferred tax assets (fixed)				
Impairment loss of fixed assets	846	mil. yen	882	mil. yen
Valuation difference of land	149		122	
Allowance for doubtful accounts	1,011		1,148	
Accrued pension and severance cost	837		743	
Accrued severance indemnity for directors and corporate auditors	284		255	
Disallowed loss from bad debt	117		117	
Tax loss carryforwards	3,133		3,215	
Others	168		178	
Subtotal	6,548		6,665	
Allowance account	(3,210)		(3,918)	
Gross deferred tax assets (fixed)	3,337		2,746	
Offset with deferred tax liabilities (fixed)	(3,178)		(2,605)	
Net deferred tax assets (fixed)	159		140	
Deferred tax liabilities (fixed)				
Valuation differences of other securities	12,941	mil. yen	3,422	mil. yen
Others	70		89	
Gross deferred tax liabilities (fixed)	13,011		3,512	
Offset with deferred tax assets (fixed)	(3,178)		(2,599)	
Net deferred tax liabilities (fixed)	9,833		913	

2. Reconciliation of the difference between statutory tax rate and effective tax rate after adoption of tax-effect accounting

	Previous period (as of March 31, 2008)		Current period (as of March 31, 2009)	
Statutory tax rate	40.5	%	40.5	%
(Adjustments)				
Permanently disallowed items such as entertainment expenses	2.9		1.8	
Permanently non-taxable items such as dividends received	(1.4)		(1.4)	
Unrecognized tax benefits of loss-making subsidiaries	10.9		13.9	
Per capita charges of inhabitants taxes	1.3		1.1	
Tax credits on research and development expenses, etc.	(5.1)		(5.0)	
Utilization of tax loss carryforwards	(2.0)		(0.3)	
Allowed loss on devaluation of consolidated subsidiaries' stock	-		(4.9)	
Allowance account	0.1		5.7	
Others	(1.3)		(1.6)	
Effective tax rate after adoption of tax-effect accounting	45.9		49.8	

(Securities)

1) Other securities with market quotations

(Unit: Millions of yen)

Classification	Previous period (as of March 31, 2008)			Current period (as of March 31, 2009)		
	Acquisition cost	Carrying value on consolidated B/S	Difference	Acquisition cost	Carrying value on consolidated B/S	Difference
Securities whose carrying value exceeds their acquisition cost						
Stock	22,937	54,240	31,302	6,944	18,223	11,278
Bonds	-	-	-	-	-	-
Others	-	-	-	-	-	-
Subtotal	22,937	54,240	31,302	6,944	18,223	11,278
Securities whose carrying value do not exceed their acquisition cost						
Stock	1,335	1,043	(291)	17,255	13,546	(3,709)
Bonds	-	-	-	-	-	-
Others	60	59	(1)	60	39	(21)
Subtotal	1,395	1,103	(292)	17,315	13,585	(3,730)
Total	24,333	55,343	31,010	24,260	31,808	7,548

(Note) "Acquisition cost" in the table is impaired book price.
We accounted for 75 million yen as impairment loss in Stock in other securities with market quotations for the current consolidated accounting period.
Impairment loss is recorded on the securities whose fair values at the end of the consolidated accounting period have declined by more than 50%, unless the values are reasonably considered to be recoverable.

2. Other securities sold during the previous and current periods

(Unit: Millions of yen)

Previous period (From April 1, 2007 To March 31, 2008)			Current period (From April 1, 2008 To March 31, 2009)		
Sales proceeds	Total gains	Total losses	Sales proceeds	Total gains	Total losses
-	-	-	-	-	-

3. Securities that do not have market quotations

(Unit: Millions of yen)

	Previous period (as of March 31, 2008) Carrying value on Consolidated Balance Sheet	Current period (as of March 31, 2009) Carrying value on Consolidated Balance Sheet
Other securities		
Unlisted stock	1,173	1,384
Bonds	10	10
Stocks of subsidiaries and affiliates		
Stocks of unconsolidated subsidiaries	192	213
Stocks of affiliated companies	3,205	3,453
Total	4,581	5,061

(Employees Pension and Severance Benefits)

1. Outline of the adopted pension and severance benefit plan

The Company and its domestic consolidated subsidiaries have defined benefit plans, such as tax-qualified pension plan and lump-sum severance benefit plan, and certain domestic consolidated subsidiaries have defined contribution plans.
Certain foreign subsidiaries also have defined benefit plans and defined contribution plans, etc.

2. Matters related to pension and severance liabilities

	Previous period (as of March 31, 2008)	Current period (as of March 31,2009)
(1) Pension and severance liabilities	(8,876) mil.yen	(9,194) mil.yen
(2) Pension plan assets	6,991	6,336
(3) Unfunded pension and severance liabilities (1)+(2)	(1,884)	(2,857)
(4) Unrecognized actuarial differences	(173)	1,030
(5) Unrecognized past-service liabilities	(20)	(17)
(6) Net amount on the consolidated balance sheet (3)+(4)+(5)	(2,078)	(1,845)
(7) Prepaid pension cost	50	43
(8) Accrued pension and severance cost(6)-(7)	(2,128)	(1,888)

(Note) Certain subsidiaries adopt a simplified method in calculation of their pension and severance liabilities.

3. Matters related to pension and severance benefit expenses

	Previous period (From April 1, 2007 To March 31, 2008)	Current period From April 1, 2008) To March 31, 2009)
(1) Service cost	586 mil. Yen	679mil. yen
(2) Interest cost	208	219
(3) Expected return on plan assets	(123)	(116)
(4) Amortization of actuarial differences	(262)	(229)
(5) Amortization of past-service liabilities	(3)	(3)
(6) Others (Contribution to defined contribution plan)	32	35
(7) Others (Retirement allowance)	36	-
(8) Others (Deferment pension and severance expense)	-	48
(9) Pension and severance benefit expenses (1)+(2)+(3)+(4)+(5)+(6)+(7)+(8)	474	634

(Note) Pension and severance benefit expenses of consolidated subsidiaries that adopt a simplified method are included in "(1) Service cost".

4. Matters related to the basis of calculations of pension and severance liabilities, etc.

	Previous period (as of March 31, 2008)	Current period (as of March 31, 2009)
(1)Method of allocating expected pension and severance benefits to reporting periods	Fixed base for period	Fixed base for period
(2) Discount rate	Mainly 2.5%	Mainly 2.5%
(3) Expected rate of return on plan assets	Mainly 1.5%	Mainly 1.5%
(4) Amortization period of past-service liabilities	Mainly 5 years by straight-line method	Mainly 5 years by straight-line method
(5) Amortization period of actuarial differences	Mainly 5 years by straight-line method from the following accounting period after the year of recognition of difference	Mainly 5 years by straight-line method from the following accounting period after the year of recognition of difference

(Per share information)

	Previous period (From April 1, 2007 To March 31, 2008)	Current period (From April 1, 2008 To March 31, 2009)
Net assets per share	1,861.79 yen	1,498.47 yen
Earnings per share	70.17 yen Diluted earning per share is not presented because there is no potential stock which could have a dilutive effect.	71.41yen Diluted earning per share is not presented because there is no potential stock which could have a dilutive effect.

(Notes) Basis of computation

1. Net assets per share

	Previous period As of March 31, 2008	Current period As of March 31, 2009
Total net assets in B/S (million yen)	119,544	96,560
Amount to be deducted from total net assets in B/S (Million yen) Minority interests	1,388	1,511
Net assets related to the common stocks(million yen)	118,155	95,049
Common stocks issued (Thousands shares)	63,878	63,878
Treasury stocks of common stock (Thousands shares)	415	447
Number of common stocks(thousand shares) utilized for computation of net assets per share	63,463	63,430

2. Earnings per share

	Previous period (From April 1, 2007 To March 31, 2008)	Previous period (From April 1, 2008 To March 31, 2009)
Net income (Million yen)	4,454	4,530
Amount not attributed to the common stock (Million yen)	-	-
Net income related to the common stock (Million yen)	4,454	4,530
Average shares of the common stock during the period (Thousands shares)	63,472	63,447
Overview of the potential shares not included in the computation of diluted earning share because of not having a dilutive effect	Sort of potential shares: Stock acquisition right Number of potential shares: 2,800 units	Sort of potential shares: Stock acquisition right Number of potential shares: 2,800 units

Balance Sheets

(Unit: Millions of yen)

	Previous Period (as of March 31, 2008)	Current Period (as of March 31, 2009)
(ASSETS)		
Current Assets	121,234	125,114
Cash on hand and in banks	35,857	35,584
Trade notes receivable	11,518	11,952
Accounts receivable	39,921	40,271
Merchandise and finished products	18,801	21,040
Work in process	2,108	3,537
Raw materials and supplies	3,487	3,185
Prepaid expenses	209	214
Deferred tax assets	1,477	1,510
Short-term loan receivables from subsidiaries	4,289	5,515
Other receivables	1,663	1,029
Other current assets	1,954	1,327
Allowance for doubtful accounts	(56)	(55)
Fixed Assets	188,629	157,293
Tangible fixed assets	44,176	41,807
Buildings	13,624	13,827
Structures	424	388
Machinery	13,866	12,879
Vehicles	11	10
Tools and equipments	2,063	1,782
Land	11,430	11,526
Lease Assets	-	72
Construction in progress	2,755	1,318
Intangible fixed assets	342	318
Software	274	248
Others	68	69
Investments and other assets	144,109	115,168
Investment securities	52,919	31,531
Stocks of related companies	57,046	55,936
Investments other than stock in related companies	11,485	11,515
Long-term loans receivable	222	-
Long-term loans receivable from subsidiaries	20,355	17,987
Long-term prepaid expenses	1,210	884
Deferred tax assets	-	1,629
Lease deposits	4,259	4,057
Other assets	732	1,088
Allowance for doubtful accounts	(2,569)	(2,925)
Allowance for investment loss	(1,553)	(6,538)
Total Assets	309,863	282,408

Balance Sheets

(Unit: Millions of yen)

	Previous Period (as of March 31, 2008)	Current Period (as of March 31, 2009)
(LIABILITIES)		
Current liabilities	83,580	79,083
Trade notes payable	15,893	14,452
Trade accounts payable	13,881	14,005
Short-term borrowings	18,400	21,000
Current portion of long-term borrowings	11,498	13,389
Current portion of bonds	15,000	6,000
Lease obligation	-	21
Other payables	2,551	2,248
Accrued expenses	766	587
Accrued income taxes	600	1,530
Amounts withheld for income taxes, etc.	70	51
Allowance for bonuses payables	776	835
Allowance for bonuses payables for directors and corporate auditors	70	-
Allowance for loss on clearance of business	1,954	1,954
Notes payable for plant and equipment	1,842	2,433
Other current liabilities	275	574
Fixed liabilities	102,109	94,118
Bonds	36,000	35,000
Convertible-bond-type bonds with stock acquisition rights	14,000	14,000
Long-term borrowings	41,576	42,184
Lease obligation	-	54
Deferred tax liabilities	7,529	-
Accrued pension and severance cost	1,095	883
Accrued severance indemnity for directors and corporate auditors	488	563
Allowance for loss on lawsuit	170	170
Lease deposits received	1,249	1,262
Total liabilities	185,690	173,201
(Net Assets)		
Shareholders' equity	107,608	105,458
Capital	28,663	28,663
Capital surplus	29,975	29,973
Capital reserve	29,972	29,972
Other capital surplus	3	1
Earned surplus	49,764	47,672
Revenue reserve	1,196	1,196
Other revenue reserve		
Reserve for dividends	16	16
Reserve for special depreciation	41	23
Reserve for advanced depreciation on fixed assets	-	90
General reserve	44,935	47,335
Retained earnings	3,576	(989)
Treasury stock	(794)	(849)
Valuation and translation difference	16,564	3,747
Valuation differences of other securities	16,564	3,747
Total Net Assets	124,172	109,206
Total liabilities and net assets	309,863	282,408

Statements of Income

(Unit: Millions of yen)

	Previous Period (From April 1, 2007 To March 31, 2008)	Current Period (From April 1, 2008 To March 31, 2009)
Net sales	135,035	135,256
Cost of goods sold	101,889	104,144
Gross profit	33,145	31,111
Selling, general and administrative expenses	20,872	20,949
Operating income	12,273	10,161
Non-operating income	1,576	1,633
Interest income	658	650
Dividend income	611	710
Others	306	271
Non-operating expenses	5,231	3,529
Interest expenses	836	978
Interest on bonds	612	675
Issuance expense for bonds	120	20
Exchange loss	3,527	1,819
Others	134	35
Recurring income	8,618	8,265
Extraordinary gains	954	1,443
Gains on sales of fixed assets	2	247
Governmental subsidies	859	-
Reversal of allowance for loss on investment in affiliated company	-	618
Settlement received	-	200
Gain on cancellation of shares for absorption of subsidiary	-	263
Adjustments to the prior year's results	41	-
Gain on compensation for loss	44	-
Others	6	114
Extraordinary losses	1,941	7,002
Loss on disposals of fixed assets	340	100
Impairment loss of fixed assets	-	13
Advanced depreciation on fixed assets	842	-
Loss on devaluation of investment in affiliated companies	-	1,142
Allowance for investment loss on affiliated companies	-	5,603
Allowance for accrued severance indemnity for directors and corporate auditors in prior years	471	51
Allowance for loss on lawsuit	170	-
Abnormal manufacturing cost	44	-
Others	72	90
Net income before income taxes	7,632	2,706
Corporate, inhabitants and enterprise taxes	2,474	2,633
Adjustment for deferred taxes	308	(467)
Net income	4,848	540

(3) Statement of Shareholders' Equity

(Unit: Millions of yen)

	Previous Period (From April 1, 2007 To March 31, 2008)	Current Period (From April 1, 2008 To March 31, 2009)
Shareholder's equity		
Capital		
Balance at beginning of year	28,663	28,663
Balance at end of year	28,663	28,663
Capital Surplus		
Capital reserve		
Balance at beginning of year	29,972	29,972
Balance at end of year	29,972	29,972
Other Capital Surplus		
Balance at beginning of year	1	3
Increase(decrease) during the period		
Disposal of treasury stock	2	(2)
Net increase(decrease) during the period	2	(2)
Balance at end of year	3	1
Total capital surplus		
Balance at beginning of year	29,973	29,975
Increase(decrease) during the period		
Disposal of treasury stock	2	(2)
Net increase(decrease) during the period	2	(2)
Balance at end of year	29,975	29,973
Earned surplus		
Earned reserve		
Balance at beginning of year	1,196	1,196
Balance at end of year	1,196	1,196
Other earned reserve		
Dividend reserve		
Balance at beginning of year	16	16
Balance at end of year	16	16
Special depreciation reserve		
Balance at beginning of year	66	41
Increase(decrease) during the period		
Reversal of Special depreciation reserve	(25)	(17)
Net increase(decrease) during the period	(25)	(17)
Balance at end of year	41	23
Reserve for reduction in fixed assets		
Balance at beginning of year	-	-
Increase(decrease) during the period		
Provision of reserve for advanced depreciation on fixed assets	-	90
Net increase(decrease) during the period	-	90
Balance at end of year	-	90
General reserve		
Balance at beginning of year	39,735	44,935
Increase(decrease) during the period		
Provision of general reserve	5,200	2,400
Net increase(decrease) during the period	5,200	2,400
Balance at beginning of year	44,935	47,335

(Unit: Millions of yen)

	Previous Period (From April 1, 2007 To March 31, 2008)	Current Period (From April 1, 2008 To March 31, 2009)
Earned surplus carried forward		
Balance at beginning of year	8,028	3,576
Increase(decrease) during the period		
Dividends of surplus	(4,126)	(2,633)
Net income	4,848	540
Reversal of Special depreciation reserve	25	17
Provision of reserve for advanced depreciation on fixed assets	-	(90)
Provision of general reserve	(5,200)	(2,400)
Net increase(decrease) during the period	(4,452)	(4,565)
Balance at end of year	3,576	(989)
Total earned surplus		
Balance at beginning of the period	49,042	49,764
Increase(decrease) during the period		
Dividends of surplus	(4,126)	(2,633)
Net income	4,848	540
Reversal of Special depreciation reserve	-	-
Provision of reserve for advanced depreciation on fixed assets	-	-
Provision of general reserve	-	-
Net increase(decrease) during the period	722	(2,092)
Balance at end of year	49,764	47,672
Treasury stock		
Balance at beginning of year	(741)	(794)
Increase(decrease) during the period		
Acquisition of treasury stock	(64)	(73)
Disposal of treasury stock	10	18
Net increase(decrease) during the period	(53)	(54)
Balance at end of year	(794)	(849)
Total Shareholders' equity		
Balance at beginning of year	106,937	107,608
Increase(decrease) during the period		
Dividends of surplus	(4,126)	(2,633)
Net income	4,848	540
Acquisition of treasury stock	(64)	(73)
Disposal of treasury stock	13	15
Net increase(decrease) during the period	670	(2,149)
Balance at end of year	107,608	105,458
Valuation and translation differences		
Valuation differences of other securities		
Balance at beginning of year	26,830	16,564
Increase(decrease) during the period		
Increase(decrease) of the items other than shareholders' equity during the period	(10,266)	(12,816)
Net increase(decrease) during the period	(10,266)	(12,816)
Balance at end of year	16,564	3,747
Total net assets		
Balance at beginning of year	133,768	124,172
Increase(decrease) during the period		
Dividends of surplus	(4,126)	(2,633)
Net income	4,848	540
Acquisition of treasury stock	(64)	(73)
Disposal of treasury stock	13	15
Increase(decrease) of the items other than shareholders' equity during the period	(10,266)	(12,816)
Net increase(decrease) during the period	(9,595)	(14,966)
Balance at end of year	124,172	109,206

(4) Notes related to going concern

N/A

(5) Significant Accounting Principles

1) Valuation standards and methods for securities

Stocks issued by subsidiaries and affiliated companies ············ Valued at cost by the weighted average method

Other securities

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

Securities without market quotations ······························ Valued at cost by the weighted average method

2) Valuation standards and methods for inventories

Merchandises, finished products and work in process — Valued at cost by the weighted average method (Writing down method below cost to the net selling value for decreased profitability)

Raw materials and supplies — Valued at cost by the first-in first-out method (Writing down method below cost to the net selling value for decreased profitability)

3) Method of depreciation and amortization for fixed assets

Tangible fixed assets: ················· Declining-balance method
(Excluding lease assets)

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

Intangible fixed assets ················ Straight-line method
(Excluding lease assets)

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

Long-term prepaid expenses ······ Straight-line method

Lease Assets

Lease assets under the finance lease transaction that does not transfer ownership

Recorded by straight-line method its useful lives are equals to the lease term and the residual values are equal to zero

We still have 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 31 March 2008.

4) Method of treating deferred asset

Bond issue cost: Record in full as expenses on expenditure

5) Standards for recognition of allowances

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

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

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

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

Accrued pension and severance cost ················· An allowance is provided for employee's pension and severance payments based on the estimated amounts of projected benefit obligation and plan assets at the end of the current accounting period.

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

Accrued severance indemnity for directors and corporate auditors ..... An allowance is provided for severance indemnity for directors and corporate auditors based on the amounts to be paid at the end of the current accounting period based on the internal regulation of the company.

Allowance for loss on lawsuit............................ In order to cover the probable losses on lawsuit, an allowance for loss is provided for the estimated amount acceptable as needed.

6) Other significant basis on preparation for financial statements

Consumption Taxes

Consumption taxes are excluded from revenues and expenses accounts.

(6) Significant change in accounting method

(Change in Accounting Method)

1) Standards for measurement of inventories

We have adopted the "Accounting standards for measurement of inventories" (ASBJ, Statement No.9, issued on July 5, 2006) from current accounting period 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, gross profit, operating income ordinary income and income before income taxes and minority interests respectively decreased 7 million yen, comparing with the computation by the previous method.

2) Standards for lease transaction

We have adopted 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 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 have 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 31 March 2008. No affection against profit and loss will be given by the change.

(Additional information)

Change in useful life of tangible fixed assets

We have changed the useful lives of machinery from the current 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 1,776 million yen, and operating income, ordinary income and income before income taxes and minority interests decreased 1,777 million yen respectively, comparing with the computation by the previous useful lives.

(7) Notes to the Financial Statements

(Balance Sheet)

	(Previous period)	(Current period)
1. Accumulated depreciation of tangible fixed assets	53,805 mil. yen	61,340 mil. yen
2. Balances with related companies		
Short-term receivables	24,022 mil. yen	27,340 mil. yen
Long-term receivables	20,355	17,987
Short-term payables	10,881	11,657
3. Pledged assets		
Buildings	3,805 mil. yen	193 mil. yen
Land	1,265	215
4. Obligations under guarantee contracts	7,495 mil. yen	11,761 mil. yen
5. Notes receivable discounted	18 mil. yen	18 mil. yen

(Statement of Income)

	(Previous Period)	(Current Period)
1. Amounts of transactions with related companies		
Sales	31,687 mil. yen	32,983 mil. yen
Purchases	37,685	39,513
Other operational transactions	217	248
Non-operational transactions	638	603
2. Research and development expenses included in Selling, general and administrative expenses and manufacturing cost	4,234 mil. yen	4,050 mil. yen

(Notes to the Statement of Shareholders' equity)

Previous period (From April 1, 2007 to March 31, 2008)

Sort and numbers of Treasury stock

Sort of shares	Number of shares As of March 31, 2007	Increased numbers	Decreased numbers	Number of shares As of March 31, 2008
Common stock	393,067	27,655	5,685	415,037

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

Current period (From April 1, 2008 to March 31, 2009)

Sort and numbers of Treasury stock

Sort of shares	Number of shares As of March 31, 2008	Increased numbers	Decreased numbers	Number of shares As of March 31, 2009
Common stock	415,037	42,395	9,588	447,874

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

(Lease Transactions)

1) Finance lease transactions (borrower)

Lease Assets related to the finance lease transaction that does not transfer ownership

Contents of Lease Assets

Tangible Lease Assets

Mainly, host computer and server (Tools, materials and equipment)

The method of depreciation of the assets under finance lease

Straight-line method its useful lives are equals to the lease term and the residual values are equal to zero

2) We still have 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 31st March 2008, as follows:

	(Previous period)	(Current period)
Acquisition cost equivalent	1,051 mil. yen	819 mil. yen
Accumulated depreciation equivalent	642	567
Book value equivalent	408	251
Lease commitments		
Due within one year	209 mil. yen	163 mil. yen
Due after over one year	351	233
Total	560	397
Lease payments	240 mil. yen	232 mil. yen
Depreciation equivalent	260	210
Interest expense equivalent	15	12

Method of calculation of depreciation equivalent

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

Method of calculation of interest equivalent

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

(Securities)

As of March 31, 2008 and 2009, there was no stock issued by subsidiaries or affiliated companies that have market quotations.

(Tax-effect accounting)
1. Major components of deferred tax assets and liabilities

	Previous period(as of March 31, 2008)		Current period(as of March 31, 2009)	
Deferred tax assets (current)				
Accrued enterprise tax	101	mil. yen	149	mil. yen
Allowances for bonus payables	314		338	
Allowances for loss on clearance of business	791		791	
Accounts receivable	196		187	
Others	85		54	
Gross deferred tax assets (current)	1,488		1,521	
Offset with deferred tax liabilities (current)	(11)		(10)	
Net deferred tax assets (current)	1,477		1,510	
Deferred tax liabilities (current)				
Reserve for special depreciation	11	mil. yen	10	mil. yen
Gross deferred tax liabilities (current)	11		10	
Offset with deferred tax assets (current)	(11)		(10)	
Net deferred tax liabilities (current)	-		-	
Deferred tax assets (fixed)				
Impairment loss of fixed assets	830	mil. yen	867	mil. yen
Valuation difference of land	149		149	
Devaluation of investment to affiliates	283		283	
Allowance for doubtful accounts	1,007		1,080	
Allowance for loss on investment	629		2,648	
Accrued pension and severance cost	443		357	
Accrued severance indemnity for directors and corporate auditors	197		228	
Loss from bad debt	117		117	
Others	102		125	
Minor total	3,761		5,865	
Allowance account	-		(1,609)	
Gross deferred tax assets (fixed)	3,761		4,247	
Offset with deferred tax liabilities (fixed)	(3,761)		(2,617)	
Net deferred tax assets (fixed)	-		1,629	
Deferred tax liabilities (fixed)				
Reserve for special depreciation	16	mil. yen	5	mil. yen
Reserve for advanced depreciation on fixed assets	-		61	
Valuation differences of other securities	11,274		2,550	
Gross deferred tax liabilities (fixed)	11,291		2,617	
Offset with deferred tax assets (fixed)	(3,761)		(2,617)	
Net deferred tax liabilities (fixed)	7,529		-	

2. Reconciliation of the difference between statutory tax rate and effective tax rate after adoption of tax-effect accounting

	Previous period(as of March 31, 2008)		Current period(as of March 31, 2009)	
Statutory tax rate	40.5	%	40.5	%
(Adjustments)				
Permanently disallowed items such as entertainment expenses	2.2		4.2	
Permanently non-taxable items such as dividends received	(1.3)		(4.5)	
Per capita charges of inhabitant taxes	0.9		2.7	
Tax credits on research and development expenses, etc.	(4.9)		(15.3)	
Gain on cancellation of shares for absorption of subsidiary	-		(3.9)	
Allowance account	-		59.5	
Others	(0.9)		(3.2)	
Effective tax rate after adoption of tax-effect accounting	36.5		80.0	

6. Changes in Directors and Corporate Auditors

We will disclose as soon as the decision is made.