

4. Other information

- (1) Changes in significant subsidiaries: No
- (2) Application of simplified accounting method and special accounting policy for quarterly financial reporting: Yes
- (3) Changes in accounting procedures
 - 1) Changes based on revisions of accounting standard: Yes
 - 2) Other changes: No
- (4) Number of shares outstanding (Ordinary shares)
 - 1) Number of shares outstanding at the end of each fiscal period (including treasury stock):
51,268,308 shares as of Sep. 30, 2009; 51,243,508 shares as of Mar. 31, 2009
 - 2) Number of treasury stock at the end of each fiscal period:
98,431 shares as of Sep. 30, 2009; 97,981 shares as of Mar. 31, 2009
 - 3) Average number of outstanding stock for each period (cumulative):
51,161,343 shares six months ended Sep. 30, 2009; 51,122,559 shares six months ended Sep. 30, 2008

※ Note

The above estimates are based on information available to the company on the date of the report's announcement. Due to unforeseen circumstances, however, actual results may differ from such estimates.

【Financial performance】

1. Performance analysis

During the first six months of the fiscal year ending March 31, 2010 (April 1 to September 30, 2009), while job opportunities remained scarce, the Japanese economy began to see some signs of recovery in its business results thanks to the economic stimulus measures taken by the governments of the world's nations in response to the economic crisis that has lingered since last year. The U.S. and European economies witnessed a deteriorating labor market, but corporate earnings are gradually recovering as the worst of the financial crisis seems to be behind us. The Chinese economy has already begun to recover, benefiting from economic stimulus measures including public works and monetary relaxation.

On the healthcare front, in Japan, the management of medical institutions is still experiencing difficulties. The Japanese financial conditions are deteriorating, mergers and closures of hospitals and/or their departments still remain possible, and the supplementary budget to provide financial assistance for the restoration of community medicine has been partially frozen. Under the new government, however, it is expected that the conventional policy to reduce healthcare costs will be changed and that the development of a system capable of providing quality healthcare and nursing care services both efficiently and stably will commence. In more concrete terms, the new government has announced its intention to reconstruct community medicine and systems for providing various healthcare services, including emergency medical services, obstetrics, and pediatrics departments. In advanced countries in Europe and North America, efforts are being made to reduce healthcare costs and reform medical systems. In the U.S., efforts are underway to pass a bill on medical system designed to provide health insurance coverage to all citizens. In China, medical system reform is being conducted with the aim of building infrastructures that provide uniform medical services in cities and farming villages throughout the country.

Under these circumstances, in Japan we launched the new diagnostic reagents for the cancer tumor markers, and hepatitis B for HISCL-2000*i*, our fully automated immunoassay analyzer. The launch of new reagents was undertaken with a view toward expanding the range of our diagnostic reagents, thereby reinforcing our business strength in the immunochemistry market.

Overseas, we acquired two local sales subsidiaries responsible for businesses in the Netherlands, Belgium, and Luxemburg. They have become our wholly owned subsidiaries, enabling us to start a new local system for sales and support in April 2009. As a result, we have further strengthened our sales activities through the direct provision of solutions to various challenges confronting medical institutions.

In the Japanese market, sales in the hematology field, which is our main business domain, were slightly lower than those in the same period of the previous year amid difficult business conditions. Due to the spread of the new influenza virus, however, sales of our influenza detection kit POCTEM increased. As a result, we posted net sales of 17,656 million yen (up 3.2% from the same period of the previous fiscal year).

In overseas markets, we promoted the development of direct sales and support structures and proceeded to provide solutions. As a result, sales generally remained favorable on a local currency basis due to boosted sales of diagnostic reagents. However, with the erosion of revenues due to the appreciation of the yen against key currencies, the Group's overseas sales were 38,086 million yen (down 3.3% from the same period of the previous fiscal year). The overseas sales ratio was 68.3% (down 1.4 percentage points from the same period of the previous fiscal year).

Our consolidated performance for this fiscal period exhibited net sales of 55,743 million yen (down 1.3% from the same period of the previous fiscal year), operating income of 7,138 million yen (up 3.0%), ordinary income of 7,026 million yen (up 3.4%), and net income of 4,317 million yen (up 22.4%).

Performance by geographical segment

(1) Japan

While sales in the hematology field, which is our main business domain, were slightly lower than those in the same period of the previous year, sales of our influenza detection kit POCTEM increased due to the spread of the new influenza virus, and we thus posted net sales of 18,531 million yen (up 3.2% from the same period of the previous fiscal year).

We posted an operating income of 1,544 million yen (down 60.1% from the same period of the previous fiscal year), due to a large decline in exports to group companies owing to the appreciation of the yen.

(2) Americas

In the U.S., because of our focus on the expansion of direct sales territories and support networks, along with the spread of our solutions which meet customer demands, our sales grew on a local currency basis. However, due to a sales decrease in Latin America and the negative impact caused by the appreciation of the yen, we posted net sales of 11,363 million yen (down 5.7% from the same period of the previous fiscal year) in the Americas as a whole.

Operating income was 1,167 million yen (up 111.2% from the same period of the previous fiscal year), due to cost reductions.

(3) Europe

The change to the direct sales and support structure through the acquisition of sales subsidiaries helped to increase sales in the Netherlands, Belgium, and Luxemburg. We also achieved sales expansion in the Middle East, France and Italy. Accordingly, the hematology business fared particularly well on a local currency basis. However, with the negative impact caused by the appreciation of the yen, we posted net sales of 17,725 million yen (down 7.6% from the same period of the previous fiscal year).

Operating income, which fared well on a local currency basis, was 2,618 million yen (down 8.8% from the same period of the previous fiscal year), due to the impact of the appreciation of the yen.

(4) China

As sales of high-end hematology analyzer models in the diagnostics field increased, we recorded net sales of 5,382 million yen (up 21.2% from the same period of the previous fiscal year).

Operating income was 1,263 million yen (up 160.6% from the same period of the previous fiscal year), due to the decrease in selling, general and administrative expenses, in addition to sales growth.

(5) Asia Pacific

While business fared well on a local currency basis in Southeast Asia and other markets, we posted net sales of 2,740 million yen (down 4.1% from the same period of the previous fiscal year), with the appreciation of the yen having had a negative impact.

Operating income was 532 million yen (up 62.5% from the same period of the previous fiscal year), due to cost reductions and the decrease in selling, general and administrative expenses.

2. Balance sheet and cash flow

(1) Total assets, total liabilities, and equity

Total assets decreased by 144 million yen to 118,377 million yen from the end of the previous fiscal year, mainly due to a 1,462 million yen decrease in total investments and other assets and a 937 million yen increase in current assets as cash and deposits increased and notes and accounts receivable-trade decreased.

Liabilities decreased by 3,068 million yen to 35,601 million yen, partly due to a decrease in notes and accounts payable-trade and short-term loans payable.

Total net assets increased by 2,924 million yen to 82,775 million yen from the end of the previous fiscal year, primarily due to a 2,987 million yen increase in retained earnings.

The equity ratio was 69.3%, an increase of 2.5 percentage points from 66.8% at the end of the previous fiscal year.

(2) Cash flows

The balance of cash and cash equivalents (hereinafter, "Cash") at the end of this fiscal period increased by 4,108 million yen compared with that at the end of the previous fiscal year to 13,519 million yen.

The following are major cash flow movements by business activity and related factors.

(Operating cash flow)

Cash flow from operating activities was 10,640 million yen, an increase of 2,457 million yen from the same period of the previous fiscal year, mainly due to income before income taxes of 7,051 million yen (1,435 million yen more than the figure for the same period of the previous fiscal year), depreciation and amortization of 3,309 million yen (441 million yen less than the figure for the same period of the previous fiscal year), notes and accounts receivable-trade of 5,108 million yen (2,182 million yen more than the figure for the same period of the previous fiscal year), notes and accounts payable-trade of 2,846 million yen (2,529 million yen more than the figure for the same period of the previous fiscal year), and income taxes paid of 1,478 million yen (1,339 million yen less than the figure for the same period of the previous fiscal year).

(Investing cash flow)

Cash outflow as a result of investing activities was 2,504 million yen, a decrease of 5,111 million yen from the same period of the previous fiscal year, mainly due to a decrease of 4,800 million yen to 1,749 million yen in purchase of property, plant and equipment.

(Financing cash flow)

Cash outflow as a result of financing activities was 3,648 million yen (3,773 million yen gained for the same period of the previous fiscal year). This was mainly due to a net decrease in short-term loans payable of 1,514 million yen (a net increase of 6,485 million yen for the same period of the previous fiscal year) and dividend paid of 1,329 million yen (101 million yen less than the figure for the same period of the previous fiscal year).

3. Consolidated financial forecast

Net sales for the fiscal year ending March 31, 2010 are expected to outperform our previous forecast due primarily to an increase in sales in China. On the profit front, operating income, ordinary income, and net income are all expected to exceed our previous forecast, mainly thanks to a decrease in selling, general and administrative expenses following tighter expense control. Accordingly, we have revised our previous earnings forecasts for the fiscal year ending March 31, 2010, which we announced on May 11, 2009, to net sales of 117,000 million yen, operating income of 15,000 million yen, ordinary income of 15,000 million yen, and net income of 9,200 million yen for the current fiscal year. Please note that our earnings forecasts for the second half of this fiscal year are now based on a forex assumption of ¥90/US\$ and ¥130/Euro (previously ¥95/US\$ and ¥125/Euro).

Note: The forecasts above were made based on information currently available on the day of this release. Actual results may therefore differ materially from those described above due to various unforeseen factors and possible events in the future.

Consolidated Balance Sheets

(Unit: Millions of Yen)

	As of Sep. 30, 2009	As of Mar. 31, 2009
Items	Amount	Amount
(Assets)		
I Current assets		
Cash and deposits	13,529	9,458
Notes and accounts receivable-trade	28,225	32,101
Short-term investment securities	110	104
Merchandise and finished goods	13,782	13,331
Work in process	1,315	1,252
Raw materials and supplies	3,661	3,757
Others	8,337	8,146
Allowance for doubtful accounts	(402)	(530)
Total current assets	68,559	67,622
II Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	16,086	16,476
Others	20,098	20,135
Total Property, plant and equipment	36,184	36,612
Intangible assets		
Goodwill	1,623	1,097
Others	4,457	4,174
Total Intangible assets	6,081	5,272
Total Investments and other assets	7,551	9,014
Total Noncurrent assets	49,817	50,899
Total assets	118,377	118,521
(Liabilities)		
I Current liabilities		
Notes and accounts payable-trade	9,429	11,075
Short-term loans payable	4,638	6,149
Income taxes payable	2,379	948
Provision for bonuses	2,549	2,506
Provision for directors' bonuses	61	140
Provision for product warranties	140	150
Others	11,851	12,473
Total current liabilities	31,049	33,444
II Noncurrent liabilities		
Long-term loans payable	3	5
Provision for retirement benefits	526	224
Provision for directors' retirement benefits	160	196
Others	3,862	4,799
Total Noncurrent liabilities	4,552	5,226
Total liabilities	35,601	38,670
(Net assets)		
I Shareholders' equity		
Capital stock	8,705	8,685
Capital surplus	13,645	13,623
Retained earnings	62,108	59,120
Treasury stock	(197)	(196)
Total shareholders' equity	84,261	81,233
II Valuation and translation adjustments		
Valuation difference on available-for-sale securities	92	(44)
Deferred gains or losses on hedges	21	-
Foreign currency translation adjustment	(2,388)	(2,006)
Total valuation and translation adjustments	(2,274)	(2,050)
III Subscription rights to shares	692	577
IV Minority interests	95	89
Total net assets	82,775	79,850
Total liabilities and net assets	118,377	118,521

(Note) fractions of one million yen are rounded off

Consolidated Statements of Income

(Unit: Millions of Yen)

Items	Six months ended Sep. 30, 2008	Six months ended Sep. 30, 2009
	Amount	Amount
I Net sales	56,497	55,743
II Cost of sales	20,617	20,145
Gross profit	35,879	35,598
III Selling, general and administrative expenses	28,952	28,459
Operating income	6,927	7,138
IV Non-operating income		
Interest income	63	57
Dividends income	27	26
Income from investment real estate	194	193
Others	139	218
Total non-operating income	425	495
V Non-operating expenses		
Interest expenses	213	128
Equity in losses of affiliates	15	30
Maintenance cost of investment real estate	79	81
Foreign exchange losses	207	301
Others	42	66
Total non-operating expenses	558	607
Ordinary income	6,794	7,026
VI Extraordinary profits		
Gain on sales of noncurrent assets	17	47
Reversal of allowance for doubtful accounts	17	2
Others	-	1
Total extraordinary profits	34	51
VII Extraordinary loss		
Loss on valuation of investment securities	562	-
Loss on sales and retirement of noncurrent assets	308	25
Loss on valuation of inventories	341	-
Others	1	-
Total extraordinary loss	1,213	25
Income before income taxes and minority interest	5,615	7,051
Income taxes-current	3,234	3,272
Income taxes-deferred	(1,137)	(544)
Total income taxes	2,096	2,727
Minority interest	(7)	6
Net income	3,526	4,317

(Note) fractions of one million yen are rounded off

Consolidated Statements of Cash Flows

(Unit: Millions of Yen)

Items	Six months ended Sep. 30, 2008	Six months ended Sep. 30, 2009
I Net cash provided by (used in) operating activities		
Income before income taxes	5,615	7,051
Depreciation and amortization	3,751	3,309
Decrease (increase) in notes and accounts receivable-trade	2,925	5,108
Decrease (increase) in inventories	(914)	(249)
Increase (decrease) in notes and accounts payable-trade	(317)	(2,846)
Others	9	(203)
Subtotal	11,070	12,170
Interest and dividends received	85	73
Interest expenses paid	(156)	(126)
Income taxes paid	(2,817)	(1,478)
Net cash provided by (used in) operating activities	8,182	10,640
II Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	(6,549)	(1,749)
Purchase of intangible assets	(744)	(1,107)
Others	(321)	352
Net cash provided by (used in) investment activities	(7,615)	(2,504)
III Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	6,485	(1,514)
Repayment of long-term loans payable	(30)	(42)
Cash dividends paid	(1,431)	(1,329)
Others	(1,250)	(762)
Net cash provided by (used in) financing activities	3,773	(3,648)
IV Effect of exchange rate change on cash and cash equivalents	(105)	(378)
V Net increase (decrease) in cash and cash equivalents	4,234	4,108
VI Cash and cash equivalents at beginning of term	9,679	9,410
VII Cash and cash equivalents at end of term	13,913	13,519

(Note) fractions of one million yen are rounded off

Segment Information

1. Information about operations by geographic area Six months ended September 30, 2008

(Unit: Millions of Yen)

	Japan	Americas	Europe	China	Asia Pacific	Total	Eliminations/ Corporate	Consolidated
Sales and Operating income								
Sales								
Net Sales to outside customers	17,959	12,055	19,183	4,441	2,857	56,497	-	56,497
Inter-area transfer	16,739	0	320	2	98	17,162	(17,162)	-
Total net sales	34,699	12,056	19,504	4,444	2,955	73,659	(17,162)	56,497
Operating expenses	30,828	11,503	16,632	3,959	2,627	65,552	(15,982)	49,569
Operating income	3,870	552	2,871	484	327	8,107	(1,179)	6,927

Six months ended September 30, 2009

(Unit: Millions of Yen)

	Japan	Americas	Europe	China	Asia Pacific	Total	Eliminations/ Corporate	Consolidated
Sales and Operating income								
Sales								
Net Sales to outside customers	18,531	11,363	17,725	5,382	2,740	55,743	-	55,743
Inter-area transfer	13,750	1	269	2	71	14,095	(14,095)	-
Total net sales	32,281	11,364	17,995	5,385	2,811	69,838	(14,095)	55,743
Operating expenses	30,737	10,197	15,377	4,121	2,279	62,712	(14,107)	48,604
Operating income	1,544	1,167	2,618	1,263	532	7,126	12	7,138

2. Net Sales to Foreign Customers

Six months ended September 30, 2008

(Unit: Millions of Yen)

	Americas	Europe	China	Asia Pacific	Total
Net Sales to Foreign Customers	12,084	19,217	4,441	3,652	39,396
Consolidated Sales	-	-	-	-	56,497
The rate of net sales to foreign customers to consolidated sales	21.4%	34.0%	7.8%	6.5%	69.7%

Six months ended September 30, 2009

(Unit: Millions of Yen)

	Americas	Europe	China	Asia Pacific	Total
Net Sales to Foreign Customers	11,397	17,749	5,382	3,557	38,086
Consolidated Sales	-	-	-	-	55,743
The rate of net sales to foreign customers to consolidated sales	20.4%	31.8%	9.7%	6.4%	68.3%