

# 3rd Quarter Financial Results for FYE 3/2006 (Consolidated)

January 24, 2006



Name of listed company: **TERUMO CORPORATION**

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

Exchange where listed: TSE

Location of headquarters (prefecture):

Company code number: 4543

Tokyo

Representative:

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## 1. Consolidated Financial Highlights for the nine months ended December 2005 - Unaudited

(From April 1, 2005 to December 31, 2005)

### (1) Consolidated financial results

(Note: The amounts shown below ignore values of less than a million yen)

	Net sales		Operating income		Ordinary income		Net income	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
Nine months ended December, 2005	183,593	7.0	38,701	7.0	39,303	8.8	25,047	13.6
Nine months ended December, 2004	171,537	7.6	36,179	31.0	36,127	38.2	22,040	49.2
Year ended March, 2005	230,003		47,107		47,125		27,134	

	Net income per share	Net income per share, fully diluted
	(Yen)	(Yen)
Nine months ended December, 2005	124.65	-
Nine months ended December, 2004	111.13	-
Year ended March, 2005	136.03	-

\* The percentages shown next to net sales, operating income, ordinary income 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	Stockholders' equity	Equity ratio	Book value per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
December 31, 2005	347,003	265,966	76.7	1,309.99
December 31, 2004	298,355	214,111	71.8	1,079.61
March 31, 2005	312,455	219,872	70.4	1,107.88

### (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, end of the period
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Nine months ended December, 2005	23,236	(25,283)	2,258	58,588
Nine months ended December, 2004	23,148	(9,157)	(11,823)	43,837
Year ended March, 2005	43,725	(15,636)	(12,343)	57,557

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

Consolidation (new) : None (elimination) : None

Equity method (new) : None (elimination) : None

(5) All financial results for the consolidated financial period from April 1, 2005 to December 31, 2005 are not audited by independent auditors.

## 2. Consolidated forecasts for the year ending March 2006 (From April 1, 2005 to March 31, 2006)

	Net sales	Operating income	Ordinary income	Net income
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Year ended March, 2006	244,000	50,000	50,000	31,800

(N.B.) Estimated net income per share (full year): 155.85 yen

(Computing basis: the balance of shares as of the end of this 3rd quarter after deduction of Treasury stock)

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. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of yen)

	December 31, 2004		December 31, 2005		Increase / Decrease		March 31, 2005	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Current Assets</b>	<b>149,148</b>	<b>50.0</b>	<b>174,832</b>	<b>50.4</b>	<b>25,684</b>	<b>17.2</b>	<b>161,504</b>	<b>51.7</b>
Cash on hand and in banks	43,837		58,588		14,751		57,557	
Trade notes/ accounts receivable	62,014		65,110		3,096		59,822	
Inventories	33,676		39,595		5,919		34,781	
Other current assets	9,620		11,537		1,916		9,342	
<b>Fixed Assets</b>	<b>149,207</b>	<b>50.0</b>	<b>172,171</b>	<b>49.6</b>	<b>22,963</b>	<b>15.4</b>	<b>150,951</b>	<b>48.3</b>
Tangible fixed assets	107,042		108,313		1,270		107,042	
Intangible fixed assets	21,511		21,674		162		22,920	
Investments and other fixed assets	20,652		42,183		21,530		20,987	
<b>Total Assets</b>	<b>298,355</b>	<b>100.0</b>	<b>347,003</b>	<b>100.0</b>	<b>48,647</b>	<b>16.3</b>	<b>312,455</b>	<b>100.0</b>

<b>Current Liabilities</b>	<b>62,345</b>	<b>20.9</b>	<b>59,420</b>	<b>17.1</b>	<b>(2,925)</b>	<b>(4.7)</b>	<b>70,652</b>	<b>22.6</b>
Trade notes/accounts payable	20,882		23,370		2,488		21,810	
Short-term bank loans	14,381		5,858		(8,523)		13,861	
Other current liabilities	27,081		30,191		3,109		34,980	
<b>Long-term Liabilities</b>	<b>21,862</b>	<b>7.3</b>	<b>21,568</b>	<b>6.2</b>	<b>(294)</b>	<b>(1.3)</b>	<b>21,897</b>	<b>7.0</b>
Reserve for retirement allowance	19,351		19,355		3		19,386	
Other long-term liabilities	2,510		2,212		(297)		2,510	
<b>Total Liabilities</b>	<b>84,208</b>	<b>28.2</b>	<b>80,988</b>	<b>23.3</b>	<b>(3,219)</b>	<b>(3.8)</b>	<b>92,550</b>	<b>29.6</b>
<b>Minority interests</b>	<b>35</b>	<b>0.0</b>	<b>48</b>	<b>0.0</b>	<b>12</b>	<b>35.7</b>	<b>32</b>	<b>0.0</b>
<b>Stockholder's equity</b>								
Capital stock	38,716		38,716		-		38,716	
Capital surplus	52,103		59,030		6,926		52,103	
Retained earnings	150,407		175,981		25,574		155,501	
Evaluation difference of investment securities	2,066		8,370		6,303		1,875	
Foreign currency translation adjustments	(7,699)		(2,690)		5,008		(6,832)	
Treasury stock	(21,482)		(13,442)		8,040		(21,492)	
<b>Total Stockholders' Equity</b>	<b>214,111</b>	<b>71.8</b>	<b>265,966</b>	<b>76.7</b>	<b>51,854</b>	<b>24.2</b>	<b>219,872</b>	<b>70.4</b>
<b>Total Liabilities, minority interests and stockholders' equity</b>	<b>298,355</b>	<b>100.0</b>	<b>347,003</b>	<b>100.0</b>	<b>48,647</b>	<b>16.3</b>	<b>312,455</b>	<b>100.0</b>

## (2) Consolidated Statement of Income

(Millions of yen)

	Nine months ended December 31, 2004		Nine months ended December 31, 2005		Increase / Decrease		Year ended March 31, 2005	
	Amount	%	Amount	%	Amount	%	Amount	%
Net sales	171,537	100.0	183,593	100.0	12,056	7.0	230,003	100.0
Cost of sales	79,174	46.2	83,475	45.5	4,300	5.4	106,238	46.2
Gross profit	92,363	53.8	100,118	54.5	7,755	8.4	123,764	53.8
Selling, general and administrative expenses	56,184	32.7	61,417	33.4	5,233	9.3	76,657	33.3
Operating income	36,179	21.1	38,701	21.1	2,522	7.0	47,107	20.5
Non-operating income / expenses	(51)		602				17	
Ordinary income	36,127	21.1	39,303	21.4	3,175	8.8	47,125	20.5
Extraordinary profit / expenses	(1,722)		(1,106)				(3,472)	
Income before taxes	34,405	20.1	38,196	20.8	3,790	11.0	43,653	19.0
Corporate, inhabitant and enterprise taxes	12,365		13,149				16,518	
Net income for the period	22,040	12.8	25,047	13.6	3,006	13.6	27,134	11.8

Average exchange rate from April 1, 2005 to December 31, 2005 : \$1=112.11yen EUR1=136.88yen

## (3) Consolidated Statement of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2004	Nine months ended December 31, 2005	Year ended March 31, 2005
Cash flows from operating activities	23,148	23,236	43,725
Cash flows from investing activities	(9,157)	(25,283)	(15,636)
Cash flows from financing activities	(11,823)	2,258	(12,343)
Effect of exchange rate changes on cash and cash equivalents	136	819	279
Change in cash and cash equivalents	2,303	1,030	16,024
Cash and cash equivalents, beginning of year	41,533	57,557	41,533
Cash and cash equivalents, end of period	43,837	58,588	57,557

**Notes:**

Relating to balance sheet

(Millions of yen)

	December 31, 2004	December 31, 2005	March 31, 2005
Accumulated depreciation of tangible assets	175,839	183,416	172,700

Relating to statement of income

1. Main items among selling, general and administrative expenses

(Millions of yen)

	Nine months ended December 31, 2004	Nine months ended December 31, 2005	Year ended March 31, 2005
R&D expenditure	10,082	11,124	13,739

2. Main items among extraordinary profit / expenses

(Millions of yen)

	Nine months ended December 31, 2004	Nine months ended December 31, 2005	Year ended March 31, 2005
Gain on sales of fixed assets	1	65	3
Gain on reversal of allowance for bad debts	-	54	3
Gain on reversal of loss on restructuring in overseas operation	-	-	537
Gain on sales of receivables written off	-	156	-
Loss on disposal of fixed assets	138	536	229
Compensation to retired directors	162	59	162
Amortization of consolidated goodwill	-	-	2,179
Loss on restructuring in overseas operation	-	190	-
Impairment loss	1,402	592	1,434

## 4. Segment Information

(1) Sales results by product segment

(Millions of yen)

	Nine months ended December 31, 2004		Nine months ended December 31, 2005		Increase / Decrease	
	Amount	%	Amount	%	Amount	%
	Disposable medical equipment	55,397	32.3	57,239	31.2	1,842
Pharmaceuticals	26,946	15.7	27,374	14.9	428	1.6
Blood transfusion systems	11,389	6.6	12,563	6.8	1,174	10.3
<b>General hospital products</b>	<b>93,733</b>	<b>54.6</b>	<b>97,178</b>	<b>52.9</b>	<b>3,445</b>	<b>3.7</b>
Catheter systems	32,810	19.1	36,638	20.0	3,827	11.7
Cardiovascular systems	21,591	12.6	23,281	12.7	1,689	7.8
Vascular grafts	4,551	2.7	5,189	2.8	637	14.0
<b>Cardiac &amp; Vascular products</b>	<b>58,953</b>	<b>34.4</b>	<b>65,109</b>	<b>35.5</b>	<b>6,155</b>	<b>10.4</b>
CAPD systems	6,190	3.6	5,977	3.2	(212)	(3.4)
Diabetes care products	5,915	3.5	7,467	4.1	1,551	26.2
Other products	6,744	3.9	7,861	4.3	1,116	16.6
<b>Home health care products</b>	<b>18,851</b>	<b>11.0</b>	<b>21,306</b>	<b>11.6</b>	<b>2,455</b>	<b>13.0</b>
<b>Total</b>	<b>171,537</b>	<b>100.0</b>	<b>183,593</b>	<b>100.0</b>	<b>12,056</b>	<b>7.0</b>

Note 1) Main Products belonging to each product segment

Product segment	Main Products
Disposable medical equipment	Syringes, Needles, Solution Administration sets, I.V.catheters, Blood collection tubes, Electronic medical devices, etc.
Pharmaceuticals	I.V.solution, Prefilled syringes, Nutritional products, etc.
Blood transfusion systems	Blood bags, Blood transfusion administration sets, medical electronic devices for blood collection, etc.
Catheter systems	PTCA dilation catheters, Coronary stents, Guide wires, Angiographic catheters, etc.
Cardiovascular systems	Roller pumps, Hollow fiber oxygenators, Blood circuits, etc.
Vascular grafts	Artificial vascular grafts
CAPD systems	Dialysis solution, etc.
Diabetes care products	Blood glucose monitors, etc.
Other products	Home oxygen systems, Home nutritional products, Digital Thermometers, Electronic sphygmomanometers, etc.

(2) Sales results by region

(Millions of yen)

	Nine months ended December 31, 2004		Nine months ended December 31, 2005		Increase / Decrease	
	Amount	%	Amount	%	Amount	%
	Japan	107,424	62.6	112,284	61.2	4,860
Europe	25,535	14.9	28,189	15.3	2,653	10.4
America	26,322	15.4	28,505	15.5	2,182	8.3
Others	12,254	7.1	14,614	8.0	2,359	19.3
<b>Total</b>	<b>171,537</b>	<b>100.0</b>	<b>183,593</b>	<b>100.0</b>	<b>12,056</b>	<b>7.0</b>