

To Whom It May Concern:

Yoshiji KIMURA
 Representative Director of the Board and
 Chief Executive Officer
 MEDINET Co., Ltd. (TSE-Mothers, #2370)
 2-5-14, Shin-Yokohama, Kohoku-ku,
 Yokohama, Kanagawa, Japan
 Tel: +81 (0)45-478-0041 (Switchboard)
 Email: ir@medinet-inc.co.jp

Consolidated Quarterly Financial Report - 2Q, Fiscal Year 2009 (FY2009: October 2009 - September 2010)

1. Consolidated Financial Highlights - 2Q, FY2009 (October 2009 - March 2010)

All amounts are rounded down in millions of yen unless otherwise stated.

(1) Sales & Income (Loss)

	Net Sales		Operating Profit		Ordinary Income (Loss)		Net Income (Loss)	
	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)
2Q, FY2009	1,589	32.8	254	—	263	—	260	—
2Q, FY2008	1,197	—	18	—	(27)	—	(71)	—

	Net Income (Loss) per Share	
	Amount (Yen)	
2Q, FY2009	413.06	
2Q, FY2008	(120.91)	

(2) Financial Position

	Total Assets	Net Assets	Shareholders' Equity per Total Assets	Shareholders' Equity per Share
	Amount	Amount	Change (%)	Amount (Yen)
End of 2Q, FY2009	4,108	3,691	89.8	5,835.54
End of FY2008	3,889	3,317	85.2	5,298.23

2. Consolidated Earnings Forecast - FY2009 (October 2009 - September 2010)

All amounts are rounded down in millions of yen unless otherwise stated.

	Net Sales		Operating Profit		Ordinary Income		Net Income	
	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)
FY2009	3,260	12.4	330	12.6	330	2.2	320	30.6

	Net Income per Share	
	Amount (Yen)	
FY2009	506.25	

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3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

All amounts are rounded down in thousands of yen.

	End of 2Q, FY2009 (Mar. 31, 2010)	End of FY2008 (Sep. 30, 2009) (Summary)
Assets		
Current assets		
Cash and deposits	1,523,026	1,395,316
Accounts receivable-trade	557,911	599,410
Raw materials and supplies	17,269	22,570
Short-term loans receivable	660,000	320,000
Other	46,854	178,035
Total current assets	2,805,062	2,515,332
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	437,630	435,891
Other (net)	119,066	122,444
Total property, plant and equipment	556,696	558,336
Intangible assets	54,061	52,414
Investments and other assets		
Investment securities	480,412	505,621
Other	212,472	257,804
Total investments and other assets	692,885	763,426
Total non-current assets	1,303,642	1,374,177
Total assets	4,108,704	3,889,510
Liabilities		
Current liabilities		
Accounts payable-trade	115,286	140,563
Income taxes payable	14,518	21,724
Reserve for bonuses	73,298	146,783
Other	209,457	257,469
Total current liabilities	412,560	566,541
Non-current liabilities	4,584	5,400
Total liabilities	417,145	571,941
Net assets		
Shareholders' equity		
Capital stock	2,579,535	2,521,487
Capital surplus	3,992,095	3,934,047
Retained earnings	(2,880,070)	(3,140,961)
Total shareholders' equity	3,691,559	3,314,573
Subscription rights to shares	—	2,995
Total net assets	3,691,559	3,317,568
Total liabilities and net assets	4,108,704	3,889,510

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(2) Consolidated Quarterly Statements of Income

All amounts are rounded down in thousands of yen.

	2Q, FY2008 (Oct. 2008- Mar. 2009)	2Q, FY2009 (Oct. 2009 - Mar. 2010)
Net sales	1,197,213	1,589,933
Cost of sales	364,743	483,031
Gross profit	832,470	1,106,901
Selling, general and administrative expenses	814,288	852,553
Operating profit	18,181	254,348
Non-operating income		
Interest income	2,337	5,793
Foreign exchange gains	—	16,122
Other	371	10,754
Total non-operating income	2,708	32,670
Non-operating expenses		
Interest expenses	66	110
Foreign exchange losses	27,596	—
Loss on investments in partnership	20,828	18,918
Other	199	4,733
Total non-operating expenses	48,691	23,762
Ordinary income (loss)	(27,801)	263,256
Extraordinary income		
Gain on sales of non-current assets	—	63
Gain on reversal of subscription rights to shares	—	2,400
Total extraordinary income	—	2,463
Extraordinary loss		
Loss on disposal of non-current assets	1,441	358
Loss on impairment of property, plant and equipment	21,888	—
Loss on sales of investment securities	10,359	—
Loss on valuation of investment securities	5,866	—
Total extraordinary losses	39,556	358
Income (loss) before income taxes	(67,358)	265,361
Income taxes-current	4,416	4,471
Total income taxes	4,416	4,471
Net income	(71,774)	260,890

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(3) Consolidated Quarterly Statements of Cash Flows

All amounts are rounded down in thousands of yen.

	2Q, FY2008 (Oct. 2008 - Mar. 2009)	2Q, FY2009 (Oct. 2009 - Mar. 2010)
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(67,358)	265,361
Depreciation and amortization	58,375	61,680
Impairment loss	21,888	—
Decrease in reserve for bonuses	(456)	(73,484)
Interest and dividends income	(2,337)	(5,793)
Interest expenses	66	110
Loss on sales of investment securities	10,359	—
Loss on valuation of investment securities	5,866	—
Loss on investments in partnership	20,828	18,918
Foreign exchange losses (gains)	27,596	(16,122)
Loss on retirement of property, plant and equipment	1,441	358
Gain on sales of property, plant and equipment	—	(63)
Gain on reversal of subscription rights to shares	—	(2,400)
Decrease (increase) in accounts receivable-trade	(82,331)	41,499
Decrease (increase) in inventories	(1,452)	5,301
Decrease in notes and accounts payable-trade	(3,575)	(25,277)
Increase (decrease) in accounts payable-other	(69,566)	4,936
Other (net)	35,413	88,450
Subtotal	(45,241)	363,476
Interest and dividends income received	2,031	6,006
Interest expenses paid	(66)	(110)
Income taxes paid	(8,768)	(8,942)
Net cash provided by (used in) operating activities	(52,044)	360,430
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(69,956)	(63,310)
Proceeds from sales of property, plant and equipment	—	585
Purchase of intangible assets	(6,940)	(8,410)
Purchase of investment securities	(9,030)	(43,740)
Proceeds from sales of investment securities	18,161	—
Proceeds from redemption of investment securities	—	64,503
Payments of loans receivable	(440,000)	(715,000)
Collection of loans receivable	150,000	418,740
Other (net)	(2,162)	(1,471)
Net cash provided by (used in) investing activities	(359,928)	(348,102)
Net cash provided by (used in) financing activities		
Proceeds from issuance of common stock	—	114,074
Repayments of lease obligations	(533)	(788)
Other (net)	(199)	—
Net cash provided by (used in) financing activities	(733)	113,285
Effect of exchange rate change on cash and cash equivalents	(1,799)	2,096
Net increase (decrease) in cash and cash equivalents	(414,505)	127,710
Cash and cash equivalents at beginning of period	1,162,654	1,395,316
Cash and cash equivalents at end of period	748,149	1,523,026

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4. Consolidated Financial Results

Marketing Activities

In the first six months of fiscal year 2009 (FY2009,) MEDINET Group has focused its business activities on expansion of the Immuno-Cell Therapy market in order to maximize sales of its core service, Immuno-Cell Therapy Total Support Service. As such business activities, MEDINET Group has implemented intensive marketing activities targeting a) medical doctors and medical professionals, who have influence on patients' decision-making in the process of treatment selection and b) cancer patients and patients' families, most of who are unfamiliar with such highly advanced Immuno-Cell Therapy. Seeking to broaden therapeutic channels of the Immuno-Cell Therapy, MEDINET has provided appropriate and persuasive information, such as expected efficacy, clinical evidence and recent achievements in R&D for medical doctors and medical professionals. As a result, the number of Allied Medical Institutions conducting the Immuno-Cell Therapy with MEDINET technologies has increased to 56 facilities by the end of the second quarter. Such an increase in the number of Allied Medical Institutions succeeds in improving patients' accessibility toward the Immuno-Cell Therapy. Meanwhile, in its marketing activities targeting cancer patients and patients' families, MEDINET provides information with Immuno-Cell Therapy via various media such as internet websites, its seminars and publications. Consequently, awareness of Immuno-Cell Therapy amongst cancer patients and their families has been raised as well as the number of patients newly starting the Immuno-Cell Therapy in its Contracted Medical Institutions and their Allied Medical Institutions has increased. As a result, MEDINET has experienced a steady increase in the number of cell processings so as to its sales.

R&D Activities

In order to achieve the early commercialization of new technologies which will enable improvements in expected therapeutic effect of Immuno-Cell Therapy, MEDINET continues to prioritize the following subjects: a) accumulating clinical evidence for Immuno-Cell Therapy, b) developing new technology which leads higher expected efficacy of Immuno-Cell Therapy, and c) efficient improvement in cell culturing process and technology as well as in cell transportation. During the first six months of FY2009, MEDINET entered into a comprehensive collaborative research and development agreement with NanoCarrier Co., Ltd. ("NanoCarrier") in October 2009, which aims at integration of both companies' respective technologies and intellectual properties, know-how, and research networks so that MEDINET and NanoCarrier can co-develop new pharmaceuticals and medical technologies in the field of cancer therapies. In addition, MEDINET and the University of Tokyo Hospital started two collaborative clinical studies for esophageal cancer (Stage IIA) in December 2009: one using novel Dendritic Cell Vaccine Therapy and the other using $\gamma\delta$ (gamma delta) T-cell Therapy.

Financial Results

As a result of the aforementioned marketing activities, MEDINET Group earned JPY 1,589,933 thousand in net sales for the first six months of FY2009 (an increase of JPY 392,719 thousand, or 32.8%, from the same period of the previous year, hereinafter "year on year".) While MEDINET strategically and efficiently implemented intensive marketing activities written in the section above, it also continues to optimize cost structure while maintaining the quality of operations. As a result, MEDINET achieved JPY 254,348 thousand in operating profit for the six months (a year-on-year increase of JPY 236,166 thousand or 1,298.9%.)

Foreign exchange gains of JPY 16,122 thousand were recorded as a result of yen depreciation compared with the end of the previous fiscal year, so that MEDINET recognized JPY 263,256 thousand in ordinary income for the six months (an ordinary loss of JPY 27,801 thousand in the same period of the previous year,) and JPY 260,890 thousand in net income (a loss of JPY 71,774 thousand in the same period of the previous year.)

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Consolidated Earnings Estimates

MEDINET Group revised its consolidated earnings forecasts for FY2009 on April 22, 2010, taking into account the sales for the first six months and the current sales estimates for the third and fourth quarters, estimating its consolidated net sales for FY2009 of JPY 3,260 million, an increase of JPY 70 million (2.2%) compared to the initial forecasts.

In respect to profits, although MEDINET experienced higher profit margins in the first six months, MEDINET estimates its profit margins in the third and fourth quarters lower due to some rescheduled expenses on marketing and R&D activities from first and second quarters to third and fourth quarters. Considering such expense schedules, MEDINET estimates operating profit for FY2009 of JPY 330 million, an increase of JPY 120 million (57.1%) from the initial forecasts. MEDINET also estimates ordinary income of JPY 330 million, increases of JPY 120 million (57.1%), and net income of JPY 330 million, JPY 120 million (60.0%), respectively, compared with the initial forecasts; MEDINET excludes losses or gains on foreign exchange as definitive profit in the earnings estimates due to the fluctuation of foreign exchange rates under the uncertainty of the world market.

The Financial Forecast and other contents found in this press release are based upon assumptions and beliefs of MEDINET at the time of preparation. In the event of any discrepancies, the original release in Japanese language shall prevail.

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