

# **FY2010 FIRST-HALF RESULTS**

(April 1, 2010 - September 30, 2010)

## **Supplementary Information**

November 8th, 2010

<Contact>

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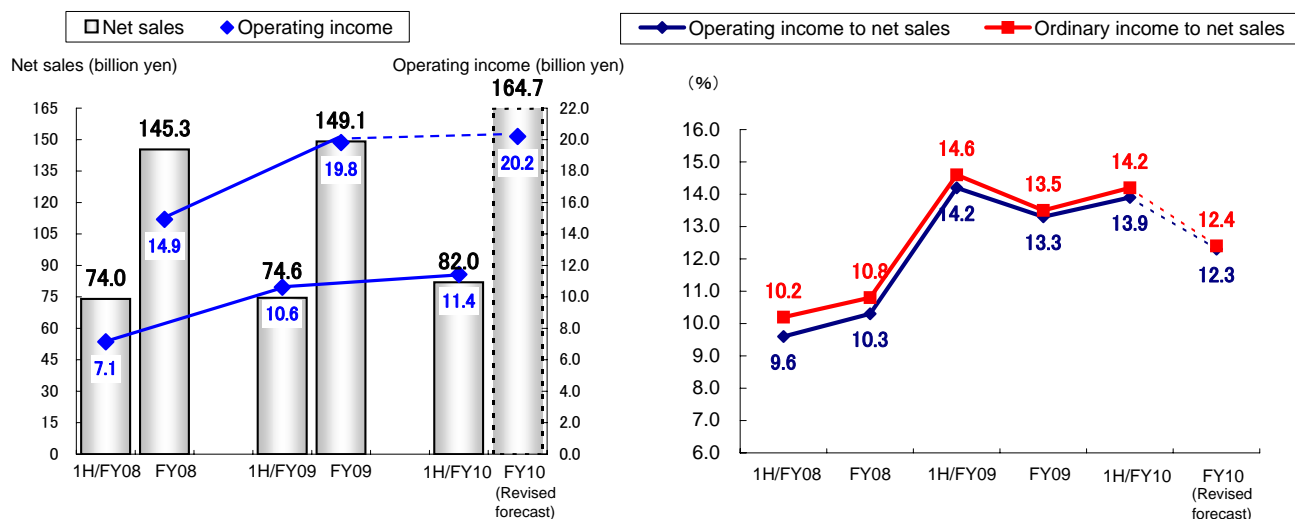
The performance forecast provided in this document is prepared by the management based on currently available information and various hypotheses and ideas including significant risks or uncertainties. Please be aware that the actual performance may turn out to be different from the forecast as a result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

	FY2008		FY2009		FY2010		
	1H	Full-year	1H	Full-year	1H	YoY variance (%)	Full-year revised forecast (Nov.4, 2010)
<b>&lt;Key Items of Statement of Income&gt;</b>							
Net sales	74,032	145,340	74,618	149,074	<b>81,981</b>	9.9%	164,700
Operating income	7,144	14,932	10,612	19,809	<b>11,431</b>	7.7%	20,200
Ordinary income	7,548	15,712	10,883	20,187	<b>11,654</b>	7.1%	20,500
Net income	3,995	8,709	6,681	11,587	<b>6,410</b>	-4.1%	11,600
Net income per share (yen)	67.87	148.64	114.79	199.06	<b>110.12</b>	—	199.27
Net income per share (diluted) (yen)	—	—	—	199.03	<b>110.05</b>	—	—
<b>&lt;Key Items of Balance Sheet&gt;</b>							
Total assets	121,991	124,237	129,328	137,089	<b>148,423</b>	—	—
Net assets	85,663	87,243	92,169	95,362	<b>99,330</b>	—	—
Net assets per share (yen)	1,450.15	1,491.14	1,576.08	1,633.58	<b>1,700.94</b>	—	—
<b>&lt;Key Indicators, etc.&gt;</b>							
Dividend payout ratio (%)	38.3	35.0	25.3	30.1	<b>28.2</b>	—	31.1
Return on equity (%)	4.7	10.1	7.5	12.7	<b>6.6</b>	—	—
Return on asset (%)	6.0	12.4	8.6	15.5	<b>8.2</b>	—	—
Owners' equity ratio (%)	69.9	69.9	70.9	69.4	<b>66.7</b>	—	—
Number of consolidated subsidiaries	19	19	18	17	<b>32</b>	—	—



\* Figures in the above graph are rounded to the nearest 100 million yen

### Notes:

\* Each fiscal period is as follows;

FY2008 is a one-year period ending on March 31, 2009. 1H/FY2008 is a 6-month period ending on September 30, 2008

FY2009 is a one-year period ending on March 31, 2010. 1H/FY2009 is a 6-month period ending on September 30, 2009.

FY2010 is a one-year period ending on March 31, 2011. 1H/FY2010 is a 6-month period ending on September 30, 2010.

\* Figures are rounded to the appropriate unit in principle.

## Consolidated Balance Sheets

### <ASSETS>

(Millions of yen)

	End of FY2009 (Mar. 31, 2010)	End of 1H/FY2010 (Sep 30, 2010)
<b>&lt;Assets&gt;</b>		
<b>Current assets</b>		
Cash and cash equivalents	15,601	19,458
Accounts and notes receivable	25,911	31,198
Marketable securities	23,899	10,700 ①
Merchandise and finished goods	4,998	4,898
Work in process	3,948	4,359
Raw materials and supplies	3,243	3,715
Other current assets	7,701	7,034
Allowance for doubtful receivable	-45	-239
<b>Total current assets</b>	<b>85,258</b>	<b>81,126</b>
<b>Fixed assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	11,969	12,706
Furniture and fixtures, net	7,158	7,437
Land	7,649	8,832
Other property, plant and equipment, net	3,233	6,200
Total property, plant and equipment	30,010	35,176
<b>Intangible fixed assets</b>		
Goodwill	4,685	9,432 ②
Software	6,009	5,344
Other intangible fixed assets	1,873	7,270
Total intangible fixed assets	12,568	22,046
<b>Investments and other assets</b>		
Investment securities	1,751	1,724
Other investments and other assets	7,532	8,504
Allowance for doubtful receivables	-32	-155
Total investments and other assets	9,251	10,073
<b>Total fixed assets</b>	<b>51,830</b>	<b>67,296</b>
<b>Total assets</b>	<b>137,089</b>	<b>148,423</b>

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

① Marketable securities decreased mainly due to M&A activities.

② Goodwill increased due to acquisition of Japan Clinical Laboratories, Inc. (JCL) and Innogenetics NV (Innogenetics).

## Consolidated Balance Sheets

### <LIABILITIES AND NET ASSETS>

(Millions of yen)

	End of FY2009 (Mar. 31, 2010)	End of 1H/FY2010 (Sep 30, 2010)
<b>&lt;Liabilities&gt;</b>		
<b>Current liabilities</b>		
Accounts and notes payable	9,471	9,816
Short-term loans payables	2,001	2,771
Current portion of bonds payable	-	270
Accounts payable - others	5,480	7,433
Income taxes payable	5,301	3,952
Accrued bonuses	4,242	4,035
Other current liabilities	5,349	6,611
Total current liabilities	31,847	34,892
<b>Long-term liabilities</b>		
Bonds payable	-	640
Long-term loans payable	252	280
Allowance for retirement benefits	5,249	6,047
Allowance for retirement benefits for directors and corporate auditors	25	-
Asset retirement obligations	-	636
Other long-term liabilities	4,352	6,595
Total long-term liabilities	9,879	14,200
<b>Total liabilities</b>	41,726	49,092
<b>&lt;Net assets&gt;</b>		
<b>Owners' equity</b>		
Capital stock	7,666	7,673
Capital surplus	23,388	23,395
Retained earnings	65,732	70,338
Treasury stock, at cost	-491	-495
Total owners' equity	96,294	100,911
<b>Valuation and translation adjustments</b>		
Unrealized gain/loss on available-for-sale securities	62	-80
Foreign currency translation adjustments	-1,264	-1,811
Total valuation and translation adjustments	-1,202	-1,892
<b>Subscription rights to shares</b>	270	311
<b>Total net assets</b>	95,362	99,330
<b>Total liabilities and net assets</b>	137,089	148,423

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

- ① Asset retirement obligations were posted due to changes of accounting standard for asset retirement obligations.

## Consolidated Statement of Income

(Millions of yen)

	1H/FY2009 (Apr.1-Sep.30, 2009)	1H/FY2010 (Apr.1-Sep.30, 2010)	YoY variance	
Net sales	74,618	<b>81,981</b>	7,363	9.9%
Cost of sales	46,181	<b>51,744</b>	5,563	12.0%
Gross profit	28,436	<b>30,236</b>	1,800	6.3%
Selling, general and administrative expenses	17,823	<b>18,805</b>	981	5.5%
Operating income	10,612	<b>11,431</b>	818	7.7%
Non-operating income	333	<b>366</b>	32	9.8%
Interest received	12	13		
Dividends received	20	21		
Dividends income of insurance	111	111		
Equity in net gains of associated companies	15	2		
Other non-operating income	174	216		
Non-operating expenses	63	<b>143</b>	80	126.5%
Interest expenses	11	32		
Rent expenses	22	21		
Loss on investments in partnership	14	11		
Other non-operating expenses	15	77		
Ordinary income	10,883	<b>11,654</b>	770	7.1%
Extraordinary gains	358	<b>12</b>	-345	-96.4%
Gain on sales of fixed assets	2	0		
Gain on sales of investment securities	-	7		
Gain on revision of retirement benefits plan	342	-		
Other extraordinary gains	12	4		
Extraordinary loss	187	<b>919</b>	732	391.5%
Loss on disposals of fixed assets	74	112		
Loss on sales of fixed assets	-	0		
Impairment of fixed assets	78	-		
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	765		
Other extraordinary losses	33	41		
Income before income taxes and minority interests	11,054	<b>10,747</b>	-306	-2.8%
Income taxes and enterprise taxes	4,767	4,338		
Income taxes adjustments	-403	-1		
Total income taxes	4,363	4,336	-26	0.6%
Income before minority interests	-	6,410		
Minority interests	9	-	-9	-100.0%
Net income	6,681	<b>6,410</b>	-271	-4.1%

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

① Both net sales and operating income increased mainly due to acquisition of JCL and Innogenetics.

② Extraordinary loss increased mainly due to loss on adjustment for changes of accounting standard for asset retirement obligations.

## Segment Information (Consolidated)

### <Performance by Business Segment>

(Millions of yen)

	FY2008			FY2009			FY2010		
	1H	2H	Full-year	1H	2H	Full-year	1H	YoY Variance (%)	Full-year (Revised forecast)
<b>Net sales</b>	74,032	71,308	145,340	74,618	74,456	149,074	<b>81,981</b>	9.9%	164,700
In Vitro Diagnostics	16,772	15,558	32,331	16,284	16,608	32,892	<b>15,962</b>	-2.0%	35,300
Clinical Lab Testing	46,090	45,018	91,108	46,566	45,337	91,903	<b>52,209</b>	12.1%	103,000
Healthcare Related	11,169	10,731	21,901	11,767	12,510	24,278	<b>13,809</b>	17.4%	26,400
Clinical Trials	2,902	2,767	5,670	2,805	3,037	5,843	<b>2,808</b>	0.1%	—
Sterilizing	5,675	5,794	11,469	6,081	6,046	12,127	<b>6,489</b>	6.7%	—
Preventive Medicine Related	2,591	2,169	4,760	2,879	3,426	6,306	<b>4,511</b>	56.7%	—
<b>Operating income</b>	7,144	7,788	14,932	10,612	9,196	19,809	<b>11,431</b>	7.7%	20,200
In Vitro Diagnostics	2,716	3,096	5,812	4,333	3,687	8,021	<b>4,037</b>	-6.8%	7,150
Clinical Lab Testing	3,098	3,767	6,866	4,786	4,479	9,265	<b>5,766</b>	20.5%	10,450
Healthcare Related	1,241	836	2,078	1,486	1,013	2,499	<b>1,606</b>	8.1%	2,600
Clinical Trials	236	322	558	341	393	735	<b>388</b>	13.8%	—
Sterilizing	467	424	891	512	387	900	<b>592</b>	15.6%	—
Preventive Medicine Related	537	90	627	632	231	864	<b>625</b>	-1.1%	—
Elimination/corporate	87	87	174	6	15	23	<b>20</b>	—	—

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

## Segment Information (Consolidated)

### (1) In Vitro Diagnostics Business

#### <Net Sales by Products Category>

(Billions of yen)

	FY2008			FY2009			FY2010
	1H	2H	Full-year	1H	2H	Full-year	1H
In Vitro Diagnostics	16.8	15.6	32.3	16.3	16.6	32.9	<b>16.0</b>
In-house products (own brand and finished products)	13.6	12.1	25.7	12.3	12.7	25.0	<b>11.9</b>
CL	8.9	7.4	16.2	7.7	7.6	15.3	<b>7.9</b>
HA·PA	2.0	1.7	3.7	1.7	1.6	3.3	<b>1.8</b>
EL	0.2	0.8	1.0	0.9	1.5	2.4	<b>0.2</b>
RI	0.6	0.5	1.1	0.5	0.5	1.0	<b>0.5</b>
Others	1.9	1.7	3.6	1.5	1.5	3.0	<b>1.6</b>
OEM, raw materials, partly-finished products, and license	3.2	3.4	6.7	4.0	3.9	7.9	<b>4.0</b>

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

#### <Net Sales by Product Type>

(Billions of yen)

	FY2008			FY2009			FY2010
	1H	2H	Full-year	1H	2H	Full-year	1H
In Vitro Diagnostics	16.8	15.6	32.3	16.3	16.6	32.9	16.0
Reagent	13.0	13.6	26.6	13.9	14.4	28.3	13.6
Testing Instrument	2.5	0.9	3.3	0.8	0.9	1.8	0.9
Others	1.3	1.1	2.4	1.5	1.3	2.8	1.5

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

#### <Net Sales by Sale Destination>

(Billions of yen)

	FY2008			FY2009			FY2010
	1H	2H	Full-year	1H	2H	Full-year	1H
In Vitro Diagnostics	16.8	15.6	32.3	16.3	16.6	32.9	<b>16.0</b>
Overseas	4.0	3.7	7.7	4.3	3.8	8.1	<b>4.6</b>
Americas	2.0	2.0	3.9	2.2	1.9	4.1	<b>2.3</b>
Europe	1.5	1.2	2.6	1.6	1.3	2.9	<b>1.6</b>
Asia/Pacific	0.6	0.6	1.2	0.5	0.6	1.1	<b>0.7</b>
Japan	12.7	11.9	24.6	12.0	12.8	24.8	<b>11.3</b>

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

#### <JPY/USD Exchange Rate during the Period>

(Yen)

	FY2008			FY2009			FY2010
	1H	2H	Full-year	1H	2H	Full-year	1H
JPY/USD	106.12	95.00	100.56	95.49	90.23	92.86	<b>88.95</b>

Notes: Exchange rate for 2nd half of each year is calculated based on full-year exchange rate (annual average) and 1st-half exchange rate (first six-months average).

## Segment Information (Consolidated)

### (2) Clinical Lab Testing Business

#### <Net Sales by Business Category>

(Billions of yen)

	FY2008			FY2009			FY2010
	1H	2H	Full-year	1H	2H	Full-year	1H
Clinical Lab Testing	46.1	45.0	91.1	46.6	45.3	91.9	<b>52.2</b>
Off-site Testing	37.6	36.8	74.4	37.4	36.2	73.6	<b>42.6</b>
FMS/Branch Lab	8.5	8.2	16.7	9.2	9.1	18.3	<b>9.6</b>

Notes: Figures above are rounded to the nearest 100 million yen.  
Sales of JCL was included in and after FY2010.

#### <Net Sales by Testing Field>

	FY2008			FY2009			FY2010
	1H	2H	Full-year	1H	2H	Full-year	1H
Clinical Lab Testing	100%	100%	100%	100%	100%	100%	<b>100%</b>
Testing not covered by medical service fee system by government	12.0%	12.3%	12.1%	11.7%	12.0%	11.8%	<b>11.0%</b>
General (urine, feces, etc.)	2.5%	2.4%	2.4%	2.5%	2.4%	2.4%	<b>2.6%</b>
Hematology	10.2%	10.2%	10.2%	10.6%	10.5%	10.6%	<b>11.1%</b>
Biochemistry I	17.5%	17.3%	17.4%	17.3%	17.0%	17.2%	<b>17.6%</b>
Biochemistry II	20.5%	20.8%	20.7%	20.5%	20.8%	20.7%	<b>20.0%</b>
Immunology	24.3%	24.2%	24.3%	24.2%	24.0%	24.1%	<b>23.4%</b>
Microbiology	7.3%	7.3%	7.3%	7.1%	7.0%	7.0%	<b>7.1%</b>
Pathology	3.8%	3.9%	3.9%	3.7%	3.7%	3.7%	<b>4.0%</b>
Others	1.9%	1.6%	1.8%	2.4%	2.5%	2.4%	<b>3.1%</b>

#### <Net Sales by Geographical Region in Japan>

	FY2008			FY2009			FY2010	
	1H	2H	Full-year	1H	2H	Full-year	1H	
Clinical Lab Testing	100%	100%	100%	100%	100%	100%	<b>100%</b>	
Northern /eastern Japan ↑ ↓ Southern /western Japan	Hokkaido Region	5.0%	5.0%	5.0%	5.1%	2.5%	5.0%	<b>4.5%</b>
	Tohoku Region	6.0%	6.0%	6.0%	5.9%	5.8%	5.9%	<b>5.0%</b>
	Kanto Region (incl. Tokyo and metropolitan area)	36.4%	36.7%	36.5%	37.4%	37.3%	37.3%	<b>34.5%</b>
	Hokuriku Region	2.2%	2.2%	2.2%	2.4%	2.3%	2.3%	<b>2.2%</b>
	Chubu Region	11.3%	11.0%	11.1%	10.5%	10.3%	10.4%	<b>9.1%</b>
	Kinki Region (incl. Osaka)	12.9%	12.7%	12.8%	13.2%	13.3%	13.3%	<b>20.7%</b>
	Chugoku and Shikoku Region	6.8%	6.8%	6.8%	6.6%	6.7%	6.7%	<b>6.8%</b>
	Kyusyu Region	14.8%	14.9%	14.8%	14.9%	14.6%	14.8%	<b>13.6%</b>
Others (incl. clinical trial and outsourcing)	4.5%	4.7%	4.6%	4.0%	4.6%	4.3%	<b>3.5%</b>	

Notes: Sales of JCL was included in and after FY2010.

## Capital Expenditure (Consolidated)

### <Research & Development Expenses>

(Millions of yen)

	FY2008			FY2009			FY2010		
	1H	2H	Full-year	1H	2H	Full-year	1H	YoY Variance (%)	Full-year (Forecast)
<b>R&amp;D Expenses</b>	1,971	1,961	3,933	1,873	2,033	3,906	<b>1,890</b>	0.9%	4,100
In Vitro Diagnostics	1,830	1,828	3,658	1,746	1,898	3,644	<b>1,759</b>	0.7%	—
Clinical Lab Testing	141	132	274	127	129	256	<b>129</b>	1.6%	—
Others	—	—	—	—	4	4	<b>1</b>	-	—
Miraca holdings	—	—	—	—	—	—	-	-	—

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

### <Capital Expenditure>

(Millions of yen)

	FY2008			FY2009			FY2010		
	1H	2H	Full-year	1H	2H	Full-year	1H	YoY Variance (%)	Full-year (Forecast)
<b>Capital Expenditure</b>	3,048	2,978	6,027	2,737	4,169	6,906	<b>6,101</b>	122.9%	9,200
In Vitro Diagnostics	967	997	1,965	887	1,056	1,944	<b>2,158</b>	143.3%	—
Clinical Lab Testing	1,985	1,580	3,566	1,623	2,503	4,126	<b>2,952</b>	81.9%	—
Others	76	336	412	223	592	815	<b>946</b>	324.2%	—
Miraca holdings	18	64	83	2	17	19	<b>45</b>	2150.0%	—

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

The amount of amortization and depreciation includes cost of leasing testing instruments/analyzers.

### <Depreciation and Amortization>

(Millions of yen)

	FY2008			FY2009			FY2010		
	1H	2H	Full-year	1H	2H	Full-year	1H	YoY Variance (%)	Full-year (Forecast)
<b>Depreciation &amp; Amortization</b>	5,247	5,298	10,545	4,265	4,820	9,086	<b>4,653</b>	9.1%	10,400
In Vitro Diagnostics	1,247	1,272	2,519	1,100	1,185	2,285	<b>1,054</b>	-4.2%	—
Clinical Lab Testing	3,457	3,460	6,918	2,633	2,914	5,548	<b>2,702</b>	2.6%	—
Others	147	165	313	163	352	516	<b>540</b>	231.3%	—
Miraca holdings	394	399	793	367	368	735	<b>355</b>	-3.3%	—

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

The amount of amortization and depreciation includes cost of leasing testing instruments/analyzers.

Capital expenditure for 1H/FY2010 includes investment in building and land for the new factory in Obihiro, Hokkaido, of 0.9 bn yen, which is planned to be in operation in May, 2011.

## Employees (Consolidated)

### <Number of Full-time Employees at End of Term>

	End of Sep.2008	End of Mar.2009	Variance	End of Sep.2009	Variance	End of Mar.2010	Variance	End of Sep.2010	Variance
<b>Total</b>	4,484	4,443	-41	4,546	103	4,586	40	<b>5,421</b>	835
In Vitro Diagnostics	854	836	-18	875	39	877	2	<b>1,223</b>	346
Clinical Lab Testing	2,649	2,613	-36	2,623	10	2,594	-29	<b>2,956</b>	362
Others	964	977	13	1,032	55	1,097	65	<b>1,223</b>	126
Clinical Trials	161	161	0	181	20	179	-2	<b>190</b>	11
Sterilizing	697	706	9	745	39	759	14	<b>814</b>	55
Preventive Medicine Related	106	110	4	106	-4	159	53	<b>219</b>	60
Miraca holdings	17	17	0	16	-1	18	2	<b>19</b>	1

Notes: The number of employees at Innogenetics was added into *In Vitro Diagnostics* in Sep. 2010.

The number of employees at JCL was added into *Clinical Lab Testing* in and after Apr. 2010

The number of employees at Care'x Inc. was added into *Preventive Medicine Related* in and after Oct. 2009.

## Share of Stock

### <Stock Information >

	End of Sep.2008	End of Mar.2009	End of Sep.2009	End of Mar.2010	End of Sep.2010
Number of shares issued (thousands of share)	61,040	58,440	58,442	58,441	58,447
Number of shareholders	7,043	6,888	7,606	7,116	6,742
Share price (yen)	2,040	1,988	2,930	2,850	2,955
Aggregate market value of listed stock (billions of yen)	120.0	115.7	170.6	165.9	172.0

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>

	End of Sep.2008	End of Mar.2009	End of Sep.2009	End of Mar.2010	End of Sep.2010
Number of treasury stocks	2,226,120	228,529	229,300	230,851	232,046

### <Shareholder Distribution>

	End of Sep.2008	End of Mar.2009	End of Sep.2009	End of Mar.2010	End of Sep.2010
Financial institutions in Japan	31.99%	34.35%	40.64%	33.17%	32.28%
Overseas investors	47.21%	47.98%	41.93%	50.83%	52.77%
Individuals and others in Japan	14.73%	15.08%	14.80%	13.84%	12.99%
Companies in Japan	1.86%	1.95%	1.93%	1.24%	1.17%
Securities companies in Japan	0.56%	0.25%	0.30%	0.53%	0.39%
Treasury stocks	3.65%	0.39%	0.40%	0.39%	0.40%

### <Cash Dividends per Share>

(Yen)

	FY2008	FY2009	FY2010
Interim dividends	26	29	31
Year-end dividends	26	31	(Forecast) 31
Annual dividends per share	52	60	(Forecast) 62