# Summary Report of Consolidated Financial Results
For the Six Months Period ended September 30, 2018

November 8, 2018
TSE-1st section

Company name: NIPRO CORPORATION
Code No.8086
URL: http://www.nipro.co.jp/
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TEL: (06)6372-2331
Filing date of quarterly reporting: November 14, 2018
Payment date of cash dividends: December 7, 2018
Supplemental material on quarterly reporting: Yes
Presentation on quarterly results: Yes (for institutional investors and analysts)

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

1. Consolidated Results for the Six Months ended September 30, 2018 (From April 1, 2018 to September 30, 2018)

(1) Consolidated Results of Operations

(%: Changes from the corresponding period of 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 | % |
| 6 months ended September 30, 2018 | 208,325 | 10.9 | 12,022 | 4.6 | 13,699 | 16.3 | 7,615 | (8.1) |
| 6 months ended September 30, 2017 | 187,903 | 5.8 | 11,495 | (27.9) | 11,776 | 76.8 | 8,282 | 183.3 |

Note: Comprehensive income 6 months ended September 30, 2018: 3,662 million yen ((79.1)%)
6 months ended September 30, 2017: 17,497 million yen (- %)

| | Earnings per share | Diluted Earnings per share |
|---|---|---|
| | Yen | Yen |
| 6 months ended September 30, 2018 | 45.86 | 41.58 |
| 6 months ended September 30, 2017 | 49.83 | 45.18 |

(2) Consolidated Financial Position

| | Total Assets | Net Assets | Equity Ratio |
|---|---|---|---|
| | Millions of yen | Millions of yen | % |
| As of September 30, 2018 | 843,493 | 182,415 | 20.4 |
| As of March 31, 2018 | 826,447 | 183,485 | 20.9 |

Note: Equity September 30, 2018: 171,655 million yen March 31, 2018: 172,621 million yen

2. Dividends

| | Annual Dividends per Year | | | | |
|---|---|---|---|---|---|
| | First-quarter | Second-quarter | Third-quarter | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Year ended March, 2018 | - | 17.50 | - | 11.00 | 28.50 |
| Year ending March, 2019 | - | 19.00 | | | |
| Year ending March, 2019 (Forecast) | | | - | 13.00 | 32.00 |

Note: Revisions to the forecast of cash dividends in the current quarter: No

3. Forecast of Consolidated Financial Results for the Year ending March 31, 2019 (From April 1, 2018 to March 31, 2019)

(%: 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 |
| Year ending March 31, 2019 | 428,200 | 8.3 | 24,900 | (8.1) | 24,100 | 6.2 | 14,700 | 24.3 | 89.40 |

Note: Revisions to the forecast of consolidated financial results in the current quarter: No

*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) Adoption of Accounting Treatments Simplified or Unique for Preparation: No

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

[1] Changes in accounting policies by a newly issued accounting pronouncement: No

[2] Changes other than [1]: No

[3] Change in accounting estimate: No

[4] Restatement: No

(4) Issued Shares (Common stock)

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

| | |
|---|---|
| 6 months ended September 30, 2018: | 171,459,479 shares |
| Year ended March 31, 2018: | 171,459,479 shares |

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

| | |
|---|---|
| 6 months ended September 30, 2018: | 7,021,124 shares |
| Year ended March 31, 2018: | 5,037,124 shares |

[3] Average number of shares during the period:

| | |
|---|---|
| 6 months ended September 30, 2018: | 166,044,681 shares |
| 6 months ended September 30, 2017: | 166,208,804 shares |

Note: Number of the treasury stocks as of September 30, 2018 included 30,700 shares, and as of March 31, 2018 included 196,100 shares owned by Trust and Custody Service Bank, Ltd (Trust Account E).

*This quarterly summary report is exempt from quarterly review 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. Qualitative Information for the Six-Months Period Ended September 30, 2018 (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-Months Period ended September 30, 2018

### (1) Commentary on Business Results

The global economy, during the second quarter of the consolidated cumulative period, saw a continued persistence of the gradual recovery, despite the sense of uncertainty about the future deepening on political and policy levels. Meanwhile, in the Japanese economy, although corporate earnings continued to recover, the sense of uncertainty about the future deepened owing to the impact of natural disasters. There was a significant impact in the medical device and pharmaceutical industries from the 2018 drug price revisions. 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 second quarter of the consolidated cumulative period increased YoY by 10.9% from the same period of the previous year to 208,325 million yen. As for profit, increased profit owing to increased sales absorbed an impact from the revised drug prices and due to cost reduction operating income increased by 4.6% YoY to 12,022 million yen. Ordinary income rose 16.3% YoY to 13,699 million yen due to increased gains on foreign exchange and miscellaneous income. Additionally, the second quarter profit attributable to owners of parent decreased YoY by 8.1% to 7,615 million yen due to an increase in corporate tax and income taxes–deferred.

The overview of the results for the second quarter of the consolidated cumulative period by business segment is as follows.

From the first quarter of this fiscal year, we made changes to the reporting segments. For more information, please refer to “2. Notes Concerning Changes to Reporting Segments” under “2. Quarterly Consolidated Financial Statements and Major Notes, (4) Notes Regarding Quarterly Consolidated Financial Statements, (Segment Information), II Six months ended September 30, 2018”. The following year-on-year comparisons have been calculated using numerical values of the same period last year which have been rearranged into the revised segments.

#### (i) Medical-Related Business

The market environment in domestic sales became severe as medical fees and drug prices were revised in April of this 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 HDF filters (dialysis products) and dialysis machines. In the Pharmaceutical Sales Division, despite an impact from the revised drug prices, sales of oral and external use drugs grew mainly centered on dispensing pharmacies, owing in part to the effects of collaborations with pharmaceutical wholesalers. Furthermore, in DPC hospitals, there was not only a switching from original drugs, but there was also an increase in switching from the generic drugs of other companies, from a stable supply perspective and sales of injection grew mainly centered on DPC hospitals. Moreover, in regard to regenerative medicine, on June 29 of this year we submitted an application to the Ministry of Health, Labour and Welfare for the manufacture and sales approval as a “regenerative medicine product” of the “autologous bone marrow mesenchymal stem cells for use in spinal cord injury treatments” (Investigational drug identification code: STR01) that we are jointly developing with Sapporo Medical University.

Meanwhile, overseas sales revenues displayed steady growth as a result of proactive sales activities around the world. In North America, which we have positioned as one of our most important markets, we renewed a long-term contract with a leading dialysis provider and further strengthened our partnership. In China and India, sales of dialysis machines remained favorable and accordingly sales of dialyzers were also favorable. In other regions, especially, sales of dialysis products expanded steadily. Going forward, we will continue working to enhance customer satisfaction by quickly responding to front line needs, making the best utilization of our sales networks all over the world, and expand sales.

Regarding our overseas manufacturing facilities, the new dialyzer production line at our factory in Hefei/China is operating smoothly and the preparations for the start-up of the new line at our factory in India from the beginning of the next year are now well underway. We are steadily enhancing our overseas dialyzer production frameworks.

As a result, net sales of this business increased 14.6% YoY to 159,686 million yen.

(ii) 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.

As a result, while production increased year on year, net sales of this business decreased 3.2% from the previous year to 30,375 million yen, due to the impact from switching to in-house manufactured products from products for other companies.

(iii) PharmaPackaging Business

In the PharmaPackaging Business, we have domestically and internationally promoted proactive technical sales activities aimed at capturing the needs and new demands of our globalizing customers and the development of high-performance and high-quality products for medical devices such as devices for the preparation and administration of pharmaceuticals and pharmaceutical packaging materials including rubber, plastic and kit products as well as existing glass products.

Overseas sales faced difficulties in China due to the repercussions from environmental regulations and drug supply issues in pharmaceutical companies as well as the impact from the increase in manufacturers that temporarily suspended production due to the extreme heat. However, in Europe, sales grew year on year due to the significant growth of syringes in Germany and glass tubes in France. In India, sales of high value-added glass tube were solid.

In Japan, sales of vials and rubber stopper were favorable and we had also secured consistent sales of glass tube. While assembly manufacturer inventory adjustment continues for thermos bottles, we will strive to maintain a stable supply in the second half of the fiscal year and enhance sales. As to medical device, sales of dental special needles and transfusion system were solid. At the Biwako Plant, through a thorough enhancement of quality and further automation and efficiency, we are optimizing the production environment through the introduction of new equipment, in order to promote the establishment of production frameworks for pharmaceutical containers. Furthermore, we are focusing on enhancing production and sales frameworks through an expansion of the portfolio, centered on vials.

As a result, net sales of this business increased 6.2% YoY to 18,247 million yen. As a comprehensive manufacturer of pharmaceutical packaging materials, the PharmaPackaging Business Division will continue to strive to expand business by developing and introducing advanced products to the market that meet medical needs of countries all over the world.

(iv) Other Business

Among other business, net sales from the real-estate rental business, etc. were 15 million yen (down 4.0% YoY).

(2) Analysis Concerning Financial Position

(i) Assets, liabilities, and net assets

Total assets increased 17,046 million yen from the end of the previous consolidated fiscal year to 843,493 million yen at the end of the second quarter under review. Current assets increased 11,822 million yen and noncurrent assets increased 5,223 million yen. The main reason for the increase in current assets was an increase of 3,529 million yen in notes and accounts receivable-trade, and the main reason for the increase in noncurrent assets was an increase of 6,459 million yen in investment securities.

Total liabilities increased 18,116 million yen from the end of the previous consolidated fiscal year to 661,077 million yen. Current liabilities increased 10,263 million yen and noncurrent liabilities increased 7,853 million yen. The main reason for the increase in current liabilities was an increase of 17,371 million yen in short-term loans payable, and the main reason for the increase in noncurrent liabilities was an increase of 6,797 million yen in long-term loans payable.

Total net assets decreased 1,069 million yen from the end of the previous consolidated fiscal year to 182,415 million yen. Shareholders' equity increased 2,920 million yen and accumulated other comprehensive income decreased 3,886 million yen. As a result, equity ratio decreased by 0.5% from the end of the previous year to 20.4%.

(ii) Consolidated Cash Flows

The ending balance of cash and cash equivalents increased 456 million yen from the end of the previous consolidated fiscal year to 136,056 million yen at the end of the second quarter under review.

(Cash flows from operating activities)

Net cash provided by operating activities was 19,659 million yen. The main accounts of cash inflow were depreciation, 16,411 million yen and profit before income taxes, 13,769 million yen. The main account of cash outflow was increase in notes and accounts receivable-trade, 5,853 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 37,572 million yen. The main account of cash inflow was proceeds from withdrawal of time deposits, 2,577 million yen. The main account of cash outflow was purchase of non-current assets, 33,089 million yen.

(Cash flows from financing activities)

Net cash provided by financing activities was 20,175 million yen. The main account of cash inflow was proceeds from long-term loans payable, 64,920 million yen. The main account of cash outflow was repayment of long-term loans payable, 33,178 million yen.

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

At this moment, we have not made any revision to the forecast of consolidated financial results for the year ending March 31, 2019, which was announced on November 6, 2018.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) [Quarterly Consolidated Balance Sheets]

(Millions of yen)

| | As of March 31, 2018 | As of September 30, 2018 |
|---|---|---|
| Assets | | |
| Current Assets | | |
| Cash and deposits | 141,940 | 143,620 |
| Notes and accounts receivable-trade | 140,511 | 144,040 |
| Merchandise and finished goods | 89,146 | 92,025 |
| Work in process | 11,431 | 11,754 |
| Raw materials and supplies | 28,640 | 29,489 |
| Other | 18,854 | 21,297 |
| Allowance for doubtful accounts | (1,437) | (1,317) |
| Total current assets | 429,087 | 440,910 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 207,198 | 208,992 |
| Accumulated depreciation and impairment loss | (98,987) | (101,812) |
| Buildings and structures, net | 108,211 | 107,180 |
| Machinery, equipment and vehicles | 258,817 | 261,347 |
| Accumulated depreciation and impairment loss | (180,543) | (184,775) |
| Machinery equipment and vehicles, net | 78,273 | 76,571 |
| Land | 32,079 | 31,912 |
| Leased assets | 3,707 | 5,166 |
| Accumulated depreciation | (2,746) | (2,829) |
| Leased assets, net | 960 | 2,337 |
| Construction in progress | 37,537 | 40,641 |
| Other | 54,423 | 56,284 |
| Accumulated depreciation and impairment loss | (41,213) | (42,861) |
| Other, net | 13,210 | 13,422 |
| Total property, plant and equipment | 270,273 | 272,066 |
| Intangible assets | | |
| Goodwill | 27,358 | 26,169 |
| Leased assets | 2,366 | 2,311 |
| Other | 16,268 | 17,003 |
| Total intangible assets | 45,994 | 45,484 |
| Investments and other assets | | |
| Investment securities | 62,936 | 69,396 |
| Deferred tax assets | 10,354 | 8,078 |
| Other | 12,644 | 10,977 |
| Allowance for doubtful accounts | (4,844) | (3,420) |
| Total investments and other assets | 81,091 | 85,032 |
| Total non-current assets | 397,359 | 402,583 |
| Total assets | 826,447 | 843,493 |

(Millions of yen)

| | As of March 31, 2018 | As of September 30, 2018 |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 62,105 | 66,694 |
| Short-term loans payable | 117,666 | 135,037 |
| Commercial papers | 10,000 | 10,000 |
| Current portion of bonds | 1,215 | 900 |
| Lease obligations | 1,198 | 1,324 |
| Accounts payable-other | 16,461 | 11,484 |
| Accrued directors' bonuses | 328 | — |
| Income taxes payable | 4,993 | 5,408 |
| Provision for bonuses | 4,364 | 6,949 |
| Provision for directors' bonuses | 131 | 361 |
| Notes payable-facilities | 11,304 | 5,275 |
| Other | 21,415 | 18,012 |
| Total current liabilities | 251,184 | 261,447 |
| Non-current liabilities | | |
| Bonds payable | 5,000 | 4,700 |
| Convertible bond-type bonds with share acquisition rights | 25,000 | 25,000 |
| Long-term loans payable | 350,517 | 357,315 |
| Lease obligations | 2,544 | 3,885 |
| Deferred tax liabilities | 473 | 350 |
| Net defined benefit liability | 4,530 | 4,621 |
| Provision for directors' retirement benefits | 647 | 679 |
| Provision for loss on litigation | 202 | 169 |
| Other | 2,861 | 2,908 |
| Total non-current liabilities | 391,776 | 399,630 |
| Total liabilities | 642,961 | 661,077 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 84,397 | 84,397 |
| Retained earnings | 83,570 | 89,352 |
| Treasury shares | (6,004) | (8,867) |
| Total shareholders' equity | 161,963 | 164,883 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | (712) | 2,719 |
| Deferred gains or losses on hedges | (69) | (49) |
| Foreign currency translation adjustment | 11,404 | 4,031 |
| Remeasurements of defined benefit plans | 36 | 71 |
| Total accumulated other comprehensive income | 10,658 | 6,772 |
| Non-controlling interests | 10,863 | 10,760 |
| Total net assets | 183,485 | 182,415 |
| Total liabilities and net assets | 826,447 | 843,493 |

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

Quarterly Consolidated Statements of Income

(Millions of yen)

| | Six months ended September 30, 2017 (From April 1, 2017 to September 30, 2017) | Six months ended September 30, 2018 (From April 1, 2018 to September 30, 2018) |
|---|---|---|
| Net sales | 187,903 | 208,325 |
| Cost of sales | 128,509 | 144,380 |
| Gross profit | 59,393 | 63,944 |
| Selling, general and administrative expenses | 47,897 | 51,922 |
| Operating profit | 11,495 | 12,022 |
| Non-operating income | | |
| Interest income | 285 | 339 |
| Dividends income | 777 | 908 |
| Foreign exchange gains | 1,081 | 1,620 |
| Share of profit of entities accounted for using equity method | 36 | 45 |
| Other | 658 | 1,014 |
| Total non-operating income | 2,839 | 3,928 |
| Non-operating expenses | | |
| Interest expenses | 1,743 | 1,455 |
| Other | 815 | 796 |
| Total non-operating expenses | 2,558 | 2,251 |
| Ordinary profit | 11,776 | 13,699 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 56 | 70 |
| State subsidy | 589 | 557 |
| Gain on sales of investment securities | 225 | － |
| Other | 23 | － |
| Total extraordinary income | 895 | 627 |
| Extraordinary loss | | |
| Loss on retirement of non-current assets | 162 | 78 |
| Loss on reduction of non-current assets | 590 | 114 |
| Compensation expenses | 928 | 19 |
| Other | 651 | 344 |
| Total extraordinary losses | 2,332 | 557 |
| Profit before income taxes | 10,339 | 13,769 |
| Income taxes-current | 4,541 | 5,388 |
| Income taxes-deferred | (2,659) | 646 |
| Total income taxes | 1,882 | 6,034 |
| Profit | 8,456 | 7,735 |
| Profit attributable to non-controlling interests | 174 | 120 |
| Profit attributable to owners of parent | 8,282 | 7,615 |

Quarterly Consolidated Statements of Comprehensive Income

| | Six months ended September 30, 2017 (From April 1, 2017 to September 30, 2017) | Six months ended September 30, 2018 (From April 1, 2018 to September 30, 2018) |
|---|---|---|
| Profit | 8,456 | 7,735 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 10,047 | 3,432 |
| Deferred gains or losses on hedges | 42 | 19 |
| Foreign currency translation adjustment | (1,106) | (7,407) |
| Remeasurements of defined benefit plans | 125 | 31 |
| Share of other comprehensive income of entities accounted for using equity method | (67) | (148) |
| Total other comprehensive income | 9,040 | (4,073) |
| Comprehensive income | 17,497 | 3,662 |
| Comprehensive income attributable to owners of parent | 17,451 | 3,728 |
| Comprehensive income attributable to non-controlling interests | 45 | (66) |

(3) [Quarterly Consolidated Statements of Cash Flows]

(Millions of yen)

| | Six months ended September 30, 2017 (From April 1, 2017 to September 30, 2017) | Six months ended September 30, 2018 (From April 1, 2018 to September 30, 2018) |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 10,339 | 13,769 |
| Depreciation | 15,751 | 16,411 |
| Impairment loss | 50 | 70 |
| Amortization of goodwill | 1,502 | 1,742 |
| Share of (profit) loss of entities accounted for using equity method | (36) | (45) |
| Increase (decrease) in allowance for doubtful accounts | 191 | (79) |
| Increase (decrease) in net defined benefit liability | 146 | 198 |
| Interest and dividend income | (1,068) | (1,247) |
| Interest expenses | 1,743 | 1,455 |
| Foreign exchange losses (gains) | (530) | 851 |
| Loss (gain) on sales of investment securities | (225) | – |
| State subsidy | (589) | (557) |
| Loss on reduction of non-current assets | 590 | 114 |
| Decrease (increase) in notes and accounts receivable-trade | (5,862) | (5,853) |
| Decrease (increase) in inventories | (3,649) | (3,276) |
| Increase (decrease) in notes and accounts payable-trade | (74) | 5,764 |
| Decrease (increase) in other assets | 4,454 | (249) |
| Increase (decrease) in other liabilities | 2,913 | (5,142) |
| Other loss (gain) | 131 | (0) |
| Subtotal | 25,778 | 23,928 |
| Interest and dividend income received | 1,071 | 1,266 |
| Interest expenses paid | (1,698) | (1,416) |
| Other proceeds | 87 | 394 |
| Other payments | (277) | (199) |
| Income taxes paid | (3,915) | (4,314) |
| Net cash provided by (used in) operating activities | 21,045 | 19,659 |
| Cash flows from investing activities | | |
| Payments into time deposits | (2,479) | (4,203) |
| Proceeds from withdrawal of time deposits | 1,209 | 2,577 |
| Purchase of investment securities | (415) | (140) |
| Proceeds from sales of investment securities | 2,287 | 112 |
| Purchase of shares of subsidiaries | – | (61) |
| Purchase of shares of associates | (445) | (1,352) |
| Payments for transfer of business | – | (72) |
| Purchase of non-current assets | (32,401) | (33,089) |
| Proceeds from sales of non-current assets | 238 | 339 |
| Payments for retirement of non-current assets | (120) | (4) |
| Proceeds from governmental subsidy income for investment in property and equipment | 1,592 | 1,580 |
| Net decrease (increase) in short-term loans receivable | 628 | (2,734) |
| Payments of loans receivable | (177) | (523) |
| Collection of loans receivable | 16 | 0 |
| Other payments | (28) | – |
| Net cash provided by (used in) investing activities | (30,096) | (37,572) |

(Millions of yen)

| | Six months ended September 30, 2017 (From April 1, 2017 to September 30, 2017) | Six months ended September 30, 2018 (From April 1, 2018 to September 30, 2018) |
|---|---|---|
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term loans payable | 7,907 | (5,481) |
| Proceeds from long-term loans payable | 51,379 | 64,920 |
| Repayment of long-term loans payable | (36,238) | (33,178) |
| Redemption of bonds | (645) | (615) |
| Proceeds from sales of treasury shares | 116 | 150 |
| Purchase of treasury shares | (0) | (3,012) |
| Purchase of treasury shares of subsidiaries | (21) | – |
| Repayments of finance lease obligations | (566) | (629) |
| Cash dividends paid | (3,574) | (1,831) |
| 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 | (57) | (111) |
| Net cash provided by (used in) financing activities | 18,278 | 20,175 |
| Effect of exchange rate change on cash and cash equivalents | 875 | (1,879) |
| Net increase (decrease) in cash and cash equivalents | 10,103 | 383 |
| Cash and cash equivalents at beginning of period | 112,046 | 135,599 |
| Increase in cash and cash equivalents from newly consolidated subsidiary | – | 73 |
| Cash and cash equivalents at end of period | 122,150 | 136,056 |

(4) Notes Regarding Quarterly Consolidated Financial Statements

(Notes Regarding Going Concern)
N/A

(Notes Regarding Significant Changes in the Amount of Shareholders' Equity)
Based on a resolution passed on July 3, 2018, at the meeting of the board of directors, the Company acquired treasury stocks of 2,149,400 shares. Due to the acquisition, treasury stocks increased by 2,862 million yen during the six-month period ended September 30, 2018 to 8,867 million yen as of the end of the 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 first quarter of the consolidated cumulative period. Due to this application, deferred tax assets are presented under investments and other assets and deferred tax liabilities are presented under non-current liabilities.

(Segment Information)

Ⅰ Six months ended September 30, 2017 (From April 1, 2017 to September 30, 2017)

1. Sales and Profit by Reportable Operating Segment

(Millions of yen)

| | Segment | | | | Other (Note.1) | Total | Adjust-ment (Note.2) | Quarterly Consolidated Statements of Income (Note.3) |
|---|---|---|---|---|---|---|---|---|
| | Medical-Related | Pharmace-utical-Related | Pharma Packaging | Total | | | | |
| Net sales | | | | | | | | |
| (1)Sales to third parties | 139,341 | 31,363 | 17,183 | 187,888 | 14 | 187,903 | — | 187,903 |
| (2)Inter-segment sales and transfers | 871 | 6,155 | 2,524 | 9,551 | 518 | 10,069 | (10,069) | — |
| Total | 140,212 | 37,519 | 19,707 | 197,439 | 533 | 197,973 | (10,069) | 187,903 |
| Segment profit (loss) | 16,442 | 5,056 | 16 | 21,515 | 26 | 21,542 | (10,046) | 11,495 |

(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 (loss) of (10,046) million yen includes deduction of intercompany profits on inventories of (233) million yen and corporate cost of (9,812) million yen. Corporate cost primarily consists of general and administrative expenses and research and development cost which do not belong to the reporting segment.
3. Segment profit (loss) is adjusted to the operating income on the quarterly consolidated statements of income.

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

Ⅱ Six months ended September 30, 2018 (From April 1, 2018 to September 30, 2018)

1. Sales and Profit by Reportable Operating Segment

(Millions of yen)

| | Segment | | | | Other (Note.1) | Total | Adjust-ment (Note.2) | Quarterly Consolidated Statements of Income (Note.3) |
|---|---|---|---|---|---|---|---|---|
| | Medical-Related | Pharmace-utical-Related | Pharma Packaging | Total | | | | |
| Net sales<br>(1)Sales to third parties | 159,686 | 30,375 | 18,247 | 208,309 | 15 | 208,325 | ― | 208,325 |
| (2)Inter-segment sales and transfers | 4,332 | 8,478 | 2,389 | 15,200 | 706 | 15,907 | (15,907) | ― |
| Total | 164,018 | 38,854 | 20,637 | 223,510 | 721 | 224,232 | (15,907) | 208,325 |
| Segment profit (loss) | 18,959 | 4,281 | 323 | 23,564 | 40 | 23,604 | (11,582) | 12,022 |

(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 (loss) of (11,582) million yen includes deduction of intercompany profits on inventories of (1,199) million yen and corporate cost of (10,382) million yen. Corporate cost primarily consists of general and administrative expenses and research and development cost which do not belong to the reporting segment.
3. Segment profit (loss) is adjusted to the operating income on the quarterly consolidated statements of income.

2. Change in Reportable Segment

Since the first quarter of this fiscal year 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 period ended September 30, 2017 is prepared based on the reportable segment after the reclassification.

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

N/A