

Consolidated Financial Results during the 3rd quarter of Fiscal 2003

February 12, 2004

Listed company name : Sysmex Corporation
 Code : 6869
 Listed stock exchanges : Tokyo Stock Exchange
 Osaka Securities Exchange
 Head office : 1-5-1 Wakinohama-kaigandori, Chuo-ku, Kobe
 Company representative : Hisashi Ietsugu, President and CEO
 Contact : Eiichi Heki, Executive Vice President, Administration
 Phone : 078(265)-0500

1. Items concerning preparation of quarterly consolidated financial statements

- ① Differences on the method of recognition compared with the most recent fiscal year: Yes
 The simple method is partially adopted for the estimation of income taxes, and so on.
- ② Changes of the method of accounting policies: Yes
 In the segment information by geographic area, the China area formerly included in the Asia Pacific area is separated as an independent area.
- ③ Changes in scope of consolidation and application of equity method: Yes
- ④ The quarterly financial statements are not audited by the independent auditor.

2. Business performance during the period April 1, 2003 to December 31, 2003

(1) Operating results

	Net Sales		Operating income		Ordinary income	
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)
3rd quarter FY2003	47,750	(-)	3,998	(-)	3,341	(-)
3rd quarter FY2002	-	(-)	-	(-)	-	(-)
FY2002	57,252		5,298		5,321	

	Net income		Net income per share	Diluted net income per share
	(million yen)	(%)	(Yen)	(Yen)
3rd quarter FY2003	1,704	(-)	74.11	68.32
3rd quarter FY2002	-	(-)	-	-
FY2002	3,124		132.20	121.81

(Note) ① Consolidated statements of Income of the previous 3rd quarter is not prepared.

② Percentage figures in the above tables indicate increase/decrease over the corresponding period of the previous year.

(2) Financial position

	Total assets	Shareholders' equity	Equity ratio	Equity per share
	(million yen)	(million yen)	(%)	(Yen)
3rd quarter FY2003	69,595	44,623	64.1	1,939.64
3rd quarter FY2002	-	-	-	-
FY2002	66,449	43,325	65.2	1,879.51

(Note) Consolidated Balance Sheet of the previous 3rd quarter is not prepared.

(3) Cash flow

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Total Cash and Cash Equivalents at end of term
	(million yen)	(million yen)	(million yen)	(million yen)
3rd quarter FY2003	6,166	-2,638	-3,180	10,431
3rd quarter FY2002	—	—	—	—
FY2002	5,604	-2,259	-2,034	10,253

(Note) Consolidated statements of Cash Flow of the previous 3rd quarter is not prepared.

3. Business Forecast for the fiscal term(from April 1,2003 to March 31,2004)

	Net Sales	Ordinary income	Net income
	(million yen)	(million yen)	(million yen)
Annual	65,500	5,350	2,250

(Reference) Net income forecast per share (annual): 97.80yen

(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.

Operating Results and Financial Condition

1. Operating Results

During the 3rd quarter(from April 2003 to December 2003), the Japanese economy was anticipated to continue recovering, albeit at a moderate pace. Even though private consumption and housing investments remained at a low level, positive developments continued to be observed in business investment and exports. On the other hand, overseas economies were projected to continue growing relatively fast. The US economy was recovering steadily and momentum for recovery was strengthened.

From a medical care perspective, the environment surrounding medical institutions has been increasing in severity in Japan, affected by the increase in the public share of medical costs and the transformation of public hospitals into independent administrative institutions. In China, the outbreak of SARS made the Chinese government focus on development in the medical environment resulting in movements for the early establishment of medical systems including those in rural areas.

Under these conditions, we have continued to offer total solutions in the domestic market that optimize instruments, reagents, IT, service and support such as consulting activities for hospitals and inspection centers for accreditation to ISO. On the other hand in the overseas market, we tried to increase revenue by focusing especially on restructuring our business in the USA

The operating results were ¥47,750 million in sales, ¥3,998 million in operating income, ¥3,341 million in ordinary income and ¥1,704 million in net income.

2. Financial Condition

The total assets as of the end of this fiscal period were ¥69,595 million, an increase of ¥3,145 million from the end of March 2003. The main reasons for this increase were an increase of ¥1,509 million in accounts receivable following high sales and an increase of ¥2,677 million in inventory mainly caused by the transition to direct sales in the US. The total liability, on the other hand, increased by ¥1,873 (despite repayment of loan payable by ¥2,605 million), due to an increase of accounts payable by ¥1,804 million and income tax payable by ¥1,148 million.

Stockholder's equity increased by ¥1,298 million. The ratio of stockholder's equity to total assets was 64.1%, a decrease of 1.1% compared with the end of March 2003.

During the 3rd quarter(from April 2003 to December 2003), operating activities generated ¥6,166 million in cash (despite an increase of ¥2,816 million in inventory), due to income before income tax of ¥3,206 million and depreciation of ¥2,370 million in addition to a net increase in accounts payable of ¥293 million over accounts receivable.

¥2,638 million cash was used for investment activities, ¥2,728 million of loan payable was repaid and ¥598 million of dividends was paid for financing activities. The balance of cash and cash equivalent at the end of this fiscal period was ¥10,431 million, slightly increased from the end of March 2003.

3. Revision of Consolidated Business Forecast of Full Year

With the business results at the end of 3rd quarter and the forecast of 4th quarter taken into account, we have revised the consolidated business forecast for the full year previously announced on November 11, 2003 as follows.

Sales : up to ¥65,500 million (+¥2,000 million)
Operating income : up to ¥6,000 million (+¥500 million)

There is no change to ordinary income and net income for the possible loss on foreign exchange.

We have revised the business forecast of single entity as well.

Sales : up to ¥46,600 million (+¥1,100 million)
Operating income : up to ¥3,600 million (+¥400 million)

There is no change to ordinary income and net income for the same reason as for the consolidated forecast.

The assumed foreign exchange rates of the 4th quarter (from January 2004 to March 2004) for the business forecast were ¥106/\$ and ¥135/EUR resulting in average exchange rates for the whole year of approximately ¥116/\$ and ¥131/EUR.

(1) Revised Consolidated Business Forecast (April 1, 2003 to March 31, 2004)

(unit: million yen, %)

	Sales	Operating income	Ordinary income	Net income
Previous forecast (A) (Announced December 11, 2003)	63,500	5,500	5,350	2,250
Revised forecast (B)	65,500	6,000	5,350	2,250
Change in figures (B) - (A)	2,000	500	-	-
Percentage change	3.1	9.1	-	-
Previous year result	57,252	5,298	5,321	3,124

(2) Revised Single Entity Business Forecast (April 1, 2003 to March 31, 2004)

(unit: million yen, %)

	Sales	Operating income	Ordinary income	Net income
Previous forecast (A) (Announced December 11, 2003)	45,500	3,200	4,100	2,400
Revised forecast (B)	46,600	3,600	4,100	2,400
Change in figures (B) - (A)	1,100	400	-	-
Percentage change	2.4	12.5	-	-
Previous year result	43,419	3,504	4,234	2,727

4. Reference

The end of fiscal period of most foreign affiliated companies is on December 31. There is a difference of 3 months between domestic affiliated companies including ours and foreign affiliated companies. Because of this, foreign affiliated companies closed their full year operation when we closed 3rd quarter.

Whole year sales of each geographic area are expected to be ¥9,125 million for America (an increase by 43.7% from last year), ¥17,562 million for Europe (+20.9%), ¥2,352 million (+25.1%) for Asia/Pacific and ¥3,859 million (+23.4%) for China. If we exclude the effect of foreign exchange from above, growth rates will be +55.4% for America, +10.6% for Europe, +28.7% for Asia/Pacific and +33.5% for China.

Consolidated Balance Sheet

(unit: million yen)

Items	Period		Previous year		Increase/ decrease
	Current 3rd quarter		(as of March 31,2003)		
	(as of December 31,2003)		Amount	%	
(Assets)					
Current assets	46,082	66.2	42,865	64.5	3,217
Cash	10,531		10,275		255
Notes and accounts receivable trade	18,891		17,381		1,509
Marketable securities	84		133		-49
Inventories	14,039		11,361		2,677
Others	2,535		3,712		-1,177
Fixed assets	23,512	33.8	23,584	35.5	-71
Tangible fixed assets	17,477	25.1	17,642	26.5	-164
Intangible fixed assets	1,990	2.9	2,241	3.4	-251
Investments	4,044	5.8	3,700	5.6	344
Total assets	69,595	100.0	66,449	100.0	3,145
(Liabilities)					
Current liabilities	22,633	32.6	18,803	28.3	3,829
Notes and accounts payable trade	7,103		5,299		1,804
Short-term loans payable	2,652		3,354		-701
Current portion of convertible bonds	4,997		4,999		-2
Others	7,880		5,151		2,728
Fixed liabilities	2,311	3.3	4,267	6.4	-1,956
Long-term loan payable	97		2,001		-1,904
Reserve for retirement benefits	639		595		43
Others	1,574		1,669		-95
Total liabilities	24,944	35.9	23,071	34.7	1,873
(Minority interest)					
Minority interest	27	0.0	53	0.1	-26
(Shareholders' equity)					
Capital stock	5,510	7.9	5,509	8.3	0
Capital surplus	8,737	12.5	8,736	13.2	0
Earned surplus	29,791	42.8	28,784	43.3	1,006
Unrealized gain or loss of investments in securities	320	0.5	91	0.1	229
Foreign currency translation adjustment	334	0.5	268	0.4	66
Treasury stock	-71	-0.1	-64	-0.1	-6
Total shareholders' equity	44,623	64.1	43,325	65.2	1,298
Total liabilities, minority interest and shareholders' equity	69,595	100.0	66,449	100.0	3,145

(Note) Consolidated Balance Sheet of the previous 3rd quarter is not prepared.

Consolidated Statements of Income

(unit: million yen)

Items	Period	Current 3rd quarter		Previous year	
		(as of December 31,2003)		(as of March 31,2003)	
		Amount	%	Amount	%
Net Sales		47,750	100.0	57,252	100.0
Cost of sales		20,461	42.8	23,867	41.7
Selling, general and administrative expenses		23,290	48.8	28,087	49.0
Operating income		3,998	8.4	5,298	9.3
Non-operating income		271	0.6	565	1.0
(Interest income and dividends earned)		(76)		(147)	
(Others)		(195)		(417)	
Non-operating expenses		929	2.0	542	1.0
(Interest expense)		(66)		(151)	
(Exchange loss)		(751)		(56)	
(Others)		(111)		(334)	
Ordinary income		3,341	7.0	5,321	9.3
Extraordinary profits		22	0.0	49	0.1
Extraordinary losses		156	0.3	1,023	1.8
Net income before income taxes and minority interest		3,206	6.7	4,348	7.6
Income taxes		1,522	3.1	1,238	2.1
Minority interest		-20	-0.0	-15	-0.0
Net income		1,704	3.6	3,124	5.5

(Note) Consolidated statements of Income of the previous 3rd quarter is not prepared.

Consolidated Statements of Cash Flow

(unit: million yen)

Items	Period	Current 3rd quarter (as of December 31, 2003)	Previous year (as of March 31, 2003)
I Cash flow from operating activities			
Net income before income taxes and minority interest		3,206	4,348
Depreciation and amortization		2,370	3,107
Increase/decrease in notes and accounts receivable		-1,670	837
Increase/decrease in inventories		-2,816	292
Increase/decrease in notes and accounts payable		1,963	-1,435
Others		3,708	264
Subtotal		6,763	7,414
Interest and dividends received		64	230
Interest paid		-73	-193
Corporation taxes paid		-587	-1,848
Cash flow from operating activities		6,166	5,604
II Cash flow from investing activities			
Payments for purchases of tangible fixed assets		-1,716	-1,599
Payments for purchases of intangible fixed assets		-521	-844
Others		-400	183
Cash flow from investing activities		-2,638	-2,259
III Cash flow from financing activities			
Net increase/decrease of short-term loans		-371	-222
Repayment of long-term loans		-2,357	-2,009
Dividend paid		-598	-483
Others		146	681
Cash flow from financing activities		-3,180	-2,034
IV Effect of exchange rate changes on cash and cash equivalent		-169	-238
V Increase/decrease in cash and cash equivalent		178	1,071
VI Cash and cash equivalent at beginning of term		10,253	9,181
VII Cash and cash equivalent at end of term		10,431	10,253

(Note) Consolidated statements of Cash Flow of the previous 3rd quarter is not prepared.

Segment Information

1. Information about operations by geographic area 3rd quarter FY2003(from April 1 to December 31,2003)

(Millions of Yen)

	Japan	Americas	Europe	Asia Pacific	China	Total	Eliminations/ Corporate	Consolidated
Sales and Operating income								
Sales								
Net Sales to outside customers	23,581	5,997	13,933	1,705	2,532	47,750	—	47,750
Interarea transfer	11,020	1	127	27	11	11,187	(11,187)	—
Total net sales	34,602	5,998	14,060	1,733	2,543	58,938	(11,187)	47,750
Operating expenses	31,567	6,593	12,788	1,578	2,284	54,813	(11,061)	43,751
Operating income(loss)	3,034	-595	1,272	154	259	4,124	(126)	3,998

(Note)

The China area formerly included in the Asia-Pacific is separated as an independent area from this year .
This change is caused by the rising importance on our group's management strategy, as the Chinese market is growing.
If the same segmentation basis is adopted, the data of Asia-Pacific of the previous year is as follows.

	Asia Pacific	China	(Millions of Yen)
Net Sales to outside customers	1,880	3,127	
Interarea transfer	49	36	
Total net sales	1,929	3,164	
Operating expenses	1,767	3,175	
Operating income(loss)	162	-11	

3rd quarter FY2002(from April 1 to December 31,2002)

Information about operations by geographic area of the previous 3rd quarter is not prepared.

FY2002(from April 1,2002 to March 31,2003)

(Millions of Yen)

	Japan	Americas	Europe	Asia Pacific	Total	Eliminations/ Corporate	Consolidated
Sales and Operating income							
Sales							
Net Sales to outside customers	31,370	6,349	14,524	5,007	57,252	—	57,252
Interarea transfer	13,574	7	105	86	13,773	(13,773)	—
Total net sales	44,945	6,356	14,629	5,093	71,026	(13,773)	57,252
Operating expenses	41,291	6,592	13,545	4,942	66,372	(14,418)	51,954
Operating income(loss)	3,653	-235	1,084	150	4,653	(-645)	5,298

2. Net Sales to Foreign Customers

3rd quarter FY2003(from April 1 to December 31,2003)

(Millions of Yen)

	Americas	Europe	Asia Pacific	China	Total
Net Sales to Foreign Customers	6,023	13,962	2,424	2,732	25,142
Consolidated Sales	—	—	—	—	47,750
The rate of net sales to foreign customers to consolidated sales	12.6%	29.2%	5.1%	5.7%	52.6%

(Note)

The China area formerly included in the Asia-Pacific is separated as an independent area from this year .
This change is caused by the rising importance on our group's management strategy, as the Chinese market is growing.
If the same segmentation basis is adopted, the data of Asia-Pacific of the previous year is as follows.

	Asia Pacific	China
Net Sales to Foreign Customers (Millions of Yen)	2,732	3,142
The rate of net sales to foreign customers to consolidated sales	4.8%	5.5%

3rd quarter FY2002(from April 1 to December 31,2002)

Net sales to foreign customers of the previous 3rd quarter is not prepared.

FY2002(from April 1,2002 to March 31,2003)

(Millions of Yen)

	Americas	Europe	Asia Pacific	Total
Net Sales to Foreign Customers	6,376	14,548	5,875	26,800
Consolidated Sales	—	—	—	57,252
The rate of net sales to foreign customers to consolidated sales	11.1%	25.4%	10.3%	46.8%