

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



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Exchange where listed: TSE

Name of listed company : **TERUMO CORPORATION**
(URL <http://www.terumo.com/>)
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1. Consolidated Financial Highlights for the Interim Period Ended December 2010 (From April 1, 2010 to December 31, 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)	%
Nine months ended December, 2010	244,241	2.2	48,100	(3.8)	42,895	(14.8)	27,482	(13.7)
Nine months ended December, 2009	238,897	3.2	49,989	9.8	50,369	17.9	31,858	10.8

	Net income per share	Net income per share, fully diluted
	(Yen)	(Yen)
Nine months ended December, 2010	144.73	—
Nine months ended December, 2009	167.77	—

(Note) The percentages represent increases (decreases) from the corresponding period in the prior fiscal year.

The amounts 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)
December 31, 2010	394,953	324,406	82.1	1,707.18
March 31, 2010	425,507	317,139	74.5	1,668.93

(Note) Shareholders' equity : December 31, 2010: 324,168 million yen, March 31, 2010: 316,921 million yen.

The amounts 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	—	16.00	—	—	—
Fiscal year ending March 31, 2011 (forecast)	—	—	—	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)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Yen)
Fiscal year ending March, 2011	326,000	3.2	63,300	0.0	57,200	(10.1)	36,300	(10.9)	191.17

1. Forecast for fiscal year ending March, 2011 which was announced on October 28, 2010 has not been revised.

(Assumed exchange rate for fiscal year ending March, 2011: USD1=JPY85, EUR1=JPY113)

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 December 31, 2010		As of March 31, 2010	
	Amount	%	Amount	%
(Assets)				
I Current assets	210,477	53.3%	230,431	54.2%
Cash and deposits	66,684		90,102	
Notes and accounts receivable-trade	75,845		71,798	
Merchandise and finished goods	34,574		34,180	
Work in process	5,856		6,143	
Raw material and supplies	15,410		14,741	
Deferred tax assets	7,479		9,086	
Other	5,385		5,071	
Allowance for doubtful accounts	(758)		(693)	
II Noncurrent assets	184,476	46.7%	195,076	45.8%
1. Property, plant and equipment	113,188	28.7%	114,030	26.8%
Buildings and structures	46,331		45,533	
Machinery, equipment and vehicles	29,472		29,345	
Land	20,199		20,285	
Lease assets	871		665	
Construction in progress	10,135		11,941	
Other	6,178		6,259	
2. Intangible assets	26,798	6.8%	30,129	7.1%
Goodwill	20,359		22,989	
Other	6,439		7,140	
3. Investments and other assets	44,489	11.2%	50,915	11.9%
Investment securities	30,367		38,868	
Deferred tax assets	8,296		6,614	
Other	5,824		5,433	
Total assets	394,953	100.0%	425,507	100.0%

(Millions of yen)

	As of December 31, 2010		As of March 31, 2010	
	Amount	%	Amount	%
(Liabilities)				
I Current liabilities	65,366	16.5%	99,731	23.5%
Notes and accounts payable-trade	30,016		27,367	
Short-term loans payable	—		20,000	
Lease obligations	270		219	
Income taxes payable	1,810		12,994	
Deferred tax liabilities	—		7	
Provision for bonuses	2,486		4,898	
Provision for directors' bonuses	121		161	
Notes and accounts payable - facilities	5,833		8,031	
Other	24,828		26,049	
II Noncurrent liabilities	5,180	1.3%	8,636	2.0%
Lease obligations	586		463	
Deferred tax liabilities	525		40	
Provision for retirement benefits	948		4,677	
Provision for directors' retirement benefits	586		658	
Asset retirement obligations	769		—	
Other	1,764		2,795	
Total liabilities	70,547	17.8%	108,367	25.5%
(Net assets)				
I Shareholders' equity	358,997	90.9%	337,633	79.3%
Capital stock	38,716		38,716	
Capital surplus	59,030		59,030	
Retained earnings	338,109		316,703	
Treasury stock	(76,858)		(76,817)	
II Valuation and translation adjustments	(34,828)	(0)	(20,711)	(0)
Valuation difference on available-for-sale securities	(1,036)		2,335	
Foreign currency translation adjustment	(33,792)		(23,046)	
III Minority interests	237	0.1%	218	0.1%
Total net assets	324,406	82.2%	317,139	74.5%
Total liabilities and net assets	394,953	100.0%	425,507	100.0%

(2) Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2009		Nine months ended December 31, 2010			
	Amount	%	Amount	%		
I Net sales		238,897	100.0%		244,241	100.0%
II Cost of sales		112,835	47.2%		117,077	47.9%
Gross profit		126,062	52.8%		127,164	52.1%
III Selling, general and administrative expenses		76,073	31.9%		79,064	32.4%
Operating income		49,989	20.9%		48,100	19.7%
IV Non-operating income						
Interest income	323				194	
Dividends income	262				379	
Royalty income	111				108	
Equity in earnings of affiliates	72				69	
Other	532	1,301	0.6%	368	1,121	0.5%
V Non-operating expenses						
Interest expenses	118				56	
Sales discounts	438				434	
Foreign exchange losses	198				5,150	
Loss on disposal of inventories	66				196	
Other	98	921	0.4%	488	6,326	2.6%
Ordinary income		50,369	21.1%		42,895	17.6%
VI Extraordinary income						
Gain on sales of noncurrent assets	1				8	
Reversal of allowance for doubtful accounts	—				1	
Gain on contribution of securities to retirement benefit trust	—	1	0.0%	494	504	0.1%
VII Extraordinary losses						
Loss on disposal of noncurrent assets	64				303	
Valuation loss of marketable securities	—				19	
Directors' retirement benefit	—	64	0.0%	15	338	0.1%
Income before income taxes		50,306	21.1%		43,060	17.6%
Income taxes-current	16,161				13,313	
Income taxes-deferred	2,250	18,411	7.8%	2,208	15,521	6.3%
Income before minority interest		—	—		27,539	11.3%
Minority interests in income		36	0.0%		56	0.0%
Net income for the period		31,858	13.3%		27,482	11.3%

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended	Nine months ended
	December 31, 2009	December 31, 2010
	Amount	Amount
I Net cash provided by (used in) operating activities		
Income before income taxes	50,306	43,060
Depreciation and amortization	13,263	13,531
Amortization of goodwill	1,269	1,192
Equity in (earnings) losses of affiliates	(72)	(69)
Increase (decrease) in provision for retirement benefits	568	(3,182)
Increase(decrease) in reserve for retirement benefits for directors and corporate auditors	(1)	(72)
Increase (decrease) in allowance for doubtful accounts	17	94
Increase (decrease) in provision for directors' bonuses	(30)	(40)
Interest and dividends income	(585)	(574)
Interest expenses	118	56
Foreign exchange losses (gains)	286	3,789
Loss (gain) on disposal of noncurrent assets	64	303
Loss (gain) on sales of noncurrent assets	(1)	(8)
Loss (gain) on valuation of investment securities	—	19
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	(9,856)	(7,242)
Decrease (increase) in inventories	50	(4,245)
Increase (decrease) in notes and accounts payable-trade	(1,698)	2,949
Other, net	3,805	(2,718)
Sub-total	57,505	49,548
Interest and dividends income received	791	766
Interest expenses paid	(129)	(63)
Income taxes paid	(14,842)	(24,493)
Net cash provided by (used in) operating activities	43,325	25,757
II Net cash provided by (used in) investment activities		
Payments into time deposits	(15,256)	(1,807)
Proceeds from withdrawal of time deposits	9,646	5,395
Purchase of property, plant and equipment	(14,543)	(16,316)
Proceeds from sales of property, plant and equipment	8	16
Purchase of intangible assets	(809)	(602)
Purchase of investment securities	(108)	(11)
Capital gain from redemption of marketable securities	100	—
Other, net	—	(300)
Net cash provided by (used in) investment activities	(20,962)	(13,625)
III Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(5,190)	(20,000)
Purchase of treasury stock	(11)	(41)
Repayments of finance lease obligations	(148)	(193)
Cash dividends paid	(6,076)	(6,076)
Net cash provided by (used in) financing activities	(11,426)	(26,311)
IV Effect of exchange rate change on cash and cash equivalents	(262)	(5,245)
V Net increase (decrease) in cash and cash equivalents	10,674	(19,425)
VI Cash and cash equivalents at beginning of period	55,067	84,877
VII Cash and cash equivalents at end of period	65,741	65,452

5. Segment Information

[Business Segments]

(1) The Third Quarter of Fiscal Year Ending March 31, 2011

(Millions of yen)

	Nine months ended December 31, 2010		
	Amount		
	Sales to customer	Internal sales	Segment profit
General Hospital business	115,506	—	21,272
Cardiac & Vascular business	106,840	—	26,949
Blood Transfusion business	18,394	—	2,256
Consumer Healthcare business	3,359	—	(895)
Subtotal	244,101	—	49,583
Adjustment	139	—	(1,483)
Total	244,241	—	48,100

- Notes:
- The (1,483) million yen adjustment to segment profit is the sum of the (786) million yen for Inventories and the (697) million yen for others.
 - Segment profit is adjusted to be consistent with operating income shown on the quarterly consolidated income statement.

(Additional Information)

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.

(2) The Third Quarter of Fiscal Year Ended March 31, 2010

(Millions of yen)

	Nine months ended December 31, 2009		
	Amount		
	Sales to customer	Internal sales	Segment profit
General Hospital business	114,531	—	22,259
Cardiac & Vascular business	101,262	—	25,493
Blood Transfusion business	17,914	—	1,962
Consumer Healthcare business	5,149	—	414
Subtotal	238,857	—	50,129
Adjustment	40	—	(139)
Total	238,897	—	49,989

Notes: This table is to provide a comparative information to the table shown in (1).

(Note) Main products belonging to each business segment

Business segments	Main products
General Hospital business	
Disposable medical devices and Medical electronics	Syringes, Needles, Blood collection tubes, Solution sets, I.V.catheters, Infusion pumps, Syringe pumps, 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]

(1) The Third Quarter of Fiscal Year Ending March 31, 2011

(Millions of yen)

	Nine months ended December 31, 2010		
	Amount		
	Sales to customer	Internal sales	Operating income
Japan	133,897	41,583	44,031
Europe	40,078	2,995	5,310
Americas	45,040	4,319	3,664
Asia and others	25,224	12,359	6,335
Subtotal	244,241	61,257	59,342
Corporate expenses / eliminations	—	(61,257)	(11,242)
Total	244,241	—	48,100

(2) The Third Quarter of Fiscal Year Ended March 31, 2010

(Millions of yen)

	Nine months ended December 31, 2009		
	Amount		
	Sales to customer	Internal sales	Operating income
Japan	133,167	36,288	45,527
Europe	41,365	3,163	5,655
Americas	42,104	4,108	2,808
Asia and others	22,260	11,513	6,666
Subtotal	238,897	55,074	60,657
Corporate expenses / eliminations	—	(55,074)	(10,668)
Total	238,897	—	49,989