

Summary Report of Consolidated Financial Results

For the Six Months Period ended September 30, 2013



November 12, 2013

TSE-1st section

Company name: NIPRO CORPORATION

Code No.8086

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Filing date of quarterly reporting: November 14, 2013

Payment date of cash dividends: December 9, 2013

Supplemental material on quarterly reporting: Yes

Presentation on quarterly results: Yes (for institutional investors and analysts)

(Note: Amounts are truncated to one million yen)

1. Consolidated Results for the Six Months ended September 30, 2013 (From April 1, 2013 to September 30, 2013)

(1) Consolidated Results of Operations

(Note: % of change from the same period a year ago)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
6 months ended September 30, 2013	143,407	22.3	5,797	(8.0)	5,787	19.5	2,619	(60.4)
6 months ended September 30, 2012	117,280	14.5	6,303	(22.8)	4,845	(5.4)	6,608	—

Note: Comprehensive income 6 months ended September 30, 2013: 26,025 million yen (-%) 6 months ended September 30, 2012: (5,404) million yen (-%)

	Earnings per share		Diluted Earnings per share	
	Yen		Yen	
6 months ended September 30, 2013	15.99		14.38	
6 months ended September 30, 2012	38.75		34.95	

(2) Consolidated Financial Position

	Total Assets		Net Assets		Equity Ratio	
	Millions of yen		Millions of yen		%	
6 months ended September 30, 2013	602,107		135,230		20.8	
Year ended March 31, 2013	579,302		128,763		20.7	

Note: Equity 6 months ended September 30, 2013: 125,274 million yen Year ended March 31, 2013: 119,973 million yen

2. Dividends

	Annual Dividends per Year				
	First-quarter	Second-quarter	Third-quarter	Year-end Dividends	Annual Dividends
	Yen		Yen		Yen
Year ended March 31, 2013	-	12.00	-	15.50	27.50
Year ending March 31, 2014	-	16.00	-	-	-
Year ending March 31, 2014 (Forecast)	-	-	-	16.00	32.00

Note: Revisions to the forecast of cash dividends in the current quarter: Yes

3. Forecast of Consolidated Financial Results for the Year ending March 31, 2014 (From April 1, 2013 to March 31, 2014)

(Note: The % displays in the line of year ending March 31, 2014 show increase/decrease ratio against the year ended March 31, 2013)

	Net Sales		Operating Income		Ordinary Income		Net Income		Earnings per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending March 31, 2014	295,000	22.4	15,600	37.2	14,000	(2.5)	6,300	(38.4)	38.45

Note: Revisions to the forecast of consolidated financial results in the current quarter: Yes

*Notes

- (1) Change in Significant Subsidiaries during the Current Period
(Change in specified subsidiaries caused a change in the scope of consolidation): No
Additional: 0 Removal: 0

- (2) Adoption of Accounting Treatments Simplified or Unique for Preparation: No

- (3) Change in Accounting Policies and Accounting Estimate and Restatement
 - [1] Changes in accounting policies by a newly issued accounting pronouncement : No
 - [2] Changes other than [1] : No
 - [3] Change in accounting estimate : No
 - [4] Restatement : No

- (4) Issued Shares (Common stock)
 - [1] Number of issued shares at end of the period (including treasury stock):
6 months ended September 30, 2013 : 171,459,479 shares
Year ended March 31, 2013 : 171,459,479 shares
 - [2] Number of treasury stock at end of the period:
6 months ended September 30, 2013 : 20,742,547 shares
Year ended March 31, 2013 : 914,107 shares
 - [3] Average number of shares during the period:
6 months ended September 30, 2013 : 163,829,523 shares
6 months ended September 30, 2012 : 170,545,858 shares

*Information regarding the quarterly review procedure
This quarterly summary report is exempt from quarterly review procedure based on the Financial Instruments and Exchanges Act. It is under the review procedure process at the time of disclosure of this report.

*Disclaimer regarding projection information including appropriate use of forecasted financial result, 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 P.4 “1. Qualitative Information for the Six-Month Period Ended September 30, 2013, (3) Commentary on Forward-Looking Statements Including Forecast of Consolidated Financial Results” in the attachment.

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1. Qualitative Information for the Six-Month Period Ended September 30, 2013

(1) Commentary on Business Results

During the current quarter period under review, the global economy generally remained in an unclear situation in which the depressed market is still ongoing though the credit uneasiness is soothed in Europe and the timing of tapering of the monetary easing is a concern while individual consumption is steadily increasing to recover the American economy.

The Japanese economy, on the other hand, has been back on the recovery path with consumer spending remaining solid backed by correcting the yen appreciation and rising stock prices thanks to the policy effect such as monetary easing and economic policy. The overall management environment, however, remained in a harsh condition concerning the increase of consumption tax and boost in price of imported materials.

Under such circumstances, the Nipro Group has worked to improve operating results through its continued efforts to expand sales and reduce costs.

As a result, consolidated sales for the six-month period ended September 30, 2013 increased by 22.3% from the same period of the previous year to 143,407 million yen. As for the profit, consolidated operating income decreased by 8.0% from the same period of the previous year to 5,797 million yen due to an increase in selling, general and administrative expenses. Consolidated ordinary income, however, increased by 19.5% from the same period of the previous year to 5,787 million yen thanks to the foreign exchange gains and other factors, and consolidated net income decreased by 60.4% from the same period of the previous year to 2,619 million yen due to a decrease in extraordinary income.

The overview of the results for the current quarter period under review by business segment is as follows.

Effective from the first quarter period ended June 30, 2013, the pharmaceutical product sales unit of Nipro Pharma Corporation has been integrated into the Company's Domestic Division. In accordance with this change, the sales unit of Nipro Pharma Corporation, which had previously been categorized into the Pharmaceutical-Related segment, is reclassified to the Medical-Related segment. The year-on year comparison, however, is not available for the current quarter period under review, because it is difficult to compare between figures for the segments before and after the reclassification.

(i) Medical-Related Business

Looking at the domestic market, sales and profits for the Medical Sales Division from the "HeartMate II (implantable ventricular assisting device)," launched in April, and the existing cardiovascular (CVS)-related products such as "extracorporeal ventricular assist devices" increased significantly. Sales of dialysis machine also grew greatly thanks to prevalence of on-line HDF treatment.

In addition, sales were also strong in the fields such as dialysis products, dialysis pharmaceuticals, injection-transfusion products, enteral-alimentation products, testing products and vascular products.

Overseas sales, on the other hand, were robust because export profitability improved significantly thanks to the depreciation of the yen against the US dollar and Euro during the year. In addition, sales increased significantly from the same period of the previous year owing to our continued active efforts to enhance and expand our sales network.

By product, we have enhanced the sales of dialysis product, and consequently, sales of the related products such as artificial kidney (dialyzers), dialysis machines, blood tubing and indwelling needles showed a strong increase. New overseas plants, in India, Indonesia and Bangladesh, showed steady increase in sales with stable production. At the Hefei plant in China, preparations for starting operation have progressed smoothly.

In the current fiscal year as well, we continue to strive for expanding our brand share, while promoting community-based sales activities.

As a result, net sales of this business were 116,716 million yen.

(ii) Pharmaceutical-Related Business

The Pharmaceutical-Related Business is roughly classified into two divisions: the Generic Drugs Division, providing stable supply of high quality and low cost drugs, and the Contracted Manufacturing Division, offering high value-added products to meet customer needs for various types of drugs.

The market for the Generic Drugs Division is expected to expand further due in part to a government policy to promote generic drugs; manufactures of original drugs running sideline businesses and foreign generic manufactures have emerged, making the competitive environment of the domestic market severer.

Under such circumstances, we have worked to expand our market shares of drugs for oral or external use through cooperation with drug wholesalers and our medical device division, while strengthening the sales promotion to prescribing hospitals and dispensing pharmacies. In the market for large hospitals, at the same time, we have enhanced information provision activities of products such as injections. As a result, sales of this division increased steadily.

The Contracted Manufacturing Division, on the other hand, have promoted diligent marketing activities through providing various services such as contracted development and support for value adding initiatives, in addition to promoting conventional contracted manufacturing. During the current quarter period under review, sales of this division increased from the same period of the previous year because we started shipping biopharmaceuticals and major generic drugs. Furthermore, we have worked to expand contracted manufacturing through joint development with generic drug sales division and new drug development division of domestic and foreign major pharmaceutical manufactures.

Sales of pharmaceutical containers, medical-preparation- and administration-related devices were strong because we have made efforts to provide containers and systems suitable for each pharmaceutical product, focusing on various needs arising from the medical front, such as small volume bags for antimicrobial agents or osteoporosis drugs, materials for pre-filled syringes, etc., on top of rubber stoppers for pharmaceutical and vaccine use and containers for kit products. These containers and systems were developed by the Group or through joint development with pharmaceutical manufactures based on our original processing technologies for plastics, rubbers, and metals. Furthermore, under the government's policy to curb medical expenses, we have continued to work together with domestic and foreign pharmaceutical manufactures in enhancing comprehensive lifecycle management of pharmaceutical products, focusing on the development of combination products, self-injection systems, and dosage form modification in the future.

As a result, net sales of this business were 24,259 million yen.

(iii) Glass-Related Business

Sales of tube glass for ampoules showed fine growth compared to the same period of the previous year thanks to an increase in one-off orders from domestic glass-processing companies enjoyed during the current quarter period under review, although downward trend in domestic demand continued. Sales of tube glass for vials also increased from the same period of the previous year because sales in the domestic market grew steadily thanks to an increase in orders for vials for vaccines.

Among other glass-related products, sales of thermos bottles decreased from the same period of the previous year due to a decline in export and weak domestic demand. Regarding glass for lighting purpose, demand for automotive electric lamp products increased on the back of strong trends in the auto industry, sales of tube glass for lamp increased compared to the same period of the previous year. Thus, although sales of tube glass for electric lamps decreased slightly from the same period of the previous year, overall sales of glass for lighting purpose increased from the same period of the previous year.

As a result, net sales of this business were 2,314 million yen.

(iv) Other Business

Among other business, sales from the real-estate rental business were 117 million yen.

(2) Analysis Concerning Financial Position

[1] Analysis Concerning the Conditions of Assets, Liabilities and Net Assets

Total assets increased by 22,805 million yen from the end of the previous year to 602,107 million yen. Current assets decreased by 9,496 million yen primarily due to a decrease of 24,777 million yen in cash and deposits, and noncurrent assets increased by 32,302 million yen primarily due to an increase of 17,008 million yen in investment securities.

Total liabilities increased by 16,338 million yen from the end of the previous year to 466,877 million yen. Current

liabilities increased by 28,324 million yen primarily due to an increase of 22,601 million yen in short-term loans payable, and noncurrent liabilities decreased by 11,986 million yen primarily due to a decrease of 8,086 million yen in long-term loans payable.

Total net assets increased by 6,466 million yen from the end of the previous year to 135,230 million yen. Shareholders' equity decreased by 17,166 million yen primarily due to purchase of treasury stock and accumulated other comprehensive income increased by 22,467 million yen.

[2] Condition of cash flow

The ending balance of cash and cash equivalents in the period under review decreased 27,682 million yen from the previous year to 64,940 million yen.

(Cash flows from operating activities)

Net cash provided by operating activities was 6,449 million yen. The main accounts of cash inflow were income before income taxes and minority interests, 6,829 million yen and depreciation and amortization, 11,948 million yen. The main accounts of cash outflow were the decrease of trade notes and accounts receivable, 3,054 million yen and payment of corporate income tax, 4,177 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 25,883 million yen. The main accounts of cash outflow were purchase of noncurrent assets, 14,662 million yen.

(Cash flows from financing activities)

Net cash used in financing activities was 12,050 million yen. The main account of cash inflow was net increase in short-term loans payable, 16,721 million yen and proceeds from long-term loans payable, 19,125 million yen. The main account of cash outflow was repayment of long-term loans payable, 26,952 million yen and increase of treasury stock, 17,196 million yen.

(3) Commentary on Forward-Looking Statements Including Forecast of Consolidated Financial Results

Concerning the global economy in the future, downside risk to the business activities still remain because of prolonged bad-loan problem in Europe and economic turmoil by tapering of quantitative easing in US. As to the Japanese economy, an increase in resource prices including those of crude oils is of concern, and companies are taking a cautious stance toward an increase in personnel costs. Thus, the overall management environment is expected to remain in a harsh condition.

Even under such circumstances, the Nipro Group will work to improve profits through its continued efforts to expand sales and reduce production costs.

At this moment, we have revised the forecast of consolidated financial results for the year ending March 31, 2014, which was announced on August 12, 2013, based on the current movement in performance.

2. Summary (Other) Information

(1) Changes in Significant Consolidated Subsidiaries

N/A

(2) Accounting Treatments Simplified or Unique for Preparation

N/A

(3) Changes in Accounting Policies and Accounting Estimate and Restatement

N/A

3. Consolidated Financial Statements

(1) [Quarterly Consolidated Balance Sheets]

(Millions of yen)

	As of March 31, 2013	As of September 30, 2013
Assets		
Current Assets		
Cash and deposits	106,000	81,222
Notes and accounts receivable-trade	83,665	92,082
Merchandise and finished goods	53,899	56,134
Work in process	10,480	11,047
Raw materials and supplies	17,275	18,938
Deferred tax assets	5,375	5,675
Other	11,741	13,898
Allowance for doubtful accounts	(463)	(522)
Total current assets	287,974	278,477
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	138,547	153,227
Accumulated depreciation and impairment loss	(69,911)	(74,199)
Buildings and structures, net	68,636	79,028
Machinery, equipment and vehicles	170,522	180,149
Accumulated depreciation and impairment loss	(117,991)	(127,343)
Machinery equipment and vehicles, net	52,530	52,805
Land	22,173	22,863
Lease assets	3,203	2,339
Accumulated depreciation	(2,029)	(1,294)
Lease assets, net	1,174	1,045
Construction in progress	23,786	21,358
Other	33,113	35,522
Accumulated depreciation and impairment loss	(26,712)	(28,043)
Other, net	6,400	7,478
Total property, plant and equipment	174,702	184,580
Intangible assets		
Goodwill	22,740	29,306
Lease assets	567	530
Other	10,958	12,290
Total intangible assets	34,265	42,127
Investments and other assets		
Investment securities	63,141	80,149
Deferred tax assets	8,805	5,124
Other	13,767	14,917
Allowance for doubtful accounts	(3,353)	(3,268)
Total investments and other assets	82,360	96,923
Total noncurrent assets	291,328	323,630
Total assets	579,302	602,107

(Millions of yen)

	As of March 31, 2013	As of September 30, 2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	40,878	42,801
Short-term loans payable	127,238	149,839
Commercial papers	10,000	10,000
Current portion of bonds	1,277	4,256
Lease obligations	1,011	1,002
Accounts payable-other	8,286	7,258
Accrued directors' bonuses	316	—
Income taxes payable	4,266	5,363
Provision for bonuses	2,810	3,085
Provision for directors' bonuses	70	171
Provision for loss on business liquidation	1,954	1,954
Notes payable-facilities	3,734	1,787
Other	11,912	14,561
Total current liabilities	213,758	242,082
Noncurrent liabilities		
Bonds payable	47,147	43,580
Convertible bond-type bonds with subscription rights to shares	14,900	14,895
Long-term loans payable	164,906	156,819
Lease obligations	2,040	1,680
Deferred tax liabilities	2,212	2,293
Provision for retirement benefits	2,854	3,142
Provision for directors' retirement benefits	742	410
Provision for loss on litigation	218	218
Other	1,757	1,754
Total noncurrent liabilities	236,780	224,794
Total liabilities	450,539	466,877
Net assets		
Shareholders' equity		
Capital stock	84,397	84,397
Capital surplus	636	635
Retained earnings	54,788	54,714
Treasury stock	(865)	(17,957)
Total shareholders' equity	138,957	121,790
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(12,547)	(3,139)
Foreign currency translation adjustment	(6,436)	6,623
Total accumulated other comprehensive income	(18,983)	3,483
Minority interests	8,789	9,955
Total net assets	128,763	135,230
Total liabilities and net assets	579,302	602,107

(2) [Quarterly Consolidated Statements of Income and Quarterly Consolidated Statement of Comprehensive Income]
 Quarterly Consolidated Statements of Income

(Amount: million yen)

	FY2012 first three months (From April 1, 2012 to September 30, 2012)	FY2013 first three months (From April 1, 2013 to September 30, 2013)
Net sales	117,280	143,407
Cost of sales	84,866	101,691
Gross profit	32,414	41,715
Selling, general and administrative expenses	26,111	35,918
Operating income	6,303	5,797
Non-operating income		
Interest income	429	415
Dividends income	861	942
Foreign exchange gain	—	589
Other	454	668
Total non-operating income	1,745	2,615
Non-operating expenses		
Interest expenses	1,712	1,988
Foreign exchange losses	1,253	—
Equity in losses of affiliates	38	—
Other	199	636
Total non-operating expenses	3,203	2,625
Ordinary income	4,845	5,787
Extraordinary income		
Gain on sales of noncurrent assets	30	203
State subsidy□	40	544
Gain on sales of investment securities	4,159	18
Compensation income	—	735
Other	83	305
Total extraordinary income	4,313	1,807
Extraordinary loss		
Loss on retirement of noncurrent assets	65	32
Loss on valuation of investment securities	27	10
Company funeral expenses	40	—
Loss on reduction of noncurrent assets	29	530
Other	17	191
Total extraordinary losses	181	765
Income before income taxes and minority interests	8,976	6,829
Income taxes-current	2,209	5,324
Income taxes-deferred	13	(1,222)
Total income taxes	2,223	4,102
Income before minority interests	6,753	2,727
Minority interests in income	145	107
Net income	6,608	2,619

Quarterly Consolidated Statements of Comprehensive Income

(Amount: million yen)

	FY2012 first three months (From April 1, 2012 to September 30, 2012)	FY2013 first three months (From April 1, 2013 to September 30, 2013)
Income before minority interests	6,753	2,727
Other comprehensive income		
Valuation difference on available-for-sale securities	(11,351)	9,407
Foreign currency translation adjustment	(806)	13,891
Total other comprehensive income	(12,158)	23,298
Comprehensive income	(5,404)	26,025
Comprehensive income attributable to owners of the parent	(5,477)	25,086
Comprehensive income attributable to minority interests	72	938

(3) [Quarterly Consolidated Statements of Cash Flows]

(Amount: million yen)

	FY2012 first three months (From April 1, 2012 to September 30, 2012)	FY2013 first three months (From April 1, 2013 to September 30, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	8,976	6,829
Depreciation and amortization	9,874	11,948
Impairment loss	1	1
Amortization of goodwill	1,408	2,354
Equity in (earnings) losses of affiliates	38	—
Increase (decrease) in allowance for doubtful accounts	54	38
Interest and dividends income	(1,290)	(1,357)
Interest expenses	1,712	1,988
Foreign exchange losses (gains)	370	(2,011)
Loss (gain) on sales of investment securities	(4,159)	(18)
Decrease (increase) in notes and accounts receivable-trade	(5,590)	(2,993)
Decrease (increase) in inventories	(1,898)	(439)
Increase (decrease) in notes and accounts payable-trade	1,379	(3,054)
Decrease (increase) in other assets	958	(117)
Increase (decrease) in other liabilities	(72)	(1,745)
Other loss (gain)	20	(64)
Subtotal	11,784	11,358
Interest and dividends income received	1,044	1,284
Interest expenses paid	(1,706)	(2,020)
Other proceeds	101	439
Other payments	(221)	(435)
Income taxes paid	(2,987)	(4,177)
Net cash provided by (use in) operating activities	8,015	6,449
Net cash provided by (used in) investing activities		
Payments into time deposits	(11,094)	(2,589)
Proceeds from withdrawal of time deposits	14,279	731
Purchase of investment securities	(9,935)	(3,169)
Proceeds from sales of investment securities	5,800	75
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	(2,105)	(5,612)
Payments for investments in capital	(1,494)	(1,407)
Purchase of noncurrent assets	(15,441)	(14,662)
Proceeds from sales of noncurrent assets	45	351
Payments for retirement of noncurrent assets	(13)	(1)
Proceeds from capital investment subsidies received	53	609
Net decrease (increase) in short-term loans receivable	1,813	(138)
Payments of loans receivable	(680)	(114)
Collection of loans receivable	80	55
Other payments	(0)	(13)
Other proceeds	0	1
Net cash provided by (use in) investment activities	(18,694)	(25,883)

(Amount: million yen)

	FY2012 first three months (From April 1, 2012 to September 30, 2012)	FY2013 first three months (From April 1, 2013 to September 30, 2013)
Net cash provided by (use in) financial activities		
Net increase (decrease) in short-term loans payable	8,672	16,721
Increase (decrease) in commercial papers	(10,000)	—
Proceeds from long-term loans payable	32,056	19,125
Repayment of long-term loans payable	(18,574)	(26,952)
Redemption of bonds	—	(588)
Proceeds from stock issuance to minority shareholders	241	153
Decrease (increase) in treasury stock	(0)	(17,196)
Repayments of finance lease obligations	(340)	(663)
Cash dividends paid	(1,953)	(2,638)
Cash dividends paid to minority shareholders	(11)	(10)
Net cash provided by (use in) financing activities	10,091	(12,050)
Effect of exchange rate change on cash and cash equivalents	(229)	3,782
Net increase (decrease) in cash and cash equivalents	(816)	(27,702)
Cash and cash equivalents at beginning of period	79,449	92,622
Increase in cash and cash equivalents from newly consolidated subsidiary	923	19
Cash and cash equivalents at end of period	79,556	64,940

(4) Notes Regarding Consolidated Financial Statement

(Notes regarding going concern)

N/A

(Notes regarding significant changes in the amount of shareholders' equity)

Acquisition and Tender Offer of Treasury Stocks

Based on the Board of Directors meeting dated May 14, 2013, the Company acquired treasury stocks, by means of tender offer, pursuant to the provisions of Article 156, Paragraph 1 of the Companies Act (Law No. 86 of 2005, as amended, "the Act"), applied by replacing certain terms provided pursuant to Article 165, Paragraph 3 of the Act, and the provisions of the Company's Articles of Incorporation. The Company purchased 19,834 thousand shares of treasury stock (total acquisition value is 17,096 million yen) on July 4, 2013. As a result, treasury stock in the current quarter period under review is 17,957 million yen (total number of share is 20,742 thousand shares).

(Segment Information)

I FY2012 (From April 1, 2012 to September 30, 2012)

1. Sales and Profit by Reportable Operating Segment

(Millions of yen)

	Segment				Other (Note.1)	Total	Adjust- ment (Note.2)	Consolidated Statements of Income (Note.3)
	Medical- Related	Pharmaceutical- Related	Glass- Related	Total				
Net sales								
(1)Sales to third parties	82,609	32,313	2,240	117,163	116	117,280	—	117,280
(2)Inter-segment sales and transfers	620	3,357	235	4,214	22	4,236	(4,236)	—
Total	83,229	35,671	2,476	121,377	139	121,517	(4,236)	117,280
Segment profit	7,094	2,387	307	9,789	110	9,899	(3,596)	6,303

(Notes)

1. "Other" is the business segment which is not included in the segment and consist of real estate income and sales by headquarter.
2. Adjustment for the segment profit of (3,596) million yen includes elimination of inter-segment transaction of 154 million yen and corporate cost of (3,750) million yen. Corporate cost consisted primarily of general and administrative expenses and research and development cost which do not belong to the reporting segment.
3. Segment profit is adjusted to the operating income on the consolidated statements of income.

2. Information about Impairment Loss on Fixed Assets and Goodwill by Reportable Operating Segment

N/A

II FY2013 (From April 1, 2013 to September 30, 2013)

1. Sales and Profit by Reportable Operating Segment

	Segment				Other (Note.1)	Total	Adjust- ment (Note.2)	Consolidated Statements of Income (Note.3)
	Medical- Related	Pharmaceutical- Related	Glass- Related	Total				
Net sales								
(1)Sales to third parties	116,716	24,259	2,314	143,289	117	143,407	—	143,407
(2)Inter-segment sales and transfers	635	3,710	276	4,621	19	4,641	(4,641)	—
Total	117,351	27,969	2,590	147,911	136	148,048	(4,641)	143,407
Segment profit	7,891	3,798	259	11,949	109	12,058	(6,260)	5,797

(Notes)

1. "Other" is the business segment which is not included in the segment and consist of real estate income and sales by headquarter.
2. Adjustment for the segment profit of (6,260) million yen includes elimination of inter-segment transaction of (1,215) million yen and corporate cost of (5,045) million yen. Corporate cost consisted primarily of general and administrative expenses and research and development cost which do not belong to the reporting segment.
3. Segment profit is adjusted to the operating income on the consolidated statements of income.

2. Changes in Reportable Segments

- (1) Effective from the third quarter period ended December 31, 2012, the name of the following reportable business segment has been changed: from "Materials" to "Glass-Related."

This arrangement only involves a change in the name of the business segment, and classification has not been changed from the second quarter period ended September 30, 2012. Reflecting this change, the segment information for the second quarter period ended September 30, 2012 is presented using the revised name.

- (2) Effective from the third quarter period ended December 31, 2012, we have partially changed our organization so that we can strengthen the Pharmaceutical-Related Business further and facilitate close coordination between the Medical-Related Business and the Glass-Related Business. In accordance with this change, a part of business divisions, which had previously been categorized into the Glass-Related segment, has been reclassified to the Pharmaceutical-Related segment.

The segment information for the second quarter period ended September 30, 2012 is prepared based on the reportable segments after the reclassification.

- (3) Effective from the first quarter period ended June 30, 2013, the pharmaceutical product sales unit of Nipro Pharma Corporation has been integrated into the Company's Domestic Division so that we can enhance our management capability through close coordination between the three divisions: the Medical Devices Division, the Pharmaceutical Products Division, and the Glass and Materials Division. In accordance with this change, the sales unit, which had previously been categorized into the Pharmaceutical-Related segment, is reclassified to the Medical-Related segment.

The segment information for the second quarter period ended September 30, 2012 after reclassification, except for sales to external customers, is not available to the public, because accurately and retrospectively extracting data for cost of sales and selling, general and administrative expenses is practically difficult. In addition, the segment information for the current quarter period under review based on the segments before the reclassification is not available to the public either, because it is practically difficult to obtain necessary information to prepare it.

Sales to the external customers for the second quarter period ended September 30, 2012, if prepared based on the segments before the reclassification, would have been 92,981 million yen for the Medical-Related segment and 21,941 million yen for the Pharmaceutical-Related segment.

- (4) Effective from the first quarter period ended June 30, 2013, Chengdu Pingyuan Nipro Pharmaceutical Packaging Co., Ltd., Jilin Nipro Jiaheng Pharmaceutical Packing Co., Ltd. and Anyang Nipro Changda Pharmaceutical Packaging Co., Ltd., which had previously been categorized into the Glass-Related segment, are reclassified to the Medical-Related segment, as a result of review and re-examination as part of our international management strategy.

The segment information for the second quarter period ended September 30, 2012 is prepared based on the reportable segment after the reclassification.

3. Information on Impairment Loss on Fixed Assets and on Goodwill by Reportable Segment

(Material Change in the Amount of Goodwill)

In the Medical-Related segment, Nichihos Co., Ltd. and its 10 subsidiary companies have been included in the scope of consolidation as a result of acquisition of their shares. As a result, unamortized balance of goodwill increased 6,764 million yen from the end of the previous period.