

Brief notes on the consolidated statement of accounts as of March 2004

May 11,2004

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
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 Date of directors' meeting : May 11,2004
 Whether or not to be prepared
 in accordance with accounting
 principles generally accepted : No
 in the United States

1 . Business performance during the current term(from April 1,2003 to March 31,2004)

(1) Operating results

	Net Sales		Operating income		Ordinary income	
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)
Current term	65,970	(15.2)	6,615	(24.9)	5,622	(5.7)
Previous term	57,252	(20.4)	5,298	(55.0)	5,321	(32.1)

	Net income		Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of ordinary income to net sales
	(million yen)	(Yen)	(Yen)	(Yen)	(%)	(%)	(%)
Current term	3,157 (1.0)	132.86	123.12	6.7	8.1	8.5	
Previous term	3,124 (138.8)	132.20	121.81	7.9	8.0	9.3	

(Note) ①Equity in earnings or loss of investees:

Current term 5 million yen earnings / Previous term 26 million yen earnings

②Average number of shares (consolidated):

Current term 23,032,126/ Previous term 23,020,663

③Changes of the method of accounting policies: Yes

④Percentage 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)
Current term	71,982	51,095	71.0	2,042.67
Previous term	66,449	43,325	65.2	1,879.51

(Note) Number of shares issued (consolidated):

Current term 24,966,378/ Previous term 23,008,105

(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)
Current term	9,300	-3,212	-2,427	13,718
Previous term	5,604	-2,259	-2,034	10,253

(4) Scope of consolidation and application of equity method

Number of consolidated subsidiaries: 30

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: 1

Additions in equity methods: 0

Exclusions in equity methods: 0

2. Business Forecast for the coming fiscal term(from April 1,2004 to March 31,2005)

	Net Sales	Ordinary income	Net income
	(million yen)	(million yen)	(million yen)
Semi-Annual	34,700	2,500	1,200
Annual	73,000	7,300	4,000

(Reference) Net income forecast per share (annual): 160.22yen

(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.

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 37th general shareholders’ meeting, regular dividend of ¥18 per share will be proposed, bringing dividend distribution to a total of ¥30 per share (¥12 for interim dividend) which is ¥5 more than the previous year’s ¥25(inclusive of commemorative dividend of ¥3 for the 35th anniversary of foundation). Sysmex will continue working to improve its corporate performance and reinforce operational foundations in order to meet shareholders’ expectation.

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 April 2003 as described below.

(1) Long-Term Vision

Sysmex has held up the corporate identity “A Unique & Global Niche Company” as a key element of 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) Reinforcement of Core Competencies

In addition to providing a wide-ranging portfolio of testing equipments, reagents, and medical information systems in diagnostics field, Sysmex will also pursue proposals integrating these with service, support and consulting toward business development as a “total solutions provider” capable of contributing to solve several issues at customer site.

2) Expansion on a global basis

Sysmex is committed to establishing its presence in the United States, the biggest market in the world, expanding its business in China where high degree of market growth is expected and establishing a position as the No.1 diagnostics company in Japan

3) Development of operation base in Life Science Business

Sysmex will focus on commercialization of Life Science commencing with introduction of GD-100, a device to detect cancer lymph-nodes metastasis using post-genome technologies.

Sysmex will also advance in collaborative research and development with universities and other companies, both national and international, toward the screening testing technology of cervical cancer and minimal-invasive blood Glucose self-measurement technology. Sysmex strengthens the technology to be able to supply products in life science continuously.

4. Management Agenda

(1) IT Business Drive

To give further impetus to the solution business, which integrates information technology and diagnostics (clinical laboratory testing) and POC (Point of Care), the Company plans to put CNA Co., Ltd., a business that specializes in healthcare information systems, under its umbrella in April 2004, to expedite a comprehensive partnership. The Company intends concretely to use its competitive marketing and support teams to provide customers with a broad range of lines, and strive more aggressively through R&D to reinforce a system that allows it to quickly supply products that respond to customer needs.

Overseas, the Company has forged an IT business structure in which its IT-related Group company has been formed into a 100%-owned subsidiary, and has committed to striving Group-wide to draw up and expedite IT business strategies and reinforce that functionality.

(2) Focus on Priority Geographical Regions

In the United States, the Company has completed its shift to a direct sales and service and restructured the business framework, including the consolidation of subsidiaries. Going forward, the Company intends to establish its presence in the competitive market. Specifically, the Company will mine its unique advantages and intensify its marketing efforts in order to increase its penetration in the hematology market, and win brand recognition through enhanced advertising and scholarly activities.

In China, the Company intends to expand sales in its hematology business by exploiting its solutions capability, and to expand the biochemistry business by boosting sales of instruments and reagents, thereby consolidating its position as a leader in diagnostics. The company will develop its operating base as a manufacturer and improve profitability through operation of newly founded production factory, Sysmex Wuxi Co., Ltd. which was founded in August 2003.

In Japan, where the government continues to keep down healthcare costs, the Company intends to seize opportunities created by emerging healthcare needs. Concretely, the Company will offer specifically tailored services and support, including expanded lines in the POC market, IT-based comprehensive proposals, and consulting in ISO certification for medical institutions, in order to provide customers with efficient, productive testing services.

(3) Greater Thrust for the Life Science Business

In 2000, the Sysmex Group launched its R&D efforts in the life science field, and released the GD-100, a device to detect cancer lymph-nodes metastasis, in January 2004 for research applications. The Company will augment its organizational structure in order to conduct clinical tests and development in Japan, the Americas and Europe for full-scale launch of the device and reagent for clinical use.

5. Corporate Governance, Basic Stance and Initiatives

(1) Basic Stance

The Company has positioned the improvement of corporate governance as a key issue for management, and is striving to maximize the value of the entire Sysmex Group by enhancing the soundness and transparency of management, making quick decisions, and increasing management efficiency.

(2) Initiatives

(i) General Initiatives

The board of directors comprises eleven directors, who deliberate important matters pertaining to management and make quick decisions.

The Company has implemented the corporate auditor system, with one of the three corporate auditors appointed from outside the Company. Corporate auditors attend Board of Directors meetings and Management Councils to properly oversee the performance of duties by directors. The outside auditor does not have any stake, capital, business or interest whatsoever in the Company. The Company intends to enhance the soundness of management by ensuring that the auditors meeting performs proper audits in accordance with related laws and regulations and by improving the internal audit process of the Internal Auditing.

Audits by Certified Public Accountants are conducted by Tohmatsu & Co. on a contractual basis. The auditors perform audits for the entire Sysmex Group and take swift action on any revision in the accounting frameworks. The Company also maintains advisory agreements with multiple law firms so that it may seek advice on important issues when necessary.

In light of the growing importance of issues arising with the globalization of business, the Company has established the Global Strategy Committee Meeting, comprised of senior directors, for further deliberation on management direction and strategic issues for the Sysmex Group. The Management Committee Meeting, a consultative body to the President, deliberates and reports important issues that cover the entire spectrum of management. Moreover, the heads of the business divisions have been convened as the Operating Committee Meeting to expedite solutions to cross-functional problems, thereby reaching decisions both quickly and efficiently.

(ii) Initiatives Designed to Improve Corporate Governance over the Last 12 Months

The Company ensures timely and accurate disclosure by constantly improving disclosure at results presentation meetings and in quarterly results announcements, as well as on its website. The Company also strives to enhance the transparency of its management by frequently organizing informational meetings to increase the opportunities for disclosures to its shareholders and investors.

To ensure the compliance of corporate activities by the Sysmex Group, the Company established the Compliance Division in April 2003.

In October 2003, the Compliance Committee was established as the supreme consultative body in this regard for the Sysmex Group. To coincide with this, the top management has made a Compliance Declaration, in which he admonishes the employees of the Sysmex Group to fulfill their responsibility to society as a corporate citizen, on the basis of compliance with laws and regulations, social norms and in-house rules, and a strong sense of ethics. Other measures designed to ensure compliance include the establishment of an "ethics line," a window for whistle-blowing and consultation by employees, and the distribution of the Sysmex Compliance Handbook.

6. Target Management Indices

In its current Mid-term management plan ending in March 2006, the Sysmex Group looks for consolidated sales of ¥80,000 million, consolidated ordinary income of ¥9,000 million and ROE of 8.0%.

Operating Results and Financial Position

1. Operating Results

(1) Consolidated Financial Highlights for the Year Ended March 31, 2004

(unit: ¥ million)

	FY3/04	FY3/03	Increase or Decrease	Rate of Change
Net Sales	65,970	57,252	8,717	15.2%
Operating Income	6,615	5,298	1,317	24.9%
Ordinary Income	5,622	5,321	300	5.7%
Net Income	3,157	3,124	32	1.0%

During the current period, the Japanese economy started to show signs that it had bottomed out and was in the process of recovery, underpinned by brisk exports and private sector capital investment, despite a lingering slump in personal consumption following on anxiety over job security and income conditions. Overseas, the general economic situation is described as "recovering," driven by the steady recovery in the United States economy due to tax cuts and low interest rates, despite earlier concerns over potential impact from the Iraq War and Severe Atypical Respiratory Syndrome (SARS).

On the healthcare front, drastic healthcare system reform is underway in Japan in response to the rapidly declining birth rate and the aging population. Between a rise in out-of-pocket expenditures for health insurance, the specialization of hospitals into beds for general patients and beds for long-term care, and the introduction of DRG based Perspective Payment System to special-function hospitals, medical institutions find themselves in an increasingly severe condition. While governments in Japan and other advanced countries in Europe and North America are pushing forward rationalization of healthcare expenses, plentiful business opportunities are opening up thanks to innovative healthcare technologies, including genetic testing, the expansion of the neighboring disease prevention and health management markets, and the diversification of customer needs. In China and other Asian countries outside of Japan, the healthcare market continues to grow, sustained by rapid economic growth and a drive to improve healthcare environments as a measure to counteract SARS.

Against this backdrop, the Sysmex Group introduced a direct sales and service on American soil, in a bid to expand operations in the United States, the largest diagnostics (clinical laboratory testing) market in the world, and, in a bid for a full-scale launch of the solution business in the global arena, addressed the fortification of its information technology (IT) business structure by making a 100%-owned subsidiary of an overseas group company in the IT sector. To boost sales and increase marketing efficiency through expanded lines, the Sysmex Group has forged alliances with the Bayer Corporation (USA) and Bio-Rad Laboratories (USA). These efforts have resulted in consolidated sales of ¥65,970 million (an increase of 15.2% year on year).

Domestic sales amounted to ¥31,784 million (an increase of 4.4% year on year). Events in the domestic market included: enhanced total solution services that include consulting on ISO certification for hospitals and inspection centers; greater demand for hematology systems; expansion of lines through alliances; and the market launch of influenza virus detection reagents.

Overseas sales increased to ¥34,185 million (an increase of 27.6% year on year). Supporting this brisk performance were: unit sales growth for hematology analyzers in China and other Asian markets, available in a wide array of lines that feature products with proven performance like XE-2100 and pocH-100i, a smooth transition to direct sales and service in the United States, and increased demand for urine analyzers.

While investing aggressively in strengthening the business structure for the Group and in R&D in life sciences, the Sysmex Group strove to reduce the cost of goods sold and restrain SG&A expenses. As a result, operating income advanced to ¥6,615 million (an increase of 24.9% year on year). Despite a foreign exchange loss due to the yen's appreciation towards the end of the term, ordinary income totaled ¥5,622 million (an increase of 5.7% year on year) and net income, ¥3,157 million (an increase of 1.0% year on year).

As announced earlier, the Company will pay a year-end dividend of ¥18 per share, for an annual dividend payment of ¥30 when combined with the interim dividend of ¥12.

(2) Geographical Segment Information

<Results for Geographical Segments>

(unit: ¥ million)

		FY3/04	FY3/03	Increase or Decrease	Rate of Change
Japan	Net Sales	33,030	31,370	1,659	5.3%
	Operating income	5,396	3,653	1,742	47.7%
Americas	Net Sales	9,152	6,349	2,803	44.2%
	Operating income	-601	-235	-365	—
Europe	Net Sales	17,586	14,524	3,061	21.1%
	Operating income	1,327	1,084	243	22.4%
Asia Pacific	Net Sales	2,334	—	—	—
	Operating income	146	—	—	—
China	Net Sales	3,866	—	—	—
	Operating income	361	—	—	—

Notes:

1. "Net Sales" refers to "sales to outside customers."
2. Consolidated totals for this term assess the Chinese market as a separate market from the Asia-pacific market in which it has conventionally been included. This change reflects the increased importance in line with current growth of the Chinese market for the Sysmex group's business strategy. The previous term's performance by region assessed in the same manner as current term would be as follows.

(unit: ¥ million)

		FY3/04	FY3/03	Increase or Decrease	Rate of Change
Asia Pacific	Net Sales	2,334	1,880	453	24.1%
	Operating income	146	162	-15	-9.7%
China	Net Sales	3,866	3,127	739	23.7%
	Operating income	361	-11	372	—

(Japan)

Even under severe price competition, Net sales increased up to ¥33,030 million (an increase of 5.3% year on year). Net sales of Hematology and Hemostasis increased by continuing total solution approach with testing equipments, reagents, IT, Service and support. And sales of POC (point of care) and new business area increased, too.

As for income, operating income increased up to ¥5,396 million (an increase of 47.7% year on year) with the increased sales, improvement in cost of sales ratio brought by increased production volume and restraint of expenses.

(Americas)

Sales of hematology testing equipment and reagents increased drastically due to

transformation of business structure in the United States into direct sales and service starting from the 2nd half of current period. Sales of urinalysis testing equipments and reagents also increased and total sales increased, in spite of negative effect of exchange rate, up to ¥9,152 million (an increase of 44.2% year on year).

As for income, operating loss of ¥601 million was recorded in Americas (operating loss of ¥235 million in the previous term) because of the restructuring charges and cost increase in IT business.

(Europe)

Continuing the previous term's trend, total solution approach generated favorable sales of testing equipments and reagents in hematology, hemostasis and urinalysis and IT business. As a result, sales increased up to ¥17,586 million (an increase of 21.1% year on year).

As for income, improvement in cost of sales ratio due to considerable increase in sales and local production volume of reagents offset an increase in SGA expenses and contributed to operating income of ¥1,327 million (an increase of 22.4% year on year).

(Asia Pacific)

Favorable sales of hematology and hemostasis testing equipment and an accompanying increase in reagent sales resulted in sales of ¥2,334 million (an increase of 24.1% year on year).

As for income, operating income was ¥146 million (a decrease of 9.7% year on year) due to hiring of IT employees which increased expenses.

(China)

Development of medical environment including rural areas promoted by outbreak of SARS, market demand for hematology testing equipment was high and sales increased up to ¥3,886 million (an increase of 23.7% year on year).

As for income, improvement in cost of sales ratio with increased sales and local production offset an increase in expenses and contributed to operating income of ¥361 million (operating loss of ¥11 million for the previous period).

(3) Status of research and development efforts

The Company established its Central Research Laboratories in April 2000 to focus on life science, with particular emphasis on cancer testing. In May 2003 the company entered into a collaborative research and development contract with the Anderson Cancer Center (at the University of Texas, the United States' leading cancer research facility) to carry out joint clinical tests to assess effectiveness of anticancer drugs toward the "development of automated testing system of cervical cancer". And the company released a research-use gene amplification detector in January 2004, GD-100, which is capable of detecting lymph-node metastasis in just thirty minutes.

Also the company continues efforts to develop non-invasive and minimally invasive technology aimed at improving patients' quality of life, including joint development with other companies such as Hoffmann-La Roche and Toshiba Corporation.

(4) Financial conditions

<Total assets & Stock holder's Equity>		(unit:¥ million)		
	FY3/04	FY3/03	Increase or Decrease	Rate of Change
Total assets	71,982	66,449	5,532	8.3%
Shareholders' equity	51,095	43,325	7,770	17.9%
Equity ratio (%)	71.0%	65.2%	—	—

Main changes of the balance from the end of the previous period are as follows: Cash increased by ¥3,514 million, trade receivable increased by ¥1,444 million, inventory increased by ¥1,225 million and corporate income tax receivable decreased by ¥1,093 million, intangible

assets decreased by ¥153 million and investments and other assets increased by ¥390 million, resulting in an increase of total assets by ¥5,532 million.

Regarding shareholders' equity, stock capital and legal capital surplus increased by ¥2,433 million each due to conversion of the 1st issued unsecured convertible bonds and retained earnings increased by ¥2,459 million, resulting in an increase of total shareholders' equity by ¥7,770 million with increased shareholders' equity ratio of 71.0%.

(5) Cash flow

<Cash Flow Statement summary>

(unit:¥ million)

	FY3/04	FY3/03	Increase or Decrease
Cash Flow from Operating Activities	9,300	5,604	3,696
Cash Flow from Investing Activities	-3,212	-2,259	-952
Cash Flow from Financing Activities	-2,427	-2,034	-393
Ending balance of cash and cash equivalents	13,718	10,253	3,465

Cash and cash equivalents (Cash) increased by ¥3,465 million (an increase of ¥2,393 million year on year) up to ¥13,718 million due to significant increase of cash flow from operating activities which made up for cash flow from investing and financing activities. Further explanations on each activity are described below.

(Cash Flow from Operating Activities)

Cash provided by operating activities was ¥9,300 million (an increase of ¥3,696 million year on year). This is mainly due to increased income before income taxes of ¥5,257 million, (an increase of ¥909 million year on year) adding to receipt of income tax receivable of ¥1,093 million and significant decrease of income tax payments by ¥1,107 million compared to the previous year's payment.

(Cash Flow from Investing Activities)

Cash used in investing activities was ¥3,212 million (an increase of ¥952 million year on year). This is mainly due to investments of ¥1,935 million for tangible assets (an increase of ¥336 million year on year) and investments of ¥283 million for acquisition of shares of affiliated companies (an increase of ¥273 million year on year).

(Cash Flow from Financing Activities)

Cash used in financing activities was ¥2,427 million (an increase of ¥393 million year on year). This is mainly due to ¥2,234 million of repayment of long term debt (an increase of ¥225 million year on year).

<Cash Flow indices>

	FY3/04	FY3/03	FY3/02	FY3/01	FY3/00
Equity ratio (%)	71.0	65.2	53.5	61.8	67.2
Equity ratio at market price (%)	93.6	73.0	70.0	105.1	135.2
Years for debt redemption	0.4	1.9	2.7	6.7	1.1
Interest coverage ratio	108.1	29.0	21.5	19.0	58.9

(unit:¥ million)

Balance of interest-bearing liabilities	4,175	10,893	11,606	11,574	6,372
Cash flow from Operating Activities	9,300	5,604	4,234	1,723	5,657

*Shareholders' Equity ratio: Shareholders' Equity/Total Assets

*Shareholders' Equity at Market price: Share Aggregate market Value/Total Assets

*Years for Debt Redemption: Balance of Interest-Bearing Liabilities/Cash Flow from Operating Activities

*Interest Coverage ratio: Cash flow from Operating Activities/Interest Payments

1. Indices are calculated using consolidated financial figures.
2. Total amount of stock market price is calculated as term-end price multiplied by the total term-end number of shares issued.
3. Cash flow from Operating Activities uses the figures shown in the consolidated cash flow Summary.
4. Balance of Interest-Bearing Liabilities refers to all liabilities indicated on the consolidated balance sheet on which interest is being paid.
5. Interest payments refer to the amount of interest being paid as indicated on the consolidated cash flow sheet.

2. Outlook for the Fiscal Year ending in March, 2005

<Consolidated Results Forecast>

(unit:¥ million)

	FY3/05(forecast)	FY3/04	Increase or Decrease	Rate of Change
Net Sales	73,000	65,970	7,029	10.7%
Operating income	7,300	6,615	684	10.3%
Ordinary income	7,300	5,622	1,677	29.8%
Net income	4,000	3,157	842	26.7%

There are a number of risk factors posing a threat to the current steady global economic recovery: the state of Iraq, the effect on exports by the appreciation of yen, and so on. However, a consumer-led recovery in Japanese economy is expected to continue moderately.

The medical environment is forecasted to continue challenging such as the revision of clinical fees and the transformation of public hospitals into independent administrative institutions.

Under these circumstances, the company did capital participation in CNA Co., Ltd. which is a specialized company of medical information system by acquiring over 50% of issued shares through a third-party allotment on April 21, 2004. That enables us to provide more advanced solution to domestic customers through expanding our product lineup of IT products and formalizing strong business structure. In addition to that, we continue to expand our global business actively such as the establishment of its presence in United States and the developments of marketability in biochemistry field in China. Also, we commit to strengthen in the business of life science and to organize the quality assurance structure in accordance with the revision of pharmaceutical affairs law effective from April, 2005.

With respect to the business outlook for the next fiscal period, Sales in overseas are projected ¥73,000 million (an increase of 10.7% year on year) through the establishment of a direct sales and service in the United States. On the other hand, the business environment in domestic market are still challenging because of medical reforms.

In income categories, the company projects an increase of ¥7,300 million (an increase of 29.8% year on year) in operating income and an increase of ¥4,000 million (an increase of 26.7% year on year) in net income resulting from the effect of revenue increase, reduction in SGA expenses, and the improvements of non-operating income and loss.

Assumed foreign exchange rates are ¥105 to the U.S. dollar and ¥130 to the euro. The company expects to pay cash dividends for the fiscal year ended in March, 2004 of ¥30 per share. This will consist of an interim cash dividend of ¥15 per share and a year-end cash dividend of ¥15 per share.

3. Reference

<Flash reports of overseas sales>

(unit:¥ million)

	1 st Q of FY3/05(forecast)	1 st Q of FY3/04	Increase or Decrease	Rate of Change
Americas	3,190	1,824	1,366	74.9%
Europe	5,543	4,727	816	17.3%
Asia pacific	638	500	138	27.7%
China	589	376	213	56.7%

Note: "Sales" refers to "sales to outside customers."

The end of fiscal period of most overseas affiliated companies is on December 31. There is a difference of three months between domestic affiliated companies including our company and overseas affiliated companies. Because of this, foreign affiliated companies have closed for the first quarter of 2004 when we closed the fiscal year of 2003.

The above information is the expected geographical sales in overseas for the first quarter of 2004. If we exclude the effect of foreign exchange and compare with the foreign exchange rates for the same fiscal period, approximately an increase of 93.7% in the Americas, an increase of 12.0% in Europe, an increase of 33.2% in Asia Pacific, and an increase of 73.7% in China.

Note:

Statements made in this document include forward-looking statements about the future performance of the Sysmex group 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

(unit: million yen)

Items	Period		Current term (as of March 31, 2004)		Previous term (as of March 31, 2003)		Increase/ decrease
			Amount	%	Amount	%	
(Assets)							
Current assets							
Cash			13,790		10,275		3,514
Notes and accounts receivable trade			18,825		17,381		1,444
Marketable securities			87		133		-46
Inventories			12,587		11,361		1,225
Deferred tax assets			2,116		1,515		601
Prepaid expenses			413		377		35
Corporation taxes receivable			-		1,093		-1,093
Short-term loans receivable			9		23		-14
Others			545		827		-282
Allowance for doubtful debts			-136		-124		-12
Current assets total			48,239	67.0	42,865	64.5	5,374
Fixed assets							
Tangible fixed assets							
Buildings and structures			14,402		14,251		
Accumulated depreciation			-7,184		-6,659		
Net buildings and structures			7,218		7,591		-372
Machinery, equipment and vehicles			4,772		4,752		
Accumulated depreciation			-3,619		-3,486		
Net machinery, equipment and vehicles			1,152		1,265		-112
Tools, furniture and fixtures			12,851		12,240		
Accumulated depreciation			-9,818		-9,478		
Net tools, furniture and fixtures			3,032		2,762		270
Land			6,003		6,001		1
Construction in progress			156		21		135
Tangible fixed assets total			17,563	24.4	17,642	26.5	-78
Intangible fixed assets							
Goodwill			77		147		-70
Software			1,885		1,947		-61
Others			125		146		-21
Intangible fixed assets total			2,088	2.9	2,241	3.4	-153
Investments							
Investments in securities			2,312		1,702		609
Long-term loans receivable			8		12		-3
Long-term prepaid expenses			189		225		-35
Others			1,397		1,348		48
Deferred tax assets			211		440		-228
Allowance for doubtful debts			-29		-29		-
Investments total			4,090	5.7	3,700	5.6	390
Fixed assets total			23,742	33.0	23,584	35.5	158
Total assets			71,982	100.0	66,449	100.0	5,532

(Note) fractions of one million yen are rounded off

Consolidated Balance Sheet

(unit: million yen)

Items	Period	Current term (as of March 31, 2004)		Previous term (as of March 31, 2003)		Increase/ decrease
		Amount	%	Amount	%	
(Liabilities)						
Current liabilities						
Notes and accounts payable trade		6,660		5,299		1,361
Current portion of convertible bonds		—		4,999		-4,999
Short-term loans payable		3,593		3,354		239
Corporation taxes payable		2,044		229		1,814
Accrued expenses		1,583		849		733
Reserve for bonuses		1,473		1,355		118
Reserve for product warranties		207		64		143
Others		3,344		2,652		691
Current liabilities total		18,907	26.3	18,803	28.3	103
Fixed liabilities						
Long-term loan payable		37		2,001		-1,964
Deferred tax liabilities		628		407		220
Reserve for retirement benefits		359		595		-236
Reserve for directors' retirement benefits		271		297		-25
Consolidation goodwill		46		360		-314
Others		622		604		17
Fixed liabilities total		1,965	2.7	4,267	6.4	-2,301
Total liabilities		20,873	29.0	23,071	34.7	-2,197
(Minority interest)						
Minority interest		13	0.0	53	0.1	-39
(Shareholders' equity)						
Capital stock		7,943	11.0	5,509	8.3	2,433
Capital surplus		11,170	15.5	8,736	13.2	2,433
Earned surplus		31,243	43.4	28,784	43.3	2,459
Unrealized gain or loss of investments in securities		456	0.7	91	0.1	364
Foreign currency translation adjustment		357	0.5	268	0.4	89
Treasury stock		-75	-0.1	-64	-0.1	-11
Total shareholders' equity		51,095	71.0	43,325	65.2	7,770
Total liabilities, minority interest and shareholders' equity		71,982	100.0	66,449	100.0	5,532

(Note) fractions of one million yen are rounded off

Consolidated Statements of Income

(unit: million yen)

Items	Period	Current term		Previous term		Increase/ decrease
		(as of March 31, 2004)		(as of March 31, 2003)		
		Amount	%	Amount	%	
Sales		65,970	100.0	57,252	100.0	8,717
Cost of sales		27,940	42.4	23,867	41.7	4,073
Gross profit		38,029	57.6	33,385	58.3	4,644
Selling, general and administrative expenses		31,414	47.6	28,087	49.0	3,327
Operating income		6,615	10.0	5,298	9.3	1,317
Non-operating income						
Interest income		81		126		
dividends earned		20		21		
Royalties earned		36		33		
Commission earned		—		63		
Equity in earnings of investees		5		26		
Amortization of consolidation goodwill		32		37		
Others		188		256		
Non-operating income total		364	0.6	565	1.0	-201
Non-operating expenses						
Interest expense		88		151		
Amortization of goodwill		70		70		
Provision of allowance for doubtful debts		—		15		
Exchange loss		947		56		
Loss on cancellation of rented real estate		—		59		
Others		250		188		
Non-operating expenses total		1,356	2.1	542	1.0	814
Ordinary income		5,622	8.5	5,321	9.3	300
Extraordinary income						
Extraordinary profits						
Gain on sales of investment securities		1		27		
Gains on sale of fixed assets		16		—		
Reversal of allowance for doubtful debts		13		22		
Extraordinary profits total		31	0.1	49	0.1	-18
Extraordinary losses						
Write-down of securities		12		393		
Loss on sales of investment securities		11		5		
Loss on disposal of fixed assets		89		333		
Restructuring charges in the U.S. subsidiary		172		—		
Loss from termination of retirement benefit system		—		180		
Provision of reserve for retirement benefits		110		110		
Extraordinary losses total		396	0.6	1,023	1.8	-626
Net income before income taxes and minority interest		5,257	8.0	4,348	7.6	909
Income taxes		2,557	3.9	892	1.5	1,664
Deferred income taxes		-413	-0.6	345	0.6	-758
Minority interest		-44	-0.1	-15	0.0	-29
Net income		3,157	4.8	3,124	5.5	32

(Note) fractions of one million yen are rounded off

Consolidated Statements of Retained Earnings

(unit: million yen)

Items	Period	Current term (as of March 31,2004)		Previous term (as of March 31,2003)	
(Capital Surplus)					
Capital Surplus at Beginning of period			8,736		5,560
Increase in Capital Surplus					
1.Inclusion from Exchange of stocks		—		3,175	
2.Inclusion from Conversion of bond		2,433	2,433	0	3,175
Capital Surplus at End of term			11,170		8,736
(Earned Surplus)					
Earned Surplus at Beginning of period			28,784		26,233
Increase in Earned Surplus					
Net Income for Current Period		3,157	3,157	3,124	3,124
Decrease in Earned Surplus					
Dividend Payments		598		483	
Bonuses to Directors (including auditors)		99 (17)		78 (10)	
Loss on Disposal of Treasury Stocks		—		8	
Decrease by exception of affiliates in equity method		—	698	3	574
Earned Surplus at End of term			31,243		28,784

(Note) fractions of one million yen are rounded off

Consolidated Statements of Cash Flow

(unit: million yen)

Items	Period	Current term (as of March 31,2004)	Previous term (as of March 31,2003)	Increase/ decrease
Cash flow from operating activities				
Net income before income taxes and minority interest		5,257	4,348	909
Depreciation and amortization		3,203	3,107	96
Amortization of consolidation goodwill		-32	-37	5
Increase/decrease in reserve for bonuses		118	199	-81
Increase/decrease in reserve for directors' retirement benefits		-25	-0	-24
Increase/decrease in reserve for retirement benefits		-238	540	-778
Increase/decrease in prepaid pension cost		—	52	-52
Increase/decrease in allowance for doubtful debts		10	16	-6
Interest income and dividends earned		-102	-147	45
Interest expense		88	151	-63
Equity in earnings/loss of investees		-5	-26	21
Gain/loss on sales of investment securities		10	-21	31
Write-down of securities		12	393	-381
Loss on disposal of fixed assets		89	333	-243
Loss from termination of retirement benefit system		—	180	-180
Increase/decrease in notes and accounts receivable		-1,606	837	-2,433
Increase/decrease in inventories		-1,270	292	-1,563
Increase/decrease in notes and accounts payable		1,481	-1,435	2,916
Increase/decrease in corporation taxes receivable		1,093	-1,093	-2,187
Increase/decrease in consumption taxes payable		182	-163	346
Bonuses to directors		-99	-78	-21
Others		1,872	-33	1,905
Subtotal		10,040	7,414	2,625
Interest and dividends received		87	230	-143
Interest paid		-86	-193	107
Corporation taxes paid		-740	-1,848	1,107
Cash flow from operating activities		9,300	5,604	3,696
Cash flow from investing activities				
Proceeds from refundment of time deposit		84	—	84
Payments for purchases of securities		-113	—	-113
Gains on securities sold		—	20	-20
Payments for purchases of tangible fixed assets		-1,935	-1,599	-336
Payments for purchases of intangible fixed assets		-899	-844	-54
Payments for purchases of investment securities		-12	-339	327
Gains on investment securities sold		7	—	7
Payments for equity investment in subsidiaries		-283	-10	-273
Cash flow from investments in subsidiarization of affiliates				
Additional payments for equity investment in affiliates		—	-3	3
Inflow of cash and cash equivalent from subsidiaries		—	175	-175
Others		-60	341	-401
Cash flow from investing activities		-3,212	-2,259	-952
Cash flow from financing activities				
Net increase/decrease of short-term loans		546	-222	769
Proceeds from long-term loans		1	622	-621
Repayment of long-term loans		-2,234	-2,009	-225
Payments for redemption of convertible bond		-131	—	-131
Gains on paid-in capital from minority shareholders		—	1	-1
Payments for purchases of treasury stocks		-11	-67	55
Gains on disposal of treasury stocks		—	167	-167
Dividend paid		-598	-483	-115
Others		—	-42	42
Cash flow from financing activities		-2,427	-2,034	-393
Effect of exchange rate changes on cash and cash equivalent		-195	-238	42
Increase/decrease in cash and cash equivalent		3,465	1,071	2,393
Cash and cash equivalent at beginning of year		10,253	9,181	1,071
Cash and cash equivalent at end of year		13,718	10,253	3,465

(Note) fractions of one million yen are rounded off

Segment Information

1. Information about operations by geographic area Current term(from April 1,2003 to March 31,2004)

(Millions of Yen)

	Japan	Americas	Europe	Asia Pacific	China	Total	Eliminations/ Corporate	Consolidated
Sales and Operating income								
Sales								
Net Sales to outside customers	33,030	9,152	17,586	2,334	3,866	65,970	—	65,970
Interarea transfer	15,531	1	138	35	14	15,719	(15,719)	—
Total net sales	48,561	9,154	17,724	2,369	3,881	81,690	(15,719)	65,970
Operating expenses	43,165	9,755	16,396	2,222	3,519	75,059	(15,704)	59,355
Operating income(loss)	5,396	-601	1,327	146	361	6,630	(15)	6,615
Assets	62,111	5,509	8,352	1,998	2,528	80,499	(8,517)	71,982

(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	
Assets	1,778	2,344	

Previous term(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
Assets	57,814	3,474	7,162	4,122	72,573	(6,124)	66,449

2. Net Sales to Foreign Customers

Current term(from April 1,2003 to March 31,2004)

(Millions of Yen)

	Americas	Europe	Asia Pacific	China	Total
Net Sales to Foreign Customers	9,182	17,628	3,308	4,066	34,185
Consolidated Sales	—	—	—	—	65,970
The rate of net sales to foreign customers to consolidated sales	13.9%	26.7%	5.0%	6.2%	51.8%

(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%

Previous term(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%