

# Summary Report of Consolidated Financial Results

For the Fiscal Year ended March 31, 2015



May 13, 2015  
TSE-1<sup>st</sup> section

Company name: NIPRO CORPORATION

Code No.8086 URL: <http://www.nipro.co.jp/>

Representative: Yoshihiko Sano, President and Representative Director

Contact person: Kimihito Minoura, Director and General Manager of Corporate Planning Headquarter

TEL: (06)6372-2331

Date of the ordinary general shareholders' meeting: June 26, 2015 Payment date of cash dividends: June 29, 2015

Filling date of annual reporting: June 26, 2015

Preparation of supplemental material on financial results: Yes

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

(Note: Amounts are truncated to one million yen)

## 1. Consolidated Results for the Year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

### (1) Consolidated Results of Operations

(Note: % of change 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, 2015	325,084	8.1	16,571	34.8	19,661	65.0	12,470	335.8
Year ended March 31, 2014	300,752	24.8	12,289	8.1	11,918	(17.0)	2,861	(72.0)

Note: Comprehensive income Year ended March 31, 2015: 32,791 million yen (11.1%) Year ended March 31, 2014: 29,503 million yen (98.4%)

	Earnings per share	Diluted earnings per share	Raito 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, 2015	80.96	—	8.5	3.0	5.1
Year ended March 31, 2014	18.19	16.29	2.3	2.0	4.1

Note: Equity in profit (loss) of affiliate Year ended March 31, 2015: (168) million yen Year ended March 31, 2014: - million yen

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2015	695,306	178,810	24.1	988.79
Year ended March 31, 2014	619,654	135,960	20.2	832.14

Note: Equity Year ended March 31, 2015: 167,659 million yen Year ended March 31, 2014: 125,426 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, 2015	27,981	(29,713)	26,598	98,199
Year ended March 31, 2014	21,552	(31,936)	(16,346)	70,892

## 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, 2014	-	16.00	-	14.50	30.50	4,614	167.6	4.0
Year ended March 31, 2015	-	18.00	-	14.50	32.50	5,261	40.1	3.6
Year ending March 31, 2016 (Forecast)	-	16.00	-	18.50	34.50		42.7	

## 3. Forecast of Consolidated Financial Results for the Year ending March 31, 2016 (From April 1, 2015 to March 31, 2016)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending Sept. 30 2015	174,000	12.6	12,700	60.0	9,700	12.5	3,950	(27.8)	23.30
Year ending March 31, 2016	362,000	11.4	27,500	65.9	22,500	14.4	13,700	9.9	80.80

(Note: The % displays in the line of six months ending Sept. 30, 2015 show increase/decrease ratio against the six months ended Sept. 30, 2014. The % displays in the line of Year ending March 31, 2016 show increase/decrease ratio against the year ended March 31, 2015)

4. Others

(1) Change in Significant Subsidiaries during the Current Period

(Change in specified subsidiaries caused a change in the scope of consolidation): Yes  
 Additional: 1 (Nipro Pharma Vietnam Co., Ltd.) Removal: 0

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

- [1] Changes in accounting policies by a newly issued accounting pronouncement : Yes  
 [2] Changes other than [1] : No  
 [3] Change in accounting estimate : No  
 [4] Restatement : No

Note: Detailed information can be found in P.19 “(5) Notes to Consolidated Financial Statements (Changes in Accounting Policy)” in the attachment.

(3) Issued Shares (Common stock)

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

Year ended March 31, 2015: 171,459,479 shares Year ended March 31, 2014: 171,459,479 shares

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

Year ended March 31, 2015: 1,899,861 shares Year ended March 31, 2014: 20,730,973 shares

[3] Average number of shares during the period

Year ended March 31, 2015: 154,045,003 shares Year ended March 31, 2014: 157,291,122 shares

Note: Number of the stocks as of the year ended March 31 2015 included 953,100 shares and as of the year ended March 31 2014 included 1,187,500 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 ,2015 (From April 1, 2014 to March 31, 2015)

(1) Results of Operations

(Note: % of change 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, 2015	208,751	10.7	15,345	3.9	22,335	23.5	12,018	5.9
Year ended March 31, 2014	188,504	30.0	14,774	41.5	18,084	29.4	11,345	15.1

	Earnings per share	Diluted earnings per share
	Yen	Yen
Year ended March 31, 2015	78.02	—
Year ended March 31, 2014	72.13	64.58

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2015	511,800	157,543	30.8	929.14
Year ended March 31, 2014	471,237	129,941	27.6	862.09

Note: Equity Year ended March 31, 2015: 157,543 million yen Year ended March 31, 2014: 129,941 million yen

\*Information regarding the review procedure

This report is exempt from auditing procedure based on the Financial Instruments and Exchanges Act. It is under the auditing process at the time this report is disclosed.

\*Disclaimer regarding projection information including appropriate use of forecasted financial result, and other special notes

- (1) 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.2 “1.Business Result (1) Analysis Concerning Business Results”.

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## 1. Business Results

### (1) Analysis Concerning Business Results

#### [1] Commentary on Business Results

During the current period under review, the global economy generally remained on a gradual recovery trend since an improvement in personal consumption led stable recovery in the United States and Europe also showed continued economic recovery. On the other hand, the Japanese economy showed continued improvement with a background of yen depreciation and the increase in stock price caused by the economic policies conducted by Japanese government and Bank of Japan although there was a fallback after the last-minute surge in demand before the consumption tax rate hike.

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

As a result, consolidated sales for the current period under review increased by 8.1% from the previous year to 325,084 million yen. As for the profit, consolidated operating income increased by 34.8% from the previous year to 16,571 million yen. Consolidated ordinary income, moreover, increased by 65.0% from the previous year to 19,661 million yen due to an increase in foreign exchange gain. Consolidated net income increased by 335.8% from the previous year to 12,470 million yen thanks to a decrease of income taxes.

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

Effective from the second quarter in the current period, overseas glass department is reclassified from Medical-Related Business to Glass-Related Business based on the reorganization.

#### a. Medical-Related Business

The market environment was severe for domestic sales in the term under review due to the April 2014 revisions to diagnosis and treatment reimbursement and pharmaceutical reimbursement prices, and the fallback after the demand surge before the consumption tax hike.

In these conditions, the Medical Sales Division's vascular products sales included strong growth in sales and profits for the drug-eluting balloon catheter SeQuent® Please. Cardiovascular (CVS) product sales were sluggish, however, due to releases of new ventricular assisting devices from competitor companies, the start of new clinical trials, and other factors. Sales and profits were similarly sluggish for injection-transfusion products, enteral-alimentation products, and testing products owing to the fallback from the rise in pre-tax hike demand. Dialysis product sales were strong for HDF filters while dialysis machine sales suffered from the fallback in demand, and overall dialysis product sales declined substantially from the previous fiscal year.

On the other hand, for the Pharmaceutical Sales Division, the competitive environment of domestic market became fiercer by the appearance of manufactures of original drugs running sideline business though more expansion of the market can be expected with the promotion policy of generic drugs. Under such situation, unit prices of drugs were declined due to a revision of their wholesale prices (selling prices to wholesale dealers) following the revision in drug prices in April 2014, however, this was offset by favorable influence of the government's generic drug promotion measures following the revision of medical fees and addenda listing items launched in June and December, and the sales remained stable. In addition, we have strengthened the sales promotion to dispensing pharmacies, diagnosis procedure combination (DPC) hospital and prescribers. Also we tried to increase the share of drugs for oral and external use and worked harder for information offering activities of injectable drugs based on the collaboration with pharmaceutical wholesaler and Medical Sales Division. However, large markets of new big listing items have being continuously entered by over 30 competitors and initial sales of AG (authorized generic) allows to market occupation, that made the market price competition more intensified to impact significantly to sales and profit.

We strengthened the overseas sales organization and stepped up our direct sales activities with the aim of quickly responding to front-line needs and boosting overseas sales. During the term, we fortified our direct sales structure by acquiring sales companies in Germany, Turkey, Switzerland, England, Serbia, and South Africa. Other measures to expand sales overseas included entering into a capital participation agreement with a South Korean distribution agent to actively develop sales in the South Korean market, establishing a sales company in Malaysia, opening an office in Kenya to steer a full-fledged entry to the African market, and setting up representative offices in China in Xiamen, Qingdao, Tianjin, Guizhou, and Shijiazhuang.

Furthermore, yen's depreciation against dollar and euro in foreign exchange market increasing export profitability continuously resulted significant growth in sales and profit from the previous year. New overseas plants (in India, Indonesia, Bangladesh and Hefei in China) further improved their production system and realized stable production expansion under established quality system to promote their sales widely in their countries and surrounding areas. Especially production of dialyzers in India and Hefei plants has increased smoothly to contribute the sales increase and syringe from India and Indonesia plants has supported the sales growth as well.

As a result, net sales of this business increased by 7.4% from the previous year to 237,777 million yen.

#### b. Pharmaceutical-Related Business

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

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

As a result, net sales of this business increased 11.4% from the same period of the previous year to 57,372 million yen.

#### c. Glass-Related Business

In the Glass-Related Business, adding to our conventional glass containers for medical use, we have made effort of sales activities to acquire global customer needs and new demands while we have promoted the development of high-valued production and its environmental improvement to support injectable formulation with high stability.

For the glass for medical purpose in domestic glass department, we have continuously carried out our sales activities of vial with low alkali elution to the medical and pharmaceutical industries and also increased the sales mainly in prefilled syringe. As for "Biwako Factory," a state-of-the-art plant for glass containers for domestic medical use, with the purpose of further improving our quality assurance system for good manufacturing practice (GMP), the factory aims to establish the production and sales system of glass for medical purpose and medical equipment with the full-scale operation and started to prepare the introduction of glass products from overseas affiliated companies to Japan and establish quality assurance system by introducing the latest facilities. Among other glass-related products, sales of glass for thermos bottles decreased from the same period of the previous year due to weak domestic demand against the recovery of export. Whole sales of this department slightly decreased from the same period of the previous year.

Regarding overseas glass department, on the other hand, sales and profit of vial and ampoule have increased stably in India and China under the changing of market that requires high-quality medical containers in developing countries. In Europe and the United States, the performance is getting improved based on the investment we made in the past and the high-tech prefilled syringe has marked fine sales.

As a result, net sales of this business increased 8.0% from the previous year to 29,830 million yen.

#### d. Other Business

Among other business, sales from the real-estate rental business were 104 million yen (down by 61.7% from the same period of the previous year).

#### [2] Outlook for the next period

The global economic outlook remains uncertain as we anticipate prolonging weakness in Europe and signs of slowing in some areas of the heretofore robust U.S. economy while growth pace continues slowing in China and developing countries. We expect Japan's economy to continue on a recovery track for the foreseeable future.

Even under such circumstances, we in the Nipro Group will work hard on the continued approaches to preparation of an abundant assortment and development of products with high value-added levels while improving the performance especially in the new overseas plants.

We project the consolidated net sales of 362,000 million yen (up by 11.4% from the previous year), operating income of 27,500 million yen (up by 65.9% from the previous year), ordinary income of 22,500 million yen (up by 14.4% from the previous year), and net income attributable to the shareholders of parent company of 13,700 million yen (up by 9.9% from the previous year), for the fiscal year ending March 31, 2016.

### (2) Analysis Concerning Financial Position

#### [1] The conditions of assets, liabilities, and net assets

Total assets increased 75,652 million yen from the end of the previous year to 695,306 million yen. Current assets increased 54,226 million yen mainly due to an increase of 27,914 million yen in cash and deposits and an increase of 11,297 million yen in notes and accounts receivable-trade, and noncurrent assets increased 21,425 million yen mainly due to an increase of 11,896 million yen in buildings and structures.

Total liabilities increased 32,802 million yen from the end of the previous year to 516,496 million yen. Current liabilities increased 27,686 million yen mainly due to an increase of 23,525 million yen in current portion of bonds, and noncurrent liabilities increased 5,116 million yen mainly due to an increase of 28,616 million yen in long-term loans payable.

Total net assets increased 42,849 million yen from the end of the previous year to 178,810 million yen. Shareholders' equity increased 22,577 million yen and accumulated other comprehensive income increased 19,655 million yen.

#### [2] The condition of cash flow

The ending balance of cash and cash equivalents in the period under review increased 27,306 million yen from the previous year to 98,199 million yen.

(Cash flows from operating activities)

Net cash provided by operating activities was 27,981 million yen. The main accounts of cash inflow were income before income taxes and minority interests, 19,908 million yen and depreciation, 27,667million yen. The main accounts of cash outflow were increase in inventories, 8,120 million yen and income tax paid, 16,979 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 29,713 million yen. The main account of cash outflow was payments for purchase of noncurrent assets, 40,680 million yen.

(Cash flows from financing activities)

Net cash provided by financing activities was 26,598 million yen. The main account of cash inflow was proceeds from long-term loans payable, 83,330 million yen, and the main account of cash outflow was repayment of long-term loans payable, 52,383 million yen.

[3] Trend of the cash flow indicators

	The 59 <sup>th</sup> period Year ended March 31,2012	The 60 <sup>th</sup> period Year ended March 31,2013	The 61 <sup>st</sup> period Year ended March 31,2014	The 62 <sup>nd</sup> period Year ended March 31,2015
Shareholders' equity ratio (%)	22.0	20.7	20.2	24.1
Ratio of market value of shareholders' equity (%)	21.1	24.6	22.5	27.9
Debt redemption (years)	19.3	15.5	16.9	14.3
Interest coverage ratio	4.8	6.6	5.5	7.0

Note: Shareholders' equity ratio = Shareholders' equity / Total assets

Ratio of market value of shareholders' equity = Aggregate market value of the outstanding share / Total assets

Debt redemption = Interest-bearing liabilities / Cash flow from operating activities

Interest coverage ratio = Cash flow from operating activities / Interest payments

- Each indicator is calculated from consolidated financial data,
- Aggregate market value of the outstanding share is calculated as the share price at the fiscal year-end multiplied by the number of issued shares (excluding treasury stock)
- Cash flow from operating activities is taken from cash flows from operating activities on the consolidated statement of cash flows. Interest-bearing liabilities represent all liabilities represent all liabilities on the consolidated balance sheets for which interest is payable. The amount of interest payments is taken from the payments of interests on the consolidated statement of cash flows.

(3) Basic Policies on Distribution of Profits and Dividends for years ended March 31, 2015 and ending March 31, 2016

We position profit return in the important management measure to distribute the non-consolidated net income to shareholders. Retained earnings are to be invested in the sales and production facilities as well as in research and development, in view of enlarging the firm management basis and long-term business developments, so as to ensure stable and continuous growth.

According to the above-mentioned policy, annual dividends are calculated to be 32.50 yen per share. As we already paid interim dividends of 18.00 yen per share, year-end dividends are to be 14.50 yen per share to be proposed to the Company's 62<sup>nd</sup> ordinary general meeting of shareholders.

Dividends for year ending March 31, 2016 are expected to be made under our basic policies.

## 2. Corporate Group

Our group consists of the Reporting Company (“the Company”), its 84 subsidiaries and 6 affiliated and is primarily engaged in manufacture and sale of medical equipment, pharmaceutical products and material products such as glass for medical use and glass for thermos bottles.

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.

Nichihos Co., Ltd. manages dispensing pharmacies and sells pharmaceutical products.

**Overseas:** Nipro (Thailand) Corporation Ltd. (Thailand), Nipro (Shanghai) Co., Ltd. (China) and Nipro Medical LTDA. (Brazil) and other subsidiaries purchase some of 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 Europe N.V. (Belgium), Nipro Medical Corporation (U.S.A.) and Nipro Trading (Shanghai) Co., Ltd. (China) and other sales subsidiaries purchase the products mainly from the Corporation and its subsidiaries, and sell medical equipment etc. in the areas of their locations.

Nipro Diagnostics, Inc. (U.S.A) manufactures and sells diabetes-related products.

### <Pharmaceutical-Related Business>

**Domestic:** The Company, Nipro Pharma Corporation, Zensei Pharmaceutical Industries Co., Ltd., and Nipro Patch Co., Ltd. manufacture and sell pharmaceutical products. Yuki Gosei Kogyo Co., Ltd., an affiliated company, manufactures and sells active pharmaceutical ingredient etc.

**Overseas:** Nipro Pharma Vietnam Co., Ltd. manufactures and sells pharmaceutical products.

### < Glass-Related Business>

**Domestic:** The Company sells glass tube as well as manufactures and sells glass products.

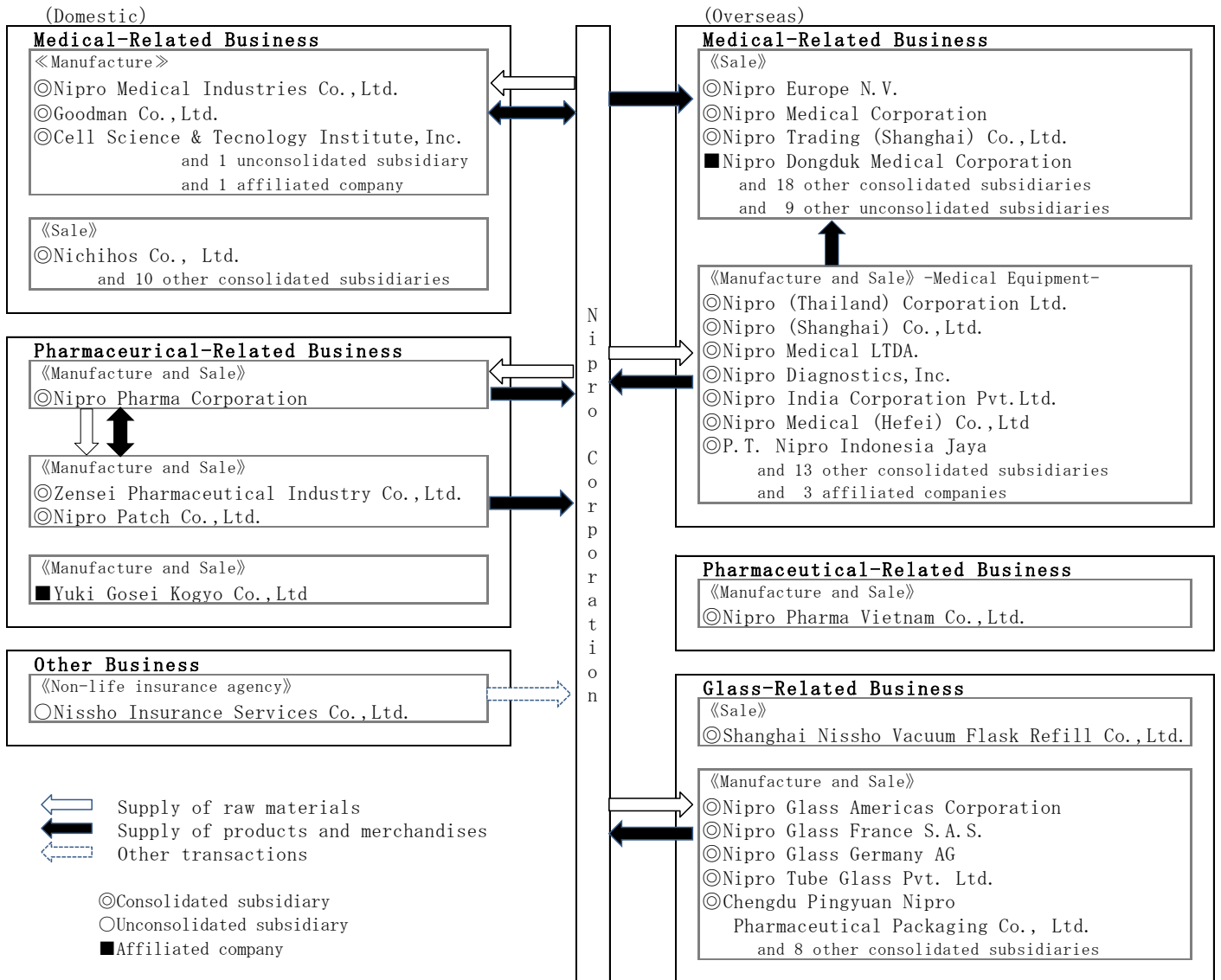
**Overseas:** Shanghai Nissho Vacuum Flask Refill Co., Ltd. (China) sells internal glass sections of vacuum flask and other glass products. In addition, Nipro Glass Americas Corporation (U.S.A), Nipro Glass France S.A.S. (France), Nipro Glass Germany AG (Germany), Nipro Tube Glass Pvt. Ltd. (India) and Chengdu Pingyuan Nipro Pharmaceutical Packaging Co., Ltd. (China), and other subsidiaries 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 equipments and is engaged in leasing of real estate properties.

Nissho Insurance Services Co., Ltd. operates non-life insurance agency business mainly for the group companies.

The above explanations are illustrated as follows:





### 3. Management Policies

#### (1) Basic Policies of Management

Since our foundation of year 1954, the Company has a business philosophy of contribution to the society through corporate activities with the concept of “technology innovation”. In keeping with this philosophy, it has constantly sought to achieve growth through pursuit of distinctive products and technology for a higher quality of life (QOL) among patients and response to issues and needs on medical care sites.

In addition, considering the idea that the balance between “stability” and “growth” is most important for a company, we implement the “performance-linked remuneration system” that is the rule of profit sharing among shareholders, employees and management, and carry out active business operations, holding the employees responsible for boosting the performance of individual businesses.

#### (2) Target Management Indicators

Our performance targets were to achieve 1,000,000 million yen of consolidated net sales by the fiscal year 2030. And as a first step, we aim to achieve 500,000 million yen of consolidated net sales and 40,000 million yen of ordinary income by the fiscal year 2020. To realize these goals, we are going to move towards steady development in each field; medical, pharmaceutical, and glass businesses.

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

Our basic policy and management strategy lie in expansion of share and sales in the global market by heightening our production capacity for products projected to exhibit quantitative growth, and providing products endowed with stable quality and cost competitiveness. We are also determined to develop products of value and safety as viewed from the user's perspective by making effective use of our original technology and other management resources spanning the three business segments of medical equipment, pharmaceutical, and glass.

In our Medical-Related Business, to expand our share of the market, we are going to take vigorous action to fill out our assortment and open up new sales channels in domains such as diabetes and vascular products in addition to further developing our sales of the artificial kidney dialyzers (our mainstay products in this field) and other dialysis products. We will continue making progress strengthening our sales organization, particularly for overseas sales. We are going to focus on establishing new business bases and actively developing sales channels in India, Africa, and other developing regions where we anticipate accelerating market expansion while also expanding sales channels in the North American market where we established strategic bases. We will use this sales structure as a base for capturing global leading market shares for our products, particularly for dialysis-related products. Our arterial venous fistula (AVF) needles already command top global market share, and we plan to further fortify the direct sales structure for dialyzers and strengthen ties with major dialysis center groups. We have established dialyzer production structures in India and China and will enhance production of blood tubing set at the plant in Thailand as well as at the plants in Bangladesh, Indonesia, and India to meet market demand. We also plan to actively launch new products. We plan to continue developing our position as a one-stop sales company by expanding our product lines beginning with powdered dialysate formulation sales in India and to increase our line of safety products with needlestick prevention features as we further strengthen our position in the vascular field.

In the field of generic drugs, the demand is expected to continue in a trend of rapid expansion, in light of the roadmap for promotion of their use presented by the Ministry of Health, Labour and Welfare, which hopes to increase the share of the total pharmaceutical sales volume occupied by generic drugs to at least 60 percent by the end of fiscal 2017. As such, besides our ongoing development of new generic drugs, we are going to continue concentrating on the construction of various sales routes to users such as DPC hospitals and dispensing pharmacy groups while pursuing greater synergistic effects through coordination with our sales division of medical equipment.

In the Contracted Manufacturing Division of our Pharmaceutical-Related Business, we are building setups for production and quality assurance to meet the needs of foreign firms as well. We are also augmenting our manufacturing facilities in domains with a high degree of difficulty (e.g., biomedicines) while further building up our business as one of the leading Japanese firms engaged in contracted manufacturing of pharmaceuticals. We are likewise working for the early start-up of production sites outside Japan in order to raise our stable supply capability and cost competitiveness even higher, and thereby enable supply of pharmaceuticals to the whole world.

Regarding the pharmaceutical containers as well as devices related to pharmaceutical preparation and administration, we will continue to develop and supply the safety and useful products as viewed from the medical-front and patient's perspective

In the Glass-Related Business, we plan to continue expanding our market share by using our glass processing technologies cultivated over our many years of operation as a foundation for providing even more detailed customers service backed by region-specific strategies matched to the globalization of demand in all countries and growing demand for high-quality products in developing countries. We will also expand our product lines driven by product planning from the customer perspective, such as the VIALEX® glass vials with minimized alkali elution risk, and continue developing and introducing sterile containers and other high value-added products and we seek to advance from glass sales to solution sales.

#### (4) Issues and Challenges that the Group Faces

In domestic sales in our Medical-Related Business, our Medical Sales Division shall strive to create designs reflecting consideration for medical safety and security and to develop products that alleviate environmental burden in the fields of products related to transfusion, diabetes, dialysis, vascular, and CVS. It shall also mount approaches to develop

products that are gentle to medical workers, patients, and the environment, while actively marketing and expanding sales of products addressing the diversifying needs and seeds in the market, to improve business results.

The Pharmaceutical Sales Division is faced with even more difficult circumstances in domestic business related to generic drugs. It shall endeavor to increase the brand power of Nipro as an all-around medical enterprise while continuing to heighten our presence in the market and strengthen price competitiveness.

In our Pharmaceutical-Related Business, our main agendum is to achieve a rigorous reduction of manufacturing costs and increase our price competitiveness as the government accelerates deployment of measures to curb medical costs. With a view to supplying products to the global market, it is also essential for us to improve our setups for quality assurance in both the software and hardware, in order to fully meet pharmaceutical quality standards in the United States and Europe. At the same time, we consider the construction of management to meet country risks at our overseas plants a major task, and shall take action on it.

In the Glass-Related Business, we will construct a system leveraging our manufacturing technology capabilities to enable the stable manufacture and sale of high-quality products and establish a globally complementary system by linking the domestic and overseas glass processing plants and unifying our product specifications and quality standards. In addition, we will work to build the Nipro brand by making the Biwako Factory, which completed construction in June of last year, the flagship of the Nipro Group glass processing plants and upgrading the plant's interior environment to transform it into a world-class plant inside and out.

#### 4. Basic Thinking Underlying the Concept of Accounting Standard

J-GAAP is adopted in the current period under review. The Company will consider the application of IFRS while watching future trends carefully.

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

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
<b>Assets</b>		
Current Assets		
Cash and deposits	84,957	112,871
Notes and accounts receivable-trade	103,179	114,477
Merchandise and finished goods	59,517	67,412
Work in process	10,968	12,149
Raw materials and supplies	20,000	22,913
Deferred tax assets	7,354	6,963
Other	12,154	16,341
Allowance for doubtful accounts	(2,010)	(2,783)
<b>Total current assets</b>	<b>296,119</b>	<b>350,346</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	158,109	174,138
Accumulated depreciation and impairment loss	(77,025)	(81,157)
Buildings and structures, net	81,083	92,980
Machinery, equipment and vehicles	192,277	212,911
Accumulated depreciation and impairment loss	(135,012)	(150,454)
Machinery equipment and vehicles, net	57,265	62,457
Land	23,367	22,027
Lease assets	2,409	3,058
Accumulated depreciation	(1,507)	(1,957)
Lease assets, net	902	1,100
Construction in progress	20,534	31,242
Other	37,683	42,619
Accumulated depreciation and impairment loss	(29,242)	(32,232)
Other, net	8,440	10,387
<b>Total property, plant and equipment</b>	<b>191,593</b>	<b>220,195</b>
Intangible assets		
Goodwill	28,493	26,364
Lease assets	443	1,625
Other	13,278	16,379
<b>Total intangible assets</b>	<b>42,216</b>	<b>44,369</b>
Investments and other assets		
Investment securities	65,507	64,076
Net defined benefit asset	98	140
Deferred tax assets	8,453	7,899
Other	18,535	11,901
Allowance for doubtful accounts	(2,870)	(3,622)
<b>Total investments and other assets</b>	<b>89,724</b>	<b>80,395</b>
<b>Total noncurrent assets</b>	<b>323,534</b>	<b>344,960</b>
<b>Total assets</b>	<b>619,954</b>	<b>695,306</b>

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	45,661	51,750
Short-term loans payable	127,384	136,359
Commercial papers	10,000	10,000
Current portion of bonds	4,315	27,840
Current portion of Convertible bond-type bonds with subscription rights to shares	14,895	—
Lease obligations	949	828
Accounts payable-other	8,563	11,679
Accrued directors' bonuses	415	436
Income taxes payable	10,734	3,934
Provision for bonuses	3,516	3,621
Provision for directors' bonuses	123	123
Provision for loss on business liquidation	2,438	—
Notes payable-facilities	2,897	2,641
Other	18,820	29,184
Total current liabilities	<u>250,714</u>	<u>278,401</u>
Noncurrent liabilities		
Bonds payable	45,832	20,592
Long-term loans payable	177,004	205,621
Lease obligations	1,510	3,127
Deferred tax liabilities	1,976	2,162
Net defined benefit liability	4,042	3,841
Provision for directors' retirement benefits	449	524
Provision for loss on litigation	284	11
Other	1,878	2,214
Total noncurrent liabilities	<u>232,979</u>	<u>238,095</u>
Total liabilities	<u>483,694</u>	<u>516,496</u>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	84,397	84,397
Capital surplus	688	635
Retained earnings	52,567	58,885
Treasury stock	(17,999)	(1,686)
Total shareholders' equity	<u>119,654</u>	<u>142,231</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(7,443)	(2,311)
Deferred gains or losses on hedges	38	39
Foreign currency translation adjustment	13,535	27,870
Remeasurements of defined benefit plans	(357)	(170)
Total accumulated other comprehensive income	<u>5,772</u>	<u>25,427</u>
Minority interests	10,533	11,150
Total net assets	<u>135,960</u>	<u>178,810</u>
Total liabilities and net assets	<u>619,654</u>	<u>695,306</u>

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

(Millions of yen)

	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Net sales	300,752	325,084
Cost of sales	213,220	225,525
Gross profit	87,532	99,558
Selling, general and administrative expenses	75,242	82,987
Operating income	12,289	16,571
Non-operating income		
Interest income	748	767
Dividends income	1,868	1,911
Foreign exchange gains	1,344	4,923
Other	1,793	2,127
Total non-operating income	5,754	9,729
Non-operating expenses		
Interest expenses	3,857	4,066
Share of loss of entities accounted for using equity method	—	168
Expenses for operation preparation	822	1,459
Other	1,446	944
Total non-operating expenses	6,125	6,639
Ordinary income	11,918	19,661
Extraordinary income		
Gain on sales of noncurrent assets	242	1,530
State subsidy	1,549	43
Gain on sales of investment securities	1,321	3,402
Compensation income	745	35
Other	282	27
Total extraordinary income	4,141	5,039
Extraordinary loss		
Loss on sales of noncurrent assets	181	331
Loss on retirement of noncurrent assets	408	341
Impairment loss	1	65
Loss on sales of investment securities	161	2,977
Loss on reduction of noncurrent assets	1,500	14
Provision for loss on business liquidation	483	—
Amortization of goodwill	—	444
Other	431	617
Total extraordinary losses	3,169	4,793
Income before income taxes and minority interests	12,891	19,908
Income taxes-current	13,739	8,349
Income taxes-deferred	(3,950)	(1,253)
Total income taxes	9,789	7,095
Income before minority interests	3,102	12,812
Minority interests in income	240	341
Net income	2,861	12,470

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Income before minority interests	3,102	12,812
Other comprehensive income		
Valuation difference on available-for-sale securities	5,103	5,133
Deferred gains or losses on hedges	38	0
Foreign currency translation adjustment	21,259	14,655
Remeasurements of defined benefit plans, net of tax	—	187
Share of other comprehensive income of entities accounted for using equity method	—	1
Total other comprehensive income	26,401	19,978
Comprehensive income	29,503	32,791
Comprehensive income attributable to shareholders of parent company	27,975	32,126
Comprehensive income attributable to minority interests	1,528	665

## (3) [Consolidated Statements of Shareholders' Equity]

(Millions of yen)

	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
<b>Shareholder's equity</b>		
Capital		
Balance at beginning of year	84,397	84,397
Increase (decrease) during the period		
Net increase (decrease) during the period	—	—
Balance at end of year	84,397	84,397
Capital Surplus		
Balance at beginning of year	636	688
Increase (decrease) during the period		
Disposal of treasury stock	52	(53)
Net increase (decrease) during the period	52	(53)
Balance at end of year	688	635
Earned surplus		
Balance at beginning of year	54,788	52,567
Cumulative effects of changes in accounting policies	—	97
Balance of beginning of year after changes in account policies	54,788	52,665
Increase (decrease) during the period		
Dividend of surplus	(5,054)	(4,992)
Net income	2,861	12,470
Disposal of treasury stock	—	(932)
Change of scope of consolidation	—	(325)
Other	(27)	(1)
Net increase (decrease) during the period	(2,220)	6,219
Balance at end of year	52,567	58,885
Treasury stock		
Balance at beginning of year	(865)	(17,999)
Increase (decrease) during the period		
Acquisition of treasury stock	(18,178)	(0)
Disposal of treasury stock	1,043	16,313
Net increase (decrease) during the period	(17,134)	16,312
Balance at end of year	(17,999)	(1,686)
Total Shareholders' equity		
Balance at beginning of year	138,957	119,654
Cumulative effects of changes in accounting policies	—	97
Balance of beginning of year after change in account policies	138,957	119,752
Increase (decrease) during the period		
Dividend of surplus	(5,054)	(4,992)
Net income	2,861	12,470
Acquisition of treasury stock	(18,178)	(0)
Disposal of treasury stock	1,096	15,328
Change of scope of consolidation	—	(325)
Other	(27)	(1)
Net increase (decrease) during the period	(19,302)	22,479
Balance at end of year	119,654	142,231

(Millions of yen)

	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
<b>Accumulated other comprehensive income</b>		
Valuation differences on available-for-sale securities		
Balance at beginning of year	(12,547)	(7,443)
Increase (decrease) during the period		
Net increase (decrease) of the items other than shareholders' equity during the period	5,103	5,132
Net increase (decrease) during the period	5,103	5,132
Balance at end of year	(7,443)	(2,311)
Deferred gains or losses on hedges		
Balance at beginning of year	—	38
Increase (decrease) during the period		
Net increase (decrease) of the items other than shareholders' equity during the period	38	0
Net increase (decrease) during the period	38	39
Balance at end of year	38	39
Foreign currency translation adjustment		
Balance at beginning of year	(6,436)	13,535
Increase (decrease) during the period		
Net increase (decrease) of the items other than shareholders' equity during the period	19,971	14,335
Net increase (decrease) during the period	19,971	14,335
Balance at end of year	13,535	27,870
Remeasurements of defined benefit plans		
Balance at beginning of year	—	(357)
Increase (decrease) during the period		
Net increase (decrease) of the items other than shareholders' equity during the period	(357)	186
Net increase (decrease) during the period	(357)	186
Balance at end of year	(357)	(170)
Total accumulated other comprehensive income		
Balance at beginning of year	(18,983)	5,772
Increase (decrease) during the period		
Net increase (decrease) of the items other than shareholders' equity during the period	24,756	19,655
Net increase (decrease) during the period	24,756	19,655
Balance at end of year	5,772	25,427
Minority interests		
Balance at beginning of year	8,789	10,533
Increase (decrease) during the period		
Net increase (decrease) of the items other than shareholders' equity during the period	1,743	617
Net increase (decrease) during the period	1,743	617
Balance at end of year	10,533	11,150
Total net assets		
Balance at beginning of year	128,763	135,960
Cumulative effects of changes in accounting policies	—	97
Balance of beginning of year after change in account policies	128,763	136,058
Increase (decrease) during the period		
Dividend of surplus	(5,054)	(4,992)
Net income	2,861	12,470
Acquisition of treasury stock	(18,178)	(0)
Disposal of treasury stock	1,096	15,328
Change of scope of consolidation	—	(325)
Other	(27)	(1)
Net increase (decrease) of the items other than shareholders' equity during the period	26,500	20,272
Net increase (decrease) during the period	7,197	42,751
Balance at end of year	135,960	178,810



## (4) [ Consolidated Statements of Cash Flows ]

	(Millions of yen)	
	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	12,891	19,908
Depreciation	25,151	27,667
Impairment loss	1	65
Amortization of goodwill	4,827	5,837
Equity in (earnings) losses of affiliates	—	168
Increase (decrease) in allowance for doubtful accounts	1,072	1,291
Increase (decrease) in provision for retirement benefits	(3,070)	—
Increase (decrease) in net defined benefit liability	3,497	179
Interest and dividends income	(2,617)	(2,679)
Interest expenses	3,857	4,066
Foreign exchange losses (gains)	(2,997)	(2,800)
Loss (gain) on sales of investment securities	(1,160)	(425)
Decrease (increase) in notes and accounts receivable-trade	(10,729)	(6,765)
Decrease (increase) in inventories	(2,441)	(8,120)
Increase (decrease) in notes and accounts payable-trade	(2,467)	1,146
Decrease (increase) in other assets	2,061	(901)
Increase (decrease) in other liabilities	2,207	8,914
Other loss (gain)	157	(1,142)
Subtotal	30,240	46,412
Interest and dividends income received	2,665	2,550
Interest expenses paid	(3,908)	(3,988)
Other proceeds	685	201
Other payments	(630)	(214)
Income taxes paid	(7,501)	(16,979)
Net cash provided by (used in) operating activities	21,552	27,981
Net cash provided by (used in) investing activities		
Payments into time deposits	(6,553)	(11,908)
Proceeds from withdrawal of time deposits	7,678	12,806
Payments for purchase of investment securities	(1,139)	(3,272)
Proceeds from sales of investment securities	9,058	11,519
Payments for purchase of investments in entities accounted for using equity method	(2,502)	—
Payments for purchase of investments in resulting in change in scope of consolidation	(6,958)	(754)
Payments for transfer of business	—	(1,400)
Payments for investment in capital	(3,764)	—
Payments for purchase of noncurrent assets	(29,239)	(40,680)
Proceeds from sales of noncurrent assets	464	3,794
Payments for retirement of noncurrent assets	(104)	(42)
Proceeds from governmental subsidies for investment in property and equipment	1,112	26
Net decrease (increase) in short-term loans receivable	69	(29)
Payments of loans receivable	(183)	(152)
Proceeds from collection of loans receivable	126	335
Other payments	(5)	(1)
Other proceeds	4	45
Net cash provided by (used in) investment activities	(31,936)	(29,713)

	(Millions of yen)	
	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(9,340)	3,209
Proceeds from long-term loans payable	63,280	83,330
Repayment of long-term loans payable	(49,028)	(52,383)
Proceeds from issuance of bonds	2,979	2,983
Redemption of bonds	(1,282)	(4,715)
Proceeds from stock issuance to minority shareholders	150	—
Proceeds from sales of treasury shares	1,195	213
Purchase of treasury shares	(18,277)	(1)
Repayments of finance lease obligations	(967)	(1,030)
Cash dividends paid	(5,038)	(4,987)
Cash dividends paid to minority shareholders	(18)	(20)
Net cash provided by (used in) financing activities	(16,346)	26,598
Effect of exchange rate change on cash and cash equivalents	4,981	1,784
Net increase (decrease) in cash and cash equivalents	(21,749)	26,651
Cash and cash equivalents at beginning of period	92,622	70,892
Increase in cash and cash equivalents from newly consolidated subsidiary	19	655
Cash and cash equivalents at end of period	70,892	98,199

(5) Notes to Consolidated Financial Statement

(Notes Related to Going Concern)

N/A

(Basis of Preparation for the Consolidated Financial Statements)

1) Scope of consolidation

[1] Consolidated subsidiaries: 73

Name of representative consolidated subsidiaries,

- Nipro Medical Industries Co., Ltd.
- Nipro Europe N.V.
- Nipro Diagnostics, Inc.
- Nipro Patch Co.,Ltd.
- Nipro India Corporation Pvt Ltd.
- Nipro (Thailand) Corporation Ltd.
- Nipro Medical Corporation
- Nipro Pharma Corporation
- Nipro Medical (Hefei) Co., Ltd.
- Goodman Co.,Ltd.

Nipro Pharma Vietnam Co., Ltd., Cell Science & Technology Institute, Inc., Nipro Pure Water GmbH and Nipro Malaysia Sdn. Bhd increased in materiality and they are included in scope of consolidation from the consolidated fiscal year 2014.

Goodtech Co., Ltd was removed from the consolidation of fiscal year 2014 since the company was absorbed into Goodman Co., Ltd, the consolidated subsidiary, and extinguished.

IR Medical Koubo Co., Ltd. was removed from the consolidation of fiscal year 2014 since Goodman Co., Ltd., the consolidated subsidiary, transferred all stock of IR Medical Koubo Co., Ltd. they had.

Tohoku Nipro Pharmaceutical Corporation was removed from the consolidation of fiscal year 2014 since the company was absorbed into Nipro Pharma Corporation, the consolidated subsidiary, as of October 1<sup>st</sup>, 2014 and extinguished.

[2] Name of representative unconsolidated subsidiary

- Nissho Insurance Services 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: 1

- Infraredx, Inc.

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

- Nissho Insurance Services Co., Ltd.

Name of affiliate not accounted for by the equity method:

- Yuki Gosei Kogyo Co., Ltd.

The equity method is not applied to the unconsolidated subsidiaries and the affiliate company, 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 ----- Mainly Declining-balance method  
(Excluding lease assets) However, buildings acquired after April 1, 1998 (excluding attached structures), 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.  
We still have adopted the similar manner to an ordinary rental transaction for the finance lease transactions that do not transfer ownership and the starting dates of the lease transactions were before March 31, 2008.

[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.

[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.

[5] Amortization of goodwill

Goodwill is amortized using the straight-line method over the estimated benefit period of the asset.

[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]
Foreign exchange swaps	Foreign currency borrowings
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.

#### (Changes in Accounting Policy)

##### Application of the Accounting Standard for Retirement Benefits and its Guidance

The Company applied "Accounting Standard for Retirement Benefits" (ASBJ Statement No.26, May 27, 2012) and the "Guidance on the Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25, May 17, 2012) effective the end of the fiscal year; except for the provisions specified under the main clause of Section 35 of the Accounting Standard for Retirement Benefits and the main clause of Section 67 of the Guidance on the Accounting Standard for Retirement Benefits. Under the new accounting policy, the amount of retirement benefit obligations minus plan assets is recorded as defined benefit liability, and the unrecognized actuarial gains and losses and unrecognized prior service costs were recognized in defined benefit liability (in case that the amount of plan assets exceeds retirement benefit obligation, it is recorded as defined benefit asset). In applying the Accounting Standard for Retirement Benefits and its Guidance, the Company follows the tentative treatment set out in Section 37 of Accounting Standard for Retirement Benefit. Consequently, the effects of the changes in accounting policies were recognized in remeasurements of defined benefit plans under accumulated other comprehensive income in the fiscal year ended March 31, 2014.

As a result, net defined benefit liability decreased 150 million yen and retained earnings increased 97 million yen at the beginning of the current period under review. This change had no impact on operating income, ordinary income and income before income taxes and minority interests in the current quarterly period under review.

#### (Notes to the Consolidated Balance Sheets)

	(Previous period)	(Current Period)
1) Pledged assets	38,205 mil.yen	48,437 mil.yen
2) Discounted notes receivable	35 mil.yen	182 mil.yen
3) Accounts related to unconsolidated subsidiaries and affiliate companies		
Investment securities (stock)	4,554 mil.yen	5,763 mil.yen
Other of investments and other assets (Investments in capital)	6,584 mil.yen	- mil.yen

#### (Notes to the Consolidated Statement of Income)

	(Previous period)	(Current Period)
Research and development expenditure included in selling general and administrative expenses and manufacturing cost.	7,890 mil.yen	8,645 mil.yen

#### (Notes to the Consolidated Statements of Shareholders' equity)

Previous period (From April 1, 2013 to March 31, 2014)

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

Sort of shares	Number of shares as of April 1, 2013	Increased numbers	Decreased numbers	Number of shares As of March 31, 2014
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, 2013	Increased numbers	Decreased numbers	Number of shares As of March 31, 2014
Common stock	914,107	21,034,840	1,217,974	20,730,973

- (Note) 1. Number of the stocks increased during the period due to the following reasons; 19,834,000 shares by tender offer, 1,240 shares by purchase of odd-lot shares, 1,199,600 shares acquired by Trust Account E from the Company.
2. Number of the stocks decreased during the period due to the following reasons; 6,172 shares by exercise of yen denominated convertible bond due in 2015, 102 shares by sale of odd-lot shares, 1,199,600 shares sold by the Company to Trust Account E, 12,100 shares sold by Trust Account E to the Association.
3. Number of the stocks as of the end of the period included, 1,187,500 shares 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 26, 2013 at ordinary general shareholders' meeting	Common stock	Millions of yen 2,643	Yen 15.50	March 31, 2013	June 27, 2013
November 12, 2013 at board of directors meeting	Common stock	Millions of yen 2,411	Yen 16.00	September 30, 2013	December 9, 2013

(2) Dividends of basis date belonging to the consolidated accounting period to its effective date be in the next consolidated accounting period.

Scheduled Decision	Sort of shares	Proceeds of dividends	Total amount of dividends paid	Dividends per shares	Basis date	Effective date
June 26, 2014 at ordinary general shareholders' meeting	Common stock	Earned surplus	Millions of yen 2,202	Yen 14.50	March 31, 2014	June 27, 2014

(Note) Total amount of dividends paid includes the dividend on shares owned by Trust Account E, 17 million yen.

Current period (From April 1, 2014 to March 31, 2015)

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

Sort of shares	Number of shares as of April 1, 2014	Increased numbers	Decreased numbers	Number of shares As of March 31, 2015
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, 2014	Increased numbers	Decreased numbers	Number of shares As of March 31, 2015
Common stock	20,730,973	959	18,832,071	1,899,861

- (Notes) 1. Number of the stocks increased during the period due to purchase of odd-lot shares.
2. Number of the stocks decreased during the period due to the following reasons; 18,388,865 shares by exercise of yen denominated convertible bond due in 2015, 6 shares by sale of odd-lot shares, 208,800 shares delivered for share exchange associated with the acquisition of whole share in Cell Science & Technology Institute, Inc., 234,400 shares sold by Trust Account E to the Association.
3. Number of the stocks as of the end of the period included, 953,100 shares 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 26, 2014 at ordinary general shareholders' meeting	Common stock	Millions of yen 2,202	Yen 14.50	March 31, 2014	June 27, 2014
November 12, 2014 at board of directors meeting	Common stock	Millions of yen 2,789	Yen 18.00	September 30, 2014	December 9, 2014

- (Note) 1. Total amount of dividends paid decided in the ordinary general shareholders' meeting on June 26, 2014 includes the dividend on shares owned by Trust Account E, 17 million yen.
2. Total amount of dividends paid decided in the board of directors meeting on November 12, 2014 includes the dividend on shares owned by Trust Account E, 19 million yen.

(2) Dividends of basis date belonging to the consolidated accounting period to its effective date be in the next consolidated accounting period.

Scheduled Decision	Sort of shares	Proceeds of dividends	Total amount of dividends paid	Dividends per shares	Basis date	Effective date
June 26, 2015 at ordinary general shareholders' meeting	Common stock	Earned surplus	Millions of yen 2,472	Yen 14.50	March 31, 2015	June 29, 2015

(Note) Total amount of dividends paid includes the dividend on shares owned by Trust Account E, 13 million yen.

(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 director 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 Glass-Related.

#### \*Medical-Related

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 center role and place overseas sales and manufacturing base for medical equipment and sales injection and infusion products, artificial organ products and diabetic products.

#### \*Pharmaceutical-Related

Pharmaceutical business division sells container for combination products and sells pharmaceuticals from pharmaceutical companies on a consignment basis. Domestic subsidiaries sell and manufacture injectable drug, oral drugs and combination products (Kit injectable).

#### \*Glass-Related

MP Glass division sells glass for vials and ampoules in the field of glass for medical use and sells glass for thermos bottles and glass for lighting purpose in the field of glass & materials products. Overseas subsidiaries manufacture and sell tube glass and glass for 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

FY2013 (From April 1, 2013 to March 31, 2014)

(Millions of yen)

	Reportable Segment				Other (Note.1)	Total	Adjust- ment (Note.2)	Consolidated financial statements (Note.3)
	Medical -Related	Pharma- ceutical -Related	Glass -Related	Total				
Net sales								
(1) Sales to third parties	221,362	51,507	27,610	300,481	271	300,752	-	300,752
(2) Inter-segment sales and transfers	1,587	7,511	627	9,726	-	9,726	(9,726)	-
Total	222,950	59,019	28,237	310,207	271	310,478	(9,726)	300,752
Segment profit	20,435	8,013	(2,182)	26,265	216	26,481	(14,192)	12,289
Segment assets	348,331	137,193	28,530	514,055	4,495	518,551	101,103	619,654
Other items								
(1) Depreciation and amortization	12,896	8,777	2,394	24,067	46	24,114	1,036	25,151
(2) Amortization of goodwill	3,472	3	1,351	4,827	-	4,827	-	4,827
(3) Increase in tangible and intangible fixed assets	14,241	10,646	5,464	30,353	-	30,353	4,739	35,093

(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 of (14,192) million yen includes elimination of inter-segment transaction of (2,483) million yen and corporate cost of (11,708) 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 101,103 million yen includes elimination of inter-segment transaction of

(66,172) million yen and corporate assets of 167,275 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 1,036 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 is adjusted to the operating income on the consolidated statements of income.

FY2014 (From April 1, 2014 to March 31, 2015)

(Millions of yen)

	Reportable Segment				Other (Note.1)	Total	Adjust- ment (Note.2)	Consolidated financial statements (Note.3)
	Medical -Related	Pharma- ceutical -Related	Glass -Related	Total				
Net sales								
(1) Sales to third parties	237,777	57,372	29,830	324,979	104	325,084	-	325,084
(2) Inter-segment sales and transfers	1,535	8,400	774	10,710	35	10,745	(10,745)	-
Total	239,312	65,772	30,604	335,690	139	335,829	(10,745)	325,084
Segment profit	23,812	10,553	(2,889)	31,476	131	31,607	(15,036)	16,571
Segment assets	350,869	137,570	70,175	558,615	55	558,671	136,635	695,306
Other items								
(4) Depreciation and amortization	13,356	9,568	3,023	25,948	-	25,948	1,718	27,667
(5) Amortization of goodwill	3,912	4	1,920	5,837	-	5,837	-	5,837
(6) Increase in tangible and intangible fixed assets	14,485	17,853	8,429	40,768	-	40,768	6,929	47,698

- (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 of (15,036) million yen includes elimination of inter-segment transaction of (3,041) million yen and corporate cost of (11,994) 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 136,635 million yen includes elimination of inter-segment transaction of (10,932) million yen and corporate assets of 147,568 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 1,718 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 is adjusted to the operating income on the consolidated statements of income.

#### 4. Change in Reportable Segment

- (1) Effective from the second quarter ended September 30, 2014, Nipro Glass India PVT. LTD., Nipro Tube Glass PVT. LTD., Nipro Glass Americas Corporation, Nipro Glass France S.A.S., Nipro Glass Belgium N.V., Nipro Pharma Glass AG, Nipro Glass Germany AG, Nipro Sterile Glass Germany AG, Chengdu Pingyuan Nipro Pharmaceutical Packaging Co., Ltd., Jilin Nipro Jiaheng Pharmaceutical Packaging Co., Ltd. and Anyang Nipro Changda Pharmaceutical Packaging Co., Ltd., OOO Ural Glass Plant and Puyang City Changda Glass Co., Ltd. are reclassified from Medical-Related Business to Glass-Related Business with current review of organization system in Nipro group. Segment information in the current quarterly period is based on this reclassification.
- (2) Effective from this reporting period, the calculation method of retirement benefit obligations and service costs in business segment was changed following the changes in accounting policy. This change had no impact to profit and loss.



[Related Information]

FY2013 (From April 1, 2013 to March 31, 2014)

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
174,860	56,887	40,434	28,570	300,752

(2) Property, plant and equipment

(Millions of yen)

Japan	America	Europe	Asia	Total
103,368	16,305	11,104	60,815	191,593

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

(Millions of yen)

Reportable segment			Total	Other	Total
Medical-Related	Pharmaceutical-Related	Glass-Related			
1	-	-	1	-	1

4. Information about unamortized balance of goodwill by reportable segment

(Millions of yen)

	Reportable segment			Total	Other	Total
	Medical-Related	Pharmaceutical-Related	Glass-Related			
Balance of the fiscal year-end	20,717	17	7,758	28,493	-	28,493

FY2014 (From April 1, 2014 to March 31, 2015)

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
182,148	62,661	42,874	37,399	325,084

(2) Property, plant and equipment

(Millions of yen)

Japan	America	Europe	Asia	Total
108,210	19,664	12,965	79,354	220,195

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

(Millions of yen)

Reportable segment			Total	Other	Total
Medical-Related	Pharmaceutical-Related	Glass-Related			
0	-	65	65	-	65

4. Information about unamortized balance of goodwill by reportable segment

(Millions of yen)

	Reportable segment			Total	Other	Total
	Medical-Related	Pharmaceutical-Related	Glass-Related			
Balance of the fiscal year-end	19,837	13	6,513	26,364	-	26,364

## (Per Share Information)

	Previous period (From April 1, 2013 to March 31, 2014)	Current period (From April 1, 2014 to March 31, 2015)
Net assets per share	832.14 yen	988.79 yen
Earnings per share	18.19 yen	80.96 yen
Diluted Earnings per share	16.29 yen	-

Base of the calculation is as follow;

## 1. Net assets per share

	Previous period (As of March 31, 2014)	Current period (As of March 31, 2015)
Total net assets in B/S (million yen)	135,960	178,810
Amount to be deducted from total net assets in B/S (Million yen)		
Minority interests	10,533	11,150
Net assets related to the common stocks(million yen)	125,426	167,659
Common stocks issued (Thousands shares)	171,459	171,459
Treasury stocks of common stock (Thousands shares)	20,730	1,899
Number of common stocks utilized for computation of net assets per share (thousand shares)	150,728	169,559

## 2. Earnings per share and diluted earnings per share

	Previous period (From April 1, 2013 To March 31, 2014)	Current period (From April 1, 2014 To March 31, 2015)
Earnings per share		
Net income (Million yen)	2,861	12,470
Amount not attributed to the common stock (Million yen)	-	-
Net income related to the common stock (Million yen)	2,861	12,470
Average shares of the common stock during the period (Thousands shares)	157,291	154,045
Diluted earnings per share		
Net income adjustment (Million yen)	-	-
Number of common stockincreased Stock acquisiton right (thousand shares)	18,389	-
Overview of the potential shares not included in the computation of diluted earning per share because of not having a dilutive effect	Consolidated subsidiary: Goodman Co., Ltd. Stock Option decided in the Board of Directors Meeting on November 25, 2005 (Common stock 253 thousand shares) Stock Option decided in the Board of Directors Meeting on April 27, 2006 (Common stock 2 thousand shares)	Same as on the left

(Material Subsequent Event)

N/A

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

	(Millions of yen)	
	As of March 31, 2014	As of March 31, 2015
<b>Assets</b>		
Current Assets		
Cash and deposits	40,413	61,466
Notes receivable-trade	15,079	16,273
Accounts receivable-trade	62,214	78,705
Securities	20	—
Merchandise and finished goods	29,192	28,520
Work in process	3,214	3,115
Raw materials and supplies	3,518	3,221
Advance payments-trade	1,197	529
Prepaid expenses	275	296
Deferred tax assets	2,488	1,123
Short-term loans receivable from subsidiaries and affiliates	40	5,974
Accounts receivable-other	1,485	2,720
Consumption taxes receivable	1,123	543
Other	730	303
Allowance for doubtful accounts	(8)	(11)
<b>Total current assets</b>	<b>160,985</b>	<b>202,782</b>
Noncurrent assets		
Property, plant and equipment		
Buildings	39,411	40,382
Accumulated depreciation and impairment loss	(25,491)	(23,168)
<b>Buildings, net</b>	<b>13,920</b>	<b>17,213</b>
Structures	1,994	2,193
Accumulated depreciation and impairment loss	(1,565)	(1,569)
<b>Structures, net</b>	<b>428</b>	<b>624</b>
Machinery, equipment	51,337	52,807
Accumulated depreciation and impairment loss	(45,115)	(47,468)
<b>Machinery equipment, net</b>	<b>6,222</b>	<b>5,339</b>
Vehicles	95	97
Accumulated depreciation and impairment loss	(86)	(87)
<b>Vehicles, net</b>	<b>8</b>	<b>9</b>
Tools, furniture and fixtures	15,641	16,932
Accumulated depreciation and impairment loss	(13,775)	(14,794)
<b>Tools, furniture and fixtures, net</b>	<b>1,865</b>	<b>2,137</b>
Land	11,787	8,303
Lease assets	879	1,007
Accumulated depreciation	(493)	(520)
<b>Lease assets, net</b>	<b>385</b>	<b>487</b>
Construction in progress	516	1,655
<b>Total property, plant and equipment</b>	<b>35,134</b>	<b>35,771</b>

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
<b>Intangible assets</b>		
Goodwill	3,731	3,579
Patent right	14	9
Right of trademark	3	3
Software	924	862
Lease assets	429	1,620
Telephone subscription right	23	23
Other	409	84
<b>Total intangible assets</b>	<b>5,537</b>	<b>6,183</b>
<b>Investments and other assets</b>		
Investment securities	59,112	56,182
Stocks of subsidiaries and affiliates	157,859	160,043
Investments in capital	0	0
Investments in capital of subsidiaries and affiliates	37,646	37,646
Long-term loans receivable	3,338	28
Long-term loans receivable from subsidiaries and affiliates	6,870	8,223
Claims provable in bankruptcy, claims provable in rehabilitation and other	340	3,642
Long-term prepaid expenses	1,313	1,901
Prepaid pension cost	—	249
Deferred tax assets	7,566	4,050
Other	603	620
Allowance for doubtful accounts	(2,444)	(2,897)
Allowance for investment loss	(2,629)	(2,629)
<b>Total investments and other assets</b>	<b>269,579</b>	<b>267,062</b>
<b>Total noncurrent assets</b>	<b>310,251</b>	<b>309,017</b>
<b>Total assets</b>	<b>471,237</b>	<b>511,800</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable-trade	12,262	12,974
Accounts payable-trade	33,124	35,092
Short-term loans payable	31,000	30,300
Current portion of long-term loans payable	36,161	37,743
Commercial papers	10,000	10,000
Current portion of bonds	3,000	26,400
Current portion of Convertible bond-type bonds with subscription rights to shares	14,895	—
Lease obligations	322	356
Accounts payable-other	12,044	7,485
Directors' bonuses payable	415	436
Accrued expenses	759	819
Income taxes payable	5,100	2,330
Advances received	12	8
Deposits received	61	102
Unearned revenue	45	36
Provision for bonuses	1,179	1,239
Provision for sales returns	—	31
Provision for loss on business liquidation	2,438	—
Notes payable-facilities	764	1,752
Other	1,721	516
<b>Total current liabilities</b>	<b>165,308</b>	<b>167,624</b>

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
<b>Noncurrent liabilities</b>		
Bonds payable	42,000	18,200
Long-term loans payable	130,173	163,238
Lease obligations	535	1,799
Long-term unearned revenue	84	48
Provision for retirement benefits	1,151	1,413
Provision for directors' retirement benefits	256	301
Provision for loss on litigation	218	—
Long-term guarantee deposited	1,567	1,630
<b>Total noncurrent liabilities</b>	<b>175,987</b>	<b>186,632</b>
<b>Total liabilities</b>	<b>341,295</b>	<b>354,257</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	53	—
<b>Total capital surplus</b>	<b>688</b>	<b>635</b>
<b>Retained earnings</b>		
Legal retained earnings	2,178	2,678
<b>Other retained earnings</b>		
Reserve for dividends	16	16
Reserve for advanced depreciation of noncurrent assets	98	98
General reserve	60,535	66,735
Retained earnings brought forward	8,802	8,278
<b>Total retained earnings</b>	<b>71,630</b>	<b>77,805</b>
Treasury stock	(17,999)	(1,686)
<b>Total shareholders' equity</b>	<b>138,717</b>	<b>161,152</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	(8,776)	(3,608)
<b>Total valuation and translation adjustments</b>	<b>(8,776)</b>	<b>(3,608)</b>
<b>Total net assets</b>	<b>129,941</b>	<b>157,543</b>
<b>Total liabilities and net assets</b>	<b>471,237</b>	<b>511,800</b>

(2) [Non-consolidated Statements of Income and Non-consolidated Statement of Comprehensive Income]  
 Non-consolidated Statements of Income

(Millions of yen)

	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
<b>Net sales</b>		
Net sales of finished goods	157,191	178,011
Net sales of goods	31,041	30,600
Rent income of real estate	271	139
<b>Total net sales</b>	<b>188,504</b>	<b>208,751</b>
<b>Cost of sales</b>		
Beginning finished goods	13,965	23,265
Beginning goods	5,735	5,927
Cost of products manufactured	40,457	41,672
Purchase of finished goods	85,023	91,502
Cost of purchased goods	25,877	22,669
Cost of real estate rent	55	7
<b>Total</b>	<b>171,115</b>	<b>185,044</b>
Ending finished goods	23,265	22,411
Ending goods	5,927	6,108
<b>Total cost of sales</b>	<b>141,923</b>	<b>156,524</b>
<b>Gross profit</b>	<b>46,581</b>	<b>52,226</b>
Selling, general and administrative expenses	31,807	36,881
<b>Operating income</b>	<b>14,774</b>	<b>15,345</b>
<b>Non-operating income</b>		
Interest income	169	375
Dividends income	2,217	3,852
Foreign exchange gains	3,039	4,757
Other	505	1,044
<b>Total non-operating income</b>	<b>5,931</b>	<b>10,030</b>
<b>Non-operating expenses</b>		
Interest expenses	1,704	2,053
Interest on bonds	514	504
Other	402	482
<b>Total non-operating expenses</b>	<b>2,621</b>	<b>3,039</b>
<b>Ordinary income</b>	<b>18,084</b>	<b>22,335</b>
<b>Extraordinary income</b>		
Gain on sales of noncurrent assets	160	1,517
State subsidy	610	26
Gain on sales of investment securities	1,303	3,397
Other	3	10
<b>Total extraordinary income</b>	<b>2,077</b>	<b>4,951</b>
<b>Extraordinary losses</b>		
Loss on retirement of noncurrent assets	260	212
Loss on reduction of non-current assets	580	-
Provision for loss on business liquidation	483	-
Loss on sales of investment securities	161	3,126
Loss on valuation of shares of subsidiaries and associates	-	3,973
Other	328	327
<b>Total extraordinary losses</b>	<b>1,814</b>	<b>7,639</b>
<b>Income before income taxes</b>	<b>18,347</b>	<b>19,647</b>
Income taxes-current	7,009	5,597
Income taxes-deferred	(7)	2,031
<b>Total income taxes</b>	<b>7,002</b>	<b>7,628</b>
<b>Net income</b>	<b>11,345</b>	<b>12,018</b>

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

(Millions of yen)

	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
<b>Shareholder's equity</b>		
Capital		
Balance at beginning of year	84,397	84,397
Increase (decrease) during the period		
Net increase (decrease) during the period	—	—
Balance at end of year	84,397	84,397
Capital surplus		
Capital reserve		
Balance at beginning of year	635	635
Increase (decrease) during the period		
Net increase (decrease) during the period	—	—
Balance at end of year	635	635
Other capital surplus		
Balance at beginning of year	0	53
Increase (decrease) during the period		
Disposal of treasury stock	52	(53)
Net increase (decrease) during the period	52	(53)
Balance at end of year	53	—
Total capital surplus		
Balance at beginning of year	636	688
Increase (decrease) during the period		
Disposal of treasury stock	52	(53)
Net increase (decrease) during the period	52	(53)
Balance at end of year	688	635
Earned surplus		
Earned reserve		
Balance at beginning of year	1,673	2,178
Increase (decrease) during the period		
Provision of legal retained earnings	505	499
Net increase (decrease) during the period	505	499
Balance at end of year	2,178	2,678
Other earned reserve		
Reserve for dividends		
Balance at beginning of year	16	16
Increase (decrease) during the period		
Net increase (decrease) during the period	—	—
Balance at end of year	16	16

(Millions of yen)

	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
<b>Reserve for advanced depreciation of noncurrent assets</b>		
Balance at beginning of year	98	98
Increase (decrease) during the period		
Net increase (decrease) during the period	—	—
Balance at end of year	98	98
<b>General reserve</b>		
Balance at beginning of year	56,035	60,535
Increase (decrease) during the period		
Provision of general reserve	4,500	6,200
Net increase (decrease) during the period	4,500	6,200
Balance at end of year	60,535	66,735
<b>Earned surplus carried forward</b>		
Balance at beginning of year	7,518	8,802
Cumulative effects of changes in accounting policies	—	80
Balance of beginning of year after change in account policies	7,518	8,883
Increase (decrease) during the period		
Dividends of surplus	(5,054)	(4,992)
Net income	11,345	12,018
Provision of legal retained earnings	(505)	(499)
Provision of general reserve	(4,500)	(6,200)
Disposal of treasury stock	—	(932)
Net increase (decrease) during the period	1,284	(604)
Balance at end of year	8,802	8,278
<b>Total earned surplus</b>		
Balance at beginning of year	65,340	71,630
Cumulative effects of changes in accounting policies	—	80
Balance of beginning of year after changes in account policies	65,340	71,711
Increase (decrease) during the period		
Dividends of surplus	(5,054)	(4,992)
Net income	11,345	12,018
Disposal of treasury stock	—	(932)
Net increase (decrease) during the period	6,290	6,094
Balance at end of year	71,630	77,805
<b>Treasury stock</b>		
Balance at beginning of year	(865)	(17,999)
Increase (decrease) during the period		
Acquisition of treasury stock	(18,178)	(0)
Disposal of treasury stock	1,043	16,313
Net increase (decrease) during the period	(17,134)	16,312
Balance at end of year	(17,999)	(1,686)



(Millions of yen)

	FY2013 (From April 1, 2013 to March 31, 2014)	FY2014 (From April 1, 2014 to March 31, 2015)
<b>Total Shareholders' equity</b>		
Balance at beginning of year	149,509	138,717
Cumulative effects of changes in accounting policies	—	80
Balance of beginning of year after changes in account policies	149,509	138,798
<b>Increase (decrease) during the period</b>		
Dividend of surplus	(5,054)	(4,992)
Net income	11,345	12,018
Acquisition of treasury stock	(18,178)	(0)
Disposal of treasury stock	1,096	15,328
Net increase (decrease) during the period	(10,791)	22,353
Balance at end of year	138,717	161,152
<b>Valuation and translation differences</b>		
<b>Valuation differences of available-for-sale securities</b>		
Balance at beginning of year	(13,672)	(8,776)
<b>Increase (decrease) during the period</b>		
Net increase (decrease) of the items other than shareholders' equity during the period	4,895	5,168
Net increase (decrease) during the period	4,895	5,168
Balance at end of year	(8,776)	(3,608)
<b>Total valuation and translation differences</b>		
Balance at beginning of year	(13,672)	(8,776)
<b>Increase (decrease) during the period</b>		
Net increase (decrease) of the items other than shareholders' equity during the period	4,895	5,168
Net increase (decrease) during the period	4,895	5,168
Balance at end of year	(8,776)	(3,608)
<b>Total net assets</b>		
Balance at beginning of year	135,837	129,941
Cumulative effects of changes in accounting policies	—	80
Balance of beginning of year after changes in account policies	135,837	130,021
<b>Increase (decrease) during the period</b>		
Dividend of surplus	(5,054)	(4,992)
Net income	11,345	12,018
Acquisition of treasury stock	(18,178)	(0)
Disposal of treasury stock	1,096	15,328
Net increase (decrease) of the items other than shareholders' equity during the period	4,895	5,168
Net increase (decrease) during the period	(5,896)	27,522
Balance at end of year	129,941	157,543