

# Summary Report of Consolidated Financial Results

For the Fiscal Year ended March 31, 2019



May 9, 2019  
TSE-1<sup>st</sup> section

Company name: NIPRO CORPORATION

Code No.8086

URL: <http://www.nipro.co.jp/>

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Date of the ordinary general shareholders' meeting: June 26, 2019

Payment date of cash dividends: June 27, 2019

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Supplemental material on financial results: Yes

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

(Note: Amounts less than one million yen are rounded down)

## 1. Consolidated Results for the year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

### (1) Consolidated Results of Operations

(%: Changes from the previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2019	426,399	7.8	23,827	(12.0)	22,431	(1.1)	12,136	2.6
Year ended March 31, 2018	395,397	9.9	27,088	(5.8)	22,684	(2.1)	11,829	4.3

Note: Comprehensive income Year ended March 31, 2019: (1,838) million yen (- %) Year ended March 31, 2018: 13,492 million yen (25.5 %)

	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, 2019	73.68	66.75	7.3	2.7	5.6
Year ended March 31, 2018	71.15	64.51	7.0	2.9	6.9

Note: Equity in profit (loss) of affiliate Year ended March 31, 2019: 78 million yen Year ended March 31, 2018: 113 million yen

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2019	845,821	171,830	19.1	990.14
As of March 31, 2018	826,447	183,485	20.9	1,037.25

Note: Equity March 31, 2019: 161,488 million yen March 31, 2018: 172,621 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, 2019	41,362	(64,712)	12,646	120,310
Year ended March 31, 2018	41,046	(64,140)	47,341	135,599

## 2. Dividends

	Annual dividends per year					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, 2018	-	17.50	-	11.00	28.50	4,748	40.1	2.8
Year ended March 31, 2019	-	19.00	-	9.00	28.00	4,592	38.0	2.8
Year ending March 31, 2020 (Forecast)	-	16.00	-	17.00	33.00		35.9	

## 3. Forecast of Consolidated Financial Results for the Year ending March 31, 2020 (From April 1, 2019 to March 31, 2020)

(%: Changes from the corresponding period of the previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent		Earnings per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending Sept. 30, 2019	227,000	9.0	13,200	9.8	12,900	(5.8)	7,200	(5.5)	44.15
Year ending March 31, 2020	461,500	8.2	27,500	15.4	26,100	16.4	15,000	23.6	91.97

\*Notes

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

(2) 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

(3) Issued Shares (Common stock)

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

Year ended March 31, 2019: 171,459,479 shares

Year ended March 31, 2018: 171,459,479 shares

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

Year ended March 31, 2019: 8,361,856 shares

Year ended March 31, 2018: 5,037,124 shares

[3] Average number of shares during the period:

Year ended March 31, 2019: 164,723,144 shares

Year ended March 31, 2018: 166,276,706 shares

Note: Number of the treasury stocks as of March 31, 2018 included 196,100 shares owned by Trust and Custody Service Bank, Ltd (Trust Account E).

(Reference) Overview of the Unconsolidated Financial Results

1. Unconsolidated Results for the Year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

(1) Results of Operations (%: Changes from the 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, 2019	310,603	14.7	12,708	(17.6)	17,399	5.2	12,231	(0.3)
Year ended March 31, 2018	270,844	8.9	15,426	(4.8)	16,542	(1.3)	12,272	1.2

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Year ended March 31, 2019	74.25		67.27	
Year ended March 31, 2018	73.81		66.92	

(2) Financial Position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
Year ended March 31, 2019	654,743		171,014		26.1		1,048.54	
Year ended March 31, 2018	622,679		172,933		27.8		1,039.12	

Note: Equity Year ended March 31, 2019: 171,014 million yen Year ended March 31, 2018: 172,933 million yen

\*This summary report is exempt from audit procedure based on the Financial Instruments and Exchanges Act.

\*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. Overview of Business Results (3) Future Outlook" in the attachment.

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## 1. Overview of Business Results

### (1) Overview of FY2018 Business Results

#### [1] Overview of FY2018

During the consolidated fiscal year under review, the sense of uncertainty about the future heightened in the global economy due to the impact from US-China trade frictions and movements in the UK's Brexit negotiations, as countries turned inwards in response to US protectionist policies. Regarding foreign exchange movements, while major currencies remained within a relatively small fluctuation range throughout the year, some emerging economy currencies saw significant falls. Meanwhile, in the Japanese economy, corporate earnings continued to recover steadily.

There was a significant impact in the medical device and pharmaceutical industries from the 2018 drug price revisions. Conditions are harsher as drug price revisions continue annually, with further planned in accordance with the revision of the consumption tax scheduled for October of this year. Even under these circumstances, the Nipro Group has made efforts to achieve top share in Japan, increase international sales and cut production costs, and worked to improve business performance, advancing the development of the products which are more concerned about the users.

As a result, sales for the current consolidated fiscal year increased YoY by 7.8% to 426,399 million yen due to favorable sales in the Medical-Related Business and the Pharmaceutical-Related Business. Regarding profit, in addition to the impact from drug price revisions, operating profit decreased by 12.0% YoY to 23,827 million yen due to an increase in the elimination amount of intercompany profit contained in inventories as a result of inventory transfers due to the integration of marketing operations and increases in expenses and research and development costs relating to regenerative medicine products. However, ordinary profit turned out to decrease YoY by 1.1% to 22,431 million yen due to an increase in non-operating income and a decrease in foreign exchange losses. Furthermore, due to the recording of significant non-current asset impairment losses in a subsidiary during the previous fiscal year, profit before income taxes was significantly higher in this fiscal year. However, while corporate income tax was low in the previous year due to the tax effects of the merging of unprofitable subsidiaries, income tax for the current period relatively increased YoY owing to the reduction in loss-making subsidiaries. As a result, profit attributable to owners of parent increased YoY by 2.6% to 12,136 million yen.

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

From the current period under review, we made changes to the reporting segments. For more information, please refer to "5. Consolidated Financial Statements and Major Notes (5) Notes Regarding Consolidated Financial Statements (Segment Information)". The following year-on-year comparisons have been calculated using numerical values of the last year which have been rearranged into the revised segments.

#### a. Medical-Related Business

The market environment in domestic sales became severe as medical fees and drug prices were revised in April of last year. Under these circumstances, in the Medical Sales Division, sales remained solid in each category of injection-transfusion products, enteral-alimentation products, testing products, dialysis products, and cardiovascular products and cardiac surgery (CVS) products. Sales growth was particularly high for SAFETOUCH™ infusion system next to HDF filters (dialysis products) and dialysis machines. In the Pharmaceutical Sales Division, sales showed favorable increase owing to strengthened sales promotion of anti-allergic agent Bepotastine Besilate (TALION AG). In addition, sales of oral and external use drugs and sales of injection grew mainly centered on dispensing pharmacies and DPC hospitals, respectively, owing to the effects of collaborations with pharmaceutical wholesalers. Moreover, in regard to regenerative medicine, for the regenerative medicine for use in spinal cord injury treatments "Human (autologous) bone marrow-derived mesenchymal stem cells" (brand name: Stemirac® Injection) that we have been jointly developing with Sapporo Medical University, we obtained approval with conditions and time limit on December 28, 2018 and it was listed in the National Health Insurance (NHI) drug price standard as of February 2019.

Meanwhile, overseas, as a result of continuous proactive sales activities around the world, sales of mainstay dialysis products such as dialyzers and dialysis machines grew steadily. In Latin America, our self-established dialysis centers

operated smoothly in Guatemala and Ecuador, and moreover, we established a new dialysis center in Ecuador. We will continue to promote establishment of self-established dialysis centers to provide optimum treatment environments rooted in the local area as well as medical training facilities. Furthermore, we established a new sales base in Zhengzhou, Henan Province, China and continue to reinforce the local direct sales system.

Regarding our overseas production bases, the two-line framework for dialyzer production at the factory in Hefei/China operated smoothly and profitability was greatly enhanced as a result of enhanced productivity. At the same time as starting the operation of a second line at our factory in India this year, we are introducing third lines. We will continue to strengthen the overseas production framework of dialyzer in response to growing and expanding demand.

As a result, net sales of this business increased 9.1% YoY to 327,359 million yen.

#### b. Pharmaceutical-Related Business

In the Pharmaceutical-Related Business, we have promoted the contract manufacturing and contract development of pharmaceuticals to respond accurately to the diverse needs of our corporate customers. We have focused on proposals for the comprehensive contract manufacturing of oral, injection and external use drug formulations manufacturable by the Nipro Group in addition to various highly pharmacologically active formulations such as antibiotics, steroids, and carcinostatic agents. Furthermore, we have also focused on the manufacturing of investigational drugs and the contract services for inspection and packaging. Moreover, we have also been proactive in the proposal-based sales of the use and set-packaging proposals of pharmaceutical containers and administration systems which we have developed and for which we own production frameworks.

In the pharmaceutical production division, we acquired two pharmaceutical manufacturing facilities to correspond to increased production and worked to further strengthen manufacturing capability.

As a result, net sales of this business increased 5.7% from the previous year to 63,482 million yen

#### c. PharmaPackaging Business

In the PharmaPackaging Business, which handles primary containers as well as medical devices such as devices for the preparation and administration of pharmaceuticals, we delivered a framework which can contribute to the lifecycle management of pharmaceuticals through one-stop solutions owing to the integration between the Medical System Development Department and the Medical System Sales Department within the Pharmaceutical Division from this fiscal year.

Overseas, sales in China was affected by production adjustment due to an extreme summer heat and shortage of drug supply in pharmaceutical companies, however, sales of bottles for oral liquid remained favorable due to growth in traditional Chinese medicine market. In Europe and the United States, orders from the large German pharmaceutical companies remained at a high level. Moreover, demand for glass tube increased in France and sales of vials increased as a result of reinforcement of technical sales in the United States. Export of vials and ampules remained solid in Russia and we launched the sales of products manufactured in the new processing plant with state-of-the-art equipment in India.

In the domestic market, while thermos bottle glass bulb sales were impacted by production adjustments from processing manufacturers, stable domestic sales of glass tubes contributed to sales growth amid ongoing tightening global demand. Sales of special needles were boosted by an increase in demand overseas, leading to an increase in income and profit. Also, the continuous introduction of new equipment at the Biwako Plant contributed sales of high revenue vials. In product development, we strived to develop problem solving products that respond to the needs of new customers.

As a result, net sales of this business increased 1.0% YoY to 35,526 million yen.

#### d. Other Business

Among other business, net sales from the real-estate rental business, etc. were 31 million yen (up 5.6% YoY).

## (2) Overview of FY2018 Financial Position

### [1] Assets, liabilities, and net assets

Total assets increased 19,374 million yen from the end of the previous consolidated fiscal year to 845,821 million yen at the end of the current consolidated fiscal year under review. Current assets increased 13,865 million yen and noncurrent assets increased 5,508 million yen. The main reason for the increase in current assets was an increase of 8,458 million yen in notes and accounts receivable-trade. The main reason for the increase in noncurrent assets was an increase of 6,675 million yen in buildings and structures, net.

Total liabilities increased 31,029 million yen from the end of the previous consolidated fiscal year to 673,990 million yen. Current liabilities increased 23,093 million yen and noncurrent liabilities increased 7,936 million yen. The main reason for the increase in current liabilities was an increase of 21,631 million yen in short-term loans payable, and the main reason for the increase in noncurrent liabilities was an increase of 6,400 million yen in bonds payable.

Total net assets decreased 11,655 million yen from the end of the previous consolidated fiscal year to 171,830 million yen. Shareholders' equity increased 2,327 million yen and accumulated other comprehensive income decreased 13,460 million yen.

### [2] Consolidated cash flow

The ending balance of cash and cash equivalents decreased 15,289 million yen from the end of the previous consolidated fiscal year to 120,310 million yen at the end of the current consolidated fiscal year under review.

#### (Cash flows from operating activities)

Net cash provided by operating activities was 41,362 million yen. The main accounts of cash inflow were profit before income taxes, 21,233 million yen and depreciation, 35,252 million yen. The main account of cash outflow was increase in notes and accounts receivable-trade, 12,278 million yen.

#### (Cash flows from investing activities)

Net cash used in investing activities was 64,712 million yen. The main account of cash outflow was purchase of non-current assets, 55,980 million yen.

#### (Cash flows from financing activities)

Net cash provided by financing activities was 12,646 million yen. The main account of cash inflow was proceeds from long-term loans payable, 88,813 million yen. The main account of cash outflow was repayment of long-term loans payable, 68,368 million yen.

## (3) Future Outlook

Going forward, we believe that the global economy will continue to see countries move towards prioritizing their own economies. Even under these circumstances, the Nipro Group, based on the concept of "local production and consumption", will further advance globalization and the development of the products and technologies that keep the users' viewpoints in mind, and achieve our FY2020 consolidated net sales target of 500 billion yen while adhering to the philosophy of contributing to society through technological innovation.

Our forecasts for the fiscal year ending March 31, 2020 include consolidated net sales of 461,500 million yen (up 8.2% YoY), operating profit of 27,500 million yen (up 15.4% YoY), ordinary profit of 26,100 million yen (up 16.4% YoY), and profit attributable to owners of parent of 15,000 million yen (up 23.6% YoY). In Japan, while drug price revisions will be performed next fiscal year again due to consumption tax revision, by providing safe and secure products in a timely manner to the global markets, in which demand is still strong, we will achieve further business expansion and social contributions.

## (4) Basic Policy on Distribution of Profits and Dividends for Fiscal Years Ending March 31, 2019 and March 31, 2020

We position profit return as an important management measure and will provide dividends to our shareholders. Internal reserves will be invested in sales & marketing, production, and research and development divisions, widening management frameworks and ensuring long-term business development, so as to obtain stable and sustainable growth

going into the future.

We plan an annual dividend of 28.00 yen per share and, as we have already paid an interim dividend of 19.00 yen per share, the year-end dividend is to be 9.00 yen per share, which will be proposed to the Company's 66th ordinary general meeting of shareholders.

We plan to make the dividend for the year ending March 31, 2020 inherit current basic policy while changing to better reflecting consolidated income.

## 2. Corporate Group

Our group consists of the Reporting Company (“the Company”), its 88 subsidiaries and 17 affiliates and is primarily engaged in manufacture and sale of medical equipment, pharmaceutical products and material products such as glass for medical use.

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

### <Medical-Related Business>

- Domestic:** The Company, Nipro Medical Industries Co., Ltd. and Goodman Co., Ltd. manufacture medical equipment, and the Company and Goodman Co., Ltd. sell medical equipment manufactured by its foreign subsidiaries.  
Cell Science & Technology Institute, Inc., develops, manufactures and sells cell-culture-related products.  
NexMed International Co., Ltd. develops, manufactures and sells orthopedic medical equipment.  
Nipro ES Pharma Co., Ltd. purchases products from the Company and its subsidiaries and sells generic drugs.  
Nichihos Co., Ltd. manages dispensing pharmacies and sells pharmaceutical products.
- Overseas:** Nipro (Thailand) Corporation Ltd., Nipro (Shanghai) Co., Ltd. (China) and Nipro India Corporation Private Limited (India) and other subsidiaries purchase some raw materials and machinery for their production from the Company, manufacture medical equipment, and sell them through the Company and its subsidiaries as well as locally on their own.  
Nipro Medical Europe N.V. (Belgium), Nipro Medical Corporation (U.S.A.) and Nipro Trading (Shanghai) Co., Ltd. (China) and other sales subsidiaries purchase products mainly from the Company and its subsidiaries, and sell medical equipment etc. in the areas of their locations.

### <Pharmaceutical-Related Business>

- Domestic:** The Company, Nipro Pharma Corporation and Zensei Pharmaceutical Industries Co., Ltd. manufacture and sell pharmaceutical products.
- Overseas:** Nipro Pharma Vietnam Co., Ltd. manufactures pharmaceutical products and Nipro Pharma Corporation sells them.

### < PharmaPackaging Business >

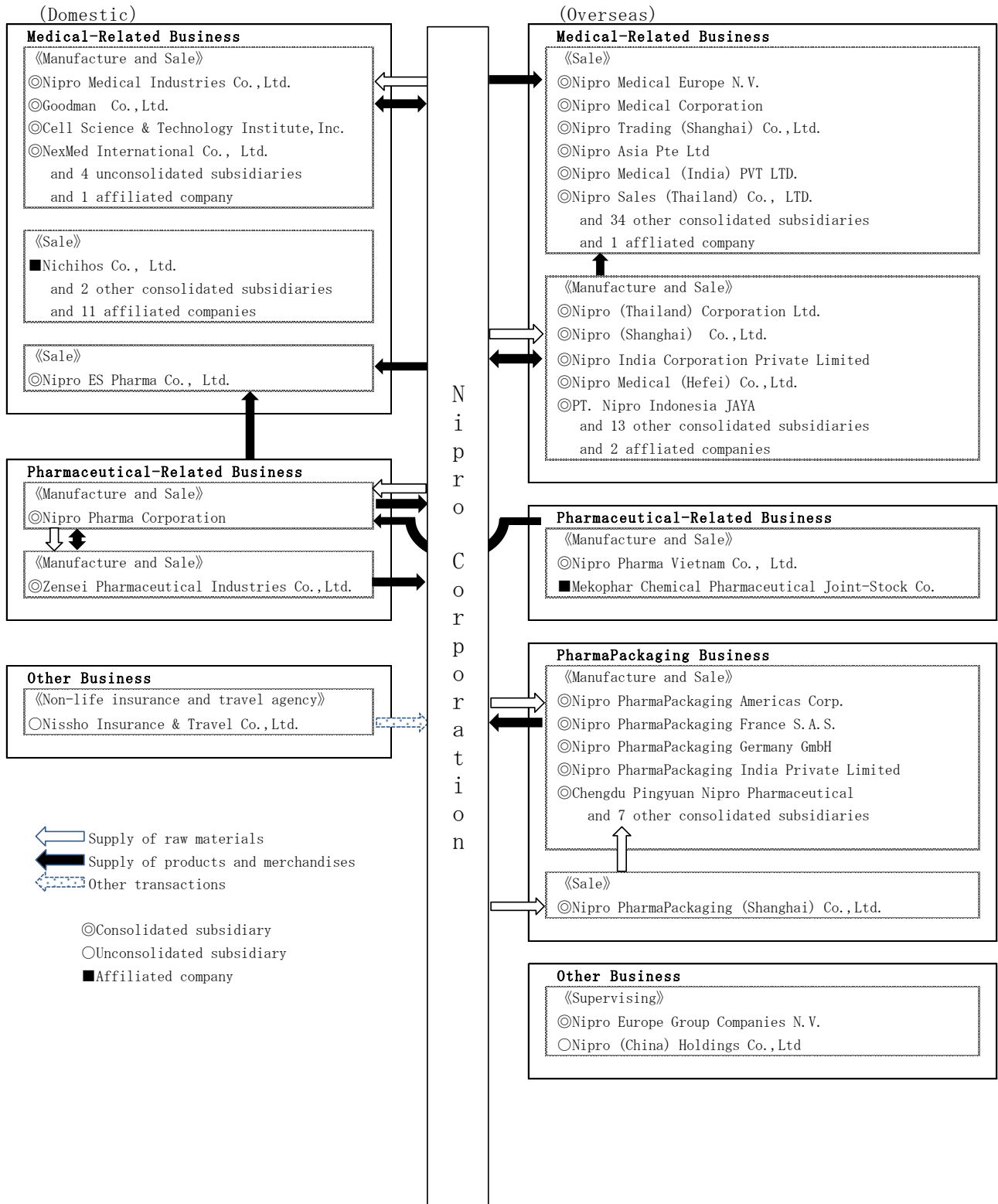
- Domestic:** The Company sells glass tubes as well as manufactures and sells glass products.
- Overseas:** Nipro PharmaPackaging (Shanghai) Co., Ltd. purchases some raw materials through the Company and sells them to its subsidiaries in China such as Chengdu Pingyuan Nipro Pharmaceutical Packaging Co., Ltd.  
Subsidiaries such as Nipro PharmaPackaging Americas Corp. (U.S.A.), Nipro PharmaPackaging France S.A.S. (France), Nipro PharmaPackaging Germany GmbH (Germany), Nipro PharmaPackaging India Private Limited (India), and Chengdu Pingyuan Nipro Pharmaceutical Packaging Co., Ltd. (China) manufacture and sell tube glass, vials and ampoules, etc. for medical use focusing on their each location.

### <Other business>

The Company manufactures (purchases, in some cases) and sells production machinery for medical equipment and is engaged in leasing of real estate properties.  
Nissho Insurance & Travel Co., Ltd. operates non-life insurance agency and travel businesses mainly for the group companies.  
Nipro Europe Group Companies N.V. (Belgium) and Nipro (China) Holdings Co. Ltd. mainly supervises businesses of subsidiaries in each region.

The above explanations are illustrated as follows:





## Management Policies

### (1) Basic Management Policy

Since our foundation in 1954, the Company's business philosophy has been to contribute to society through corporate activities under the concept of "technological innovation". In keeping with this philosophy, it has constantly sought to achieve growth through pursuit of distinctive products and technology for better quality of life (QOL) among patients and in response to issues and needs at medical care sites.

In addition, as a management mechanism that bears in mind that the balance between "stability" and "growth" is the most important for a company, we established a "performance-based pay system" and vigorously develop our business based on the concept of self-responsibility.

### (2) Target Management Indicators

We aim to achieve consolidated net sales of 1 trillion yen by fiscal 2030. As a first step, we are aiming for consolidated net sales of 500,000 million yen and ordinary profit of 40,000 million yen by fiscal 2020 and will make every effort towards steady growth in the Medical-Related, Pharmaceutical-Related, and PharmaPackaging businesses.

### (3) Medium- to Long-term Management Strategies

The basic policy and management strategy of the Group is to obtain shares in global markets and expand sales by enhancing the productivity of reliable and cost-competitive products through improvements in manufacturing processes, proactively capturing medical treatment front line needs and seeds and developing products that meet such requests at the same time. Moreover, we are determined to develop products of value and safety, as viewed from the user's perspective, utilizing our original technology and other management resources that span the Medical Devices, Pharmaceuticals, and PharmaPackaging business segments.

In our Medical-Related Business, we plan to expand our market share, vigorously filling our line-up and opening up new sales channels in areas such as diabetes, vascular and surgical device (SD) products, as well as artificial kidney dialyzers (our mainstay products in this field) and other dialysis products.

In the field of generic drugs, demand is expected to continue to rapidly expand in light of the Ministry of Health, Labour and Welfare's roadmap to promote the use of generic drugs that aims to increase the share of the total pharmaceutical sales volume occupied by such drugs to at least 80 percent by the end of fiscal 2020. As such, besides our ongoing development of new generic drugs, we will continue concentrating on the creation of various sales routes to users such as university hospitals, foundation hospitals and dispensing pharmacy groups and enhancing relations with important wholesalers and distributors, while pursuing greater synergies through coordination with our Medical Equipment Sales Division.

For overseas sales, with a thorough customer perspective and a customer service together with a technical sale and a systematized sale as our policy, we will raise the Company's brand power and work towards increasing the shares of our products, particularly dialysis products such as dialyzers and dialysis machines. Moreover, we will continue to enhance our network of sales organization and reinforce the management of the organization. We will also continue to promote establishment of self-established dialysis centers to provide optimum treatment environments rooted in the local area as well as medical training facilities by introducing the business of self-established dialysis centers which we started in Guatemala and Ecuador to other countries and promoting establishment of dialysis training centers all over the world. The global dialysis market continues to grow. We will continue to actively establish new business bases in developing regions such as India and China where further market expansion is expected in order to capture demand in expanding markets. Furthermore, in Europe and the United States, by strengthening ties with major dialysis center groups as well as expanding sales through our sales network we will work towards further expanding sales and increasing our market share.

In regard to regenerative medicine, in order to expand the sale of the regenerative medicine "Human (autologous) bone marrow-derived mesenchymal stem cells" (brand name: Stemirac® Injection), we will strengthen our manufacturing system as well as promoting tie-ups with medical institutions.

In the Contracted Manufacturing Division of our Pharmaceutical-Related Business, we will build frameworks for production and quality assurance that meet requirements in developed countries. We will also further expand our production capacity while working to expand our business as a leading corporate group in the contracted manufacturing of pharmaceuticals. Moreover, we will make the best of production sites outside of Japan in order to enhance our capacity for stable supply and cost competitiveness, ensuring supply of medical products globally. We will continue to develop and supply safe and useful products, as viewed from a healthcare professional and patient perspective, through collaborations between our unique pharmaceutical containers and pharmaceutical preparation and administration devices.

In the PharmaPackaging Business, we will continue to expand our market share using our glass manufacturing technologies such as VIALEX® glass vials and "D2F(TM)" sterilized vials that make full use of our accumulated technology and knowhow cultivated over many years of operations. Using such technologies as a foundation, we will provide a further detailed customer service by fusing and harmonizing the regional strategies of each country and functional strategies of each department in every direction possible. Moreover, with the addition of medical device related products to the PharmaPackaging Businesses from this fiscal year, we will strive to expand by working to sell solutions that range from primary containers to preparation and administration devices.

#### (4) Issues and Challenges Facing the Group

In our Medical-Related Business, the Medical Sales Division will strive to create designs reflecting considerations for medical safety and security and develop products that alleviate the environmental burden for products related to transfusion, diabetes, dialysis, vascular and SD. It will also seek to develop products that are gentle to healthcare professionals, patients, and the environment, while actively marketing and expanding sales of products addressing the diversifying needs and potentials in the market, to improve business results. Moreover, while the generic drug industry, and the pharmaceutical industry as a whole, is facing an extremely difficult business environment due to April of last year's revised drug prices, the Pharmaceutical Sales Division will endeavor to further enhance the Nipro brand while meeting the needs of medical care sites, such as home medical care and regional medical cooperation as well as strengthening ties with medical wholesalers, as a comprehensive medical enterprise. Furthermore, due to demographic changes resulting from improved living conditions and advances in medical science and treatment driven by economic growth, global markets are changing from the old disease patterns centered on infectious diseases to urban diseases such as lifestyle diseases, the trend particularly pronounced in some emerging countries. As a result, the development of medical infrastructure and the securing of medical professionals are insufficient in some countries and regions with high populations in particular. The Group, while contributing to the improvement of medical infrastructure and the training of medical professionals in such areas from a global health CSR perspective, will continue to successively and proactively enhance product production capacity worldwide, in order to fully fulfill our primary responsibility as a manufacturer to provide products. Demand for dialyzers in particular is forecast to continue to be strong going forward, due to the above reasons, and we recognize that the enhancing of production capacities in order to satisfy this demand is an urgent necessity.

In regard to regenerative medicine, construction of the mass production system for the regenerative medicine "Human (autologous) bone marrow-derived mesenchymal stem cells" (brand name: Stemirac® Injection) is now an evolving task. We aim to launch a new production system at the earliest opportunity, in order to enhance productivity while increasing the reliability of sterile production, and reduce costs while developing a supply system that responds to treatment needs.

In our Pharmaceutical-Related Business, our main goals are to improve production capacity, stabilize supply, secure reliability in quality, and achieve a significant reduction in manufacturing costs to further increase our competitiveness. Furthermore, with a view to supplying products to the global market, it is essential that we enhance our development and quality assurance frameworks in both software and hardware in order to fully meet pharmaceutical quality standards in the United States and Europe and will further respond to the pharmaceutical affairs of each country. In addition, we will work on raw material procurement measures that also consider country risk.

In the PharmaPackaging Business, while amortization expenses for equipment costs invested to further enhance

product competitiveness are a temporary burden, we will continue to aim for automation and labor savings through the introduction of camera inspection machines at all of our production locations, in order to achieve improved quality reliability and reduced manufacturing costs. In addition, we will construct stable supply system by unifying our product specifications and quality standards. For sales, by integrating the Medical System Development Department and the Medical System Sales Department within the Pharmaceutical Division from this fiscal year, we will strive to perform holistic sales with the users' viewpoints in mind as a true pharmaceutical packaging material manufacturer and enhance our results.

Moreover, in order to realize continuous investments without delay in each business, we recognize that the enhancing of our financial management system is one major challenge. Going forward, we will aim for enhancement to a sound financial management system through various financing methods and capital policies or the efficient management of funds by utilizing regional head quarters.

#### 4. Basic Principles Underlying the Concept of Accounting Standards

J-GAAP is adopted in the current period. The Company will keep a close eye on future trends while considering the application of International Financial Reporting Standards (IFRS).

5. Consolidated Financial Statements and Major Notes  
(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
<b>Assets</b>		
Current Assets		
Cash and deposits	141,940	129,438
Notes and accounts receivable-trade	140,511	148,970
Merchandise and finished goods	89,146	95,103
Work in process	11,431	12,347
Raw materials and supplies	28,640	30,474
Other	18,854	27,867
Allowance for doubtful accounts	(1,437)	(1,248)
Total current assets	429,087	442,953
Non-current assets		
Property, plant and equipment		
Buildings and structures	207,198	220,205
Accumulated depreciation and impairment loss	(98,987)	(105,317)
Buildings and structures, net	108,211	114,887
Machinery, equipment and vehicles	258,817	273,467
Accumulated depreciation and impairment loss	(180,543)	(193,732)
Machinery equipment and vehicles, net	78,273	79,734
Land	32,079	36,480
Leased assets	3,707	5,303
Accumulated depreciation	(2,746)	(3,069)
Leased assets, net	960	2,233
Construction in progress	37,537	36,638
Other	54,423	59,620
Accumulated depreciation and impairment loss	(41,213)	(45,112)
Other, net	13,210	14,508
Total property, plant and equipment	270,273	284,483
Intangible assets		
Goodwill	27,358	19,327
Leased assets	2,366	3,669
Other	16,268	16,401
Total intangible assets	45,994	39,398
Investments and other assets		
Investment securities	62,936	61,365
Deferred tax assets	10,354	11,335
Other	12,644	9,107
Allowance for doubtful accounts	(4,844)	(2,822)
Total investments and other assets	81,091	78,986
Total non-current assets	397,359	402,867
Total assets	826,447	845,821

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	62,105	69,646
Short-term loans payable	117,666	139,297
Commercial papers	10,000	—
Current portion of bonds	1,215	3,600
Lease obligations	1,198	1,693
Accounts payable-other	16,461	17,499
Accrued directors' bonuses	328	388
Income taxes payable	4,993	5,350
Provision for bonuses	4,364	4,506
Provision for directors' bonuses	131	125
Notes payable-facilities	11,304	7,931
Other	21,415	24,237
<b>Total current liabilities</b>	<b>251,184</b>	<b>274,277</b>
Non-current liabilities		
Bonds payable	5,000	11,400
Convertible bond-type bonds with share acquisition rights	25,000	25,000
Long-term loans payable	350,517	349,112
Lease obligations	2,544	5,034
Deferred tax liabilities	473	204
Net defined benefit liability	4,530	5,101
Provision for directors' retirement benefits	647	703
Provision for loss on litigation	202	147
Other	2,861	3,008
<b>Total non-current liabilities</b>	<b>391,776</b>	<b>399,712</b>
<b>Total liabilities</b>	<b>642,961</b>	<b>673,990</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	84,397	84,397
Retained earnings	83,570	90,719
Treasury shares	(6,004)	(10,826)
<b>Total shareholders' equity</b>	<b>161,963</b>	<b>164,291</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(712)	(5,173)
Deferred gains or losses on hedges	(69)	(54)
Foreign currency translation adjustment	11,404	2,625
Remeasurements of defined benefit plans	36	(199)
<b>Total accumulated other comprehensive income</b>	<b>10,658</b>	<b>(2,802)</b>
Non-controlling interests	10,863	10,341
<b>Total net assets</b>	<b>183,485</b>	<b>171,830</b>
<b>Total liabilities and net assets</b>	<b>826,447</b>	<b>845,821</b>

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income  
Consolidated Statements of Income

(Millions of yen)

	Year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)	Year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)
Net sales	395,397	426,399
Cost of sales	268,272	295,767
Gross profit	127,125	130,631
Selling, general and administrative expenses	100,036	106,804
Operating profit	27,088	23,827
Non-operating income		
Interest income	577	816
Dividends income	1,643	1,743
Share of profit of entities accounted for using equity method	113	78
Other	1,646	2,731
Total non-operating income	3,981	5,370
Non-operating expenses		
Interest expenses	3,543	3,347
Expenses for operation preparation	471	312
Commission for syndicate loan	817	409
Foreign exchange losses	2,561	1,121
Other	991	1,576
Total non-operating expenses	8,384	6,766
Ordinary profit	22,684	22,431
Extraordinary income		
Gain on sales of non-current assets	63	229
State subsidy	1,613	1,448
Gain on sales of investment securities	736	147
Gain on bargain purchase	—	317
Other	2	0
Total extraordinary income	2,416	2,142
Extraordinary loss		
Loss on sales of non-current assets	370	91
Loss on retirement of non-current assets	411	180
Impairment loss	2,216	915
Loss on reduction of non-current assets	1,500	865
Provision of allowance for doubtful accounts	92	—
Compensation expenses	1,074	19
Loss on liquidation of business	1,056	—
Tariff for prior periods	—	480
Other	1,352	787
Total extraordinary losses	8,075	3,340
Profit before income taxes	17,026	21,233
Income taxes-current	7,708	8,605
Income taxes-deferred	(2,980)	751
Total income taxes	4,727	9,357
Profit	12,298	11,876
Profit attributable to non-controlling interests	468	(260)
Profit attributable to owners of parent	11,829	12,136

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)	Year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)
Profit	12,298	11,876
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,301)	(4,460)
Deferred gains or losses on hedges	72	15
Foreign currency translation adjustment	2,882	(8,891)
Remeasurements of defined benefit plans	628	(250)
Share of other comprehensive income of entities accounted for using equity method	(87)	(127)
Total other comprehensive income	1,194	(13,715)
Comprehensive income	13,492	(1,838)
Comprehensive income attributable to owners of parent	12,983	(1,323)
Comprehensive income attributable to non-controlling interests	508	(514)



## (3) Consolidated Statements of Shareholders' Equity

(Millions of yen)

	Year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)	Year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)
<b>Shareholder's equity</b>		
<b>Capital stock</b>		
Balance at beginning of year	84,397	84,397
Changes of items during period		
Total changes of items during period	—	—
Balance at end of year	84,397	84,397
<b>Retained earnings</b>		
Balance at beginning of year	78,422	83,570
Changes of items during period		
Dividend of surplus	(6,498)	(4,957)
Profit attributable to owners of parent	11,829	12,136
Disposal of treasury shares	(0)	—
Other	(184)	(29)
Total changes of items during period	5,147	7,149
Balance at end of year	83,570	90,719
<b>Treasury stock</b>		
Balance at beginning of year	(6,243)	(6,004)
Changes of items during period		
Purchase of treasury shares	(1)	(5,000)
Disposal of treasury shares	240	178
Total changes of items during period	238	(4,821)
Balance at end of year	(6,004)	(10,826)
<b>Total Shareholders' equity</b>		
Balance at beginning of year	156,577	161,963
Changes of items during period		
Dividend of surplus	(6,498)	(4,957)
Profit attributable to owners of parent	11,829	12,136
Purchase of treasury shares	(1)	(5,000)
Disposal of treasury shares	240	178
Other	(184)	(29)
Total changes of items during period	5,385	2,327
Balance at end of year	161,963	164,291

(Millions of yen)

	Year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)	Year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)
<b>Accumulated other comprehensive income</b>		
Valuation differences on available-for-sale securities		
Balance at beginning of year	1,589	(712)
Changes of items during period		
Net changes of items other than shareholders' equity	(2,301)	(4,461)
Total changes of items during period	(2,301)	(4,461)
Balance at end of year	(712)	(5,173)
Deferred gains or losses on hedges		
Balance at beginning of year	(141)	(69)
Changes of items during period		
Net changes of items other than shareholders' equity	72	15
Total changes of items during period	72	15
Balance at end of year	(69)	(54)
Foreign currency translation adjustment		
Balance at beginning of year	8,640	11,404
Changes of items during period		
Net changes of items other than shareholders' equity	2,764	(8,778)
Total changes of items during period	2,764	(8,778)
Balance at end of year	11,404	2,625
Remeasurements of defined benefit plans		
Balance at beginning of year	(582)	36
Changes of items during period		
Net changes of items other than shareholders' equity	619	(236)
Total changes of items during period	619	(236)
Balance at end of year	36	(199)
Total accumulated other comprehensive income		
Balance at beginning of year	9,504	10,658
Changes of items during period		
Net changes of items other than shareholders' equity	1,153	(13,460)
Total changes of items during period	1,153	(13,460)
Balance at end of year	10,658	(2,802)
Non-controlling interests		
Balance at beginning of year	10,325	10,863
Changes of items during period		
Net changes of items other than shareholders' equity	538	(522)
Total changes of items during period	538	(522)
Balance at end of year	10,863	10,341
Total net assets		
Balance at beginning of year	176,408	183,485
Changes of items during period		
Dividend of surplus	(6,498)	(4,957)
Profit attributable to owners of parent	11,829	12,136
Purchase of treasury shares	(1)	(5,000)
Disposal of treasury shares	240	178
Other	(184)	(29)
Net changes of items other than shareholders' equity	1,691	(13,983)
Total changes of items during period	7,077	(11,655)
Balance at end of year	183,485	171,830

## (4) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)	Year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)
<b>Cash flows from operating activities</b>		
Profit before income taxes	17,026	21,233
Depreciation	32,565	35,252
Impairment loss	2,216	915
Amortization of goodwill	3,431	3,372
Share of (profit) loss of entities accounted for using equity method	(113)	(78)
Increase (decrease) in allowance for doubtful accounts	443	(699)
Increase (decrease) in net defined benefit liability	288	352
Interest and dividend income	(2,221)	(2,559)
Interest expenses	3,543	3,347
Foreign exchange losses (gains)	559	1,385
Loss (gain) on sales of investment securities	(791)	(147)
State subsidy	(1,613)	(1,036)
Loss on reduction of non-current assets	1,500	865
Gain on bargain purchase	—	(317)
Decrease (increase) in notes and accounts receivable-trade	(7,331)	(12,278)
Decrease (increase) in inventories	(4,902)	(11,448)
Increase (decrease) in notes and accounts payable-trade	(3,821)	11,814
Decrease (increase) in other assets	1,755	(5,393)
Increase (decrease) in other liabilities	6,454	5,544
Other loss (gain)	449	(97)
Subtotal	49,441	50,027
Interest and dividends income received	2,238	2,421
Interest expenses paid	(3,299)	(3,211)
Other proceeds	499	631
Other payments	(502)	(331)
Income taxes paid	(7,329)	(8,175)
Net cash provided by (used in) operating activities	41,046	41,362
<b>Cash flows from investing activities</b>		
Payments into time deposits	(4,715)	(6,661)
Proceeds from withdrawal of time deposits	9,673	3,231
Purchase of investment securities	(549)	(875)
Proceeds from sales of investment securities	4,480	110
Purchase of shares of subsidiaries	(40)	(61)
Purchase of shares of associates	(881)	(1,352)
Proceeds from sales of shares of associates	384	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(11,888)	—
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	2,294
Payments for transfer of business	—	(5,126)
Purchase of non-current assets	(62,382)	(55,980)
Proceeds from sales of non-current assets	655	1,008
Payments for retirement of non-current assets	(274)	(6)
Proceeds from subsidy income for capital investment	1,592	2,471
Net decrease (increase) in short-term loans receivable	470	(4,187)
Payments of loans receivable	(755)	(281)
Collection of loans receivable	93	712
Other payments	(1)	(7)
Other proceeds	—	0
Net cash provided by (used in) investment activities	(64,140)	(64,712)

(Millions of yen)

	Year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)	Year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	8,825	3,264
Net increase (decrease) in commercial papers	—	(10,000)
Proceeds from long-term loans payable	135,110	88,813
Repayment of long-term loans payable	(74,903)	(68,368)
Proceeds from issuance of bonds	993	9,933
Redemption of bonds	(15,160)	(1,215)
Proceeds from sales of treasury shares	240	178
Purchase of treasury shares	(1)	(5,000)
Purchase of treasury shares of subsidiaries	(21)	—
Proceeds from sales and leasebacks	—	1,474
Repayments of finance lease obligations	(1,180)	(1,338)
Cash dividends paid	(6,484)	(4,947)
Dividends paid to non-controlling interests	(20)	(36)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(56)	(113)
Payments for investments in capital of subsidiaries that do not result in change in scope of consolidation	—	(0)
<b>Net cash provided by (used in) financing activities</b>	<b>47,341</b>	<b>12,646</b>
Effect of exchange rate change on cash and cash equivalents	(695)	(4,659)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>23,552</b>	<b>(15,363)</b>
Cash and cash equivalents at beginning of period	112,046	135,599
Increase in cash and cash equivalents from newly consolidated subsidiaries	—	74
<b>Cash and cash equivalents at end of period</b>	<b>135,599</b>	<b>120,310</b>

(5) Notes Regarding Consolidated Financial Statements

(Notes Related to Going Concern)

N/A

(Basis of Preparation for the Consolidated Financial Statements)

1) Scope of consolidation

[1] Consolidated subsidiaries: 82

Name of representative consolidated subsidiaries,

- Nipro Medical Industries Co., Ltd.
- Nipro Medical Europe N.V.
- Nipro Pharma Corporation
- Nipro Medical (Hefei) Co., Ltd.
- Nipro Trading (Shanghai) Co., Ltd.
- Nipro (Thailand) Corporation Ltd.
- Nipro Medical Corporation
- Nipro ES Pharma Co., Ltd.
- Goodman Co., Ltd.
- Zensei Pharmaceutical Industries Co., Ltd.

Four companies including Nipro Excellent Renal Care Co., Ltd. which were newly established were included in the scope of consolidation and NextOrthoSurgical Inc. was included in the scope of consolidation due to the increased materiality since the consolidated fiscal year under review.

Nipro South Africa PTY LTD. was excluded from the scope of consolidation due to liquidation since the consolidated fiscal year under review.

Eleven companies including Nichihos Co., Ltd. were excluded from the scope of consolidation and included in the scope of affiliated company accounted for by the equity method since the consolidated fiscal year under review as they became affiliated companies due to the partial sales of the shares of these companies.

[2] Name of major unconsolidated subsidiary

- Nissho Insurance & Travel Co., Ltd.

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

[1] Number of affiliate accounted for by the equity method: 12

- Mekophar Chemical Pharmaceutical Joint-Stock Company

Eleven companies including Nichihos Co., Ltd. were excluded from the scope of consolidation and included in the scope of affiliated company accounted for by the equity method since the consolidated fiscal year under review as they became affiliated companies due to the partial sales of the shares of these companies.

[2] Name of major unconsolidated subsidiary not accounted for by the equity method:

- Nissho Insurance & Travel Co., Ltd.

Name of major affiliate not accounted for by the equity method:

- Nipro Dongduk Medical Corporation

The equity method is not applied to some of the unconsolidated subsidiaries and the affiliate companies, 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 main 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)

###### Derivatives transaction

Valued at the market price

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

###### Property, plant and equipment (Excluding lease assets)

----- Mainly Declining-balance method

However, buildings acquired on or after April 1, 1998 (excluding attached structures), and facilities attached to buildings and structures acquired on or after April 1, 2016 are depreciated by straight-line method.

The foreign subsidiaries use 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.

##### [3] Standards for recognition of significant allowances

Allowance for double 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.

Provision 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.

Provision 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.

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.

[4] Accounting Treatment of Retirement Benefits

Method of attributing expected benefit to periods

In calculating retirement benefit obligation, the Company attributed expected benefit to the periods on a payment calculation basis.

Accounting Method of Actuarial gains and losses and prior service costs

Prior service costs are amortized on a straight-line basis over the certain period (generally 5 years) which is no longer than the expected average remaining working lives of the employees when they occur.

Actuarial gains and losses are amortized on a straight-line basis over the certain period (generally 5years) which is no longer than the expected average remaining working lives of the employees from the following the year which they arise.

For certain consolidated subsidiaries, actuarial gains and losses are processed collectively in the accrued year.

[5] Amortization of goodwill

Goodwill is amortized using the straight-line method over the estimated benefit period of the asset (from 5 to 20 years).

[6] 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 are 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] Significant method of hedge accounting

Method of hedge accounting

The deferral hedge accounting method is applied in principle. Designation accounting is used for foreign exchange swap that meet the requirements for designation accounting, and exceptional accounting is used for interest rate swap that meet the requirements for exceptional accounting.

Hedge instrument and hedge items

[Hedge instruments]	[Hedge items]
Interest rate swaps	Borrowings

Hedge policy

The Company uses foreign exchange swaps and interest rate swaps to mitigate the foreign currency risk and the interest rate risk involved in procuring funds and hedge items are identified on an individual contract basis.

Method for evaluating the validity of hedges

For items covered by designation or exceptional accounting, the validity of the hedge is not evaluated.

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

Consumption taxes

Consumption taxes are excluded from revenues and expenses accounts and consumption taxes unqualified

for deduction for tax purposes for assets, etc. are reported as period expenses in the consolidated accounting period.

(Additional Information)

Application of Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.

The company has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) from the beginning of the consolidated fiscal year under review. Due to this application, deferred tax assets are presented under investments and other assets and deferred tax liabilities are presented under non-current liabilities.

(Notes Regarding Consolidated Balance Sheets)

	(Previous period)	(Current Period)
1) Pledged assets	13,005 mil. yen	12,411 mil. yen
2) Discounted notes receivable	4 mil. yen	4 mil. yen
Notes receivable endorsed	- mil. yen	421 mil. yen
3) Accounts related to unconsolidated subsidiaries and affiliate companies		
Investment securities (stock)	4,142 mil. yen	8,682 mil. yen
Other of investments and other assets (Investments in capital)	7 mil. yen	8 mil. yen

4) Accounting treatment of trade notes maturing on the last day of the fiscal year

Trade notes maturing on the last day of the fiscal year are accounted on the clearance day. Accordingly, since the last day of the current consolidated fiscal year was a bank holiday, such trade notes were included in the following accounts.

	(Previous period)	(Current Period)
Notes receivable - trade	2,042 mil. yen	1,964 mil. yen
Notes payable - trade	896 mil. yen	1,036 mil. yen

(Notes Regarding Consolidated Statement of Income)

	(Previous period)	(Current Period)
Research and development expenditure included in selling general and administrative expenses and manufacturing cost.	16,113 mil. yen	16,526 mil. yen

(Notes Regarding Consolidated Statements of Shareholders' equity)

Previous period (From April 1, 2017 to March 31, 2018)

1. Sort and total numbers of shared issues

Sort of shares	Number of shares as of April 1, 2017	Increased numbers	Decreased numbers	Number of shares As of March 31, 2018
Common stock	171,459,479	-	-	171,459,479

2. Sort and numbers of treasury stock

Sort of shares	Number of shares as of April 1, 2017	Increased numbers	Decreased numbers	Number of shares As of March 31, 2018
Common stock	5,300,071	1,025	263,972	5,037,124

(Note) 1. Number of the stocks increased during the period due to the purchase of shares of odd-lot shares.

2. Number of the stocks decreased during the period due to the sales of 72 shares of odd-lot shares and sales of 263,900 shares by Trust Account E to the Association.

3. Number of the stocks as of the beginning of the period and as of the end of the period included 460,000 shares and 196,100 shares respectively owned by Trust Account E.



### 3. Dividends

#### (1) Amount of dividends paid

Decision	Sort of shares	Total amount of dividends paid	Dividends per shares	Basis date	Effective date
June 28, 2017 at Ordinary General Meeting of Shareholders	Common stock	Millions of yen 3,582	Yen 21.50	March 31, 2017	June 29, 2017
November 9, 2017 at Board of Directors	Common stock	Millions of yen 2,915	Yen 17.50	September 30, 2017	December 8, 2017

- (Note) 1. Total amount of dividends paid decided at the ordinary general meeting of shareholders on June 28, 2017 includes 9 million yen of the dividends on shares owned by Trust Account E.  
2. Total amount of dividends paid decided at the board of directors on November 9, 2017 includes 5 million yen of the dividends on shares owned by Trust Account E.

#### (2) Of the dividends whose record date belongs to the current consolidated fiscal year, those dividends of which the effective date belongs to the next fiscal year

Scheduled Decision	Sort of shares	Proceeds of dividends	Total amount of dividends paid	Dividends per shares	Basis date	Effective date
June 27, 2018 at Ordinary General Meeting of Shareholders	Common stock	Earned surplus	Millions of yen 1,832	Yen 11.00	March 31, 2018	June 28, 2018

- (Note) Total amount of dividends paid includes 2 million yen of the dividends on shares owned by Trust Account E..

Current period (From April 1, 2018 to March 31, 2019)

#### 1. Sort and total numbers of shared issues

Sort of shares	Number of shares as of April 1, 2018	Increased numbers	Decreased numbers	Number of shares As of March 31, 2019
Common stock	171,459,479	-	-	171,459,479

#### 2. Sort and numbers of treasury stock

Sort of shares	Number of shares as of April 1, 2018	Increased numbers	Decreased numbers	Number of shares As of March 31, 2019
Common stock	5,037,124	3,520,832	196,100	8,361,856

- (Note) 1. Number of the stocks increased during the period due to the purchase of 3,520,600 shares pursuant to a resolution of the Board of Directors and purchase of 232 shares of odd-lot shares.  
2. Number of the stocks decreased during the period due to the sales of shares by Trust Account E to the Association.  
3. Number of the stocks as of the beginning of the period included 196,100 shares owned by Trust Account E. As of February 15, 2019, the services was terminated at maturity of trust period and all shares owned by Trust Account E was disposed on February 5, 2019.

### 3. Dividends

#### (1) Amount of dividends paid

Decision	Sort of shares	Total amount of dividends paid	Dividends per shares	Basis date	Effective date
June 27, 2018 at Ordinary General Meeting of Shareholders	Common stock	Millions of yen 1,832	Yen 11.00	March 31, 2018	June 28, 2018
November 8, 2018 at Board of Directors	Common stock	Millions of yen 3,124	Yen 19.00	September 30, 2018	December 7, 2018

- (Note) 1. Total amount of dividends paid decided at the ordinary general meeting of shareholders on June 27, 2018 includes 2 million yen of the dividends on shares owned by Trust Account E.  
2. Total amount of dividends paid decided at the board of directors on November 8, 2018 includes 0 million yen of the dividends on shares owned by Trust Account E.

#### (2) Of the dividends whose record date belongs to the current consolidated fiscal year, those dividends of which the effective date belongs to the next fiscal year

Scheduled Decision	Sort of shares	Proceeds of dividends	Total amount of dividends paid	Dividends per shares	Basis date	Effective date
June 26, 2019 at Ordinary General Meeting of Shareholders	Common stock	Earned surplus	Millions of yen 1,467	Yen 9.00	March 31, 2019	June 27, 2019

(Segment Information)

[Segment Information]

1. Outline of reportable operating segments

Applied ASBJ Statement No.17 “The Accounting Standard for Disclosures of Segments of an Enterprise and Related Information”, the reportable operating segments are components of an entity for which separate financial information is available and evaluated regularly by the board of directors in determining the allocation of management resources and in assessing performance. We currently operate our business on a stand-alone basis with the divisional organization and evaluate the performance of sales and manufacture of each division regardless of their products. Accordingly, we divide our operations into 3 reportable operating segments on the basis of its main products: Medical-Related, Pharmaceuticals-Related and PharmaPackaging.

\*Medical-Related

The Domestic Division sells injection and infusion products, artificial organ products, highly functional products, dialysis products, diabetic products and pharmaceuticals such as generic and kit products. In the Global Business Division, head office plays the central role, placing overseas sales and manufacturing bases for medical equipment and sales injection and infusion products, artificial organ products and diabetic products.

\*Pharmaceutical-Related

The Pharmaceutical Division sells pharmaceutical-related products associated with containers for combination products (injectable kit products) consigned by other pharmaceutical companies. Domestic subsidiaries sell and manufacture injectable drugs, oral drugs and combination products.

\*PharmaPackaging

The PharmaPackaging Division sells glass for vials and ampoules for medical use, glass for thermos bottles, glass for lighting and containers for combination products (injectable kit products) domestically. Overseas subsidiaries manufacture and sell tube glass and glass mainly for syringes, vials and ampoules for medical use.

2. Method of calculating sales and profit by reportable operating segment

The accounting process of the segments follows the accounting principles and practices listed in Basis of Preparation for the Consolidated Financial Statements. Profit of the segment is based on operating income. Internal revenue and transfer to revenue between segments are based on the market realized price.

3. Information on amount of sales, profit or loss, assets and other items by reportable segment

Year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Segment				Other (Note.1)	Total	Adjust- ment (Note.2)	Consolidated Statements of Income (Note.3)
	Medical- Related	Pharmace- utical- Related	Pharma- Packaging	Total				
Net sales								
(1)Sales to third parties	300,117	60,080	35,170	395,368	29	395,397	—	395,397
(2)Inter-segment sales and transfers	1,636	14,690	167	16,494	1,180	17,675	(17,675)	—
Total	301,753	74,770	35,338	411,863	1,210	413,073	(17,675)	395,397
Segment profit (loss)	36,522	11,428	367	48,318	75	48,394	(21,306)	27,088
Segment assets	417,718	162,670	73,924	654,313	4,317	658,631	167,815	826,447
Other items								
(1)Depreciation and amortization	14,836	11,042	3,147	29,026	48	29,074	3,491	32,565
(2)Amortization of goodwill	2,738	4	689	3,431	-	3,431	-	3,431
(3)Increase in tangible and intangible fixed assets	20,412	17,393	9,099	46,906	1,769	48,675	13,314	61,990

(Note) 1. "Other" is the business segment which is not included in the reporting segment and consist of real estate income and sales by headquarter.

2. Adjustment is as follows.

(1) Adjustment for the segment profit (loss) of (21,306) million yen includes deduction of intercompany profits on inventories of (704) million yen and corporate cost of (20,601) million yen. Corporate cost consists primarily of sales, general and administrative expenses and research and development cost which do not belong to the reporting segment.

(2) Adjustment for the segment assets of 167,815 million yen includes elimination of inter-segment transaction of (12,347) million yen and corporate assets of 180,162 million yen. Corporate assets consisted primarily of cash and deposit, investment securities, assets for development and assets for management division of head office which do not belong to the reporting segment.

(3) Adjustment for depreciation and amortization of 3,491 million yen is for corporate assets. Depreciation and amortization and increase in tangible and intangible fixed assets include long-term prepaid expenses.

(4) Adjustment for increase in tangible and intangible fixed assets is increase in corporate assets.

3. Segment profit (loss) is adjusted to the operating income on the consolidated statements of income.

Year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Segment				Other (Note.1)	Total	Adjust- ment (Note.2)	Consolidated Statements of Income (Note.3)
	Medical- Related	Pharmace- utical- Related	Pharma- Packaging	Total				
Net sales								
(1)Sales to third parties	327,359	63,482	35,526	426,368	31	426,399	—	426,399
(2)Inter-segment sales and transfers	6,724	18,311	5,099	30,135	1,463	31,598	(31,598)	—
Total	334,083	81,793	40,626	456,503	1,494	457,997	(31,598)	426,399
Segment profit (loss)	36,722	10,662	778	48,162	146	48,309	(24,482)	23,827
Segment assets	428,943	172,691	74,521	676,155	3,815	679,970	165,850	845,821
Other items								
(1)Depreciation and amortization	15,931	11,646	3,712	31,289	165	31,455	3,796	35,252
(2)Amortization of goodwill	3,036	0	335	3,372	-	3,372	-	3,372
(3)Increase in tangible and intangible fixed assets	25,208	21,138	6,488	52,835	757	53,592	10,802	64,394

- (Notes)
1. "Other" is the business segment which is not included in the reporting segment and consist of real estate income and sales by headquarter.
  2. Adjustment is as follows.
    - (1) Adjustment for the segment profit (loss) of (24,482) million yen includes deduction of intercompany profits on inventories of (2,380) million yen and corporate cost of (22,102) million yen. Corporate cost consists primarily of sales, general and administrative expenses and research and development cost which do not belong to the reporting segment.
    - (2) Adjustment for the segment assets of 165,850 million yen includes elimination of inter-segment transaction of (15,637) million yen and corporate assets of 181,488 million yen. Corporate assets consisted primarily of cash and deposit, investment securities, assets for development and assets for management division of head office which do not belong to the reporting segment.
    - (3) Adjustment for depreciation and amortization of 3,796 million yen is for corporate assets. Depreciation and amortization and increase in tangible and intangible fixed assets include long-term prepaid expenses.
    - (4) Adjustment for increase in tangible and intangible fixed assets is increase in corporate assts.
  3. Segment profit (loss) is adjusted to the operating income on the consolidated statements of income.

#### 4. Notes Concerning Changes to Reporting Segments

Since the consolidated fiscal year under review we have performed a comprehensive development of the PharmaPackaging business and, in order to enhance the synergy effects with pharmaceutical sales, we carried out organizational changes. As a result of this change, some business divisions previously categorized as Pharmaceutical-Related have been included in PharmaPackaging.

The segment information for the Year ended March 31, 2018 is prepared based on the reportable segment after the reclassification.

[Related Information]

Year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

#### 1. Information for each product and service

Disclosure is omitted as the same information is disclosed in segment information.

#### 2. Information for each area

##### (1) Net sales

(Millions of yen)

Japan	America	Europe	Asia	Total
241,750	56,704	46,389	50,553	395,397

## (2) Property, plant and equipment

(Millions of yen)

Japan	America	Europe	Asia	Total
177,250	10,407	21,909	60,706	270,273

## 3. Information about impairment loss on fixed assets by reportable segments

(Millions of yen)

Reportable segment			Total	Other	Total
Medical-Related	Pharmaceutical-Related	PharmaPackaging			
139	-	1,968	2,107	109	2,216

## 4. Information about unamortized balance of goodwill by reportable segment

(Millions of yen)

	Reportable segment			Total	Other	Total
	Medical-Related	Pharmaceutical-Related	PharmaPackaging			
Balance of the fiscal year-end	26,153	0	1,205	27,358	-	27,358

## 5. Information about gain on negative goodwill by reportable segment

N/A

Year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

## 1. Information for each product and service

Disclosure is omitted as the same information is disclosed in segment information

## 2. Information for each area

## (1) Net sales

(Millions of yen)

Japan	America	Europe	Asia	Total
260,967	59,836	51,042	54,552	426,399

## (2) Property, plant and equipment

(Millions of yen)

Japan	America	Europe	Asia	Total
189,571	10,998	21,801	62,110	284,483

## 3. Information about impairment loss on fixed assets by reportable segments

(Millions of yen)

Reportable segment			Total	Other	Total
Medical-Related	Pharmaceutical-Related	PharmaPackaging			
2	-	913	915	-	915

## 4. Information about unamortized balance of goodwill by reportable segment

(Millions of yen)

	Reportable segment			Total	Other	Total
	Medical-Related	Pharmaceutical-Related	PharmaPackaging			
Balance of the fiscal year-end	18,481	-	845	19,327	-	19,327

5. Information about gain on negative goodwill by reportable segment

In the consolidated fiscal year under review, in Pharmaceutical-Related segment, a gain on negative goodwill of 317 million yen resulting from the transfer of business from Mylan Seiyaku Ltd. was recorded.

(Per Share Information)

	Previous period (From April 1, 2017 to March 31, 2018)	Current period (From April 1, 2018 to March 31, 2019)
Net assets per share	1,037.25 yen	990.14 yen
Earnings per share	71.15 yen	73.68 yen
Diluted Earnings per share	64.51 yen	66.75 yen

Base of the calculation is as follow;

1. Net assets per share

	Previous period (As of March 31, 2018)	Current period (As of March 31, 2019)
Total net assets in B/S (million yen)	183,485	171,830
Amount to be deducted from total net assets in B/S (Million yen)		
Non-controlling interests	10,863	10,341
Net assets related to the common stocks(million yen)	172,621	161,488
Common stocks issued (Thousands shares)	171,459	171,459
Treasury stocks of common stock (Thousands shares)	5,037	8,361
Number of common stocks utilized for computation of net assets per share (thousand shares)	166,422	163,097

2. Earnings per share and diluted earnings per share

	Previous period (From April 1, 2017 To March 31, 2018)	Current period (From April 1, 2018 To March 31, 2019)
Earnings per share		
Profit attributable to owners of parent (Million yen)	11,829	12,136
Amount not attributed to the common stock (Million yen)	-	-
Profit attributable to owners of parent available for common stock (Million yen)	11,829	12,136
Average shares of the common stock during the period (Thousands shares)	166,276	164,723
Diluted earnings per share		
Adjustment for profit attributable to owners of parent (Million yen)	-	-
Number of common stock increased (thousand shares)		
Convertible bond-type bonds with share acquisition rights	17,099	17,099
Overview of the potential shares not included in the computation of diluted earning per share because of not having a dilutive effect	-	-

(Material Subsequent Event)

N/A

6. Non-consolidated Financial Statements  
(1) Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
<b>Assets</b>		
<b>Current Assets</b>		
Cash and deposits	76,620	72,603
Notes receivable-trade	12,436	9,253
Electronically recorded monetary claims - operating	8,627	11,226
Accounts receivable-trade	99,842	115,293
Securities	20	—
Merchandise and finished goods	37,245	49,123
Work in process	4,316	6,749
Raw materials and supplies	5,241	5,675
Advance payments-trade	4,124	2,420
Prepaid expenses	365	428
Short-term loans receivable from subsidiaries and associates	907	8,388
Accounts receivable-other	2,873	1,488
Consumption taxes receivable	1,489	2,412
Other	608	503
Allowance for doubtful accounts	(26)	(104)
<b>Total current assets</b>	<b>254,693</b>	<b>285,462</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings	52,042	53,483
Accumulated depreciation and impairment loss	(27,043)	(28,491)
<b>Buildings, net</b>	<b>24,999</b>	<b>24,992</b>
Structures	2,661	2,704
Accumulated depreciation and impairment loss	(1,847)	(1,932)
<b>Structures, net</b>	<b>813</b>	<b>771</b>
Machinery, equipment	66,247	68,660
Accumulated depreciation and impairment loss	(56,247)	(58,893)
<b>Machinery equipment, net</b>	<b>9,999</b>	<b>9,766</b>
Vehicles	107	112
Accumulated depreciation and impairment loss	(100)	(106)
<b>Vehicles, net</b>	<b>7</b>	<b>6</b>
Tools, furniture and fixtures	20,937	22,387
Accumulated depreciation and impairment loss	(18,326)	(19,493)
<b>Tools, furniture and fixtures, net</b>	<b>2,611</b>	<b>2,893</b>
Land	15,995	17,699
Leased assets	1,100	1,222
Accumulated depreciation	(648)	(791)
<b>Leased assets, net</b>	<b>451</b>	<b>431</b>
Construction in progress	3,945	4,655
<b>Total property, plant and equipment</b>	<b>58,823</b>	<b>61,217</b>

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
<b>Intangible assets</b>		
Goodwill	938	121
Patent right	20	19
Trademark right	2	2
Software	831	873
Leased assets	2,366	3,669
Telephone subscription right	23	23
Other	816	1,515
<b>Total intangible assets</b>	<b>5,001</b>	<b>6,225</b>
<b>Investments and other assets</b>		
Investment securities	56,474	50,474
Shares of subsidiaries and associates	183,778	186,850
Investments in capital	1	1
Investments in capital of subsidiaries and associates	52,726	51,884
Long-term loans receivable	7	—
Long-term loans receivable from subsidiaries and affiliates	3,896	3,977
Claims provable in bankruptcy, claims provable in rehabilitation and other	3,237	2,986
Long-term prepaid expenses	2,267	2,016
Prepaid pension cost	164	106
Deferred tax assets	3,500	5,140
Other	758	801
Allowance for doubtful accounts	(2,651)	(2,403)
<b>Total investments and other assets</b>	<b>304,160</b>	<b>301,837</b>
<b>Total noncurrent assets</b>	<b>367,985</b>	<b>369,281</b>
<b>Total assets</b>	<b>622,679</b>	<b>654,743</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable-trade	15,533	15,965
Electronically recorded obligations - operating	3,610	7,666
Accounts payable-trade	45,363	52,946
Current portion of long-term loans payable	39,623	56,781
Commercial papers	10,000	—
Current portion of bonds	400	3,000
Lease obligations	871	1,224
Accounts payable-other	10,247	9,687
Directors' bonuses payable	328	388
Accrued expenses	1,041	1,057
Income taxes payable	2,650	2,102
Advances received	70	1,591
Deposits received	228	376
Unearned revenue	6	—
Provision for bonuses	1,580	1,914
Provision for sales returns	37	30
Notes payable-facilities	3,975	2,663
Other	1,055	1,306
<b>Total current liabilities</b>	<b>136,622</b>	<b>158,703</b>



(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
<b>Noncurrent liabilities</b>		
Bonds payable	3,000	10,000
Convertible bond-type bonds with share acquisition rights	25,000	25,000
Long-term loans payable	278,884	282,417
Lease obligations	2,169	3,200
Provision for retirement benefits	1,691	1,791
Provision for directors' retirement benefits	441	490
Provision for loss on litigation	—	44
Long-term guarantee deposited	1,936	2,081
Total non-current liabilities	313,123	325,025
<b>Total liabilities</b>	<b>449,745</b>	<b>483,729</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	84,397	84,397
<b>Capital surplus</b>		
Legal capital surplus	635	635
Other capital surplus	0	0
Total capital surplus	635	635
<b>Retained earnings</b>		
Legal retained earnings	4,272	4,768
<b>Other retained earnings</b>		
Reserve for dividends	16	16
Reserve for advanced depreciation of non-current assets	105	105
General reserve	82,735	82,735
Retained earnings brought forward	8,837	15,615
Total retained earnings	95,966	103,240
Treasury shares	(6,004)	(10,826)
Total shareholders' equity	174,995	177,446
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	(2,061)	(6,431)
Total valuation and translation adjustments	(2,061)	(6,431)
Total net assets	172,933	171,014
<b>Total liabilities and net assets</b>	<b>622,679</b>	<b>654,743</b>

## (2) Non-consolidated Statements of Income

(Millions of yen)

	Year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)	Year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)
<b>Net sales</b>		
Net sales of merchandise and finished goods	270,717	310,439
Rent income of real estate	126	163
<b>Total net sales</b>	<b>270,844</b>	<b>310,603</b>
<b>Cost of sales</b>		
Beginning merchandise and finished goods	36,780	37,245
Cost of products manufactured	48,326	50,575
Cost of purchased merchandise and finished goods	156,987	202,292
Cost of real estate rent	123	123
<b>Total</b>	<b>242,218</b>	<b>290,235</b>
Ending merchandise and finished goods	37,245	49,123
<b>Total cost of sales</b>	<b>204,973</b>	<b>241,112</b>
<b>Gross profit</b>	<b>65,871</b>	<b>69,490</b>
Selling, general and administrative expenses	50,444	56,782
<b>Operating profit</b>	<b>15,426</b>	<b>12,708</b>
<b>Non-operating income</b>		
Interest income	269	186
Dividends income	4,742	4,968
Reversal of allowance for doubtful accounts	30	30
Foreign exchange gains	—	1,019
Other	654	1,195
<b>Total non-operating income</b>	<b>5,696</b>	<b>7,400</b>
<b>Non-operating expenses</b>		
Interest expenses	1,731	1,866
Interest on bonds	253	47
Commission for syndicate loan	771	405
Foreign exchange losses	1,627	—
Other	197	389
<b>Total non-operating expenses</b>	<b>4,580</b>	<b>2,709</b>
<b>Ordinary profit</b>	<b>16,542</b>	<b>17,399</b>
<b>Extraordinary income</b>		
Gain on sales of noncurrent assets	4	80
State subsidy	1,023	1,036
Gain on sales of investment in capital of subsidiaries and associates	505	—
<b>Total extraordinary income</b>	<b>1,532</b>	<b>1,117</b>
<b>Extraordinary losses</b>		
Loss on sales of non-current assets	91	26
Loss on retirement of non-current assets	119	109
Loss on reduction of non-current assets	910	461
Loss on valuation of shares of subsidiaries and associates	—	1,261
Compensation expenses	1,074	19
Other	424	474
<b>Total extraordinary losses</b>	<b>2,621</b>	<b>2,353</b>
<b>Profit before income taxes</b>	<b>15,453</b>	<b>16,163</b>
Income taxes-current	3,404	3,645
Income taxes-deferred	(223)	286
<b>Total income taxes</b>	<b>3,181</b>	<b>3,932</b>
<b>Profit</b>	<b>12,272</b>	<b>12,231</b>

## (3) Non-consolidated Statements of Shareholders' Equity

(Millions of yen)

	Year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)	Year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)
<b>Shareholder's equity</b>		
<b>Capital stock</b>		
Balance at beginning of year	84,397	84,397
Changes of items during period		
Total changes of items during period	—	—
Balance at end of year	84,397	84,397
<b>Capital surplus</b>		
<b>Legal capital surplus</b>		
Balance at beginning of year	635	635
Changes of items during period		
Total changes of items during period	—	—
Balance at end of year	635	635
<b>Other capital surplus</b>		
Balance at beginning of year	—	0
Changes of items during period		
Disposal of treasury shares	0	—
Total changes of items during period	0	—
Balance at end of year	0	0
<b>Total capital surplus</b>		
Balance at beginning of year	635	635
Changes of items during period		
Disposal of treasury shares	0	—
Total changes of items during period	0	—
Balance at end of year	635	635
<b>Retained earnings</b>		
<b>Legal retained earnings</b>		
Balance at beginning of year	3,622	4,272
Changes of items during period		
Provision of legal retained earnings	649	495
Total changes of items during period	649	495
Balance at end of year	4,272	4,768
<b>Other retained earnings</b>		
<b>Reserve for dividends</b>		
Balance at beginning of year	16	16
Changes of items during period		
Total changes of items during period	—	—
Balance at end of year	16	16
<b>Reserve for advanced depreciation of non-current assets</b>		
Balance at beginning of year	105	105
Changes of items during period		
Total changes of items during period	—	—
Balance at end of year	105	105
<b>General reserve</b>		
Balance at beginning of year	75,835	82,735
Changes of items during period		
Provision of general reserve	6,900	—
Total changes of items during period	6,900	82,735
Balance at end of year	82,735	82,735

(Millions of yen)

	Year ended March 31, 2018 (From April 1, 2017	Year ended March 31, 2019 (From April 1, 2018
<b>Retained earnings brought forward</b>		
Balance at beginning of year	10,613	8,837
<b>Changes of items during period</b>		
Dividends of surplus	(6,498)	(4,957)
Profit	12,272	12,231
Provision of legal retained earnings	(649)	(495)
Provision of general reserve	(6,900)	—
Total changes of items during period	(1,775)	6,777
Balance at end of year	8,837	15,615
<b>Total retained earnings</b>		
Balance at beginning of year	90,192	95,966
<b>Changes of items during period</b>		
Dividends of surplus	(6,498)	(4,957)
Profit	12,272	12,231
Total changes of items during period	5,773	7,273
Balance at end of year	95,966	103,240
<b>Treasury shares</b>		
Balance at beginning of year	(6,243)	(6,004)
<b>Changes of items during period</b>		
Purchase of treasury shares	(1)	(5,000)
Disposal of treasury shares	240	178
Total changes of items during period	238	(4,821)
Balance at end of year	(6,004)	(10,826)
<b>Total shareholders' equity</b>		
Balance at beginning of year	168,982	174,995
<b>Changes of items during period</b>		
Dividends of surplus	(6,498)	(4,957)
Profit	12,272	12,231
Purchase of treasury shares	(1)	(5,000)
Disposal of treasury shares	240	178
Total changes of items during period	6,012	2,451
Balance at end of year	174,995	177,446
<b>Valuation and translation adjustments</b>		
<b>Valuation difference on available-for-sale securities</b>		
Balance at beginning of year	138	(2,061)
<b>Changes of items during period</b>		
Net changes of items other than shareholders' equity	(2,200)	(4,370)
Total changes of items during period	(2,200)	(4,370)
Balance at end of year	(2,061)	(6,431)
<b>Total valuation and translation adjustments</b>		
Balance at beginning of year	138	(2,061)
<b>Changes of items during period</b>		
Net changes of items other than shareholders' equity	(2,200)	(4,370)
Total changes of items during period	(2,200)	(4,370)
Balance at end of year	(2,061)	(6,431)
<b>Total net assets</b>		
Balance at beginning of year	169,121	172,933
<b>Changes of items during period</b>		
Dividends of surplus	(6,498)	(4,957)
Profit	12,272	12,231
Purchase of treasury shares	(1)	(5,000)
Disposal of treasury shares	240	178
Net changes of items other than shareholders' equity	(2,200)	(4,370)
Total changes of items during period	3,812	(1,918)
Balance at end of year	172,933	171,014