

# **FY2006 FINANCIAL RESULTS**

(April 1, 2006 - March 31, 2007)

## **Supplementary Information**

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Disclaimer regarding forward-looking statement:

The performance forecast provided in this document is prepared by the management based on currently available information and various hypotheses and ideas including significant risks or uncertainties. Please be aware that the actual performance may turn out to be different from the forecast as a result of various contributing factors.

Factors affecting the performance include, among others, aggravation of the economic situation, fluctuation of the exchange rate, change of regulatory, statutory, and administrative requirements, delayed launch of new products, pressures from the product strategies of competitive companies, and decline of the sales potential of existing products.

## Consolidated Financial Highlights

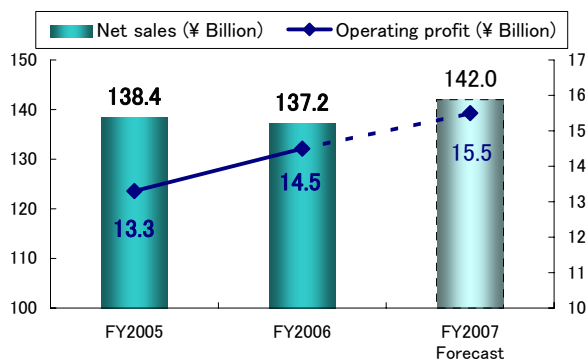
(Millions of yen)

	FY2005	FY2006	Y/Y(%)	FY2007 Forecast
<b>&lt;Key Items of Statement of Income&gt;</b>				
Net sales	138,357	<b>137,208</b>	-0.8	142,000
Operating profit	13,283	<b>14,523</b>	9.3	15,500
Ordinary profit	13,671	<b>15,044</b>	10.0	15,700
Net income	8,064	<b>8,447</b>	4.7	8,800
Net income per share (yen)	135.91	<b>140.40</b>	-	145.94
Net income per share (diluted) (yen)	133.73	<b>140.07</b>	-	-
<b>&lt;Key Items of Balance Sheet&gt;</b>				
Total assets	122,894	<b>122,034</b>	-	-
Net assets	75,428	<b>82,762</b>	-	-
Net assets per share (yen)	1,260.64	<b>1,361.65</b>	-	-
<b>&lt;Key Indicators, etc.&gt;</b>				
Dividend payout ratio (%)	20.6	<b>22.8</b>	-	30.1
Return on equity (%)	13.0	<b>10.7</b>	-	-
Return on asset (%)	11.2	<b>12.3</b>	-	-
Equity ratio (%)	61.4	<b>67.3</b>	-	-
Number of consolidated subsidiaries	25	<b>19</b>	-	-

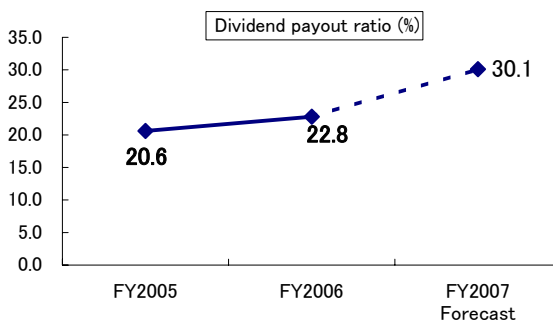
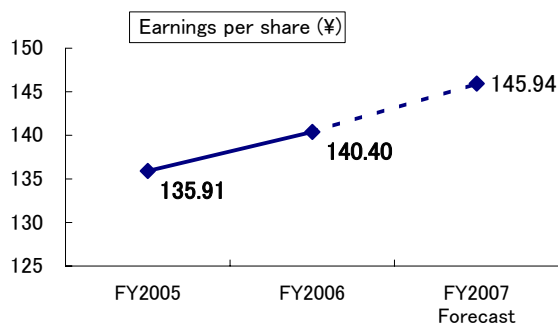
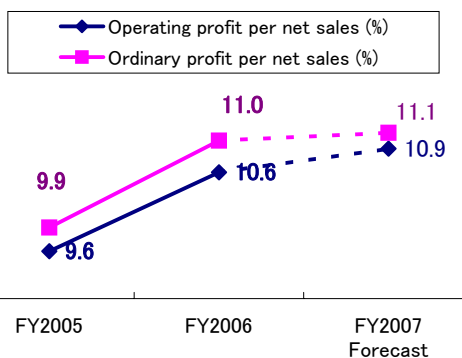
### Notes:

The seven subsidiaries (SRL Hokkaido, Inc., SRL Nishinohon, Inc, SRL Shizuoka, Inc., SRL Hokuriku, Inc., TSL, Inc., Nanshin Clinical Laboratories, Inc. and Life Information Analysis Center, Inc.) are merged into SRL, Inc. on April 1, 2006. While, Fujirebio Diagnostics AB (the former CanAG Diagnostic AB) became a consolidated subsidiary due to the acquisition by Fujirebio Diagnostics, Inc. on May 31, 2006.

FY2005: April 1, 2005 – March 31, 2006  
 FY2006: April 1, 2006 – March 31, 2007  
 FY2007: April 1, 2007 – March 31, 2008



\* Figures are rounded to the nearest 100 million yen.



## Consolidated Balance Sheets

<ASSETS>

(Millions of yen)

	FY2005	(%)	FY2006	(%)	Y/Y Variance
<b>Current assets</b>	63,397	51.6	61,676	50.5	-1,721
Cash and cash equivalents	25,261		21,246		-4,015
Accounts and notes receivables	25,906		26,444		538
Marketable securities	90		40		-50
Inventories	8,208		9,278		1,069 ← ①
Deferred tax assets - current	2,222		2,409		186
Other current assets	1,895		2,405		510
Allowance for doubtful receivables	-187		-147		39
<b>Fixed assets</b>	59,496	48.4	60,357	49.5	861
Tangible assets	33,635	27.4	33,700	27.6	64
Buildings and structures	13,693		13,759		66
Machinery and equipment	1,689		1,619		-69
Furniture and fixtures	8,599		8,305		-294
Land	7,692		7,668		-24
Construction in progress	1,960		2,347		386
Intangible assets	12,625	10.3	14,026	11.5	1,401
Software	7,659		6,665		-993
Goodwill	—		2,975		2,975
Consolidation adjustments account	3,435		—		-3,435
Other intangible assets	1,530		4,385		2,854 ← ②
Investment and other assets	13,235	10.7	12,630	10.4	-604
Investment securities	5,504		5,081		-423 ← ③
Deferred tax assets - non-current	3,305		3,149		-156 ← ④
Other assets	4,612		4,566		-45
Allowance for doubtful receivables	-187		-166		20
<b>Total assets</b>	122,894	100.0	122,034	100.0	-859

Notes:

- ① Raw materials and products in process: 627 million yen
- ② Gains on acquisition of subsidiary stocks: 1,288 million yen
- ③ Unrealized losses on market value of stocks: -362 million yen
- ④ Reversal of employees retirement benefit: -416 million yen

## Consolidated Balance Sheets

<LIABILITIES AND NET ASSETS (MINORITY INTEREST AND SHAREHOLDERS' EQUITY)> (Millions of yen)

	FY2005	(%)	FY2006	(%)	Y/Y Variance
<b>&lt;LIABILITIES&gt;</b>					
<b>Current liabilities</b>	32,003	26.0	26,799	22.0	-5,204
Accounts and notes payables	8,716		8,139		-576
Current portion of convertible bond redemption	403		—		-403
Short-term loans payable	6,142		3,793		-2,348
Accounts payable - others	6,342		6,005		-337
Income tax payable	3,007		2,068		-938
Accrued bonus	3,329		3,221		-107
Other current liabilities	4,062		3,569		-492
<b>Long-term liabilities</b>	14,854	12.1	12,472	10.2	-2,381
Long-term loans payable	4,660		3,447		-1,213
Liability for employee's retirement benefits	9,175		7,174		-2,001
Liability for directors' and corporate auditors' severance	236		80		-156
Other long-term liabilities	780		1,770		989
<b>Total liabilities</b>	46,857	38.1	39,271	32.2	-7,586
<b>&lt;MINORITY INTEREST&gt;</b>					
<b>Minority interest</b>	607	0.5	—	—	-607
<b>&lt;SHAREHOLDERS' EQUITY&gt;</b>					
Capital stock	7,300	6.0	—	—	-7,300
Capital surplus	23,022	18.7	—	—	-23,022
Retained earnings	44,947	36.6	—	—	-44,947
Unrealized gain on available-for-sale securities	903	0.7	—	—	-903
Foreign currency translation adjustments	37	0.0	—	—	-37
Treasury stock at cost	-783	-0.6	—	—	783
<b>Total shareholders' equity</b>	75,428	61.4	—	—	-75,428
<b>Total liabilities, minority interests and shareholders' equity</b>	122,894	100.0	—	—	-122,894
<b>&lt;NET ASSETS&gt;</b>					
Owners' equity	—	—	81,361	66.7	81,361
Capital stock	—	—	7,547	6.2	7,547
Capital surplus	—	—	23,269	19.1	23,269
Retained earnings	—	—	51,346	42.1	51,346
Treasury stock at cost	—	—	-802	-0.7	-802
Valuation and translation adjustments	—	—	746	0.6	746
Unrealized gain on available-for-sale securities	—	—	670	0.5	670
Foreign currency translation adjustments	—	—	76	0.1	76
Share warrant	—	—	39	0.0	39
<b>MINORITY INTEREST</b>	—	—	614	0.5	614
<b>Total net assets</b>	—	—	82,762	67.8	82,762
<b>Total liabilities and total net assets</b>	—	—	122,034	100.0	122,034

Notes:

Due to the enforcement of New Japanese Corporate Law, the conventional "Shareholders' equity" section was changed to "Net assets" section.

- ① Repayments of loans: 3,712 million yen
- ② Decrease due to switching to 401k plan: -1,991 million yen
- ③ Installment payable for switching to 401k plan: 839 million yen

## Consolidated Statement of Income

(Millions of yen)

	FY2005	(%)	FY2006	(%)	Y/Y Variance	Y/Y(%)
Net sales	138,357	100.0	<b>137,208</b>	100.0	-1,148	-0.8
Cost of goods sold	84,879	61.3	<b>86,954</b>	63.4	2,075	2.4
Gross profit	53,477	38.7	<b>50,253</b>	36.6	-3,224	-6.0
Selling, general and administrative expenses	40,194	29.1	<b>35,729</b>	26.0	-4,464	-11.1
Operating profit	13,283	9.6	<b>14,523</b>	10.6	1,240	9.3
Non-operating profit	690	0.5	<b>745</b>	0.6	55	8.0
Interest and dividend income	88		—			
Interest income	—		67			
Dividends	—		99			
Equity in net gains of associated companies	134		141			
Income from contracting business	137		113			
Income from insurance dividends	88		90			
Other non-operating income	240		233			
Non-operating expenses	303	0.2	<b>224</b>	0.2	-78	-26.1
Interest expense	140		109			
Equity in net losses of associated companies	33		25			
Expenses on assets rented to others	53		42			
Commitment fee	—		23			
Other non-operating expenses	76		24			
Ordinary profit	13,671	9.9	<b>15,044</b>	11.0	1,373	10.0
Extraordinary gain	3,851	2.8	<b>139</b>	0.1	-3,711	-96.4
Gain on sale of property, plant and equipment	9		35			
Gain on sale of investment securities	3,714		46			
Reversal of allowance for doubtful receivables	—		43			
Other extraordinary gain	127		13			
Extraordinary loss	4,569	3.3	<b>807</b>	0.6	-3,762	-82.3
Loss on disposals of property, plant and equipment	307		258			
Loss on sales of property, plant and equipment	155		1			
Special severance payments for early retired employees	3,015		—			
Loss on disposal of electric medical record business	476		—			
Business restructuring expense	—		313			
Loss on impairment of fixed assets	47		—			
Other extraordinary loss	566		234			
Income before income taxes and minority interests	12,953	9.4	<b>14,377</b>	10.5	1,424	11.0
Income taxes and enterprise taxes	5,294	3.8	5,793	4.2	499	9.4
Income taxes adjustments	-424	-0.2	118	0.1	542	—
Minority interest	18	0.0	17	0.0	-1	-5.4
Net income	8,064	5.8	<b>8,447</b>	6.2	383	4.7

### Notes:

- ① Main factors: Increase of cost of goods sold in Clinical Lab Testing Business, acquisition of CanAg in In Vitro Diagnostic Business, and product mix change
- ② Main factors: Productivity improvement by restructuring in Clinical Lab Testing Business
- ③ Gain on sale of dispensing pharmacy business is included in FY2005.
- ④ Special severance payments for early retired employees occurred in FY2005.

## Segment Results-1 (Consolidated)

### <Performance by Business Segment>

(Billions of yen)

	FY2005	FY2006	Y/Y Variance (%)	FY2007 Forecast
<b>Net sales</b>	138.4	<b>137.2</b>	-0.8	142.0
<b>In Vitro Diagnostics</b>	29.9	<b>30.1</b>	0.7	32.5
CL	10.9	<b>11.0</b>	0.9	14.0
HA/PA	8.0	<b>7.7</b>	-3.8	6.9
RIA	1.6	<b>1.3</b>	-18.8	1.1
NAT	0.5	<b>0.4</b>	-20.0	0.5
EL	3.2	<b>2.0</b>	-37.5	1.7
Others	5.7	<b>7.7</b>	35.1	8.3
<b>Clinical Lab Testing</b>	90.8	<b>88.3</b>	-2.8	88.8
Off-site testing	76.4	<b>73.2</b>	-4.2	72.6
Branch Lab/FMS	14.4	<b>15.1</b>	4.9	16.2
<b>Others</b>	17.7	<b>18.8</b>	6.2	20.7
Clinical Trials	4.0	<b>4.6</b>	15.0	5.4
Sterilizing	8.1	<b>9.0</b>	11.1	9.9
Preventive Medicine Related	5.6	<b>5.3</b>	-5.4	5.4
<b>Operating profit</b>	(*) 13.3	(**) 14.5	9.3	15.5
<b>In Vitro Diagnostics</b>	7.32	<b>7.26</b>	-0.8	6.9
<b>Clinical Lab Testing</b>	4.33	<b>5.27</b>	21.7	6.3
<b>Others</b>	1.52	<b>1.86</b>	22.4	2.4
Clinical Trials	-0.04	<b>0.20</b>	—	0.4
Sterilizing	0.45	<b>0.70</b>	55.6	0.7
Preventive Medicine Related	1.1	<b>1.0</b>	-9.1	1.3

Notes: Figures are rounded to the nearest 100 million yen.

(\*) Operating profit of 13.3 billion yen includes elimination/corporate of -0.1 billion yen.

(\*\*) Operating profit of 14.5 billion yen includes elimination/corporate of -0.13 billion yen.

CL: Chemiluminescence assay based
HA/PA: Hemagglutination and particle agglutination assay based
RIA: Radio immunoassay based
NAT: Nucleic acid amplification tests
EL: ESPLINE series (including flu screening tests)

## Segment Results-2 (Consolidated)

### <Research & Development Expenses>

	FY2005	FY2006	Y/Y (%)
<b>R&amp;D Expenses</b>	4.4	<b>3.9</b>	-11.4
In Vitro Diagnostics	4.0	<b>3.7</b>	-7.5
Clinical Lab Testing	0.4	<b>0.3</b>	-25.0
Others	—	—	—
Miraca holdings	—	—	—

(Billions of yen)

FY2007 Forecast
5.1
—
—
—
—

Notes: Figures are rounded up and down to the nearest 100 million yen.

### <Capital Expenditure>

	FY2005	FY2006	Y/Y (%)
<b>Capital Expenditure</b>	9.9	<b>9.3</b>	-6.1
In Vitro Diagnostics	3.2	<b>2.2</b>	-31.3
Clinical Lab Testing	6.2	<b>5.9</b>	-4.8
Others	0.5	<b>0.1</b>	-80.0
Miraca holdings	0.0	<b>1.1</b>	—

(Billions of yen)

FY2007 Forecast
11.8
—
—
—
—

Notes: Figures are rounded up and down to the nearest 100 million yen.

### <Depreciation and Amortization>

	FY2005	FY2006	Y/Y (%)
<b>Depreciation &amp; Amortization</b>	8.4	<b>8.6</b>	2.4
In Vitro Diagnostics	2.4	<b>2.4</b>	0.0
Clinical Lab Testing	5.7	<b>5.9</b>	3.5
Others	0.3	<b>0.3</b>	0.0
Miraca holdings	0.0	<b>0.0</b>	—

(Billions of yen)

FY2007 Forecast
9.1
—
—
—
—

Notes: Figures are rounded up and down to the nearest 100 million yen.

### <Number of Employees>

	FY2005	FY2006	Variance
<b>Total full-time employees</b>	4,623	<b>4,506</b>	-117
In Vitro Diagnostics	752	<b>786</b>	34
Clinical Lab Testing	3,033	<b>2,869</b>	-164
Others	829	<b>841</b>	12
Clinical Trials	141	<b>138</b>	-3
Sterilizing	551	<b>587</b>	36
Preventive Medicine Related	137	<b>116</b>	-21
Miraca holdings	9	<b>10</b>	1

## Share of Stock

### <Stock Information >

	Mar. 31, 2006	Sep. 30, 2006	Mar. 31, 2007
Number of shares issued (thousands of share)	60,366	60,754	<b>60,839</b>
Number of shareholders	9,805	7,704	<b>8,688</b>
Share price (yen)	2,405	2,930	<b>2,470</b>
Aggregate market value of listed stock (billions of yen)	143.9	176.4	<b>148.9</b>

Notes: The number of issued shares includes treasury stocks.

Aggregated market value of listed stock is calculated on the basis of the number of shares excluding treasury stocks. (Figures of aggregated market value of listed stock is rounded to the nearest 100 million yen)

### <Treasury Stock>

	Mar. 31, 2006	Sep. 30, 2006	Mar. 31, 2007
Number of treasury stocks	532,539	536,812	<b>539,289</b>

### <Shareholder Distribution>

	Mar. 31, 2006	Sep. 30, 2006	Mar. 31, 2007
Financial institutions in Japan	44.30%	44.15%	<b>41.08%</b>
Overseas investors	30.97%	36.05%	<b>38.17%</b>
Individuals and others in Japan	20.25%	16.64%	<b>17.14%</b>
Companies in Japan	2.42%	1.77%	<b>1.91%</b>
Securities companies in Japan	1.18%	0.51%	<b>0.81%</b>
Treasury stocks	0.88%	0.88%	<b>0.89%</b>

### <Cash Dividends per Share>

	FY2005	FY2006	FY2007 Forecast
Interim dividends (yen)	10	<b>16</b>	22
Year-end dividends (yen)	18	<b>16</b>	22
Annual dividends per share (yen)	28	<b>32</b>	44

## [Reference]

### 1. Breakdown of Clients by Hospital sizes for 2006 (As of Mar. 31, 2007)

	Total Japan	Fujirebio's clients		SRL's clients	
500 beds or more	360	332	(92.2%)	307	(85.3%)
400-499 beds	236	214	(90.7%)	181	(76.7%)
300-399 beds	534	400	(74.9%)	360	(67.4%)
200-299 beds	754	484	(64.2%)	376	(49.9%)
100-199 beds	2319	1098	(47.3%)	804	(34.7%)
20-99 beds	3504	1122	(32.0%)	742	(21.2%)

Notes: The number of hospitals is according to the annual research by SRL, Inc.

Hospitals with partial order are included in above numbers.

The number of SRL's clients includes the clients of Shionogi Biomedical laboratories, Inc.

### 2. Accumulated Number of LUMIPULSE in the Market

	FY2005	FY2006	
	Mar.2006	Sep.2006	Mar.2007
LUMIPULSE <i>Forte</i>	1050	1050	1050
LUMIPULSE <i>Presto</i>	20	35	80
LUMIPULSE <i>S</i>	5	10	20

Note: The number of Lumipulse is rounded up and down to the nearest 10.

### 3. Contracted Laboratory Management Service within Hospitals

	FY2005	FY2006
Number of facilities	158	<b>166</b>
Sales (billion yen)	14.4	<b>15.1</b>

Note: Number of facilities = Facility Management Service (FMS) + Branch Lab Service by SRL

The above sales include income from leasing equipments, devices, etc.

### 4. The Number of Customers in Sterilizing Business

	FY2005	FY2006
Number of customers (facilities)	246	269