

# Half Year Financial Results for FYE 3/2007 (Consolidated)

October 30, 2006



Name of listed company: TERUMO CORPORATION

( URL <http://www.terumo.com/> )

Company code number: 4543

Representative:

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Exchange where listed: TSE

Location of headquarters (prefecture):

Tokyo

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Date of Board of Directors' meeting for approval of financial results: October 30, 2006

Adoption of U.S. accounting standards [Yes/No]: No

## 1. Consolidated Financial Highlights for the interim period ended September 2006

(From April 1, 2006 to September 30, 2006)

### (1) Consolidated financial results (Note: The amounts shown below ignore values of less than a million yen)

	Net sales		Operating income		Ordinary income	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
September 2006	132,669	10.7	28,636	14.5	29,057	14.8
September 2005	119,825	6.8	25,010	12.5	25,300	12.2
March 2006	247,048		48,251		48,934	

	Net income		Net income per share	Net income per share, fully diluted
	(Millions of yen)	%	(Yen)	(Yen)
September 2006	18,430	13.0	90.78	-
September 2005	16,305	22.8	81.57	-
March 2006	32,457		160.45	-

(Notes) 1. Investment income for equity method:

September 2006: 85 million yen, September 2005: 97 million yen, March 2006: 177 million yen

2. Average number of shares during period (consolidated):

September 2006: 203,025,089 shares, September 2005: 199,890,537 shares, March 2006: 201,459,940 shares

3. Changes in accounting policies: Yes

4. The Percentages shown next to net sales, operating profit, ordinary profit and net income represent year-on-year changes.

### (2) Consolidated financial position (Note: The amounts shown below ignore values of less than a million yen)

	Total assets	Net assets	Capital asset ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
September 2006	368,385	289,466	78.6	1,425.78
September 2005	344,281	253,590	73.7	1,249.02
March 2006	354,648	273,309	77.1	1,345.52

(Notes) 1. Number of shares outstanding at the end of the period (consolidated):

September 2006: 203,022,715 shares, September 2005: 203,031,679 shares March 2006: 203,027,519 shares

### (3) Consolidated statements of cash flows (Note: The amounts shown below ignore values of less than a million yen)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
September 2006	20,865	(9,326)	(4,976)	54,708
September 2005	21,052	(21,147)	9,829	67,594
March 2006	43,380	(54,391)	370	47,963

### (4) Scope of consolidation and in application of the equity method

Consolidated subsidiaries: 40

Nonconsolidated subsidiaries accounted for under equity method: 2

Affiliated companies accounted for under equity method: 1

### (5) Changes in scope of consolidation and in application of the equity method

Consolidation (new): 2

(elimination): None

Equity method (new): None

(elimination): None

## 2. Consolidated forecasts for the year ending March 2007 (From April 1, 2006 to March 31, 2007)

	Net sales	Operating income	Ordinary income	Net income
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Year ended March, 2007	273,000	57,500	57,500	37,000

(N.B.) Estimated earnings per share (full year): 182.25 yen

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to differ materially from that anticipated in these statements.

### 3. Semiannual Financial Statements

#### (1) Semiannual Consolidated Balance Sheet

(Millions of yen)

	Interim year ended September 2005 (As of September 30, 2005)		Interim year ended September 2006 (As of September 30, 2006)		Year ended March 2006 (As of March 31, 2006)	
	Amount	%	Amount	%	Amount	%
<b>(Assets)</b>						
<b>I Current Assets</b>	175,278	50.9%	177,622	48.2%	165,486	46.7%
Cash on hand and in banks	67,594		55,407		47,963	
Trade notes/accounts receivable	59,520		66,969		63,940	
Inventories	38,274		43,697		40,941	
Deferred income taxes - current	6,643		8,508		8,604	
Other current assets	4,022		3,945		4,952	
Allowance for doubtful accounts	(776)		(905)		(915)	
<b>II Fixed Assets</b>	169,002	49.1%	190,762	51.8%	189,161	53.3%
<b>1. Tangible fixed assets</b>	107,420	31.2%	112,637	30.6%	109,837	31.0%
Buildings and structures	42,053		43,190		42,591	
Machinery and transportation equipment	28,081		30,569		28,401	
Land	20,519		20,334		20,384	
Construction in progress	9,589		11,294		10,697	
Other tangible fixed assets	7,176		7,248		7,762	
<b>2. Intangible fixed assets</b>	22,566	6.6%	41,370	11.2%	41,972	11.8%
Goodwill	5,124		35,598		23,770	
Consolidation adjustments	12,811				12,411	
Other intangible fixed assets	4,630		5,771		5,790	
<b>3. Investments and other fixed assets</b>	39,015	11.3%	36,754	10.0%	37,351	10.5%
Investments in securities	30,267		31,618		32,162	
Deferred income taxes - noncurrent	6,354		2,640		2,830	
Other assets	2,392		2,495		2,358	
<b>Total Assets</b>	344,281	100.0%	368,385	100.0%	354,648	100.0%

(Millions of yen)

	Interim year ended September 2005 (As of September 30, 2005)		Interim year ended September 2006 (As of September 30, 2006)		Year ended March 2006 (As of March 31, 2006)	
	Amount	%	Amount	%	Amount	%
<b>(Liabilities)</b>						
<b>I Current Liabilities</b>	69,113	20.1%	64,000	17.4%	66,876	18.9%
Trade notes/accounts payable	22,250		22,713		23,858	
Short-term bank loans	6,159		1,886		3,975	
Current installments of long-term debt	5,000		-		-	
Accrued income taxes	9,398		10,656		11,398	
Reserve for employees bonuses	4,729		4,402		4,324	
Notes and accounts payable on equipment	5,447		5,192		4,819	
Other current liabilities	16,128		19,148		18,500	
<b>II Long-term Liabilities</b>	21,530	6.2%	14,918	4.0%	14,412	4.0%
Deferred income taxes - noncurrent	48		107		90	
Reserve for retirement allowance	19,470		11,677		12,171	
Reserve for retirement benefits for directors and corporate auditors			728			
Other long-term liabilities	2,011		2,404		2,150	
<b>Total Liabilities</b>	90,644	26.3%	78,919	21.4%	81,288	22.9%
<b>(Minority interests)</b>						
Minority interests	46	0.0%	-	-	49	0.0%
<b>(Stockholders' equity)</b>						
<b>I Capital stock</b>	38,716	11.3%	-	-	38,716	10.9%
<b>II Capital surplus</b>	59,030	17.2%	-	-	59,030	16.6%
<b>III Retained earnings</b>	169,271	49.2%	-	-	183,391	51.7%
<b>IV Evaluation difference of investment securities</b>	4,989	1.4%	-	-	7,367	2.1%
<b>V Foreign currency translation adjustments</b>	(4,983)	-1.5%	-	-	(1,747)	-0.4%
<b>VI Treasury stock</b>	(13,434)	-3.9%	-	-	(13,449)	-3.8%
<b>Total Stockholders' Equity</b>	253,590	73.7%	-	-	273,309	77.1%
<b>Total Liabilities, minority interests and stockholders' equity</b>	344,281	100.0%	-	-	354,648	100.0%
<b>(Net assets)</b>						
<b>I Shareholders' equity</b>	-	-	283,127	76.9%	-	-
Capital stock	-	-	38,716		-	-
Capital surplus	-	-	59,030		-	-
Retained earnings	-	-	198,848		-	-
Treasury stock	-	-	(13,468)		-	-
<b>II Evaluation difference and foreign currency exchange adjustments</b>	-	-	6,287	1.7%	-	-
Evaluation difference of investment securities	-	-	7,058		-	-
Gain/Loss on deferred hedge	-	-	(0)		-	-
Foreign currency translation adjustments	-	-	(770)		-	-
<b>III Minority interests</b>	-	-	51	0.0%	-	-
<b>Total net assets</b>	-	-	289,466	78.6%	-	-
<b>Total liabilities, net assets</b>	-	-	368,385	100.0%	-	-

## (2) Consolidated Statement of Income

(Millions of yen)

	Interim year ended September 2005 (As of September 30, 2005)		Interim year ended September 2006 (As of September 30, 2006)		Year ended March 2006 (As of March 31, 2006)	
	Amount		Amount		Amount	
		%		%		%
<b>I</b> Net sales	119,825	100.0%	132,669	100.0%	247,048	100.0%
<b>II</b> Cost of sales	54,530	45.5%	59,418	44.8%	111,377	45.1%
Gross Profit on Sales	65,295	54.5%	73,250	55.2%	135,670	54.9%
<b>III</b> Selling, General and Administrative Expenses	40,285	33.6%	44,613	33.6%	87,419	35.4%
Operating Profit	25,010	20.9%	28,636	21.6%	48,251	19.5%
<b>IV</b> Non-operating Income						
Interest income	145		284		368	
Dividend income	93		163		170	
Royalties	8		46		79	
Foreign exchange profit	553		365		836	
Equity in earnings of unconsolidated companies	97		85		177	
Other non-operating income	310	1,209	301	1,246	731	2,365
<b>V</b> Non-operating Expenses						
Interest expenses	143		87		286	
Sales discount	191		180		393	
Loss on retirement benefit in the overseas subsidiary	160		-		163	
Loss on disposal of inventories	101		128		198	
Other non-operating expenses	321	918	429	826	640	1,682
Ordinary Profit	25,300	21.1%	29,057	21.9%	48,934	19.8%
<b>VI</b> Extraordinary Profit						
Gain on sales of fixed assets	65		42		71	
Gain on contribution of securities to retirement benefit trust	-		-		4,966	
Reversal of allowance for doubtful accounts	66		22		25	
Gain on sales of receivables written off	156	288	65	0.0%	156	5,219
<b>VII</b> Extraordinary Losses						
Loss on disposal of fixed assets	521		57		661	
Loss on sales of golf membership deposits	-		-		6	
Loss on liquidation of the subsidiary	190		-		196	
Loss on restructuring in the subsidiary	-		-		575	
Directors' retirement fee	59		12		59	
Provision of allowance for retirement benefits for directors and corporate auditors	-		728		-	
Expense relating to acquisition of newly consolidated subsidiary	-		-		473	
Impairment loss	592	1,363	798	0.6%	592	2,566
Income Before Taxes	24,224	20.2%	28,324	21.3%	51,588	20.9%
Corporate, Inhabitant and Enterprise Taxes	9,047		9,385		20,197	
Deferred Taxes (reduction)	(1,139)	7,907	504	9,890	(1,079)	19,117
Minority Interest Income (loss) of consolidated companies	11	0.0%	2	0.0%	13	0.0%
<b>Net Income for the Period</b>	<b>16,305</b>	<b>13.6%</b>	<b>18,430</b>	<b>13.9%</b>	<b>32,457</b>	<b>13.1%</b>

### (3) Consolidated Appropriation of Retained Earnings

(Millions of yen)

	Interim year ended September 2005 (As of September 30, 2005)	Year ended March 2006 (As of March 31 2006)
<b>(Capital Surplus)</b>		
I Consolidated capital surplus, beginning of period	52,103	52,103
II Increases in Capital surplus	6,926	6,926
Gain on sales of treasury stocks	6,926	6,926
III Capital surplus, end of period	59,030	59,030
<b>(Retained Earnings)</b>		
I Consolidated retained earnings, beginning of period	155,501	155,501
II Increases in consolidated retained earnings	16,305	32,457
Net income for the period	16,305	32,457
III Deductions from retained earnings	2,536	4,567
Dividends - total	2,379	4,410
Directors' bonuses	140	140
Statutory auditors' bonuses	17	17
IV Retained earnings, end of period	169,271	183,391

### (4) Statement of changes in net assets

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Shareholders' equity total
Beginning of period	38,716	59,030	183,391	(13,449)	267,689
Changes during this interim accounting period					
Delivery of dividends			(2,842)		(2,842)
Directors' bonuses			(132)		(132)
Interim net income			18,430		18,430
Acquisition of treasury stock				(19)	(19)
Changes of items other than capital stock (net)					
Total changes during this interim accounting period	-	-	15,456	(19)	15,437
Ending of period	38,716	59,030	198,848	(13,468)	283,127

	Evaluation difference and foreign currency exchange adjustments				Minority interests	Net assets total
	Evaluation difference of investment securities	Gain/Loss on deferred hedge	Foreign currency translation adjustments	Evaluation difference and foreign currency exchange adjustments total		
Beginning of period	7,367	-	(1,747)	5,619	49	273,359
Changes during this interim accounting period						
Delivery of dividends						(2,842)
Directors' bonuses						(132)
Interim net income						18,430
Acquisition of treasury stock						(19)
Changes of items other than capital stock (net)	(308)	(0)	977	668	1	669
Total changes during this interim accounting period	(308)	(0)	977	668	1	16,106
Ending of period	7,058	(0)	(770)	6,287	51	289,466

**(5) Consolidated Statements of Cash Flows**

(Millions of yen)

	Interim year ended September 2005 (As of September 30, 2005)	Interim year ended September 2006 (As of September 30, 2006)	Year ended March 2006 (As of March 31, 2006)
<b>I Cash flows from operating activities</b>			
Income before taxes and other adjustments	24,224	28,324	51,588
Depreciation and amortization	6,968	6,952	14,381
Impairment loss	592	-	592
Amortization of consolidated adjustments	399	-	799
Amortization of goodwill	-	590	-
Equity in loss(earnings) of unconsolidated companies	(97)	(85)	(177)
Increase(decrease) in retirement allowance	84	(494)	(7,214)
Increase(decrease) in allowance for doubtful accounts	(211)	(27)	(90)
Interest and dividend income	(239)	(447)	(539)
Interest expenses	143	87	286
Foreign exchange losses (gains)	124	140	664
Loss on disposal of tangible fixed assets	521	57	661
Gain on sales of tangible fixed assets	(65)	(42)	(71)
Loss on revaluation of golf membership deposits	-	-	6
Expense relating to acquisition of newly consolidated subsidiary	-	-	473
Gain on contribution of securities to retirement benefit trust	-	-	(4,966)
Transfer of securities to retirement benefit trust	-	-	7,110
Decrease(increase) in accounts receivable	1,561	(2,351)	(1,752)
Decrease(increase) in inventories	(3,121)	(2,274)	(4,923)
Increase(decrease) in accounts payable	686	(1,605)	1,461
Directors' bonuses	(157)	(132)	(157)
Others	(555)	1,926	3,323
Subtotal	30,860	30,618	61,455
Interest and dividend received	436	546	787
Interest paid	(143)	(87)	(293)
Income taxes paid	(10,100)	(10,213)	(18,569)
<b>Cash flows from operating activities</b>	<b>21,052</b>	<b>20,865</b>	<b>43,380</b>
<b>II Cash flows from investing activities</b>			
Payments into time deposits	-	(698)	-
Payments for acquisition of tangible assets	(6,149)	(8,641)	(14,248)
Proceeds from sales of tangible assets	763	141	987
Payments for acquisition of intangible assets	(764)	(126)	(1,278)
Payments for acquisition security investments	(14,999)	(1)	(15,000)
Proceeds from sales of security investments	1	-	1
Payments for assignment of goodwill	-	-	(918)
Acquisition of shares in consolidated subsidiary	-	-	(23,460)
Payments for acquisition of newly consolidated subsidiary	-	-	(473)
<b>Cash flows from investing activities</b>	<b>(21,147)</b>	<b>(9,326)</b>	<b>(54,391)</b>
<b>III Cash flows from financing activities</b>			
Increase(decrease) in short-term debt	(2,446)	(2,114)	(4,848)
Repayment of long-term debt	(328)	-	(5,339)
Proceeds from treasury stock	14,998	-	14,998
Buyback of treasury stock	(14)	(19)	(29)
Dividends paid	(2,379)	(2,842)	(4,410)
<b>Cash flows from financing activities</b>	<b>9,829</b>	<b>(4,976)</b>	<b>370</b>
<b>IV Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>302</b>	<b>182</b>	<b>1,046</b>
<b>V Change in Cash and Cash Equivalents</b>	<b>10,036</b>	<b>6,744</b>	<b>(9,594)</b>
<b>VI Cash and Cash Equivalents, Beginning of period</b>	<b>57,557</b>	<b>47,963</b>	<b>57,557</b>
<b>VII Cash and Cash Equivalents, End of period</b>	<b>67,594</b>	<b>54,708</b>	<b>47,963</b>

## Notes:

### Relating to balance sheet

(Millions of yen)

	Interim year ended September 2005 (As of September 30, 2005)	Interim year ended September 2006 (As of September 30, 2006)	Year ended March 2006 (As of March 31, 2006)
I Accumulated depreciation of tangible assets	178,784	191,436	186,091

#### II Matured bills as of September 30 2006

The last day of this interim accounting period was a holiday of banking institutions, and the bills reaching maturity on Sep 30 2006, mentioned below, are included in the ending balance of this interim accounting period.

Trade notes receivable 694 millions of yen

### Relating to statement of income

#### I Main items among selling, general and administrative expenses

(Millions of yen)

	Interim year ended September 2005 (As of September 30, 2005)	Interim year ended September 2006 (As of September 30, 2006)	Year ended March 2006 (As of March 31, 2006)
Promotion and Advertisement fee	4,001	4,428	9,077
Transportation and Packaging cost	3,570	3,845	7,431
Salaries	9,177	11,100	19,254
Provision for bonuses	2,099	2,006	3,896
Pension	859	742	1,835
Depreciation	1,270	1,438	2,828

#### II R&D expenditure

	7,342	7,771	18,024
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#### III Itemized statement of Gain on sales and Loss on disposal of assets

##### Gains on sales of fixed assets

(Millions of yen)

	Interim year ended September 2005 (As of September 30, 2005)	Interim year ended September 2006 (As of September 30, 2006)	Year ended March 2006 (As of March 31, 2006)
Land	60	33	60
Machinery and transportation equipment	4	8	10
Other tangible fixed assets	0	-	0
Total Gains on sales of fixed assets	65	42	71

##### Loss on disposal of fixed assets

(Millions of yen)

Land	313	-	323
Buildings and structures	93	12	114
Machinery and transportation equipment	76	18	170
Other tangible fixed assets	37	25	53
Total Loss on disposal of fixed assets	521	57	661

#### IV Impairment loss

(Millions of yen)

Location	Ashigara kami county , Kanagawa prefecture	-	Ashigara kami county , Kanagawa prefecture
Application	Unused immovable property	-	Unused immovable property
Assortment	Land	-	Land
Amount	592	-	592

**Relating to statement of cash flows**

Reconciliation of cash and cash equivalents on the semiannual consolidated balance sheet.

(Millions of yen)

	Interim year ended September 2005 (As of September 30, 2005)	Interim year ended September 2006 (As of September 30, 2006)	Year ended March 2006 (As of March 31, 2006)
Cash on hand and in banks	67,594	55,407	47,963
Time deposits, bonds and other with original maturity exceeding a three-month period	-	(698)	-
Cash and cash equivalents	67,594	54,708	47,963

**Relating to Statement of changes in net assets**

I Category and total number of issued stock and treasury stock

(Thousand)

	Beginning balance	Increase during this interim period	Decrease during this interim period	Ending balance
Issued stock : Common stock	210,876	-	-	210,876
Treasury stock : Common stock	7,848	4	-	7,853

\*Note : The increase of treasury stock is from taking up odd stock.

II Items on dividend

(1) Delivery of dividends

(Resolution)	Category of stock	Dividend (millions yen)	Dividend per share (yen)	Dividend record date	Effective date
Annual meeting of stockholders held on June 29, 2006	Common stock	2,842	14	March 31,2006	June 29,2006

(2) Dividend recorded in this interim period but effective after the period end

(Resolution)	Category of stock	Dividend (millions yen)	Source of dividend	Dividend per share (yen)	Dividend record date	Effective date
Board of directors held on Oct 30, 2006	Common stock	2,436	Retained earnings	12	September 30,2006	December 8,2006

## 4. Segment Information

(1) Segment

(Millions of yen)

	Interim year ended September 2005 (As of September 30, 2005)		Interim year ended September 2006 (As of September 30, 2006)		Changes
	Amount	%	Amount	%	
<b>General hospital products</b>					
Sales	63,351		65,829		2,478
Operating income	12,066		12,351		284
Operating income ratio	19.0%		18.8%		—
<b>Catheter and Cardiovascular system</b>					
Sales	42,641		52,771		10,130
Operating income	14,153		17,777		3,624
Operating income ratio	33.2%		33.7%		—
<b>Home health care products</b>					
Sales	13,833		14,068		234
Operating income	4,039		3,834		(205)
Operating income ratio	29.2%		27.3%		—

(2) Sales results by product segment

(Millions of yen)

	Interim year ended September 2005 (As of September 30, 2005)		Interim year ended September 2006 (As of September 30, 2006)		Changes %
	Amount	%	Amount	%	
	Disposable medical equipment	37,716	31.5%	38,233	28.8%
Pharmaceuticals	17,570	14.7%	18,363	13.8%	4.5%
Blood transfusion system	8,064	6.7%	9,232	7.0%	14.5%
<b>General hospital products</b>	<b>63,351</b>	<b>52.9%</b>	<b>65,829</b>	<b>49.6%</b>	<b>3.9%</b>
Catheter system	24,069	20.1%	30,277	22.8%	25.8%
Cardiovascular system	15,230	12.7%	17,625	13.3%	15.7%
Vascular grafts	3,341	2.8%	4,868	3.7%	45.7%
<b>Catheter and Cardiovascular system</b>	<b>42,641</b>	<b>35.6%</b>	<b>52,771</b>	<b>39.8%</b>	<b>23.8%</b>
CAPD system	3,953	3.3%	3,637	2.7%	-8.0%
Diabetes care products	4,803	4.0%	5,925	4.5%	23.4%
Other products	5,076	4.2%	4,505	3.4%	-11.2%
<b>Home health care products</b>	<b>13,833</b>	<b>11.5%</b>	<b>14,068</b>	<b>10.6%</b>	<b>1.7%</b>
<b>Total</b>	<b>119,825</b>	<b>100.0%</b>	<b>132,669</b>	<b>100.0%</b>	<b>10.7%</b>

Note ) Main Products belonging to each product segment

Product segment	Main Products
Disposable medical equipment	Syringe, Needle, Solution Administration set, I.V.catheter, Blood collection tube, Electronic medical devices, etc.
Pharmaceuticals	I.V.solutions, Prefilled syringe, Nutritional products, etc.
Blood transfusion system	Blood bags, Blood transfusion administration set, medical electronic devices for blood collection, etc.
Catheter system	PTCA dilation catheters, Coronary stent, Guide wire, Angiographic catheters, etc.
Cardiovascular system	Roller pump, Hollow fiber oxygenators, Blood circuit, etc.
Artificial vascular grafts	Artificial vascular grafts
CAPD system	Dialysis solution, etc.
Diabetes care products	Blood glucose monitor, etc.
Other products	Home oxygen system, Digital Thermometers, Electronic sphygmomanometers, etc.

(3) Sales results by region

(Millions of yen)

	Interim year ended September 2005 (As of September 30, 2005)		Interim year ended September 2006 (As of September 30, 2006)		Changes Amount
	Amount	%	Amount	%	
Japan	73,283	61.1%	73,828	55.6%	544
Europe	18,555	15.5%	22,750	17.2%	4,195
America	18,448	15.4%	24,699	18.6%	6,251
Others	9,539	8.0%	11,390	8.6%	1,851
<b>Total</b>	<b>119,825</b>	<b>100.0%</b>	<b>132,669</b>	<b>100.0%</b>	<b>12,843</b>