NIPRO
Your Partner in Health Care



Annual Report 2015

Year Ended March 31, 2015


Contents

Profile

To Become a Truly Global Comprehensive Medical Care Company

Since its establishment in 1954, Nipro has expanded its business from glass materials to medical devices and pharmaceutical products, based on our corporate management philosophy and our concept of technological innovation. We provide products and technologies in a wide range of fields to meet the needs of patients and the medical treatment frontline. The aim of Nipro now is to become a truly global comprehensive medical care company that can fulfill the desire of people of the world, having different cultures, customs and lifestyles, “to lead a healthy life”. Our mission therefore is to strive earnestly to create new value from a “user-focused” unwavering attitude of how to contribute to medical services on a global scale.

Nipro’s Strength—A “Trinity” Business Model

Medical devices, pharmaceuticals and glass products are the three pillars of Nipro’s business. We shall continue to further develop these business areas in a harmonious manner. Nipro’s unique strength of technology and know-how about medical devices, pharmaceuticals and glass products is manifested to the maximum extent, for instance, in our combination products like double bag kit and pre-filled syringe.

Making full use of this strength would ensure safety of patients and labor saving in clinical practice. It would also enable speedy response to a wide range of emerging needs felt across the world and to seed ideas.

Medical-Related Business

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Glass-Related Business

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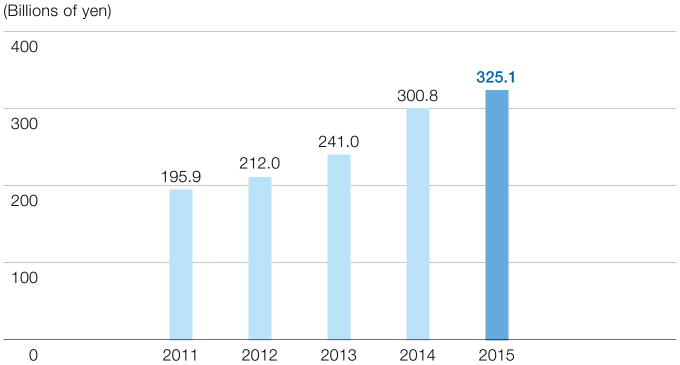
Consolidated Financial Highlights

Nipro Corporation and its Consolidated Subsidiaries Years ended March 31, 2015, 2014, 2013, 2012, and 2011

	Millions of yen					Thousands of U.S. dollars
	2015	2014	2013	2012	2011	**2015**
For the year:						
Net sales	**¥ 325,084**	¥ 300,753	¥ 241,021	¥ 212,013	¥ 195,943	**$ 2,705,201**
Operating income	**16,572**	12,290	11,371	15,825	17,225	**137,905**
Net income	**12,470**	2,861	10,232	4,586	2,456	**103,770**
Capital expenditures	**47,698**	35,093	37,997	39,525	23,323	**396,921**
Depreciation and amortization	**27,668**	25,151	21,210	21,581	21,244	**230,240**
R&D expenses	**8,646**	7,891	6,464	5,957	4,977	**71,948**
At the year-end:						
Total assets	**¥ 695,307**	¥ 619,655	¥ 579,302	¥ 499,687	¥ 476,510	**$ 5,786,028**
Net assets	**178,810**	135,961	128,763	113,951	109,038	**1,487,976**
Per share data (in yen and U.S. dollars):						
Net income						
Basic	**¥ 81.0**	¥ 18.2	¥ 60.0	¥ 35.3	¥ 19.4	**$ 0.67**
Diluted	**—**	16.3	54.1	31.0	17.4	**—**
Cash dividends	**32.5**	30.5	27.5	23.5	50.0	**0.27**
Equity	**988.8**	832.1	703.5	643.9	839.7	**8.23**

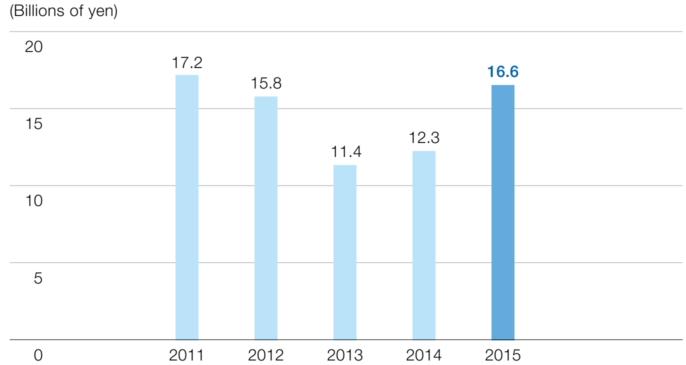
Net Sales

(Billions of yen)



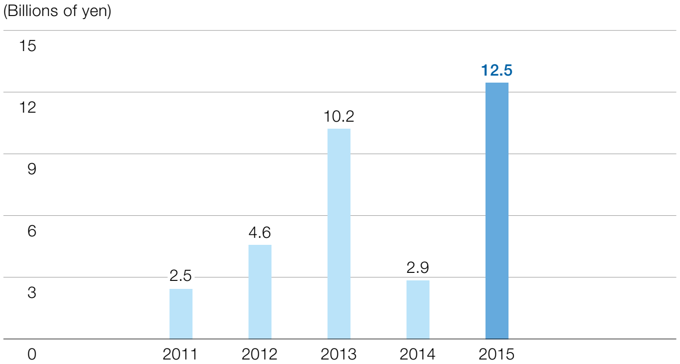
Operating Income

(Billions of yen)



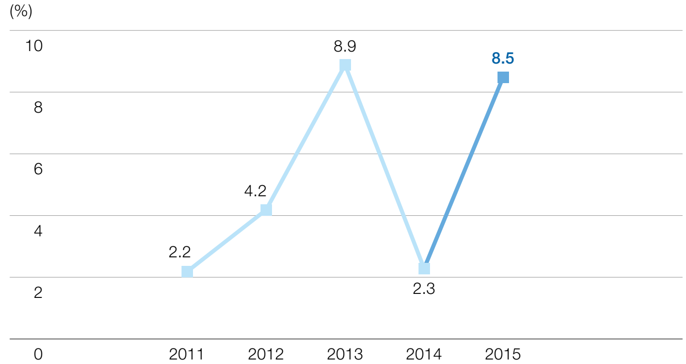
Net Income

(Billions of yen)



Return on Equity

(%)



A Message to Our Shareholders and Investors

Yoshihiko Sano
President & Representative Director

Results for the fiscal year ended March 31, 2015

In fiscal 2015, ended March 31, 2015, net sales grew 8.1% year on year to ¥325.1 billion and operating income rose 34.8% to ¥16.6 billion, while net income totaled ¥12.5 billion, an increase of 335.8% from the previous fiscal year.

The Medical-Related business faced a challenging business environment amid a reactionary decline to special demand prior to the consumption tax hike, in addition to the adverse impact of revisions to medical reimbursement fees as well as National Health Insurance (NHI) drug and special treatment material prices in April 2014. As a result, shipments of dialysis machines and other products declined. In the field of vascular products, sales increased for the drug-eluting balloon catheter *SEQUENT® PLEASE* and related products. Sales volume was steady for the anticancer agent leuprorelin following updates to our mass production system. On overseas markets, sales of dialysis products such as dialyzers (artificial kidneys) were firm.

In the Pharmaceutical-Related business, the number of drugs under manufacturing contracts from drugmakers steadily increased, leading to growth in earnings as capacity utilization improved at our plants.

In the Glass-Related business, we focused on identifying customer needs and acquiring new customers amid globalization, while concentrating on conventional glass containers used in the medical field. In order to meet needs for more reliable, high-quality injectable formulations, we focused on the development of high value-added products and put in place systems to facilitate their development.

Major initiatives undertaken in fiscal 2015

In Japan, Nipro increased production capacity at Nipro Pharma Corporation's Odate plant and constructed the new Biwako plant, while strengthening the group management structure by turning into wholly owned subsidiaries Goodman Co., Ltd., which sells vascular products, and Cell Science & Technology Institute, Inc., which undertakes the development and production of safe and high-performance cell culture media for use in the fields of regenerative medicine and cell therapy.

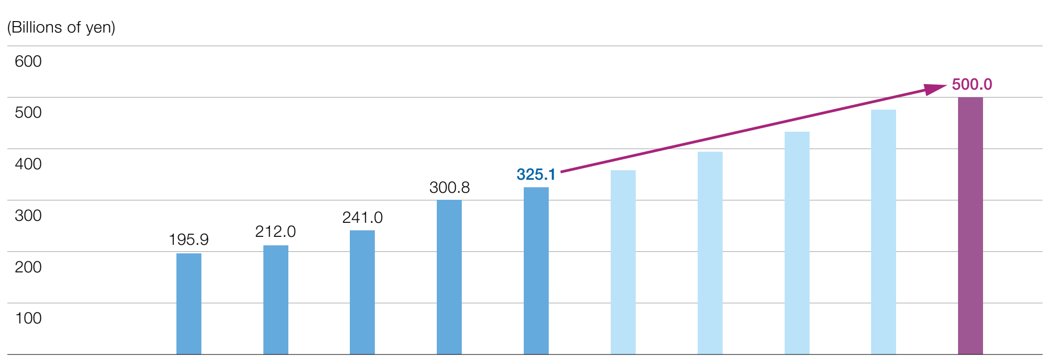
To more rapidly respond to the needs of the medical treatment frontline overseas, Nipro acquired a company in Europe that sells medical equipment, set up sales offices in Malaysia and Kenya and expanded its sales network by taking an equity stake in a sales agency in South Korea. Nipro bolstered its production structure with new plants in India, Indonesia, Bangladesh and Hefei, China, smoothly ramped up production based on established quality assurance systems, and achieved strong growth in sales in the countries hosting the plants and their neighboring countries.

In October 2014, Nipro opened the Institute for Medical Practice (iMEP), a medical training facility. At iMEP, the facility is provided for courses on medical technologies to medical professionals and training sessions on how to use our medical devices. Every month, more than 1,000 people take advantage of these learning opportunities. Through this facility, we have put in place an environment where we can build relationships with medical professionals while they provide us with technical advice regarding our products.

Management policies and outlook for fiscal 2016

Nipro declared certain management policies for fiscal 2016. These policies include strengthening product competitiveness, enhancing safety measures at the medical treatment frontline, strengthening profitable structures at overseas plants, and helping to extend life expectancies as a comprehensive medical care company. While each has its own specific measures, the common underlying theme is to create high value-added products at levels, including safety levels, that exceed the competition, in order to meet the needs of the medical treatment frontline from users' viewpoints on the global market.

Net Sales Results and Plan (For the years ended March 31)



In the Medical-Related business, Nipro aims to tap into the needs of medical professionals and sell high value-added products that increase the efficiency of administration, are easy to use and improve safety in the global marketplace. In addition to dialysis products focusing on our mainstay dialyzers, we are focusing on expanding our lineup of products in the diabetes- and vascular-related fields, while developing new sales channels. We also plan to expand our overseas sales network and develop business in the North American and African markets. Nipro has positioned the field of regenerative medicine as a vital business for realizing growth over the longer term. We intend to nurture regenerative medicine into a business that drives growth in the future, by leveraging the knowledge, products and technologies related to cell cultivation that we have gained from our involvement in this field.

In the Pharmaceutical-Related business, as a world-leading pharmaceuticals contract manufacturing group, Nipro aims to further increase production capacity while adapting its production and quality assurance systems in the domestic contract manufacturing division so that they seamlessly function overseas. Nipro plans to quickly start operations at its new production bases overseas in order to establish a more stable supply capacity and enhance its cost competitiveness in the supply of pharmaceuticals.

In the Glass-Related business, Nipro is working to expand its product lineup in line with customer needs and improve the competitiveness of its products. We aim to turn a profit as quickly as possible at our overseas plants by improving efficiency and productivity.

New management philosophy and the Nipro concept

In May 2015, Nipro formulated a new management philosophy. The new philosophy is intended to provide clarity on the Company's business field of medical care, and emphasize our global mission of developing products and technologies that meet both the needs of patients and the medical treatment frontline, from users' viewpoints.

New Management Philosophy

We believe our current and future responsibility to society is to develop innovative, value-added products and technologies that improve patient outcomes and healthcare worldwide.

Nipro is a company that supplies end products used by hospitals. By fully comprehending the opinions of the medical treatment frontline without being biased by established customs or knowledge, we aim to create innovative high value-added products for our customers.

Aggressively developing business overseas, Nipro has been putting in place an overseas sales network in order to expand sales of its competitive lineup of products. Our new management philosophy will provide impetus to our efforts for creating a structure that generates new value in our products through free thinking, as all of our employees come together as one to thoroughly understand and meet the needs of our customers, working together across marketing, production and research divisions.

To our shareholders

Returning profits to shareholders is one of Nipro's key business policies. The Company aims for a dividend payout ratio of 40% over the medium and long term. For the fiscal year under review, Nipro paid a dividend of ¥32.50 per share, an increase of ¥2 per share compared with the previous fiscal year, for a payout ratio of 40.1%. With objectivity a priority for its Board of Directors, Nipro proposed to increase the number of outside directors by one director, and nominated two female directors, at its general meeting of shareholders in June 2015.

As a long-term goal, Nipro targets sales of ¥500 billion by the fiscal year ending March 31, 2021, and is working toward this goal by reinforcing the competitiveness of its products as well as upgrading and expanding its lineup and sales networks. As a goal even farther into the future, Nipro targets sales of ¥1 trillion by the fiscal year ending March 31, 2031, and is marshalling the entire group with the aim of becoming a global corporation.

To achieve these targets, Nipro will coalesce its technological capabilities for the development of advanced products that contribute to extending life expectancies of people around the world by addressing the treatment, prevention, and examination needs of the medical treatment frontline. In order to meet the medical needs of all types of people, regardless of their culture, customs, lifestyles and age, around the world, Nipro aims to become a truly global comprehensive healthcare company that never fails to take the viewpoint of customers and patients.

We sincerely appreciate the ceaseless support and encouragement of our shareholders as we pursue these goals.

July 2015

Yoshihiko Sano
President & Representative Director

Board of Directors and Auditors

Yoshihiko Sano
President &
Representative Director

Makoto Sato
Managing Director

Kazuo Wakatsuki
Managing Director

Kiyotaka Yoshioka
Managing Director

Toshiaki Masuda
Managing Director

Kyoetsu Kobayashi
Managing Director

Directors

Akihiko Yamabe
Mitsutaka Ueda
Tsuyoshi Yamazaki
Hideo Okamoto
Masanobu Iwasa
Yozo Sawada
Kimihito Minoura
Hideto Nakamura
Yasushi Kutsukawa
Masayuki Ito
Itsuo Akasaki
Kazuhiko Sano
Akio Shirasu
Hiroshi Yoshida
Hiroshi Sudoh
Takeo Kikuchi
Kenichi Nishida
Toyoshi Yoshida
Kouki Hatakeyama
Yasushi Ohyama
Kenju Fujita
Takehito Yogo
Yoshiko Tanaka
(External Director)
Minako Oomizu
(External Director)

Standing Statutory Auditor

Takayuki Nomiya

Statutory Auditors

Kazumichi Irie
Masayoshi Hasegawa

Review of Operations

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Pharmaceutical-Related Business

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Glass-Related Business

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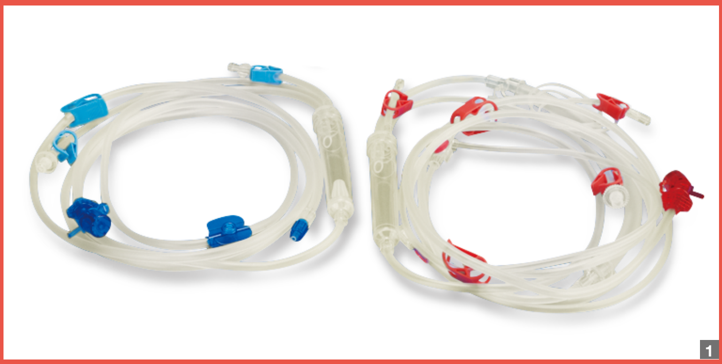
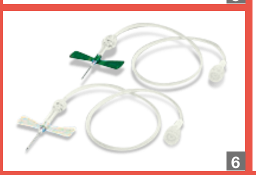
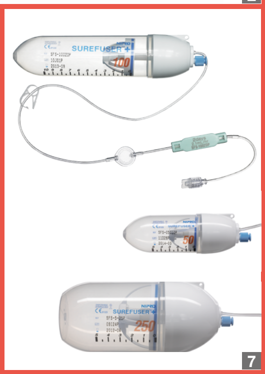
Medical-Related Business





Main Products

1 Blood Tubing Set

2 Elisio™ Dialyzer
Elisio™ dialyzer with its polynephron™ membrane is a synthetic dialyzer for highly convective therapies.

3 NCU-18 Dialysis Machine
NCU-18 is slim and compact in design and has a very unique feature; automatic priming/reinfusion supports these processes before and end of therapy.

4 SafeTouch Tulip™ AVF
SafeTouch Tulip™ AVF features a low profile design and "tulip-shaped" needle protector to reduce the risk of accidental needlestick injuries.

5 SafeTouch™ Cath
Our SafeTouch™ Cath has a passive safety mechanism, which automatically activates when you withdraw the needle, reducing the risk of accidental needlestick injuries.

6 SafeTouch™ Safety Winged Needle Set

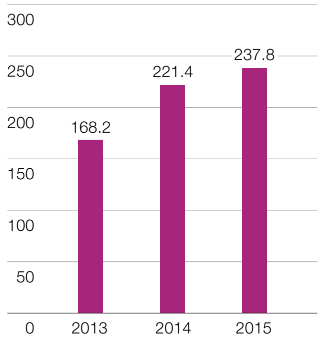
7 Surefuser™+

In this segment, Nipro engages in the development, manufacture and sale of injection-transfusion, artificial organ, dialysis and diabetic products on a global basis as well as cell-culture products and generic pharmaceuticals for the domestic market.

(Years ended March 31)

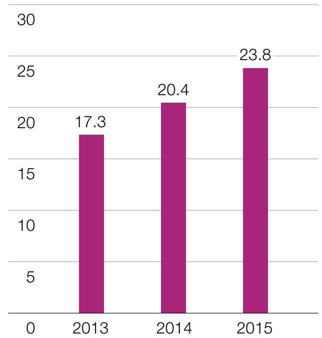
Net Sales

(Billions of yen)



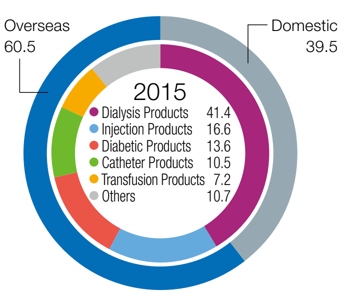
Operating Income

(Billions of yen)



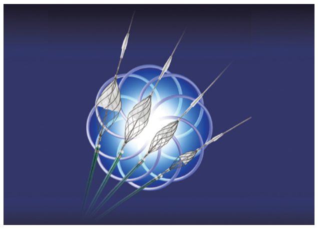
Sales Composition

(%)



Note: Regarding the reclassification of the pharmaceutical product sales unit from Pharmaceutical-Related Business to Medical-Related Business in 2014, the segment information for the period ended March 31, 2013 under the reclassification is not disclosed in the financial section, but in the above charts, the figures of 2013 are revised retroactively following the reclassification.

Note: This chart does not include the sales of pharmaceutical products, etc. The total sales amount of this chart is 188.0 billion yen.



Filtrap™

Filtrap™ is a self-expandable spiral-shaped nitinol basket with a filter built on a 0.014" guidewire for embolic protection during coronary and peripheral intervention procedures.

Brizio™

Brizio™ oxygenator is delivered as a complete kit with venous reservoir and integrated cardiotomy filter. The heat exchanger is pre-connected to the oxygenation chamber and has a synthetic anticoagulation coating.

Surdial™-X

Surdial™-X offers the user the flexibility to set up treatments tailored to the patient's needs; its slim and ergonomic design takes up less space on the ward or dialysis unit giving more space to the patient and the operator.

Financial Results for Fiscal 2015

In the year ended March 31, 2015, net sales in the Medical-Related business increased 7.4% year on year to ¥237.8 billion (US$1,978.7 million). Operating income grew 16.5% to ¥23.8 billion (US$198.2 million).

In Japan, sales and profits of vascular products including drug-eluting balloon catheters increased. Sales of dialysis products such as dialyzers were strong.

Outside Japan, Nipro fortified its sales structure through the acquisition of a sales company in Switzerland and its subsidiaries in Germany, Turkey and so on, while also entering into a capital participation agreement with an overseas distribution agent. Turning to production, we took steps to improve capacity through new overseas plants while boosting production of dialyzers at our India and Hefei plants. In addition, production of syringes expanded at plants in India and Indonesia. This in turn contributed to sales growth.

16.5% growth in operating income

Strategy and Outlook for Fiscal 2016

In fiscal 2016, we will boost our share of the market by expanding our product portfolio and opening up new sales channels in the dialysis market, focusing mainly on dialyzers, as well as the cardiopulmonary and vascular market. We will also expand sales channels in developing regions including India and Africa, where we anticipate market growth, and in North America, where we have established a strategic presence.

In order to boost production, we will increase our manufacturing capacity of dialyzers, blood tubing, arterial venous fistula (AVF) needles and syringes at new overseas plants such as Nipro India Corporation Pvt Ltd., PT. Nipro Indonesia JAYA, Nipro JMI Company Ltd. and Nipro Medical (Hefei) Co., Ltd.

In the field of generic drugs, we will continue our business development activities. Leveraging our track record using Diagnosis Procedure Combination (DPC) hospitals, we will expand sales of oral drugs to dispensing pharmacies. We will also focus on the development and sale of high value-added products by creating productive synergies with our medical device sales division.

Pharmaceutical-Related Business

Main Products

8 Orally Administered Drugs

Nipro is one of the largest pharmaceutical contract manufacturers in Japan and has highly value-added formulation technologies.

9 External Preparations

Nipro is capable of providing highly value-added external preparations through state-of-the-art formulation technologies.

10 Injectables

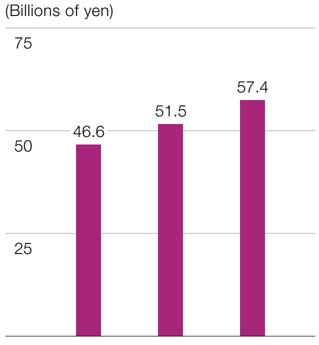
Nipro is capable of developing and manufacturing combination products such as pre-filled syringes, double chamber pre-filled syringes, powder – liquid doubles bag.

In the Pharmaceutical-Related business, we engage in contract manufacturing operations of drugs for oral and external use as well as injectables. Nipro supplies products to 84 pharmaceutical companies in Japan and is ranked third globally among Contract Manufacturing Organizations (CMOs) in terms of sales.

(Years ended March 31)

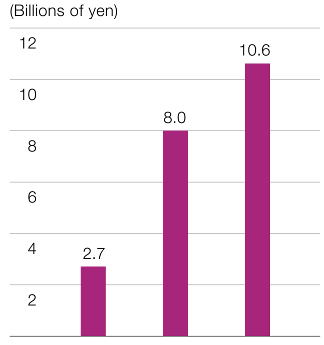
Net Sales

(Billions of yen)



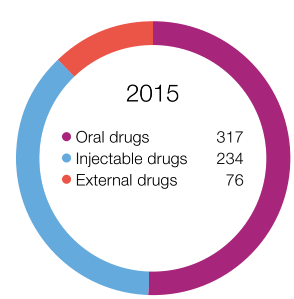
Operating Income

(Billions of yen)



The number of contract manufacturing products

(Item)



Note: Regarding the reclassification of the pharmaceutical product sales unit from Pharmaceutical-Related Business to Medical-Related Business in 2014, the segment information for the period ended March 31, 2013 under the reclassification is not disclosed in the financial section, but in the above charts, the figures of 2013 are revised retroactively following the reclassification.

Nipro Pharma Vietnam Co., Ltd.

Financial Results for Fiscal 2015

In the period under review, net sales in the Pharmaceutical-Related business came to ¥57.4 billion (US$477.4 million), up 11.4% year on year. Operating income grew 31.7% to ¥10.6 billion (US$87.8 million).

Nipro has, in addition to contract manufacturing, strived for broader contract development services that start from formulation design of drugs for oral and external use to generic application support and are conducted by the use of its expertise in developing and supplying vials, syringes, bags and other packaging containers. We are also working to provide a wide range of lifecycle management support services, aimed at enhancing value-added features and realizing distinct service differentiation.

In April 2015, the production facility for glass ampoule products at Nipro Pharma Vietnam Co., Ltd. started operations, following approval for the facility by Vietnam's Ministry of Health and Japan's Ministry of Health, Labour and Welfare.

31.7% growth in operating income


Nipro Pharma Corporation Ise Plant


Nipro Pharma Corporation Odate Plant


Zensei Pharmaceutical Industries Co., Ltd. New Plant in Izumi City
(Operation April 2016)

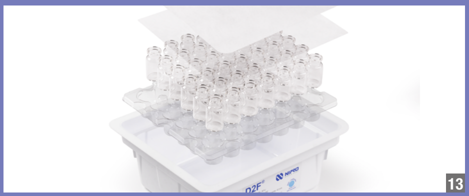
Strategy and Outlook for Fiscal 2016

In June 2015, Nipro introduced new generic products to the market: metformin, an antidiabetic agent; clopidogrel, an antiplatelet agent; docetaxel, an anticancer agent; and an additional dose of meropenem, an antibiotic. Through the launch of new products, we will strive to increase our market share in the expanding generic drug business.

Looking at pharmaceutical containers as well as devices related to pharmaceutical preparation and administration, we will continue to develop and supply products having safety and convenience.

In addition to increasing capacity by expanding production lines of glass ampoule products at the Ise Plant of Nipro Pharma Corporation, another step will also be taken to expand facilities at Nipro Pharma's Odate Plant to improve the efficiency of leuprorelin production. Furthermore, to address an increase in the number of contract projects and items, Nipro Patch Co., Ltd. and Zensei Pharmaceutical Industries Co., Ltd. will set up new facilities for solvent-type tapes in Odate City, Akita Prefecture and solid preparations for oral use in Izumi City, Osaka, respectively. With an eye to promoting low-cost production, we will expand ampoule product manufacturing operations in Nipro Pharma Vietnam Co., Ltd.

Glass-Related Business



Information About Plants

11 Ampoules
Glass ampoules are the ideal packaging material for fluid preparations. Our ampoules are tamper-proof, transparent durable and impermeable to gas and resistant to any interaction between container and content.

12 Cartridges
Cartridges are used for pen injection systems, like insulin, dental anesthetics, as well as other biotech applications.

13 D2F®–Vials
Our D2F® product line includes syringes and vials pre-packed in a ready-to-fill packaging. The D2F® products are all sterile and delivered so you can immediately fill them.


Pre-filled Syringe

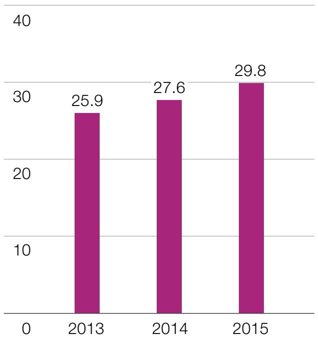

Nipro Corporation Biwako Plant
(Operation April 2015)

As an integral part of the Company since its foundation, the Glass-Related business undertakes the manufacture and sale of glass tubes and containers mainly for pharmaceutical products as well as other glass products.

(Years ended March 31)

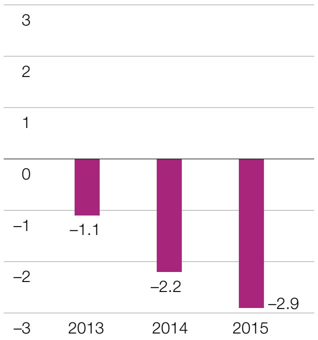
Net Sales

(Billions of yen)



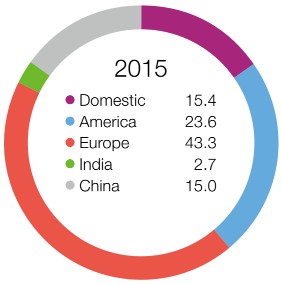
Operating Loss

(Billions of yen)



Sales Composition

(%)



Financial Results for Fiscal 2015

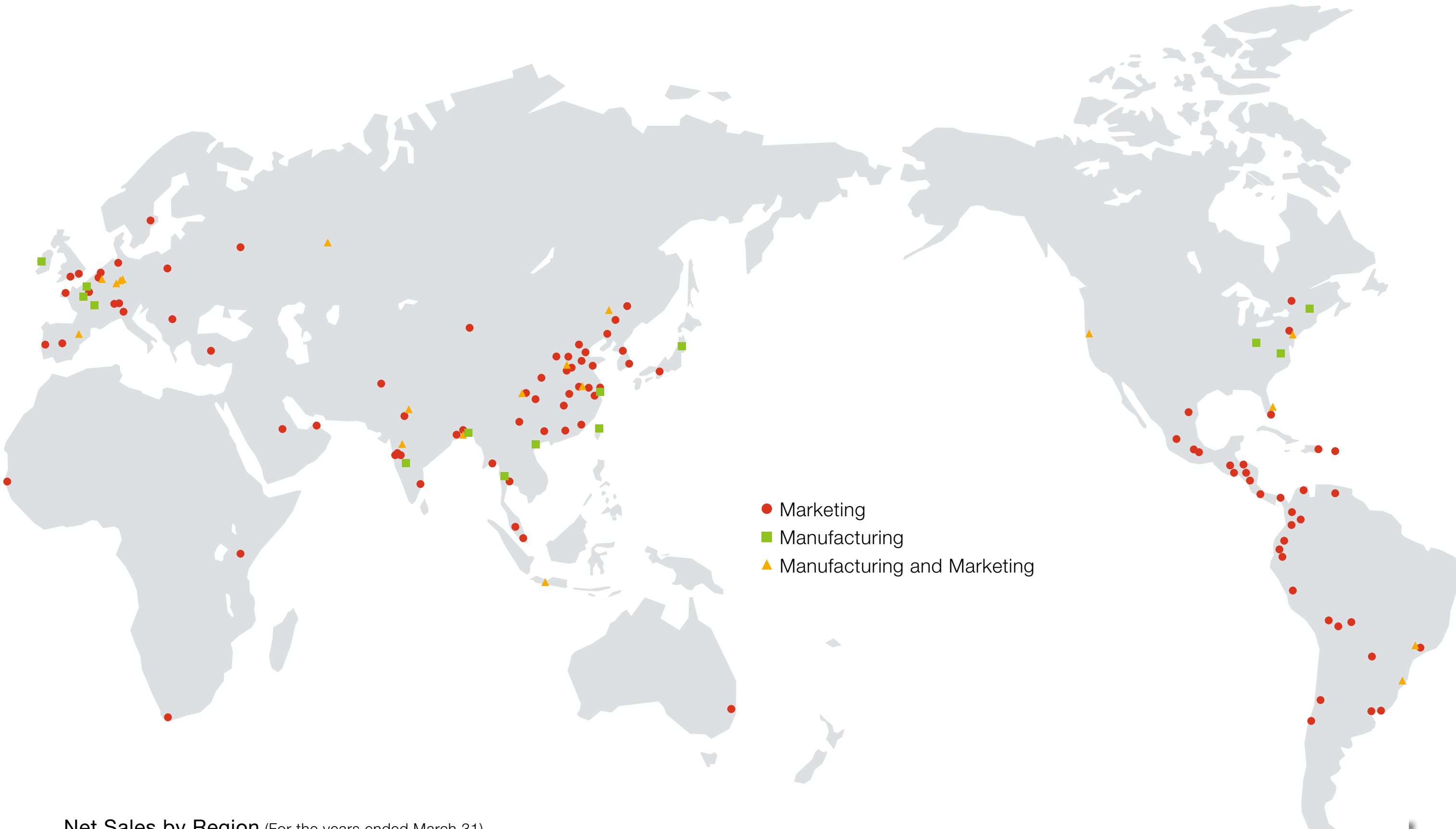
While net sales in this segment increased 8.0% year on year to ¥29.8 billion (US$248.2 million), the Company incurred an operating loss of ¥2.9 billion (US$24.0 million).

In Japan, the Biwako Plant commenced full-fledged operations and established production and sales structures. Overseas, sales recorded an overall increase while capital expenditures also increased due to the additional temporary upgrading and repairing of plant furnaces in France and the U.S.

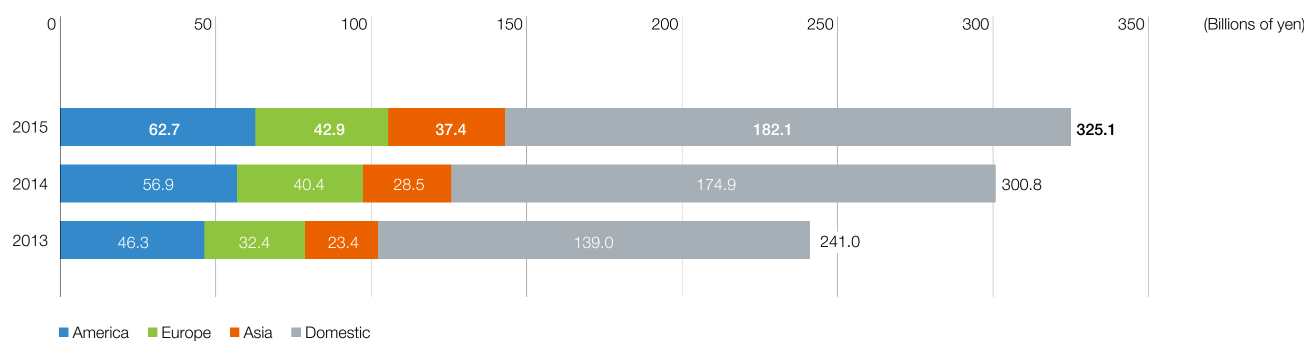
Strategy and Outlook for Fiscal 2016

In the year ending March 31, 2016, we will reinforce our one-stop solution service of pharmaceutical packaging materials based on production development from a customer perspective. In addition to expanding our lineup of such products as syringes and cartridges, where profitability is projected, we will promote sales activities and improve business profits with our high value-added products developed through collaboration between the R&D departments in Japan and Europe.

Global Activities



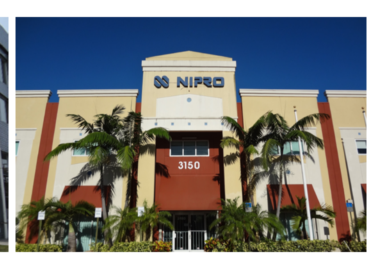
Net Sales by Region (For the years ended March 31)



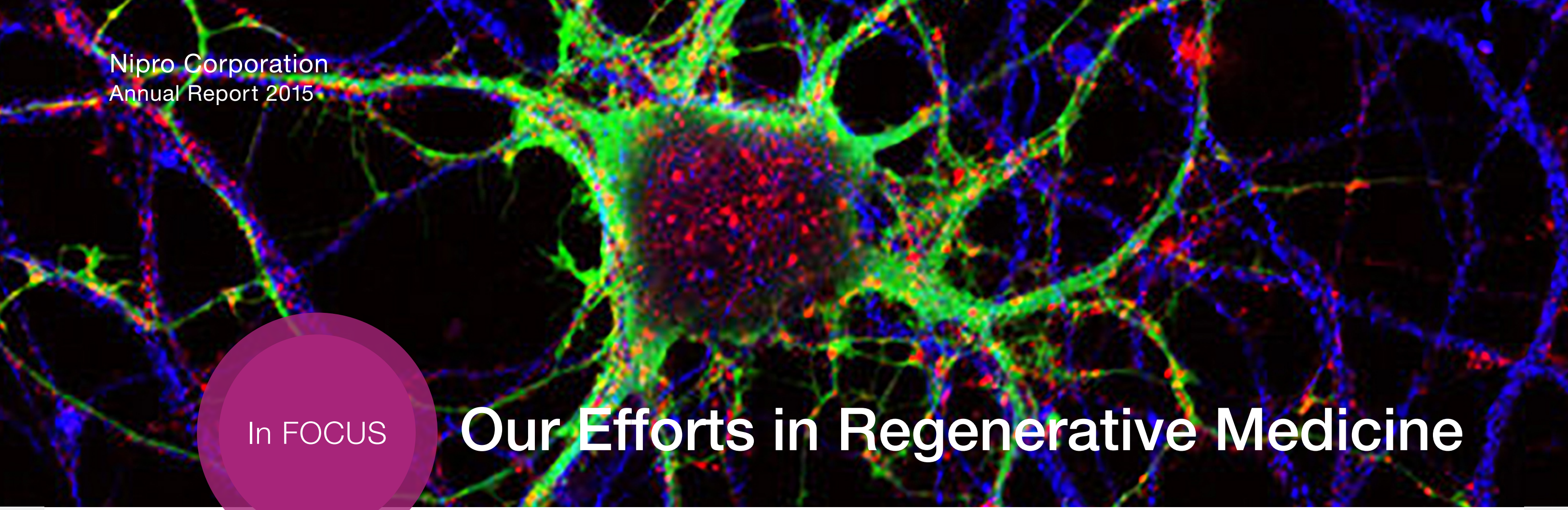
Nipro Europe N.V.

Nipro India Corporation Pvt. Ltd.

Chengdu Pingyuan Nipro Pharmaceutical Packaging Co., Ltd.



Nipro Medical Corporation



In FOCUS

Our Efforts in Regenerative Medicine

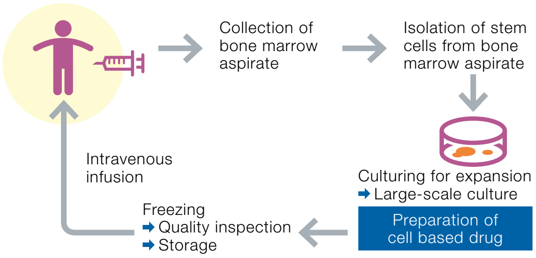
Nipro announced plans to construct a new plant in Tendo City, Yamagata Prefecture (March 2015)

Many companies have been stepping up their efforts in regenerative medicine using stem cells such as iPS cells. Nipro has positioned regenerative medicine and stem cell treatments as a future pillar of its Medical-Related business, and has been forming partnerships with universities and other research institutions while investing in future growth by building new plants.

Nipro's Initiatives in Regenerative Medicine

P16

In April 2014, Nipro entered into an exclusive worldwide production and sales agreement with Sapporo Medical University for their research in regenerative medicine for the treatment of cerebral infarction and spinal cord injuries. Using this regenerative treatment, several ten milliliters of bone marrow are collected from the patient, and the stem cells are cultivated in vitro up to approximately 10,000-fold to become new nerves and blood vessels. These stem cells are then intravenously drip injected back into the patient, with the expectation that they will help regenerate damaged nerves and blood vessels. Investigator-initiated trials have progressed to Phase II clinical trials for spinal cord injuries and Phase III trials for cerebral infarctions. If efficacy is confirmed and the treatment is commercially viable, there will be new hope for patients suffering from severe paralysis due to spinal cord injuries or cerebral infarction. At Nipro, we are jointly developing the technologies, including devices and equipment that will be needed to commercialize and produce this regenerative treatment. Nipro plans to launch the production of cell drugs in late 2018. By fully committing to this new field of cell drugs, Nipro aims to make this revolutionary regenerative medicine a common facet of modern medicine.



Establishment of Cell Culture Fluid Plant in Tendo City

In March 2015, Nipro announced plans to construct a new plant in Tendo City, Yamagata Prefecture for Cell Science & Technology Institute, Inc., a subsidiary that produces cell culture media. We are designing the new plant so that it will conform to Good Manufacturing Practices (GMP)* for pharmaceuticals. Plans call for operations to start in September 2016.

Demand for cell culture media has been increasing alongside the commercialization of regenerative and stem cell therapies. The Nipro group currently produces 90,000 liters of cell culture media annually at its Odate plant and the main plant of Cell Science & Technology Institute, Inc. Plans call for the new plant to produce 200,000-400,000 liters of cell culture media annually by the fiscal year ending March 2021.

* Good Manufacturing Practice: Standards for pharmaceutical production and quality management regulated by the Ministry of Health, Labour and Welfare in Japan, the Food and Drug Administration in the U.S., and the European Medicines Agency in Europe.

Cell Culture Media

Research and Development

Research & Development Laboratory

Pharmaceutical Research Center

The Nipro group is engaged in the research and development of medical devices and pharmaceuticals, with Nipro Corporation playing a central role, at the Nipro Life Science Site located in Minami Kusatsu, Shiga Prefecture.

In the Medical-Related business, we opened the Institute for Medical Practice (iMEP) as a medical research facility on the site on October 8, 2014. We hold training events on the use of medical devices, personal training and lectures for medical professionals to improve their abilities and help solve medical problems. Through these training events and lectures, we receive direct feedback from the medical professionals in attendance, and reflect their opinions in the development of new products in R&D and for the improvement of existing products.

In the Pharmaceutical-Related business, Nipro develops high-quality generic drugs as substitutes for brand-name drugs in various dosage forms and for various diseases, in response to needs for lower prices and higher quality drugs in healthcare. We are also focusing on the development of value-added products, such as orally-disintegrating tablets that are easier for patients to ingest and kit formulations that are easy to handle in medical practice.

R&D activities of the different business segments are described below.

1. Medical-Related Business

R&D has been undertaken in the following fields, with the Research and Development Laboratory playing a pivotal role.

Cell Drug Division

Nipro has been developing automated cell culture systems for cell drugs (regenerative medical products) and iPS/ES cells through ongoing research projects with industry, academia, and government in the field of regenerative medicine. In cell drugs, we have entered into a licensing agreement with Sapporo Medical University with the objective of making autologous bone marrow cells into practically applicable pharmaceutical products for use in regenerative treatment of cerebral infarction and spinal cord injuries. Cooperating with Sapporo Medical University, Nipro has been implementing investigator-initiated trials for cerebral infarction and spinal cord injuries. For these patients, the early development of such cell drugs is greatly anticipated, as aftereffects like loss of motor function for which no effective therapy is currently available often persist after such ailments. Nipro has been working jointly with Sapporo Medical University on the early commercialization of equipment needed for the practical application of these cell drugs.

Based on evaluations of our automated cell culture systems for iPS/ES cells by several research facilities through the last fiscal year, we plan to make further improvements in the system and begin accepting orders for and producing this system for research applications in the upcoming fiscal year. P15

Medical Devices Division

In transfusion products, we began to market a multiple manifold for the indirect administration of drugs along with transfusions as an additional option for our *SAFETOUCH*® transfusion systems. Moreover, we began to sell peripherally inserted central catheters (PICC) with backflow prevention functions and vein introducer kits in order to rapidly attenuate hyperosmotic transfusions and avoid phlebitis of the vascular wall. In dialysis products, Nipro launched sales of *SUREHOLDER*™ syringe transfer holders for transferring specimens taken from blood circuits via syringes to vacuum blood collection tubes without passing through the needle. In anesthesia products, we added a large size to our lineup of Nipro Bite Blocks *B-BOC*® that prevents inhabitation and damage to endotracheal tubes.

Diagnosis and Testing Products Division

Nipro released *Espa*™ Li II, an improved, more reliable and easier-to-use drug for testing the blood concentration of lithium carbonate, which is widely used in formulations to treat manic depression. Nipro also released the improved *Espa*™ Zn II, now unaffected by the presence of anticoagulant drugs, as a drug for testing for zinc, which has attracted attention as a marker of nutritional state and taste disorders. In Thailand, we introduced *Genescholar*® PZA TB as a genetic testing drug that can rapidly and easily detect pyrazinamide-resistant tuberculosis. We plan to bring this drug to countries other than Thailand. In addition, Nipro released *Quo-Lab*, which is able to rapidly and easily test a blood drop sample for hemoglobin A1c, a marker for diabetes.

Functional Pharmaceutical Containers Division

Nipro began selling SEPAJECT®, a preparation device for blood products. It simplifies preparation procedures (the main advantage of preparation devices), prevents accidental needle sticks, and prevents foreign material and bacterial contamination. In addition, the preparation device comes with a defoaming function that works at the push of a button on the device after dissolving formulations that easily foam up during drug preparation.

We also started to sell fixed-quantity collection droppers. By gripping and removing the cap, the dropper collects a fixed volume of sample, making it unnecessary to read graded scales or count the number of drops.

A top cover was added to lock barrel prefilled syringes, such as for physiological saline and heparin for dialysis. We made it easier to remove only the top cap after hearing that it was difficult to remove. The design makes it more difficult for the top cap opening to come into contact with contaminated areas, by preventing contamination when the removed cap is put back on.

Circulatory and Interventional Products Division

Nipro began marketing our PTCA catheter (trade name *CELSUS*®), which has the highest guaranteed pressure resistance (RBP 24 Atm) for such catheters in Japan, and is used for dilation of calcified lesions and for post-stenting dilation. This is a type of PTCA balloon catheter used for balloon dilation of stenosis in percutaneous coronary intervention (PCI) for coronary artery diseases, such as acute myocardial infarction or coronary artery occlusion.

In addition, we also received approval to market a multi-use high-pressure resistance (RBP 20 Atm) PTCA catheter that is more compatible with complicated lesions, thanks to improved lesion passage due to a thinner balloon wall than our *CELSUS*® catheter. After obtaining approvals in the previous fiscal year, Nipro also introduced to market a directional coronary atherectomy (DCA) catheter that ablates and removes atheromas in narrowed or occluded arteries with a small embedded rotary cutter. For percutaneous peripheral interventions (PPI) on peripheral blood vessels, we added a longer type to our lineup of *E-VAC*® thrombus aspiration catheters that makes it easier to approach blood vessels in the lower limbs. This product aspirates thrombi from thrombotic occlusive lesions in peripheral blood vessels that may have dialysis shunts and restores blood flow.

Moreover, we received approval to market *FINESTREAM*® S, a PTA balloon catheter used for balloon dilation of stenosis in peripheral arteries that features better balloon flexibility than current products.

Artificial Organs Division

In January, Nipro received pharmaceutical approval for a biocompatible coating product under the new materials category for the Japanese market, and is now preparing for its market release. The biocompatible coating product is for membrane-type artificial lungs with a venous reservoir, used during heart surgery. This product includes a high efficiency artificial lung that removes carbon dioxide from blood and oxygenates the blood in place of the lungs, and a venous reservoir with excellent operational performance which allows filtration and recovery of lost blood, removal of air bubbles from the blood and maintenance of bodily blood volume. In October, Nipro began marketing a venous reservoir made from the same material after obtaining certification, and the response has been positive. In July, Nipro received approval to produce and sell in Brazil an ultra-compact membrane-type artificial lung with a venous reservoir, designed especially for newborn babies, and the company is now preparing to launch the product.

In the field of hemocatharsis, Nipro aims to spread overseas the advantages of powder formulations of dialysis solutions by using its knowledge accumulated in Japan. We received approval to market a powder formulation of dialysis solutions in India, and are making preparations to release it in the upcoming fiscal year.

Moreover, with the objective of developing new surgery-related products centered on orthopedic surgery and abdominal surgery, Nipro is leveraging its processing technologies for degradable and absorbent materials in the development of medical devices that can be embedded in the human body, such as for regenerative medicine including nerve regeneration-inducing tubes and pericardium reproduction assistance materials.

The basic concept of our R&D is to develop and provide high value-added products by approaching medical needs and problems from unique viewpoints. Our primary aim is to carry out exhaustive research on medical devices, and to act as a driving force to produce high-quality Nipro products.

The total research and development costs of this business segment in the fiscal year were ¥5.1 billion (US$42.4 million).

2. Pharmaceutical-Related Business

The following research and development activities are carried out, with the Pharmaceutical Research Center playing a pivotal role.

Injectable Drugs

We have been actively pursuing the development of formulations for injection kits that have excellent usability in medical practice. In the previous fiscal year, we began marketing a prefilled dual-chamber syringe (1-month depot dosage form) of leuprorelin acetate (brand-name: *LEUPLIN*®, Takeda Pharmaceutical) used in hormone therapy for prostate cancer and endometritis. We have continued to develop products focused on a 3-month depot dosage form of leuprorelin acetate and highly difficult-to-develop extended-release injectables. Development of kit formulations such as premixed preparations, in which the already diluted drug solution is packed, and a liquid-powder dual-chamber bag is also under way.

Oral Drugs

We have developed not only conventional tablets, but also value-added pharmaceutical products that use ingenious drug formulation technology. We aim for a lineup of tablets imprinted with product names, as we create formulations compatible with tablet printing in order to enhance their discernibility in medical practice.

External Use Products

This year, we began selling creams, lotions and sprays with heparinoid (brand-name: *Hirudoid*®, Maruho). In addition, we confirmed that an Abbreviated New Drug Application (ANDA) seeking approval to market hydrogel patches of lidocaine hydrochloride, which is our first generic drug out-licensed overseas, has been accepted for filing by the U.S. Food and Drug Administration (FDA).

We have continued to work on the development of tapes and hydrogel patches that are hypoallergenic, thin and lightweight, and have good tackiness and stretchability, while keeping in mind overseas markets as well.

Generic Anti-Cancer Drugs and Biosimilars

In the rapidly expanding market for anti-cancer drugs and biological drugs, drug prices are generally quite high. As a result, the need for low-priced and reliable generic drugs and biosimilars is increasing. In the fiscal year under review, we began marketing a total of two generics, one injectable and one oral anti-cancer drug. In the next fiscal year, we plan to start selling a value-added injectable generic drug developed for the purpose of easing the burden on patients, in addition to an oral generic drug formulation.

In biosimilars, Nipro aims to rapidly create products through tie-ups with firms that manufacture bulk pharmaceuticals at favorable prices and excellent quality.

In the future, we intend to actively pursue development work to provide high-quality, low-cost safe generics to help reduce the spiraling cost of healthcare.

The research and development costs of this business segment in the fiscal year were ¥3.6 billion (US$29.5 million).

Status of Corporate Governance

1. System for Corporate Governance

(1) System for Corporate Governance and Reasons for Adoption

Nipro Corporation has an established corporate governance system including organizations for the Meeting of Shareholders and directors as required under the Companies Act, in addition to a Board of Directors, auditors, Board of Auditors and an Accounting Auditor. Nipro Corporation has also established internal committees such as the Operational Risk Management Committee. This committee continuously maintains close coordination with external parties such as the company attorney, to enable effective monitoring and supervision of the efficiency and propriety of operations across the company as a whole.

Since its establishment, Nipro Corporation has diversified its business and has established an independent management system for each division. Nipro group operations are integrated through mutual collaboration and companywide governance by Nipro Corporation. The foundations for this system are the management systems of each business unit. Our corporate governance system functions effectively as a traditional and coordinated management system for the Nipro group, by clarifying responsibilities and enhancing management systems.

(2) Internal Control Systems

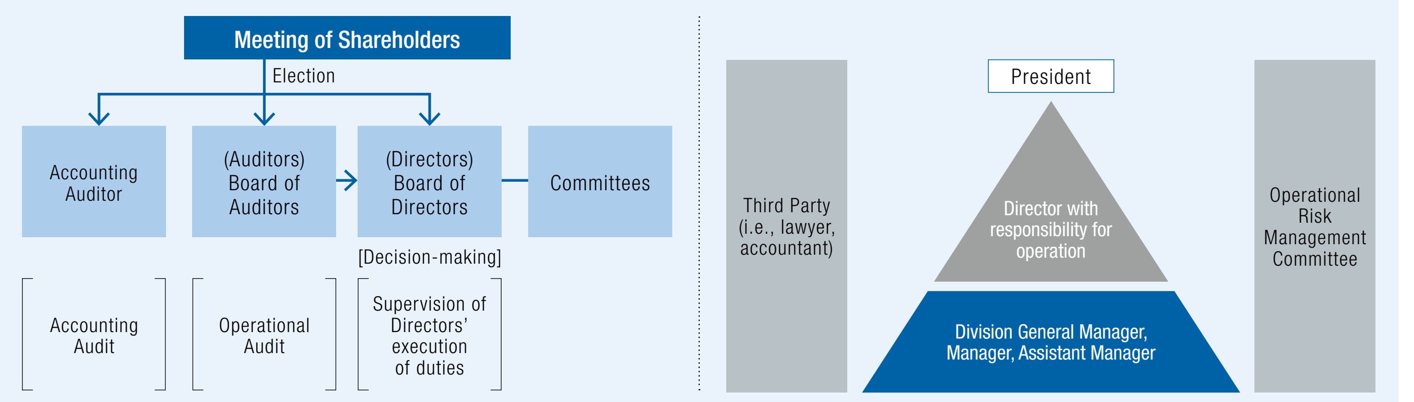
Nipro Corporation resolved to partially change its basic policy for internal control systems, as stipulated in Article 362, Paragraph 5 of the Companies Act, at the Board of Directors meeting convened on April 28, 2015 and implemented it from May 1, 2015.

Nipro Corporation strives to make business units the foundations of its internal control system for the Nipro group overall. Nipro Corporation's directors and auditors, as well as representatives of each of the major companies of the group, hold a group management meeting on a monthly basis. These meetings are used to report on the progress of business activities, decide key operating matters, and deliberate on pending matters. To build awareness of compliance with laws, regulations and corporate ethics among executives and employees, Nipro Corporation establishes, and promotes awareness toward, the "Nipro Code of Practice," while preparing legal compliance manuals and making them available on the corporate portal site, implementing an internal reporting system to collect and respond to risk data, and distributing appropriate information via net bulletin boards and the intranet. These internal control systems are targeted at the executives and employees of each company in the Nipro group, and are operated under an integrated management mechanism which seeks to ensure close mutual collaboration.

(3) Risk Management System

Nipro Corporation has established risk management regulations and a system for managing business and other specific risks. Its purpose is to recognize and capture risks that could have a material impact on business operations, in an appropriate and comprehensive manner. Nipro Corporation has also established an Operational Risk Management Committee to ensure cross-sectional management across all group companies. The committee endeavors to further strengthen risk management systems to prevent, avoid and learn from risks and crises. Nipro Corporation has also established a Sanction Committee, chaired by the President, which endeavors to ensure sound business

Basic Structure of Corporate Governance and Risk Management



Conceptual Diagram of Corporate Governance management through the appropriate handling of sanctions. Nipro Corporation produced the Disaster Prevention and Crisis Management handbook and distributed it to each employee within the Nipro group. Nipro Corporation tries hard to keep employees fully informed about taking calm and appropriate action when faced with disasters and about reassessing and renewing business continuity plans as appropriate.

2. Internal and Statutory Auditing

Internal Auditing

Nipro Corporation has established an Internal Audit Division, consisting of an Audit Office and an Overseas Audit Office, and conducts audits of accounting and other operations based on internal audit protocols. In addition to the two full-time employees in the Internal Audit Division, employees are dispatched as necessary from the Head Office Management Division or other divisions. Auditors carry out inspections and ensure smooth and efficient performance. Audits are carried out efficiently in accordance with audit policies and schedules as determined each fiscal year. Nipro Corporation endeavors to ensure smooth accounting and statutory audits through mutual collaboration between our auditors and accounting auditors.

(2) Statutory Auditing

For each statutory audit, auditors attend key meetings such as those of the Board of Directors, in accordance with the auditing policy and roles determined by the Board of Auditors. Auditors receive performance reports from directors and employees, and are able to request further explanation when necessary, and inspect key documents. Auditors also undertake other auditing duties such as investigating the state of operations and assets in key places of business. Board of Auditors Meetings are held regularly, or as necessary, in order to exchange views and hold discussions.

3. Outside Directors and Outside Auditors

(1) Outside Directors and Outside Auditors

Two of the directors are outside directors and two of the three auditors are outside auditors. One of the outside directors and one of the outside auditors are designated as independent directors.

(2) Personal, Capital, Business or Other Interests between Nipro Corporation, Outside Directors and Outside Auditors

There are no particular interests or relations between Nipro Corporation, the two outside directors and the two outside auditors.

(3) Function and Role of Outside Directors and Outside Auditors in the Corporate Governance of Nipro Corporation

The outside directors have excellent insight and wide-ranging experiences developed through their current and former positions and serve a management function by providing the appropriate advice and guidance in order to reinforce supervision.

The outside auditors are expected to apply their profound knowledge from past experiences of business management to the examination of the management of Nipro Corporation from a broad perspective. They work in close collaboration with the internal auditors, employees of the Audit Office, auditors and accounting auditors of subsidiaries. Their role is to effectively demonstrate an objective auditing function, and to effectively ensure integrated and effective audit activities across the Nipro group as a whole.

(4) Policy and Criteria for Independence from the Filing Company in the Election of Outside Directors and Outside Auditors

Nipro Corporation has no criteria or policy in place regarding independence from the filing company with respect to the election of outside directors and outside auditors. However, the evaluation criteria used for the independence of stock exchanges are referenced in such elections.

(5) Approach to the Election of Outside Directors and Outside Auditors

Close coordination with the outside directors and the full-time auditors, employees of the Audit Office and assigned staff from the management section of the head office (as needed) ensures sufficient cover to implement the supervision and the audit function and role as required by the current corporate governance system.

In the event that the number of auditors falls below the legal minimum, a pre-nominated standing auditor who meets the requirements to qualify as an outside auditor would be called upon.

Should the need arise to improve the audit function in accordance with business developments and future expansion, a review of the audit system would be considered, including an increase in the number of auditors.

(6) Mutual Collaboration between Outside Audits and Internal, Statutory and Accounting Audits, and the Relationship between Internal Control Divisions

The outside directors attend meetings of the Board of Directors and supervise our management based on their extensive knowledge and management experiences from an independent standpoint. The outside auditors carry out auditing activities including attending key meetings such as meetings of the Board of Directors in accordance with the audit policy and roles determined by the Board of Auditors. They are able to access reports via the full-time auditors or directly from directors and employees, and inspect key documents. The outside auditors also attend periodic or occasional meetings of the Board of Auditors to contribute to discussion and exchange opinions from an objective and independent viewpoint. The outside auditors strive to facilitate a smooth audit service through close collaboration with employees of the Audit Office, the full-time auditors, auditors of subsidiaries and the accounting auditor.

4. Remuneration of Directors and Auditors

(1) Total Amount of Remuneration etc., for Each Filing Company Officer

As there was no director or auditor whose total consolidated remuneration exceeded 100 million yen, this information is not disclosed.

(2) Policy for the Determination of Officer Remuneration

Director's Remuneration, etc.

Director's remuneration is determined by the Board of Directors or based on fixed standards set out by the Board of Directors. Annual remuneration is determined considering the market rate and the salary level of employees. Bonuses are calculated by a fixed method based on a sliding scale system in accordance with the performance of the business. Retirement benefits are granted by a resolution of the Board of Directors, up to a ceiling approved by the Meeting of Shareholders.

Auditor Remuneration, etc.

The annual remuneration is determined by mutual accord with the auditors.

Ceilings on the amounts of remuneration for directors and auditors are determined by a resolution taken at the Meeting of Shareholders. Annual directors' remuneration may be up to 800 million yen, based on a resolution of the 57th Meeting of Shareholders held on June 25, 2010.

Annual auditors' remuneration may be up to 30 million yen, based on a resolution of the 54th Meeting of Shareholders held on June 27, 2007.

5. Accounting Audits

Name of Accounting Auditor: Hibiki Audit Corporation

Names of Certified Public Accountants conducting the Audit:
Kouichi Aki,
Takashi Kinoshita,
Miho Ishihara

Support Staff for Audits:
Certified Public Accountants: 10 people
Other staff: 4 people

Effective July 1, 2014, Osaka Audit Corporation, which Nipro Corporation has previously obtained audit certification from, merged with Shinbashi Audit Corporation, Pegasasu Audit Corporation and became Hibiki Audit Corporation.

Total Amount of Remuneration for Each Class of Filing Company Officer, Total Amount of Remuneration by Type, and Number of Directors and Auditors Eligible for Remuneration

	Millions of yen				
	Total amount of remuneration	Total amount of remuneration by type			Number of eligible corporate officers
		Annual remuneration	Bonus	Retirement benefits	
Directors	¥610	¥128	¥437	¥45	27
Auditors excluding external auditors	7	7	—	—	1
External auditors	6	6	—	—	3

	Thousands of U.S. dollars				
	Total amount of remuneration	Total amount of remuneration by type			Number of eligible corporate officers
		Annual remuneration	Bonus	Retirement benefits	
Directors	$5,076	$1,065	$3,637	$374	27
Auditors excluding external auditors	58	58	—	—	1
External auditors	50	50	—	—	3

Financial Review

Overview

During the period under review, the global economy generally remained on a gradual recovery trend due to a stable recovery in the United States led by an improvement in personal consumption, and also continued economic recovery in Europe. Despite the fallback after the last-minute surge in demand before the consumption tax rate hike, the Japanese economy showed continued improvement on the back of the yen's depreciation and the increase in stock prices caused by the economic policies implemented by the Japanese government and the Bank of Japan.

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

Consolidated Business Results

Net Sales

In the year ended March 31, 2015, consolidated sales increased by 8.1% compared with the previous fiscal year to ¥325.1 billion (US$2,705.2 million).

Cost of Sales

The cost of sales increased 5.8% compared with the previous fiscal year to ¥225.5 billion (US$1,876.7 million). This increase corresponded to the increase in net sales, however, the ratio of cost of sales to net sales decreased by 1.5 percentage points compared with the previous fiscal year to 69.4%, mainly because the increase in sales of dialyzers, which offer high profit margins, improved productivity, which contributed to a decrease in manufacturing costs.

As a result, gross profit increased by 13.7% compared with the previous fiscal year to ¥99.6 billion (US$828.5 million).

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by 10.3% compared with the previous fiscal year to ¥83.0 billion (US$690.6 million), mainly due to an increase in labor costs and depreciation expenses.

Operating Income

As a result of the aforementioned factors, operating income increased by 34.8% compared with the previous fiscal year to ¥16.6 billion (US$137.9 million). The ratio of operating income to net sales increased by 1.0 percentage points to 5.1%, mainly due to the fluctuation of exchange rates.

Other Income (Expenses)

We recorded other income of ¥3.3 billion (US$27.8 million) compared with other income of ¥0.6 billion in the previous fiscal year. In the period under review, we recorded ¥4.9 billion (US$41.0 million) in foreign exchange gains, an increase of 266.0% compared with the previous fiscal year, and gain on sale of investment securities of ¥3.4 billion (US$28.3 million).

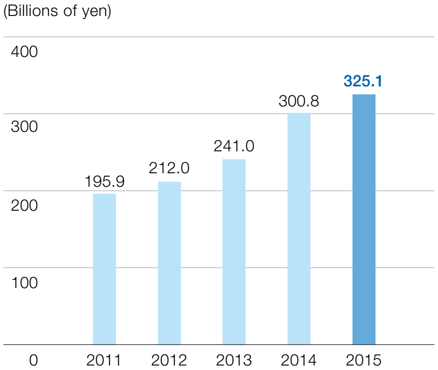
Income before Income Taxes and Minority Interests

As a result of the factors outlined above, income before income taxes and minority interests increased by 54.4% compared with the previous fiscal year to ¥19.9 billion (US$165.7 million).

(Years ended March 31)

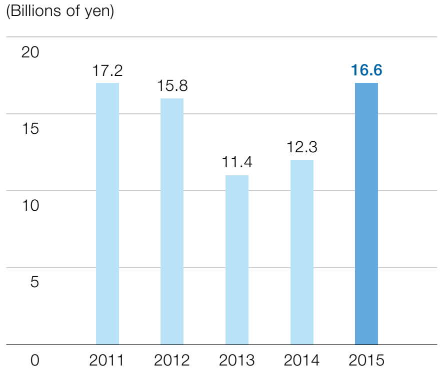
Net Sales

(Billions of yen)



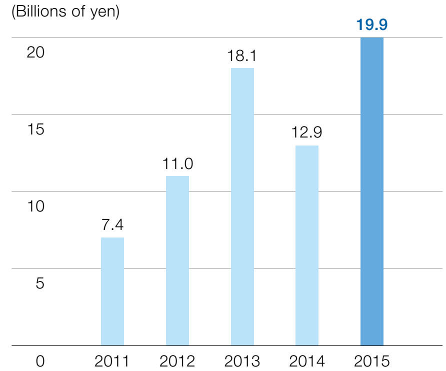
Operating Income

(Billions of yen)



Income Before Income Taxes and Minority Interests

(Billions of yen)



Income Taxes

Income taxes, including deferred taxes, decreased by 27.5% compared with the previous fiscal year to ¥7.1 billion (US$59.0 million) thanks to the loss carried forward by Tohoku Nipro Pharmaceutical Corporation, which was absorbed into Nipro Pharma Corporation during the period. The effective tax rate was 35.4%, lower than the rate of 75.9% for the previous fiscal year, due to the above-mentioned reason and the fact that losses at overseas subsidiaries shrunk from the previous fiscal year.

Minority Interests in Income from Consolidated Subsidiaries

Minority interests in income from consolidated subsidiaries amounted to ¥0.3 billion (US$2.8 million).

Net Income

Net income increased by 335.9% compared with the previous fiscal year to ¥12.5 billion (US$103.8 million). Net income per share increased to ¥81.0 (US$0.67) from ¥18.2 for the previous fiscal year. Return on equity increased 6.2 percentage points to 8.5% from 2.3% for the previous fiscal year because of the higher net income.

Net Sales by Geographic Segment

Japan

In Japan, net sales increased by 4.2% compared with the previous fiscal year to ¥182.1 billion (US$1,515.8 million) mainly due to firm sales of pharmaceutical products.

America

In America, net sales increased by 10.1% compared with the previous fiscal year to ¥62.7 billion (US$521.4 million) due to the stable expansion of sales especially in dialyzer and disposal products supported by strong sales channels.

Europe

In Europe, net sales increased by 6.0% compared with the previous fiscal year to ¥42.9 billion (US$356.8 million) due to the sound sales of dialysis products.

Asia

In Asia, net sales increased by 30.9% compared with the previous fiscal year to ¥37.4 billion (US$311.2 million) mainly because of the sales increase at new plants.

Financial Position

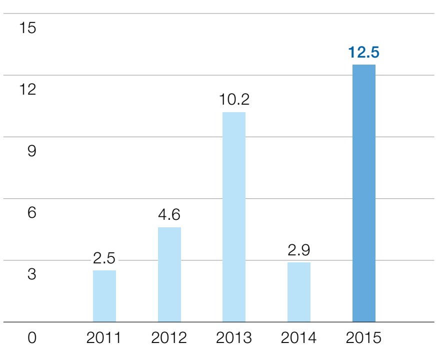
Total assets as of March 31, 2015 stood at ¥695.3 billion (US$5,786.0 million), an increase of 12.2% from the end of the previous fiscal year.

Current assets increased by 18.3% from the end of the previous fiscal year to ¥350.3 billion (US$2,915.4 million), due mainly to an increase in cash and cash equivalents and trade notes and accounts receivable.

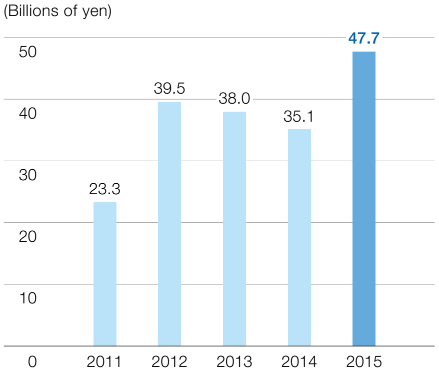
Property, plant and equipment, net of accumulated depreciation, stood at ¥220.2 billion (US$1,832.4 million), an increase of 14.9% compared with the previous fiscal year.

(Years ended March 31)

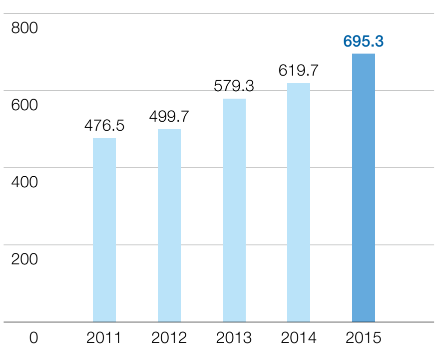
Net Income
(Billions of yen)



Capital Expenditures
(Billions of yen)



Total Assets
(Billions of yen)



Capital expenditures totaled ¥47.7 billion (US$396.9 million). By business segment, capital expenditures amounted to ¥14.5 billion (US$120.5 million) in the Medical-Related business, ¥17.9 billion (US$148.6 million) in the Pharmaceutical-Related business and ¥8.4 billion (US$70.1 million) in the Glass-Related business.

Intangible assets increased by 5.1% to ¥44.4 billion (US$369.2 million) due to an increase in the other accounting line item.

Investments and other assets decreased by 10.4% to ¥80.4 billion (US$669.0 million), due mainly to the decrease in investment in unconsolidated subsidiaries and an affiliate accounted for by the equity method.

Current liabilities increased 11.0% from the end of the previous fiscal year to ¥278.4 billion (US$2,316.7 million), mainly due to an increase in the current portion of long-term debt.

Long-term liabilities increased by 2.2% from the end of the previous fiscal year to ¥238.1 billion (US$1,981.3 million), mainly owing to an increase in long-term debt.

Total net assets increased by 31.5% from the end of the previous fiscal year to ¥178.8 billion (US$1,488.0 million). Shareholders' equity increased by ¥22.6 billion and accumulated other comprehensive income increased by ¥19.7 billion from the end of the previous fiscal year.

Cash Flow

Net cash provided by operating activities amounted to ¥28.0 billion (US$232.9 million), mainly because of net income as well as depreciation and amortization.

Net cash used in investing activities amounted to ¥29.7 billion (US$247.3 million), mainly due to the purchase of property, plant and equipment.

Net cash provided by financing activities amounted to ¥26.6 billion (US$221.3 million) as a result of proceeds from long-term loans.

As a result, net cash and cash equivalents increased by ¥27.3 billion compared with the end of the previous fiscal year to ¥98.2 billion (US$817.2 million).

Staff

The total number of employees at the end of the period under review increased by 1,327 compared with the end of the previous fiscal year to 23,153. Employees in Japan increased by 190 to 6,398, and the overseas employees increased by 1,137 to 16,755.

Basic Policy on Distribution of Profit

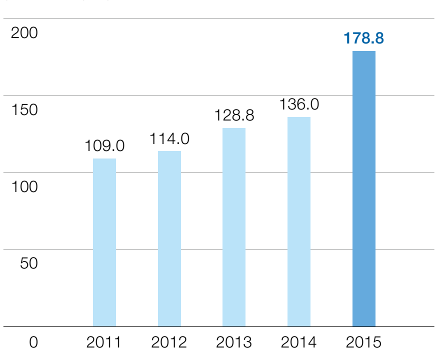
At Nipro, we have been paying dividends to shareholders by positioning the return of profits as an important management policy. Retained earnings will be actively invested in the research and development division, in addition to the sales division and production division, as a part of efforts to expand the business base and promote long-term business development in order to ensure stable profits and achieve continued growth.

Risk Factors

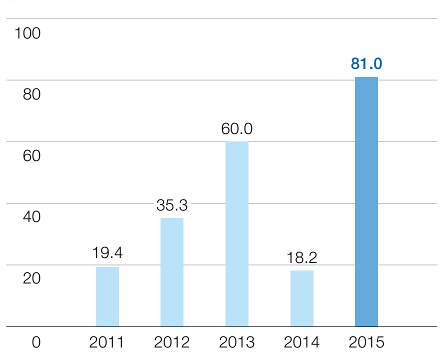
The following are risks that may have an effect on the Nipro group's operational results and/or financial condition. The items concerned were determined as of March 31, 2015.

(Years ended March 31)

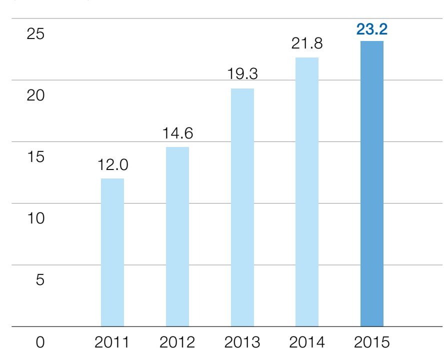
Net Assets
(Billions of yen)



Basic Earnings per Share
(yen)



Number of Employees
(Thousand)



(1) Risks Related to Product Safety

The Nipro group brings all of its capabilities to bear in ensuring product safety in the design, development and manufacturing of medical devices and pharmaceutical products. There are still the risks, however, that accidental defects or adverse effects could result in damages to a third party and our being sued for liability. To cover these risks, we therefore maintain general liability and product liability insurance. In the unlikely event of a successful claim in excess of the insurance coverage, however, there could be a material adverse effect on our operational results and/or financial condition.

(2) Risks Related to Supplier Concentration

The Nipro group procures materials and parts for its operations from a large number of suppliers. Some key materials or parts may be obtained only from a single supplier or a limited group of suppliers. If circumstances at any of these suppliers make it impossible for us to acquire a sufficient quantity of materials or parts to meet our production needs in a timely and cost-effective manner, there could be a material adverse effect on our operational results and/or financial condition.

(3) Risks Related to Changes in Government Healthcare Policies

The business sector to which the Nipro group belongs is intimately connected with the healthcare system and is subject to the regulations laid out by government organizations, including the National Health Insurance System and the Pharmaceutical Affairs Law. Should circumstances arise in which we were unable to respond to changes in the environment brought about by unforeseeable wholesale changes in government healthcare policies, there could be a material adverse effect on our operational results and/or financial condition.

(4) Risks Related to Changes in Sale Prices

The products sold by the Nipro group include some that are affected on an irregular two-year basis by price reductions under the Japanese payment system for medical care, drug prices and reimbursement prices for medical materials and supplies. Moreover, should measures to hold down medical costs also become pervasive worldwide, resulting in intensified competition between corporations and leading to prices falling to a greater degree than anticipated, there could be a material adverse effect on our operational results and/or financial condition.

(5) Risks Related to Changes in Prices of Raw Materials

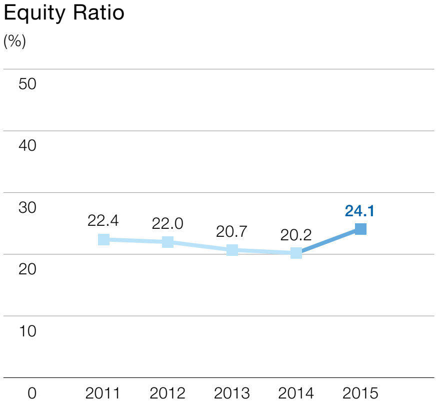
The products manufactured by the Nipro group include some that are made from petrochemical products such as plastics. Should the cost of raw materials such as petrochemicals rise, there could be a material adverse effect on our operational results and/or financial condition.

(6) Risks Related to Overseas Expansion

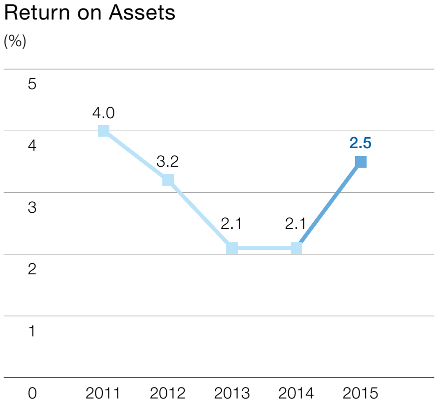
The Nipro group maintains manufacturing bases and sales offices around the world for the production and supply of its products. Should there be unexpected revisions to legal regulations or political or economic changes in these countries or regions, there could be a material adverse effect on our operational results and/or financial condition.

(Years ended March 31)

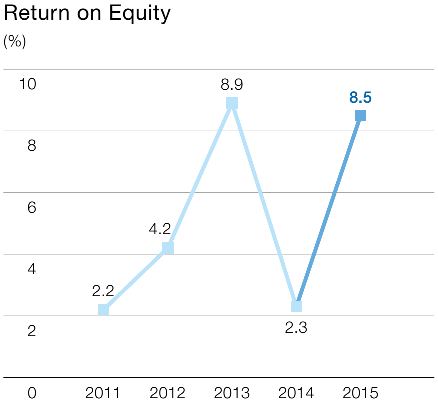
Equity Ratio



Return on Assets



Return on Equity



(7) Risks Related to Intellectual Property

The Nipro group owns numerous patents and trademarks, and maintains various proprietary rights for the products it manufactures. Additionally, we take all possible measures to avoid infringing the patents and proprietary rights of any third party, and to avoid breaching any license agreements we have concluded concerning technologies. Nevertheless, if an unanticipated claim for damages were to be made by a third party and the defense of the Nipro group were to be rejected, there could be a material adverse effect on its operational results and/or financial condition.

(8) Risks Related to Environmental Regulations

The Nipro group believes it has taken adequate precautions to comply with applicable regulations in the course of its business activities. Should our activities cause an unforeseen environmental problem, however, with a claim for damages made against us, there could be a material adverse effect on our operational results and/or financial condition.

(9) Risks Related to Exchange Rate Fluctuations

The Nipro group, including its overseas subsidiaries, carries out its foreign currency transactions primarily in US Dollars and Euros, but calculates financial statements for its overseas subsidiaries using Japanese Yen for the purpose of producing consolidated financial statements. Fluctuations in exchange rates may therefore have a material adverse effect on our operational results and/or financial condition.

(10) Risks Related to Investment Value

The Nipro group's assets include investments in stocks and other securities. These investments have been made for purposes such as building good business relationships with the issuers of such securities, or for gathering useful information for the development of new products or new business opportunities. Should the value of these investments decline significantly owing to fluctuations in the stock market, circumstances at an issuer, or a change in the accounting methods used to deal with these investments, there could be a material adverse effect on our operational results and/or financial condition.

(11) Risks Related to Controls on Personal Information

The Nipro group has established strict precautions to protect the confidentiality of personal information in our possession. However, if due to unforeseen events or an accident this personal information is leaked outside the group, causing a loss of trust or customers, there could be a material adverse effect on our operational results and/or financial condition.

(12) Risks Related to Fund Raising

The Nipro group relies on debt finance in the form of loans from financial institutions or issuance of corporate bonds and commercial paper, etc., to raise business and investment funds. If due to turmoil in financial markets, there is a reduction in lending from financial institutions or a significant downgrade of our credit rating by credit rating agencies, we may not be able to raise the necessary funds when we need them on acceptable terms. At the same time, we may incur restrictions on our fund raising capabilities or see an increase in the cost of fund raising. Any of these occurrences could have a material adverse effect on our operational results and/or financial condition.

(13) Risks Related to M&A and Business Alliances

The Nipro group conducts M&A activities and enters into business alliances to reinforce its business base. Prior to concluding these deals, we carry out a thorough investigation of the target company. However, should any problems arise such as the discovery of unrecognized liabilities or should the development of the acquired business not proceed as planned, there could be a material adverse effect on our operational results and/or financial condition.

(14) Other Risks

Fires, earthquakes, acts of terrorism, wars, epidemics, or other unforeseen man-made or natural disasters affecting areas or facilities where the Nipro group conducts its business activities may cause a delay or interruption in production, sales, distribution, or provision of services. Should such a delay or interruption be extended, there could be a material adverse affect on our operational results and/or financial condition.

Ten-Year Summary

Nipro Corporation and its Consolidated Subsidiaries
Years ended March 31

Millions of yen

	2015	2014	2013	2012
Income Statement Data:				
Net sales	¥ 325,084	¥ 300,753	¥ 241,021	¥ 212,013
Medical-Related (*1)	237,777	221,363	169,971	145,082
Pharmaceutical-Related (*1)	57,372	51,508	66,212	59,715
Glass-Related (*1)	29,830	27,611	4,603	6,954
Other (*1)	105	271	235	262
Store (*1)	—	—	—	—
Cost of sales	225,525	213,221	175,314	149,253
Selling, general and administrative expenses	82,987	75,242	54,336	46,935
Operating income	16,572	12,290	11,371	15,825
Medical-Related (*2)	23,813	20,436	14,287	17,078
Pharmaceutical-Related (*2)	10,553	8,013	3,988	4,940
Glass-Related (*2)	(2,889)	(2,183)	601	454
Other (*2)	131	216	222	230
Store (*2)	—	—	—	—
Income before income taxes and minority interests	19,908	12,891	18,060	11,022
Net income	12,470	2,861	10,232	4,586
Capital expenditures	47,698	35,093	37,997	39,525
Depreciation and amortization	27,668	25,151	21,210	21,581
R&D expenses	8,646	7,891	6,464	5,957
Balance Sheet Data:				
Total assets	¥ 695,307	¥ 619,655	¥ 579,302	¥ 499,687
Property, plant and equipment—net	220,195	191,594	174,703	145,679
Working capital	71,945	45,405	74,216	61,346
Current liabilities	278,402	250,715	213,758	189,090
Long-term liabilities	238,095	232,979	236,781	196,646
Common stock	84,398	84,398	84,398	84,398
Capital surplus	635	689	636	636
Net assets	178,810	135,961	128,763	113,951

Yen

	2015	2014	2013	2012
Per Share Data:				
Basic earnings (*3)	¥ 81.0	¥ 18.2	¥ 60.0	¥ 35.3
Diluted earnings (*3)	—	16.3	54.1	31.0
Cash dividends	32.5	30.5	27.5	23.5
Equity (*3)	988.8	832.1	703.5	643.9
Number of common shares issued	171,459,479	171,459,479	171,459,479	171,459,479
Number of employees	23,153	21,826	19,327	14,566
Selected Data and Ratios:				
Equity ratio (*4) (%)	24.1	20.2	20.7	22.0
Return on assets (*4) (%)	2.5	2.1	2.1	3.2
Return on equity (*4) (%)	8.5	2.3	8.9	4.2
Price earnings ratio (*4) (times)	14.1	51.0	14.0	17.5

(*1) Effective the fiscal year ended March 31, 2011, the Company has adopted ASBJ Statement No. 17 "Accounting Standard for Disclosures about Segment of an Enterprise and Related Information" (March 27, 2009) and ASBJ Guidance No. 20 "Guidance on Accounting Standard for Disclosures about Segment of an Enterprise and Related Information" (March 21, 2008). Net sales and operating income for the period for the fiscal year ended March 31, 2010 have been restated to show what the Group's result would have been if the new accounting standards had been applied in that year. Before the fiscal year ended March 31, 2009, net sales and operating income have been stated in compliance with previous accounting rules. In addition, the corporate reorganization was conducted effective on October 1, 2012 in order to enforce Pharmaceutical-Related business and build a strong cooperative relationship among Medical-Related, Pharmaceutical-Related and Glass-Related businesses. As a result of this reorganization, some business divisions included in Glass-Related business were changed to Pharmaceutical-Related business. The segment information is presented as if the aforementioned reorganization had been conducted at the beginning of the financial year 2012, and the presentation for the prior financial years are not restated.
(*2) Operating income at the operating segment level is not adjusted for intra-segment transactions. See Note 16. "Segment Reporting" to the consolidated financial statements.

					Millions of yen	Thousands of U.S. dollars (Note 1)
2011	2010	2009	2008	2007	2006	**2015**
¥ 195,943	¥ 177,830	¥ 175,945	¥ 172,113	¥ 184,363	¥ 206,801	**$2,705,201**
132,817	118,517	112,970	111,084	97,300	90,868	**1,978,672**
38,005	34,528	52,726	48,754	42,152	35,220	**477,424**
24,704	24,338	9,554	11,437	12,919	11,934	**248,232**
417	447	695	838	1,019	1,518	**873**
—	—	—	—	30,973	67,261	**—**
137,768	126,145	124,396	123,108	132,142	149,971	**1,876,716**
40,950	33,591	36,774	35,328	39,168	44,498	**690,580**
17,225	18,094	14,775	13,677	13,053	12,332	**137,905**
18,437	19,923	16,209	15,830	14,334	13,430	**198,161**
1,658	2,102	4,082	3,271	3,298	2,111	**87,817**
2,701	3,103	1,772	1,890	1,865	1,836	**(24,041)**
88	64	4	13	151	529	**1,091**
—	—	—	—	270	578	**—**
7,432	13,872	9,379	8,260	16,776	9,061	**165,665**
2,456	7,253	4,531	4,454	8,555	4,513	**103,770**
23,323	15,209	33,142	25,900	23,093	20,874	**396,921**
21,244	18,421	18,109	15,054	12,470	12,315	**230,240**
4,977	4,846	5,352	6,194	4,461	3,760	**71,948**
¥ 476,510	¥ 383,397	¥ 330,641	¥ 349,302	¥ 336,660	¥ 338,741	**$5,786,028**
128,506	124,209	126,739	118,812	104,882	106,195	**1,832,363**
40,621	41,725	46,070	53,911	43,128	34,579	**598,694**
176,401	138,204	114,796	108,835	104,105	111,285	**2,316,734**
191,071	129,122	119,285	120,923	105,535	113,453	**1,981,318**
28,663	28,663	28,663	28,663	28,663	28,663	**702,322**
29,973	29,973	29,973	29,975	29,973	29,972	**5,284**
109,038	116,071	96,560	119,544	127,020	114,003	**1,487,976**
						U.S. dollars (Note 1)
¥ 19.4	¥ 114.4	¥ 71.4	¥ 70.2	¥ 134.7	¥ 69.6	**$ 0.67**
17.4	114.1	—	—	—	—	**—**
50.0	53.0	32.0	37.5	80.0	37.5	**0.27**
839.7	1,802.3	1,498.5	1,861.8	1,979.2	1,767.7	**8.23**
63,878,505	63,878,505	63,878,505	63,878,505	63,878,505	63,878,505	
12,017	9,939	9,354	9,020	8,807	9,048	
22.4	29.8	28.7	33.8	37.3	33.2	
4.0	5.1	4.3	4.0	3.9	3.9	
2.2	6.9	4.2	3.7	7.2	4.3	
42.5	15.8	21.5	24.8	17.1	26.0	

(*3) Effective the fiscal year ended March 31, 2012, the Company has adopted ASBJ Statement No. 2 “Accounting Standard for Earnings per Share” (June 30, 2010), ASBJ Guidance No. 4 “Guidance on Accounting Standard for Earnings per Share” (June 30, 2010) and ASBJ PITF No. 9 “Practical Solution on Accounting for Earnings per Share” (June 30, 2010). In addition, the Company split one share of common stock into two shares on October 1, 2011 based on a resolution at the board of directors’ meeting held on August 27, 2011. In accordance with this adoption, equity per share, basic earnings per share and diluted earnings per share are calculated on the assumption that the two-for-one stock split of common stock was conducted at the beginning of the fiscal year ended March 31, 2011. Before the fiscal year ended March 31, 2010, each amount has been stated in compliance with previous accounting rules.

(*4) Equity ratio is the ratio of the sum of total shareholders’ equity and accumulated other comprehensive income to total assets at the period end. Return on assets is the ratio of operating income for the period to the average of total assets during the period. Return on equity is the ratio of net income for the period to average of the sum of total shareholders’ equity and accumulated other comprehensive income during the period. The price earnings ratio is the ratio of the closing price of the Company’s shares listed on the First Section of the Tokyo Stock Exchange on the last trading day in March of each year to the basic earnings per share.

Consolidated Balance Sheets

Nipro Corporation and its Consolidated Subsidiaries
As of March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Assets			
Current assets:			
Cash and cash equivalents	¥ 98,199	¥ 70,892	$ 817,167
Time deposits (over three months)	14,672	14,065	122,094
Trade notes and accounts receivable (Note 5)	114,477	103,179	952,625
Allowance for doubtful receivables	(2,783)	(2,011)	(23,159)
Inventories (Note 3)	102,476	90,486	852,759
Deferred income taxes (Note 4)	6,964	7,354	57,951
Other current assets	16,342	12,155	135,991
Total current assets	350,347	296,120	2,915,428
Property, plant and equipment (Note 5)**:**			
Land	22,027	23,368	183,299
Buildings and structures	174,138	158,109	1,449,097
Machinery and equipment	258,590	232,371	2,151,868
Construction in progress	31,243	20,534	259,990
	485,998	434,382	4,044,254
Accumulated depreciation	(265,803)	(242,788)	(2,211,891)
Property, plant and equipment—net	220,195	191,594	1,832,363
Intangible assets (Note 5)**:**			
Goodwill	26,364	28,494	219,389
Other	18,005	13,722	149,829
Total intangible assets	44,369	42,216	369,218
Investments and other assets:			
Investment in unconsolidated subsidiaries and an affiliate accounted for by the equity method	5,764	11,139	47,965
Investment securities (Note 6)	58,313	60,953	485,254
Lease deposits	1,356	1,213	11,284
Deferred income taxes (Note 4)	7,900	8,454	65,740
Other	7,063	7,966	58,776
Total investments and other assets	80,396	89,725	669,019
Total	¥695,307	¥619,655	$5,786,028

The accompanying notes are an integral part of these statements.

	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars (Note 1) 2015
Liabilities and net assets			
Current liabilities:			
Short-term bank loans (Notes 5 and 10)	¥ 82,248	¥ 77,630	$ 684,430
Current portion of long-term debt (Notes 5 and 10)	81,952	68,965	681,967
Trade notes and accounts payable	51,751	45,661	430,648
Accrued income taxes	3,508	10,253	29,192
Accrued expenses	22,508	18,453	187,302
Allowance for loss on clearance of business	—	2,439	—
Commercial paper (Note 10)	10,000	10,000	83,215
Notes and accounts payable for plant and equipment	11,760	8,936	97,861
Other current liabilities	14,675	8,378	122,119
Total current liabilities	278,402	250,715	2,316,734
Long-term liabilities:			
Long-term debt (Notes 5 and 10)	226,214	222,837	1,882,450
Net defined benefit liability (Note 11)	3,841	4,043	31,963
Deferred income taxes (Note 4)	2,162	1,977	17,991
Other long-term liabilities	5,878	4,122	48,914
Total long-term liabilities	238,095	232,979	1,981,318
Commitments and contingent liabilities (Note 12)			
Net Assets (Notes 15)**:**			
Common stock	84,398	84,398	702,322
Authorized: 400,000,000 shares			
Issued: 171,459,479 shares			
Capital surplus	635	689	5,284
Retained earnings	58,886	52,568	490,022
Less cost of common shares of treasury stock	(1,687)	(18,000)	(14,038)
(1,899,861 shares in 2015 and 20,730,973 shares in 2014)			
Total shareholders' equity	142,232	119,655	1,183,590
Unrealized gain (loss) on available-for-sale securities	(2,311)	(7,444)	(19,231)
Deferred gains or losses on hedges	39	38	325
Foreign currency translation adjustments	27,870	13,535	231,921
Remeasurements of defined benefit plans	(171)	(357)	(1,423)
Accumulated other comprehensive income	25,427	5,772	211,592
Minority interests	11,151	10,534	92,794
Total net assets	178,810	135,961	1,487,976
Total	¥695,307	¥619,655	$5,786,028

The accompanying notes are an integral part of these statements.

Consolidated Statements of Income

Nipro Corporation and its Consolidated Subsidiaries
For the years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Net sales	¥325,084	¥300,753	$2,705,201
Cost of sales	225,525	213,221	1,876,716
Gross profit	99,559	87,532	828,485
Selling, general and administrative expenses (Notes 17 and 18)	82,987	75,242	690,580
Operating income	16,572	12,290	137,905
Other income (expenses):			
Interest and dividend income	2,679	2,617	22,293
Interest expense	(4,067)	(3,857)	(33,844)
Loss on sale and disposal of property, plant and equipment—net	857	(348)	7,132
Exchange gain	4,923	1,345	40,967
Equity in loss of an affiliated company	(168)	—	(1,398)
Gain on sale of investment securities (Note 6)	3,403	1,322	28,318
Loss on impairment of fixed assets	(66)	(2)	(549)
Other loss—net	(4,225)	(476)	(35,159)
Income before income taxes and minority interests	19,908	12,891	165,665
Income taxes (Note 4)**:**			
Current	8,349	13,740	69,476
Deferred	(1,253)	(3,951)	(10,427)
Net income before minority interests	12,812	3,102	106,616
Minority interests in income (loss) of consolidated subsidiaries	342	241	2,846
Net income	¥ 12,470	¥ 2,861	$ 103,770
	Yen		U.S. dollars (Note 1)
Amounts per common share:			
Basic earnings	¥ 81.0	¥ 18.2	$ 0.67
Diluted earnings	—	16.3	—
Cash dividends	32.5	30.5	0.27

The accompanying notes are an integral part of these statements.

Consolidated Statements of Comprehensive Income

Nipro Corporation and its Consolidated Subsidiaries
For the years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Net income before minority interests	¥12,812	¥ 3,102	$106,616
Other comprehensive income:			
Unrealized gain on available-for-sale securities	5,134	5,104	42,723
Deferred gains or losses on hedges	1	38	8
Foreign currency translation adjustment	14,656	21,259	121,961
Remeasurements of defined benefit plans	187	—	1,556
Share of other comprehensive income of entities accounted for using equity method	1	—	8
Comprehensive income	¥32,791	¥29,503	$272,872
Comprehensive income attributable to:			
Shareholders of the parent	32,126	27,975	267,338
Minority interests	665	1,528	5,534

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

Nipro Corporation and its Consolidated Subsidiaries
For the years ended March 31, 2015 and 2014

	Thousands												Millions of yen
	Outstanding number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Total share-holders' equity	Unrealized gain on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Accumulated other com-prehensive income	Minority interests	Total net assets
Balance at March 31, 2013	171,459	¥84,398	¥636	¥54,788	¥ (865)	¥138,957	¥(12,547)	¥ —	¥ (6,437)	¥ —	¥(18,984)	¥ 8,790	¥128,763
Net income				2,861		2,861							2,861
Increase (decrease) in retained earnings due to inclusion of new subsidiaries in consolidation				—		—							—
Cash dividends				(5,055)		(5,055)							(5,055)
Purchase of treasury stock					(18,179)	(18,179)							(18,179)
Disposal of treasury stock			53		1,044	1,097							1,097
Decrease of retained earnings (Other)				(26)		(26)							(26)
Other net change during the year						—	5,103	38	19,972	(357)	24,756	1,744	26,500
Balance at March 31, 2014	171,459	84,398	689	52,568	(18,000)	119,655	(7,444)	38	13,535	(357)	5,772	10,534	135,961
Cumulative effects of changes in account policies				98		98							98
Balance at March 31, 2014	171,459	84,398	689	52,666	(18,000)	119,753	(7,444)	38	13,535	(357)	5,772	10,534	136,059
Net income				12,470		12,470							12,470
Increase (decrease) in retained earnings due to inclusion of new subsidiaries in consolidation				(325)		(325)							(325)
Cash dividends				(4,992)		(4,992)							(4,992)
Purchase of treasury stock					(1)	(1)							(1)
Disposal of treasury stock			(54)	(932)	16,314	15,328							15,328
Decrease of retained earnings (Other)				(1)		(1)							(1)
Other net change during the year						—	5,133	1	14,335	186	19,655	617	20,272
Balance at March 31, 2015	171,459	¥84,398	¥635	¥58,886	¥ (1,687)	¥142,232	¥ (2,311)	¥39	¥27,870	¥(171)	¥ 25,427	¥11,151	¥178,810

	Thousands												Thousands of U.S. dollars (Note 1)
	Outstanding number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Total share-holders' equity	Unrealized gain on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Accumulated other com-prehensive income	Minority interests	Total net assets
Balance at March 31, 2014	171,459	$702,322	$5,734	$437,447	$(149,788)	$ 995,715	$(61,946)	$316	$112,632	$(2,971)	$ 48,031	$87,659	$1,131,405
Cumulative effects of changes in account policies				$ 816		$ 816							$ 816
Balance at March 31, 2014	171,459	$702,322	$5,734	$438,263	$(149,788)	$ 996,531	$(61,946)	$316	$112,632	$(2,971)	$ 48,031	$87,659	$1,132,221
Net income				103,770		103,770							103,770
Increase (decrease) in retained earnings due to inclusion of new subsidiaries in consolidation				(2,705)		(2,705)							(2,705)
Cash dividends				(41,541)		(41,541)							(41,541)
Purchase of treasury stock					(8)	(8)							(8)
Disposal of treasury stock			(450)	(7,756)	135,758	127,552							127,552
Decrease of retained earnings (Other)				(9)		(9)							(9)
Other net change during the year						—	42,715	9	119,289	1,548	163,561	5,135	168,696
Balance at March 31, 2015	171,459	$702,322	$5,284	$490,022	$ (14,038)	$1,183,590	$(19,231)	$325	$231,921	$(1,423)	$211,592	$92,794	$1,487,976

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

Nipro Corporation and its Consolidated Subsidiaries
For the years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Operating activities:			
Net income	¥ 12,470	¥ 2,861	$ 103,770
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	27,668	25,151	230,240
Amortization of goodwill	5,837	4,827	48,573
Loss on impairment of fixed assets	66	2	549
Equity in loss of an affiliated company	169	—	1,406
Allowance for doubtful receivables	1,292	1,072	10,751
Gain on sales of available for sales securities	(426)	(1,161)	(3,545)
Provision for deferred taxes	(1,254)	(3,951)	(10,435)
Exchange loss	(2,801)	(2,998)	(23,309)
Loss on devaluation of marketable securities	1	10	8
Loss (gain) on sale and disposal of property, plant and equipment—net	(857)	342	(7,132)
Other, net	252	739	2,097
Changes in operating assets and liabilities:			
Trade receivables	(6,766)	(10,730)	(56,303)
Inventories	(8,120)	(2,441)	(67,571)
Other current assets	5,502	2,061	45,785
Lease deposits	(79)	(212)	(657)
Trade payables	1,147	(2,468)	9,545
Accrued income taxes	(6,800)	6,468	(56,586)
Other, net	681	1,980	5,667
Total adjustments	15,512	18,691	129,083
Net cash provided by operating activities	27,982	21,552	232,853
Investing activities:			
Purchase of property, plant and equipment	(38,772)	(27,921)	(322,643)
Proceeds from sales of property, plant and equipment	3,749	379	31,197
Purchase of available-for-sale securities	(2,048)	(627)	(17,043)
Purchase of investments in unconsolidated subsidiaries	(1,225)	(6,780)	(10,194)
Proceeds from sales of available-for-sale securities	11,520	9,059	95,864
Purchases of investments in consolidated subsidiaries affecting scope of consolidation	(754)	(6,959)	(6,274)
Payments for transfer of business	(1,400)	—	(11,650)
Deposits (Over three months)	898	1,125	7,473
Other, net	(1,682)	(214)	(13,996)
Net cash used in investing activities	(29,714)	(31,938)	(247,266)
Financing activities:			
Net increase (decrease) in short-term loans	3,210	(9,340)	26,712
Proceeds from long-term loans	83,331	63,280	693,443
Repayment of long-term loans	(52,384)	(49,029)	(435,916)
Proceeds from issuance of bonds	2,983	2,980	24,823
Repayment of bonds	(4,715)	(1,282)	(39,236)
Proceeds from issuance of common stock	—	151	—
Proceeds from sales of treasury shares	213	1,196	1,772
Purchase of treasury shares	(2)	(18,278)	(17)
Cash dividends paid	(5,008)	(5,057)	(41,674)
Other, net	(1,030)	(967)	(8,571)
Net cash used in financing activities	(26,598)	(16,346)	(221,336)
Effect of exchange rate changes on cash and cash equivalents	1,785	4,982	14,854
Net increase (decrease) in cash and cash equivalents	26,651	(21,750)	221,777
Cash and cash equivalents, beginning of period	70,892	92,623	589,931
Cash and cash equivalents of newly consolidated subsidiary, beginning of period	656	19	5,459
Cash and cash equivalents, end of period	¥ 98,199	¥ 70,892	$ 817,167

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

1. Basis of Presenting Consolidated Financial Statements

The financial statements of Nipro Corporation ("the Company") and its consolidated domestic subsidiaries have been prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Law of Japan and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards. Effective from the year ended March 31, 2009, the Company has adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (PITF No. 18) and as a result, the accounts of consolidated overseas subsidiaries are prepared in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States, with adjustments for the specified five items as applicable.

In preparing the accompanying consolidated financial statements, certain reclassifications have been made to the consolidated financial statements issued domestically, in order to present them in a form which is more familiar to readers outside Japan. However, no adjustment has been made which would change the financial position or the results of operations presented in the original financial statements. In addition, the notes to consolidated financial statements include additional information which is not required under generally accepted accounting principles and practices in Japan.

The financial statements presented herein are expressed in Japanese yen and, solely for the convenience of the reader, have been translated into United States dollars at the rate of ¥120.17=US$1, the approximate exchange rate on March 31, 2015. These translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollar amounts at that or any other rate.

2. Summary of Significant Accounting Policies

(a) Basis of Consolidation

The consolidated financial statements include the accounts of the Company and the significant subsidiaries and affiliated company accounted for by the equity method.

Investments in unconsolidated subsidiaries are stated at cost and the equity method is not applied for the valuation of such investments since they are considered immaterial in the aggregate.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profits included in assets resulting from transactions within the Company and its consolidated subsidiaries have been eliminated. The difference between the cost of investments in subsidiaries and affiliates and the equity in their net assets at the dates of acquisition is amortized on a straight-line basis over five to twenty years.

All accounts herein have been presented on the basis of the 12 months ended March 31, 2015 for the Company and for consolidated domestic subsidiaries, and December 31, 2014 for all consolidated overseas subsidiaries.

Adjustments have been made for any significant intercompany transactions which took place during the period between the end of the accounting period of the consolidated overseas subsidiaries and that of the Company.

(b) Translation of Foreign Currencies

Balance sheets of consolidated overseas subsidiaries are translated into Japanese yen at the current exchange rates as of the balance sheet date except for shareholders' equity, which is translated at the historical rates. Income statements of consolidated overseas subsidiaries are translated into Japanese yen at the average exchange rates for the period. Resulting translation adjustments are shown as "Foreign currency translation adjustments" in the "Accumulated other comprehensive income" section of net assets.

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, readily available deposits and short-term highly liquid investments with original maturities of three months or less.

(d) Allowance for Doubtful Receivables

An allowance for possible losses from trade notes and accounts receivable, loans and other receivables is provided based on the actual rate of past bad debts and the uncollectible amounts of certain individual receivables.

(e) Inventories

Inventories are stated principally at the lower of average cost or net realizable value.

(f) Property, Plant and Equipment

Depreciation of property, plant and equipment of the Company and its consolidated domestic subsidiaries is computed principally by the declining-balance method. The straight-line method is applied to buildings acquired by the domestic companies after April 1, 1998, and is principally applied to the property, plant and equipment of consolidated overseas subsidiaries.

(g) Intangible Assets

Amortization of intangible assets, including software for the Company's own use, is computed by the straight-line method over the estimated useful life of the asset.

Goodwill is amortized on a straight-line basis over the period the Company benefits from its use. If the amount is not significant, it is expensed when incurred.

(h) Investment Securities

Investment securities are classified and accounted for, depending on management's intent, as follows:

i) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are stated at amortized cost.

ii) available-for-sale securities, which are not classified as the aforementioned securities, are stated at fair value. Unrealized gains and losses, net of applicable taxes, are reported as "Accumulated other comprehensive income" of net assets.

Non-marketable available-for-sale securities are stated at cost determined by the average method.

For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

(i) Allowance for Loss on Clearance of Business

The Company has withdrawn from retail business and a provision for anticipated losses of sales of related fixed assets is provided.

(j) Employees' Retirement and Severance Benefits

Method of Attributing Expected Benefit to Periods

In calculating retirement benefit obligation, the estimated amount of retirement benefit is attributed to the periods on the benefit formula basis.

Accounting Method of Actuarial Gains and Losses and Prior Service Costs

Prior service costs are amortized on a straight-line basis over a certain period (mainly 5 years), which is within the average of the estimated remaining service years of the employees when such costs occur.

Actuarial gains and losses are amortized on a straight-line basis over a certain period (mainly 5 years), which is within the average of the estimated remaining service years of the employees commencing from the following year in which they arise.

(k) Derivatives

Derivatives are stated at fair value, with changes in fair value included in net income or loss for the period in which they arise, unless derivatives are used for hedging purposes. Please see (m) Hedge Accounting below.

(l) Leases

Finance leases, except for certain immaterial leases, are capitalized in the balance sheet. Amortization of finance lease assets is calculated by straight-line method over the lease period assuming no residual value.

The Company and its consolidated domestic subsidiaries account for certain finance leases as operating leases, which do not transfer ownership to the lessee and existed prior to April 1, 2008. The information of such leases on an "as if capitalized" basis is presented in Note 7. "Leases".

(m) Hedge Accounting

<Method of hedge accounting>

The deferral hedge accounting method is applied in principle. The allocation method is applied to currency swaps and the exceptional accounting method is applied to interest rate swaps when certain hedging criteria are met.

<Hedge instrument and hedge items>

(Hedging instruments)	(Hedged items)
Currency swap	Short-term and long-term debt denominated in foreign currency
Interest rate swap	Interest on short-term and long-term debt

<Hedge policy>

The Company uses currency swaps and interest rate swaps to reduce currency exposure and interest volatility risk.

<Method for assessing hedge effectiveness>

Hedge effectiveness is not assessed for currency swaps which meet certain criteria of the allocation method and interest rate swaps which meet certain criteria of the exceptional accounting method.

(n) Income Taxes

The provision for income taxes is computed based on income for financial statement purposes. The asset and liability approach is used to recognize deferred tax assets and liabilities for the future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

(o) Amounts per Common Share

Basic earnings per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period. Diluted earnings per share reflect the potential dilution that could occur if securities were exercised or converted into common stock. Diluted earnings per share of common stock assume full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

(p) Changes in Accounting Policy

Application of Accounting Standard for Retirement Benefits and its Guidance

Effective beginning the fiscal year ended March 31, 2015, the Company applied Article 35 of the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and Article 67 of the "Guidance on the Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, March 26, 2015) and changed the calculation methods for retirement benefit obligations and service costs. The method of attributing estimated retirement benefits to periods was changed from the straight-line basis to the benefit formula basis, and the method of determining the discount rate was revised from a method based on an approximation of the employees' average remaining service period to a method of using a single weighted average discount rate reflecting the estimated payment period and the amount for each estimated payment period of the retirement benefit. In applying the Accounting Standard for Retirement Benefits and its Guidance, the Company follows the transitional treatment set out in Section 37 of Accounting Standard for Retirement Benefit. Consequently, the effects of the changes in calculation methods for retirement benefit obligations and service costs were recognized in retained earnings at the beginning of the fiscal year ended March 31, 2015.

As a result, net defined benefit liability decreased ¥150 million (US$1,248 thousand) and retained earnings increased ¥98 million (US$816 thousand) at the beginning of the current period under review. This change has minimal impact on operating income, ordinary income and income before income taxes and minority interests in the current period under review.

3. Inventories

Inventories consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Finished goods and merchandise	¥ 67,413	¥59,517	$560,980
Raw materials	18,908	16,387	157,344
Work in process	12,150	10,968	101,107
Packing and other	4,005	3,614	33,328
Total	¥102,476	¥90,486	$852,759

4. Income Taxes

The Company and its domestic subsidiaries are subject to several taxes based on income which, in aggregate, resulted in a normal statutory tax rate of approximately 35.4% and 37.8% for the years ended March 31, 2015 and 2014, respectively.
The significant components of deferred tax assets and liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Deferred tax assets			
Tax loss carryforwards	¥ 9,429	¥ 9,061	$ 78,464
Intercompany profits	2,409	1,535	20,047
Valuation loss on inventories	953	1,031	7,930
Allowance for bonuses to employees	873	1,013	7,265
Allowance for loss on clearance of business	—	863	—
Sales allowance	242	246	2,013
Loss on impairment of fixed assets	93	119	774
Excess of allowance for doubtful accounts over tax allowable amounts	1,528	1,012	12,715
Net defined benefit liability	1,144	1,313	9,520
Accrued enterprise taxes	237	747	1,972
Unrealized loss on available-for-sale securities	1,797	4,831	14,954
Goodwill	1,671	2,045	13,905
Other	3,919	4,170	32,613
Gross deferred tax assets	¥24,295	¥ 27,986	$202,172
Less: Valuation allowance	(6,121)	(10,604)	(50,936)
Total deferred tax assets	¥18,174	¥ 17,382	$151,236
Deferred tax liabilities			
Unrealized gain on available-for-sale securities	452	443	3,761
Revaluation reserve for land	676	676	5,625
Revaluation reserve for intangible assets	1,222	1,194	10,169
Revaluation reserve for fixed assets—other	1,717	682	14,288
Other	1,782	590	14,830
Total deferred tax liabilities	¥ 5,849	¥ 3,584	$ 48,673
Net deferred tax assets (liabilities) (*1)	¥12,325	¥ 13,798	$102,563

(*1) The current portion of Deferred Tax Liabilities for the year ended March 31, 2015 is ¥376 million (US$3,129 thousand) and is accounted for as "Others" of Current Liabilities.

Reconciliation of the differences between the statutory tax rates and the effective income tax rates was as follows:

	2015	2014
Statutory tax rate	—	37.8%
Expenses not deductible for tax purposes	—	4.9
Non-taxable dividend income	—	(3.3)
Loss in subsidiaries	—	—
Amortization of goodwill	—	13.7
Tax credits primarily for research and development costs	—	(5.3)
Tax loss carryforwards	—	—
Valuation allowance	—	17.2
Other	—	10.9
Effective income tax rate	—	75.9

* The note is omitted because the difference between the statutory tax rate and effective tax rate after adoption of tax-effect accounting is less than 5% of the statutory tax rate for the fiscal year ended March 31, 2015.
* Adjustment of deferred tax assets and liabilities following the change in the statutory tax rates
"Act on Partial Revision of the Income Tax Act" (Law No. 9, 2015) and "Revision of the Local Tax Law" (Law No. 2, 2015) were promulgated on March 31, 2015.
Accordingly, the statutory tax rate for calculating deferred tax assets and liabilities for this fiscal year under review (limited to those to be eliminated on and after April 1, 2015) has been changed from 35.4% of the previous fiscal year to 33.0% for those which are expected to be recovered or paid from April 1, 2015 to March 31, 2016 and to 32.2% for those which are expected to be recovered or paid on and after April 1, 2016.
As a result, net deferred tax assets decreased ¥698 million (US$5,808 thousand), while income taxes deferred increased ¥519 million (US$4,319 thousand) and the valuation difference on available-for-sale securities increased ¥151 million (US$1,257 thousand).

5. Pledged Assets

The following assets were pledged as collateral:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Buildings and structures	¥14,503	¥12,703	$120,687
Machinery and equipment	3,684	2,701	30,657
Land	4,227	2,606	35,175
Trade notes receivable	6,699	7,158	55,746
Other	19,325	13,037	160,814
Total	¥48,438	¥38,205	$403,079

The above assets were pledged against the following liabilities:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Short-term bank loans	¥ 3,007	¥ 2,029	$25,023
Current portion of long-term debt	1,289	1,508	10,726
Long-term debt	5,730	6,748	47,682
Total	¥10,026	¥10,285	$83,431

6. Investment Securities

Investment securities as of March 31, 2015 and 2014 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Non-current:			
Marketable:			
Marketable equity securities	¥56,623	¥59,473	$471,191
Investment trust funds and other	—	0	—
Sub total	¥56,623	¥59,473	$471,191
Non-marketable securities	¥ 1,690	¥ 1,480	$ 14,063
Total	¥58,313	¥60,953	$485,254

The carrying amounts and aggregate fair values of marketable securities for investments as of March 31, 2015 and 2014 were as follows:

	Millions of yen			
	2015			
	Cost	Unrealized gain	Unrealized loss	Fair Value
Available-for-sale securities				
Equity securities	¥60,771	¥8,208	¥12,356	¥56,623
Debt securities and other	—	—	—	—
Total	¥60,771	¥8,208	¥12,356	¥56,623

	Thousands of U.S. dollars (Note 1)			
	2015			
	Cost	Unrealized gain	Unrealized loss	Fair Value
Available-for-sale securities				
Equity securities	$505,709	$68,303	$102,821	$471,191
Debt securities and other	—	—	—	—
Total	$505,709	$68,303	$102,821	$471,191

	Millions of yen			
	2014			
	Cost	Unrealized gain	Unrealized loss	Fair Value
Available-for-sale securities				
Equity securities	¥72,000	¥7,185	¥19,712	¥59,473
Debt securities and other	—	—	—	—
Total	¥72,000	¥7,185	¥19,712	¥59,473

Proceeds from sales of securities and gross realized gains or losses on those sales for the years ended March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Proceeds	¥11,520	¥9,059	$95,864
Gains on sales	3,403	1,322	28,318
Losses on sales	2,977	161	24,773

7. Leases

Finance leases entered into prior to April 1, 2008 that do not transfer ownership of leased property to the lessee are accounted for as if they were operating leases. The details of such finance leases accounted for as operating leases at March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Acquisition cost	¥6	¥123	$50
Accumulated depreciation	6	121	50
Net leased property	¥0	¥ 2	$ 0

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Payments due within one year	¥0	¥3	$0
Payments due after one year	—	0	—
Total	¥0	¥3	$0

Lease payments under such leases for the years ended March 31, 2015 and 2014 were ¥4 million (US$33 thousand) and ¥13 million, respectively.

8. Financial Instruments

(1) Circumstances on financial instruments

(a) Policy for financial instruments

The Company and its consolidated subsidiaries manage the temporary surplus funds by deposits with banks that have a high level of safety.

The Company and its consolidated subsidiaries raise funds for business operation with mainly bank loans and bonds considering their business investment and cash planning.

(b) Details and risk of financial instruments and its risk management

Receivables such as trade notes and accounts receivable are exposed to customer's credit risk. Receivables denominated in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates.

In order to reduce the customer's risk, the Company monitors the dues and balances by customer in accordance with the Company's credit administration regulations.

Investment securities are exposed to market fluctuation risk, but mainly consist of equity of the companies which conduct business with the Company. The Company periodically reviews the market price of such securities.

Payables such as trade notes, accounts payable and accounts payable other are due within 1 year. Payables denominated in foreign currency are exposed to the risk of fluctuation in foreign currency exchange rates.

Short-term loans payable are mainly borrowed to raise operating capital and long-terms loans payable are mainly borrowed to make capital expenditures. A part of long-term loans with the floating interest rate has the risk of interest rate fluctuation, but the Company and its consolidated subsidiaries use interest rate swaps to solidify the interest rate. For some of the loans denominated in foreign currency, the Company and its consolidated subsidiaries use currency swap to hedge the currency fluctuation risk.

Bonds and commercial paper are mainly issued to raise the funds for the retirement of bonds.

Lease obligations are mainly for capital expenditures, free from interest-rate risk because the interest rate is fixed.

Payables, loans and bonds are exposed to liquidity risk, but the Company and its consolidated subsidiaries manage the risk by establishing cash planning.

(c) Supplemental information on fair values of financial instruments

Fair values of financial instruments include values based on market price and reasonably estimated values when market price is not available. Because variable factors are counted in the estimation, the estimated values may vary by adopting different assumptions.

(2) Fair values of financial instruments

The book values, fair values and the differences between them as of March 31, 2014 and 2015 are as follows (Financial instruments for which the market value is extremely difficult to determine are not included as described in remark 2.):

	Millions of yen			Millions of yen		
	2015			2014		
	Book value	Fair value	Difference	Book value	Fair value	Difference
Cash and cash equivalents, time deposits	¥112,871	¥112,871	¥ —	¥ 84,957	¥ 84,957	¥ —
Trade notes and accounts receivable, net of allowance for doubtful receivables	111,693	111,693	—	101,168	101,168	—
Investment securities	56,623	56,623	—	66,058	66,058	—
Assets total	¥281,187	¥281,187	¥ —	¥252,183	¥252,183	¥ —
Trade notes and accounts payable	¥ 51,751	¥ 51,751	¥ —	¥ 45,661	¥ 45,661	¥ —
Short-term bank loans, current portion of long-term debt, and commercial paper	174,200	174,200	—	156,595	156,595	—
Other notes and account payable (*1)	23,440	23,440	—	17,500	17,500	—
Long-term debt	226,214	224,599	1,615	222,837	221,941	896
Lease obligations (*2)	3,956	3,768	188	2,460	2,369	91
Liabilities total	¥479,561	¥477,758	¥1,803	¥445,053	¥444,066	¥987

	Thousands of U.S. dollars (Note 1)		
	2015		
	Book value	Fair value	Difference
Cash and cash equivalents, time deposits	$ 939,261	$ 939,261	$ —
Trade notes and accounts receivable, net of allowance for doubtful receivables	929,458	929,458	—
Investment securities	471,192	471,192	—
Assets total	$2,339,911	$2,339,911	$ —
Trade notes and accounts payable	$ 430,648	$ 430,648	$ —
Short-term bank loans, current portion of long-term debt, and commercial paper	1,449,612	1,449,612	—
Other notes and account payable (*1)	195,057	195,057	—
Long-term debt	1,882,450	1,869,011	13,439
Lease obligations (*2)	32,920	31,356	1,564
Liabilities total	$3,990,687	$3,975,684	$15,003

(*1) This is included in accrued expenses and notes and accounts payable for plant and equipment on the balance sheet.
(*2) This is included in other current liabilities and other long-term liabilities on the balance sheet.

Remark 1 Methods used to calculate fair values of financial instruments and the details of securities

<Assets>
- Cash and cash equivalents, time deposits and trade notes and accounts receivable
  Cash and cash equivalents and trade notes and accounts receivable are stated at the relevant book value because the settlement periods are short and the fair values are almost the same as the book value.
- Investments securities
  Equity securities are stated at market value. See Note 6. “Investment securities” for the detailed information by classification.

<Liabilities>
- Trade notes and accounts payable and short-term bank loans and current portion of long-term debt and commercial paper
  Because the settlement periods of the above items are short and their fair values are almost the same as their book values, the relevant book values are used.
- Other notes and account payable
  Because the settlement periods of the above items are short and their fair values are almost the same as their book values, the relevant book values are used.
- Long-term debt
  The fair value of long-term debt is calculated by applying a discount rate to the total of principal and interest. The discount rate is based on the assumed interest rate if a similar new loan was entered into.
- Lease obligation
  The fair value of lease obligations is calculated by applying a discount rate to the total of principal and interest. The discount rate is based on the assumed interest rate if a current lease transaction was renewed.

Remark 2 Financial instruments for which the fair value is extremely difficult to determine

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Unlisted equity securities	¥7,454	¥6,034	$62,029

Because these items have no market value and are difficult to estimate the future cash flow and it is extremely difficult to determine their fair values, they are not included in investment securities above.

Remark 3 Planned redemption amounts after the balance sheet date for monetary receivables with maturity dates are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
	Within 1 year	Within 1 year	Within 1 year
Cash and cash equivalents, time deposits	¥112,871	¥ 84,957	$939,261
Trade notes and accounts receivable	111,693	101,169	929,458

Remark 4 Planned repayment amounts after the balance sheet date for monetary payables with maturity dates

Planned repayment amounts after the balance sheet date for monetary payables with maturity dates at March 31, 2015 are as follows:

	Millions of yen					
	2015					
	Within 1 year	Over 1 year but within 2 years	Over 2 years but within 3 years	Over 3 years but within 4 years	Over 4 years but within 5 years	Over 5 years
Trade notes and accounts payable	¥ 51,751	¥ —	¥ —	¥ —	¥ —	¥ —
Short-term bank loans, current portion of long-term debt, and commercial paper	174,200	—	—	—	—	—
Other notes and account payable	23,440	—	—	—	—	—
Long-term debt	—	72,307	63,797	22,784	34,035	33,291
Lease obligations	828	931	564	463	768	402
Total	¥250,219	¥73,238	¥64,361	¥23,247	¥34,803	¥33,693

	Thousands of U.S. dollars (Note 1)					
	2015					
	Within 1 year	Over 1 year but within 2 years	Over 2 years but within 3 years	Over 3 years but within 4 years	Over 4 years but within 5 years	Over 5 years
Trade notes and accounts payable	$ 430,648	$ —	$ —	$ —	$ —	$ —
Short-term bank loans, current portion of long-term debt, and commercial paper	1,449,612	—	—	—	—	—
Other notes and account payable	195,057	—	—	—	—	—
Long-term debt	—	601,706	530,890	189,598	283,224	277,032
Lease obligations	6,890	7,747	4,693	3,853	6,391	3,346
Total	$2,082,207	$609,453	$535,583	$193,451	$289,615	$280,378

	Millions of yen 2014					
	Within 1 year	Over 1 year but within 2 years	Over 2 years but within 3 years	Over 3 years but within 4 years	Over 4 years but within 5 years	Over 5 years
Trade notes and accounts payable	¥ 45,661	¥ —	¥ —	¥ —	¥ —	¥ —
Short-term bank loans, current portion of long-term debt, and commercial paper	156,595	—	—	—	—	—
Other notes and account payable	17,500	—	—	—	—	—
Long-term debt	—	72,138	62,349	53,456	15,077	19,817
Lease obligations	949	574	301	139	65	432
Total	¥220,705	¥72,712	¥62,650	¥53,595	¥15,142	¥20,249

9. Derivatives

The Company and its consolidated subsidiaries had the following derivatives contracts outstanding at March 31, 2015 and 2014.

(1) Derivatives for which hedge accounting has not been applied.

(a) Currency related

N/A in 2015 and 2014

(b) Interest related

		Millions of yen 2015		
	Type of Derivative	Contract amount	Over 1 year out of contract amount	Fair Value
Transaction other than market transaction	Interest rate option	¥73	¥—	¥0
	Interest rate swap			
	To receive variable/To pay fixed	¥40	¥20	¥2

		Thousands of U.S. dollars (Note 1) 2015		
	Type of Derivative	Contract amount	Over 1 year out of contract amount	Fair Value
Transaction other than market transaction	Interest rate option	$607	$ —	$ 0
	Interest rate swap			
	To receive variable/To pay fixed	$333	$166	$17

		Millions of yen 2014		
	Type of Derivative	Contract amount	Over 1 year out of contract amount	Fair Value
Transaction other than market transaction	Interest rate option	¥73	¥—	¥ 0
	Interest rate swap			
	To receive variable/To pay fixed	¥60	¥40	¥(5)

Fair value is based on information provided by a financial institution at the end of the fiscal year.

(2) Derivatives for which hedge accounting has been applied.

(a) Interest related

			Millions of yen 2015		
Method of hedge accounting	Type of Derivative	Principal Hedge Item	Contract amount	Over 1 year out-of-contract amount	Fair Value
Principle method	Interest rate swap	Long-term loans	¥ 212	¥ 140	¥ 7
Exceptional accounting method for interest rate swap	Interest rate swap	Long-term loans	¥2,719	¥2,222	(*1)

			Thousands of U.S. dollars (Note 1) 2015		
Method of hedge accounting	Type of Derivative	Principal Hedge Item	Contract amount	Over 1 year out-of-contract amount	Fair Value
Principle method	Interest rate swap	Long-term loans	$ 1,764	$ 1,165	$58
Exceptional accounting method for interest rate swap	Interest rate swap	Long-term loans	$22,626	$18,490	(*1)

			Millions of yen 2014		
Method of hedge accounting	Type of Derivative	Principal Hedge Item	Contract amount	Over 1 year out-of-contract amount	Fair Value
Principle method	Interest rate swap	Long-term loans	¥ 258	¥ 194	¥ 3
Exceptional accounting method for interest rate swap	Interest rate swap	Long-term loans	¥3,216	¥2,719	(*1)

(b) Currency related

			Millions of yen 2015		
Method of hedge accounting	Type of Derivative	Principal Hedge Item	Contract amount	Over 1 year out-of-contract amount	Fair Value
Principle method	Currency swap	Account receivables	¥ 337	¥ —	¥36
Allocation method of forward foreign exchange contract, etc.	Currency swap	Long-term loans	¥1,196	¥1,125	(*1)

Method of hedge accounting	Type of Derivative	Principal Hedge Item	Thousands of U.S. dollars (Note 1)		
			2015		
			Contract amount	Over 1 year out-of-contract amount	Fair Value
Principle method	Currency swap	Account receivables	$2,804	$ —	$300
Allocation method of forward foreign exchange contract, etc.	Currency swap	Long-term loans	$9,953	$9,362	(*1)

Method of hedge accounting	Type of Derivative	Principal Hedge Item	Millions of yen		
			2014		
			Contract amount	Over 1 year out-of-contract amount	Fair Value
Principle method	Currency swap	Account receivables	¥ 526	¥ —	¥42
Allocation method of forward foreign exchange contract, etc.	Currency swap	Long-term loans	¥1,268	¥1,196	(*1)

(*1) The fair value of interest rate swap to which the exceptional accounting method is applied and the fair value of forward foreign exchange contract, etc., to which the allocation method is applied are included in the fair value of long-term loans in Note 8. "Financial Instruments" because such interest rate swap and forward foreign exchange contract, etc., are accounted for as a single item with the corresponding long-term loans.

10. Short-Term Loans and Long-Term Debt

Short-term loans comprised overdrafts and promissory notes.
The weighted-average interest rates of short-term bank loans for the years ended March 31, 2015 and 2014 were 0.8568% and 1.005%, respectively.
The weighted-average interest rate of commercial paper for the years ended March 31, 2015 and 2014 was 0.1112% and 0.104%, respectively.
Long-term debt comprised the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
2.04% unsecured bonds due 2018	¥ 10,000	¥ 10,000	$ 83,215
0.877% unsecured bonds due 2016 (*1)	20,000	20,000	166,431
	[20,000]		[166,431]
0.83% unsecured bonds due 2016 (*1)	6,000	6,000	49,929
	[6,000]		[49,929]
1.09% unsecured bonds due 2018	4,000	4,000	33,286
0.61% unsecured bonds due 2019 (*1)	1,600	2,000	13,314
	[400]		[3,329]
0.57% unsecured bonds due 2020	3,000	—	24,965
0.64% unsecured bonds due 2016	1,000	1,000	8,322
0.30%~0.86% unsecured bonds due 2019 (*1) (*2)	2,832	4,147	23,567
	[1,440]		[11,983]
Long-term bank loans due through 2074, with weighted-average interest rate of 1.1039% for the year ended March 31, 2015, and of 1.230% for the year ended March 31, 2014	259,734	226,760	2,161,388
Less current portion of long-term debt	(81,952)	(68,965)	(681,967)
Total	¥226,214	¥222,837	$1,882,450
	[27,840]	[19,210]	[231,672]

(*1) [ ] is the amount of the current portion of bonds.
(*2) This is the total amount of the bonds Goodman Co., Ltd. issued.
In March 2008, the Company issued ¥10,000 million (US$83,215 thousand) of 2.04% unsecured bonds due 2018.
In March 2011, the Company issued ¥20,000 million (US$166,431 thousand) of 0.877% unsecured bonds due 2016.
In March 2013, the Company issued ¥6,000 million (US$49,929 thousand) of 0.83% unsecured bonds due 2016.
In March 2013, the Company issued ¥4,000 million (US$33,286 thousand) of 1.09% unsecured bonds due 2018.
In March 2014, the Company issued ¥2,000 million (US$16,643 thousand) of 0.61% unsecured bonds due 2019.
In March 2015, the Company issued ¥3,000 million (US$24,965 thousand) of 0.57% unsecured bonds due 2020.
In April 2011, Nipro Pharma Corporation issued ¥1,000 million (US$8,322 thousand) of 0.64% privately placed bonds due 2016.
From November 2010 to February 2014, Goodman Co., Ltd. issued ¥4,424 million (US$36,815 thousand) of 0.30% and 0.86% unsecured bonds due from 2015 to 2019.

The aggregate annual maturities of long-term debt outstanding at March 31, 2015 are as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
	2015	2015
2015	¥ 81,952	$ 681,967
2016	72,307	601,706
2017	63,797	530,890
2018 and thereafter	90,110	749,854
Total	¥308,166	$2,564,417

As is customary in Japan, long-term and short-term bank loans are made under general agreements which provide that additional securities and guarantees for present and future indebtedness will be given under certain circumstances at the request of the bank.
In addition, the agreements provide that the bank has the right to offset cash deposits against any long-term and short-term bank loan that becomes due, and in case of default and certain other specified events, against all other loans payable to the bank.

11. Accrued Pension and Severance Liabilities

The Company and certain consolidated subsidiaries have defined benefit pension plans and unfunded retirement benefit plans, and defined contribution pension plan for employees.
Certain consolidated subsidiaries have recorded liabilities for retirement benefit and assets for a retirement benefit based on the simplified method.

(1) Defined Benefit Plans

(a) The reconciliation of beginning and ending balances of the benefit obligation (excluding the defined benefit plans applied based on the simplified method) are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Obligation at April 1	¥11,003	¥ 9,870	$91,562
Cumulative effects of changes in accounting policies	(150)	—	(1,248)
Restated balance	10,853	—	90,314
Service cost	664	676	5,526
Interest cost	151	152	1,256
Actuarial loss	199	381	1,655
Prior service cost	—	381	—
Benefit payments	(374)	(662)	(3,112)
Other (foreign currency translation adjustments, etc.)	(26)	205	(216)
Obligation at March 31	¥11,467	¥11,003	$95,423

(b) The reconciliation of beginning and ending balances of the fair value of the plan assets (excluding the defined benefit plans applied based on the simplified method) is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Fair value of plan assets at April 1	¥7,577	¥6,923	$63,052
Expected return on plan assets	131	122	1,090
Actuarial loss	305	389	2,538
Company contribution	508	506	4,227
Benefit payments	(206)	(432)	(1,714)
Other (foreign currency translation adjustments, etc.)	24	69	200
Fair value of plan assets at March 31	¥8,339	¥7,577	$69,393

(c) The reconciliation of beginning and ending balances of liabilities for retirement benefit applied based on the simplified method is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Liabilities for retirement benefit at April 1	¥519	¥417	$4,319
Beginning balance of newly consolidated subsidiary	10	62	83
Retirement benefit cost	183	165	1,523
Retirement payments	(20)	(43)	(166)
Contribution for the plan	(83)	(71)	(691)
Other (foreign currency translation adjustments, etc.)	(36)	(11)	(300)
Liabilities for retirement benefit at March 31	¥573	¥519	$4,768

(d) The reconciliation of ending balance of the benefit obligation and the fair value of the plan assets, and liabilities and assets for retirement benefit are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Benefit obligation on funded scheme	¥11,748	¥11,223	$ 97,762
Plan assets	(8,999)	(8,135)	(74,886)
	¥ 2,749	¥ 3,088	$ 22,876
Benefit obligations on non-funded scheme	¥ 952	¥ 857	$ 7,922
Net assets (liabilities) on the consolidated balance sheet	3,701	3,945	30,798
Net defined benefit liability	3,841	4,043	31,963
Net defined benefit asset	(140)	(98)	(1,165)
Net assets (liabilities) on the consolidated balance sheet	¥ 3,701	¥ 3,945	$ 30,798

(*) Including the defined benefit plans applied based on the simplified method

(e) The breakdown of net pension and severance costs is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Service cost	¥ 664	¥ 676	$ 5,526
Interest cost	151	152	1,257
Expected return on plan assets	(131)	(122)	(1,090)
Amortization of actuarial	34	259	283
Amortization of past service obligation	53	91	441
Retirement benefit cost based on the simplified method	183	165	1,522
Other	5	98	41
Total	¥ 959	¥1,319	$ 7,980

(f) Remeasurements of defined benefit plans (Other Comprehensive Income)
The breakdown of the items recorded in adjustments to defined benefit plans are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Past service obligation	¥ —	¥—	$ —
Actuarial loss	(306)	—	(2,546)
Total	¥(306)	¥—	$(2,546)

(g) Remeasurements of defined benefit plans (Accumulated Other Comprehensive Income)
The breakdown of the items recorded in adjustments to defined benefit plans are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Unrecognized prior service cost	¥221	¥274	$1,839
Unrecognized actuarial loss	18	271	150
Total	¥239	¥545	$1,989

(h) Items concerning the pension assets
1. The breakdown of the pension assets
The ratio of the plan assets are as follows:

	2015	2014
Bonds	38%	35%
Equities	25%	27%
General account	31%	34%
Others	6%	4%
Total	100%	100%

(*) Including the defined benefit plans applied based on the simplified method

2. Setting of the long-term expected rate of return
The long-term expected rate of return is to be determined considering the current and future allocation of plan assets, and the current and expected long-term rate of return from the diverse assets composing the plan assets.

(i) Calculation basis of actuarial methods
The main calculation basis of actuarial methods at the end of the period is as follows:

	2015	2014
Discount rate	Primarily 0.8%	Primarily 1.2%
Expected long-term rate of return	Primarily 1.5%	Primarily 1.5%
Assumed wage increase rate	Primarily 6.6%	—

(1) Defined Contribution Retirement Plans
The amounts of necessary contributions to defined contribution retirement plans within the Company and consolidated subsidiaries were ¥433 millions (US$3,603 thousand).

12. Commitments and Contingent Liabilities

The Company and its consolidated subsidiaries had the following commitments and contingent liabilities:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Export drafts discounted	¥ 13	¥ —	$ 108
Trade notes receivable discounted	169	36	1,406
Total	¥182	¥36	$1,514

13. Stock Options

The stock options outstanding as of March 31, 2015 and 2014 were as follows:
Consolidated subsidiary (Goodman Co., Ltd.)

	2015	
	November 25, 2005 at board of directors' meeting	April 27, 2006 at board of directors' meeting
Persons granted	Directors of Goodman Co., Ltd: 4 Employees of Goodman Co., Ltd: 348 Others: 4	Employees of Goodman Co., Ltd: 6
Class and number of shares	878,500 shares of common stock of Goodman	7,000 shares of common stock of Goodman
Grant date	December 5, 2005	April 28, 2006
Exercise period	From December 6, 2005 to August 31, 2015	From April 28, 2006 to August 31, 2015
Terms for vesting	None	None
Specified term of years before vesting	None	None

	2014			
	November 25, 2005 at board of directors' meeting	January 6, 2006 at board of directors' meeting	April 14, 2006 at board of directors' meeting	April 27, 2006 at board of directors' meeting
Persons granted	Directors of Goodman Co., Ltd: 4 Employees of Goodman Co., Ltd: 348 Others: 4	Employees of Goodman Co., Ltd: 2	Employees of Goodman Co., Ltd: 16	Employees of Goodman Co., Ltd: 6
Class and number of shares	878,500 shares of common stock of Goodman	6,500 shares of common stock of Goodman	31,000 shares of common stock of Goodman	7,000 shares of common stock of Goodman
Grant date	December 5, 2005	January 6, 2006	April 14, 2006	April 28, 2006
Exercise period	From December 6, 2005 to August 31, 2015	From September 23, 2007 to August 31, 2015	From September 23, 2007 to August 31, 2015	From April 28, 2006 to August 31, 2015
Terms for vesting	None	None	None	None
Specified term of years before vesting	None	None	None	None

In addition to the aforementioned information of the stock options outstanding, the stock option activity is as follows:
Consolidated subsidiary (Goodman Co., Ltd.)

	2015	
	November 25, 2005 at board of directors' meeting	April 27, 2006 at board of directors' meeting
Non-vested shares		
At the beginning of the year	—	—
Granted during the year	—	—
Forfeited and expired during the year	—	—
Vested during the year	—	—
At the end of the year	—	—
Vested shares		
At the beginning of the year	253,000	2,000
Vested during the year	—	—
Exercised during the year	—	—
Forfeited and expired during the year	—	—
Unexercised at the end of the year	253,000	2,000

	2014			
	November 25, 2005 at board of directors' meeting	January 6, 2006 at board of directors' meeting	April 14, 2006 at board of directors' meeting	April 27, 2006 at board of directors' meeting
Non-vested shares				
At the beginning of the year	—	—	—	—
Granted during the year	—	—	—	—
Forfeited and expired during the year	—	—	—	—
Vested during the year	—	—	—	—
At the end of the year	—	—	—	—
Vested shares				
At the beginning of the year	709,000	6,500	28,500	2,500
Vested during the year	—	—	—	—
Exercised during the year	—	—	—	—
Forfeited and expired during the year	456,000	6,500	28,500	500
Unexercised at the end of the year	253,000	—	—	2,000

The number of stock options were converted into that of common stocks.

	Yen		U.S. dollars (Note 1)	
	2015		2015	
	November 25, 2005 at board of directors' meeting	April 27, 2006 at board of directors' meeting	November 25, 2005 at board of directors' meeting	April 27, 2006 at board of directors' meeting
Exercise price	**¥2,169**	**¥2,415**	**$18**	**$20**
Average stock price at exercise	—	—	—	—
Fair value price at the grant date	—	—	—	—

	Yen			
	2014			
	November 25, 2005 at board of directors' meeting	January 6, 2006 at board of directors' meeting	April 14, 2006 at board of directors' meeting	April 27, 2006 at board of directors' meeting
Exercise price	¥2,169	¥2,410	¥2,490	¥2,415
Average stock price at exercise	—	—	—	—
Fair value price at the grant date	—	—	—	—

14. Business Combination

1. Outline of the transaction under common control

(1) Company name and business line at the time of the business combination

① Combining company
Name of the company: Nipro Pharma Corporation
Business line: Manufacturing and Marketing of pharmaceuticals

② Combined company
Name of the company: Tohoku Nipro Pharmaceutical Corporation
Business line: Manufacturing of pharmaceuticals

(2) Date of the business combination

October 1, 2014

(3) Legal form of the business combination

Absorption-type merger between entities under common control, in which Nipro Pharma Corporation was the surviving entity and Tohoku Nipro Pharmaceutical Corporation was the dissolved entity.

(4) Name of the company after business combination

Nipro Pharma Corporation

(5) Outline and purpose of the transaction

① Purpose of merger
The purpose of this merger is to increase the efficiency of procurement and allocation of management resources and strengthen the system of quality assurance under the group strategy of business integration for Pharmaceutical-Related Business.

② Merger ratio and delivered money due to merger
As Nipro Pharma Corporation owns all shares of Tohoku Nipro Pharmaceutical Corporation, there is no arrangement for the merger ratio.

Also, there was no issuance of new shares or increase in capital and payment of delivered money due to the merger.

2. Implemented accounting treatment

This merger was processed as a transaction under common control, based on the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, December 26, 2008) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, December 26, 2008).

15. Net Assets

The significant provisions in the Corporate Law of Japan (the "Corporate Law") that influence financial and accounting matters are summarized below:

(a) Dividends

Under the Corporate Law, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria such as (1) having the board of directors, (2) having independent auditors, (3) having the board of corporate auditors, and (4) the service period of the directors is prescribed as one year rather than the normal term of two years by its articles of incorporation, the board of directors may declare dividends (except for dividends in kind) if the company has prescribed so in its articles of incorporation. The Company's present system meets the first three criteria but the two-year service period of the directors does not meet the fourth criterion.

Interim dividends may also be paid once a year by the resolution of the board of directors if the articles of incorporation of the company stipulate so. The Company's articles of incorporation contain such a stipulation, and it pays interim dividend semi-annually by the resolution of the Board of Directors.

The Corporate Law provides certain limitations on the amounts available for dividends or the purchase of treasury stock.

(b) Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Corporate Law requires that an amount equal to 10% of dividends must be appropriated as legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock.

Under the Corporate Law, the total amount of additional paid-in capital and legal reserve may be reversed without limitation.

The Corporate Law also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions by the resolution of the shareholders' meeting.

The Company's legal reserve, which is included in retained earnings, amounted to ¥2,678 million (US$22,285 thousand) as of March 31, 2015, and its additional paid-in capital, which is included in capital surplus, amounted to ¥635 million (US$5,284 thousand) as of March 31, 2015.

16. Segment Reporting

Outline of Reportable Operating Segments

Applied ASBJ Statement No. 17 "The Revised 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 such information is evaluated regularly by the board of directors in deciding how to allocate management resources and in assessing performance.

The Company currently operates its business on a stand-alone basis with the divisional organization and evaluates the performance of sales and manufacture of each division regardless of their products. Accordingly, the Company has three reportable operating business segments according to the divisions (Medical-Related business, Pharmaceutical-Related business and Grass-Related business), which are divided mainly by their products.

Medical-Related

The domestic division sells injection and infusion products, artificial organ products, highly functional products, dialysis products, diabetic products and pharmaceuticals such as generic and kit products. In the global business division, the head office plays the center role, places overseas sales and manufacturing bases for medical equipment and sales injection and infusion products, artificial organ products and diabetic products.

Pharmaceutical-Related

The pharmaceutical division sells containers for combination products (injectable kit products) and pharmaceutical products consigned by other pharmaceutical companies. Domestic subsidiaries sell and manufacture injectable drugs, oral drugs and combination products.

Glass-Related

The MP Glass division sells glass for vials and ampoules for medical use, glass for thermos bottles and glass for lighting. Overseas subsidiaries manufacture and sell tube glass and glass for vials and ampoules for medical use.

Change in Reportable Segment

(1) Effective from the second quarter ended September 30, 2014, Nipro Glass India PVT. LTD., Nipro Tube Glass PVT. LTD., Nipro Glass Americas Corporation, Nipro Glass France S.A.S., Nipro Glass Belgium N.V., Nipro Pharma Glass AG, Nipro Glass Germany AG, Nipro Sterile Glass Germany AG, Chengdu Pingyuan Nipro Pharmaceutical Packaging Co., Ltd., Jilin Nipro Jiaheng Pharmaceutical Packaging Co., Ltd., 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 due to a revision of the organization system in the Nipro group.

Segment information for the previous period is based on this reclassification.

(2) Effective from the current period, the calculation method of retirement benefit obligations and service costs in business segments was changed following the changes in accounting policy for retirement benefits.

This change has a minimal impact on segment profit or loss for the fiscal year ended March 31, 2015.

Business segment information for the years ended March 31, 2015 and 2014 was as follows:

Millions of yen — 2015

	Reportable Segment: Medical-Related	Reportable Segment: Pharmaceutical-Related	Reportable Segment: Glass-Related	Reportable Segment: Total	Other (*1)	Total	Adjustment (*2)	Consolidated financial statements
Net sales:								
Outside	¥237,777	¥ 57,372	¥29,830	¥324,979	¥105	¥325,084	¥ —	¥325,084
Intersegment	1,535	8,401	775	10,711	34	10,745	(10,745)	—
Total	239,312	65,773	30,605	335,690	139	335,829	(10,745)	325,084
Operating income (loss)	23,813	10,553	(2,889)	31,477	131	31,608	(15,036)	16,572
Identifiable assets	¥350,870	¥137,570	¥70,176	¥558,616	¥ 55	¥558,671	¥136,636	¥695,307
Other items								
Depreciation and amortization	¥ 13,357	¥ 9,569	¥ 3,023	¥ 25,949	—	¥ 25,949	¥ 1,719	¥ 27,668
Amortization of goodwill	3,912	4	1,921	5,837	—	5,837	—	5,837
Capital expenditures	14,486	17,854	8,429	40,769	—	40,769	6,929	47,698

Thousands of U.S. dollars (Note 1) — 2015

	Reportable Segment: Medical-Related	Reportable Segment: Pharmaceutical-Related	Reportable Segment: Glass-Related	Reportable Segment: Total	Other (*1)	Total	Adjustment (*2)	Consolidated financial statements
Net sales:								
Outside	$1,978,672	$ 477,424	$248,232	$2,704,328	$ 873	$2,705,201	$ —	$2,705,201
Intersegment	12,774	69,909	6,449	89,132	283	89,415	(89,415)	—
Total	1,991,446	547,333	254,681	2,793,460	1,156	2,794,616	(89,415)	2,705,201
Operating income (loss)	198,161	87,817	(24,041)	261,937	1,091	263,028	(125,123)	137,905
Identifiable assets	$2,919,780	$1,144,795	$583,973	$4,648,548	$ 457	$4,649,005	$1,137,023	$5,786,028
Other items								
Depreciation and amortization	$ 111,151	$ 79,629	$ 25,156	$ 215,936	—	$ 215,936	$ 14,304	$ 230,240
Amortization of goodwill	32,554	33	15,986	48,573	—	48,573	—	48,573
Capital expenditures	120,546	148,573	70,142	339,261	—	339,261	57,660	396,921

Millions of yen — 2014

	Reportable Segment: Medical-Related	Reportable Segment: Pharmaceutical-Related	Reportable Segment: Glass-Related	Reportable Segment: Total	Other (*1)	Total	Adjustment (*2)	Consolidated financial statements
Net sales:								
Outside	¥221,363	¥ 51,508	¥27,611	¥300,482	¥ 271	¥300,753	¥ —	¥300,753
Intersegment	1,587	7,511	627	9,725	—	9,725	(9,725)	—
Total	222,950	59,019	28,238	310,207	271	310,478	(9,725)	300,753
Operating income (loss)	20,436	8,013	(2,183)	26,266	216	26,482	(14,192)	12,290
Identifiable assets	¥348,332	¥137,193	¥28,531	¥514,056	¥4,496	¥518,552	¥101,103	¥619,655
Other items								
Depreciation and amortization	¥ 12,896	¥ 8,777	¥ 2,395	¥ 24,068	¥ 46	¥ 24,114	¥ 1,037	¥ 25,151
Amortization of goodwill	3,473	3	1,351	4,827	—	4,827	—	4,827
Capital expenditures	14,241	10,647	5,465	30,353	—	30,353	4,740	35,093

(*1) "Other" is the business segment which is not included in the reportable segment and consists of real estate income and sales by headquarters.
(*2) Adjustment is as follows:

- Adjustments for operating income ended March 31, 2015 and 2014 include ¥(2,971) million (US$(24,723) thousand) and ¥(2,483) million of elimination of inter-segment transaction and ¥(12,065) million (US$(100,399) thousand) and ¥(11,709) million of corporate cost, respectively. Corporate cost consists primarily of sales, general and administrative expenses and research and development costs which do not belong to the reportable segment.
- Adjustments for Identifiable assets ended March 31, 2015 and 2014 include ¥(10,933) million (US$(90,979) thousand) and ¥(66,172) million of elimination of inter-segment transaction and ¥147,569 million (US$1,228,002 thousand) and ¥167,276 million of corporate assets, respectively. Corporate assets consisted primarily of cash and deposits, investment securities, assets for development and assets for management division of head office which do not belong to the reportable segment.
- Adjustments for depreciation and amortization ended March 31, 2015 and 2014 are for corporate assets. Depreciation and amortization and Capital expenditures include long-term prepaid expenses.
- Adjustment for capital expenditures is increase in corporate assets.

Loss on impairment of fixed assets and Unamortized balance of goodwill by business segments were as follows:

	Millions of yen						Millions of yen					
	2015						2014					
	Reportable Segment						Reportable Segment					
	Medical-Related	Pharmaceutical-Related	Glass-Related	Total	Other	Total	Medical-Related	Pharmaceutical-Related	Glass-Related	Total	Other	Total
Loss on impairment of fixed assets	¥ 0	¥—	¥ 66	¥ 66	¥—	¥ 66	¥ 2	¥—	¥ —	¥ 2	¥—	¥ 2
Unamortized balance of goodwill	19,837	13	6,514	26,364	—	26,364	20,718	17	7,759	28,494	—	28,494

	Thousands of U.S. dollars (Note 1)					
	2015					
	Reportable Segment					
	Medical-Related	Pharmaceutical-Related	Glass-Related	Total	Other	Total
Loss on impairment of fixed assets	$ 0	$ —	$ 549	$ 549	$—	$ 549
Unamortized balance of goodwill	165,074	108	54,207	219,389	—	219,389

Net sales and Property, plant and equipment for each area were as follows:

	Millions of yen					Millions of yen				
	2015					2014				
	Japan	America	Europe	Asia	Total	Japan	America	Europe	Asia	Total
Net sales	¥182,149	¥62,662	¥42,874	¥37,399	¥325,084	¥174,862	¥56,887	¥40,434	¥28,570	¥300,753
Property, plant and equipment	108,211	19,664	12,965	79,355	220,195	103,368	16,306	11,104	60,816	191,594

	Thousands of U.S. dollars (Note 1)				
	2015				
	Japan	America	Europe	Asia	Total
Net sales	$1,515,761	$521,445	$356,778	$311,217	$2,705,201
Property, plant and equipment	900,483	163,635	107,889	660,356	1,832,363

17. Selling, General and Administrative Expenses

Significant components of selling, general and administrative expenses for the years ended March 31, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Salaries	¥19,397	¥17,795	$161,413
Freight charges	7,358	6,527	61,230

18. Research and Development Expenses

Research and development expenses for the years ended March 31, 2015 and 2014 were ¥8,646 million (US$71,948 thousand) and ¥7,891 million, respectively.

19. Supplemental Disclosures of Cash Flow Information

Supplemental information related to the Consolidated Statements of Cash Flows was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
Cash paid during the year for:			
Interest	¥ 3,989	¥3,908	$ 33,195
Income tax	16,979	7,501	141,292

Report of Independent Auditors

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Nipro Corporation

We have audited the accompanying consolidated balance sheet of Nipro Corporation and its consolidated subsidiaries as of March 31, 2015, and the related consolidated statements of income, comprehensive income, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in conformity with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nipro Corporation and its consolidated subsidiaries as of March 31, 2015, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation
The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2015, are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Osaka, Japan
July 24, 2015

PKF Hibiki Audit Corporation

PKF Hibiki Audit Corporation

Corporate Information

(As of March 31, 2015)

Date of Establishment
July 8, 1954

Head Office
3-9-3 Honjo-nishi, Kita-ku, Osaka 531-8510, Japan
Telephone: +81-6-6372-2331
Facsimile: +81-6-6375-0669
http://www.nipro.co.jp/english/

Tokyo Office
4-3-4 Hongo, Bunkyo-ku, Tokyo 113-0033, Japan
Telephone: +81-3-5684-5611
Facsimile: +81-3-5684-5610

Number of Employees

Parent Company	2,922
Consolidated subsidiaries	20,231
Total	23,153

Common Stock

Authorized	400,000,000 shares
Issued	171,459,479 shares
Outstanding	170,512,718 shares
Number of Shareholders	63,295

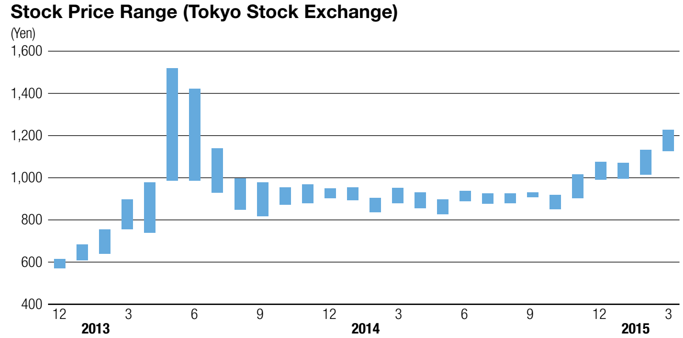
Stock Listings
Tokyo Stock Exchange,
Ticker Code: 8086

Transfer Agent
Mizuho Trust & Banking Co., Ltd., Head Office
Stock Transfer Agency Dept.
1-2-1, Yaesu, Chuo-ku, Tokyo, 103-8670, Japan

Principal Shareholders

	Number of Shares Held (in thousands)	Percentage of Total Shares in Issue (%)
Nippon Electric Glass Co., Ltd.	25,718	15.00
Resona Bank Limited	5,360	3.13
Japan Trustee Services Bank, Ltd.	3,554	2.07
The Master Trust Bank of Japan, Ltd	3,448	2.01
Chase Manhattan Bank GTS. Clients Account Escrow	3,422	1.41
Kazumi Sano	1,910	1.11
Mizuho Bank, Ltd.	1,565	0.91
Trust & Custody Services Bank, Ltd. as trustee for Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.	1,564	0.91
Nipro employees' stock ownership associations	1,412	0.82
Japan Trustee Services Bank, Ltd	1,332	0.77
Total	49,289	28.16

Stock Price Range (Tokyo Stock Exchange)



Major Subsidiaries (As of June 30, 2015)

Area	Country	Name	Principal business
Domestic	Japan	Nipro Medical Industries Co., Ltd.	Manufacturing and marketing of medical devices
		Goodman Co., Ltd.	Manufacturing and marketing of medical devices
		Nipro Pharma Corporation	Manufacturing and marketing of pharmaceuticals
		Zensei Pharmaceutical Industries Co.,Ltd.	Manufacturing and marketing of pharmaceuticals
		Nichihos Co., Ltd.	Management of dispensing pharmacies and marketing of pharmaceutical products
		Cell Science & Technology Institute, Inc.	Development and manufacture of cell culture media
Overseas	Thailand	Nipro (Thailand) Corporation Limited	Manufacturing and marketing of medical devices
		Nipro Sales (Thailand) Co., Ltd.	Marketing of medical devices
	China	Nipro (Shanghai) Co., Ltd.	Manufacturing and marketing of medical devices
		Nipro Trading (Shanghai) Co., Ltd.	Marketing of medical devices
		Chengdu Pingyuan Nipro Pharmaceutical Packaging Co., Ltd.	Manufacturing and marketing of glass products
		Jilin Nipro Jiaheng Pharmaceutical Packaging Co., Ltd.	Manufacturing and marketing of glass products
		Anyang Nipro Changda Pharmaceutical Packaging Co., Ltd.	Manufacturing and marketing of glass products
		Nipro Medical (Hefei) Co., Ltd.	Manufacturing and marketing of medical devices
		Shanghai Nissho Vacuum Flask Refill Co., Ltd.	Marketing of glass products
	Singapore	Nipro Asia Pte Ltd.	Marketing of medical devices
	India	Nipro India Corporation Private Limited	Manufacturing and marketing of medical devices
		Nipro Glass India Private Limited	Manufacturing and marketing of medical glass products
		Nipro Tube Glass Limited	Manufacturing and marketing of medical glass products
		Nipro Medical (India) Pvt. Ltd.	Marketing of medical devices
	Bangladesh	Nipro JMI Co., Ltd.	Manufacturing and marketing of medical devices
		Nipro JMI Pharma Ltd.	Manufacturing and marketing of pharmaceuticals
	Indonesia	PT. Nipro Indonesia JAYA	Manufacturing and marketing of medical devices
	UAE	Nipro Middle East FZE	Marketing of medical devices
	Brazil	Nipro Medical Ltda.	Manufacturing and marketing of medical devices
	U.S.A.	Nipro Medical Corporation	Marketing of medical devices
		Nipro Diagnostics, Inc.	Manufacturing and marketing of diabetes products
		Nipro Glass Americas Corporation	Manufacturing and marketing of medical glass products
	Belguim	Nipro Europe N.V.	Marketing of medical devices
		Nipro Glass Belgium N.V.	Manufacturing and marketing of medical glass products
	France	Nipro Glass France S.A.S.	Manufacturing and marketing of medical glass products
	Germany	Nipro Glass Germany AG	Manufacturing and marketing of medical glass products
		Nipro Sterile Glass Germany AG	Manufacturing and marketing of medical glass products
	Switzerland	Nipro Pharma Glass AG	Business management

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