

# Summary Report of Consolidated Financial Results

For the Fiscal Year ended March 31, 2017



May 11, 2017  
TSE-1<sup>st</sup> section

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

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

### (1) Consolidated Results of Operations (Note: Percentages represent changes compared with the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2017	359,699	(1.9)	28,770	18.9	23,166	58.4	11,346	(42.5)
Year ended March 31, 2016	366,650	12.8	24,204	46.1	14,623	(25.6)	19,718	58.1

Note: Comprehensive income Year ended March 31, 2017: 10,753 million yen (177.6%) Year ended March 31, 2016: 3,874 million yen ((88.2)%)

	Earnings per share	Diluted earnings per share	Ratio of net income to shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2017	67.58	61.33	6.8	3.2	8.0
Year ended March 31, 2016	116.22	114.68	11.8	2.1	6.6

Note: Equity in profit (loss) of affiliate Year ended March 31, 2017: 112 million yen Year ended March 31, 2016: (95) 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, 2017	752,839	176,408	22.1	999.54
Year ended March 31, 2016	708,882	175,507	23.4	977.64

Note: Equity Year ended March 31, 2017: 166,082 million yen Year ended March 31, 2016: 165,997 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, 2017	33,472	(66,351)	36,483	112,046
Year ended March 31, 2016	29,934	(16,513)	(3,633)	111,977

## 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, 2016	-	17.00	-	16.50	33.50	5,712	28.8	3.4
Year ended March 31, 2017	-	7.50	-	21.50	29.00	4,842	42.9	2.9
Year ending March 31, 2018 (Forecast)	-	17.50	-	20.00	37.50		34.6	

## 3. Forecast of Consolidated Financial Results for the Year ending March 31, 2018 (From April 1, 2017 to March 31, 2018)

(Note: Percentages for the full year and for the 2Q cumulative period represent changes compared with the previous fiscal year and the same quarter of the previous fiscal year, respectively.)

	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, 2017	191,500	7.8	14,000	(12.2)	12,900	93.7	8,100	177.1	48.75
Year ending March 31, 2018	392,500	9.1	31,500	9.5	29,100	25.6	18,000	58.6	108.33



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## 1. Overview of Business Results

### (1) Overview of Current Term Business Results

#### [1] Overview of Current Term

The global economy during the current consolidated financial year saw a continuation of the gradual economic recovery in the United States and Europe, while China also showed some signs of improvement. As for the Japanese economy, corporate earnings and personal consumption also remained steady, underpinned by yen depreciation following the US Presidential election. However, the sense of uncertainty about the new US administration and the trend of anti-globalization which has manifested in the wake of Brexit have resulted in a growing sense of uncertainty about the future. Even under these circumstances, the Nipro Group has made efforts to increase sales and cut production costs, and worked to improve business performance with the goal of realizing user wishes as soon as possible.

As a result, sales for the current term were 359,699 million yen. Sales were down 1.9% YoY due to 14,862 million yen from the sale of subsidiary Nipro Diagnostics, Inc. at the end of the previous year being included in the previous year's sales, and due to further yen appreciation this year. As for profit, operating income increased by 18.9% YoY to 28,770 million yen due to a decrease in the cost of sales and other factors. Ordinary income rose 58.4% YoY to 23,166 million yen due to a decrease in exchange losses and other factors. Net income attributable to owners of parent was 11,346 million yen. Although extraordinary loss decreased by 1,144 million yen YoY, it decreased by 42.5% YoY as the gain on the sale of Nipro Diagnostics, Inc. was 14,072 million yen in the previous year.

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

#### a. Medical-Related Business

Medical-Related Business domestic sales saw a tougher market situation due to the revisions to medical service fees and drug prices in April 2016. Under such circumstances, the sales of the Medical Sales Division remained solid in each category of injection-transfusion products, enteral-alimentation products, testing products, dialysis products, cardiovascular products and cardiac surgery (CVS) products. Sales growth was particularly high for HDF filters (dialysis products), followed by left ventricular assist device "HeartMate II," (cardiac surgery (CVS) products), and drug eluting balloon catheter "SeQuent® Please," (cardiovascular products). Sales at the Pharmaceutical Sales Division were steady due to the sales growth of existing products and addenda listing items in June and December 2016 and the expansion of the market with the promotion policy of generic drugs. However, price competition in the domestic market continues to intensify with advance sales of authorized generic drugs (AG) and many manufacturers vying for sales of one item. Therefore, we will further strengthen sales promotions to dispensing pharmacies and diagnosis procedure combination (DPC) hospitals, as well as try to increase our oral and external use drug market share and boost injectable drugs information offering activities through collaborations with pharmaceutical wholesalers.

Despite an increase in sales quantity of mainstay dialysis products such as dialyzers and hospital products, overseas sales decreased from the previous year due to yen appreciation which lowered unit prices of products and also due to the sale of Nipro Diagnostics, Inc., a consolidated subsidiary. We will continue to actively strengthen overseas sales networks and bolster direct sales and expand sales in order to quickly respond to front-line needs. We established offices in Austria, Ethiopia, Vietnam and China during this fiscal year. In India, a particular focus of ours, we established a total of 16 offices that cover the entire country. Through these sales offices, we have enhanced our presence in the market by providing more locally-oriented and finely-tuned services and responding to front-line needs.

New overseas manufacturing facilities (in India, Indonesia, Bangladesh and Hefei in China) boosted production capacity under an established quality system to further improve sales, and succeeded in increasing sales in their countries and surrounding areas. In addition, we obtained approval to establish a new medical device manufacturing facility on the outskirts of Ho Chi Minh City in Vietnam in March 2017.

As a result, net sales of this business decreased 3.7% YoY to 262,198 million yen.

#### b. Pharmaceutical-Related Business

In the Pharmaceutical-Related Business, we have broadened our pharmaceutical contract services to encompass contracts to develop products from manufacturing products from all the formulation design of existing drugs for oral and external use and injectable drugs, and contracted development from dosage design in each dosage form, particularly 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 through support for lifecycle management where we believe we can enhance the value-added features and realize distinct service differentiation. In addition, net sales have remained steady due to our focus on efforts to upgrade and expand our contracted manufacturing capabilities for dedicated biopharmaceuticals lines and high potency active pharmaceutical ingredients manufacturing plant lines, as well as increased production volume at overseas production facilities.

Sales of pharmaceutical containers as well as devices related to pharmaceutical preparation and administration steadily increased thanks to our ability to offer containers and systems, such as small-volume bags, pre-filled syringes (plastic and glass) in addition to rubber stoppers for vaccine use and containers for kit products, suitable to each pharmaceutical product which we developed ourselves or through joint development with pharmaceutical manufacturers in order to meet various needs in the medical front. In addition, under the government's policy to curb medical expenses, we have worked together with domestic and foreign pharmaceutical manufacturers to enhance the comprehensive lifecycle management of pharmaceutical products, taking into consideration the development of combination products (collaboration between our own pharmaceutical products and medical devices), self-injection systemization, and dosage form/administrating path modification.

As a result, net sales of this business increased 11.0% from the previous year to 69,140 million yen.

### c. PharmaPackaging Business

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

For the domestic department, sales of thermos bottles expanded as we made efforts to improve quality for stable supply. Sales of vials and prefilled syringes increased by collaborating with the Pharmaceutical-Related Business and selling them under the policy of "One Nipro". At the Biwako Factory, while we continued to exhaustively improve the quality and optimize the manufacturing environment by proceeding with the introduction of new equipment, the construction of the rubber stopper plant was completed and we aim to start production from fiscal 2017. As a result, domestic sales grew steadily.

Overseas sales have faced a difficult market environment, impacted by the continuing appreciation of yen during the current period, the uncertainty around the future of the US and European market due to Brexit and the US presidential election, as well as the Chinese government's push to strengthen GMP which has led to a decrease in the number of pharmaceutical companies. Amid this backdrop, we have taken aggressive steps to expand sales of high-value-added products. This helped net sales reach almost the same level as the previous year, excluding the impact of foreign currency conversion due to the appreciation of the yen. On the manufacturing front, in addition to the expanding shipments of high-value-added products such as sterile syringes and VIALEX®, we stepped up the stabilization and improvement of quality and cost reductions at each factory by automating the manufacturing process and improving production efficiency. As a result, we achieved improved profitability.

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

As a result, net sales of this business decreased 12.0% YoY to 28,331 million yen.

### d. Other Business

Among other business, net sales from the real-estate rental business were 29 million yen (down 7.0% YoY).

## (2) Overview of Financial Position

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

Total assets increased 43,956 million yen YoY to 752,839 million yen. Current assets increased 18,657 million yen and noncurrent assets increased 25,298 million yen. The increase of current assets was due to an increase of 9,557 million yen in goods and products, and the increase of noncurrent assets was due to an increase of 10,327 million yen in investment securities.

Total liabilities increased 43,055 million yen YoY to 576,431 million yen. Current liabilities decreased 355 million yen and noncurrent liabilities increased 43,411 million yen. The main reason for the decrease in current liabilities was a decrease of 7,915 million yen in short-term loans payable, and the primary reason for the increase in noncurrent liabilities was a 56,235 million yen increase in long-term loans payable.

Total net assets increased 900 million yen YoY to 176,408 million yen. Shareholders' equity increased by 586 million yen and accumulated other comprehensive income decreased by 502 million yen.

### [2] Consolidated cash flow

The ending balance of cash and cash equivalents ("cash") in the current period increased 69 million yen YoY to 112,046 million yen.

#### (Cash flows from operating activities)

Cash provided by operating activities was 33,472 million yen. The main accounts of cash inflow were profit before income taxes (18,324 million yen) and depreciation (31,128 million yen). The main account of cash outflow was an increase in inventory (17,730 million yen).

#### (Cash flows from investing activities)

Cash used in investing activities was 66,351 million yen. The main account of cash outflow was payments for purchase of noncurrent assets (64,146 million yen).

#### (Cash flows from financing activities)

Cash obtained by financing activities was 36,483 million yen. The main account of cash inflow was proceeds from long-term loans payable (145,298 million yen), and the main account of cash outflow was repayment of long-term loans payable (97,424 million yen).

### [3] Trend of the cash flow indicators

	The 61 <sup>st</sup> period Year ended March 31, 2014	The 62 <sup>nd</sup> period Year ended March 31, 2015	The 63 <sup>rd</sup> period Year ended March 31, 2016	The 64 <sup>th</sup> period Year ended March 31, 2017
Shareholders' equity ratio (%)	20.2	24.1	23.4	22.1
Ratio of market value of shareholders' equity (%)	22.5	27.9	25.6	34.7
Debt redemption (years)	16.9	14.3	12.7	12.8
Interest coverage ratio	5.5	7.0	6.6	8.6

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 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) Future outlook

The future of the world economy is murkier than ever amidst of the uncertainty of the policy of the new administration of the United States and the growing trend for countries around the world to look inward and prioritize domestic affairs. Even under such circumstances, the Nipro Group continues to work toward achieving a consolidated sales goal of 500,000 million yen by fiscal year 2020. We will focus on accelerating the development of new technologies and new products, and making social contributions through technological innovation, which in turn leads to business development, and will continue further the concept of local production and consumption.

Our forecasts for the fiscal year ending March 31, 2018 include consolidated net sales of 392,500 million yen (up 9.1% YoY), operating income of 31,500 million yen (up 9.5% YoY), ordinary income of 29,100 million yen (up 25.6% YoY), and net income attributable to the shareholders of parent company of 18,000 million yen (up 58.6% YoY).

### (4) Basic Policies on Distribution of Profits and Dividends for years ended March 31, 2017 and ending March 31, 2018

We position profit return as an important management measure, and will provide dividends to shareholders. Internal reserves will 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 policies, we plan annual dividends of 29.00 yen per share. As we already paid interim dividends of 7.50 yen per share, year-end dividends are to be 21.50 yen per share to be proposed to the Company's 64th ordinary general meeting of shareholders.

Dividends for year ending March 31, 2018 are expected to be made in accordance with our basic policies.

## 2. Corporate Group

Our group consists of the Reporting Company (“the Company”), its 91 subsidiaries and 6 affiliates 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.

NexMed International Co., Ltd. develops, manufactures and sells orthopedic medical equipment.

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

**Overseas:** Nipro (Thailand) Corporation Ltd., Nipro (Shanghai) Co., Ltd. (China) and Nipro Medical LTDA. (Brazil) and other subsidiaries purchase some raw materials and machinery for their production from the Company, manufacture medical equipment, and sell them through the Company and its subsidiaries as well as locally on their own.

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

### <Pharmaceutical-Related Business>

**Domestic:** The Company, Nipro Pharma Corporation, 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 ingredients, etc.

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

### < PharmaPackaging Business >

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

**Overseas:** Nipro PharmaPackaging (Shanghai) Co., Ltd. purchases some raw materials through the Company and sells them to its subsidiaries in China such as Chengdu Pingyuan Nipro Pharmaceutical Packaging Co., Ltd.

Subsidiaries such as Nipro PharmaPackaging Americas Corp. (U.S.A.), Nipro PharmaPackaging France S.A.S. (France), Nipro PharmaPackaging Germany GmbH (Germany), Nipro PharmaPackaging India Private Limited (India), and Chengdu Pingyuan Nipro Pharmaceutical Packaging Co., Ltd. (China) manufacture and sell tube glass, vials and ampoules, etc. for medical use focusing on their each location.

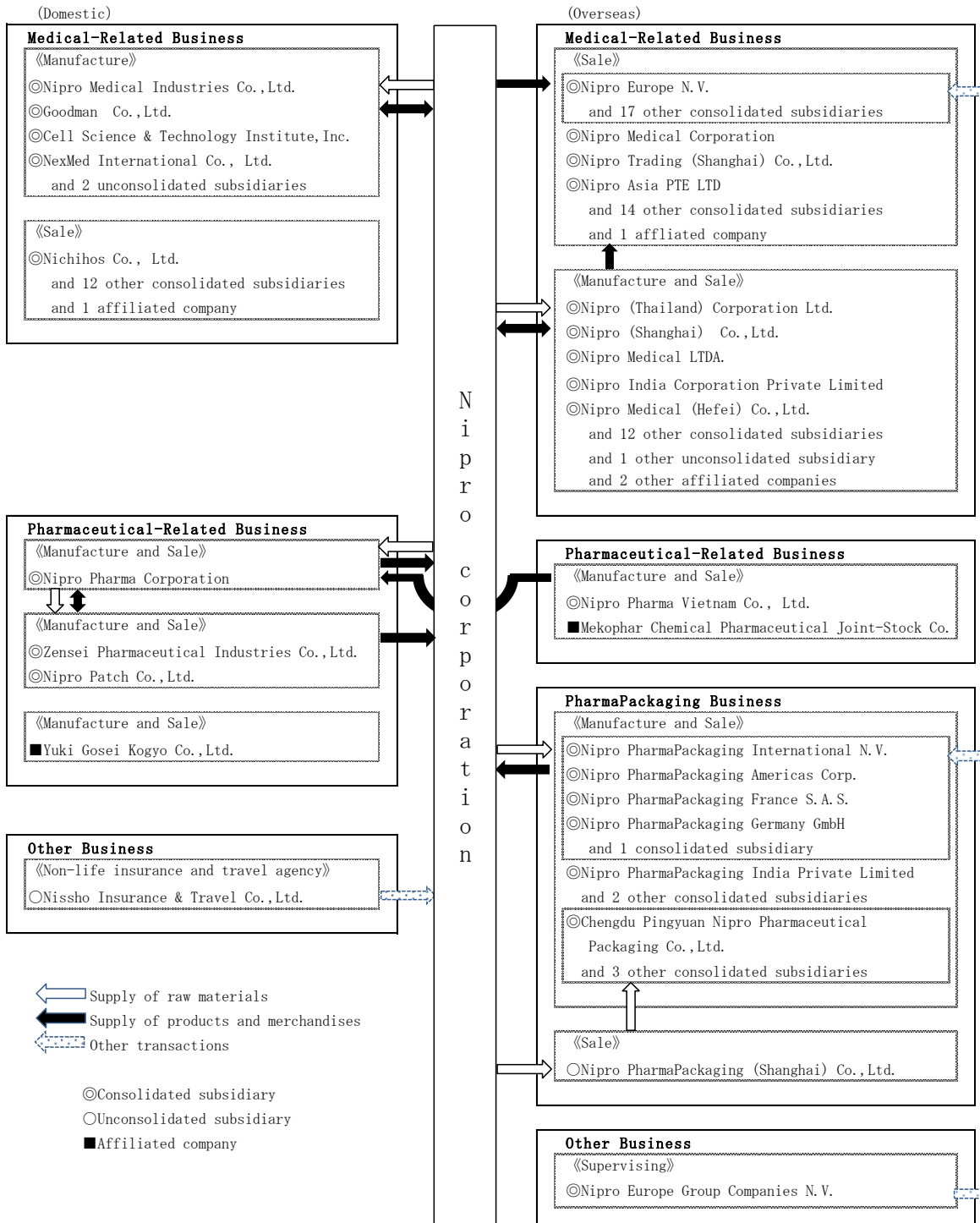
### <Other business>

The Company manufactures (purchases, in some cases) and sells production machinery for medical equipment and is engaged in leasing of real estate properties.

Nissho Insurance & Travel Co., Ltd. operates non-life insurance agency and travel businesses mainly for the group companies.

Nipro Europe Group Companies N.V. mainly supervises businesses of Nipro Europe N.V. and Nipro PharmaPackaging International N.V.

The above explanations are illustrated as follows:





### 3. Management Policies

#### (1) Basic Policies of Management

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

In addition, bearing in mind that the balance between "stability" and "growth" is most important for a company, we implement a "performance-linked remuneration system", holding employees responsible for boosting the performance of individual businesses.

#### (2) Target Management Indicators

We aim to achieve consolidated net sales of 1,000,000 million yen by fiscal 2030. As a first step, we aim to achieve consolidated net sales of 500,000 million yen and ordinary income of 40,000 million yen by fiscal 2020. In order to realize these goals, we are moving towards steady development in the medical, pharmaceutical, and glass businesses.

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

Our basic policy and management strategy lie in expansion of market share and sales in the global market by raising 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 Devices, Pharmaceuticals, and PharmaPackaging Business offering pharmaceutical packaging materials including glass products.

In our Medical-Related Business, we plan to expand our share of the market and will take vigorous action to fill out our line-up and open up new sales channels in domains such as diabetes, vascular products and surgical device (SD) products, as well as artificial kidney dialyzers (our mainstay products in this field) and other dialysis products.

For overseas sales, we will continue strengthening our sales organization. We have focused on establishing new business bases and actively developing sales channels in India, China, and other developing regions where further market expansion is expected and will continuously do so in order to take advantage of demand in expanding markets. For India in particular, our aggressive building of a community-based sales network means we have now opened sales offices in 16 states, and now have a system in place covering all 29 states in the country.

Our arterial venous fistula (AVF) needles already command a leading global market share, and we plan to further fortify the direct sales structure in Europe and the United States for dialyzers and strengthen ties with major dialysis center groups to increase our share.

We will meet expanding demand in the market by increasing the production of dialyzers in the Indian and Chinese factories, and raising the output of AVF needles and blood tubing sets in Thailand, India, China, Indonesia and Brazil.

In the field of generic drugs, demand is expected to continue its 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 80 percent by the end of fiscal 2020. As such, besides our ongoing development of new generic drugs, we will continue concentrating on the creation of various sales routes to users such as university hospitals, foundation hospitals and dispensing pharmacy groups, while pursuing greater synergies through coordination with our Medical Equipment Sales Division.

In the Contracted Manufacturing Division of our Pharmaceutical-Related Business, we are building setups for production and quality assurance to meet requirements in developed countries. We are also augmenting our manufacturing facilities in domains with a high degree of difficulty while further building up our business as one of the leading Japanese firms engaged in contracted manufacturing of pharmaceuticals. We are likewise working to improve production site capacity outside Japan in order to raise our stable supply capability and cost competitiveness, and thereby enable us to supply medical products to the whole world.

We will continue to develop and supply safe and useful products as viewed from the medical-front and patient's perspective through a collaboration of pharmaceutical containers as well as devices related to pharmaceutical preparation and administration that only Nipro can offer.

In the PharmaPackaging Business, we plan to continue expanding our market share by using glass processing technologies cultivated over many years of operations as a foundation for providing even more detailed customer service backed by region-specific strategies matched to demand for globalization in all countries and growing demand for high-quality products in developing countries. We will also strive to expand our business by widening 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 while moving from glass sales to solution sales.

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

In our Medical-Related Business, the Medical Sales Division will strive to create designs reflecting considerations for medical safety and security, and to develop products that alleviate the environmental burden in the fields of products related to transfusion, diabetes, dialysis, vascular and SD. It will also seek to develop products that are gentle to medical workers, patients, and the environment, while actively marketing and expanding sales of products addressing 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 will endeavor to increase the brand power of Nipro as a comprehensive medical enterprise in medical

equipment and generic drugs while continuing to heighten our presence in the market.

In our Pharmaceutical-Related Business, our main goals are to improve production capacity, stabilizing supply, securing reliability on quality, and achieving a significant reduction in manufacturing costs to 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 development and quality assurance system in both software and hardware in order to fully meet pharmaceutical quality standards in the United States and Europe and we will deal with pharmaceutical affairs in each country. At the same time, we consider the creation of management systems to meet country risks at our overseas plants, and shall act appropriately to each culture.

In the PharmaPackaging Business, as the market changes, such as through restructuring of pharmaceutical companies and pressure to keep drug expenses in check, we regard it a challenge to urgently build a strict management system to efficiently and stably supply pharmaceutical packaging materials and other components in order to cope with these changes. We will therefore establish a globally complementary system by linking the domestic and overseas plants and unifying our product specifications and quality standards, while strengthening the stable supply system in order to create a system leveraging our manufacturing technology capabilities to enable the stable manufacture, storage, and sale of high-quality products.

We plan to complete construction of a rubber stopper plant on premises of Biwako Factory in June 2017, and aim to implement even more efficient business management and improve product quality. We will strive to build the Nipro brand by promoting changes to the factory that will make us proud to showcase it both within and outside the company, as well as to the world.

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

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

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

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
<b>Assets</b>		
Current Assets		
Cash and deposits	126,667	123,188
Notes and accounts receivable-trade	113,235	121,038
Merchandise and finished goods	68,683	78,241
Work in process	10,167	10,784
Raw materials and supplies	23,851	26,303
Deferred tax assets	6,380	6,404
Other	20,115	22,194
Allowance for doubtful accounts	(983)	(1,378)
<b>Total current assets</b>	<b>368,117</b>	<b>386,775</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	184,037	199,471
Accumulated depreciation and impairment loss	(84,826)	(90,929)
Buildings and structures, net	99,211	108,541
Machinery, equipment and vehicles	217,074	236,514
Accumulated depreciation and impairment loss	(154,911)	(164,778)
Machinery equipment and vehicles, net	62,162	71,736
Land	21,123	23,987
Lease assets	3,229	3,855
Accumulated depreciation	(2,208)	(2,642)
Lease assets, net	1,021	1,212
Construction in progress	27,643	25,953
Other	46,976	50,232
Accumulated depreciation and impairment loss	(34,382)	(37,441)
Other, net	12,594	12,791
<b>Total property, plant and equipment</b>	<b>223,756</b>	<b>244,222</b>
Intangible assets		
Goodwill	28,876	27,996
Lease assets	2,469	2,263
Other	13,566	13,575
<b>Total intangible assets</b>	<b>44,913</b>	<b>43,836</b>
Investments and other assets		
Investment securities	58,560	68,888
Net defined benefit asset	253	227
Deferred tax assets	3,947	1,459
Other	15,625	11,651
Allowance for doubtful accounts	(6,292)	(4,221)
<b>Total investments and other assets</b>	<b>72,094</b>	<b>78,004</b>
<b>Total noncurrent assets</b>	<b>340,764</b>	<b>366,063</b>
<b>Total assets</b>	<b>708,882</b>	<b>752,839</b>

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	56,185	57,587
Short-term loans payable	125,848	117,933
Commercial papers	10,000	10,000
Current portion of bonds	2,262	15,160
Lease obligations	1,044	1,107
Accounts payable-other	12,004	13,509
Accrued directors' bonuses	389	343
Income taxes payable	4,266	4,304
Provision for bonuses	3,733	4,075
Provision for directors' bonuses	79	105
Notes payable-facilities	12,753	10,350
Other	23,579	17,313
Total current liabilities	252,147	251,792
Noncurrent liabilities		
Bonds payable	18,330	5,215
Convertible bond-type bonds with subscription rights to shares	25,000	25,000
Long-term loans payable	224,945	281,181
Lease obligations	3,132	2,869
Deferred tax liabilities	1,985	1,766
Net defined benefit liability	5,017	5,126
Provision for directors' retirement benefits	553	592
Provision for loss on litigation	18	88
Other	2,245	2,797
Total noncurrent liabilities	281,227	324,639
<b>Total liabilities</b>	<b>533,375</b>	<b>576,431</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	84,397	84,397
Retained earnings	73,067	78,422
Treasury stock	(1,475)	(6,243)
Total shareholders' equity	155,990	156,577
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(3,347)	1,589
Deferred gains or losses on hedges	(12)	(141)
Foreign currency translation adjustment	14,187	8,640
Remeasurements of defined benefit plans	(821)	(582)
Total accumulated other comprehensive income	10,007	9,504
Non-controlling interests	9,509	10,325
<b>Total net assets</b>	<b>175,507</b>	<b>176,408</b>
<b>Total liabilities and net assets</b>	<b>708,882</b>	<b>752,839</b>

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

## Consolidated Statements of Income

(Millions of yen)

	FY2015 (From April 1, 2015 to March 31, 2016)	FY2016 (From April 1, 2016 to March 31, 2017)
Net sales	366,650	359,699
Cost of sales	250,773	244,602
Gross profit	115,876	115,097
Selling, general and administrative expenses	91,671	86,326
Operating income	24,204	28,770
Non-operating income		
Interest income	733	520
Dividends income	1,449	1,475
Share of profit of entities accounted for using equity method	—	112
Reversal of allowance for doubtful accounts	879	30
Other	1,894	1,385
Total non-operating income	4,955	3,524
Non-operating expenses		
Interest expenses	4,501	3,796
Share of loss of entities accounted for using equity method	95	—
Expenses for operation preparation	1,046	786
Commission for syndicate loan	608	1,216
Foreign exchange losses	7,181	2,273
Other	1,103	1,056
Total non-operating expenses	14,536	9,128
Ordinary income	14,623	23,166
Extraordinary income		
Gain on sales of noncurrent assets	228	84
State subsidy	3,721	1,900
Gain on sales of shares of subsidiaries and associates	14,072	—
Gain on sales of investments in capital of subsidiaries and associates	1,601	—
Other	154	144
Total extraordinary income	19,777	2,129
Extraordinary loss		
Loss on sales of noncurrent assets	82	480
Loss on retirement of noncurrent assets	455	731
Impairment loss	0	1,554
Loss on sales of investment securities	289	0
Loss on reduction of noncurrent assets	3,124	1,879
Loss on step acquisitions	2,238	—
Provision of allowance for doubtful accounts	1,668	282
Compensation expenses	—	934
Other	258	1,108
Total extraordinary losses	8,116	6,971
Income before income taxes	26,284	18,324
Income taxes-current	2,110	6,613
Income taxes-deferred	4,696	107
Total income taxes	6,806	6,720
Net income	19,478	11,604
Net income attributable to non-controlling interests	(240)	258
Net income attributable to owners of parent	19,718	11,346

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2015 (From April 1, 2015 to March 31, 2016)	FY2016 (From April 1, 2016 to March 31, 2017)
Income before minority interests	19,478	11,604
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,035)	4,936
Deferred gains or losses on hedges	(51)	(129)
Foreign currency translation adjustment	(13,860)	(5,860)
Remeasurements of defined benefit plans	(655)	240
Share of other comprehensive income of entities accounted for using equity method	(1)	(36)
Total other comprehensive income	(15,603)	(850)
Comprehensive income	3,874	10,753
Comprehensive income attributable to owners of parent	4,298	10,844
Comprehensive income attributable to non-controlling interests	(423)	(90)

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

	(Millions of yen)	
	FY2015 (From April 1, 2015 to March 31, 2016)	FY2016 (From April 1, 2016 to March 31, 2017)
<b>Shareholder's equity</b>		
<b>Capital</b>		
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
<b>Capital Surplus</b>		
Balance at beginning of year	635	—
Increase (decrease) during the period		
Other	(635)	—
Net increase (decrease) during the period	(635)	—
Balance at end of year	—	—
<b>Earned surplus</b>		
Balance at beginning of year	58,885	73,067
Increase (decrease) during the period		
Dividend of surplus	(5,371)	(4,073)
Profit attributable to owners of parent	19,718	11,346
Change of scope of consolidation		(0)
Other	(165)	(1,916)
Net increase (decrease) during the period	14,182	5,354
Balance at end of year	73,067	78,422
<b>Treasury stock</b>		
Balance at beginning of year	(1,686)	(1,475)
Increase (decrease) during the period		
Acquisition of treasury stock	(3)	(5,001)
Disposal of treasury stock	215	233
Net increase (decrease) during the period	211	(4,767)
Balance at end of year	(1,475)	(6,243)
<b>Total Shareholders' equity</b>		
Balance at beginning of year	142,231	155,990
Increase (decrease) during the period		
Dividend of surplus	(5,371)	(4,073)
Profit attributable to owners of parent	19,718	11,346
Acquisition of treasury stock	(3)	(5,001)
Disposal of treasury stock	215	233
Change of scope of consolidation	—	(0)
Other	(800)	(1,916)
Net increase (decrease) during the period	13,758	586
Balance at end of year	155,990	156,577

(Millions of yen)

	FY2015 (From April 1, 2015 to March 31, 2016)	FY2016 (From April 1, 2016 to March 31, 2017)
<b>Accumulated other comprehensive income</b>		
Valuation differences on available-for-sale securities		
Balance at beginning of year	(2,311)	(3,347)
Increase (decrease) during the period		
Net increase (decrease) of the items other than shareholders' equity during the period	(1,036)	4,936
Net increase (decrease) during the period	(1,036)	4,936
Balance at end of year	(3,347)	1,589
Deferred gains or losses on hedges		
Balance at beginning of year	39	(12)
Increase (decrease) during the period		
Net increase (decrease) of the items other than shareholders' equity during the period	(51)	(129)
Net increase (decrease) during the period	(51)	(129)
Balance at end of year	(12)	(141)
Foreign currency translation adjustment		
Balance at beginning of year	27,870	14,187
Increase (decrease) during the period		
Net increase (decrease) of the items other than shareholders' equity during the period	(13,682)	(5,547)
Net increase (decrease) during the period	(13,682)	(5,547)
Balance at end of year	14,187	8,640
Remeasurements of defined benefit plans		
Balance at beginning of year	(170)	(821)
Increase (decrease) during the period		
Net increase (decrease) of the items other than shareholders' equity during the period	(650)	238
Net increase (decrease) during the period	(650)	238
Balance at end of year	(821)	(582)
Total accumulated other comprehensive income		
Balance at beginning of year	25,427	10,007
Increase (decrease) during the period		
Net increase (decrease) of the items other than shareholders' equity during the period	(15,420)	(502)
Net increase (decrease) during the period	(15,420)	(502)
Balance at end of year	10,007	9,504
Non-controlling interests		
Balance at beginning of year	11,150	9,509
Increase (decrease) during the period		
Net increase (decrease) of the items other than shareholders' equity during the period	(1,640)	815
Net increase (decrease) during the period	(1,640)	815
Balance at end of year	9,509	10,325
Total net assets		
Balance at beginning of year	178,810	175,507
Increase (decrease) during the period		
Dividend of surplus	(5,371)	(4,073)
Profit attributable to owners of parent	19,718	11,346
Acquisition of treasury stock	(3)	(5,001)
Disposal of treasury stock	215	233
Change of scope of consolidation	—	(0)
Other	(800)	(1,916)
Net increase (decrease) of the items other than shareholders' equity during the period	(17,061)	313
Net increase (decrease) during the period	(3,302)	900
Balance at end of year	175,507	176,408



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

(Millions of yen)

	FY2015 (From April 1, 2015 to March 31, 2016)	FY2016 (From April 1, 2016 to March 31, 2017)
Net cash provided by (used in) operating activities		
Income before income taxes and Non-controlling interests	26,284	18,324
Depreciation	30,147	31,128
Impairment loss	0	1,554
Amortization of goodwill	3,686	2,907
Share of (profit) loss of entities accounted for using equity method	95	(112)
Increase (decrease) in allowance for doubtful accounts	1,023	433
Increase (decrease) in net defined benefit liability	488	482
Interest and dividends income	(2,182)	(1,996)
Interest expenses	4,501	3,796
Foreign exchange losses (gains)	1,645	4,008
Loss (gain) on sales of investment securities	289	0
Loss (gain) on sales of shares of subsidiaries and associates	(14,072)	369
Loss (gain) on sales of investments in capital of subsidiaries and associates	(1,601)	—
Gain (loss) on step acquisitions	2,238	—
State subsidy	(3,721)	(1,900)
Loss on reduction of non-current assets	3,124	1,879
Decrease (increase) in notes and accounts receivable-trade	(5,681)	(9,317)
Decrease (increase) in inventories	(6,704)	(17,730)
Increase (decrease) in notes and accounts payable-trade	6,161	4,576
Decrease (increase) in other assets	(9,795)	(1,788)
Increase (decrease) in other liabilities	814	4,701
Other loss (gain)	255	1,270
Subtotal	36,996	42,589
Interest and dividends income received	2,180	2,101
Interest expenses paid	(4,505)	(3,908)
Other proceeds	334	261
Other payments	(292)	(262)
Income taxes paid	(4,779)	(7,308)
Net cash provided by (used in) operating activities	29,934	33,472
Net cash provided by (used in) investing activities		
Payments into time deposits	(14,506)	(11,592)
Proceeds from withdrawal of time deposits	13,516	14,325
Payments for purchase of investment securities	(512)	(1,092)
Proceeds from sales of investment securities	1,114	0
Purchase of shares of subsidiaries	—	(8)
Purchase of shares of affiliates	—	(1,032)
Purchase of shares of affiliates accounted for using equity method	—	(926)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(3,126)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	382	—
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	—	(703)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	17,262	—
Proceeds from sales of investments in capital of subsidiaries resulting in change in scope of consolidation	2,249	—
Payments for purchase of noncurrent assets	(41,936)	(64,146)
Proceeds from sales of noncurrent assets	2,575	409
Payments for retirement of noncurrent assets	(122)	(78)
Proceeds from governmental subsidies for investment in property and equipment	3,721	900
Net decrease (increase) in short-term loans receivable	(806)	184
Payments of loans receivable	(1,615)	(74)
Proceeds from collection of loans receivable	2,172	572
Other payments	(10)	0
Other proceeds	—	37
Net cash provided by (used in) investment activities	(16,513)	(66,351)

	(Millions of yen)	
	FY2015	FY2016
	(From April 1, 2015 to March 31, 2016)	(From April 1, 2016 to March 31, 2017)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(32,858)	1,018
Proceeds from long-term loans payable	105,369	145,298
Repayment of long-term loans payable	(66,011)	(97,424)
Proceeds from issuance of bonds	24,967	1,989
Redemption of bonds	(27,840)	(2,262)
Proceeds from sales of treasury shares	215	233
Purchase of treasury shares	(3)	(5,001)
Purchase of treasury shares of subsidiaries	(12)	(6)
Proceeds from sales and leasebacks	1,317	-
Repayments of finance lease obligations	(1,792)	(1,157)
Cash dividends paid	(5,362)	(4,072)
Cash dividends paid to minority shareholders	(22)	(28)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,349)	(2,104)
Payments for investments in capital of subsidiaries that do not result in change in scope of consolidation	(250)	-
Net cash provided by (used in) financing activities	(3,633)	36,483
Effect of exchange rate change on cash and cash equivalents	3,218	(3,773)
Net increase (decrease) in cash and cash equivalents	13,004	(168)
Cash and cash equivalents at beginning of period	98,199	111,977
Increase in cash and cash equivalents from newly consolidated subsidiary	773	237
Cash and cash equivalents at end of period	111,977	112,046

(5) Notes to Consolidated Financial Statements

(Notes Related to Going Concern)

N/A

(Basis of Preparation for the Consolidated Financial Statements)

1) Scope of consolidation

[1] Consolidated subsidiaries: 87

Name of representative consolidated subsidiaries,

- Nipro Medical Industries Co., Ltd.
- Nipro Europe N.V.
- Nipro Pharma Corporation.
- Nipro Medical (Hefei) Co., LTD.
- Nipro India Corporation Private Limited
- Nipro (Thailand) Corporation Ltd.
- Nipro Medical Corporation
- Nipro Patch CO., LTD.
- Goodman CO., LTD.
- Zensei Pharmaceutical Industries Co., Ltd.

Four companies including Nipro Pharma Vietnam Co., Ltd. which were established during the fiscal year 2016, two companies including Nipro PharmaPackaging (Shanghai) Co.,Ltd. which increased their importance within the Group, and three companies including NexMed International Co, Ltd. whose stocks were acquired, were included in the scope of consolidation from the consolidated fiscal year 2016.

Nipro Tube Glass Private Limited was removed from the consolidation of the fiscal year 2016 after transferring all stock.

[2] Name of major unconsolidated subsidiary

- Nissho Insurance & Travel Co., Ltd.

The unconsolidated subsidiaries are small-sized companies, whose combined total assets, net sales, net income and earned surplus in the aggregate (averaged for recent 5 years) are not material to the consolidated financial statements.

2) Application of equity method

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

Due to acquisition of the stock, Mekophar Chemical Pharmaceutical Joint-Stock Company is included in the scope of equity method application from the consolidated fiscal year 2016.

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

- Nissho Insurance & Travel Co., Ltd.

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

- Yuki Gosei Kogyo Co., Ltd.

The equity method is not applied to the unconsolidated subsidiaries and the affiliate companies, since they are not material to the consolidated net income (amounts worth to equity) and earned surplus(amounts worth to equity) etc., either individually or in the aggregate.

3) Accounting period of consolidated subsidiaries

Among the main consolidated subsidiaries, accounts closing date of the foreign subsidiary is December 31. Consolidated financial statements as of that date are used in preparing for consolidated financial statements, and necessary adjustments are made to reflect significant transactions that occurred between December 31 and March 31.

4) Accounting principles and practices

[1] Valuation standards and methods for significant assets

Securities

Available-for-sale securities

Securities with market quotations ----- Valued at the market price quoted on the balance sheet date.  
(Differences in valuation are presented as a component of shareholders' equity. Costs are determined by the weighted average method.)

Securities without market quotations ----- Valued at cost by the weighted average method

Inventories

Valued at cost by the weighted average method (Writing down method below cost to the net selling value for decreased profitability)

Derivatives transaction

Valued at the market price

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

Property, plant and equipment ----- Mainly Declining-balance method

(Excluding lease assets)

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

The foreign subsidiaries use straight-line method.

Lease assets

Lease assets under the finance lease transaction that does not transfer ownership

----- Recorded by straight-line method its useful lives are equals to the lease term and the residual values are equal to zero.

[3] Standards for recognition of significant allowances

Allowance for double accounts ---- In order to cover the probable losses on collection, an allowance for doubtful accounts is provided for the estimated amount of uncollectible receivables. For general receivables, the amount of provision is based on historical write-off rates, and for the doubtful receivables, based on the specific collectability.

Provision for bonuses ----- In order to cover the payment of bonuses to employees, an allowance is provided for the estimated amount of bonuses to be paid, prorated for the consolidated accounting period.

Provision for directors' bonuses ---- In order to cover the payment of bonuses to directors and corporate auditors, an allowance is provided for the estimated amount of bonuses to be paid, prorated for the consolidated accounting period.

Provision for

directors' retirement benefits ----- An allowance is provided for severance indemnity for directors and corporate directors based on the amounts to be paid at the end of the consolidated accounting period.

[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 5 years) 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 (from 5 to 20 years).

[6] Range of cash and cash equivalent carried on the consolidated cash flow statement.

Cash and cash equivalent carried on the cash flow statement consist of cash on hand, cash in banks that are able to withdraw as needed, and short-term investment that will be matured within three months after acquisition, easy to be converted into cash without much risks from fluctuation of prices.

[7] Significant method of hedge accounting

Method of hedge accounting

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

Hedge instrument and hedge items

[Hedge instruments]

Foreign exchange swaps

Interest rate swaps

[Hedge items]

Foreign currency borrowings

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.

(Change in Accounting Policies)

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

The company has applied the "Practical Solution on a change in depreciation method due to Tax Reform 2016" (ASBJ Practical Issues Task Force No. 32 issued on June 17, 2016) and changed the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016 from the declining-balance method to the straight-line method effective from the current consolidated fiscal year. As a result, compared to the previous method, consolidated operating income, consolidated ordinary income and consolidated income before income taxes increased 380 million yen in the current period under review.

(Additional information)

Application of Implementation Guidance on Recoverability of Deferred Tax Assets

The company has applied the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26 issued on March 28, 2016 from the current consolidated fiscal year.

(Notes to the Consolidated Balance Sheets)

	(Previous period)	(Current Period)
1) Pledged assets	19,987 mil.yen	15,465 mil.yen
2) Discounted notes receivable	100 mil.yen	13 mil.yen
3) Accounts related to unconsolidated subsidiaries and affiliate companies		
Investment securities (stock)	2,541 mil.yen	4,718 mil.yen
Other of investments and other assets (Investments in capital)	257 mil.yen	7 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.	10,269 mil.yen	11,517 mil.yen

(Notes to the Consolidated Statements of Shareholders' equity)

Previous period (From April 1, 2015 to March 31, 2016)

1. Sort and total numbers of shared issues

Sort of shares	Number of shares as of April 1, 2015	Increased numbers	Decreased numbers	Number of shares As of March 31, 2016
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, 2015	Increased numbers	Decreased numbers	Number of shares As of March 31, 2016
Common stock	1,899,861	3,126	236,800	1,666,187

- (Note)
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 shares sold by Trust Account E to the Association.
  3. Number of the stocks as of the beginning of the period included, 953,100 shares owned by Trust Account E, and number of the stocks as of the end of the period included, 716,300 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, 2015 at ordinary general shareholders' meeting	Common stock	Millions of yen 2,472	Yen 14.50	March 31, 2015	June 29, 2015
November 11, 2015 at board of directors meeting	Common stock	Millions of yen 2,898	Yen 17.00	September 30, 2015	December 8, 2015

(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 28, 2016 at ordinary general shareholders' meeting	Common stock	Earned surplus	Millions of yen 2,813	Yen 16.50	March 31, 2016	June 29, 2016

(Note) Total amount of dividends paid includes the dividend on shares owned by Trust Account E, 11 million yen.

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

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

Sort of shares	Number of shares as of April 1, 2016	Increased numbers	Decreased numbers	Number of shares As of March 31, 2017
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, 2016	Increased numbers	Decreased numbers	Number of shares As of March 31, 2017
Common stock	1,666,187	3,890,184	256,300	5,300,071

(Notes) 1. Number of the stocks increased during the period consists of the increase of 3,889,200 shares by the acquisition of its own shares based on the resolution of the Board of directors and the increase of 984 shares by the purchase of odd-lot shares.

2. Number of the stocks decreased during the period due to the shares sold by Trust Account E to the Association.

3. Number of the stocks as of the beginning of the period included 716,300 shares owned by Trust Account E, and number of the stocks as of the end of the period included 460,000 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 28, 2016 at ordinary general shareholders' meeting	Common stock	Millions of yen 2,813	Yen 16.50	March 31, 2016	June 29, 2016
November 10, 2016 at board of directors meeting	Common stock	Millions of yen 1,260	Yen 7.50	September 30, 2016	December 8, 2016

(Note) 1. Total amount of dividends paid decided in the ordinal general shareholders' meeting on June 28, 2016 includes the dividend on shares owned by Trust Account E, 11 million yen.

2. Total amount of dividends paid decided in the board of directors meeting on November 10, 2016 includes the dividend on shares owned by Trust Account E, 4 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 28, 2017 at ordinary general shareholders' meeting	Common stock	Earned surplus	Millions of yen 3,582	Yen 21.50	March 31, 2017	June 29, 2017

(Note) Total amount of dividends paid includes the dividend on shares owned by Trust Account E, 9 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 PharmaPackaging.

**\*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).

**\*PharmaPackaging**

PharmaPackaging 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**

FY2015 (From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Reportable Segment				Other (Note.1)	Total	Adjust- ment (Note.2)	Consolidated financial statements (Note.3)
	Medical -Related	Pharma- ceutical -Related	Pharma Packaging	Total				
Net sales								
(1)Sales to third parties	272,167	62,266	32,184	366,618	32	366,650	-	366,650
(2)Inter-segment sales and transfers	1,737	8,814	873	11,426	38	11,464	(11,464)	-
Total	273,905	71,080	33,058	378,044	70	378,115	(11,464)	366,650
Segment profit (loss)	28,203	12,059	(1,618)	38,645	61	38,706	(14,502)	24,204
Segment assets	338,888	154,304	66,811	560,005	55	560,060	148,822	708,882
Other items								
(1) Depreciation and amortization	15,133	9,326	3,402	27,863	-	27,863	2,283	30,147
(2) Amortization of goodwill	2,648	4	1,033	3,686	-	3,686	-	3,686
(3) Increase in tangible and intangible fixed assets	24,549	21,277	6,094	51,920	-	51,920	5,180	57,101

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

2. Adjustment is as follows.

(1) Adjustment for the segment profit (loss) of (14,502) million yen includes deduction of intercompany profits on inventories of (1,069) million yen and corporate cost of (13,432) 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 148,822 million yen includes elimination of inter-segment transaction of (10,777) million yen and corporate assets of 159,599 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 2,283 million yen is for corporate assets. Depreciation and amortization and increase in tangible and intangible fixed assets include long-term prepaid expenses.

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

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

	Reportable Segment				Other (Note.1)	Total	Adjust- ment (Note.2)	Consolidated financial statements (Note.3)
	Medical -Related	Pharma- ceutical -Related	Pharma Packaging	Total				
Net sales								
(1) Sales to third parties	262,198	69,140	28,331	359,670	29	359,699	-	359,699
(2) Inter-segment sales and transfers	1,575	9,917	0	11,492	724	12,216	(12,216)	-
Total	263,773	79,057	28,331	371,162	754	371,916	(12,216)	359,699
Segment profit (loss)	30,638	14,135	(1,313)	43,460	(10)	43,449	(14,679)	28,770
Segment assets	369,540	160,467	61,262	591,270	1,237	592,508	160,330	752,839
Other items								
(4) Depreciation and amortization	14,231	10,761	3,302	28,295	0	28,295	2,832	31,128
(5) Amortization of goodwill	2,083	4	819	2,907	-	2,907	-	2,907
(6) Increase in tangible and intangible fixed assets	22,684	17,695	6,795	47,175	731	47,907	10,403	58,310

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

2. Adjustment is as follows.

(1) Adjustment for the segment profit (loss) of (14,679) million yen includes realization of intercompany profits on inventories of 1,248 million yen and corporate cost of (15,927) 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 160,330 million yen includes elimination of inter-segment transaction of (7,339) million yen and corporate assets of 167,670 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 2,832 million yen is for corporate assets. Depreciation and amortization and increase in tangible and intangible fixed assets include long-term prepaid expenses.

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

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

#### 4. Change in Reportable Segment

Effective from this reporting period, we have changed the name of one of the segments as reportable operating segments and "Glass-related" is now presented as "PharmaPackaging".

This change affects only the name of the segments and does not constitute a change in business segment. As a result of this change, Segment information for the previous consolidated fiscal year also presents the new name.



[Related Information]

FY2015 (From April 1, 2015 to March 31, 2016)

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
203,461	72,416	46,156	44,615	366,650

(2) Property, plant and equipment

(Millions of yen)

Japan	America	Europe	Asia	Total
125,708	9,585	14,685	73,777	223,756

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

(Millions of yen)

Reportable segment			Total	Other	Total
Medical-Related	Pharmaceutical-Related	PharmaPackaging			
0	-	-	0	-	0

4. Information about unamortized balance of goodwill by reportable segment

(Millions of yen)

	Reportable segment			Total	Other	Total
	Medical-Related	Pharmaceutical-Related	PharmaPackaging			
Balance of the fiscal year-end	23,718	8	5,149	28,876	-	28,876

FY2016 (From April 1, 2016 to March 31, 2017)

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
221,331	53,239	42,579	42,548	359,699

(2) Property, plant and equipment

(Millions of yen)

Japan	America	Europe	Asia	Total
148,090	9,791	16,708	69,632	244,222

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

(Millions of yen)

Reportable segment			Total	Other	Total
Medical-Related	Pharmaceutical-Related	PharmaPackaging			
32	120	1,401	1,554	-	1,554

4. Information about unamortized balance of goodwill by reportable segment

(Millions of yen)

	Reportable segment			Total	Other	Total
	Medical-Related	Pharmaceutical-Related	PharmaPackaging			
Balance of the fiscal year-end	24,957	4	3,034	27,996	-	27,996

## (Per Share Information)

	Previous period (From April 1, 2015 to March 31, 2016)	Current period (From April 1, 2016 to March 31, 2017)
Net assets per share	977.64 yen	999.54 yen
Earnings per share	116.22 yen	67.58 yen
Diluted Earnings per share	114.68 yen	61.33 yen

Base of the calculation is as follow;

## 1. Net assets per share

	Previous period (As of March 31, 2016)	Current period (As of March 31, 2017)
Total net assets in B/S (million yen)	175,507	176,408
Amount to be deducted from total net assets in B/S (Million yen)		
Non-controlling interests	9,509	10,325
Net assets related to the common stocks(million yen)	165,997	166,082
Common stocks issued (Thousands shares)	171,459	171,459
Treasury stocks of common stock (Thousands shares)	1,666	5,300
Number of common stocks utilized for computation of net assets per share (thousand shares)	169,793	166,159

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

	Previous period (From April 1, 2015 To March 31, 2016)	Current period (From April 1, 2016 To March 31, 2017)
Earnings per share		
Profit attributable to owners of parent (Million yen)	19,718	11,346
Amount not attributed to the common stock (Million yen)	-	-
Profit attributable to owners of parent available for common stock (Million yen)	19,718	11,346
Average shares of the common stock during the period (Thousands shares)	169,661	167,903
Diluted earnings per share		
Adjustment for profit attributable to owners of parent (Million yen)	-	-
Number of common stock increased Stock acquisition right (thousand shares)	2,289	17,099
Overview of the potential shares not included in the computation of diluted earning per share because of not having a dilutive effect	-	-

(Material Subsequent Event)

N/A

## 6. Non-consolidated Financial Statements

## (1) [Non-consolidated Balance Sheets]

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
<b>Assets</b>		
<b>Current Assets</b>		
Cash and deposits	75,385	69,868
Notes receivable-trade	11,752	12,173
Electronically recorded monetary claims - operating	4,982	7,040
Accounts receivable-trade	86,139	92,486
Merchandise and finished goods	31,786	36,780
Work in process	3,461	5,963
Raw materials and supplies	3,030	3,712
Advance payments-trade	636	1,362
Prepaid expenses	361	421
Deferred tax assets	954	1,164
Short-term loans receivable from subsidiaries and affiliates	2,756	539
Accounts receivable-other	2,388	2,729
Consumption taxes receivable	1,551	2,006
Other	296	303
Allowance for doubtful accounts	(11)	(24)
<b>Total current assets</b>	<b>225,472</b>	<b>236,531</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
<b>Bulidings</b>	<b>42,966</b>	<b>50,332</b>
Accumulated depreciation and impairment loss	(24,184)	(25,594)
<b>Buildings, net</b>	<b>18,782</b>	<b>24,738</b>
<b>Structures</b>	<b>2,321</b>	<b>2,565</b>
Accumulated depreciation and impairment loss	(1,651)	(1,754)
<b>Structures, net</b>	<b>669</b>	<b>810</b>
<b>Machinery, equipment</b>	<b>59,230</b>	<b>63,827</b>
Accumulated depreciation and impairment loss	(49,644)	(53,364)
<b>Machinery equipment, net</b>	<b>9,585</b>	<b>10,463</b>
<b>Vehicles</b>	<b>103</b>	<b>109</b>
Accumulated depreciation and impairment loss	(91)	(99)
<b>Vehicles, net</b>	<b>12</b>	<b>9</b>
<b>Tools, furniture and fixtures</b>	<b>18,507</b>	<b>20,058</b>
Accumulated depreciation and impairment loss	(15,742)	(17,130)
<b>Tools, furniture and fixtures, net</b>	<b>2,764</b>	<b>2,928</b>
<b>Land</b>	<b>8,335</b>	<b>8,432</b>
<b>Lease assets</b>	<b>922</b>	<b>1,251</b>
Accumulated depreciation	(564)	(727)
<b>Lease assets, net</b>	<b>358</b>	<b>523</b>
<b>Construction in progress</b>	<b>2,855</b>	<b>2,164</b>
<b>Total property, plant and equipment</b>	<b>43,364</b>	<b>50,071</b>

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
<b>Intangible assets</b>		
Goodwill	2,699	1,819
Patent right	5	2
Right of trademark	3	3
Software	802	758
Lease assets	2,466	2,262
Telephone subscription right	23	23
Other	91	281
<b>Total intangible assets</b>	<b>6,092</b>	<b>5,150</b>
<b>Investments and other assets</b>		
Investment securities	53,829	61,695
Stocks of subsidiaries and affiliates	132,277	152,686
Investments in capital	0	0
Investments in capital of subsidiaries and affiliates	39,756	42,406
Long-term loans receivable	21	14
Long-term loans receivable from subsidiaries and affiliates	8,722	7,865
Claims provable in bankruptcy, claims provable in rehabilitation and other	3,086	3,270
Long-term prepaid expenses	1,425	2,144
Prepaid pension cost	269	251
Deferred tax assets	3,634	1,142
Other	1,213	671
Allowance for doubtful accounts	(2,723)	(2,684)
<b>Total investments and other assets</b>	<b>241,514</b>	<b>269,463</b>
<b>Total noncurrent assets</b>	<b>290,970</b>	<b>324,685</b>
<b>Total assets</b>	<b>516,443</b>	<b>561,216</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable-trade	15,367	17,868
Accounts payable-trade	39,522	43,156
Current portion of long-term loans payable	60,938	47,551
Commercial papers	10,000	10,000
Current portion of bonds	400	14,400
Lease obligations	676	766
Accounts payable-other	5,995	7,854
Directors' bonuses payable	389	343
Accrued expenses	865	838
Income taxes payable	165	625
Advances received	7	521
Deposits received	97	118
Unearned revenue	26	16
Provision for bonuses	1,321	1,459
Provision for sales returns	33	34
Notes payable-facilities	5,728	5,194
Other	1,612	892
<b>Total current liabilities</b>	<b>143,147</b>	<b>151,638</b>

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
<b>Noncurrent liabilities</b>		
Bonds payable	17,800	3,400
Convertible bond-type bonds with subscription rights to shares	25,000	25,000
Long-term loans payable	163,472	205,997
Lease obligations	2,367	2,238
Long-term unearned revenue	22	6
Provision for retirement benefits	1,471	1,588
Provision for directors' retirement benefits	348	395
Long-term guarantee deposited	1,715	1,830
<b>Total noncurrent liabilities</b>	<b>212,197</b>	<b>240,456</b>
<b>Total liabilities</b>	<b>355,345</b>	<b>392,095</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	84,397	84,397
<b>Capital surplus</b>		
Legal capital surplus	635	635
<b>Total capital surplus</b>	<b>635</b>	<b>635</b>
<b>Retained earnings</b>		
Legal retained earnings	3,215	3,622
<b>Other retained earnings</b>		
Reserve for dividends	16	16
Reserve for advanced depreciation of noncurrent assets	105	105
General reserve	72,435	75,835
Retained earnings brought forward	6,363	10,613
<b>Total retained earnings</b>	<b>82,135</b>	<b>90,192</b>
Treasury stock	(1,475)	(6,243)
<b>Total shareholders' equity</b>	<b>165,693</b>	<b>168,982</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	(4,595)	138
<b>Total valuation and translation adjustments</b>	<b>(4,595)</b>	<b>138</b>
<b>Total net assets</b>	<b>161,098</b>	<b>169,121</b>
<b>Total liabilities and net assets</b>	<b>516,443</b>	<b>561,216</b>

## (2) [Non-consolidated Statements of Income]

(Millions of yen)

	FY2015 (From April 1, 2015 to March 31, 2016)	FY2016 (From April 1, 2016 to March 31, 2017)
Net sales		
Net sales of merchandise and finished goods	233,343	248,703
Rent income of real estate	70	108
Total net sales	233,414	248,812
Cost of sales		
Beginning merchandise and finished goods	28,520	31,786
Cost of products manufactured	42,554	45,203
Cost of purchased merchandise and finished goods-COS	135,179	149,296
Cost of real estate rent	8	73
Total	206,262	226,360
Ending merchandise and finished goods	31,786	36,780
Total cost of sales	174,476	189,580
Gross profit	58,937	59,232
Selling, general and administrative expenses	38,697	43,022
Operating income	20,240	16,209
Non-operating income		
Interest income	518	279
Dividends income	4,254	4,044
Reversal of allowance for doubtful accounts	396	30
Other	557	550
Total non-operating income	5,725	4,904
Non-operating expenses		
Interest expenses	2,054	1,880
Interest on bonds	487	271
Provision of allowance for doubtful accounts	223	—
Commission for syndicate loan	570	1,150
Foreign exchange losses	4,243	854
Other	180	190
Total non-operating expenses	7,759	4,347
Ordinary income	18,206	16,766
Extraordinary income		
Gain on sales of noncurrent assets	34	14
State subsidy	31	1,097
Gain on sales of investment in capital of subsidiaries and associates	937	—
Other	—	0
Total extraordinary income	1,003	1,111
Extraordinary losses		
Loss on sales of non-current assets	57	478
Loss on retirement of noncurrent assets	38	98
Loss on reduction of non-current assets	—	1,076
Loss on sales of investment securities	308	0
Loss on valuation of shares of subsidiaries and associates	1,987	1,285
Loss on sales of shares of subsidiaries and associates	4,291	—
Compensation expenses	—	934
Other	177	76
Total extraordinary losses	6,859	3,950
Income before income taxes	12,350	13,927
Income taxes-current	1,751	1,603
Income taxes-deferred	897	194
Total income taxes	2,649	1,797
Net income	9,700	12,130

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

(Millions of yen)

	FY2015 (From April 1, 2015 to March 31, 2016)	FY2016 (From April 1, 2016 to March 31, 2017)
<b>Shareholder's equity</b>		
<b>Capital</b>		
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
<b>Capital surplus</b>		
<b>Capital reserve</b>		
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
<b>Total capital surplus</b>		
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
<b>Earned surplus</b>		
<b>Earned reserve</b>		
Balance at beginning of year	2,678	3,215
Increase (decrease) during the period		
Provision of legal retained earnings	537	407
Net increase (decrease) during the period	537	407
Balance at end of year	3,215	3,622
<b>Other earned reserve</b>		
<b>Reserve for dividends</b>		
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)

	FY2015 (From April 1, 2015 to March 31, 2016)	FY2016 (From April 1, 2016 to March 31, 2017)
<b>Reserve for advanced depreciation of noncurrent assets</b>		
Balance at beginning of year	98	105
Increase (decrease) during the period		
Adjustment to reserve due to change in tax rate	7	—
Net increase (decrease) during the period	7	—
Balance at end of year	105	105
<b>General reserve</b>		
Balance at beginning of year	66,735	72,435
Increase (decrease) during the period		
Provision of general reserve	5,700	3,400
Net increase (decrease) during the period	5,700	3,400
Balance at end of year	72,435	75,835
<b>Earned surplus carried forward</b>		
Balance at beginning of year	8,278	6,363
Increase (decrease) during the period		
Dividends of surplus	(5,371)	(4,073)
Net income	9,700	12,130
Provision of legal retained earnings	(537)	(407)
Adjustment to reserve due to change in tax rate	(7)	—
Provision of general reserve	(5,700)	(3,400)
Net increase (decrease) during the period	(1,914)	4,249
Balance at end of year	6,363	10,613
<b>Total earned surplus</b>		
Balance at beginning of year	77,805	82,135
Increase (decrease) during the period		
Dividends of surplus	(5,371)	(4,073)
Net income	9,700	12,130
Net increase (decrease) during the period	4,329	8,056
Balance at end of year	82,135	90,192
<b>Treasury stock</b>		
Balance at beginning of year	(1,686)	(1,475)
Increase (decrease) during the period		
Acquisition of treasury stock	(3)	(5,001)
Disposal of treasury stock	215	233
Net increase (decrease) during the period	211	(4,767)
Balance at end of year	(1,475)	(6,243)



(Millions of yen)

	FY2015 (From April 1, 2015 to March 31, 2016)	FY2016 (From April 1, 2016 to March 31, 2017)
<b>Total Shareholders' equity</b>		
Balance at beginning of year	161,152	165,693
Increase (decrease) during the period		
Dividend of surplus	(5,371)	(4,073)
Net income	9,700	12,130
Acquisition of treasury stock	(3)	(5,001)
Disposal of treasury stock	215	233
Net increase (decrease) during the period	4,541	3,288
Balance at end of year	165,693	168,982
<b>Valuation and translation differences</b>		
<b>Valuation differences of available-for-sale securities</b>		
Balance at beginning of year	(3,608)	(4,595)
Increase (decrease) during the period		
Net increase (decrease) of the items other than shareholders' equity during the period	(986)	4,733
Net increase (decrease) during the period	(986)	4,733
Balance at end of year	(4,595)	138
<b>Total valuation and translation differences</b>		
Balance at beginning of year	(3,608)	(4,595)
Increase (decrease) during the period		
Net increase (decrease) of the items other than shareholders' equity during the period	(986)	4,733
Net increase (decrease) during the period	(986)	4,733
Balance at end of year	(4,595)	138
<b>Total net assts</b>		
Balance at beginning of year	157,543	161,098
Increase (decrease) during the period		
Dividend of surplus	(5,371)	(4,073)
Net income	9,700	12,130
Acquisition of treasury stock	(3)	(5,001)
Disposal of treasury stock	215	233
Net increase (decrease) of the items other than shareholders' equity during the period	(986)	4,733
Net increase (decrease) during the period	3,554	8,022
Balance at end of year	161,098	169,121