

# Summary Report of Consolidated Financial Results

For the Six Months Period ended September 30, 2016



November 10, 2016

TSE-1<sup>st</sup> section

Company name: NIPRO CORPORATION

Code No.8086

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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, 2016 (From April 1, 2016 to September 30, 2016)

### (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, 2016	177,581	(1.1)	15,943	36.8	6,659	(34.3)	2,923	(48.2)
6 months ended September 30, 2015	179,530	16.2	11,651	46.8	10,140	17.7	5,646	3.2

Note: Comprehensive income 6 months ended September 30, 2016: (18,422) million yen (-%) 6 months ended September 30, 2015: 3,545 million yen (-%)

	Earnings per share	Diluted Earnings per share
	Yen	Yen
6 months ended September 30, 2016	17.26	15.68
6 months ended September 30, 2015	33.29	-

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
6 months ended September 30, 2016	702,590	151,322	20.3
Year ended March 31, 2016	708,882	175,507	23.4

Note: Equity 6 months ended September 30, 2016: 142,499 million yen Year ended March 31, 2016: 165,997 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, 2016	-	17.00	-	16.50	33.50
Year ending March 31, 2017	-	7.50	-	-	-
Year ending March 31, 2017(Forecast)	-	-	-	17.00	24.50

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, 2017 (From April 1, 2016 to March 31, 2017)

(Note: The % displays in the line of year ending March 31, 2017 show increase/decrease ratio against the year ended March 31, 2016)

	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, 2017	363,000	(1.0)	29,000	19.8	20,000	36.8	12,500	(36.6)	74.44

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 : Yes

[2] Changes other than [1] : No

[3] Change in accounting estimate : No

[4] Restatement : No

Note: More information can be found in P.5 "2. Summary (Other) Information, (3) Changes in Accounting Policies and Accounting Estimate and Restatement" in the attachment.

(4) Issued Shares (Common stock)

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

6 months ended September 30, 2016: 171,459,479 shares      Year ended March 31, 2016: 171,459,479 shares

[2] Number of treasury stock at end of the period:

6 months ended September 30, 2016: 4,016,285 shares      Year ended March 31, 2016: 1,666,187 shares

[3] Average number of shares during the period:

6 months ended September 30, 2016: 169,404,797 shares      6 months ended September 30, 2015: 169,602,699 shares

Note: Number of the treasury stocks as of September 30, 2016 included 583,300 shares, and as of March 31, 2016 included 716,300 shares owned by Trust and Custody Service Bank, Ltd (Trust Account E).

\*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.5 "1. Qualitative Information for the Six-Month Period Ended September 30, 2016, (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, 2016

### (1) Commentary on Business Results

During the six months of the fiscal year under review, the global economy outlook has become more uncertain due to the threat of terrorist attacks in various areas, the Brexit issue, concerns about the slowdown of growth in emerging countries, and the rapid appreciation of the yen. Despite corporate earnings remaining firm, the Japanese economy continues to face an unpredictable situation with such concerns as high volatility in stock prices and exchange rates. The Nipro Group also faced challenges in terms of revenue as a result of factors such as the impact of exchange rates and revision of the reimbursement prices for medical devices and drugs.

Under such circumstances, the Nipro Group has worked to improve operating results through its efforts to expand sales and reduce costs for the purpose of its continued development and realizing its customers' demand.

As a result, consolidated sales for the six-month period ended September 30, 2016 decreased by 1.1% from the same period of the previous year to 177,581 million yen. As for the profit, consolidated operating income increased by 36.8% from the same period of the previous year to 15,943 million yen. Consolidated ordinary income decreased by 34.3% from the same period of the previous year to 6,659 million yen mostly because of exchange losses. Consolidated net income attributable to owners of parent decreased by 48.2% from the same period of the previous year to 2,923 million yen.

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

#### (i) Medical-Related Business

Domestic sales of Medical-Related Business saw a tougher market situation due to the revisions to medical service fees and drug prices in April this year. Under such circumstances, the sales of the Medical Sales Division remained solid in each field such as injection-transfusion products, enteral-alimentation products, testing products, dialysis products, cardiovascular products and cardiac surgery (CVS) products. Sales largely increased in multiple fields; especially HDF filter and dialysis monitoring devices in the field of dialysis products, HeartMate II ®, or Left Ventricular Assist Device, in the field of cardiac surgery (CVS) products, and then SeQuent®Please, or Drug Eluting Balloon Catheter, in the field of cardiovascular products.

As for the Pharmaceutical Sales Division, the sales were steady due to the sales growth of the existing products and the expansion of the market with the promotion policy of generic drugs and the launch of addenda listing items in June 2016. However, the competitive environment of domestic market became fiercer by the appearance of manufactures of original drugs running sideline business. In addition, large markets of new big listing items have being continuously entered by over dozens of competitors and initial sales of AG (authorized generic) allows to market occupation, that made the market price competition more intensified to impact significantly to sales and profit. Therefore, we will further strengthen the sales promotion to dispensing pharmacies, diagnosis procedure combination (DPC) hospitals and prescribers. As well, we are trying to increase the share of drugs for oral and external use and worked harder for information offering activities of injectable drugs based on the collaboration with pharmaceutical wholesaler and Medical Sales Division.

Meanwhile, overseas sales, despite an increase in sales quantity of mainstay dialysis products such as dialyzers and hospital products, decreased in both sales and profit from the same period of the previous year due to a major appreciation of the yen which lowered unit prices of the products and also due to the sale of Nipro Diagnostics, Inc., a consolidated subsidiary. On the other hand, even in this headwind, we have promoted direct sales activities by actively strengthening overseas sales networks in order to quickly respond to front-line needs and expand sales; we established a new office of the Thai sales subsidiary in Ho Chi Minh City, Vietnam during the current quarter period under review. Furthermore, in India, a country which we place a particular focus on, we established offices for our Indian sales subsidiary in seven states (Chhattisgarh, Gujarat, Karnataka, Madhya Pradesh, Punjab, Rajasthan, and Uttar Pradesh) in July and August, totaling 13 offices. Through these sales offices, we will enhance our presence in the market by providing

more locally-oriented and finely-tuned services and responding to front-line needs.

New overseas manufacturing facilities (in India, Indonesia, Bangladesh and Hefei in China) further improved their

production system and realized stable production expansion under established quality system to promote their sales widely in their countries and surrounding areas.

As a result, net sales of this business decreased by 3.4% from the same period of the previous year to 127,988 million yen.

#### (ii) Pharmaceutical-Related Business

In the Pharmaceutical-Related Business, we have broadened our contracted manufacturing operation to encompass contracts to develop products from the formulation design of drugs and to develop products using our expertise developing and supplying vials, syringes, bags, and other packaging containers. We also endeavored to expand the contracted business by offering a diverse range of detailed yet wide-ranging contract services, such as support for lifecycle management where we believe we can enhance the value-added features and realize distinct service differentiation. Furthermore, in addition to launch of new products, efforts to upgrade and expand our contracted manufacturing capabilities for the dedicated biopharmaceuticals line and the lines at the high potency active pharmaceutical ingredients manufacturing plant contributed to strong sales.

Sales of pharmaceutical containers and the devices for pharmaceutical preparation or administration steadily increased by offering containers and systems suitable to each pharmaceutical product which we developed by ourselves or through joint development with pharmaceutical manufactures. Such efforts were made to meet various needs in the medical front, including small-volume bags, materials for pre-filled syringes (plastic and glass), etc., on top of rubber stoppers for pharmaceutical and vaccine use and containers for kit products. In addition, under the government's policy to curb medical expenses, we have worked together with domestic and foreign pharmaceutical manufactures in enhancing comprehensive lifecycle management of pharmaceutical products, taking into consideration the development of combination products (our original collaboration between pharmaceutical products and medical devices), self-injection systems, and dosage form/administrating path modification in the future.

As a result, net sales of this business increased 12.2% from the same period of the previous year to 34,110 million yen.

#### (iii) PharmaPackaging Business

In the PharmaPackaging Business, adding to the business of our conventional products, we have made efforts to engage in marketing through academic channels, by attending academic conferences for example, to understand the needs of globalizing customers and acquire new demand. We have also promoted the development of new technologies and new products domestically and overseas to support injectable formulations and filling processes, which require quality with high stability.

For domestic department sales, under the policies of "One Nipro" and "One Stop Solution," we changed the trade flow to pharmaceutical companies in Japan starting this fiscal year and have started to sell pharmaceutical packaging materials through the Pharmaceutical Business Division, aiming to achieve synergy with the Pharmaceutical-Related Business in the areas of customer service, marketing, and product development. While sales for the current quarter increased, led by strong sales of vials and thermos bottles, external sales decreased due to the effect of an increase in the elimination of internal sales between segments, which was caused by the abovementioned change in the trade flow. With regard to manufacturing, production volume dropped and cost increased at the Biwako Factory due to inventory adjustments at pharmaceutical companies for certain products. However, we continue to work on thorough quality improvement by strengthening our management system centered on the ISO management system and by establishing and operating a production system that is supported by the aggregation and analysis of detailed manufacturing data in order to produce high quality medical containers.

Looking at the overseas department, although sales were affected by inventory adjustments at pharmaceutical companies in China, sales of high-value-added products in the U.S. and Europe grew and sales also steadily increased in India and Russia. As a result, sales, which were adjusted to eliminate the negative effect of currency translation due to the stronger yen, increased as compared with the same period in the previous fiscal year. With regard to manufacturing, we pushed forward with automating manufacturing processes at each factory, stabilization and improvement of quality through improved productivity efficiency, and cost reduction. As a result, the rate of return increased in all regions.

As a comprehensive manufacturer of pharmaceutical packaging materials, the PharmaPackaging Business Division will continue to strive to expand business by developing and introducing to the market advanced products that meet the medical needs of countries all over the world.

As a result, net sales of this business decreased 6.7% from the same period of the previous year to 15,467 million yen.

#### (iv) Other Business

Among other business, sales from the real-estate rental business were 15 million yen (down by 5.6% from the same period of the previous year).

### (2) Analysis Concerning Financial Position

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

Total assets decreased by 6,292 million yen from the end of the previous year to 702,590 million yen. Current assets increased by 4,187 million yen primarily due to an increase of 4,248 million yen in cash and cash equivalents, and noncurrent assets decreased by 10,479 million yen primarily due to a decrease of 3,258 million yen in investment securities.

Total liabilities increased by 17,892 million yen from the end of the previous year to 551,267 million yen. Current liabilities decreased by 11,531 million yen primarily due to a decrease of 7,749 million yen in short-term loans payable, and noncurrent liabilities increased by 29,423 million yen primarily due to an increase of 29,947 million yen in long-term loans payable.

Total net assets decreased by 24,184 million yen from the end of the previous year to 151,322 million yen. Shareholders' equity decreased by 2,960 million yen and accumulated other comprehensive income decreased by 20,537 million yen. As a result, capital adequacy ratio decreased by 3.1% from the end of the previous year to 20.3%.

#### [2] Condition of cash flow

The ending balance of cash and cash equivalents in the period under review increased 7,293 million yen from the previous year to 119,271 million yen.

##### (Cash flows from operating activities)

Net cash provided by operating activities was 15,882 million yen. The main accounts of cash inflow were depreciation, 14,765 million yen and increase in notes and accounts payable - trade, 7,483 million yen. The main account of cash outflow was increase in inventories, 8,986 million yen.

##### (Cash flows from investing activities)

Net cash used in investing activities was 24,862 million yen. The main account of cash inflow was proceeds from withdrawal of time deposits, 7,226 million yen. The main account of cash outflow was purchase of noncurrent assets, 24,207 million yen.

##### (Cash flows from financing activities)

Net cash provided by financing activities was 19,545 million yen. The main account of cash inflow was proceeds from long-term loans payable, 68,417 million yen. The main account of cash outflow was repayment of long-term loans payable, 47,375 million yen.

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

It is expected that the prospect for the global economy will remain uncertain for the time being due to reasons such as anticipated continuation of the trend of the higher yen in exchange rates; however, the Nipro Group will focus on acceleration of development of new products and new technologies in order to continue our efforts to achieve the goal of the consolidated net sales of 500 billion yen in FY2020, and promote business deployment with social contribution with innovative technologies in mind.

At this moment, we have not made any revision to the forecast of consolidated financial results for the year ending March 31, 2017, which was announced on November 8, 2016.

Revision of Consolidated Financial Forecast for the Year ending March 31, 2017 (From April 1, 2016 to March 31, 2017) announced on November 8, 2016

	Net Sales (Millions of yen)	Operating Income (Millions of yen)	Ordinary Income (Millions of yen)	Net Income (Millions of yen)	Earnings per Share (Yen)
Previous forecast (A)	375,000	30,200	27,900	18,000	106.01
Revised forecast (B)	363,000	29,000	20,000	12,500	74.44
Difference (B)-(A)	(12,000)	(1,200)	(7,900)	(5,500)	-
Change (%)	(3.2)	(4.0)	(28.3)	(30.6)	-
(Reference) Results of Year ended March 31, 2016	366,650	24,204	14,623	19,718	116.22

## 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

#### (Change in Accounting Policies)

Application of the Practical Solution on a change in depreciation method due to Tax Reform 2016

Following the Revisions of the Corporate Tax Law, the Company adopted "Practical Solution on a change in depreciation method due to Tax Reform 2016" (ASBJ PITF No.32, June 17, 2016) from the three-month period ended June 30, 2016 and has applied the straight line method in place of declining balance method to the facilities and structures of buildings acquired on or after April 1, 2016.

As a result, consolidated operating income, consolidated ordinary profit and surplus before income taxes in the three months ended September 30, 2016 increased by 87 million yen respectively in comparison with the previous method.

### (4) Additional Information

Application of Revised Implementation Guidance on Recoverability of Deferred Tax Assets

The Company has applied Revised Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No.26, March 28, 2016) from the three-month period ended June 30, 2016.

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

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
<b>Assets</b>		
Current Assets		
Cash and deposits	126,667	130,916
Notes and accounts receivable-trade	113,235	109,869
Merchandise and finished goods	68,683	70,835
Work in process	10,167	10,901
Raw materials and supplies	23,851	24,459
Deferred tax assets	6,380	6,387
Other	20,115	19,778
Allowance for doubtful accounts	(983)	(842)
Total current assets	368,117	372,304
Noncurrent assets		
Property, plant and equipment		
Bulidings and structures	184,037	188,118
Accumulated depreciation and impairment loss	(84,826)	(86,423)
Buildings and structures, net	99,211	101,695
Machinery, equipment and vehicles	217,074	218,512
Accumulated depreciation and impairment loss	(154,911)	(154,975)
Machinery equipment and vehicles, net	62,162	63,537
Land	21,123	20,827
Lease assets	3,229	3,506
Accumulated depreciation	(2,208)	(2,358)
Lease assets, net	1,021	1,147
Construction in progress	27,643	21,273
Other	46,976	46,828
Accumulated depreciation and impairment loss	(34,382)	(34,904)
Other, net	12,594	11,924
Total property, plant and equipment	223,756	220,405
Intangible assets		
Goodwill	28,876	25,971
Lease assets	2,469	2,360
Other	13,566	12,403
Total intangible assets	44,913	40,736
Investments and other assets		
Investment securities	58,560	55,302
Net defined benefit asset	253	263
Deferred tax assets	3,947	5,007
Other	15,625	14,206
Allowance for doubtful accounts	(6,292)	(5,635)
Total investments and other assets	72,094	69,143
Total noncurrent assets	340,764	330,285
Total assets	708,882	702,590

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	56,185	56,123
Short-term loans payable	125,848	118,099
Commercial papers	10,000	10,000
Current portion of bonds	2,262	1,010
Lease obligations	1,044	1,064
Accounts payable-other	12,004	8,625
Accrued directors' bounuses	389	—
Income taxes payable	4,266	3,856
Provision for bounuses	3,733	5,448
Provision for directors' bounuses	79	198
Notes payable-facilities	12,753	18,275
Other	23,579	17,914
Total current liabilities	252,147	240,616
Noncurrent liabilities		
Bonds payable	18,330	17,900
Convertible bond-type bonds with subscription rights to shares	25,000	25,000
Long-term loans payable	224,945	254,892
Lease obligations	3,132	3,042
Deferred tax liabilities	1,985	1,782
Net defined benefit liability	5,017	5,046
Provision for directors' retirement benefits	553	524
Provision for loss on litigation	18	15
Other	2,245	2,447
Total noncurrent liabilities	281,227	310,650
Total liabilities	533,375	551,267
<b>Net assets</b>		
Shareholders' equity		
Capital stock	84,397	84,397
Retained earnings	73,067	73,192
Treasury stock	(1,475)	(4,560)
Total shareholders' equity	155,990	153,029
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(3,347)	(6,500)
Deferred gains or losses on hedges	(12)	(276)
Foreign currency translation adjustment	14,187	(2,992)
Remeasurements of defined benefit plans	(821)	(761)
Total accumulated other comprehensive income	10,007	(10,530)
Non-controlling interests	9,509	8,823
Total net assets	175,507	151,322
Total liabilities and net assets	708,882	702,590

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

(Millions of yen)

	FY2015 (From April 1, 2015 to September, 2015)	FY2016 (From April 1, 2016 to September, 2016)
Net sales	179,530	177,581
Cost of sales	123,116	119,254
Gross profit	56,413	58,326
Selling, general and administrative expenses	44,762	42,383
Operating income	11,651	15,943
Non-operating income		
Interest income	410	237
Dividends income	753	762
Reversal of allowance for doubtful accounts	363	19
Other	663	715
Total non-operating income	2,191	1,735
Non-operating expenses		
Interest expenses	2,119	1,888
Share of loss of entities accounted for using equity method	95	—
Foreign exchange losses	364	7,919
Other	1,122	1,212
Total non-operating expenses	3,702	11,020
Ordinary income	10,140	6,659
Extraordinary income		
Gain on sales of noncurrent assets	270	64
Compensation income	120	—
Other	50	16
Total extraordinary income	441	81
Extraordinary loss		
Loss on retirement of noncurrent assets	48	199
Loss on valuation of investment securities	80	—
Loss on sales of investment securities	289	0
Provision of allowance for doubtful accounts	824	—
Other	90	82
Total extraordinary losses	1,333	282
Income before income taxes	9,248	6,458
Income taxes-current	4,814	3,365
Income taxes-deferred	(1,302)	41
Total income taxes	3,511	3,407
Net income	5,736	3,051
Net income attributable to non-controlling interests	90	127
Net income attributable to owners of parent	5,646	2,923

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2015 (From April 1, 2015 to September, 2015)	FY2016 (From April 1, 2016 to September, 2016)
Income before minority interests	5,736	3,051
Other comprehensive income		
Valuation difference on available-for-sale securities	17	(3,153)
Deferred gains or losses on hedges	(3)	(264)
Foreign currency translation adjustment	(2,266)	(18,117)
Remeasurements of defined benefit plans	48	60
Share of other comprehensive income of entities accounted for using equity method	13	—
Total other comprehensive income	(2,191)	(21,474)
Comprehensive income	3,545	(18,422)
Comprehensive income attributable to owners of parent	3,385	(17,614)
Comprehensive income attributable to non-controlling interests	160	(808)

## (3) [ Quarterly Consolidated Statements of Cash Flows]

(Amount: million yen)

	FY2015 first six months (From April 1, 2015 to September 30, 2015)	FY2016 first six months (From April 1, 2016 to September 30, 2016)
Net cash provided by (used in) operating activities		
Income before income taxes	9,248	6,458
Depreciation and amortization	14,381	14,765
Impairment loss	0	0
Amortization of goodwill	2,084	1,457
Share of (profit) loss of entities accounted for using equity method	95	—
Increase (decrease) in allowance for doubtful accounts	377	(95)
Increase (decrease) in net defined benefit liability	352	272
Interest and dividends income	(1,164)	(1,000)
Interest expenses	2,119	1,888
Foreign exchange losses (gains)	(877)	5,090
Loss (gain) on sales of investment securities	289	0
Decrease (increase) in notes and accounts receivable-trade	(1,699)	(3,351)
Decrease (increase) in inventories	(2,680)	(8,986)
Increase (decrease) in notes and accounts payable-trade	4,045	7,483
Decrease (increase) in other assets	(8,000)	(20)
Increase (decrease) in other liabilities	(6,385)	(3,750)
Other loss (gain)	(111)	365
Subtotal	12,072	20,577
Interest and dividends income received	1,163	984
Interest expenses paid	(2,128)	(1,859)
Other proceeds	169	167
Other payments	(210)	(208)
Income taxes paid	(1,760)	(3,779)
Net cash provided by (use in) operating activities	9,307	15,882
Net cash provided by (used in) investing activities		
Payments into time deposits	(6,094)	(6,154)
Proceeds from withdrawal of time deposits	6,479	7,226
Purchase of investment securities	(200)	(769)
Proceeds from sales of investment securities	617	0
Purchase of shares of subsidiaries	—	(8)
Purchase of shares of subsidiaries and associates	—	(424)
Purchase of noncurrent assets	(18,895)	(24,207)
Proceeds from sales of noncurrent assets	437	176
Payments for retirement of noncurrent assets	(13)	(138)
Proceeds from governmental subsidies for investment in property and equipment	—	10
Net decrease (increase) in short-term loans receivable	(2,530)	(374)
Payments of loans receivable	(1,625)	(262)
Collection of loans receivable	1,607	59
Other payments	(7,270)	—
Other proceeds	36	3
Net cash provided by (use in) investment activities	(27,452)	(24,862)

	(Amount: million yen)	(Amount: million yen)
	FY2015 first six months (From April 1, 2015 to September 30, 2015)	FY2016 first six months (From April 1, 2016 to September 30, 2016)
Net cash provided by (use in) financial activities		
Net increase (decrease) in short-term loans payable	1,082	6,825
Proceeds from long-term loans payable	37,035	68,417
Repayment of long-term loans payable	(25,270)	(47,375)
Redemption of bonds	(1,057)	(1,682)
Proceeds from sales of treasury shares	99	121
Purchase of treasury shares	—	(3,206)
Proceeds from sales and leasebacks	1,317	—
Repayments of finance lease obligations	(566)	(564)
Cash dividends paid	(2,468)	(2,811)
Cash dividends paid to minority shareholders	(22)	(28)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,113)	(150)
Other payments	(0)	—
Net cash provided by (use in) financing activities	9,035	19,545
Effect of exchange rate change on cash and cash equivalents	513	(3,509)
Net increase (decrease) in cash and cash equivalents	(8,596)	7,056
Cash and cash equivalents at beginning of period	98,199	111,977
Increase in cash and cash equivalents from newly consolidated subsidiary	773	237
Cash and cash equivalents at end of period	90,376	119,271

(4) Notes Regarding Consolidated Financial Statement

(Notes regarding going concern)

N/A

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

The Company repurchased 2,482,900 shares of its own common stocks in accordance with the provisions of Article 156 of the Companies Act, as applied pursuant to the provisions of Paragraph 3, Article 165 of the Companies Act, after authorization at the Board of Directors' Meeting held on June 28, 2016.

Due to the repurchase, treasury shares increased by 3,085 million yen during the three-month period ended September 30, 2016 to 4,560 million yen as of the end of that period.

(Segment Information)

I FY2015 (From April 1, 2015 to September 30, 2015)

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	Pharma- Packaging	Total				
Net sales								
(1) Sales to third parties	132,547	30,393	16,573	179,514	16	179,530	—	179,530
(2) Inter-segment sales and transfers	972	4,205	451	5,629	17	5,647	(5,647)	—
Total	133,520	34,598	17,024	185,144	34	185,178	(5,647)	179,530
Segment profit	14,446	5,449	(997)	18,898	33	18,932	(7,280)	11,651

(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 (7,280) million yen includes elimination of intercompany profits on inventories of (604) million yen and corporate cost of (6,676) million yen. Corporate cost consists 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 FY2016 (From April 1, 2016 to September 30, 2016)

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	Pharma- Packaging	Total				
Net sales								
(1)Sales to third parties	127,988	34,110	15,467	177,566	15	177,581	-	177,581
(2)Inter-segment sales and transfers	724	4,835	1	5,561	315	5, 877	(5, 877)	-
Total	128,712	38,945	15,469	183,127	331	183,458	(5, 877)	177,581
Segment profit	14, 573	7,569	(372)	21,770	46	21,816	(5,873)	15,943

(Notes)

1. "Other" is the business segment which is not included in the segment and consists of real estate income and sales by headquarter.
2. Adjustment for the segment profit of (5,873) million yen includes realization of intercompany profits on inventories of 1,974 million yen and corporate cost of (7,847) million yen. Corporate cost consists 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

The Company has changed a name of reportable segment from the beginning of the first quarter in FY2016. Former Glass-Related Business is newly named PharmaPackaging Business.

The change is only in name and has no effects on the business classification or the figures from the first quarter in the previous fiscal year. The Segment Information for FY2015 (From April 1, 2015 to September 30, 2015) reflects this change and the current segment name is used.

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

N/A