

Summary Report of Consolidated Financial Results

For the Nine Months Period ended December 31, 2014



February 12, 2015

TSE-1st 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 Headquarters

TEL: (06)6372-2331

Filing date of quarterly reporting: February 13, 2015

Payment date of cash dividends: -

Supplemental material on quarterly reporting: No

Presentation on quarterly results: No

(Note: Amounts are truncated to one million yen)

1. Consolidated Results for the Nine Months ended December 31, 2014 (From April 1, 2014 to December 31, 2014)

(1) Consolidated Results of Operations

(Note: % of change from the same period a year ago)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
9 months ended December 31, 2014	240,101	7.9	13,726	33.3	18,490	55.2	14,520	223.2
9 months ended December 31, 2013	222,619	22.9	10,295	5.1	11,910	4.0	4,493	(56.7)

Note: Comprehensive income 9 months ended December 31, 2014: 19,079 million yen ((25.8%)) 9 months ended December 31, 2013: 25,724 million yen (-%)

	Earnings per share	Diluted Earnings per share
	Yen	Yen
9 months ended December 31, 2014	95.63	85.82
9 months ended December 31, 2013	28.18	25.27

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
9 months ended December 31, 2014	656,843	152,945	21.6
Year ended March 31, 2014	619,654	135,960	20.2

Note: Equity 9 months ended December 31, 2014: 141,893 million yen Year ended March 31, 2014: 125,426 million yen

2. Dividends

	Annual Dividends per Year				
	First-quarter	Second-quarter	Third-quarter	Year-end Dividends	Annual Dividends
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2014	-	16.00	-	14.50	30.50
Year ending March 31, 2015	-	18.00	-		
Year ending March 31, 2015 (Forecast)				14.50	32.50

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

3. Forecast of Consolidated Financial Results for the Year ending March 31, 2015 (From April 1, 2014 to March 31, 2015)

(Note: The % displays in the line of year ending March 31, 2015 show increase/decrease ratio against the year ended March 31, 2014)

	Net Sales		Operating Income		Ordinary Income		Net Income		Earnings per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending March 31, 2015	330,000	9.7	20,000	62.7	18,600	56.1	10,400	263.4	68.97

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

Table of Contents

1. Qualitative Information for the Nine-Months Period ended December 31, 2014.....	2
(1) Commentary on Business Results.....	2
(2) Analysis Concerning Financial Position.....	3
(3) Commentary on Forward-Looking Statements Including Forecast of Consolidated Financial Results.....	4
2. Summary (Other) Information.....	4
(1) Changes in Significant Consolidated Subsidiaries.....	4
(2) Accounting Treatments Simplified or Unique for Preparation.....	4
(3) Changes in Accounting Policies and Accounting Estimate and Restatement.....	4
3. Consolidated Financial Statements.....	5
(1) Quarterly Consolidated Balance Sheets.....	5
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income.....	7
Quarterly Consolidated Statements of Income.....	7
Quarterly Consolidated Statements of Comprehensive Income.....	7
(3) Notes Regarding Consolidated Financial Statement.....	8
Notes regarding going concern.....	8
Notes regarding significant changes in the amount of shareholders' equity.....	8
Segment Information.....	8

1. Qualitative Information for the Nine-Month Period Ended December 31, 2014

(1) Commentary on Business Results

During the nine months of the fiscal year 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. In China and emerging countries, a sense of uncertainty is increasing due to declining economic growth rates. On the other hand, the Japanese economy showed continued improvement although there were rapid yen depreciation and 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 nine-month period ended December 31, 2014 increased by 7.9% from the same period of the previous year to 240,101 million yen. As for the profit, consolidated operating income increased by 33.3% from the same period of the previous year to 13,726 million yen. Consolidated ordinary income, moreover, increased by 55.2% from the same period of the previous year to 18,490 million yen due to the foreign exchange gain for yen's depreciation. Consolidated net income increased by 223.2% from the same period of the previous year to 14,520 million yen thanks to the record of gain on sales of investment securities and a decrease of income taxes.

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

Effective from this reporting period, overseas glass department is reclassified from Medical-Related Business to Glass-Related Business with the current classification.

(i) Medical-Related Business

Looking at the domestic market, the Medical Sales Division performed well with continued strength in sales and profits of the drug-eluting balloon catheter "SeQuent® Please" in the field of vascular products and the fallback after the special demand arose before the consumption tax rate hike was almost resolved in injection-transfusion products, enteral-alimentation products and testing products. They also showed strong sales of HDF filter in dialysis product but it is still difficult to solve the fallback after special demand. Sales and profits of the cardiovascular (CVS) products were in the midst of the severe environment with the impact from competitors. 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 December, and the sales remained stable. In addition, we have strengthened the sales promotion to dispensing pharmacies, diagnosis procedure combination (DPC) 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.

Regarding overseas sales, on the other hand, direct sales activities were promoted with enhancement of overseas sales channel based on our concept of "local production for local consumption" and expanded our sales responding immediately to demand from medical front. In addition, sales prices were reviewed throughout the world to improve our profitability. Furthermore, yen's depreciation against dollar and euro in foreign exchange market increasing export profitability continuously resulted double-digit growth in sales and profit from the same period of the previous year. By product, we have promoted academic activities through international societies or exhibition of dialysis or kidney disease as well as enhanced dialysis product line, and consequently sales of the related products such as artificial kidneys (dialyzers) showed a strong increase. New overseas plants (in India, Indonesia, Bangladesh and Hefei) 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 a result, net sales of this business increased by 7.3% from the same period of the previous year to 175,364 million yen.

(ii) Pharmaceutical-Related Business

In the Pharmaceutical-Related Business, we have promoted finely-tuned sales activities to win contracted businesses by offering various contracted services such as contracted development based on our characteristic of development and supply from packaging container such as vial, syringe and bag and support for value adding initiatives, in addition to our conventional contracted manufacturing service. We have also worked to expand the contracted manufacturing business through joint development with generic drug divisions and new drug development divisions of leading pharmaceutical manufacturers inside and outside of Japan. Furthermore, the self-developed blockbuster syringe preparations, shipment of which started at the end of the previous fiscal year, contributed to the solid sales of this segment.

Sales of pharmaceutical containers as well as devices related to pharmaceutical preparation and administration were strong thanks to our efforts to offer containers and systems suitable to each pharmaceutical product. Such efforts were made to meet various needs in the medical front, including small-volume bags for antimicrobial agents and osteoporosis drugs, 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, self-injection systems, and dosage form/administrating path modification in the future.

As a result, net sales of this business increased 11.8% from the same period of the previous year to 42,966 million yen.

(iii) Glass-Related Business

In the Glass-Related Business, adding to our conventional glass containers for medical use, we have promoted sales activities to acquire new demands while high-valued vials were developed and distributed to support injectable formulation with high stability.

In domestic glass department, we have continuously promoted 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 was registered as medical equipment manufacture in December and started to prepare the introduction of glass products from overseas affiliated companies to Japan and establish quality assurance system. 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, high-tech prefilled syringe has marked find sales.

As a result, net sales of this business increased 5.1% from the same period of the previous year to 21,686 million yen.

(iv) Other Business

Among other business, sales from the real-estate rental business were 83 million yen (down by 53.0% from the same period of the previous year).

(2) Analysis Concerning Financial Position

Analysis Concerning the Conditions of Assets, Liabilities and Net Assets

Total assets increased by 37,189 million yen from the end of the previous year to 656,843 million yen. Current assets increased by 27,937 million yen primarily due to an increase of 12,919 million yen in notes and accounts receivable-trade, and noncurrent assets increased by 9,251 million yen primarily due to an increase of 9,243 million yen in buildings and structures.

Total liabilities increased by 20,204 million yen from the end of the previous year to 503,898 million yen. Current liabilities decreased by 6,259 million yen primarily due to a decrease of 6,877 million yen in income taxes payable, and noncurrent liabilities increased by 26,463 million yen primarily due to an increase of 28,302 million yen in long-term loans

payable.

Total net assets increased by 16,984 million yen from the end of the previous year to 152,945 million yen. Shareholders' equity increased by 12,298 million yen and accumulated other comprehensive income increased by 4,168 million yen.

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

We expect that the global economy will continue to be on the gradual recovery trend. Similarly, in Japan, economic activities will continue to gradually improve amid the easing of the fallback after the last-minute surge in demand before the consumption tax rate hike.

Even under such circumstances, the Nipro Group will work to improve profits through its continued efforts to expand sales and reduce production costs.

Foreign exchange gain is recorded in non-operating income by 6,327 million yen in the current period (from April 1, 2014 to December 31, 2014), however, this amount is changeable based on the trends of exchange rate for the future. Therefore, at this moment, we have not made any revision to the forecast of consolidated financial results for the year ending March 31, 2015, which was announced on November 12, 2014.

2. Summary (Other) Information

(1) Changes in Significant Consolidated Subsidiaries

N/A

(2) Accounting Treatments Simplified or Unique for Preparation

N/A

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

(Change in Accounting Policies)

Application of the Accounting Standard for Retirement Benefits and its Guidance

From the first quarter of the consolidated fiscal year under review, we adopted the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012; hereinafter referred to as the "Retirement Benefits Standard") and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012; hereinafter referred to as the "Retirement Benefits Guidance") with regard to the provisions specified under the main clause of paragraph 35 of the Retirement Benefits Standard and paragraph 67 of the Retirement Benefits Guidance. The calculation method of retirement benefit obligations and service costs was reviewed, the period attribution method of the expected amount of retirement benefits was changed from a straight - line attribution to a benefit calculation standard and the decision method of the discount rate was changed from the way in which the number of years approximate to the average remaining service period of employees is used for the period of bonds that serves as the basis for determining the discount rate to the way in which a single weighted average discount rate is used to reflect the expected payment period of retirement benefits and the amount for each expected payment period.

In applying the Retirement Benefits Standard and its Guidance, the effect of the changes in the calculation method of retirement benefit obligations and service costs was adjusted in retained earnings at the beginning of the first quarter of the consolidated fiscal year under review according to the transitional treatment set forth in the paragraph 37 of the Retirement Benefits Standard.

As a result, net defined benefit liability decreased 150 million yen and retained earnings increased 97 million yen at the beginning of the current quarterly 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.

3. Consolidated Financial Statements

(1) [Quarterly Consolidated Balance Sheets]

(Millions of yen)

	As of March 31, 2014	As of December 31, 2014
Assets		
Current Assets		
Cash and deposits	84,957	93,917
Notes and accounts receivable-trade	103,179	116,098
Merchandise and finished goods	59,517	63,127
Work in process	10,968	11,707
Raw materials and supplies	20,000	21,466
Deferred tax assets	7,354	6,810
Other	12,154	13,019
Allowance for doubtful accounts	(2,010)	(2,088)
Total current assets	296,119	324,057
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	158,109	169,714
Accumulated depreciation and impairment loss	(77,025)	(79,387)
Buildings and structures, net	81,083	90,326
Machinery, equipment and vehicles	192,277	207,304
Accumulated depreciation and impairment loss	(135,012)	(145,595)
Machinery equipment and vehicles, net	57,265	61,708
Land	23,367	21,310
Lease assets	2,409	2,378
Accumulated depreciation	(1,507)	(1,647)
Lease assets, net	902	731
Construction in progress	20,534	24,482
Other	37,683	40,729
Accumulated depreciation and impairment loss	(29,242)	(31,479)
Other, net	8,440	9,250
Total property, plant and equipment	191,593	207,810
Intangible assets		
Goodwill	28,493	26,958
Lease assets	443	337
Other	13,278	15,285
Total intangible assets	42,216	42,582
Investments and other assets		
Investment securities	65,507	60,364
Net defined benefit asset	98	107
Deferred tax assets	8,453	11,120
Other	18,535	13,788
Allowance for doubtful accounts	(2,870)	(2,987)
Total investments and other assets	89,724	82,393
Total noncurrent assets	323,534	332,786
Total assets	619,654	656,843

(Millions of yen)

	As of March 31, 2013	As of December 31, 2014
Liabilities		
Current liabilities		
Notes and accounts payable-trade	45,661	49,663
Short-term loans payable	127,384	129,648
Commercial papers	10,000	10,000
Current portion of bonds	4,315	1,905
Current portion of convertible bond-type bonds with subscription rights to shares	14,895	12,075
Lease obligations	949	729
Accounts payable-other	8,563	7,824
Accrued directors' bounuses	415	—
Income taxes payable	10,734	3,856
Provision for bounuses	3,516	4,389
Provision for directors' bounuses	123	442
Provision for loss on business liquidation	2,438	—
Notes payable-facilities	2,897	1,933
Other	18,820	21,988
Total current liabilities	250,714	244,455
Noncurrent liabilities		
Bonds payable	45,832	44,082
Long-term loans payable	177,004	205,307
Lease obligations	1,510	1,359
Deferred tax liabilities	1,976	2,025
Net defined benefit liability	4,042	3,924
Provision for directors' retirement benefits	449	515
Provision for loss on litigation	284	49
Other	1,878	2,179
Total noncurrent liabilities	232,979	259,443
Total liabilities	483,694	503,898
Net assets		
Shareholders' equity		
Capital stock	84,397	84,397
Capital surplus	688	635
Retained earnings	52,567	61,726
Treasury stock	(17,999)	(14,806)
Total shareholders' equity	119,654	131,952
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(7,443)	(6,498)
Deferred gains or losses on hedges	38	16
Foreign currency translation adjustment	13,535	16,728
Remeasurements of defined benefit plans	(357)	(305)
Total accumulated other comprehensive income	5,772	9,940
Minority interests	10,533	11,051
Total net assets	135,960	152,945
Total liabilities and net assets	619,654	656,843

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

(Amount: million yen)

	FY2013 first three months (From April 1, 2013 to December 31, 2013)	FY2014 first three months (From April 1, 2014 to December 31, 2014)
Net sales	222,619	240,101
Cost of sales	156,725	166,135
Gross profit	65,893	73,966
Selling, general and administrative expenses	55,598	60,239
Operating income	10,295	13,726
Non-operating income		
Interest income	579	552
Dividends income	1,866	1,596
Foreign exchange gain	2,037	6,327
Other	1,178	1,385
Total non-operating income	5,662	9,862
Non-operating expenses		
Interest expenses	2,926	3,033
Equity in losses of affiliates	—	122
Other	1,121	1,942
Total non-operating expenses	4,047	5,098
Ordinary income	11,910	18,490
Extraordinary income		
Gain on sales of noncurrent assets	209	637
State subsidy□	544	7
Gain on sales of investment securities	1,263	3,402
Compensation income	742	34
Other	361	18
Total extraordinary income	3,120	4,099
Extraordinary loss		
Loss on retirement of noncurrent assets	215	238
Impairment loss	1	12
Loss on sales of investment securities	—	1,894
Loss on reduction of non-current assets	530	—
Other	258	319
Total extraordinary losses	1,006	2,465
Income before income taxes and minority interests	14,024	20,124
Income taxes-current	9,640	7,753
Income taxes-deferred	(437)	(2,541)
Total income taxes	9,203	5,211
Income before minority interests	4,821	14,913
Minority interests in income	328	392
Net income	4,493	14,520

[Quarterly Consolidated Statements of Comprehensive Income]

(Amount: million yen)

	FY2013 first three months (From April 1, 2013 to December 31, 2013)	FY2014 first three months (From April 1, 2014 to December 31, 2014)
Income before minority interests	4,821	14,913
Other comprehensive income		
Valuation difference on available-for-sale securities	9,057	946
Deferred gains or losses on hedges	—	(22)
Foreign currency translation adjustment	11,845	3,217
Remeasurements of defined benefit plans	—	52
	—	(27)
Total other comprehensive income	20,902	4,166
Comprehensive income	25,724	19,079
Comprehensive income attributable to owners of the parent	24,623	18,688
Comprehensive income attributable to minority interests	1,100	390

(3) Notes Regarding Consolidated Financial Statement

(Notes regarding going concern)

N/A

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

N/A

(Segment Information)

I FY2013 (From April 1, 2013 to December 31, 2013)

1. Sales and Profit by Reportable Operating Segment

(Millions of yen)

	Segment				Other (Note.1)	Total	Adjust- ment (Note.2)	Consolidated Statements of Income (Note.3)
	Medical- Related	Pharmaceutical- Related	Glass- Related	Total				
Net sales								
(1)Sales to third parties	163,394	38,415	20,630	222,441	178	222,619	—	222,619
(2)Inter-segment sales and transfers	1,142	5,720	484	7,347	26	7,373	(7,373)	—
Total	164,536	44,136	21,115	229,788	204	229,993	(7,373)	222,619
Segment profit	15,218	6,202	(2,281)	19,139	162	19,302	(9,006)	10,295

(Notes)

1. "Other" is the business segment which is not included in the segment and consist of real estate income and sales by headquarter.
2. Adjustment for the segment profit of (9,006) million yen includes elimination of inter-segment transaction of (1,374) million yen and corporate cost of (7,632) million yen. Corporate cost consisted primarily of general and administrative expenses and research and development cost which do not belong to the reporting segment.
3. Segment profit is adjusted to the operating income on the consolidated statements of income.

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

(Significant Change in Goodwill)

Regarding Medical-Related Business, we acquired the share of Nichihos Co., Ltd. and its 10 subsidiaries to include them in the scope of consolidation. In accordance with it, goodwill increased 6,705million yen from the end of the previous year.

II FY2014 (From April 1, 2014 to December 31, 2014)

1. Sales and Profit by Reportable Operating Segment

(Millions of yen)

	Segment				Other (Note.1)	Total	Adjust- ment (Note.2)	Consolidated Statements of Income (Note.3)
	Medical- Related	Pharmaceutical- Related	Glass- Related	Total				
Net sales								
(1)Sales to third parties	175,364	42,966	21,686	240,017	83	240,101	—	240,101
(2)Inter-segment sales and transfers	1,173	6,294	533	8,002	26	8,028	(8,028)	—
Total	176,537	49,261	22,220	248,019	110	248,129	(8,028)	240,101
Segment profit	17,664	8,572	(2,205)	24,031	104	24,135	(10,408)	13,726

(Notes)

1. "Other" is the business segment which is not included in the segment and consist of real estate income and sales by headquarter.
2. Adjustment for the segment profit of (10,408) million yen includes elimination of inter-segment transaction of (2,052) million yen and corporate cost of (8,356) million yen. Corporate cost consisted primarily of general and administrative expenses and research and development cost which do not belong to the reporting segment.
3. Segment profit is adjusted to the operating income on the consolidated statements of income.

2. Changes in Reportable Segments

- (1) Effective from this reporting period, 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 the first period ended June 30, 2014, 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.

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

N/A