

Summary Report of Consolidated Financial Results

For the Fiscal Year ended March 31, 2010



May 14, 2010
TSE/OSE-1st section

Company name: **NIPRO CORPORATION**

Code No.8086 URL: <http://www.nipro.co.jp/>

Representative: Minoru Sano, President and Representative Director

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Date of the ordinary general shareholders' meeting: June 25, 2010 Payment date of cash dividends: June 28, 2010

Filing date of quarterly reporting: June 25, 2010

(Note: Amounts are truncated to one million yen)

1. Consolidated Results for the Year ended March 31, 2010 (From April 1, 2009 to March 31, 2010)

(1) Consolidated Results of Operations

(Note: % of change from previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2010	177,829	1.1	18,094	22.5	14,908	50.7	7,252	60.1
Year ended March 31, 2009	175,944	2.2	14,775	8.0	9,890	2.3	4,530	1.7

	Earnings per Share	Diluted Earnings per share	Ratio of Net Income to Shareholders' Equity	Ratio of Ordinary income to Total Assets	Ratio of Operating Income to Net Sales
	Yen	Yen	%	%	%
Year ended March 31, 2010	114.35	114.14	6.9	4.2	10.2
Year ended March 31, 2009	71.41	-	4.2	2.9	8.4

Note: Equity in profit (loss) of affiliate Year ended March 31, 2010: (1,329) million yen Year ended March 31, 2009: 88 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, 2010	383,396	116,070	29.8	1,802.33
Year ended March 31, 2009	330,640	96,560	28.7	1,498.47

Note: Equity: Year ended March 31, 2010: 114,309 million yen Year ended March 31, 2009: 95,049 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, 2010	26,240	(44,994)	30,315	56,188
Year ended March 31, 2009	18,851	(21,186)	786	45,352

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, 2009	-	32.00	-	0.00	32.00	2,030	44.8	1.9
Year ended March 31, 2010	-	23.50	-	29.50	53.00	3,361	46.4	3.2
Year ending March 31, 2011 (Forecast)	-	23.50	-	30.50	54.00		43.4	

3. Forecast of Consolidated Financial Results for the Year ending March 31, 2011 (From April 1, 2010 to March 31, 2011)

	Net Sales		Operating Income		Ordinary Income		Net Income		Earnings per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending Sept. 30, 2010	98,000	12.1	7,800	(15.8)	6,600	(5.7)	3,300	(5.6)	52.03
Year ending March 31, 2011	206,000	15.8	17,200	(4.9)	15,300	2.6	7,900	8.9	124.56

Note: The % displays in the line of six months ending Sept. 30, 2010 show increase/decrease ratio against the six months ended Sept.30, 2009. The % displays in the line of Year ending March 31, 2011 show increase/decrease ratio against the year ended March 31, 2010

4. Others

(1) Change in significant subsidiaries during the current period

(Changes in specified subsidiaries that caused a change in the scope of consolidation): No

(2) Changes in accounting principles, procedures or presentation for consolidated financial statements
(to be stipulated in significant matters for preparation of consolidated financial statements)

[1] Changes by a newly issued accounting pronouncement: Yes

[2] Changes other than [1]: No

(Note) Please see page 21 "Change in significant matter of basis of preparation for consolidated financial statements" for further details.

(3) Issued shares (Common stock)

[1] Number of issued shares at end of the period (Including treasury stock):

Year ended March 31, 2010: 63,878,505 shares Year ended March 31, 2009: 63,878,505 shares

2) Number of treasury stock at end of the period:

Year ended March 31, 2010: 455,328 shares Year ended March 31, 2009: 447,874 shares

(Note) Please see page 31 "Per share information" to confirm the share numbers to be basis of calculation of Earning per share (Consolidated).

(Reference) Overview of the unconsolidated financial results

1. Unconsolidated Results for the year ended March 31, 2010 (From April 1, 2009 to March 31, 2010)

(1) Results of Operations

(Note: % of change from previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2010	137,844	1.9	12,935	27.3	11,481	38.9	6,930	-
Year ended March 31, 2009	135,256	0.2	10,161	(17.2)	8,265	(4.1)	540	(88.8)

	Earnings per Share	Diluted Earnings per share
	Yen	Yen
Year ended March 31, 2010	109.26	109.07
Year ended March 31, 2009	8.52	-

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2010	332,758	123,902	37.2	1,953.59
Year ended March 31, 2009	282,408	109,206	38.7	1,721.67

Note: Equity: Year ended March 31, 2010: 123,902million yen Year ended March 31, 2009: 109,206 million yen

2. Forecast of the Unconsolidated Results for the Year ending March 31, 2011 (From April 1, 2010 to March 31, 2011)

	Net Sales		Operating Income		Ordinary Income		Net Income		Earnings per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending Sept. 30, 2010	72,000	7.0	6,000	(7.3)	5,100	5.0	3,000	(3.3)	47.30
Year ending March 31, 2011	147,000	6.6	13,200	2.0	12,000	4.5	7,200	3.9	113.52

Note: The % displays in the line of six months ending Sept. 30, 2010 show increase/decrease ratio against the six months ended Sept.30, 2009. The % displays in the line of Year ending March 31, 2011 show increase/decrease ratio against the year ended March 31, 2010

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

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

1. Business Results

(1) Analysis concerning business results

[1] Overview of business results for the current period

In the period under review (the year ended March 31, 2010), the world economy partially or gradually recovers from recession brought by the financial crisis, pulled by economic measures in major countries and economic growth in Asian emerging market. In Japan's economy, however, the business environment still remains severe not being able to overcome the future uncertainty, while there was pickup in business investment and personal consumption, supported by expansion in exports to emerging countries and increase in business earnings brought by them.

Under such situation, we have promoted to develop advanced medical equipment, expand the pharmaceutical business, increase productive efficiency and step up the sales force, so as to improve business performance.

The overviews of the results by segment in the current year are as follows.

a. Medical equipment division

As for the domestic sales, the market and business conditions became more and more server because health industry including medical institutions are urged to improve business efficiency under the promotion of medical system reform aimed at controlling medical expenses. Under such circumstances, we showed consistent growth of sales and profit in each field of injection and infusion-related products such as product for safety-use product and enteral nutrition-related product, medical-equipment-related products like dialysis system, examine-related products like blood collection tube, blood collection needle and blood glucose meter, products related to ventricular assist device and products related to artificial heart-lungs, and vascular-related products like guiding catheters and blood-clot trapping catheters by means of more active sales promotion and improvement in sales efficiency.

In the international business, on the other hand, though we were affected by the appreciation of the yen against U.S. dollar and euro, we have strengthened on-site-based sales activities in China and performed selling elaborations and price increase as well as promoted actively inventory reduction, large cost saving, and re-examination of profitability by each product in each market. As a result, the profit largely increased in spite of decrease in sales amount, while sales quantity showed large increase in our main product dialyzer, dialysis machine, AVF, injection needle as well as diabetes-related products have grown steadily.

As a result, net sales of this division decreased 2.3% from the previous period to 110,393million yen.

b. Pharmaceutical division

We advanced the sales of characteristics drugs and medicines, supported by the policies for the popularization of generic products under the advancement of aging society and increase of the establishments introducing DPC(Diagnostic Procedure Combination system) which is a comprehensive reimbursement system of medical cost for acute stage inpatient. As a result, we showed steady growth in sales of liquid-and-powder double-bag kits, pre-mixed-bag kits, injectable drug such as plastic-ampoules, oral drug such as orally disintegrating tablets and extended-release tablets, as well as dialysis-related products such as kit product of substitution fluid for hemofiltration and hemodiafiltration. We also succeeded to build up the structure which enables us to stably supply the high-quality products as the largest contract manufacturer group of pharmaceutical products in Japan, as we have started the contract-manufacturing of steroid injectable drug and promoted to win business with major drug companies and new business in oral drug, while started building the new plant for infusion solution preparation.

As a result, net sales of this division increased 10.0% from the previous period to 57,978 million yen.

c. Glass & Materials division

In the field of glass for pharmaceutical purposes, the domestic sales of glass tubes for ampoules decreased due to the changes of forms of container and drop of production demand, on the other hand, the business of glass tubes and bottles have relatively done well succeeding overseas sales of glass tubes and conversion deal from automatic bottles to glass bottles.

In the field of other glass & materials products, the export of glass for thermos bottles mainly to Middle East Market decreased due to the worldwide economic stagnation. The sales of glass for lighting purposes to automobile-related industries showed a recovery in sales quantity by production increase in domestic automobile, however, the sales of products related to backlight for LCD decreased due to the production shift to overseas locations and the unexpected advance in market penetration of LED products.

As a result, net sales of this division decreased 9.3% from the previous period to 8,668 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, increased 13.6% from the previous period to 789 million yen.

As a result, total net sales increased 1.1% from the previous period to 177,829 million yen.

Operating income increased 22.5% from the previous period to 18,094 million yen due to saving of selling, general and administrative expenses, ordinary income increased 50.7% from the previous period to 14,908 million yen due to decrease of non-operating expenses such as foreign exchange losses, and net income increased 60.1% from the previous period to 7,252 million yen.

[2] Prospects of business results for the fiscal year ending March 31, 2011 including segment information

Although it might be assumed that the world economy in the future would be continuously pulled by the economic growth in emerging countries, we prospect that severe circumstance would continue not being able to find a road map to overcome deflation as the situation at which increase of over credit risk and growth of inflation fear are partially looked does not allow optimism as well as a fear of appreciation in yen against the dollar and oil price is still smoldering in Japan's economy.

Under such circumstances, we will aim to improve expansion and efficiency in production and sales continuously and aggressively develop new business field so as to improve business performance.

Under projection of the foreign exchange rate of 90 yen per U.S. dollar, we project the consolidated net sales of 206,000 million yen to increase 15.8% compared with the period under review, operating income of 17,200 million yen to decrease 4.9% compared with the period under review, ordinary income of 15,300 million yen to increase 2.6% compared with the period under review, and net income of 7,900 million yen to increase 8.9% compared with the period under review, for the year ending March 31, 2011.

Projections on net sales by segments based on new criteria are as follows:

Medical Equipment division:	140,000 million yen (to increase 17.0% compared with the previous period)
Pharmaceutical division:	40,000 million yen (to increase 16.9% compared with the previous period)
Glass & Materials division:	25,700 million yen (to increase 4.3% compared with the previous period)
Other division:	300 million yen (to decrease 23.2% 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 increased 52,756 million yen from the end of the previous period to 383,396 million yen. Current assets increased 19,063 million yen to 179,928 million yen, and Noncurrent assets increased 33,692 million yen to 203,468 million yen.

Main reason for the increase in current assets was that cash and deposits increased 10,066 million yen, Notes and accounts receivable-trade increased 5,356 million yen and merchandises and finished goods increased 2,744 million yen, and main reason for the increase in noncurrent assets was that investment securities increased 36,005 million yen.

Total liabilities increased 33,245 million yen to 267,325 million yen. Current liabilities increased 23,408 million yen to 138,204 million yen, and noncurrent liabilities increased 9,836 million yen to 129,121 million yen. Current liabilities increased mainly due to the increase of 16,263 million yen in short-term loans payable and the increase of 10,000 million yen in commercial papers and main reason for the increase in noncurrent liabilities was that deferred tax liabilities increased 6,857 million yen and long-term loans payable increased 7,827 million yen.

Net assets increased 19,510 million yen to 116,070 million yen. Shareholders' equity increased 5,749 million yen to 104,993 million yen, and valuation and translation adjustments increased 13,511 million yen to 9,316 million yen. Shareholders' equity increased mainly due to the increase of 5,761 million yen in retained earnings. The main reason for the increase in valuation and translation adjustments was that the valuation difference on available-for-sale securities increased 10,025 million yen and foreign currency translation adjustment increased 3,485 million yen.

The ending balance of cash and cash equivalents in the period under review increased 10,835 million yen to 56,188 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 26,240 million yen. The main accounts of cash inflow were net income before adjustment of taxes, 13,870 million yen, depreciation and amortization, 18,420 million yen. The main accounts of cash outflow were increase of trade notes and accounts receivable 7,035 million yen and payment of corporate income tax, 4,236 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 44,994 million yen. The main account of cash outflow was payments for investment securities 20,646 million yen and acquisition of fixed assets 26,071 million yen.

(Cash flows from financing activities)

Net cash provided by investing activities was 30,135 million yen. The main accounts of cash inflow were net increase in short-term loans payable, 13,712 million yen, increase in commercial paper, 10,000 million yen, proceeds from long-term loans payable, 29,111 million yen, and proceeds from issuance of bonds, 17,971 million yen. The main accounts of cash outflow were repayment of long-term loans payable, 18,757 million yen, and redemption of bonds, 20,140 million yen.

[2] Trend of the cash flow indicators

	The 54th period Year ended March 31, 2007	The 55th period Year ended March 31, 2008	The 56th period Year ended March 31, 2009	The 57th period Year ended March 31, 2010
Shareholders' equity ratio (%)	37.3	33.8	28.7	29.8
Ratio of market value of shareholders' equity (%)	43.4	31.6	29.4	29.9
Debt redemption (years)	8.3	15.6	8.2	7.1
Interest coverage ratio	8.5	5.1	6.8	11.4

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 statement 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 statement of cash flows.

(3) Basic Policies on Distribution of Profits and Dividends for years ended March 31, 2010 and ending March 31, 2011.

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. Orienting a rational system for distribution of profits linked to operation results, not only bonuses of directors and statutory auditors but also employees' bonuses are determined based on the business performance of the Company.

Retained earnings are to be invested in the sales and production facilities as well as in research and development, in view of enlarging the firm management basis and long-term business developments, so as to ensure stable profits and continuous growth.

Annual dividends are calculated to be 53.00 yen per share. As we already paid interim dividends of 23.50 yen per share, year-end dividends are to be 29.50 yen per share to be proposed to the Company's 57th ordinary general meeting of shareholders.

Dividends for year ending March 31, 2011 are expected to be made according to the above-mentioned policy.

2. Corporate Group

Our group consists of the Reporting Company (“the Company”), its 32 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.) and Home Diagnostics, Inc. (U.S.A) develop and sell diabetes-related products.

<Pharmaceutical Division>

The Company, Nipro Pharma Corporation and Nipro Genepha Corporation, Zensei Pharmaceutical Industries Co., Ltd and Nipro Patch Co., Ltd. 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.

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

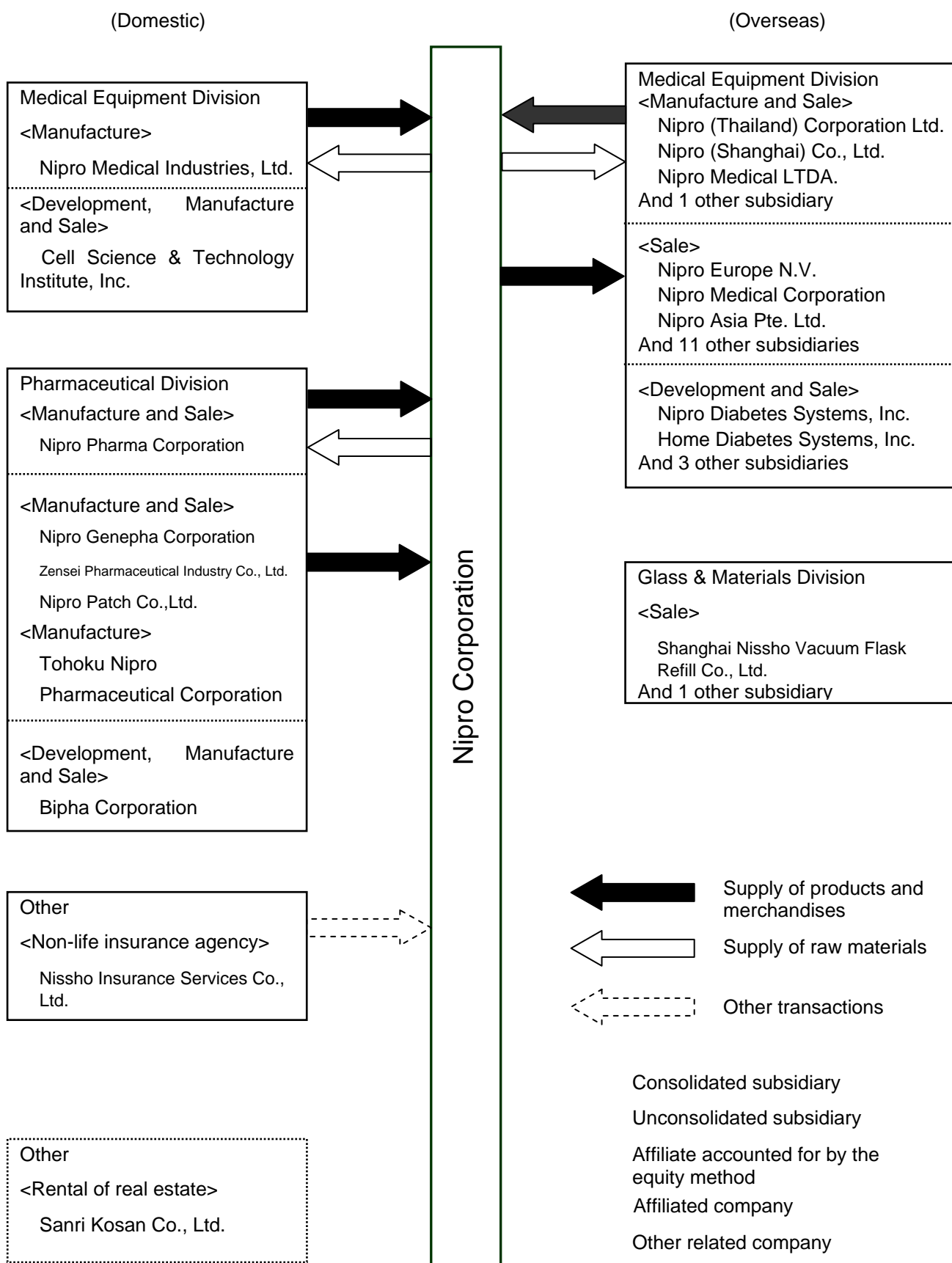
<Other>

The Company manufactures (purchases, in some cases) and sells machinery for manufacture of medical equipment and is engaged in leasing of 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:



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 200,000 million yen of consolidated net sales, 20,000 million yen of ordinary 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 500,000 million yen of consolidated net sales and 40,000 million yen of ordinary 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- to Long-term Management Strategies

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 Medical Equipment division, we will try to obtain market share by expanding the range of merchandise of dialysis-related products centered on our main product, dialyzer, diabetes related products and vascular-related product. In the international development we will promote both sales and manufacturing in each place, especially in the developing countries which expanded demand is expected in the future, including India and China, on the basis of local production for local consumption.

In the Pharmaceutical division, we enhance contract manufacturing business by dealing with various contract manufacturing needs, utilizing the Group's features of research and development and productions systems in all pharmaceutical fields. In the field of generic drug, we will put forward to develop various sales routes such as dispensing pharmacy group and DPC Hospitals which reputedly reduce medical costs under the Diagnosis Procedure Combination; In addition, we will cut off the cost completely and reinforce the responding capabilities to the price. Also, we will promote research and development including Biosimilars, artificial blood and DDS (Drug Delivery System) area, entering overseas 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 the other glass products. In addition, we will try overseas manufacturing and sales in pharmaceutical container such as ampule and glass bottle.

(4) Issues and Challenges that the Group Faces

In the domestic business of the Medical Equipment division, we will put effort into development of products with least adverse impact on environment and medical safety-conscious design (infection prevention), work on development of the products friendly to healthcare professionals, patients and global environment and positively continue research and development, market development and sales reinforces.

As we will start to sell diabetes-related-products manufactured by Home Diagnostics, Inc., which we acquired during the current fiscal year and which name is to be changed into Nipro Diagnostics Inc., in other oversea markets than United States by utilizing the Group's global sales network, we will promote the sales actively in diabetes field further to dialysis field to be a strong presence company.

Meanwhile, we effort to shore up market share of our main dialysis field by strengthening direct selling system in China, India, Middle East, Africa and South America where demand rapidly expanding as well as expand sales in European Market where we will release the new earth-friendly dialyzer in order to differentiate to ourselves and launch new type dialysis machine. Although we prospect that the negative impact brought by high-yen exchange rates would continue, we endeavor to increase sales and profit more based on our strong selling operation which have been reinforced by countermeasures for high-yen exchange rates.

In the Pharmaceutical division, we are challenging to build contract manufacturing facilities for oral drug of high biological activity, anticancer drug and biosimilar which are highly demanded in market.

In the Glass and Materials division, we will continue to drive particularly establishment and innovation in glass processing technologies and expand selling to not only domestic pharmaceutical companies but also oversea pharmaceutical companies. For oversea market development, we will promote joint venture business and so on. Also, in terms of the glass for lighting purposes, we will strive to increase profits, seeking sales outlet for foreign market newly.

4. Consolidated Financial Statements
(1) [Consolidated Balance Sheets]

(Amount: million yen)

	As of March 31, 2009	As of March 31, 2010
Assets		
Current assets		
Cash and deposits	49,200	59,266
Notes and accounts receivable-trade	50,947	56,303
Merchandise and finished goods	35,759	38,503
Work in process	6,410	6,192
Raw materials and supplies	8,944	10,008
Deferred tax assets	2,846	3,149
Other	7,167	6,937
Allowance for doubtful accounts	(410)	(432)
Total current assets	160,865	179,928
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	101,361	107,011
Accumulated depreciation and impairment loss	(52,229)	(56,495)
Buildings and structures, net	49,131	50,515
Machinery, equipment and vehicles	107,843	117,534
Accumulated depreciation and impairment loss	(71,319)	(81,395)
Machinery, equipment and vehicles, net	36,524	36,138
Land	19,459	19,766
Lease Assets	93	1,393
Accumulated depreciation	(11)	(173)
Lease Assets, net	81	1,220
Construction in progress	16,847	11,992
Other	23,394	25,032
Accumulated depreciation and impairment loss	(18,699)	(20,456)
Other, net	4,694	4,575
Total property, plant and equipment	126,739	124,208
Intangible assets		
Goodwill	851	561
Lease Assets	-	78
Other	1,597	1,736
Total intangible assets	2,448	2,376
Investments and other assets		
Investment securities	36,869	72,875
Deferred tax assets	140	334
Guarantee deposits	4,229	4,071
Other	2,561	2,788
Allowance for doubtful accounts	(3,214)	(3,186)
Total investments and other assets	40,587	76,883
Total noncurrent assets	169,775	203,468
Total assets	330,640	383,396

(Amount: million yen)

	As of March 31, 2009	As of March 31, 2010
Liabilities		
Current liabilities		
Notes and accounts payable-trade	28,332	29,203
Short-term loans payable	48,179	64,442
Commercial papers	-	10,000
Current portion of bonds	6,140	10,160
Lease obligations	72	318
Accounts payable-other	4,437	5,792
Accrued directors' bonuses	-	204
Income taxes payable	2,281	4,932
Provision for bonuses	1,615	1,758
Provision for directors' bonuses	3	23
Provision for loss on business liquidation	1,954	1,954
Notes payable-facilities	14,452	3,869
Other	7,336	5,543
Total current liabilities	114,795	138,204
Noncurrent liabilities		
Bonds payable	35,160	28,000
Convertible bond-type bonds with subscription rights to shares	14,000	15,000
Long-term loans payable	65,012	72,839
Lease obligations	92	1,098
Deferred tax liabilities	913	7,771
Provision for retirement benefits	1,888	1,972
Provision for directors' retirement benefits	631	614
Provision for loss on litigation	170	170
Other	1,416	1,655
Total noncurrent liabilities	119,284	129,121
Total liabilities	234,080	267,325
Net assets		
Shareholders' equity		
Capital stock	28,663	28,663
Capital surplus	29,973	29,972
Retained earnings	41,457	47,219
Treasury stock	(849)	(862)
Total shareholders' equity	99,244	104,993
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	4,998	15,024
Foreign currency translation adjustment	(9,193)	(5,708)
Total valuation and translation adjustments	(4,195)	9,316
Minority interests	1,511	1,761
Total net assets	96,560	116,070
Total liabilities and net assets	330,640	383,396

(2) [Consolidated Statements of Income]

(Amount: million yen)

	FY2008 (From April 1, 2008 to March 31, 2009)	FY2009 (From April 1, 2009 to March 31, 2010)
Net sales	175,944	177,829
Cost of sales	124,395	126,144
Gross profit	51,549	51,685
Selling, general and administrative expenses	36,774	33,591
Operating income	14,775	18,094
Non-operating income		
Interest income	438	236
Dividends income	740	619
Equity in earnings of affiliates	88	-
Other	554	457
Total non-operating income	1,820	1,314
Non-operating expenses		
Interest expenses	2,376	2,251
Stock issuance cost	-	21
Bond issuance cost	20	34
Depreciation	358	187
Foreign exchange losses	3,745	455
Equity in losses of affiliates	-	1,329
Other	203	219
Total non-operating expenses	6,705	4,499
Ordinary income	9,890	14,908
Extraordinary income		
Gain on sales of noncurrent assets	279	25
State subsidy	269	508
Gain on prior period adjustment	727	113
Settlement received	200	15
Compensation income	-	193
Surrender value of insurance	-	109
Other	187	21
Total extraordinary income	1,663	986

(Amount: million yen)

	FY2008 (From April 1, 2008 to March 31, 2009)	FY2009 (From April 1, 2009 to March 31, 2010)
Extraordinary loss		
Loss on sales of noncurrent assets	0	3
Loss on retirement of noncurrent assets	292	337
Impairment loss	163	23
Loss on abandonment of inventories	269	185
Abnormal manufacturing cost	538	541
Loss on valuation of inventories	253	-
Loss on reduction of noncurrent assets	269	508
Provision for directors' retirement benefits for prior periods	51	-
Corresponding loss to compensation income	-	190
Loss on voluntary product recall	-	120
Other	336	115
Total extraordinary losses	2,174	2,024
Income before income taxes and minority interests	9,379	13,870
Income taxes-current	4,037	6,842
Income taxes-deferred	629	(475)
Total income taxes	4,666	6,367
Minority interests in income	182	251
Net income	4,530	7,252

(3) [Consolidated Statements of Shareholders' Equity]

(Amount: million yen)

	FY2008 (From April 1, 2008 to March 31, 2009)	FY2009 (From April 1, 2009 to March 31, 2010)
Shareholder's equity		
Capital		
Balance at beginning of year	28,663	28,663
Increase(decrease) during the period		
Net increase(decrease) during the period	-	-
Balance at end of year	28,663	28,663
Capital Surplus		
Balance at beginning of year	29,975	29,973
Increase(decrease) during the period		
Disposal of treasury stock	(2)	(0)
Net increase(decrease) during the period	(2)	(0)
Balance at end of year	29,973	29,972
Earned surplus		
Balance at beginning of year	39,476	41,457
Increase(decrease) during the period		
Dividend of surplus	(2,633)	(1,490)
Net income	4,530	7,252
Change of scope of consolidation	83	-
Net increase(decrease) during the period	1,981	5,761
Balance at end of year	41,457	47,219
Treasury stock		
Balance at beginning of year	(794)	(849)
Increase(decrease) during the period		
Acquisition of treasury stock	(73)	(13)
Disposal of treasury stock	18	1
Net increase(decrease) during the period	(54)	(12)
Balance at end of year	(849)	(862)
Total Shareholders' equity		
Balance at beginning of year	97,320	99,244
Increase(decrease) during the period		
Dividend of surplus	(2,633)	(1,490)
Net income	4,530	7,252
Acquisition of treasury stock	(73)	(13)
Disposal of treasury stock	15	1
Change of scope of consolidation	83	-
Net increase(decrease) during the period	1,923	5,749
Balance at end of year	99,244	104,993

(Amount: million yen)

	FY2008 (From April 1, 2008 to March 31, 2009)	FY2009 (From April 1, 2009 to March 31, 2010)
Valuation and translation differences		
Valuation differences of available-for-sale securities		
Balance at beginning of year	18,947	4,998
Increase(decrease) during the period		
Net increase(decrease) of the items other than shareholders' equity during the period	(13,949)	10,025
Net increase(decrease) during the period	(13,949)	10,025
Balance at end of year	4,998	15,024
Foreign currency translation differences		
Balance at beginning of year	1,887	(9,193)
Increase(decrease) during the period		
Net increase(decrease) of the items other than shareholders' equity during the period	(11,080)	3,485
Net increase(decrease) during the period	(11,080)	3,485
Balance at end of year	(9,193)	(5,708)
Total valuation and translation differences		
Balance at beginning of year	20,835	(4,195)
Increase(decrease) during the period		
Net increase(decrease) of the items other than shareholders' equity during the period	(25,030)	13,511
Net increase(decrease) during the period	(25,030)	13,511
Balance at end of year	(4,195)	9,316
Minority interests		
Balance at beginning of year	1,388	1,511
Increase(decrease) during the period		
Net increase(decrease) of the items other than shareholders' equity during the period	122	250
Net increase(decrease) during the period	122	250
Balance at end of year	1,511	1,761
Total net assets		
Balance at beginning of year	119,544	96,560
Increase(decrease) during the period		
Dividend of surplus	(2,633)	(1,490)
Net income	4,530	7,252
Acquisition of treasury stock	(73)	(13)
Disposal of treasury stock	15	1
Change of scope of consolidation	83	-
Net increase(decrease) of the items other than shareholders' equity during the period	(24,907)	13,761
Net increase(decrease) during the period	(22,983)	19,510
Balance at end of year	96,560	116,070

(4) [Consolidated Statements of Cash Flows]

(Amount: million yen)

	FY2008 (From April 1, 2008 to March 31, 2009)	FY2009 (From April 1, 2009 to March 31, 2010)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	9,379	13,870
Depreciation and amortization	18,109	18,420
Impairment loss	163	23
Amortization of goodwill	374	294
Equity in (earnings) losses of affiliates	(88)	1,329
Increase (decrease) in allowance for doubtful accounts	351	(25)
Interest and dividends income	(1,178)	(856)
Interest expenses	2,376	2,251
Foreign exchange losses (gains)	2,037	38
Decrease (increase) in notes and accounts receivable-trade	(2,527)	(7,035)
Decrease (increase) in inventories	(6,539)	(2,856)
Increase (decrease) in notes and accounts payable-trade	1,556	4,987
Decrease (increase) in other assets	(528)	(676)
Increase (decrease) in other liabilities	525	1,447
Other loss (gain)	(405)	698
Subtotal	<u>23,606</u>	<u>31,913</u>
Interest and dividends income received	1,041	1,009
Interest expenses paid	(2,784)	(2,304)
Other proceeds	732	456
Other payments	(222)	(598)
Income taxes paid	(3,521)	(4,236)
Net cash provided by (used in) operating activities	<u>18,851</u>	<u>26,240</u>
Net cash provided by (used in) investing activities		
Payments into time deposits	(4,238)	(2,889)
Proceeds from withdrawal of time deposits	2,055	3,689
Purchase of investment securities	(374)	(20,646)
Purchase of noncurrent assets	(20,856)	(26,071)
Proceeds from sales of noncurrent assets	389	58
Proceeds from governmental subsidies for investment in property and equipment	1,838	710
Net Decrease (increase) in short-term loans receivable	(49)	196
Payments of loans receivable	-	(201)
Collection of loans receivable	48	0
Other payments	(0)	-
Other proceeds	1	159
Net cash provided by (used in) investment activities	<u>(21,186)</u>	<u>(44,994)</u>

(Amount: million yen)

	FY2008 (From April 1, 2008 to March 31, 2009)	FY2009 (From April 1, 2009 to March 31, 2010)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	2,266	13,712
Increase (decrease) in commercial paper	-	10,000
Proceeds from long-term loans payable	27,300	29,111
Repayment of long-term loans payable	(15,881)	(18,757)
Proceeds from issuance of bonds	4,979	17,971
Redemption of bonds	(15,150)	(20,140)
Proceeds from stock issuance to minority shareholders	9	-
Decrease (increase) in treasury stock	(59)	(15)
Repayments of finance lease obligations	(46)	(234)
Cash dividends paid	(2,631)	(1,489)
Cash dividends paid for minority shareholders	-	(2)
Other payments	(0)	(21)
Net cash provided by (used in) financing activities	786	30,135
Effect of exchange rate change on cash and cash equivalents	(1,566)	(545)
Net increase (decrease) in cash and cash equivalents	(3,114)	10,835
Cash and cash equivalents at beginning of period	47,656	45,352
Increase in cash and cash equivalents from newly consolidated subsidiary	809	-
Cash and cash equivalents at end of period	45,352	56,188

(5) Notes related to going concern

N/A

(6) Basis of Preparation for the Consolidated Financial Statements

1) Scope of Consolidation

[1] Consolidated subsidiaries: 24

Name of representative consolidated subsidiaries.

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

[2] Unconsolidated subsidiaries: 8

Name of representative unconsolidated subsidiary

- Home Diagnostics, Inc.

The unconsolidated subsidiaries 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 8 unconsolidated subsidiaries and 1 affiliate company, since they are not material to the consolidated net income (amounts worth to equity) and earned surplus(amounts worth to equity) 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

Available-for-sale 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.

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 March 31, 2008.

[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.

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

Provisions for directors'

bonuses 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.

Provisions for loss on

business liquidation 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.

Provision for retirement

benefits 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.

Provision for directors'

retirement benefits 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.

Provision for

loss on litigation 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)

The adoption of Partial Amendments to Accounting Standard for Retirement Benefits (Part3)

We have adopted the "Partial Amendments to Accounting Standard for Retirement Benefits (Part3)" (ASBJ Statement No. 19, issued on July 31, 2008) from this consolidated accounting year. No affection against profit and loss will be given by this adoption.

(8) Notes to the consolidated financial statements

(Notes to the Consolidated Balance Sheets)

	(Previous period)	(Current Period)
1) Pledged assets	15,317 mil.yen	9,195 mil.yen
2) Obligations under guarantee contracts	53	-
3) Discounted notes receivable	32	34
4) Accounts related to unconsolidated subsidiaries and affiliate companies		
Investment securities (stock)	3,666 mil.yen	22,786 mil.yen

(Notes to the Consolidated Statements of Income)

	(Previous period)	(Current period)
Research and development expenditure included in selling general and administrative expenses and manufacturing cost.	5,351 mil yen	4,846mil yen

(Notes to the Consolidated Statements of Shareholders' equity)

Previous 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 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 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 18, 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

Current period (From April 1, 2009 to March 31, 2010)

1. Sort and total numbers of Shared issues

Sort of shares	Number of shares As of March 31, 2009	Increased numbers	Decreased numbers	Number of shares As of March 31, 2010
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, 2009	Increased numbers	Decreased numbers	Number of shares As of March 31, 2010
Common stock	447,874	8,076	622	455,328

(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
November 11, 2009 at board of directors meeting	Common stock	Million of yen 1,490	Yen 23.50	September 30, 2009	December 9, 2009

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

Scheduled Decision	Sort of shares	Proceeds of dividends	Total amount of dividends paid	Dividends per shares	Basis date	Effective date
June 25, 2010 at ordinary general shareholders' meeting	Common stock	Earned surplus	Million of yen 1,870	Yen 29.50	March 31, 2010	June 28, 2010

(Segment information)

1. Segment information by business category

FY2008 (From April 1, 2008 to March 31, 2009)

(Millions of yen)

	Medical Equipment	Pharmaceutical	Glass & Materials	Other	Total	Eliminations /Corporate	Consolidated
1. 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 and capital expenditures							
Assets	120,447	111,202	10,800	6,106	248,556	82,084	330,640
Depreciation	9,719	6,963	455	88	17,217	891	18,109
Impairment loss of fixed assets	13	18	130	-	163	-	163
Capital expenditures	11,515	20,632	134	68	32,350	791	33,141

FY2009 (From April 1, 2009 to March 31, 2010)

(Millions of yen)

	Medical Equipment	Pharmaceutical	Glass & Materials	Other	Total	Eliminations /Corporate	Consolidated
1. Net sales							
(1)Sales to third parties	110,393	57,978	8,668	789	177,829	-	177,829
(2)Inter-segment sales and transfers	-	0	4,143	108	4,253	(4,253)	-
Total	110,393	57,978	12,811	898	182,083	(4,253)	177,829
Operating expenses	92,231	53,353	10,887	730	157,202	2,533	159,735
Operating income	18,162	4,625	1,924	167	24,880	(6,786)	18,094
2. Assets, depreciation and capital expenditures							
Assets	152,733	107,875	11,044	5,766	277,419	105,977	383,396
Depreciation	9,050	8,131	371	83	17,637	783	18,420
Impairment loss of fixed assets	23	-	-	-	23	-	23
Capital expenditures	9,438	4,674	243	130	14,486	722	15,208

- 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 7,292 million yen and 6,786 million yen, respectively. The unallocated corporate costs consisted primarily of the parent company's research and development costs and headquarters administration costs.
3. Assets of "Eliminations/Corporate" for the previous and current consolidated accounting periods included corporate assets of 82,340 million yen and 106,079 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.
4. Depreciation and capital expenditures included long-term prepaid expenses and its amortization.

2. Segment information by geographical area
FY2008 (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

FY2009 (From April 1, 2009 to March 31, 2010)

(Millions of yen)

	Japan	America	Europe	Asia	Total	Eliminations /Corporate	Consolidated
1. Net sales and operating income							
Net sales							
(1) Sales to third parties	139,378	17,833	12,900	7,717	177,829	-	177,829
(2) Inter-segment sales and transfers	29,444	591	3	15,327	45,368	(45,368)	-
Total	168,823	18,425	12,904	23,045	223,197	(45,368)	177,829
Operating expenses	145,799	18,509	12,857	20,856	198,021	(38,285)	159,735
Operating income (loss)	23,024	(84)	47	2,188	25,176	(7,082)	18,094
2. Assets	276,570	6,268	7,248	10,879	300,967	82,429	383,396

Notes:- 1. Operating expenses of "Eliminations and Corporate" for the previous and current consolidated accounting periods included unallocated corporate costs of 7,292 million yen and 6,786 million yen, respectively. The unallocated corporate costs consisted primarily of the parent company's research and development costs and the headquarters administration costs.

2. Assets of "Eliminations/Corporate" for the previous and current consolidated accounting periods included corporate assets of 82,340 million yen and 106,079 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.

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

4. 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

FY2008 (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%

FY2009 (From April 1, 2009 to March 31, 2010)

(Millions of yen)

	America	Europe	Asia	Total
1. Overseas sales	27,864	20,662	10,835	59,362
2. Consolidated net sales				177,829
3. Percentage of overseas sales to consolidated net sales (%)	15.7%	11.6%	6.1%	33.4%

- 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, furniture and fixture) 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	1,659 mil. yen	1,441 mil. yen
Accumulated depreciation equivalent	1,112	1,106
<u>Book value equivalent</u>	<u>546</u>	<u>334</u>
Lease commitments		
Due within one year	290 mil. yen	260 mil. yen
Due after over one year	439	239
<u>Total</u>	<u>730</u>	<u>499</u>
Lease payments	534 mil. yen	311 mil. yen
Depreciation equivalent	494 mil. yen	225 mil. yen
Interest expense equivalent	38 mil. yen	22 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, 2009)	Current period (as of March 31, 2010)
Deferred tax assets (current)		
Elimination of unrealized profits	690 mil. yen	821 mil. yen
Accrued enterprise tax	202	378
Provisions for bonuses	653	706
Provisions for loss on business liquidation	791	791
Accounts receivable	187	190
Inventory assets	186	164
Tax loss carry forwards	259	207
Others	240	225
Subtotal	3,211	3,485
Allowance account	(353)	(330)
Gross deferred tax assets (current)	2,857	3,154
Offset with deferred tax liabilities (current)	(10)	(5)
Net deferred tax assets (current)	2,846	3,149
Deferred tax liabilities (current)		
Reserve for special depreciation	10 mil. yen	5 mil. yen
Gross deferred tax liabilities (current)	10	5
Offset with deferred tax assets (current)	(10)	(5)
Net deferred tax liabilities (current)	-	-
Deferred tax assets (fixed)		
Impairment loss	882 mil. yen	807 mil. yen
Valuation difference of land	122	124
Allowance for doubtful accounts	1,141	1,158
Provision for retirement benefits	743	781
Provision for directors' retirement benefits	255	249
Bad debts written off	117	117
Tax loss carry forwards	3,215	4,121
Others	178	188
Subtotal	6,658	7,550
Allowance account	(3,918)	(4,609)
Gross deferred tax assets (fixed)	2,740	2,940
Offset with deferred tax liabilities (fixed)	(2,599)	(2,605)
Net deferred tax assets (fixed)	140	334
Deferred tax liabilities (fixed)		
Valuation differences on available-for-sale securities	3,422 mil. yen	10,266 mil. yen
Others	89	109
Gross deferred tax liabilities (fixed)	3,512	10,376
Offset with deferred tax assets (fixed)	(2,599)	(2,605)
Net deferred tax liabilities (fixed)	913	7,771

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, 2009)	Current period (as of March 31, 2010)
Statutory tax rate	40.5 %	40.5 %
(Adjustments)		
Permanently disallowed items such as entertainment expenses	1.8	2.5
Permanently non-taxable items such as dividends received	(1.4)	(1.3)
Per capita charges of inhabitants taxes	1.1	0.7
Difference from applicable tax rate	(1.8)	(2.2)
Unrecognized tax benefits of loss-making subsidiaries	13.7	7.4
Unrecognized tax benefits of equity loss(Gain)	(0.4)	3.9
Tax credits on research and development expenses, etc.	(5.0)	(2.4)
Allowance account	5.7	(0.7)
Allowed loss on devaluation of consolidated subsidiaries' stock	(4.9)	-
Utilization of tax loss carry forwards	(0.3)	(2.0)
Others	0.8	(0.5)
Effective tax rate after adoption of tax-effect accounting	49.8	45.9

(Securities)

1) Available-for-sale securities with market quotations

(Unit: Millions of yen)

Classification	Previous period (as of March 31, 2009)			Current period (as of March 31, 2010)		
	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	6,944	18,223	11,278	16,195	41,390	25,195
Bonds	-	-	-	-	-	-
Others	-	-	-	-	-	-
Subtotal	6,944	18,223	11,278	16,195	41,390	25,195
Securities whose carrying value do not exceed their acquisition cost						
Stock	17,255	13,546	(3,709)	8,095	7,323	(771)
Bonds	-	-	-	-	-	-
Others	60	39	(21)	47	42	(4)
Subtotal	17,315	13,585	(3,730)	8,142	7,365	(776)
Total	24,260	31,808	7,548	24,337	48,755	24,418

(Note) "Acquisition cost" in the table is impaired book price.

We accounted for 75 million yen as impairment loss in Stock in Available-for-sale 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 there is a reasonable contrary evidence, or declined from 30% to 50% unless the values are recognized to be possibly recoverable.

2. Available-for-sale securities sold during the previous and current periods

(Unit: Millions of yen)

Previous period (From April 1, 2008 to March 31, 2009)			Current period (From April 1, 2009 to March 31, 2010)		
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, 2009) Carrying value on Consolidated Balance Sheet	Current period (as of March 31, 2010) Carrying value on Consolidated Balance Sheet
Available-for-sale securities		
Unlisted stock	1,384	1,302
Bonds	10	10
Other	-	20
Stocks of subsidiaries and affiliates		
Stocks of unconsolidated subsidiaries	213	20,662
Stocks of affiliated companies	3,453	2,124
Total	5,061	24,119

(Per share information)

	Previous period (From April 1, 2008 To March 31, 2009)	Current period (From April 1, 2009 to March 31, 2010)
Net assets per share	1,498.47 yen	1,802.33 yen
Earnings per share	71.41 yen	114.35 yen
Diluted Earnings per share	Diluted earning per share is not presented because there is no potential stock which could have a dilutive effect.	114.14 yen

(Note) Base of the calculation

1. Net assets per share

	Previous period As of March 31, 2009	Current period As of March 31, 2010
Total net assets in B/S (million yen)	96,560	116,070
Amount to be deducted from total net assets in B/S (Million yen) Minority interests	1,511	1,761
Net assets related to the common stocks(million yen)	95,049	114,309
Common stocks issued (Thousands shares)	63,878	63,878
Treasury stocks of common stock (Thousands shares)	447	455
Number of common stocks(thousand shares) utilized for computation of net assets per share	63,430	63,423

2. Earnings per share and diluted earnings per share

	Previous period (From April 1, 2008 To March 31, 2009)	Current period (From April 1, 2009 To March 31, 2010)
Earnings pershare		
Net income (Million yen)	4,530	7,252
Amount not attributed to the comon stock (Million yen)	-	-
Net income related to the common stock (Million yen)	4,530	7,252
Average shares of the common stock during the period (Thousands shares)	63,447	63,425
Diluted earnings per share		
Net income adjustment (Million yen)	-	-
Number of common stock(thousand shares) increased Stock acquisiton right	-	113
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	

(Omission of Disclosures)

We have omitted disclosures concerning, Related party transactions, Financial instruments, Derivative transactions Retirement Benefit Plan. Stock options, Business combination, and investment and rental property, considered materiality in necessity of disclosure in this summary report.

5. Unconsolidated Financial Statements

(1) [Unconsolidated Balance Sheets]

(Amount: million yen)

	As of March 31, 2009	As of March 31, 2010
Assets		
Current assets		
Cash and deposits	35,584	44,095
Notes receivable-trade	11,952	12,983
Accounts receivable-trade	40,271	43,434
Merchandise and finished goods	21,040	20,226
Work in process	3,537	2,320
Raw materials and supplies	3,185	3,194
Advance payments-trade	274	369
Prepaid expenses	214	369
Deferred tax assets	1,510	1,679
Short-term loans receivable from subsidiaries and affiliates	5,515	4,495
Accounts receivable-other	1,029	852
Consumption taxes receivable	802	351
Other	251	256
Allowance for doubtful accounts	(55)	(75)
Total current assets	125,114	134,554
Noncurrent assets		
Property, plant and equipment		
Buildings	37,359	37,278
Accumulated depreciation and impairment loss	(23,532)	(24,384)
Buildings, net	13,827	12,893
Structures	1,751	1,753
Accumulated depreciation and impairment loss	(1,363)	(1,417)
Structures, net	388	335
Machinery, equipment	39,198	40,243
Accumulated depreciation and impairment loss	(26,318)	(30,497)
Machinery and equipment, net	12,879	9,745
Vehicles	112	109
Accumulated depreciation and impairment loss	(101)	(103)
Vehicles, net	10	6
Tools, furniture and fixtures	12,514	13,023
Accumulated depreciation and impairment loss	(10,732)	(11,418)
Tools, furniture and fixtures, net	1,782	1,604
Land	11,526	11,527
Lease Assets	82	311
Accumulated depreciation	(10)	(66)
Lease Assets, net	72	244
Construction in progress	1,318	3,893
Total property, plant and equipment	41,807	40,250

(Amount: million yen)

	As of March 31, 2009	As of March 31, 2010
Intangible assets		
Goodwill	43	49
Right of trademark	2	1
Software	248	223
Lease Assets	-	62
Telephone subscription right	23	23
Other	1	187
Total intangible assets	318	547
Investments and other assets		
Investment securities	31,531	47,125
Stocks of subsidiaries and affiliates	55,936	85,820
Investments in capital of subsidiaries and affiliates	11,515	12,647
Long-term loans receivable from subsidiaries and affiliates	17,987	15,508
Long-term prepaid expenses	884	701
Deferred tax assets	1,629	-
Guarantee deposits	4,057	3,909
Other	1,088	1,057
Allowance for doubtful accounts	(2,925)	(2,826)
Allowance for investment loss	(6,538)	(6,538)
Total investments and other assets	115,168	157,405
Total noncurrent assets	157,293	198,203
Total assets	282,408	332,758
Liabilities		
Current liabilities		
Notes payable	14,452	9,335
Accounts payable	14,005	20,830
Short-term loans payable	21,000	28,500
Current portion of long-term loans payable	13,389	15,441
Commercial papers	-	10,000
Current portion of bonds	6,000	10,000
Lease obligations	21	85
Accounts payable-other	2,248	3,207
Provision for directors' bonuses	-	204
Accrued expenses	587	640
Income taxes payable	1,530	3,320
Deposits received	51	47
Provision for bonuses	835	885
Provision for loss on business liquidation	1,954	1,954
Notes payable-facilities	2,433	2,152
Other	574	602
Total current liabilities	79,083	107,207

(Amount: million yen)

	As of March 31, 2009	As of March 31, 2010
Noncurrent liabilities		
Bonds payable	35,000	28,000
Convertible bond-type bonds with subscription rights to shares	14,000	15,000
Long-term loans payable	42,184	50,791
Lease obligations	54	237
Deferred tax liabilities	-	4,763
Provision for retirement benefits	883	920
Provision for directors' retirement benefits	563	524
Provision for loss on litigation	170	170
Other	1,262	1,241
Total noncurrent liabilities	94,118	101,648
Total liabilities	173,201	208,855
Net assets		
Shareholders' equity		
Capital stock	28,663	28,663
Capital surplus		
Legal capital surplus	29,972	29,972
Other capital surplus	1	0
Total capital surplus	29,973	29,972
Retained earnings		
Legal retained earnings	1,196	1,196
Other retained earnings		
Reserve for dividends	16	16
Reserve for special depreciation	23	7
Reserve for advanced depreciation of noncurrent assets	90	90
General reserve	47,335	47,335
Retained earnings brought forward	(989)	4,466
Total retained earnings	47,672	53,111
Treasury stock	(849)	(862)
Total shareholders' equity	105,458	110,885
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	3,747	13,017
Total valuation and translation adjustments	3,747	13,017
Total net assets	109,206	123,902
Total liabilities and net assets	282,408	332,758

(2) [Unconsolidated Statements of Income]

(Amount: million yen)

	FY2008 (From April 1, 2008 to March 31, 2009)	FY2009 (From April 1, 2009 to March 31, 2010)
Net sales		
Net sales of finished goods	110,856	112,355
Net sales of goods	23,906	25,005
Rent income of real estate	493	484
Total net sales	135,256	137,844
Cost of sales		
Beginning finished goods	13,996	15,119
Transfer of finished goods by merger	36	-
Beginning goods	4,805	5,921
Transfer of goods by merger	42	-
Cost of products manufactured	40,788	41,488
Purchase of finished goods	45,321	43,442
Cost of purchased goods	19,766	18,538
Cost of real estate rent	427	420
Total	125,185	124,930
Ending finished goods	15,119	14,695
Ending goods	5,921	5,531
Total cost of sales	104,144	104,703
Gross profit	31,111	33,140
Selling, general and administrative expenses	20,949	20,205
Operating income	10,161	12,935
Non-operating income		
Interest income	650	474
Dividends income	710	595
Other	271	401
Total non-operating income	1,633	1,471
Non-operating expenses		
Interest expenses	978	981
Interest on bonds	675	622
Bond issuance cost	20	34
Sales discounts	7	5
Foreign exchange losses	1,819	1,245
Other	27	35
Total non-operating expenses	3,529	2,925
Ordinary income	8,265	11,481

(Amount: million yen)

	FY2008 (From April 1, 2008 to March 31, 2009)	FY2009 (From April 1, 2009 to March 31, 2010)
Extraordinary income		
Gain on sales of noncurrent assets	247	7
Reversal of allowance for investment loss	618	-
Settlement received	200	15
Gain on extinguishment of tie-in shares	263	-
Gain from the prior-term adjustment	-	6
Compensation income	-	193
Surrender value of insurance	-	109
Other	114	16
Total extraordinary income	1,443	347
Extraordinary loss		
Loss on sales of noncurrent assets	0	-
Loss on retirement of noncurrent assets	100	49
Impairment loss	13	-
Loss on valuation of stocks of subsidiaries and affiliates	1,142	-
Provision of allowance for investment loss	5,603	-
Provision for directors' retirement benefits for prior periods	51	-
Corresponding loss to compensation income	-	190
Loss on voluntary product recall	-	120
Compensation for damage	-	89
Other	90	75
Total extraordinary losses	7,002	523
Income before income taxes and minority interests	2,706	11,305
Income taxes-current	2,633	4,460
Income taxes-deferred	(467)	(85)
Total income taxes	2,165	4,375
Net income	540	6,930

(3) [Unconsolidated Statements of Shareholders' Equity]

(Amount: million yen)

	FY2008 (From April 1, 2008 to March 31, 2009)	FY2009 (From April 1, 2009 to March 31, 2010)
Shareholder's equity		
Capital		
Balance at beginning of year	28,663	28,663
Increase(decrease) during the period		
Net increase(decrease) during the period	-	-
Balance at end of year	28,663	28,663
Capital Surplus		
Capital reserve		
Balance at beginning of year	29,972	29,972
Increase(decrease) during the period		
Net increase(decrease) during the period	-	-
Balance at end of year	29,972	29,972
Other Capital Surplus		
Balance at beginning of year	3	1
Increase(decrease) during the period		
Disposal of treasury stock	(2)	(0)
Net increase(decrease) during the period	(2)	(0)
Balance at end of year	1	0
Total capital surplus		
Balance at beginning of year	29,975	29,973
Increase(decrease) during the period		
Disposal of treasury stock	(2)	(0)
Net increase(decrease) during the period	(2)	(0)
Balance at end of year	29,973	29,972
Earned surplus		
Earned reserve		
Balance at beginning of year	1,196	1,196
Increase(decrease) during the period		
Net increase(decrease) during the period	-	-
Balance at end of year	1,196	1,196
Other earned surplus		
Dividend reserve		
Balance at beginning of year	16	16
Increase(decrease) during the period		
Net increase(decrease) during the period	-	-
Balance at end of year	16	16
Special depreciation reserve		
Balance at beginning of year	41	23
Increase(decrease) during the period		
Reversal of Special depreciation reserve	(17)	(16)
Net increase(decrease) during the period	(17)	(16)
Balance at end of year	23	7

(Amount: million yen)

	FY2008 (From April 1, 2008 to March 31, 2009)	FY2009 (From April 1, 2009 to March 31, 2010)
Reserve for reduction in fixed assets		
Balance at beginning of year	-	90
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	90
General reserve		
Balance at beginning of year	44,935	47,335
Increase(decrease) during the period		
Provision of general reserve	2,400	-
Net increase(decrease) during the period	2,400	-
Balance at end of year	47,335	47,335
Earned surplus carried forward		
Balance at beginning of year	3,576	(989)
Increase(decrease) during the period		
Dividends of surplus	(2,633)	(1,490)
Net income	540	6,930
Reversal of Special depreciation reserve	17	16
Provision of reserve for advanced depreciation on fixed assets	(90)	-
Provision of general reserve	(2,400)	-
Net increase(decrease) during the period	(4,565)	5,455
Balance at end of year	(989)	4,466
Total earned surplus		
Balance at beginning of the period	49,764	47,672
Increase(decrease) during the period		
Dividends of surplus	(2,633)	(1,490)
Net income	540	6,930
Reversal of Special depreciation reserve	-	-
Provision of reserve for advanced depreciation on fixed assets	-	-
Provision of general reserve	-	-
Net increase(decrease) during the period	(2,092)	5,439
Balance at end of year	47,672	53,111
Treasury stock		
Balance at beginning of the period	(794)	(849)
Increase(decrease) during the period		
Acquisition of treasury stock	(73)	(13)
Disposal of treasury stock	18	1
Net increase(decrease) during the period	(54)	(12)
Balance at end of year	(849)	(862)

(Amount: million yen)

	FY2008 (From April 1, 2008 to March 31, 2009)	FY2009 (From April 1, 2009 to March 31, 2010)
Total Shareholders' equity		
Balance at beginning of year	107,608	105,458
Increase(decrease) during the period		
Dividend of surplus	(2,633)	(1,490)
Net income	540	6,930
Acquisition of treasury stock	(73)	(13)
Disposal of treasury stock	15	1
Net increase(decrease) during the period	(2,149)	5,426
Balance at end of year	105,458	110,885
Valuation and translation differences		
Valuation differences of available-for-sale securities		
Balance at beginning of year	16,564	3,747
Increase(decrease) during the period		
Net increase(decrease) of the items other than shareholders' equity during the period	(12,816)	9,269
Net increase(decrease) during the period	(12,816)	9,269
Balance at end of year	3,747	13,017
Total valuation and translation differences		
Balance at beginning of year	16,564	3,747
Increase(decrease) during the period		
Net increase(decrease) of the items other than shareholders' equity during the period	(12,816)	9,269
Net increase(decrease) during the period	(12,816)	9,269
Balance at end of year	3,747	13,017
Total net assets		
Balance at beginning of year	124,172	109,206
Increase(decrease) during the period		
Dividend of surplus	(2,633)	(1,490)
Net income	540	6,930
Acquisition of treasury stock	(73)	(13)
Disposal of treasury stock	15	1
Net increase(decrease) of the items other than shareholders' equity during the period	(12,816)	9,269
Net increase(decrease) during the period	(14,966)	14,696
Balance at end of year	109,206	123,902

(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

Available-for-sale 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.

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

Provisions for loss on business liquidation 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.

Provision for retirement benefits 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.

Provision for directors' retirement benefits 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.

Provision for loss on litigation 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)

The adoption of Partial Amendments to Accounting Standard for Retirement Benefits (Part3)

We have adopted the "Partial Amendments to Accounting Standard for Retirement Benefits (Part3)" (ASBJ Statement No. 19, issued on July 31, 2008) from this consolidated accounting year. No affection against profit and loss will be given by this adoption.

(7) Notes to the Unconsolidated Financial Statements

(Notes to the Unconsolidated Balance Sheets)

	(Previous period)	(Current period)
1. Balances with related companies		
Short-term receivables	27,340 mil. yen	29,073 mil. yen
Long-term receivables	17,987	15,508
Short-term payables	11,657	13,599
2. Pledged assets		
Buildings	193 mil. yen	182 mil. yen
Land	215	215
3. Obligations under guarantee contracts	11,761 mil. yen	12,055 mil. yen
4. Notes receivable discounted	18 mil. yen	2 mil. yen

(Notes to the Unconsolidated Statements of Income)

	(Previous period)	(Current period)
1. Amounts of transactions with related companies		
Sales	32,983 mil. yen	33,185 mil. yen
Purchases	39,513	41,865
Other operational transactions	248	268
Non-operational transactions	603	672
2. Research and development expenses included in Selling, general and administrative expenses and manufacturing cost	4,050 mil. yen	3,589 mil. yen

(Notes to the Unconsolidated Statements of Shareholders' equity)

Previous 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	9,558	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.

Current period (From April 1, 2009 to March 31, 2010)

Sort and numbers of Treasury stock

Sort of shares	Number of shares As of March 31, 2009	Increased numbers	Decreased numbers	Number of shares As of March 31, 2010
Common stock	447,874	8,076	622	455,328

(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, furniture and fixture)

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	819 mil. yen	656 mil. yen
Accumulated depreciation equivalent	567	518
<u>Book value equivalent</u>	<u>251</u>	<u>137</u>
Lease commitments		
Due within one year	163 mil. yen	121 mil. yen
Due after over one year	233	111
<u>Total</u>	<u>397</u>	<u>233</u>
Lease payments	232 mil. yen	171 mil. yen
Depreciation equivalent	210 mil. yen	114 mil. yen
Interest expense equivalent	12 mil. yen	8 mil. yen

Method of calculation of depreciation equivalent

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

Method of calculation of interest equivalent

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

(Securities)

As of March 31, 2009 and 2010, 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, 2009)		Current period (as of March 31, 2010)	
Deferred tax assets (current)				
Accrued enterprise tax	149	mil. yen	271	mil. yen
Provision for bonuses	338		358	
Provision for loss on business liquidation	791		791	
Accounts receivable	187		190	
Others	54		72	
Gross deferred tax assets (current)	1,521		1,684	
Offset with deferred tax liabilities (current)	(10)		(5)	
Net deferred tax assets (current)	1,510		1,679	
Deferred tax liabilities (current)				
Reserve for special depreciation	10	mil. yen	5	mil. yen
Gross deferred tax liabilities (current)	10		5	
Offset with deferred tax assets (current)	(10)		(5)	
Net deferred tax liabilities (current)	-		-	
Deferred tax assets (fixed)				
Impairment loss	867	mil. yen	806	mil. yen
Valuation difference of land	149		149	
Devaluation of investment to affiliates	283		283	
Allowance for doubtful accounts	1,080		1,061	
Allowance for investment loss	2,648		2,648	
Provision for retirement benefits	357		372	
Provision for directors' retirement benefits	228		212	
Bad debts written off	117		117	
Others	125		101	
Minor total	5,865		5,752	
Allowance account	(1,609)		(1,594)	
Gross deferred tax assets (fixed)	4,247		4,158	
Offset with deferred tax liabilities (fixed)	(2,617)		(4,158)	
Net deferred tax assets (fixed)	1,629		-	
Deferred tax liabilities (fixed)				
Reserve for special depreciation	5	mil. yen	-	mil. yen
Reserve for advanced depreciation of noncurrent assets	61		61	
Valuation differences on available-for-sale securities	2,550		8,860	
Gross deferred tax liabilities (fixed)	2,617		8,922	
Offset with deferred tax assets (fixed)	(2,617)		(4,158)	
Net deferred tax liabilities (fixed)	-		4,763	

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, 2009)		Current period (as of March 31, 2010)	
Statutory tax rate	40.5	%	40.5	%
(Adjustments)				
Permanently disallowed items such as entertainment expenses	4.2		0.9	
Permanently non-taxable items such as dividends received	(4.5)		(0.9)	
Per capita charges of inhabitant taxes	2.7		0.6	
Tax credits on research and development expenses, etc.	(15.3)		(2.8)	
Gain on cancellation of shares for absorption of subsidiary	(3.9)		-	
Allowance account	59.5		(0.1)	
Others	(3.2)		0.5	
Effective tax rate after adoption of tax-effect accounting	80.0		38.7	

6. Changes in Directors

(1) Change in representative of the company

N/A

(2) Change in other directors or statutory auditors

1) Candidates for director to be newly assigned (Scheduled assignment date: June 25, 2010)

Candidate for Director	Yasushi Kutsukawa	Domestic Division
Candidate for Director	Masayuki Itou	Domestic Division
Candidate for Director	Itsuo Akasaki	Glass & Material Development Division
Candidate for Director	Kazuhiko Sano	Research & Development Laboratory
Candidate for Director	Akio Shirasu	Research & Development Laboratory
Candidate for Director	Hiroshi Yoshida	Research & Development Laboratory
Candidate for Director	Hiroshi Sudou	Research & Development Laboratory
Candidate for Director	Takeo Kikuchi	Pharmaceutical Research Center
Candidate for Director	Kenichi Nishida	Pharmaceutical Research Center
Candidate for Director	Toyoshi Yoshida	Regulatory Affairs Division

2) Director to resign (Scheduled resigning date: June 25, 2010)

Director to resign	Toshiya Kai	Pharmaceutical Research Center President and Representative director of Tohoku Nipro Pharmaceutical Corporation
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Note) Mr. Toshiya Kai is to be the President and Representative Director of Tohoku Nipro Pharmaceutical Corporation, exclusively, after the resignation of the Company's director.