

Financial Results for the First Quarter of Fiscal Year Ending March 31, 2011



August 5, 2010
Exchange where listed: TSE

Name of listed company : **TERUMO CORPORATION**
(URL <http://www.terumo.com/>)
Company code number : 4543
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1. Consolidated financial highlights for the interim period ended June 2010 (From April 1, 2010 to June 30, 2010)

(1) Consolidated financial results

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|--------------------------------------|-------------------|-------|-------------------|-------|-------------------|--------|-------------------|--------|
| | (Millions of yen) | % | (Millions of yen) | % | (Millions of yen) | % | (Millions of yen) | % |
| Three months ended June, 2010 | 81,234 | 4.9 | 15,946 | (3.2) | 12,554 | (25.9) | 8,792 | (18.7) |
| Three months ended June, 2009 | 77,467 | (0.4) | 16,476 | 1.4 | 16,934 | (10.2) | 10,812 | (22.9) |

| | Net income per share | Net income per share, fully diluted |
|--------------------------------------|----------------------|-------------------------------------|
| | (Yen) | (Yen) |
| Three months ended June, 2010 | 46.30 | — |
| Three months ended June, 2009 | 56.94 | — |

(Note) Percentage represent increase (decrease) from the corresponding period in the prior fiscal year.

The amount shown above ignore values of less than a million yen.

(2) Consolidated financial position

| | Total assets | Net assets | Capital asset ratio | Net assets per share |
|---------------------|-------------------|-------------------|---------------------|----------------------|
| | (Millions of yen) | (Millions of yen) | % | (Yen) |
| Jun 30, 2010 | 395,894 | 311,807 | 78.7 | 1,640.88 |
| Mar 31, 2010 | 425,507 | 317,139 | 74.5 | 1,668.93 |

(Note) Shareholders' equity : June 30, 2010: 311,593 million yen, March 31, 2010: 316,921 million yen.

The amount shown above ignore values of less than a million yen.

2. Dividends

| | Dividends per share | | | | |
|---|---------------------|-------------|-------------|-------------|-------|
| | 1st quarter | 2nd quarter | 3rd quarter | 4th quarter | total |
| | (Yen) | (Yen) | (Yen) | (Yen) | (Yen) |
| Fiscal year ended March 31, 2010 | — | 16.00 | — | 16.00 | 32.00 |
| Fiscal year ending March 31, 2011 | — | — | — | — | — |
| Fiscal year ending March 31, 2011 (forecast) | — | 16.00 | — | 16.00 | 32.00 |

(Note) Revise of dividends forecast : None

3. Consolidated forecast for the year ending March 2011 (From April 1, 2010 to March 31, 2011)

| | Net sales | | Operating income | | Ordinary income | | Net income | | Net income per share |
|--|-------------------|-----|-------------------|-----|-------------------|-----|-------------------|-----|----------------------|
| | (Millions of yen) | % | (Yen) |
| Interim year ending September, 2010 | 164,000 | 3.8 | 32,600 | 0.2 | 32,500 | 0.8 | 20,800 | 0.1 | 109.53 |
| Fiscal year ending March, 2011 | 333,000 | 5.4 | 65,200 | 3.0 | 65,000 | 2.2 | 41,500 | 1.9 | 218.54 |

1. Forecast for fiscal year ending March, 2011 which was announced on May 12, 2010 has not been revised

(Assumed exchange rate for fiscal year ending March, 2011: USD1=JPY90, EUR1=JPY120)

2. Among the information that Terumo discloses, forecasts of financial performance on future projections contain potential risks and uncertainty since these are forecasts on projections made by Terumo based on limited information available at the moment of disclosure. Accordingly, it should be noted that actual results may differ from those forecasts on projections due to various factors. Factors affecting to actual results include, but are not limited to, changes in economic conditions surrounding Terumo, fluctuations of foreign exchange rates, and state of competition.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

| | As of June 30, 2010 | | As of March 31, 2010 | |
|-------------------------------------|---------------------|---------------|----------------------|---------------|
| | Amount | % | Amount | % |
| (Assets) | | | | |
| I Current assets | 209,271 | 52.9% | 230,431 | 54.2% |
| Cash and deposits | 73,725 | | 90,102 | |
| Notes and accounts receivable-trade | 70,278 | | 71,798 | |
| Merchandise and finished goods | 31,877 | | 34,180 | |
| Work in process | 6,109 | | 6,143 | |
| Raw material and supplies | 14,849 | | 14,741 | |
| Deferred tax assets | 7,510 | | 9,086 | |
| Other | 5,642 | | 5,071 | |
| Allowance for doubtful accounts | (721) | | (693) | |
| II Noncurrent assets | 186,622 | 47.1% | 195,076 | 45.8% |
| 1. Property, plant and equipment | 114,458 | 28.9% | 114,030 | 26.8% |
| Buildings and structures | 46,520 | | 45,533 | |
| Machinery, equipment and vehicles | 30,402 | | 29,345 | |
| Land | 20,214 | | 20,285 | |
| Lease assets | 706 | | 665 | |
| Construction in progress | 10,200 | | 11,941 | |
| Other | 6,413 | | 6,259 | |
| 2. Intangible assets | 29,095 | 7.3% | 30,129 | 7.1% |
| Goodwill | 21,985 | | 22,989 | |
| Other | 7,109 | | 7,140 | |
| 3. Investments and other assets | 43,069 | 10.9% | 50,915 | 11.9% |
| Investment securities | 28,152 | | 38,868 | |
| Deferred tax assets | 9,727 | | 6,614 | |
| Other | 5,189 | | 5,433 | |
| Total assets | 395,894 | 100.0% | 425,507 | 100.0% |

(Millions of yen)

| | As of June 30, 2010 | | As of March 31, 2010 | |
|---|---------------------|--------|----------------------|--------|
| | Amount | % | Amount | % |
| (Liabilities) | | | | |
| I Current liabilities | 78,205 | 19.7% | 99,731 | 23.5% |
| Notes and accounts payable-trade | 27,967 | | 27,367 | |
| Short-term loans payable | 10,000 | | 20,000 | |
| Lease obligations | 228 | | 219 | |
| Income taxes payable | 3,848 | | 12,994 | |
| Deferred tax liabilities | - | | 7 | |
| Provision for bonuses | 2,537 | | 4,898 | |
| Provision for directors' bonuses | 40 | | 161 | |
| Notes and accounts payable - facilities | 9,351 | | 8,031 | |
| Other | 24,231 | | 26,049 | |
| II Noncurrent liabilities | 5,881 | 1.5% | 8,636 | 2.0% |
| Lease obligations | 465 | | 463 | |
| Deferred tax liabilities | 9 | | 40 | |
| Provision for retirement benefits | 1,367 | | 4,677 | |
| Provision for directors' retirement benefits | 586 | | 658 | |
| Asset retirement obligations | 767 | | - | |
| Other | 2,684 | | 2,795 | |
| Total liabilities | 84,086 | 21.2% | 108,367 | 25.5% |
| (Net assets) | | | | |
| I Shareholders' equity | 343,385 | 86.7% | 337,633 | 79.3% |
| Capital stock | 38,716 | | 38,716 | |
| Capital surplus | 59,030 | | 59,030 | |
| Retained earnings | 322,457 | | 316,703 | |
| Treasury stock | (76,819) | | (76,817) | |
| II Valuation and translation adjustments | (31,791) | (8.0%) | (20,711) | (4.9%) |
| Valuation difference on available-for-sale securities | (2,363) | | 2,335 | |
| Foreign currency translation adjustment | (29,428) | | (23,046) | |
| III Minority interests | 214 | 0.1% | 218 | 0.1% |
| Total net assets | 311,807 | 78.8% | 317,139 | 74.5% |
| Total liabilities and net assets | 395,894 | 100.0% | 425,507 | 100.0% |

(2) Consolidated Statements of Income

(Millions of yen)

| | Three months ended June 30, 2009 | | Three months ended June 30, 2010 | | | | |
|---|-------------------------------------|--------|-------------------------------------|---|--------|--------|------|
| | Amount | % | Amount | % | | | |
| I Net sales | | 77,467 | 100.0% | | 81,234 | 100.0% | |
| II Cost of sales | | 35,928 | 46.4% | | 38,898 | 47.9% | |
| Gross profit | | 41,539 | 53.6% | | 42,336 | 52.1% | |
| III Selling, general and administrative expenses | | 25,062 | 32.3% | | 26,389 | 32.5% | |
| Operating income | | 16,476 | 21.3% | | 15,946 | 19.6% | |
| IV Non-operating income | | | | | | | |
| Interest income | 142 | | | | 67 | | |
| Dividends income | 42 | | | | 150 | | |
| Royalty income | 40 | | | | 38 | | |
| Foreign exchange gains | 325 | | | | — | | |
| Equity in earnings of affiliates | 39 | | | | 34 | | |
| Other | 120 | 711 | 0.9% | | 76 | 367 | 0.5% |
| V Non-operating expenses | | | | | | | |
| Interest expenses | 45 | | | | 28 | | |
| Sales discounts | 146 | | | | 144 | | |
| Foreign exchange losses | — | | | | 3,439 | | |
| Loss on disposal of inventories | 41 | | | | 35 | | |
| Other | 20 | 253 | 0.3% | | 111 | 3,759 | 4.6% |
| Ordinary income | | 16,934 | 21.9% | | 12,554 | 15.5% | |
| VI Extraordinary income | | | | | | | |
| Gain on sales of noncurrent assets | 0 | | | | 2 | | |
| Reversal of allowance for doubtful accounts | 0 | | | | 0 | | |
| Gain on contribution of securities to retirement benefit trust | — | 1 | 0.0% | | 494 | 497 | 0.6% |
| VII Extraordinary losses | | | | | | | |
| Loss on disposal of noncurrent assets | 2 | | | | 3 | | |
| Directors' retirement benefit | — | 2 | 0.0% | | 15 | 19 | 0.1% |
| Income before income taxes | | 16,933 | 21.9% | | 13,031 | 16.0% | |
| Income taxes-current | 4,081 | | | | 2,666 | | |
| Income taxes-deferred | 2,027 | 6,108 | 7.9% | | 1,552 | 4,219 | 5.2% |
| Income before minority interest | | — | — | | 8,812 | 10.8% | |
| Minority interests in income | | 11 | 0.0% | | 19 | 0.0% | |
| Net income for the period | | 10,812 | 14.0% | | 8,792 | 10.8% | |

(3) Consolidated Statements of Cash Flows

(Millions of yen)

| | Three months ended | Three months ended |
|--|--------------------|--------------------|
| | June 30, 2009 | June 30, 2010 |
| | Amount | Amount |
| I Net cash provided by (used in) operating activities | | |
| Income before income taxes | 16,933 | 13,031 |
| Depreciation and amortization | 4,010 | 4,132 |
| Amortization of goodwill | 471 | 408 |
| Equity in (earnings) losses of affiliates | (39) | (34) |
| Increase (decrease) in provision for retirement benefits | 392 | (3,137) |
| Increase(decrease) in reserve for retirement benefits for directors and corporate auditors | — | (72) |
| Increase (decrease) in allowance for doubtful accounts | (31) | 50 |
| Increase (decrease) in provision for directors' bonuses | (125) | (121) |
| Interest and dividends income | (184) | (217) |
| Interest expenses | 45 | 28 |
| Foreign exchange losses (gains) | 13 | 2,521 |
| Loss (gain) on disposal of noncurrent assets | 2 | 3 |
| Loss (gain) on sales of noncurrent assets | (0) | (2) |
| Loss (gain) on securities contribution to employees retirement benefits trust | — | (494) |
| Transfer of securities to retirement benefit trust | — | 3,200 |
| Decrease (increase) in notes and accounts receivable-trade | (1,828) | (810) |
| Decrease (increase) in inventories | (1,269) | 112 |
| Increase (decrease) in notes and accounts payable-trade | (1,563) | 788 |
| Other, net | 64 | (3,574) |
| Sub-total | 16,889 | 15,811 |
| Interest and dividends income received | 346 | 376 |
| Interest expenses paid | (48) | (32) |
| Income taxes paid | (5,674) | (11,936) |
| Net cash provided by (used in) operating activities | 11,512 | 4,220 |
| II Net cash provided by (used in) investment activities | | |
| Payments into time deposits | (8,745) | (859) |
| Proceeds from withdrawal of time deposits | 2,239 | 1,673 |
| Purchase of property, plant and equipment | (4,142) | (3,529) |
| Proceeds from sales of property, plant and equipment | 0 | 2 |
| Purchase of intangible assets | (264) | (405) |
| Purchase of investment securities | (106) | (10) |
| Net cash provided by (used in) investment activities | (11,018) | (3,128) |
| III Net cash provided by (used in) financing activities | | |
| Net increase (decrease) in short-term loans payable | (2,100) | (10,000) |
| Purchase of treasury stock | (2) | (2) |
| Repayments of finance lease obligations | (47) | (56) |
| Cash dividends paid | (3,038) | (3,038) |
| Net cash provided by (used in) financing activities | (5,188) | (13,097) |
| IV Effect of exchange rate change on cash and cash equivalents | 955 | (3,349) |
| V Net increase (decrease) in cash and cash equivalents | (3,739) | (15,354) |
| VI Cash and cash equivalents at beginning of period | 55,067 | 84,877 |
| VII Cash and cash equivalents at end of period | 51,328 | 69,522 |

5. Segment Information

(1) The First Quarter of Fiscal Year Ended March 31, 2010

[Business segments]

(Millions of yen)

| | Three months ended June 30, 2009 | |
|------------------------------|-------------------------------------|---------------------|
| | Amount | |
| | Sales | Operating income |
| General hospital products | 36,643 | 8,607 |
| Cardiac & Vascular products | 33,279 | 9,830 |
| Blood transfusion products | 5,651 | 843 |
| Consumer Healthcare products | 1,892 | 333 |
| Corporate expenses | — | (3,138) |
| Total | 77,467 | 16,476 |

(Note) Main products belonging to each product segment

| Product segments | Main products |
|--|--|
| General Hospital products | |
| Disposable medical devices and Medical electronics | Syringes, Needles, Solution sets, I.V.catheters, Blood collection tubes, Infusion pumps, Syringe pumps, etc. |
| Pharmaceuticals | I.V.solutions, Prefilled syringes, Nutritious food, etc. |
| CAPD products | CAPD systems |
| Diabetes care products | Blood glucose monitoring systems |
| Home parenteral nutrition and oxygen | Home parenteral nutrition system, Home oxygen therapy system, etc. |
| Cardiac and Vascular products | |
| Interventional systems | Angiographic catheters, PTCA balloon catheters, Coronary stents, Neuro interventional coils, etc. |
| Cardiovascular systems | Oxygenerators, Cardio-pulmonary bypass system, etc. |
| Vascular grafts | Artificial vascular grafts, Stent grafts |
| Blood Transfusion products | Blood bags, Automated blood processing, etc. |
| Consumer Healthcare products | Digital Thermometers, Blood pressure monitors, Blood glucose monitors (OTC), etc. |

[Geographic segments]

(Millions of yen)

| | Three months ended June 30, 2009 | | |
|-----------------------------------|-------------------------------------|----------------|---------------------|
| | Amount | | |
| | Sales to customer | Internal sales | Operating income |
| Japan | 42,822 | 11,746 | 14,374 |
| Europe | 13,406 | 1,150 | 2,452 |
| Americas | 13,711 | 1,520 | 883 |
| Asia and others | 7,527 | 3,698 | 2,099 |
| Corporate expenses / eliminations | — | (18,116) | (3,334) |
| Total | 77,467 | — | 16,476 |

[Sales results by regions]

(Millions of yen)

| | Three months ended June 30, 2009 | |
|-----------------|-------------------------------------|---------------|
| | Amount | % |
| Japan | 42,820 | 55.3% |
| Europe | 13,406 | 17.3% |
| Americas | 13,711 | 17.7% |
| Asia and others | 7,529 | 9.7% |
| Total | 77,467 | 100.0% |

(Note) Sales in 'Asia and others' includes direct sales from Japan.

(2) The First Quarter of Fiscal Year Ending March 31, 2011

Starting in the first quarter of the current fiscal year, the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (Accounting Standard Board of Japan (ASBJ) Statement No.17, March 27, 2009) and "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No.20, March 21, 2008) have been applied. Therefore, the lists of the segment information for Fiscal Year 2010 are newly reformed as follows:

[Business segments]

(Millions of yen)

| | Three months ended June 30, 2010 | | |
|------------------------------|-------------------------------------|----------------|----------------|
| | Amount | | |
| | Sales to customer | Internal sales | Segment profit |
| General Hospital business | 37,077 | — | 6,337 |
| Cardiac & Vascular business | 36,447 | — | 9,598 |
| Blood Transfusion business | 6,443 | — | 813 |
| Consumer Healthcare business | 802 | — | (373) |
| Subtotal | 80,771 | — | 16,375 |
| Adjustment | 463 | — | (429) |
| Total | 81,234 | — | 15,946 |

- Notes:
1. The (429) million yen adjustment to segment profit is the sum of the (506) million yen for Inventories and the 77 million yen for others.
 2. Segment profit is adjusted to be consistent with operating income shown on the quarterly consolidated income statement.

(Note) Main products belonging to each business segment

| Business segments | Main products |
|--|--|
| General Hospital business | |
| Disposable medical devices and Medical electronics | Solution sets, I.V.catheters, Infusion pumps, Syringe pumps, Syringes, Needles, Blood collection tubes, Home parenteral nutrition system, Home oxygen therapy system, etc. |
| Pharmaceuticals | I.V.solutions, Nutritious food, Prefilled syringes, CAPD systems, etc. |
| Diabetes care products | Blood glucose monitoring systems |
| Cardiac and Vascular business | |
| Interventional systems | Angiographic catheters, PTCA balloon catheters, Coronary stents, Neuro interventional coils, etc. |
| Cardiovascular systems | Oxygenerators, Cardio-pulmonary bypass system, LVA system, etc. |
| Vascular grafts | Artificial vascular grafts, Stent grafts |
| Blood Transfusion business | Blood bags, Automated blood processing, etc. |
| Consumer Healthcare business | Digital Thermometers, Blood pressure monitors, Blood glucose monitors (OTC), etc. |

(Supplementary Information)

[Geographic segments]

(Millions of yen)

| | Three months ended June 30, 2010 | | |
|-----------------------------------|-------------------------------------|----------------|------------------|
| | Amount | | |
| | Sales to customer | Internal sales | Operating income |
| Japan | 42,548 | 13,996 | 13,132 |
| Europe | 13,788 | 988 | 1,982 |
| Americas | 15,782 | 1,464 | 1,852 |
| Asia and others | 9,114 | 3,839 | 2,246 |
| Subtotal | 81,234 | 20,288 | 19,213 |
| Corporate expenses / eliminations | — | (20,288) | (3,267) |
| Total | 81,234 | — | 15,946 |