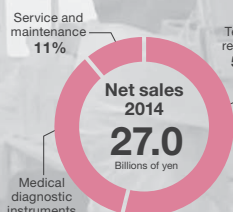
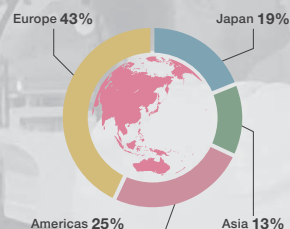


Medical-Diagnostic Instruments & Systems

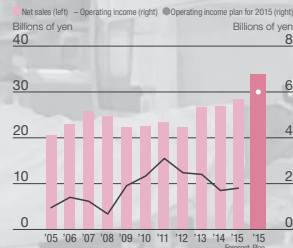
Sales breakdown



Sales breakdown by region



Net sales and operating income



Proactive product development for the in-vitro diagnostics market

In the global market of in-vitro diagnostics; HORIBA provides instruments and reagents for blood sample testing throughout the world. The segment's business model is based on recurring revenues generated from sales of reagents which are consumables. We thus aim to ensure stable earnings by expanding our installed base of medical-diagnostic instruments. In particular, HORIBA is aggressive in developing business that leads to sales of testing reagents, and does this by launching innovative small and medium-sized blood cell counters in the diagnostic market for POCT*, such as small to medium hospitals, specialty clinics, test centers and surgery centers.

*POCT Point of Care Testing

2014 results and 2015 forecasts Increasing sales in Japan from new products; accelerating global product launches

In 2014, Medical-Diagnostic Instruments & Systems segment sales increased year-on-year, partly due to the positive impact of the depreciation of the Japanese yen. However, sales in Europe were sluggish and instrument sales in Japan were lackluster as purchases were delayed by the consumption tax hike in April 2014. In addition, investment in development of new medium and large-sized products in Europe, and continued enhancement of the sales network in North America caused a decrease in operating income.

In 2015, we are focusing on expanding sales of hematology and CRP analyzer, which was launched in

Business development by test category

Test category	Clinical chemistry	Hematology	Immunology	Coagulation
Market size	¥2 trillion	¥0.35 trillion	¥2 trillion	¥0.2 trillion
Hospitals	Large hospitals Testing centers	Hematology analyzer systems	Field in which HORIBA exhibits strength	
	Small and medium-sized hospitals	Clinical chemistry analyzers	Small and medium-sized hematology analyzers	
	Private practitioners	Blood glucose measurement systems	CRP analysis	Coagulation reagents
	Hospital units and surgery rooms (POCT)			

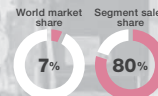
Market size: Based on the HORIBA Report of 2013, market size was defined as the amount of demand generated from central and core labs testing departments. Starting in 2015, from this year's Report (HORIBA Report 2014), the market is re-categorized to include demand from places other than central and core labs testing facilities.

Major products and market shares

NOTE: Market shares quoted are estimates by HORIBA.

Hematology analyzers

Blood tests are essential for diagnosis and assessing the health of people and animals. These analyzers check red and white blood cell counts as well as hemoglobin concentrations and platelet counts.



Hematology and CRP analyzers

This is the first analyzer in the world to simultaneously measure blood cell counts and C-Reactive Protein (CRP), which the body produces in response to internal inflammation, thus facilitating faster and more accurate diagnosis.



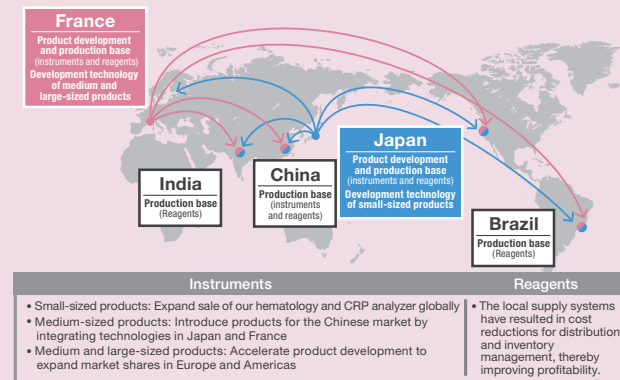
March 2015 as a strategic product in Japan. Meanwhile, we will continue investment for enhancing the sales network in North America, and R&D investment for launching new products early in Europe.

Investment for product development; accelerate next-generation products development and launches

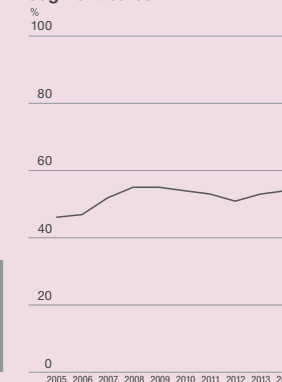
With technological synergy between our bases in Japan and France, we launched a new medium-sized hematology and CRP analyzer, targeting the Chinese market, in February 2014. Regarding test reagents, our strategy is to initiate local production of reagents in mass-consumption areas and establish a global supply system of reagents. In the last four years, from 2011

to 2014, we began operation or expanded capacity of reagent plants in Japan (Aso, Kumamoto Prefecture), China, India, and Brazil. At present, HORIBA ABX S.A.S. (France), a center of excellence for R&D of medium and large-sized products, is building a new R&D center, which is scheduled to begin operation in the summer of 2015. We will promote joint development projects with teams in Japan and France and accelerate developing products for the global market.

Global product development and supply system



Ratio of reagent sales to segment sales



- Instruments**
 - Small-sized products: Expand sale of our hematology and CRP analyzer globally
 - Medium-sized products: Introduce products for the Chinese market by integrating technologies in Japan and France
 - Medium and large-sized products: Accelerate product development to expand market shares in Europe and Americas
- Reagents**
 - The local supply systems have resulted in cost reductions for distribution and inventory management, thereby improving profitability.