

Summary Report of Consolidated Financial Results

For the Nine Months Period ended December 31, 2013



February 12, 2014

TSE-1st section

Company name: NIPRO CORPORATION

Code No.8086

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Payment date of cash dividends: -

Supplemental material on quarterly reporting: No

Presentation on quarterly results: No

(Note: Amounts are truncated to one million yen)

1. Consolidated Results for the Nine Months ended December 31, 2013 (From April 1, 2013 to December 31, 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	%
9 months ended December 31, 2013	222,619	22.9	10,295	5.1	11,910	4.0	4,493	(56.7)
9 months ended December 31, 2012	181,125	13.5	9,796	(27.5)	11,457	18.4	10,388	345.5

Note: Comprehensive income 9 months ended December 31, 2013: 25,724 million yen (-%) 9 months ended December 31, 2012: 739 million yen (-%)

	Earnings per share	Diluted Earnings per share
	Yen	Yen
9 months ended December 31, 2013	28.18	25.27
9 months ended December 31, 2012	60.91	54.95

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
9 months ended December 31, 2013	610,128	132,515	20.1
Year ended March 31, 2013	579,302	128,763	20.7

Note: Equity 9 months ended December 31, 2013: 122,400 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	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: No

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: No

*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):
9 months ended December 31, 2013 : 171,459,479 shares
Year ended March 31, 2013 : 171,459,479 shares
[2] Number of treasury stock at end of the period:
9 months ended December 31, 2013 : 20,742,805 shares
Year ended March 31, 2013 : 914,107 shares
[3] Average number of shares during the period:
9 months ended December 31, 2013 : 159,442,744 shares
9 months ended December 31, 2012 : 170,545,818 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 Nine-Month Period Ended December 31, 2013, (3) Commentary on Forward-Looking Statements Including Forecast of Consolidated Financial Results" in the attachment.

Table of Contents

1. Qualitative Information for the Nine-Months Period ended December 31, 2013.....	2
(1) Commentary on Business Results.....	2
(2) Analysis Concerning Financial Position.....	3
(3) Commentary on Forward-Looking Statements Including Forecast of Consolidated Financial Results.....	4
2. Summary (Other) Information.....	4
(1) Changes in Significant Consolidated Subsidiaries.....	4
(2) Accounting Treatments Simplified or Unique for Preparation.....	4
(3) Changes in Accounting Policies and Accounting Estimate and Restatement.....	4
3. Consolidated Financial Statements.....	5
(1) Quarterly Consolidated Balance Sheets.....	5
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income.....	7
Quarterly Consolidated Statements of Income.....	7
Quarterly Consolidated Statements of Comprehensive Income.....	7
(3) Notes regarding Consolidated Financial Statement.....	8
Notes regarding going concern.....	8
Notes regarding significant changes in the amount of shareholders' equity.....	8
Segment Information.....	8

1. Qualitative Information for the Nine-Month Period Ended December 31, 2013

(1) Commentary on Business Results

During the current quarter period under review, the global economy showed steady growth and generally remained in slow recovery though the depressed market is still ongoing in Europe and the tapering of the monetary easing is a concern for American economy.

The Japanese economy, on the other hand, has been back on the recovery path with 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 an unclear situation 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 nine-month period ended December 31, 2013 increased by 22.9% from the same period of the previous year to 222,619 million yen. As for the profit, consolidated operating income increased by 5.1% from the same period of the previous year to 10,295 million yen and consolidated ordinary income increased by 4.0% from the same period of the previous year to 11,910 million yen. Consolidated net income, however, decreased by 56.7% from the same period of the previous year to 4,493 million yen due to a decrease in extraordinary income and an increase in extraordinary loss.

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) products such as "extracorporeal ventricular assist devices" increased significantly. Sales of dialysis machine, dialysis products such as HDF filter and dialysis pharmaceuticals also grew greatly thanks to prevalence of on-line HDF treatment.

In addition, sales were also strong in the fields such as 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 in addition to the strengthening of the sales of dialysis products and products manufactured in new overseas plants during the year. Moreover, sales increased significantly from the same period of the previous year owing to our promotion of local production for local consumption by utilizing local plants and direct sales of high quality general supplies such as injection products through our local sales subsidiaries as a part of regional contribution. We will continue to strive for expanding our brand share, while promoting community-based sales activities.

As a result, net sales of this business were 180,448 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 38,415 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 stable 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 flu vaccines. In addition, sales of glass containers for pharmaceutical increased from the same period of the previous year by adding the domestic sales of imported products.

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, sales of tube glass for electric lamps increased as well from the same period of the previous year, and 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 3,577 million yen.

(iv) Other Business

Among other business, sales from the real-estate rental business were 178 million yen.

(2) Analysis Concerning Financial Position

Analysis Concerning the Conditions of Assets, Liabilities and Net Assets

Total assets increased by 30,826 million yen from the end of the previous year to 610,128 million yen. Current assets

increased by 4,931 million yen primarily due to an increase of 16,109 million yen in notes and accounts receivable-trade, and noncurrent assets increased by 25,895 million yen primarily due to an increase of 11,609 million yen in investment securities.

Total liabilities increased by 27,074 million yen from the end of the previous year to 477,613 million yen. Current liabilities increased by 37,406 million yen primarily due to an increase of 25,140 million yen in short-term loans payable, and noncurrent liabilities decreased by 10,331 million yen primarily due to a decrease of 6,040 million yen in long-term loans payable.

Total net assets increased by 3,751 million yen from the end of the previous year to 132,515 million yen. Shareholders' equity decreased by 17,703 million yen primarily due to purchase of treasury stock and accumulated other comprehensive income increased by 20,130 million yen.

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

Concerning the global economy in the future, an uncertain situation is getting severe in which there is concern that the tapering of quantitative easing in US causes turbulent stock price and intensified fluctuation of exchange. As to the Japanese economy, an increase in resource prices associated with depreciation of the yen is of concern, and an increase in personnel costs put pressure on companies. 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 not made any revision to the forecast of consolidated financial results for the year ending March 31, 2014, which was announced on November 12, 2013.

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 December 31, 2013
Assets		
Current Assets		
Cash and deposits	106,000	86,323
Notes and accounts receivable-trade	83,665	99,774
Merchandise and finished goods	53,899	57,549
Work in process	10,480	11,801
Raw materials and supplies	17,275	19,530
Deferred tax assets	5,375	5,515
Other	11,741	13,685
Allowance for doubtful accounts	(463)	(1,274)
Total current assets	287,974	292,905
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	138,547	153,163
Accumulated depreciation and impairment loss	(69,911)	(75,061)
Buildings and structures, net	68,636	78,101
Machinery, equipment and vehicles	170,522	184,388
Accumulated depreciation and impairment loss	(117,991)	(130,041)
Machinery equipment and vehicles, net	52,530	54,347
Land	22,173	22,566
Lease assets	3,203	2,359
Accumulated depreciation	(2,029)	(1,399)
Lease assets, net	1,174	959
Construction in progress	23,786	19,151
Other	33,113	35,757
Accumulated depreciation and impairment loss	(26,712)	(28,231)
Other, net	6,400	7,526
Total property, plant and equipment	174,702	182,653
Intangible assets		
Goodwill	22,740	28,752
Lease assets	567	490
Other	10,958	12,207
Total intangible assets	34,265	41,449
Investments and other assets		
Investment securities	63,141	74,750
Deferred tax assets	8,805	4,628
Other	13,767	16,922
Allowance for doubtful accounts	(3,353)	(3,181)
Total investments and other assets	82,360	93,119
Total noncurrent assets	291,328	317,223
Total assets	579,302	610,128

(Millions of yen)

	As of March 31, 2013	As of December 31, 2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	40,878	44,639
Short-term loans payable	127,238	152,379
Commercial papers	10,000	10,000
Current portion of bonds	1,277	4,131
Lease obligations	1,011	988
Accounts payable-other	8,286	7,262
Accrued directors' bonuses	316	—
Income taxes payable	4,266	6,623
Provision for bonuses	2,810	3,564
Provision for directors' bonuses	70	346
Provision for loss on business liquidation	1,954	1,954
Notes payable-facilities	3,734	3,836
Other	11,912	15,436
Total current liabilities	213,758	251,164
Noncurrent liabilities		
Bonds payable	47,147	43,287
Convertible bond-type bonds with subscription rights to shares	14,900	14,895
Long-term loans payable	164,906	158,865
Lease obligations	2,040	1,544
Deferred tax liabilities	2,212	2,279
Provision for retirement benefits	2,854	3,172
Provision for directors' retirement benefits	742	428
Provision for loss on litigation	218	218
Other	1,757	1,756
Total noncurrent liabilities	236,780	226,448
Total liabilities	450,539	477,613
Net assets		
Shareholders' equity		
Capital stock	84,397	84,397
Capital surplus	636	635
Retained earnings	54,788	54,178
Treasury stock	(865)	(17,957)
Total shareholders' equity	138,957	121,254
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(12,547)	(3,489)
Foreign currency translation adjustment	(6,436)	4,636
Total accumulated other comprehensive income	(18,983)	1,146
Minority interests	8,789	10,114
Total net assets	128,763	132,515
Total liabilities and net assets	579,302	610,128

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

(Amount: million yen)

	FY2012 first nine months (From April 1, 2012 to December 31, 2012)	FY2013 first nine months (From April 1, 2013 to December 31, 2013)
Net sales	181,125	222,619
Cost of sales	131,154	156,725
Gross profit	49,971	65,893
Selling, general and administrative expenses	40,175	55,598
Operating income	9,796	10,295
Non-operating income		
Interest income	618	579
Dividends income	1,744	1,866
Foreign exchange gain	1,433	2,037
Other	683	1,178
Total non-operating income	4,480	5,662
Non-operating expenses		
Interest expenses	2,553	2,926
Equity in losses of affiliates	38	—
Other	228	1,121
Total non-operating expenses	2,819	4,047
Ordinary income	11,457	11,910
Extraordinary income		
Gain on sales of noncurrent assets	35	209
State subsidy□	40	544
Gain on sales of investment securities	4,159	1,263
Compensation income	—	742
Other	91	361
Total extraordinary income	4,326	3,120
Extraordinary loss		
Loss on retirement of noncurrent assets	152	215
Impairment loss	1	1
Settlement package	119	—
Loss on reduction of noncurrent assets	29	530
Other	153	258
Total extraordinary losses	456	1,006
Income before income taxes and minority interests	15,327	14,024
Income taxes-current	4,391	9,640
Income taxes-deferred	247	(437)
Total income taxes	4,638	9,203
Income before minority interests	10,688	4,821
Minority interests in income	299	328
Net income	10,388	4,493

Quarterly Consolidated Statements of Comprehensive Income

(Amount: million yen)

	FY2012 first nine months (From April 1, 2012 to December 31, 2012)	FY2013 first nine months (From April 1, 2013 to December 31, 2013)
Income before minority interests	10,688	4,821
Other comprehensive income		
Valuation difference on available-for-sale securities	(7,977)	9,057
Foreign currency translation adjustment	(1,971)	11,845
Total other comprehensive income	(9,949)	20,902
Comprehensive income	739	25,724
Comprehensive income attributable to owners of the parent	664	24,623
Comprehensive income attributable to minority interests	74	1,100

(3) 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 December 31, 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	127,384	50,149	3,415	180,949	176	181,125	—	181,125
(2)Inter-segment sales and transfers	983	5,208	371	6,562	33	6,596	(6,596)	—
Total	128,367	55,358	3,786	187,512	210	187,722	(6,596)	181,125
Segment profit	10,950	3,511	461	14,923	165	15,088	(5,292)	9,796

(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 (5,292) million yen includes elimination of inter-segment transaction of 278 million yen and corporate cost of (5,571) 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 December 31, 2013)

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	180,448	38,415	3,577	222,441	178	222,619	—	222,619
(2)Inter-segment sales and transfers	1,023	5,720	437	7,181	26	7,208	(7,208)	—
Total	181,471	44,136	4,014	229,623	204	229,827	(7,208)	222,619
Segment profit	12,522	6,202	414	19,139	162	19,302	(9,006)	10,295

(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 (9,006) million yen includes elimination of inter-segment transaction of (1,374) million yen and corporate cost of (7,632) 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 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 third quarter period ended December 31, 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 third quarter period ended December 31, 2012, if prepared based on the segments before the reclassification, would have been 143,866 million yen for the Medical-Related segment and 33,667 million yen for the Pharmaceutical-Related segment.

(2) 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 third quarter period ended December 31, 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 6,705 million yen from the end of the previous period.