

Brief notes on the consolidated statement of accounts as of March 2003

May 14, 2003

Listed company name: Sysmex Corporation
 Code: 6869
 Listed stock exchanges: Tokyo Stock Exchange
 Osaka Securities Exchange
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 Date of directors' meeting: May 14, 2003

1. Business performance during the current term (from April 1, 2002 to March 31, 2003)

1) Operating results

	Sales		Operating income		Ordinary income	
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)
Current term	57,252	(20.4)	5,298	(55.0)	5,321	(32.1)
Previous term	47,532	(22.5)	3,417	(14.9)	4,029	(23.7)

	Net income		Net income per share	Diluted net income per share
	(million yen)	(%)	(yen)	(yen)
Current term	3,124	(138.8)	132.20	121.81
Previous term	1,308	(-4.1)	62.57	58.37

	Rate of net income to shareholders' equity	Rate of ordinary income to total assets	Rate of ordinary income to sales
	(%)	(%)	(%)
Current term	7.9	8.0	9.3
Previous term	3.8	6.6	8.5

(Notes)

- (1) Equity in earnings or loss of investees:
26 million yen earnings (82 million yen loss in the previous term)
- (2) Average number of shares (consolidated): current term 23,020,663, previous term 20,909,149
- (3) Change in accounting methods: none
- (4) Percentages for sales, operating income, ordinary income and net income refer to increase/decrease over previous term

2) Financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	(million yen)	(million yen)	(%)	(yen)
Current term	66,449	43,325	65.2	1,879.51
Previous term	66,501	35,576	53.5	1,701.47

(Note) Number of shares issued (consolidated): March 2003 - 23,008,105 / March 2002 - 20,909,149

3) Cash flow

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Total cash and cash equivalent at end of term
	(million yen)	(million yen)	(million yen)	(million yen)
Current term	5,604	-2,259	-2,034	10,253
Previous term	4,234	-2,111	-568	9,181

4) Scope of consolidation and application of equity method

Number of consolidated subsidiaries: 29

Number of nonconsolidated subsidiaries: 0 (subsidiaries to which the equity method is applicable)

Number of affiliates: 1 (affiliates to which the equity method is applicable)

5) Changes in the scope of consolidation and application of equity method

Additions in the consolidation: 2

Exclusions in the consolidation: 0

Additions in equity methods: 0

Exclusions in equity methods: 2

2. Business forecast for the coming fiscal term (from April 1, 2003 to March 31, 2004)

	Sales	Ordinary income	Net income
	(million yen)	(million yen)	(million yen)
Interim	30,000	2,150	550
End of term	63,500	5,350	2,250

(Reference) Net income forecast per share (annual): 97.79yen

Management Policy

1. Basic Management Policy

Since its founding the Sysmex Group has remained dedicated to the “Three Confidences”—Total confidence of our customers in the use of all products; Total confidence of our associates in all business transactions; and Total confidence of our employees in all their efforts.

2. Basic Profit-Sharing Policy

Sysmex regards the distribution of profits to shareholders as among its most important policy priorities, and the Company’s basic policy includes attention to providing continuously stable dividends while ensuring that distribution of this income is backed by real business results.

Regarding dividends for the latter half of the fiscal year at the 36th general shareholders’ meeting it will be proposed to augment end-of-term distributions by adding to the regular dividend of ¥11 per share a commemorative dividend of ¥3 per share in celebration of the Sysmex’s 35th anniversary, bringing dividend distribution to a total of ¥14 per share. Adding this to the ¥11 mid-term dividend brings the total dividend distribution for consolidated fiscal term to ¥25 per share. Sysmex will continue working to improve its corporate performance and reinforce operational foundations in order to meet shareholder expectations.

3. Mid-and Long-Term Management Strategy

The Sysmex Group, aiming to realize even further growth and development, will pursue the medium range management plan announced in May 2003 as described below.

(1) Long-Term Vision

Sysmex has held up the corporate identity “A Unique & Global Niche Company” as a key element its long-term vision. By offering customers solutions that take advantage of Sysmex’s advanced technological capabilities and unique strengths, the Company aims to further establish a solid positioning as a leading company in the healthcare testing niche market.

(2) Mid-Term Management Plan Outline

1) Reinforcing Core Competencies

In addition to providing a wide-ranging lineup of equipment, reagents, and IT products, Sysmex will also pursue proposals integrating these with service and support functions and financing options toward business development as a “total solutions provider” capable of contributing to helping customers solve the problems confronting them.

2) Expansion in Key Geographical Regions

Sysmex is committed to expanding its market share in the United States (the largest market in the world), as well as to expanding operations in the hugely promising Chinese market and promoting the establishment of the Company as the leader in the Japanese market that is the home base of the Sysmex Group.

3) Augmenting Core Technologies

Through the development of “post-genome” technologies, such as confirmed diagnosis techniques for cancer screening, at Sysmex’s Central Research Laboratories, and through the pursuit of research and development efforts in collaboration with universities and other companies both in Japan and abroad, Sysmex will continue augmenting the core technologies underpinning the Company’s capacity to supply products in new and emerging fields on an ongoing basis.

4. Issues To Be Addressed

(1) Efforts as a "Total Solutions Provider"

Aiming to provide total solutions optimized to the needs of each individual customer in a business environment characterized by accelerating change and diversifying customer needs, Sysmex endeavors to reinforce the general capabilities of the Group as a whole. Along with advancing efforts to integrate information technologies (IT) into diagnostic (clinical testing) and point-of-care (POC) products, Sysmex will augment and expand investment in R&D and through alliances endeavor to reinforce its lineup of products, services, and support functions.

(2) Pursuit of Business in Key Geographic Areas

In the U.S., Sysmex will be rebuilding its operational structure through a twofold approach that includes preparing a basis for direct sales and service and merging and integrating local subsidiaries. By offering solutions that take advantage of the Company's specialization as a manufacturer, Sysmex aims to expand its share of the U.S. hematology market and reinforce its presence in the region.

In China, Sysmex will work to reinforce operational foundations by entering new fields like biochemistry and immunology in addition to the hematology and hemostasis fields, , and endeavor to improve brand image through vigorous educational and academic activities focused on quality control.

In Japan, along with promoting product lineups and proposals integrating information technologies in the promising POC market, Sysmex will continue to apply its sales, service, and support capabilities to offer finely tuned handling of customer needs.

5. Financial Targets

Consolidated targets to be achieved by fiscal 2005 (the final year in the Sysmex Group's current medium term management plan) include net sales of ¥80 billion, consolidated ordinary income of ¥9 billion, and ROE of 8.0%.

Management Results

1. Overview of the current period

(1) Outline of results for the current period

Consolidated Business Achievement				(million yen)	
	Fiscal Year Ending March 31, 2003	Fiscal Year Ending March 31, 2002	Increase or Decrease	Rate of Change	
Net Sales	57,252	47,532	9,720	20.4%	
Operating income	5,298	3,417	1,881	55.0%	
Ordinary income	5,321	4,029	1,292	32.1%	
Net income	3,124	1,308	1,816	138.8%	

Amidst the long-continuing deflationary economic slump, the Japanese economy, in the first half of the fiscal year showed some moderate signs of recovery including increased export demand and expanded production, but in the latter half declining stock prices, rekindling apprehension about the financial system, and anxiety about the future of the world economy emerged as heavy-weighting concerns, once again bringing downturns in consumer spending and private capital investment and obscuring any view of economic recovery that may have been on the horizon. While the U.S. economy had begun to show signs of an upswing, a downturn in consumer spending that had been the engine of that recovery, as well as major corporate bankruptcies, have slowed the hoped-for improvement. Further, the European economy overall had been showing a trend toward moderate recovery, but during the latter half of the fiscal year the region was once again marked by an economic slowdown centering around countries like Germany and France. In Asia, the Chinese economy continues to demonstrate strong growth, however growth in other countries in the region has generally remained only modest.

In the realm of medicine, in Japan, backgrounded by a dwindling birthrate combined with an aging population, advancing medical technology, changing patient attitudes toward treatment, and other aspects contributing to changes in the medical business environment, the healthcare system is currently undergoing dramatic reform. Changes such as a reduction of treatment fees and pharmaceutical prices instituted in April 2002 and a revision of subsidies for medical treatment of the elderly instituted in September 2002 have contributed to an increasingly difficult market environment. Further, in Japan and developed Western countries, policies aiming to moderate medical costs have led to a demand to streamline hospital operations for greater efficiency, although at the same time new medical advances in genetic and "tailor-made" diagnosis techniques, growing IT integration, and improving awareness of preventative and health management medicine are expected to contribute to expanding medical-related markets in new directions. In China and the rest of Asia, improving economic standards are contributing to upgrading local healthcare systems, spurring significant growth in the medical-related market in the region.

Amidst these conditions, in April 2002 the Sysmex Group completed its acquisition, through share exchange, of International Reagents Corporation as a wholly owned subsidiary. Along with endeavoring to rebuild the Group's corporate business structure, the Company has been working to meet diversifying customer needs with total clinical testing solutions that integrate laboratory testing equipment, reagents, medical data information systems, service and support. These efforts have led to improving sales both domestically and abroad, which when combined with the effects of a weaker Japanese yen have led to consolidated net sales of ¥57,252 million (up 20.4% year-on-year). In terms of profits, aggressive investment in research and development efforts in the promising life sciences field has been balanced by reduced overlapping costs resulting from the acquisition of International Reagents Corporation and efforts to control sales and general administrative costs. The resulting revenue increase, further augmented by a weakened Japanese yen, has led to significant profit increases, including ordinary income of ¥5,321 million (up 32.1% year-on-year) and a net oncome for the term of ¥3,124 million (up 138.8% year-on-year).

Results for Geographic Segments

(million yen)

		Fiscal Year Ending March 31, 2003	Fiscal Year Ending March 31, 2002	Increase or Decrease	Rate of Change
Japan	Net Sales	31,370	25,496	5,873	23.0%
	Operating Income/loss	3,653	2,864	789	27.6%
America	Net Sales	6,349	5,654	694	12.3%
	Operating Income/loss	-235	-281	45	—%
Europe	Net Sales	14,524	12,045	2,479	20.6%
	Operating Income/loss	1,236	705	531	75.5%
Asia-Pacific	Net Sales	5,007	4,335	671	15.5%
	Operating Income/loss	150	-147	298	—%

Note: Net sales refer to sales to external customers.

Japan

Sales of laboratory testing reagents and other products boosted by the reinforced sales and service capabilities, augmented product line, and increased number of equipment installations stemming from the integration of International Reagents Corporation contributed to a significant increase in income over the previous year, with net sales totaling ¥31,370 million (up 23% year-on-year).

Increased revenues and the effects stemming from the integration of International Reagents Corporation, combined with efforts to control increases in sales and general administrative cost, resulted in operating income of ¥3,653 million (up 27.6% year-on-year).

America

Reagent sales have increased along with the growing number of hematology equipment installations. Sales of homeostasis equipment and urinalysis equipment have been favorable, and sales in IT applications have also grown. The effects of a weakening Japanese yen have also come into play, resulting in net sales of ¥6,349 million (a 12.3% increase year-on-year).

Regarding operating income, continuing from the previous fiscal year, costs associated with development and sales-system reinforcement at Sysmex Infosystems America, Inc. (Sysmex's software development base in the region) resulted in an overall operating loss of ¥235 million (compared to a ¥281 million loss posted the previous year).

Europe

Sales of hematology and homeostasis equipment increased led by Integrated Concept Solutions (: ICS). The growing number of equipment installations has contributed to an upturn in reagent sales as well. A greatly weakening Japanese yen has also had its effects, resulting in net sales of ¥14,524 million (up 20.6% year-on-year).

The start of sales of the XT-2000i, new hematology analyzer among the XE series, and an increased ratio of localized reagent manufacture contributing to a reduced cost-of-sales rate resulted in operating income of ¥1,236 million (up 75.5% year-on-year).

Asia-Pacific

Increased sales of hematology equipment and reagents in China, as well as increased sales of IT products by Sysmex Delphic that became one of the Sysmex subsidiaries from the first half of the fiscal year, resulted in net sales of ¥5,007 million (up 15.5% year-on-year).

Increased revenue effects, combined with efforts to control sales and general administrative costs, resulted in operating income of ¥150 million (compared to a ¥147 million loss posted the previous year).

2. Financial Conditions

Total Assets & Shareholders' Equity

(million yen)

	Fiscal Year Ending March 31, 2003	Fiscal Year Ending March 31, 2002	Increase or Decrease	Rate of Change
Total Assets	66,449	66,501	-51	-0.1%
Shareholders' Equity	43,325	35,576	7,749	21.8%
Shareholders' Capital Ratio	65.2	53.5	?	?

At the end of March 2003, both cash and deposits on hand (¥1,413 million) and inventory assets (¥160 million) showed an increase compared to the previous fiscal year. Accounts receivable decreased by ¥476 million. Tangible fixed assets decreased by ¥566 million and intangible fixed assets decreased by ¥803 million, resulting in a ¥51 million decrease in total assets compared to the end of the previous fiscal year.

The conversion of minority shareholders' interest into shareholders' equity that resulted from the exchange of shares with International Reagents Corporation increased shareholders' equity by ¥7,749 million, with the shareholders' capital ratio also increasing significantly to 65.2%.

Cash Flow Statement Summary

(million yen)

	Fiscal Year Ending March 31, 2003	Fiscal Year Ending March 31, 2002	Increase or Decrease
Cash Flow from Operating Activities	5,604	4,234	1,370
Cash Flow from Investment Activities	-2,259	-2,111	-148
Cash Flow from Financing Activities	-2,034	-568	-1,465
Final Balance for Cash and Cash Equivalents	10,253	9,181	1,071

During the fiscal year 2002, the reduction in cash flows from financing activities was supplemented from cash flows from operating activities, and cash and cash equivalents ("cash") increased by ¥1,071 million (increased by ¥1,842 million during the previous fiscal year), leaving an end-of-term cash balance of ¥10,253 million.

Major factors influencing cash flows are described below.

Cash Flow from Operating Activities

Cash flow from operating activities amounted to ¥5,604 million (up ¥1,370 million year-on-year). This was mainly due to a significant increase of ¥1,274 million in pre-tax income.

Cash Flow from Investment Activities

Cash flows used in investment activities increased to ¥2,259 million (up ¥148 million year-on-year). This was mainly due to the decrease in income/expense resulting from the conversion into subsidiaries of companies to which the equity is applied, which was the main factor that increased the capital in the previous term.

Cash Flow from Financing Activities

Cash flows used in financing activities increased to ¥2,034 million (up ¥1,465 million year-on-year). This was mainly due to the fact that an increase in the short-term borrowing, which turned out to be the cause of an increase in capital in the previous term, turned downward, as well as to an increase in expenditures caused by reimbursement of long-term loans.

Cash Flow Indicators

	Fiscal Year Ending March 31, 2003	Fiscal Year Ending March 31, 2002	Fiscal Year Ending March 31, 2001	Fiscal Year Ending March 31, 2000
Shareholders' Equity Ratio	65.2%	53.5%	61.8%	67.2%
Shareholders' Equity Ratio (Actual value base)	73.0%	70.0%	105.1%	135.2%
Debt Redemption Years	1.9	2.7	6.7	1.1
Interest Coverage Ratio	29.0	21.5	19.0	58.9
	(million yen)			
Interest-Bearing Debt	10,893	11,606	11,574	6,372
Operating Cash Flow	5,604	4,234	1,723	5,657

- Shareholders' Equity Ratio: Shareholders' Equity / Total Assets
- Shareholders' Equity Ratio (Actual Value Base) : Total Share Market Value / Total Assets
- Debt Redemption Years: Interest-Bearing Debt / Operating Cash Flow
- Interest Coverage Ratio: Operating Cash Flow / Interest Payment
- Indicators are calculated on a consolidated basis
- Total Share Market Value is calculated as: Term-End Closing Price X Total Number of Shares Issued
- Operating Cash Flow is the cash flow from operating activities as listed on the consolidated cash flows statement.
- Interest-Bearing Debt includes all debt, out of that listed on the consolidated balance sheet, upon which interest is being paid.
- Interest uses the amount of interest paid as listed on the consolidated cash flows statement.

(2) Forecasts for the Coming Period

Consolidated Results Forecasts

(million yen)

	Fiscal Year Ending March 31, 2004	Fiscal Year Ending March 31, 2003	Increase or Decrease	Rate of Change
Net Sales	63,500	57,252	6,247	10.9%
Operating Income	5,500	5,298	201	3.8%
Ordinary Income	5,350	5,321	28	0.5%
Net Income	2,250	3,124	-874	-28.0%

Given that the serious deflationary pressure in Japan shows no sign of abating, as well as such factors as the changed international situation following the war in Iraq and the spread of Severe Acute Respiratory Syndrome (SARS) primarily in Asia, it is likely that the state of the world economy will continue to remain opaque and difficult to predict.

Nonetheless, in the medical industry, domestically in Japan, with the effects of such factors as insurance coverage requiring 30% insurant burden, the planned division of hospitals by function, and the introduction of DPC (blanket payment for each disease) in hospitals, it is predicted that efforts to streamline hospital operations for greater efficiency will be developed even further. In Europe and the Americas, while it is hoped there will be expansion through the development of medical peripheral markets such as preventative medicine and health

management, as well as through diagnostic markets newly emerging through the development of new technologies, severe market conditions are nonetheless expected to continue in the existing diagnostics market.

Against this background, based on the new medium range management plan begun in April 2003, the Sysmex Group has undertaken to deal with a number of important issues including reinforcing core competencies, restructuring operations in the United States, strengthening competitive advantage in Asia including primarily Japan and China, and augmenting core technologies.

Further, performance forecasts for the next fiscal year include net sales of ¥63,500 million (up 10.9% year-on-year), ordinary income of ¥5,350 million (up 0.5% year-on-year), and net income for the current term of ¥2,250 million (down 28.0% year-on-year). These calculations assume an average exchange rate of \$US1=¥120 and 1 Euro=¥125.

Forward-Looking Statements

Statements made in this document are forward-looking statements about the future performance of Sysmex based on management's assumptions and beliefs in light of information currently available, and involve both known and unknown risks and uncertainties. Actual events and results may differ materially from those anticipated in these statements.

Consolidated Balance Sheet

Items	Period		Current term		Previous term		Increase/ decrease
			(as of March 31, 2003)		(as of March 31, 2002)		
			Amount	%	Amount	%	
(Assets)							
Current assets			42,865	64.5	40,915	61.5	1,950
Cash			10,275		8,862		1,413
Notes and accounts receivable trade			17,381		17,857		-476
Marketable securities			133		461		-327
Inventories			11,361		11,200		160
Deferred tax assets			1,515		1,511		4
Prepaid expenses			377		356		20
Corporation taxes receivable			1,093		-		1,093
Short-term loans receivable			23		26		-2
Others			827		751		75
Allowance for doubtful debts			-124		-113		-10
Fixed assets			23,584	35.5	25,586	38.5	-2,002
Tangible fixed assets			17,642	26.5	18,208	27.4	-566
Buildings and structures			7,591		6,234		1,356
Machinery, equipment and vehicles			1,265		905		360
Tools, furniture and fixtures			2,762		3,309		-547
Land			6,001		5,902		98
Construction in progress			21		1,855		-1,834
Intangible fixed assets			2,241	3.4	3,045	4.6	-803
Goodwill			147		218		-70
Software			1,947		1,933		13
Consolidation goodwill			-		715		-715
Others			146		177		-30
Investments			3,700	5.6	4,333	6.5	-632
Investments in securities			1,702		1,825		-122
Long-term loans receivable			12		16		-4
Long-term prepaid expenses			225		313		-88
Prepaid pension cost			-		52		-52
Others			1,348		1,649		-300
Deferred tax assets			440		498		-58
Allowance for doubtful debts			-29		-23		-5
Total assets			66,449	100.0	66,501	100.0	-51

(unit: million yen)

(Note) fractions of one million yen are rounded off

Items	Period	Current term (as of March 31,2003)		Previous term (as of March 31,2002)		Increase/ decrease
		Amount	%	Amount	%	
(Liabilities)						
Current liabilities		18,803	28.3	15,099	22.7	3,704
Notes and accounts payable trade		5,299		5,897		-597
Short-term loans payable		3,354		3,033		320
Current portion of convertible bonds		4,999		—		4,999
Corporation taxes payable		229		1,165		-935
Deferred tax liabilities		—		1		-1
Accrued expenses		849		716		132
Reserve for bonuses		1,355		1,155		199
Reserve for product warranties		64		76		-12
Provision for loss on sales returns		—		10		-10
Others		2,652		3,043		-390
Fixed liabilities		4,267	6.4	9,474	14.2	-5,207
Convertible bonds		—		5,000		-5,000
Long-term loan payable		2,001		3,028		-1,026
Deferred tax liabilities		407		320		86
Reserve for retirement benefits		595		21		574
Reserve for directors' retirement benefits		297		297		-0
Consolidation goodwill		360		—		360
Others		604		806		-201
Total liabilities		23,071	34.7	24,574	36.9	-1,502
(Minority interest)						
Minority interest		53	0.1	6,351	9.6	-6,298
(Shareholders' equity)						
Capital stock				3,384	5.1	-3,384
Capital reserve				5,560	8.4	-5,560
Consolidated retained earnings				26,233	39.4	-26,233
Unrealized gain or loss of investments in securities				91	0.1	-91
Foreign currency translation adjustment				310	0.5	-310
Treasury stock				-5	-0.0	5
Total shareholders' equity				35,576	53.5	-35,576
Capital stock		5,509	8.3			5,509
Capital surplus		8,736	13.2			8,736
Earned surplus		28,784	43.3			28,784
Unrealized gain or loss of investments in securities		91	0.1			91
Foreign currency translation adjustment		268	0.4			268
Treasury stock		-64	-0.1			-64
Total shareholders' equity		43,325	65.2			43,325
Total liabilities, minority interest and shareholders' equity		66,449	100.0	66,501	100.0	-51

(unit: million yen)

(Note) fractions of one million yen are rounded off

Consolidated Statements of Income

Items	Period	Current term		Previous term		Increase/ decrease
		(as of March 31, 2003)		(as of March 31, 2002)		
		Amount	%	Amount	%	
(Ordinary income)						
Operating income						
Operating income						
Sales		57,252	100.0	47,532	100.0	9,720
Operating expenses						
Cost of sales		23,867	41.7	19,769	41.6	4,097
Selling, general and administrative expenses		28,087	49.0	24,345	51.2	3,741
Operating profit		5,298	9.3	3,417	7.2	1,881
Non-operating income						
Non-operating income		565	1.0	1,119	2.4	-553
(Interest income and dividends earned)		(147)		(183)		(- 35)
(Royalties earned)		(33)		(152)		(- 119)
(Exchange gain)		(-)		(543)		(- 543)
(Equity in earnings of investees)		(26)		(-)		(26)
(Amortization of consolidation goodwill)		(37)		(-)		(37)
(Others)		(320)		(239)		(80)
Non-operating expenses		542	1.0	507	1.1	35
(Interest expense)		(151)		(168)		(- 17)
(Amortization of bond issue cost)		(-)		(39)		(- 39)
(Amortization of goodwill)		(70)		(70)		(-)
(Provision of allowance for doubtful debts)		(15)		(-)		(15)
(Exchange loss)		(56)		(-)		(56)
(Equity in loss of investees)		(-)		(82)		(- 82)
(Others)		(248)		(145)		(103)
Ordinary profit		5,321	9.3	4,029	8.5	1,292
(Extraordinary income)						
Extraordinary profits		49	0.1	153	0.3	-103
(Gain on sales of investment securities)		(27)		(10)		(16)
(Reversal of allowance for doubtful debts)		(22)		(10)		(12)
(Income from compromise on loyalty)		(-)		(132)		(- 132)
Extraordinary losses		1,023	1.8	1,108	2.3	-85
(Write-down of securities)		(393)		(423)		(- 29)
(Loss on sales of investment securities)		(5)		(-)		(5)
(Write-down of inventories)		(-)		(179)		(- 179)
(Loss on disposal of fixed assets)		(333)		(223)		(110)
(Estimated loss from termination of retirement benefit system)		(-)		(172)		(- 172)
(Loss from termination of retirement benefit system)		(180)		(-)		(180)
(Provision of reserve for retirement benefits)		(110)		(110)		(-)
Net income before income taxes and minority interest		4,348	7.6	3,074	6.5	1,274
Income taxes		892	1.5	2,272	4.8	-1,379
Deferred income taxes		345	0.6	-365	-0.8	711
Minority interest		-15	-0.0	-140	-0.3	125
Net income		3,124	5.5	1,308	2.8	1,816

(unit: million yen)

(Note) fractions of one million yen are rounded off

Consolidated Statement of Retained Earnings

Items	Period	Current term		Previous term	
		(as of March 31,2003)		(as of March 31,2002)	
Consolidated Retained Earnings at Beginning of period			—		25,480
Consolidated Decrease in Retained Earnings					
Dividend Payments		—		480	
Bonuses to Directors		—		73	
(including auditors)		(—)	—	(9)	554
Net Income for Current Period			—		1,308
Consolidated Retained Earnings at End of term			—		26,233
(Capital Surplus)					
Capital Surplus at Beginning of period			5,560		—
Increase in Capital Surplus					
Inclusion from Exchange of stocks		3,175		—	
Inclusion from Conversion of bond		0	3,175	—	—
Capital Surplus at End of term			8,736		—
(Earned Surplus)					
Earned Surplus at Beginning of period			26,233		—
Increase in Earned Surplus					
Net Income for Current Period		3,124	3,124	—	—
Decrease in Earned Surplus					
Dividend Payments		483		—	
Bonuses to Directors		78		—	
(including auditors)		(10)		(—)	
Loss on Disposal of Treasury Stocks		8		—	
Decrease by exception of affiliates in equity method		3	574	—	—
Earned Surplus at End of term			28,784		—

(unit: million yen)

(Note) fractions of one million yen are rounded off

Consolidated Statements of Cash Flow

Items	Period	Current term (as of March 31, 2003)	Previous term (as of March 31, 2002)	Increase/ decrease
I Cash flow from operation activities				
Net income before income taxes and minority interest		4,348	3,074	1,274
Depreciation and amortization		3,107	2,810	296
Amortization of consolidation goodwill		-37	132	-170
Increase/decrease in reserve for bonuses		199	65	134
Increase/decrease in reserve for directors' retirement benefits		-0	14	-15
Increase/decrease in reserve for retirement benefits		540	15	525
Increase/decrease in prepaid pension cost		52	-35	87
Increase/decrease in allowance for doubtful debts		16	-22	38
Interest income and dividends earned		-147	-183	35
Interest expense		151	168	-17
Equity in earnings/loss of investees		-26	82	-109
Gain/loss on sales of investment securities		-21	-10	-10
Write-down of securities		393	423	-29
Write-down of inventories		-	179	-179
Loss on disposal of fixed assets		333	223	110
Estimated loss from termination of retirement benefit system		-	172	-172
Loss from termination of retirement benefit system		180	-	180
Increase/decrease in notes and accounts receivable		837	-752	1,589
Increase/decrease in inventories		292	1,192	-899
Increase/decrease in notes and accounts payable		-1,435	-1,636	200
Increase/decrease in corporation taxes receivable		-1,093	-	-1,093
Increase/decrease in consumption taxes payable		-163	328	-491
Bonuses to directors		-78	-73	-4
Others		-33	280	-313
Subtotal		7,414	6,449	965
Interest and dividends received		230	221	8
Interest paid		-193	-196	3
Corporation taxes paid		-1,848	-2,241	392
Cash flow from operating activities		5,604	4,234	1,370
II Cash flow from investing activities				
Gains on securities sold		20	44	-24
Payments for purchases of tangible fixed assets		-1,599	-2,093	494
Payments for purchases of intangible fixed assets		-844	-924	79
Payments for purchases of investment securities		-339	-32	-307
Payments for equity investment in subsidiaries		-10	-85	74
Cash flow from investments in subsidiarization of affiliates				
Additional payments for equity investment in affiliates		-3	-2,626	2,623
Inflow of cash and cash equivalent from subsidiaries		175	2,957	-2,782
Others		341	647	-306
Cash flow from investing activities		-2,259	-2,111	-148
III Cash flow from financing activities				
Net increase/decrease of short-term loans		-222	828	-1,051
Proceeds from long-term loans		622	50	572
Repayment of long-term loans		-2,009	-914	-1,095
Gains on paid-in capital from minority shareholders		1	1	0
Payments for purchases of treasury stocks		-67	-9	-57
Gains on disposal of treasury stocks		167	-	167
Dividend paid		-483	-480	-2
Others		-42	-43	0
Cash flow from financing activities		-2,034	-568	-1,465
IV Effect of exchange rate changes on cash and cash equivalent		-238	289	-527
V Increase/decrease in cash and cash equivalent		1,071	1,842	-771
VI Cash and cash equivalent at beginning of year		9,181	7,338	1,842
VII Cash and cash equivalent at end of year		10,253	9,181	1,071

(unit: million yen)

(Note) fractions of one million yen are rounded off