Annual Report 2011

For the year ended March 31, 2011

Leaping Forward in Global Markets

Sysmex Corporation

Sysmex Way

Mission

Shaping the advancement of healthcare.

Value

We continue to create unique and innovative values,
while building trust and confidence.

Mind

With passion and flexibility, we demonstrate our
individual competence and unsurpassed teamwork.







Sysmex Corporation ("the Company") is an integrated supplier of the instruments, reagents and software that are essential to testing processes performed during health checkups, treatment and ongoing disease management.

Since its establishment in 1968, Sysmex has concentrated on **the field of diagnostics**, where the Company has played an integral role in **the testing of blood and urine samples**. While reinforcing its research and development capabilities and enhancing its production, Sysmex has expanded into the fields of **hemostasis, immunochemistry, clinical chemistry and urinalysis**, and has expanded its operations onto a global scale.

The Sysmex Group comprises **48 companies in 29 countries throughout the world**, operating in the advanced countries of Europe and the Americas. In addition, the Group is aggressively building its business in emerging markets, including China, India, Eastern Europe and Russia by creating global networks for its R&D, production, sales and support functions. **Sysmex products are used by medical institutions in more than 170 of the world's countries**. In the field of hematology, which involves the analysis of red and white blood cells, the **Group holds the top share of the global market**.

Sysmex currently seeks to leverage its extensive business infrastructure to achieve further growth by expanding its business domain beyond diagnosis and treatment to encompass the broader healthcare field that includes disease prevention and health maintenance. In recent years, the Company has pioneered testing using leading-edge technologies such as molecular testing of genes and proteins. Through these vanguard R&D efforts, Sysmex is working to **create new diagnostics that will aid in the early detection of blood and immune diseases, cancer and diabetes**, among other diseases, and help to prevent recurrence or worsening, ensuring that patients receive the best care possible.

Convinced that the importance of testing in healthcare will only continue to grow, Sysmex has set its sights on new testing procedures that lead toward better understanding of the patients' physical conditions and diseases, and will optimize their treatment. Accordingly, the Company aims to contribute to a healthy and prosperous society.

Forward-Looking Statements

Statements in this annual report, other than those of historical fact, are forward-looking statements about the future performance of Sysmex that are 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.






Contents

sysmex

Please Comment on Today's Q&A Session

Pages 8-16

Thank you for taking time out of your busy schedules to attend today's Q&A session on the new Mid-Term Management Plan. To help us improve our IR activities going forward, we would like to ask you to respond to the questions below.

1. How did you find the content of today's Q&A session?

In order to understand your plan better, I would like to see some additional information—a synopsis on the basics of your business.

Pages 24-29

I would like to know more about the background and reasons for your growth to date.

Special Feature
Pages 17-22

2. What were some points of particular interest?

I am interested in the technical superiority of your products.
I would like to receive an easier-to-understand explanation and to hear some of your customers' comments.

Pages 30-34

3. Do you have any other comments or requests for us?

I would like to learn about your initiatives for enhancing corporate value, particularly with regard to the following:

- *Corporate governance structure*

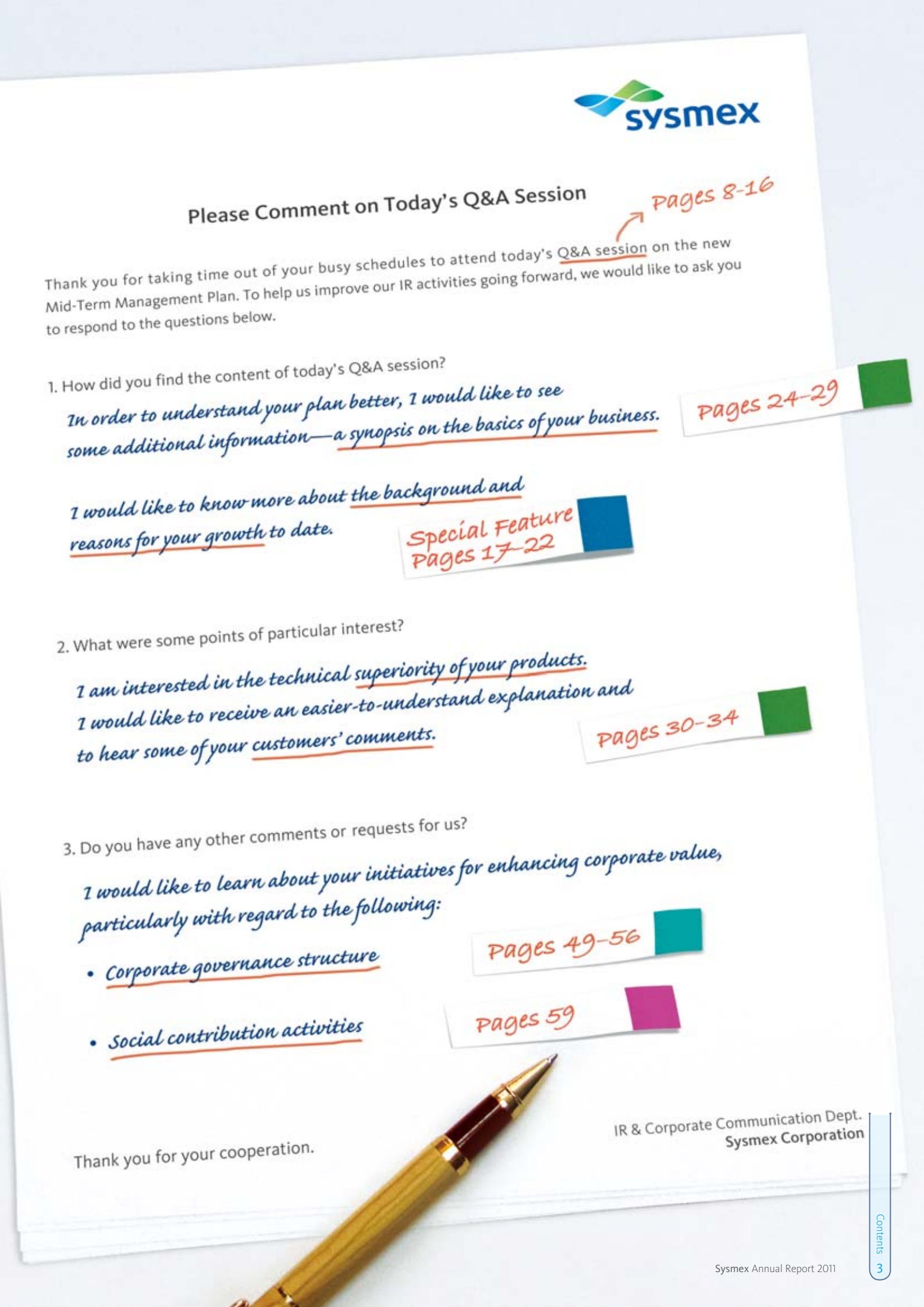
Pages 49-56

- *Social contribution activities*

Pages 59

Thank you for your cooperation.

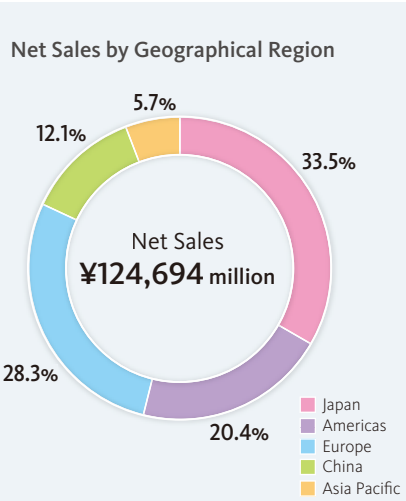
IR & Corporate Communication Dept.
Sysmex Corporation



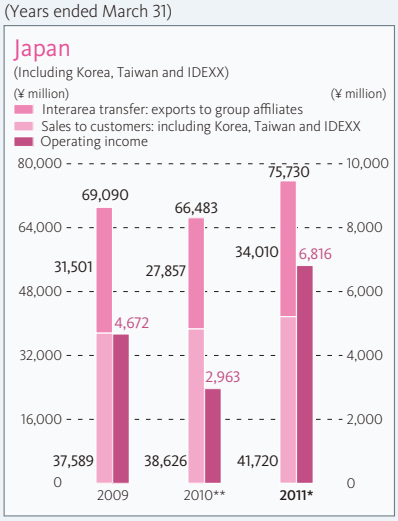
11-Year Growth and Highlights

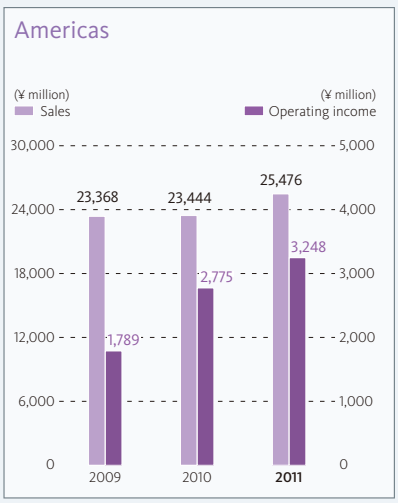
For the years ended March 31,	2001	2002	2003	2004	2005	2006	2007
For the year:							
Net sales	¥ 38,817	¥ 47,532	¥ 57,253	¥ 65,970	¥ 76,935	¥ 87,888	¥ 101,041
Operating income	2,975	3,417	5,299	6,615	9,104	10,724	12,715
Net income	1,363	1,308	3,125	3,157	5,731	7,423	9,008
Net increase (decrease) in cash and cash equivalents	(2,562)	1,842	1,071	3,465	(3,261)	(499)	3,299
Cash and cash equivalents, end of year	7,338	9,181	10,253	13,718	10,458	9,416	12,715
Capital expenditure	2,098	2,455	2,317	2,451	2,729	5,638	4,546
Depreciation	2,541	2,810	3,107	3,203	3,296	3,592	3,959
R&D expenditure	3,527	4,130	4,969	5,549	6,509	8,184	9,026
At year-end:							
Total assets	55,219	66,502	66,449	71,983	77,660	87,447	101,225
Shareholders' equity	34,103	35,577	43,325	51,096	56,149	62,647	71,344
Interest-bearing liabilities	11,020	11,606	10,893	4,175	657	695	669
Per share data:							
Shareholders' equity (yen)	¥ 1,631.0	¥ 1,701.5	¥ 1,879.5	¥ 2,042.7	¥ 2,244.9	¥ 1,251.8*	¥ 1,411.0
Net income (basic) (yen)	65.2	62.6	132.2	132.9	225.1	145.5*	179.6
Net income (diluted) (yen)	60.8	58.4	121.8	123.1	224.0	143.8*	178.0
Cash dividends applicable to the year (yen)	22.0	22.0	25.0	30.0	40.0	36.0*	36.0
Dividend ratio (%)	33.7	35.2	18.9	22.6	17.8	17.9	20.0
*Two-for-one stock split							
Other data:							
Shareholders' equity ratio (%)	61.8	53.5	65.2	71.0	72.3	71.6	70.5
Return on equity (ROE) (%)	4.0	3.8	7.9	6.7	10.7	12.5	13.4
Return on assets (ROA) (%)	2.6	2.1	4.7	4.6	7.7	9.0	9.5
Price-earnings ratio (PER) (times)	42.6	35.6	15.9	20.3	27.2	35.3	23.8
Price-book value ratio (PBR) (times)	1.7	1.3	1.1	1.3	2.7	4.1	3.0
Number of employees	1,985	2,530	2,639	2,907	3,115	3,334	3,580
Note: Including part-time employees							

Notes:
1. U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥83 = U.S. $1, the approximate rate of exchange on March 31, 2011.
2. Per share data: Certain retroactive adjustments of previously reported per share information have been made to conform with the current method from the year ended March 31, 2003.
3. ROA = Net Income/Total Assets (Yearly Average)×100



(Years ended March 31)





* Changes in intergroup transaction prices and method of accounting for royalty income
** Changes in method of accounting for royalty income

			(Millions of yen)	(Thousands of U.S. dollars)
2008	2009	2010	2011	2011
¥ 110,724	¥ 111,843	¥ 116,206	¥ 124,694	$ 1,502,337
15,033	15,134	15,740	18,289	220,349
9,132	8,014	9,765	11,412	137,494
(3,044)	(269)	4,403	5,103	61,482
9,679	9,410	13,813	18,916	227,904
8,244	9,340	4,540	5,840	70,361
3,924	7,189	7,067	6,871	82,783
9,221	10,771	11,238	12,380	149,157
109,027	118,522	120,702	130,060	1,566,988
78,753	79,183	86,358	93,534	1,126,916
1,081	10,344	2,565	1,971	23,747
			(Yen)	(U.S. dollars)
¥ 1,541.0	¥ 1,548.2	¥ 1,684.9	¥ 910.7*	$ 10.97
178.9	156.7	190.8	111.2*	1.34
178.3	156.5	190.5	111.0*	1.34
48.0	50.0	56.0	60.0	0.72
26.8	31.9	29.4	27.0	
72.2	66.8	71.5	71.9	
12.2	10.1	11.8	12.7	
8.7	7.0	8.2	9.1	
20.1	20.0	28.7	26.5	
2.3	2.0	3.3	3.2	
3,916	4,148	4,578	4,960	

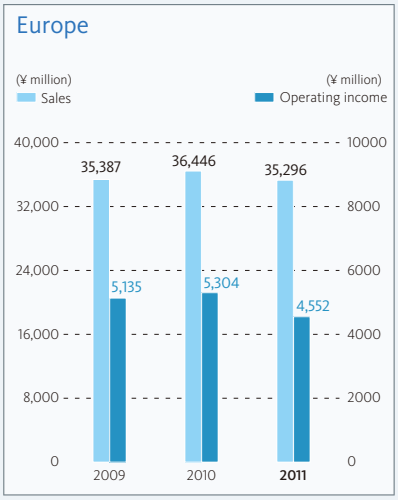
We will seek to anticipate upcoming market changes as we make a new start on various themes.

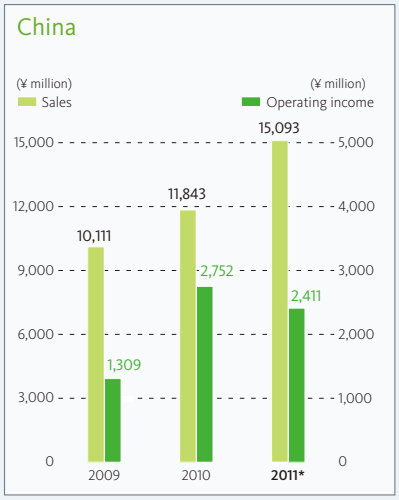
Working toward Ongoing Growth and Further Profitability Increases

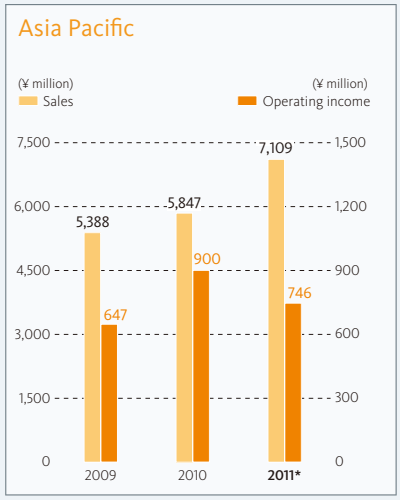
Sales and Earnings Forecast for the Fiscal Year Ending March 31, 2014

	2014
Net sales	¥175.0 billion
Operating income	¥26.5 billion
Operating margin	15.1%
Return on equity	13.8%
Free cash flow	¥10.0 billion

Assumed exchange rates: US$1.00 = ¥85; €1.00 = ¥115







To Our Stakeholders

During the fiscal year ended March 31, 2011, net sales and income reached historic highs, despite significant yen appreciation. A new mid-term management plan will commence in the year ending March 31, 2012. The new plan is designed to maintain our high level of growth and further enhance profitability.

During year ended March 31, 2011, net sales grew 7.3%, to ¥124,694 million—a historic high—despite the erosion of revenues due to the sharp appreciation of the yen against key currencies. Overseas sales were notably robust, expanding in all geographic regions except Europe, where the impact of yen appreciation was particularly significant. Operating income rose 16.2%, to ¥18,289 million, and net income increased 16.9%, to ¥11,412 million, as sales growth in the Americas and Japan pushed up gross profit. Although we had initially forecast dividends of ¥56 per share for the year under review (comprising an interim dividend of ¥28 and a year-end dividend of ¥28), we decided to increase the year-end dividend by ¥4 per share, raising annual total dividends to ¥60 per share. This level, up ¥4 per share from the previous fiscal year, brings the consolidated payout ratio to 27.0%, representing the ninth consecutive year of dividend increase.

Overview of Operations in the Fiscal Year Ended March 31, 2011

Looking at the world economy during the fiscal year ended March 31, 2011, the employment situation in Europe and the Americas showed some signs of recovery, but such factors as the European debt crisis and deteriorating circumstances in the Middle East and Africa hampered the global economic outlook. In Japan, the sharp appreciation of the yen and the Great East Japan Earthquake clouded the economic horizon. Meanwhile, emerging market economies, centered on China, continued to grow, owing to their massive populations and abundant natural resources.

In this operating environment, Sysmex chose to view the host of changes taking place as opportunities for its R&D, production, sales and support departments, and mounted its own initiatives accordingly. In Japan, our ongoing efforts to promote total solutions as well as the acquisition of several major orders led to solid sales in hematology and other fields.

This offset a decrease in sales of our influenza detection kit, POCTEM, following the spread of the new influenza virus in the preceding year. As a result, we posted net sales of ¥38,541 million, up 4.6% from the previous fiscal year.

In overseas markets, we made steady progress in the strengthening of sales and support structures and the provision of solutions. As a result, we achieved double-digit growth on a local currency basis due to increased sales of instruments and diagnostic reagents. Consequently, despite major yen appreciation the Group's overseas sales were ¥86,153 million, up 8.6% year on year. The overseas sales ratio was 69.1%, up 0.8 percentage point from the previous fiscal year.

Review of the Previous Mid-Term Management Plan

Sysmex formulates three-year mid-term management plans on a rolling two-year schedule. Accordingly, the previous mid-term management plan, which we announced in May 2009, was slated to conclude in the fiscal year ending March 31, 2012. The plan defined three core strategies: "Global Niche No. 1," "Focus on Asia" and "Focus on Life Science," and we have worked to accelerate our business development along these lines. In line with these strategies, the plan called for net sales of ¥127.0 billion and operating income of ¥15.2 billion in the fiscal year ended March 31, 2011, and set targets for the fiscal year ending March 31, 2012, of ¥140.0 billion in net sales and ¥18.5 billion in operating income. (The exchange rates used in the mid-term management plan were US$1.00 = ¥95 and €1.00 = ¥125.)

After formulating the plan, yen appreciation against the euro and the U.S. dollar proved to be substantially higher than we had expected, creating a difficult operating environment. We responded by taking up the unique strategies of establishing our operations globally, providing solutions with a broad-ranging product portfolio and offering efficient after-sales support. As a result, we succeeded in essentially reaching our operating income target in the fiscal year ended March 31, 2011, one year earlier than planned. In addition to the impact of higher sales, we curtailed costs, leading to increased profitability and strengthening our management structure. We expect that these results will be instrumental in our future success.

Resolution of a New Mid-Term Management Plan

Based on our long-term management vision, to be "A Unique & Global Healthcare Testing Company," in May 2011 we announced a new mid-term management plan for the three years ending March 31, 2014. The new plan, which is designed to maintain our high level of Group growth and further enhance profitability, defines three core strategies: "leading hematology," "leading in emerging markets" and "innovating life science." The plan also outlines initiatives to meet the key objectives that we will be focusing on over the next three years. Through these activities, by the final year of the plan—the fiscal year ending March 31, 2014—we expect to achieve net sales of ¥175.0 billion and operating income of ¥26.5 billion. Over this three-year period, we also plan to spend some ¥45.0 billion in R&D and invest aggressively in M&A in order to expand beyond the limits of organic growth. (The exchange rates used in the new mid-term management plan are US$1.00 = ¥85 and €1.00 = ¥115.)

We ask for the ongoing support of our stakeholders as we embark along this path.

July 2011

Hisashi Ietsugu
President and CEO

Key Strategies for Future Growth

Q&A Session for Stakeholders

We have formulated a new mid-term management plan that is designed to maintain our high level of growth and further enhance profitability. By the fiscal year ending March 31, 2014, the plan calls for net sales of ¥175.0 billion, operating income of ¥26.5 billion and ROE of 13.8%.


¥500.0
billion
Growth of
Net Sales
Life science
¥175.0
billion
Non-hemato
Emerging markets
Hemato
Mid-Term Management Target
FY2014
FY20XX

Q Please outline your long-term management vision and the new mid-term management plan through the fiscal year ending March 31, 2014.

A Our long-term management vision, to be "A Unique & Global Healthcare Testing Company," remains unchanged, and our new positioning is to be the undisputed global leader in hematology, the leading company in the Asian IVD*1 market and the leading company in molecular diagnostics "theranostics"*2. We are currently the global leader in the hematology field, and we aim to establish ourselves as the undisputed leader in all markets where we operate, including the United States. Furthermore, as a comprehensive supplier in Asia, in addition to ongoing initiatives in the fields of hematology, hemostasis and urinalysis we will shore up our base of operations in the areas of clinical chemistry and immunochemistry. We also plan to accelerate our creation of unique testing technologies in the area of molecular diagnostics, centering on cancer. Our long-term management target is to achieve net sales of ¥500 billion or more.

Our mid-term management plan sets forth five key objectives that will be our focus over the next three years. During this period, we plan to invest approximately ¥45.0 billion in R&D, and by the final year of the plan, the fiscal year ending March 31, 2014, we expect to achieve net sales of ¥175.0 billion and operating income of ¥26.5 billion. We also intend to invest aggressively in M&A in order to expand beyond the limits of organic growth. To this end, we aim to progress steadily in line with our three new core strategies.

*1 Acronym for *in-vitro* diagnostics.
*2 A contraction of "therapy" and "diagnostics," theranostics refers to high-clinical-value testing that helps realize personalized medicine.

Q Would you please explain the three core strategies you are pursuing under the mid-term management plan?

A Our core strategies are "leading hematology," "leading in emerging markets" and "innovating life science." With regard to the first of these, hematology leadership, Sysmex has become the global leader in the field of hematology by delivering products with high levels of quality and usability, as well as advanced after-sales support, to customers in more than 170 countries throughout the world. Going forward, we plan to further leverage our collective

Overview of Long-Term Management Targets

Long-Term Management Vision: "A Unique & Global Healthcare Testing Company"

Long-Term Management Targets

Positioning
- Undisputed global leader in hematology
- Leading company in the Asian IVD market
- Leading company in molecular diagnostics "theranostics"*

Financial target
- Net sales: ¥500 billion or more

* A contraction of "therapy" and "diagnostics," theranostics refers to high-clinical-value testing that helps realize personalized medicine.

Core Strategies

Leading Hematology	Leading in Emerging Markets	Innovating Life Science
• Secure an undisputed leadership position • As an industry frontrunner, provide products that offer new value and high levels of usability	• Establish uniqueness as a comprehensive IVD supplier • Introduce products and services that meet emerging market needs, and reinforce sales and support networks • Lead diagnostics development in emerging markets	• Create unique testing technologies in the area of molecular diagnostics, centering on cancer • Create new value, such as integrating personalized medicine with treatment and diagnosis

strengths to reinforce our position as the undisputed global leader. As an industry frontrunner, by applying advanced technologies and through ongoing R&D initiatives, we aim to create new value in the area of blood disorder diagnosis. At the same time, we will continue to grow through our leadership role in next-generation hematology.

Our second strategy is "leading in emerging markets." As the sole global player in the IVD field that is based in Asia, Sysmex aims to be the leading company in this region. Leveraging the advantages we have cultivated in Asia, we aim to become a comprehensive IVD supplier in emerging markets—which are expected to grow rapidly—by launching products tailored to meeting market needs and enhancing our sales and support networks. By reinforcing our advantages in Asia, we aim to take a leading position in this region's IVD market. We will also lead diagnostics development within these emerging markets.

The third strategy is "innovating life science." In the life sciences, we aim to create unique testing techniques employing new technologies in the area of molecular diagnostics, particularly for cancer. By combining our own technologies with those from other companies, we engage in initiatives to create new value in the life sciences, such as personalized medicine and integration with treatment and diagnosis. In this manner, we aim to secure a global position in molecular diagnostics.

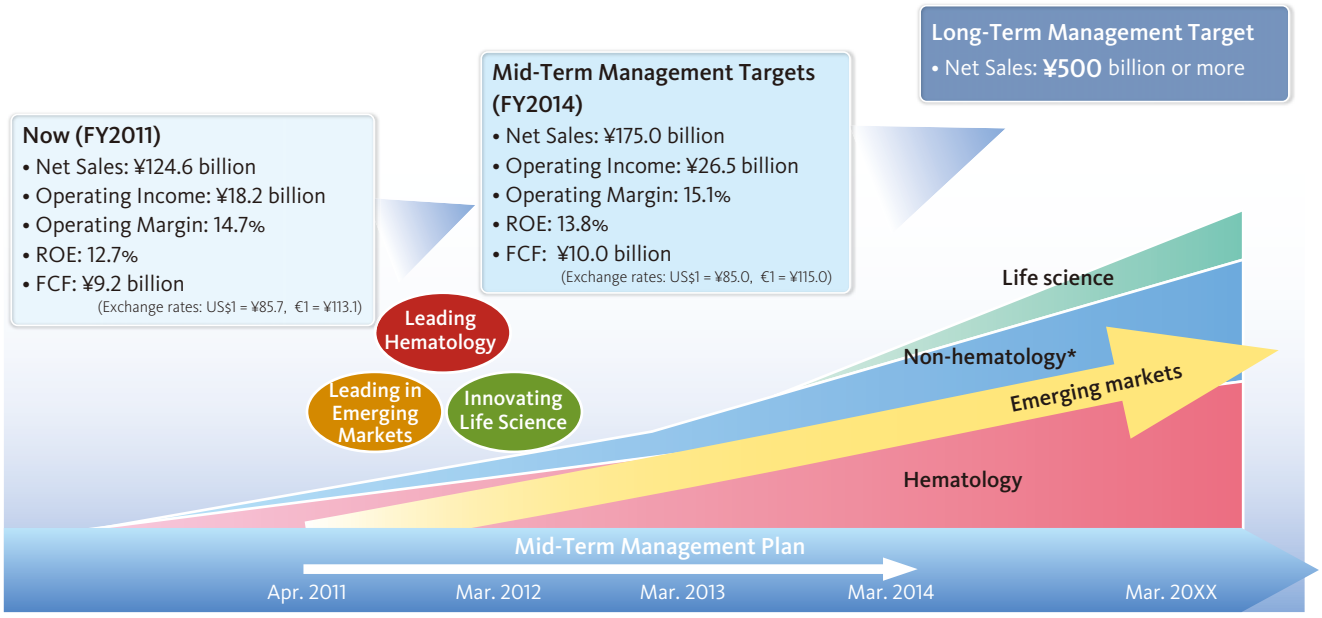
Q The mid-term management plan defines five key objectives. Please tell us about the first, to "accelerate growth in Asia and other emerging markets."

A High levels of growth are forecast for the emerging markets of China and South and Southeast Asia, and we will mount initiatives within these markets to achieve ongoing growth in our core fields of hematology, hemostasis and urinalysis. We will also enhance our foundations as a comprehensive supplier and strive to take advantage of new growth opportunities presented by the expansion of production and supply systems.

In the hematology field, we will globally launch the new XN Series*[3], increase our introduction of systems in high-end markets and provide the XS-500*i* (five-type analyzer*[4]), which is tailored to emerging market needs. Reagent sales should increase in line with higher unit sales.

In preparation to enter the field of clinical chemistry, we will expand our product portfolio of instruments and reagents, taking advantage of alliances with JEOL Ltd. and Furuno Electric Co., Ltd. We will also expand our number of clinical chemistry reagents tailored to emerging market needs.

Medium- and Long-Term Management Targets



* Non-hematology: *in-vitro* diagnostics excluding hematology but including hemostasis, immunochemistry, urinalysis, clinical chemistry and others.

We will take advantage of such strengths as our existing sales network and customer base to make an early entry into the immunology field. We will consider a host of measures to improve the efficiency of our manufacturing and supply structures. These include expanding existing reagent factories, building a new instrument factory and in some cases shifting the manufacture of reagents to local factories.

As part of a new business model, we will employ financing schemes and propose comprehensive solutions that package together instruments, reagents, after-sales support, IT and other services for multiple testing fields. This will enable us to tailor our operations to growing market segments, particularly in high-growth emerging markets.

*3 Please see page 32 for details.
*4 Please see page 27 for explanation.

Q What about the second key objective, to "establish an undisputed leadership position and increase profitability in hematology?"

A Hematology is a core field of business for the Sysmex Group, constituting an important base of revenues and profits. By launching a new model, the XN Series, we plan to further solidify our global leadership position in this area. The XN Series provides a body fluid measurement mode and increases measurement accuracy for low platelet counts, associated with such diseases as thrombocytopenia, to enhance clinical value.

On the usability front, the series embraces the modular concept. This series allows various combinations of multiple analyzers, transportation system, smear preparation system and other instruments. Using the combination of a concentrated reagent and our reagent preparation unit greatly reduces the changing frequency of a certain reagent. This is a

particular boon for commercial labs and university hospitals that process high volumes of tests each day, because it boosts operating efficiency and requires less reagent storage space. This flexibility also enables the proposal of tailored solutions to meet individual customer needs. To meet increasingly sophisticated and diverse testing needs, we will redouble our efforts to offer solutions incorporating information and communications technologies and after-sales support, working proactively to offer new value in a manner befitting a global leader.

In addition, we will expand our presence in the animal diagnostics market by leveraging our alliance with IDEXX Laboratories, Inc., a leading provider of diagnostics for pets and other animals. Increasingly, many people treat their companion animals—the dogs, cats and other animals that live in their homes—with the same importance as other family members. These indoor pets are being fed improved foods and are given access to modern veterinary healthcare. As a result, they are living longer lives. Like humans, these longer lives create demand for more and continuing healthcare. Therefore, the animal healthcare market continues to show strong growth. By taking advantage of IDEXX's global network, Sysmex will accelerate our penetration into this market, leveraging the expertise cultivated through the development of instruments for humans to develop automated hematology analyzers and reagents for animals.

Q Please describe your third key objective, to "accelerate growth in non-hematology fields*5 and lay the foundations for future expansion."

A As our second pillar of business, we will strive to increase our presence and achieve growth in IVD categories outside the field of hematology. In the field of hemostasis, we are increasing our market share through the introduction of new products. In urinalysis, we are expanding global sales of the world's first fully automated integrated urine analyzer, which is equipped with the technology for urine sediment analysis from Sysmex, as well as technology for urine chemistry from ARKRAY Inc. Integrating these technologies into one instrument improves operational performance and promotes the standardization of urine testing in hospitals that are currently using manual methods. In the immunochemistry field, we will increase reagent offerings and promotion of total solutions in Japan. We also aim to make an early entry into the immunochemistry field in Asia by taking advantage of such strengths as our sales network and customer base.

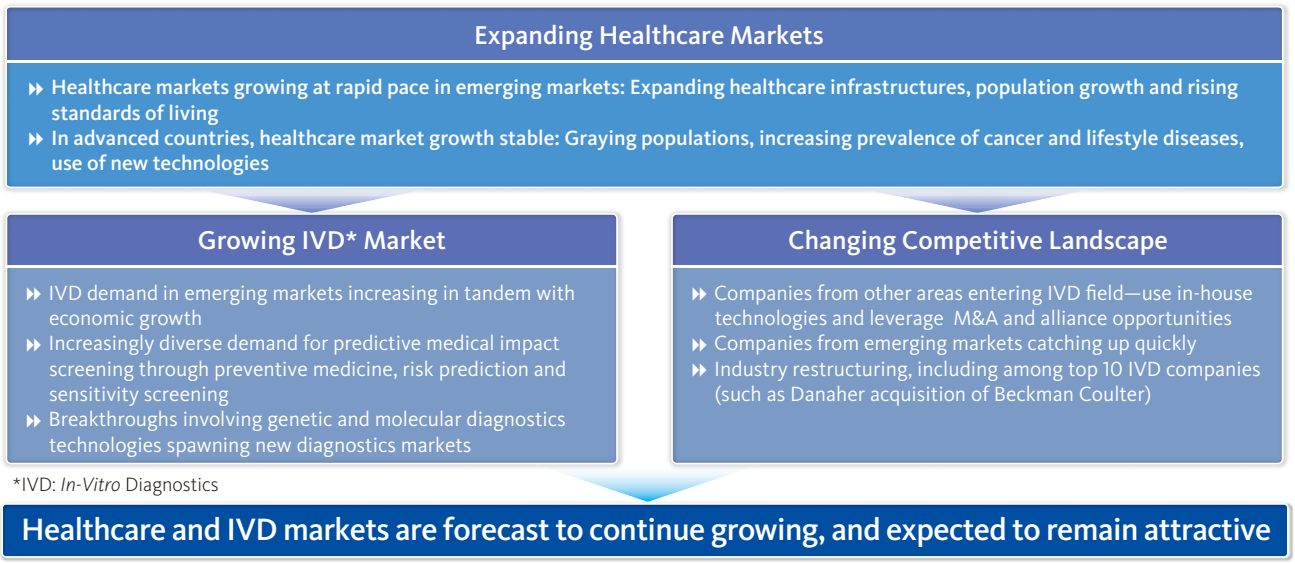
To enhance our non-hematology reagent development capability, we are reinforcing the development and production of ingredients using silkworms. In this context, we acquired Research Institute of Biological Science from Katakura Industries Co., Ltd. This transfer will enable Sysmex to further strengthen our development and production technologies for diagnostic reagents using gene recombinant protein produced from silkworms. We will concentrate on developing such reagents in the non-hematology fields of immunochemistry and hemostasis, as well as in the life science domain.

*5 Non-hematology fields: *in-vitro* diagnostics fields excluding hematology but including hemostasis, immunochemistry, urinalysis, clinical chemistry and others.

Q Next, could you please explain the fourth key objective, to "promote commercialization of the life science business."

A Sysmex will continue introducing its system for rapid detection of breast cancer lymph node metastasis based on the one-step nucleic acid amplification (OSNA) method, which enables automated examinations for the first time in Japan. It will be brought to other key markets around the world in addition to Japan and Europe. The RD-100*i*, our gene amplification detector that employs the OSNA method, speeds the detection of breast cancer metastases in sentinel lymph nodes. This facilitates intra-operative diagnosis, reducing the burden on patients. Underscoring the instrument's efficacy, deployment is proceeding apace in principal markets, including Japan and Europe, particularly Spain. Furthermore, we have succeeded in expanding system applicability from breast cancer to colon cancer, and in December 2010 received manufacturing and marketing approval from Japan's Ministry of Health, Labour and Welfare. This system allows diagnosis to be performed at a high level of precision, but in less time than was required for conventional systems. This contributes to objective and

Healthcare and the IVD Market



appropriate decisions on post-operative treatment, reduces the burden on pathologists and contributes to the standardization of post-operative treatment of colon cancer. The Company will continue applying its research and development of lymph node metastasis testing to other types of cancer, including stomach cancer.

We will also take advantage of our proprietary technologies to develop lab assay services*6 and promote other efforts to commercialize the life science business.

*6 Provision of laboratory testing results as services

Q **Please describe the fifth key objective, to "proactively leverage M&A and alliance opportunities to expand your portfolio of businesses and accelerate beyond the limits of organic growth."**

A In addition to accelerating growth in the hematology, non-hematology and life science businesses, we plan to mount an aggressive effort to accelerate the Group beyond the limits of organic growth. Specifically, we plan to expand our portfolio of businesses by taking advantage of M&A and alliance opportunities. Therefore, in addition to the existing business strategy and business development department, we have set up a department dedicated to these activities. This department will concentrate its efforts on unearthing new business opportunities in fields where growth is expected and where synergies are likely. In these ways, we will move ahead aggressively with alliances and M&A activities, thereby pushing ourselves beyond the limitations of organic growth.

Q **As you move forward with your new mid-term management plan, what are your thoughts on the many changes taking place in Sysmex's operating environment?**

A In Europe and the United States, the employment situation is showing some signs of recovery, but such factors as the European debt crisis and deteriorating circumstances in the Middle East and Africa hamper the global economic outlook. However, we anticipate robust ongoing growth in emerging markets, centered on China. In Japan, the Great East Japan Earthquake clouded the economic horizon.

On the healthcare front, the global healthcare market promises ongoing growth, driven by graying populations in advanced countries and efforts in emerging markets to expand their healthcare infrastructures in line with population increases and economic development. The industry also presents new growth opportunities by organizations that aggressively leverage advances in genetic/molecular diagnostics and communication technologies. At the same

time, however, competition is likely to grow fiercer, as players from other industries enter the field and the participation by companies in emerging markets becomes more conspicuous.

The global healthcare industry is undergoing major changes, prompted by healthcare reforms. In Japan, earnings and profits at medical institutions are improving, owing to the restructuring of public hospitals and revisions in medical remuneration. Also, the Japanese government has introduced a "health power strategy through 'life innovation,'" which outlines efforts to turn the medical, nursing care and other health-related fields into growth-driving industries, and to promote development into Asian and other overseas markets. Furthermore, in advanced countries in Europe and North America, efforts are underway to reduce healthcare costs and reform medical systems. The U.S. government has passed a medical reform bill that aims to reduce the number of people without medical insurance, and debate with regard to implementation continues. Meanwhile in China, the country's 12th five-year plan (from 2011 to 2015), aims to create a basic pension plan and build infrastructures that provide uniform medical services in cities and farming villages throughout the country, thereby reducing disparities in healthcare services. Against this backdrop of developments in the healthcare industry, we are convinced that the growth prospects in healthcare markets remain attractive.

Q What are some of the major risk factors the Sysmex Group faces going forward?

A Sysmex sells to overseas customers through its overseas affiliates and distributors. For this reason, Sysmex hedges against the risk of currency fluctuations through exchange contracts and other means. Nevertheless, the Company's operating results and financial position are affected by foreign exchange fluctuations. The proportion of consolidated net sales contributed by overseas sales is rising each year, from 68.0% in the fiscal year ended March 31, 2009, and 68.3% in the fiscal year ended March 31, 2010, to 69.1% in the fiscal year ended March 31, 2011. In Sysmex's case, all instruments are manufactured in Japan and their sales accounts for around 30% of our net sales. However, reagents and after-sales services, which account for about 70% of net sales, are manufactured or provided locally, and this mitigates the effect of unfavorable currency exchange rates.

Moreover, the Sysmex Group has introduced various information systems for communications, support of our core business, and approval procedures, such as the collective decision-making system, and a significant portion of the business information is processed through networks. In order to minimize the possible impact that a disturbance of information systems and network circuits or computer viruses and unauthorized access to our information systems could have on our networks, we are tightening internal control by way of stricter user management and fingerprint verification units for limited access, as well as back-up of our networks, thorough daily operational management, and security measures including the installation of virus gateways.

Q Is there any particular concept you favor in business management?

A My work philosophy emphasizes the concept of "Where there's a will, there's a way." This is about not making up one's mind from the start that things

are impossible, but rather thinking hard about how to go about accomplishing them. In other words, first set a goal, and then consider a route to reach that goal. Provided one does that, wisdom and resourcefulness are sure to follow. To expand your business, you cannot simply be content with the current situation. You must always keep a close eye on the changing times and do your utmost to stay a half-step ahead of those changes.

I also believe that recruiting, retaining and developing human resources is one of the most fundamental of management tasks. Everyone has strengths and weaknesses. Maintaining an environment for drawing out the good points and enabling employees to maximally demonstrate their abilities is a business manager's most important work. If globalization advances further, Sysmex will come to accommodate even more individuality within its corporate culture. I believe that globalization is about accepting diversity. In the future I want to assemble even more diverse capabilities and use them as a new source of growth for Sysmex.

Q What closing message would you like to leave us stakeholders?

A To sustain strong growth, Sysmex must strike a balance between investing aggressively and returning profits to shareholders. Our aims are to ensure stable dividends and to provide a 20% target consolidated payout ratio, given our fundamental policy to base payout upon results. We also conducted a two-for-one stock split for common shares on April 1, 2011. We did this to improve the environment for investing in our stock by lowering the unit investment amount and increasing the liquidity of our stock.

Thanks to the support of our stakeholders, this year marked the 15th since the initial listing of Sysmex's shares. During this period, we have enjoyed the enthusiastic support of our stakeholders, which has encouraged me personally to do everything in my power to ensure that our performance exceeds your expectations. Sysmex has grown steadily since the listing its shares in 1995. Meanwhile, our operating environment has undergone major transitions, and the pace of change is expected to increase going forward.

As we face these challenges, we will continue working to enhance our corporate value while remaining true to our corporate philosophy, the "Sysmex Way," upholding our core behaviors in our communications with stakeholders and fulfilling our social responsibilities as a listed company. I ask that our shareholders view Sysmex's quest to reach a new stage of growth from a medium- to long-term perspective and continue to support our endeavors.

Special Feature: Doing Our Best to Communicate with You

Sysmex has grown dramatically in the 15 years since its IPO. We have faced many challenges along the way, and we have met and communicated with numerous stakeholders.

This feature summarizes the challenge of listing our shares, what it has involved and its meaning for Sysmex going forward.

Special Feature: Doing Our Best to Communicate with You

During the 15 years since its IPO, Sysmex has grown into a global group, with 48 companies in 29 countries throughout the world, providing products and services to customers in more than 170 countries.

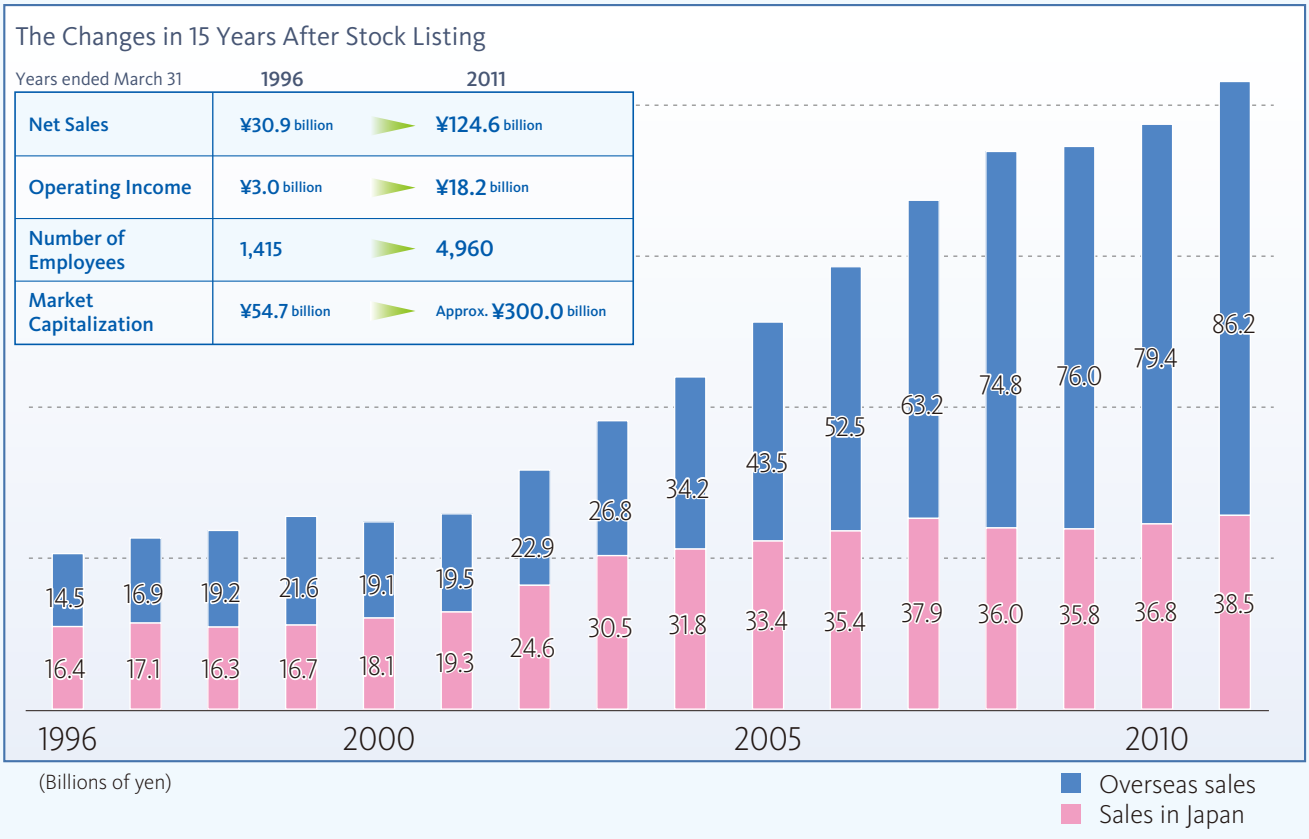
Sysmex listed its shares on the Second Section of the Osaka Securities Exchange in November 1995. At that time (the fiscal year ended March 31, 1996), the Company had net sales of ¥30.9 billion, operating income of ¥3.0 billion, 1,415 employees and a market capitalization of ¥54.7 billion. By comparison, as of the fiscal year ended March 31, 2011, net sales amounted to ¥124.6 billion, operating income totaled ¥18.2 billion, employees numbered 4,960, and market capitalization was approximately ¥300.0 billion. In other words, our net sales have quadrupled, operating income has sextupled, our number of employees has more than tripled and our market capitalization has quintupled.

At the same time, our overseas sales ratio has risen from 47% to 69%. We provide products and services to customers in more than 170 countries throughout the world. To meet the needs of people in each of the regions that we serve, we have operations at 48 locations in 29 countries. Furthermore, now the number of partners with whom we have alliances and conduct collaborative R&D is growing each year, and we are expanding our business domains from the field of hematology to non-hematology and life science fields.

Sysmex's operating environment also has changed significantly over time, and our base of stakeholders has become more global. For all of these reasons, our IPO in 1995 marked a major turning point for the Company.

The Changes in 15 Years After Stock Listing

Years ended March 31	1996	2011
Net Sales	¥30.9 billion	¥124.6 billion
Operating Income	¥3.0 billion	¥18.2 billion
Number of Employees	1,415	4,960
Market Capitalization	¥54.7 billion	Approx. ¥300.0 billion



An Unflagging Companywide Resolve as We Embarked on the New Challenge of Listing

Sysmex has grown steadily since its founding in 1968, but to achieve further expansion we need to enhance the quality of our operations even further. We believed that satisfying the initial requirements to list our shares on the securities exchange was the best path toward this goal, but we also knew that this required a great deal of resolve from our management cadre to fulfill post-listing management responsibilities, and we recognized that preparing for listing would require staunch efforts throughout the Company. The topic was debated extensively at Board of Directors meetings.

Through this discussion, we clarified two major objectives for listing. The first was to raise funds from diverse sources. The Company's mission is to contribute to people's health. We recognized that to fulfill that mission, we would need to expand our fields of business and develop on a global scale; expanding our business in an efficient manner would require funding. The second objective was to increase the sense of trust that the public invested in the Company. Listing would oblige us to disclose financial and management information to our investors, so in addition to fulfilling our social responsibilities we could earn a greater degree of trust. We believed that we would need to maintain strong ethics and communicate with stakeholders, as befits a listed company.

To achieve these goals, we set up a new GP Promotion Department to promote our listing. Hisashi Ietsugu, then a managing director, now our president and CEO, was central to this department, which began drawing up a schedule to prepare for the listing. First, we set about reforming our personnel system, aiming to complete changes in our organizational structure within two years. This process involved reworking our internal systems and regulations, and the consecutive reforms helped enhance motivation among our employees.

Overcoming Unprecedented Disaster to List on the OSE Second Section— A Game-Changing Moment for Sysmex

By January 1995, we had our system in order and had prepared the necessary documents; we were finally ready to enter the pre-listing approval stage. Just as we were ready to do so, on January 17 an earthquake of magnitude 7.3 struck the Hanshin area, wreaking unprecedented destruction and cutting off access to Kobe Port Island, the artificial island where our headquarters were located at the time. We hurriedly relocated our headquarters function to the Techno Center (now, Technopark) in northern Kobe and set up an emergency countermeasures headquarters. In addition to confirming that all employees were safe, we mounted a full-fledged effort to ensure a stable supply of reagents to our customers in the local healthcare community, since healthcare institutions' testing procedures require reagents, as well as instruments. Although traffic was paralyzed and the port was blocked, we conducted dedicated support activities for customers in the Hanshin area, centered on our Kobe Branch Office and Osaka Branch Office. As a result, we were able to keep our supply structure operational without inconveniencing our customers. We even received a letter of gratitude from the Hyogo Prefecture Association of Medical Technologists thanking us for our efforts.

Tokyo Stock Exchange listing ceremony in 1996

Meanwhile, this situation threw our listing plans into disarray. Internally, some people thought we should delay, but numerous others said we should not, expressing comments along the lines that, "Our listing will help to reinvigorate the Kobe area. The challenge we are taking on is deeply meaningful, and conveys a strong message to people both inside and outside the Company. By persevering, we can send the message that Kobe will surely bounce back, and that Sysmex will grow along with the region." We decided to move ahead.

As initially planned, the Company's shares were listed on November 15, 1995—an event deserving of commemoration. Although we had suffered many setbacks due to the disaster, we had pulled together as a company and enjoyed amazing support from our stakeholders. Furthermore, the following year we listed on the Second Section of the Tokyo Stock Exchange, and in 2000, we upgraded our listings to the First Sections of the Tokyo Stock Exchange and the Osaka Securities Exchange.

Broader Stakeholder Base Accompanying Listing, Building Stronger Bonds of Trust

The IPO coincided with major changes in Sysmex's stakeholder base. In 1995, we formed a business relationship with Siemens (formerly, Dade International Inc.), to leverage both our companies' strengths in the hemostasis field. This alliance with a leading company in the field propelled us both toward the development of a leading global brand in hemostasis. From around that time, Sysmex had gradually begun to be recognized as a global player in the arena of *in-vitro* diagnostics. Furthermore, in 1998 Sysmex entered into a distribution agreement in hematology with Roche of Switzerland, one of the world's leading healthcare companies. This alliance accelerated Sysmex's global expansion in the hematology segment. To this day, the two companies maintain an excellent relationship as long-term global alliance partners who cooperate in the marketing of one another's products and jointly develop new products. Such cooperation probably would not have been possible if we had not been disclosing information on a global basis as our listing necessitated.

Sysmex's global customer base also expanded. We boosted our brand recognition by building a direct sales and support network in the United States, the world's largest market. We are continuing our efforts to boost our share of this geographically vast market through sales to prominent commercial labs and integrated health networks (IHNs). In Europe, we combine the operation of a direct sales structure to strengthen our response to customers' needs by proposing solutions with indirect sales conducted in partnership with distributors. This approach has proven effective in meeting our customers' needs across borders. We are also enhancing recognition of the Sysmex brand in the emerging markets of China and the Asia Pacific region. To meet this diverse range of customer needs, we are working to provide new value and forge trust-based relationships.

To meet our duty of accountability as a listed company, in 2001 Sysmex began conducting annual IR roadshows in Europe and later in the United States, with President Ietsugu appearing regularly. This gives us a valuable chance to be accountable to overseas shareholders who we otherwise might not have the opportunity to meet. These ongoing efforts have proven fruitful: although our percentage of ownership by foreign shareholders was only several percent during the first few years following our listing, it now tops 30%. In Japan, we also hold Company tours as part of our efforts to enhance shareholders' understanding of our operations.

An increasingly global customer base

As a global company, Sysmex seeks to contribute to the communities in which it conducts business, from its birthplace in Kobe to all other part of the world. We seek to fulfill our role as a good corporate citizen by responding to the needs the people who live in these regions. In the United States, our employees have volunteered for a fund-raising campaign organized by the Leukemia & Lymphoma Society, a voluntary health organization dedicated to funding blood cancer research and patient services. This activity earned us a ranking on the Companies That Care Honor Roll, which is sponsored by the Center for Companies That Care, a U.S. NPO. This annual award honors companies with the characteristics of a "Company That Cares," including social contributions and sustaining a good work environment. Sysmex also opens up Technopark regularly to the local community, supports local universities and maintains strong ties with area businesses. Although our operations have grown on a global scale, we remain committed to the local community that has supported us since the time of our establishment.

Meeting with Analysts and Investors, and Incorporating Their Feedback into Our Management

The listing of its shares has provided the opportunity to broaden Sysmex's world considerably, through interactions with analysts and investors. Nowadays, we are proactive in our efforts to bolster accountability by disseminating information by segment, including information categorized by geographic and operating segment. This marks a major improvement from the content and approach of our initial disclosure efforts just after listing. These changes reflect the experience we have accumulated gradually over 15 years of overall IR activities and the input we have received during our interaction with analysts and investors.

We have established a specialized IR department to maximize this information, reinforce our investor relations activities and feed this input back to management. Belonging to the corporate business planning division, the IR department works to disclose information effectively, communicate directly with shareholders and other investors and quickly provide management with external feedback on the Company.

Sysmex considers IR activities one of the president's most important functions. Analysts and investors take a specialized approach, carefully examining our financial data, seeking out new information and conducting their own specialized analyses. Some of the questions they raise can be quite challenging, but they also often provide us with pointers on the status of our disclosure and our management. When interacting with analysts and investors, we seek to view the Company from a third-party perspective, not becoming complacent but always remaining open and aboveboard in our management. This approach to IR—working proactively to be open with our information—has led us to be truly accountable and it has become a cornerstone of Sysmex's growth.

Interacting with shareholders

IR meeting

Enhancing Corporate Value through Communication with Stakeholders

In April 2007, we introduced a new management philosophy, the "Sysmex Way," to redefine the Company to reflect changes in our core management policy since the time of our establishment. To create new value, Sysmex aims for ongoing, qualitative changes. One aspect of this renovation involves communication at a global level, and all employees throughout the Group participate in our VQ Sessions, which are designed to generate new stakeholder value.

VQ Sessions aim to explore the question of what Sysmex can do be a company that is attractive to stakeholders, discuss such ideas and serve as a link to initiatives that will turn such ideas into practice. The activities aim to encourage each of our employees to give serious thought to this question in relation to their everyday work activities as well as to new business. The myriad of themes that emerge through this process are debated by other employees throughout the world. Themes are selected in variety of areas, from environmental preservation to social contribution, and ideas derived through this process are currently in the implementation stage, involving numerous initiatives throughout the world.

Meanwhile, Sysmex is a special sponsor of the first Kobe Marathon, which will take place in November 2011. This marathon is expected to be a major event, attracting some 20,000 runners.

Sysmex had three objectives in sponsoring the Kobe Marathon. The first was to take advantage of this opportunity to contribute to the local community that has provided so much support to Sysmex over the years. The second objective was to contribute to the healthcare industry by emphasizing the link between health and sports, encouraging health improvements. Finally, we wanted to express our thanks to all the people who supported us since the 1995 earthquake. The Kobe Marathon seemed an ideal way to draw attention to the Kobe area's recovery since the 1995 earthquake. We now believe that these efforts can serve as a call of encouragement to the people of the Tohoku and Kanto regions, stricken by the Great East Japan Earthquake.

The 15 years since our IPO have been a period of dramatic growth for Sysmex, stemming from the support of its stakeholders. One essential reason has been our unwavering stance toward certain challenges that we have faced since the time of our establishment: our organizational culture, customer orientation, community appreciation, technical focus and made-in-Japan quality. Most importantly, broad-based communication with our stakeholders has proven invigorating and encouraged us to maintain a tireless spirit of challenge in our management direction.

We remain ever aware of the vital role that our stakeholders play in Sysmex's ongoing development. Going forward, we will continue striving to enhance corporate value for our myriad stakeholders, never forgetting the spirit of "conversation and appreciation."

Kobe, Japan
Kobe is well-known as a port city surrounded by nature, especially sea and mountains.

Sysmex provides the instruments and reagents needed for hematology, hemostasis and other tests to customers around the world.

Sysmex at a Glance

Business Segments

Sysmex derives approximately 94% of its revenues from the diagnostics field in the business of testing samples of human body fluids, such as blood and urine, with hospital and commercial laboratories as its principal customers. More specifically, our main field of business is hematology, which involves measuring the number and type of red, white and other blood cells. This business accounts for around 62% of net sales. Hematology uses specific reagents, and the sale of hematology instruments leads to an automatic and sustainable source of revenue through the sales of reagents. Furthermore, in addition to expanding our IVD* operations in such fields as hemostasis, immunochemistry, clinical chemistry and urinalysis, we are accelerating commercialization of the life science business.

Sysmex also operates in the IT field, providing testing information systems to meet demand for network systems to manage medical data. There are synergies between this business and the field of diagnostics.

Applying the specialized particle analysis technologies it has cultivated in the diagnostics field, Sysmex is also expanding into other business categories such as self-medication support.

(¥ million)

	2007	2008	2009	2010	2011
Diagnostics	93,581	103,801	106,316	109,384	**117,683**
Hematology	60,216	68,414	71,216	72,326	77,284
Hemostasis	14,145	13,834	13,970	14,599	15,987
Immunochemistry	3,400	2,866	2,639	2,426	2,677
Clinical chemistry	2,760	2,667	2,479	3,375	3,242
Urinalysis	6,295	7,509	8,154	8,233	9,417
POC testing	3,823	3,995	2,793	3,584	3,671
Others	2,938	4,513	5,062	4,839	5,402
IT	4,807	4,399	3,145	2,870	**3,071**
Other business	2,652	2,522	2,381	3,951	**3,939**

* Acronym for *in-vitro* diagnostics.

Product Segments

Sysmex enjoys a unique revenue structure. On one hand, we conduct a stock type of business in which we sell the instruments needed for IVD, offer the specific reagents needed for long-term testing and provide support and maintenance services. Reagents deliver higher gross profit margins than instruments, while instrument sales drive increased reagent usage. Therefore, this segment should generate stable earnings growth.

Sales of reagents and the provision of maintenance and other services currently account for approximately 70% of net sales. Industrywide, sales are trending upward, with instrument sales focused on the second and fourth quarters of the fiscal year.

(¥ million)

	2007	2008	2009	2010	2011
Instruments	37,847	38,958	38,202	35,971	**41,748**
Reagents	42,038	47,297	48,966	53,472	**55,290**
Maintenance services	8,127	9,668	9,684	11,500	**12,140**
Others	13,027	14,800	14,989	15,262	**15,514**

Regional Segments by Destination

Sysmex supplies products and services to customers in more than 170 countries. Net sales*1 are well balanced among three key regions—Japan, Europe and the Americas. We are also accelerating business development in China, which is experiencing remarkably strong economic growth, and the Asia Pacific region. We are steadily increasing our presence in emerging markets*2, which currently account for 25% of net sales.

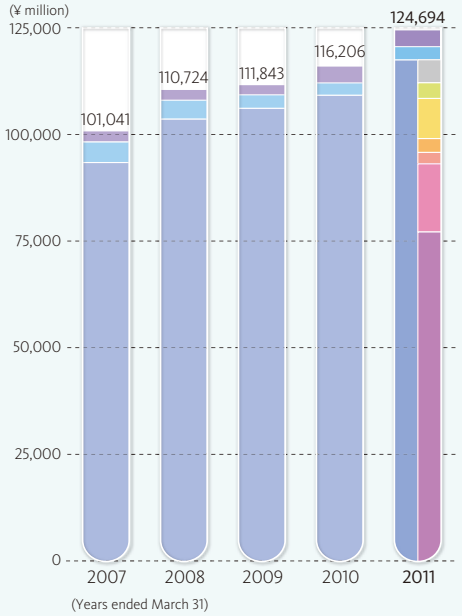
*1 Net sales by destination is defined as the sales amount recorded by Group companies to customers in a particular region. However, net sales by geographical region refers to the sales amount made by a Group company in a particular location.

*2 Emerging markets: China, Southeast Asia, South Asia, Latin America, EMEA (East Europe, Russia, Middle East, Africa)
Advanced countries: Other than those above

(¥ million)

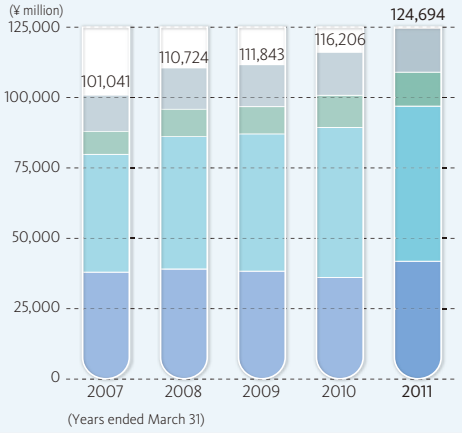
	2007	2008	2009	2010	2011
Japan	37,873	35,961	35,828	38,626	**38,541**
Americas	19,227	20,908	23,414	23,444	**26,535**
Europe	31,658	39,235	35,454	36,446	**35,414**
China	6,848	8,128	10,111	11,843	**15,093**
Asia Pacific	5,432	6,492	7,036	5,847	**9,111**

Sales Composition by Business



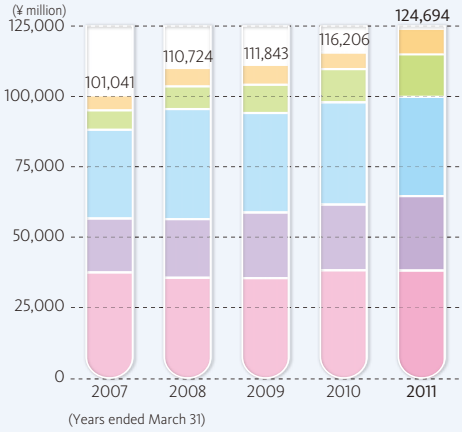
Diagnostics	94.4%
Hematology	62.0%
Hemostasis	12.8%
Immunochemistry	2.1%
Clinical chemistry	2.6%
Urinalysis	7.6%
POC testing	2.9%
Others	4.3%
IT	2.5%
Other business (Particle analysis, etc.)	3.2%

Sales Composition by Product



Instruments	33.5%
Reagents	44.3%
Maintenance services	9.7%
Others	12.4%

Sales Composition by Destination

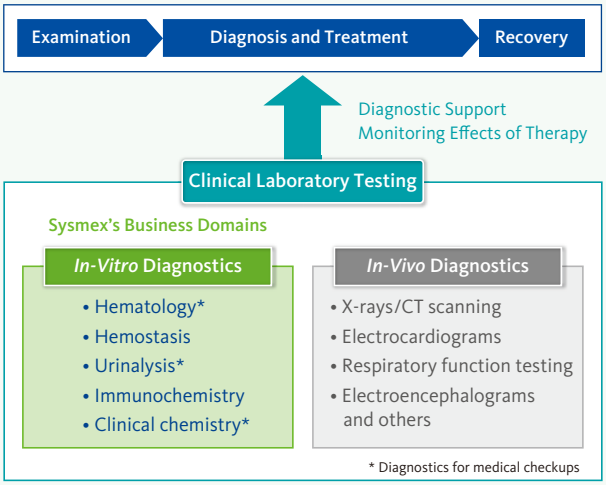


Japan	30.9%
Americas	21.3%
Europe	28.4%
China	12.1%
Asia Pacific	7.3%

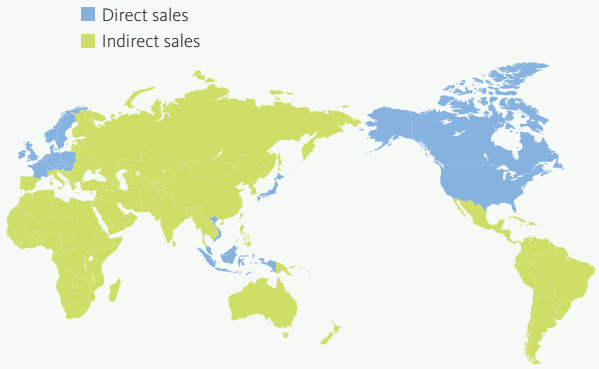
Market Overview and Sysmex's Position

Clinical testing, used in medical diagnosis and treatment or in monitoring the effects of drug administration, is essential to the realization of a healthy society. Clinical testing can be broadly divided into two categories: *in-vitro* diagnostics (IVD) that involve the examination of blood, urine or cell samples taken from the body and *in-vivo* tests that involve direct examination using X-rays, electrocardiograms (ECGs) or brain waves.

Clinical Laboratory Testing Categories



Sysmex employs sales strategies tailored to the characteristics of the regions and countries where it operates. In Japan, North America and parts of Europe and the Asia Pacific, we conduct direct sales, with Sysmex salespeople maintaining close relationships with customers. In other parts of the world—particularly in emerging market areas—we have found indirect sales, which leverages the long experience and expertise of local distributors, to be an effective approach. In China, for example, we employ some 120 local distributors. In Latin America and Russia, among other regions, we have alliances in place to take advantage of the sales networks operated by leading global pharmaceutical manufacturers.



Sysmex's business spans the IVD domain, involving the provision of instruments, reagents and laboratory systems around the globe in such fields as hematology, hemostasis, urinalysis, immunochemistry and clinical chemistry. At present, the Group's conducts sales in various fields in Japan, China and the Asia Pacific region. In the Americas and Europe, however, we maximize our management resources by strategically concentrating our sales efforts on fields of particular expertise: hematology, hemostasis and urinalysis.

Fields of Expansion by Region

(As of June 30, 2011)

	Japan	China	AP	Americas	Europe
Hematology	Yes	Yes	Yes	Yes	Yes
Hemostasis	Yes	Yes	Yes	Yes	Yes
Clinical chemistry	Yes	Yes	Yes		
Urinalysis	Yes	Yes	Yes	Yes	Yes
Immunochemistry	Yes				

Sysmex currently holds a 10th overall ranking in the IVD market. In hematology, we are the world leader in terms of market share. However, developed countries' demographics are changing due to graying populations and falling rates of childbirth, and global competition is growing ever more fast-paced and intense. Sysmex is responding to these challenges by reinforcing its own sales network and aggressively leveraging the benefits of alliances with other companies. By strengthening our sales channels and rounding out our product portfolio, we are steadily enhancing our global presence.

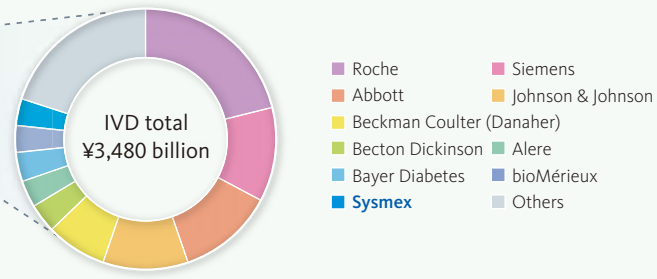
Diagnostics Market and Sysmex' s Position

Segment	Market size (¥ billion)
IVD total	¥3,480
Hematology	200
Hemostasis	100
Immunochemistry	960
Clinical chemistry	530
Urinalysis	40
(Urine sediment	13)
POC (including SMBG*)	570
Others	1,080

(Sysmex estimates)

* Self monitoring of blood glucose

Market Share



Product Strategies

Diagnostics

Hematology

Hematology tests are a type of screening that counts red, white or other blood cells to determine whether a more detailed examination is necessary. In addition to instruments, these tests require specific reagents, which constitutes an ongoing demand. Sysmex estimates that the global hematology market accounts for annual sales of ¥200 billion. Furthermore, the market is dominated by only three major suppliers: Sysmex, Beckman Coulter and Abbott. Nevertheless, we became the global leader in the field of hematology in 2007, and we are steadily expanding our share of the market.

Hematology analyzers typically are identified by the number of white blood cell types they distinguish: three or five. The total number of white blood cells in a patient's blood can indicate inflammation or an infectious blood disorder. Further diagnosis of three types of blood cell helps to determine whether the origin of the complaint is bacterial or viral. In addition, three-type analyzers employ relatively simple testing principles and have the advantage of being compact and inexpensive to maintain, as they require few reagents. Five-type analyzers, on the other hand, have a higher clinical significance, as they offer the more accurate and precise measurement of five types of white blood cell, enabling various complaints and blood disorders to be analyzed in more detail. In addition, analysis systems (five-type instrument transport systems) at large-scale facilities in Japan, the United States and Europe are realizing efficiency gains through the use of robotics. Whereas three-type analyzers are frequently introduced in emerging markets where hematology analyzers are being used for the first time, many clients in China and the Asia Pacific region are upgrading from three-type to five-type analyzers, with a steadily growing number incorporating high-end systems.

Specialization

Information Diversity

Efficiency and Handling Capability

Scale of Laboratory

XN Series
This new model in the hematology field is designed to enhance clinical value. In addition to providing a body fluid measurement mode, the model substantially increases measurement accuracy for low platelet counts. Embracing the modular concept, this series allows the combination of multiple analyzers, transport system, smear preparation system and other instruments. This flexibility enables the proposal of tailored solutions to meet individual customer needs.

XN-1000 (Single module)

XN-2000 (Twin module)

XN-9000 (Transport system)

HST
The HST series offers fully automated blood cell counting, including white blood cell differentials, reticulocyte analysis, preparation of smears and staining. Multiple system configurations are available to meet the needs of individual laboratory requirements.

XS Series
This compact, highly functional model features the same measurement principles, reagents and operability as models in the high-end XE series. This space-saving unit offers the ability to analyze five types of white blood cell, as well as excellent measurement data interchangeability.

XT-4000*i*
This basic, compact model is supported by the Sysmex Network Communication Systems (SNCS), and features a viewer-friendly screen and an easy-to-use operating system.

XE-5000
The XE-5000 is the high-end model in the XE series, which is shipped with software to measure immature cells in the blood as standard instrument and a function to measure blood cells found in extremely small quantities in body fluids.

KX-21
Featuring compact size and easy operation, this analyzer provides valuable blood test data such as the white blood cell, three-part differential in less than one minute.

pocH-100*i*
Featuring compact size and easy operation, this counter allows high-precision measurement results and makes it possible to perform hematology simply in diagnostic and therapeutic settings.

Reagents

Hematology analyzers require specific reagents. We also manufacture reagents for other areas of *in-vitro* diagnostics, including hemostasis, immunolchemistry, urinalysis and clinical chemistry.

Diagnostics

Hemostasis

Hemostasis involves testing for two blood functions: coagulation, or clotting; and fibrinolysis, the process by which blood clots are broken down. By testing specimens of blood plasma, it is possible to diagnose hemophilia and thrombosis and to examine hepatic (liver) function. Furthermore, testing blood beforehand enables healthcare professionals to determine whether blood is likely to coagulate properly during surgery.

As a rule, hemostasis tests can be performed using general-purpose reagents, rather than specific reagents. However, analysis data varies slightly depending on the reagents used, and the need for precise control has caused sales of specific reagents to represent a high share of the market.

Sysmex estimates that the global hemostasis segment generates annual sales of ¥100 billion. In 1995, we concluded a distribution agreement with Siemens (previously, Dade Behring Inc.), forging a synergistic relationship that reinforced our respective strengths in the hematology segment. As a result, we now enjoy the leading share of the global market for coagulation analyzers.

CS-2000*i*

The CS-2000*i* analyzer employs a fourth method, agglutination, in addition to the three fundamental measurement methods—the coagulation, chromogenic substrate and turbidimetric immunoassay methods. Integrating all these testing methods into a single station raises processing performance.

CA-500 Series

These compact, fully automated analyzers offer advantages of the CA series such as high precision and ease of use. Operation is simple, making these analyzers ideal for emergency laboratories and for use at small and mid-size institutions that test infrequently.

CA-7000

The top of the CA series product line makes possible ultra-fast throughput of 500 tests/hour possible (for simultaneous measurement of PT/APTT). The Secure Reagent System (SRS) allows control of reagent names, lot numbers, and expiry dates through automatic barcode reading.

Immunochemistry

Immunochemistry tests are performed on blood serum, the supernatant fluid isolated after blood separation. Antigen-antibody reactions are used to test for the presence of HIV and hepatitis and to look for cancer markers.

Manufacturers of analyzers apply their own measurement principles, and specific reagents depend on the principles used. Sysmex estimates annual sales in the global immunochemistry market at ¥960 billion—making it the largest category in the IVD field, and the market is expected to expand.

We aim to expand sales in Japan of the HISCL-2000*i*, a fully automated immunoassay analyzer that enables highly sensitive, high-speed assays, as well as our lineup of related reagents, to boost our share of the immunochemistry testing market.

HISCL-2000*i*

This model applies the chemiluminescence enzyme immunoassay (CLEIA) methodology to produce a highly sensitive, rapid immunochemistry test system that can be used with reduced specimen quantities. The model is designed for use by medium-sized hospitals. In a bid to establish our presence in the immunochemistry market, Sysmex released reagents for infectious diseases such as hepatitis B, hepatitis C and HIV, and those for the detection of thyroid hormone markers. With the aim of expanding our offering of measurement items, our R&D team is working on the development of reagents for detection of diseases and coagulation molecular markers. In order to expedite the development of these reagents, we are also working closely with our partner companies.

Clinical Chemistry

Clinical chemistry involves examining the enzymes, sugars and proteins in blood serum and plasma to determine the nutritional status, liver and kidney functions, and testing for contraction of conditions such as hyperlipidemia and arteriosclerosis.

Like hematology, clinical chemistry is commonly performed around the world not only at times of illness, but also during routine health checkups. Accordingly, the total number of examinations is extremely high.

Sysmex estimates that the global clinical chemistry market accounts for sales of ¥530 billion, making it the third-largest market in the IVD domain, after immunochemistry and POC, including SMBG. Emerging markets such as China and other Asian countries constitute a huge potential market, as they concentrate on augmenting healthcare infrastructure in tandem with their economic expansion. Among other contributors to demand growth is that as standards of living improve, emerging economies are likely to experience increases in such diseases as diabetes.

Sysmex has signed agreements with JEOL Ltd. and Furuno Electric Co., Ltd., involving automated clinical chemistry analyzers and is leveraging its sales network to sell these analyzers and their reagents in China and other parts of Asia.

Reagents

Diagnostics

Urinalysis

Urinalysis entails testing for the presence of sugar, protein or blood in urine and can be broadly divided into two types: qualitative urinalysis and quantitative urinalysis. The first type involves dipping a test paper into urine to determine whether the abovementioned solids are present. In the second, the quantities of these substances are analyzed. Urinalysis is an important screening tool that typically yields clues for diagnosing a number of diseases. Sysmex estimates that the global urinalysis market accounts for sales of ¥40 billion, with quantitative urinalysis making up ¥13 billion. We introduced the world's first urine formed sediment analysis system—the UF series—that uses the flow cytometry method. This series enjoys an excellent reputation with customers and has the leading share of the global market for urine sediment analysis. Sysmex, in cooperation with ARKRAY, Inc., developed the world's first fully automated integrated urine analyzer, which performs both qualitative and quantitative urinalysis. This analyzer went on sale in Japan in December 2010, and is gradually being launched into other markets throughout the world.

UF-1000*i*
The UF-1000*i* offers fully automated, high precision, quantitative analysis of urine sediment using Sysmex's proprietary technology utilizing flow cytometry, further improving the reliability of urinalysis.

POC Testing

POC is an abbreviation for point-of-care. POC testing can be carried out on the spot in operating rooms, intensive care units, clinics or at the patient's bedside, rather than in central laboratories, making possible rapid diagnosis and treatment. Currently, Sysmex markets rapid detection kits to assist in influenza diagnoses and easy-to-use devices to measure intravesical urine volume.

Sysmex is working to increase its sales in this category by extending its business into pet diagnostics. In July 2010, we formed a business alliance with IDEXX Laboratories, Inc., a leader in this field. Under this accord, we began providing hematology analyzers for pets and other animals on an OEM basis and selling them via IDEXX Laboratories' networks.

ProCyte Dx (IDEXX's brand name)
Incorporating numerous technologies and expertise cultivated with humans into a compact hematology analyzer that can be placed on a desktop, the ProCyte Dx features data accuracy and ease of use, and can conduct tests in around 2 minutes.

IT

Laboratory Information Systems

Advances in information technology have generated demand in the healthcare industry for IT-driven medical information networks. Such networks contribute to effective diagnoses by collecting and analyzing test data and consolidating this information into a convenient database. Sysmex plans to accelerate its IT deployment to expand business with hospitals, clinics and remote medical care capabilities.

CNA-Net
CNA-Net is a laboratory-information system provided by affiliated company Sysmex CNA. The system consists of independently operable subsystems for clinical chemistry, hematology, urinalysis and immunology testing. When used as an independent system, CNA-Net is configured to encompass all processes from examination reception to routine testing and test results reporting.

Life Sciences (Other Business)

Sysmex is working to apply its leading-edge expertise toward to the creation of higher-value-added testing and diagnostic technologies in new fields such as cancer and diabetes. In 2006, the Sysmex-developed system for rapid detection of breast cancer lymph node metastasis based on the OSNA method* was launched in Europe. This system was covered by the Japanese national health insurance program two years later, in 2008, and we are steadily introducing this system to markets in Europe and Japan. We have also succeeded in expanding the applicability of this system to colon cancer, and in 2010 we received manufacturing and marketing approval from Japan's Ministry of Health, Labour and Welfare.

* Please see pages 33–34 for an explanation of OSNA method technology and user evaluation.

RD-100*i*

LYNOAMP BC

Other Business

Self-Medication Support

Peripheral artery monitoring devices that can measure hemoglobin levels without blood sampling are used at fitness centers and various other sites. Sysmex also sells health management support software that supports health check services at drugstores and in the healthcare sections of other shops.

ASTRIM SU
This non-invasive blood vessel monitor measures hemoglobin concentrations and blood-vessel width through near-infrared spectroscopic images simply by placing a finger on the detector. There is no need for blood sampling.

PROWELL
PROWELL is a software package for use with a quick health-check service offered at healthcare corners in drugstores and other outlets in Japan. The service allows individuals to perform simple checks on their state of health by entering some basic body measurements and answering questions on lifestyle and dietary habits.

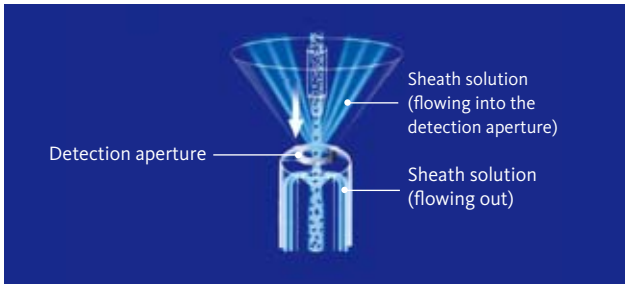
Sysmex's Evolving Technologies

Depending on blood cell type, anywhere from several thousand to several million blood cells exist per microliter (0.001 milliter) of blood. Hematology tests are essential for determining the number of blood cells that are responsible for oxygen transport, or hemostasis. Sysmex employs two basic technologies—sheath flow DC detection and flow cytometry—to achieve precise measurements at the microliter level.

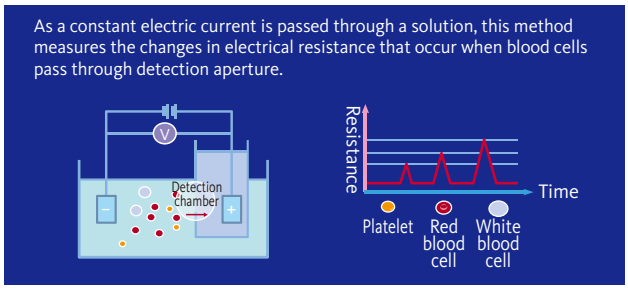
Basic Principles Underpinning Sysmex's Hematology: Sheath Flow DC Detection

Blood cells can be broadly divided into three categories: red blood cells, white blood cells and platelets. Platelets are the smallest in diameter, at around 2 micrometers, while white blood cells are the largest, at around 15 micrometers. Sheath flow DC detection is the basic method for measuring the number of blood cells and distinguishing their types by size. Broadly speaking, the method comprises three processes.

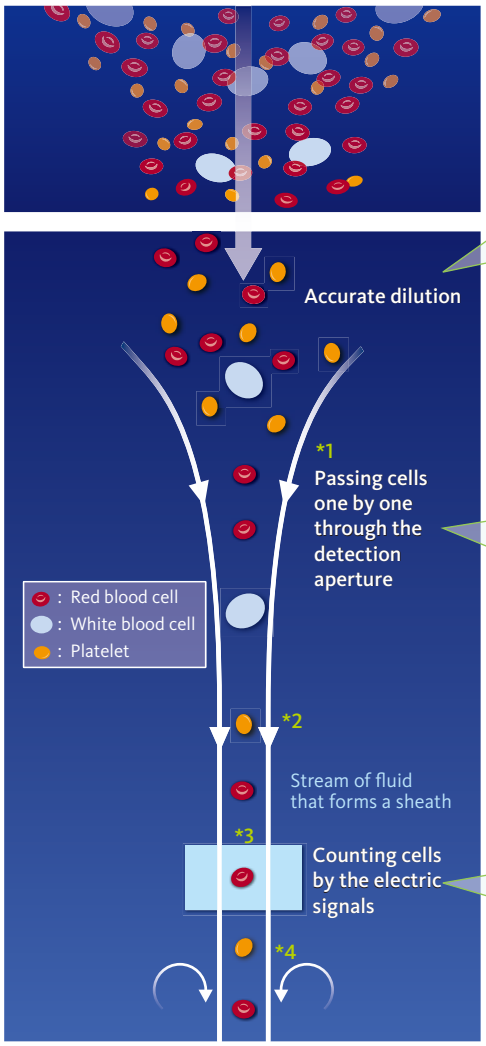
Detection Chamber



Detection Method



Three Processes in Counting Red Blood Cells



Accurate Dilution

Blood must first be diluted a certain amount to allow accurate measurement of the number and size of cells. This process reduces the number of cells per volume of blood and minimizes errors caused by blood cells piling up on top of each other. Accurate dilution requires meticulous measurement of the quantity of blood and of the solution, or reagent. This process requires micro-level precision in the design of the measuring chamber and uses an apparatus that minimizes degradation and abrasion.

Individual Passage through the Detection Aperture

Regardless of how accurately it has been diluted, a measured sample (the diluted blood solution) will contain a large number of cells. Lining up the cells in a row beforehand simplifies the process of counting them, so a stream of fluid*1 that forms a sheath around the flowing blood cells is generated to align the cells. The cells flow along the stream*2 toward the detection aperture, where cells are counted, and pass through its center.*3 Unidirectional flow prevents the stream*4 of blood cells from flowing backward through the aperture once they have passed through it.

Counting Cells by Electric Signal

Blood cells do not transmit electric current easily, so cells in the test sample cause resistance in a current applied across the detection aperture through which they must pass. Therefore, blood cells can be counted by measuring the number of times an electric resistance is generated. Larger blood cells produce greater resistances, allowing the system to distinguish cells by type.

Capturing More Information: Flow Cytometry

Laboratory tests must be reliable to be useful in diagnosis and treatment, and the medical community needs access to measurement results that add value. Sysmex is addressing these needs through a sustained program of technological innovation. Accordingly, we are progressing from the present method of counting blood cells to using flow cytometry to analyze their internal contents.

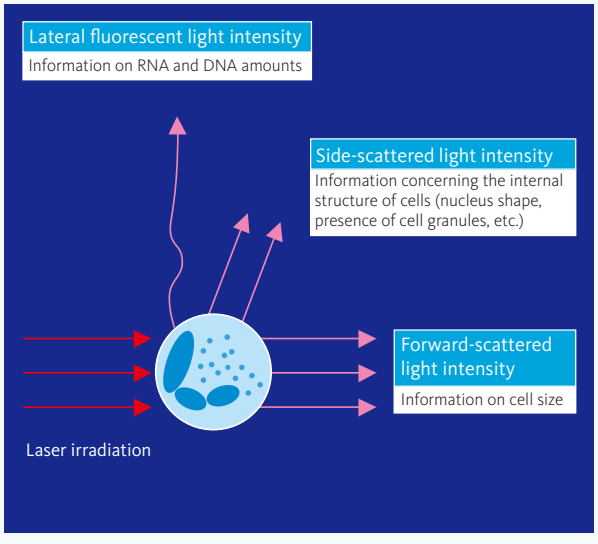
With flow cytometry, the target cells are stained with a special reagent and then irradiated using a laser diode to capture information on cell size and internal structure. This method enables detection of the five different types*5 of white blood cell, as well as of any abnormal cells. Flow cytometry provides clinically important information, as the distribution of the five types of white blood cells differs according to the disease present.

*5 Each of the five types of white blood cell—neutrophil, lymphocyte, monocyte, eosinophil and basophil—has a different shape and function.

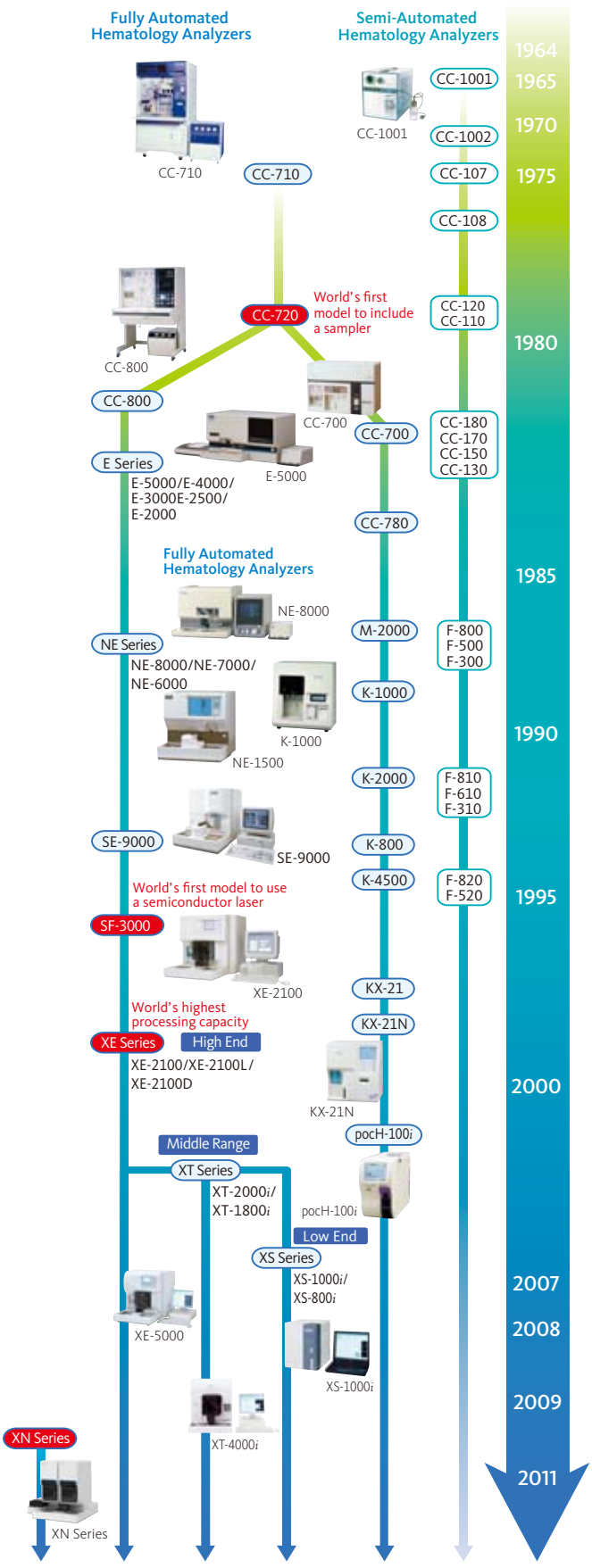
Flow Cytometry

With flow cytometry, the number of red blood cells and platelets are first shrunk through the action of a surfactant. The target white blood cells are nucleic-acid stained and irradiated with forward-scattered light, side-scattered light and side-fluorescence using a laser diode. The light signals are then analyzed to categorize the blood cells.

Captured Information



Development of Instruments



New Technologies Incorporated into Next-Generation Hematology System

In May 2011, Sysmex launched its new XN Series of products in the hematology field.

To enhance customer testing environments, the XN Series provides a body fluid measurement mode and increases measurement accuracy for low platelet counts, associated with such diseases as thrombocytopenia, to enhance clinical value.

To improve usability, the series embraces the modular concept. This series allows the combination of multiple analyzers, transportation system, smear preparation system and other instruments. This flexibility enables the proposal of tailored solutions to meet individual customer needs. Using the combination of 25x concentrated reagents and the RU-20 reagent preparation unit greatly reduces the changing frequency of certain reagents. This is a particular boon for commercial labs and university hospitals that process high volumes of tests each day, by boosting operating efficiency and requiring less reagent storage space.

Sysmex is currently the global market leader in the hematology field. By leveraging our strengths going forward, we aim to secure our position as the undisputed global leader in hematology.

Technologies Incorporated into Our Next-Generation Hematology System

Clinical Value Enhancements

Early Detection

1. Increased measurement accuracy using new specific fluorescent staining of platelets
2. Increased measurement accuracy of low white blood cell counts through more accurate white blood cell measurement technologies
3. Enabling of hematopoietic stem cell transplantation through the use of hematopoietic progenitor cell (HPC) measurement technology

Selection of Treatment Method

Usability Enhancements

Quality

1. Modular system control technology
2. Automated precision control function
3. Remeasurement automation
4. Use of reagent cartridges and automatic reagent recognition function
5. Concentrated reagent/reagent preparation unit standardization
6. Remote monitoring of instruments using SNCS

Efficiency

Operability

Environmental Consideration

As well as increased clinical value, aim for innovative usability enhancements

Ultimate solution

Automated Hematology Analyzer XN Series

XN-1000 (Single module)

XN-2000 (Twin module)

XN-9000 (Transport system)

In the life sciences domain, our mainstay system for rapid detection of lymph node metastasis based on the one-step nucleic acid amplification (OSNA) method is used routinely for diagnosis of breast and colon cancer lymph node diagnosis in hospitals and other facilities in more than 150 locations throughout the world.

Minimizing the extent of dissection in breast cancer treatment is generally considered desirable in terms of the patient's quality of life (QOL). At present, pathology labs offer a provisional diagnosis of the sentinel lymph node, where metastasized cancer cells first reach, intra-operatively and then conduct post-operative confirmatory studies to determine the extent of resection, as well as the post-surgical therapeutic principle. Intra-operative diagnosis of cancer metastasis requires highly skilled and experienced surgeons. Sysmex's gene amplification detector, the RD-100*i*, enables the rapid and highly precise detection of breast cancer metastases in the sentinel lymph node, thus facilitating intra-operative diagnosis, reducing the burden on medical practitioners and improving patient QOL. Having confirmed its efficacy, we are now introducing the system at more than 50 hospitals in Japan and more than 100 in major European countries, particularly Spain.

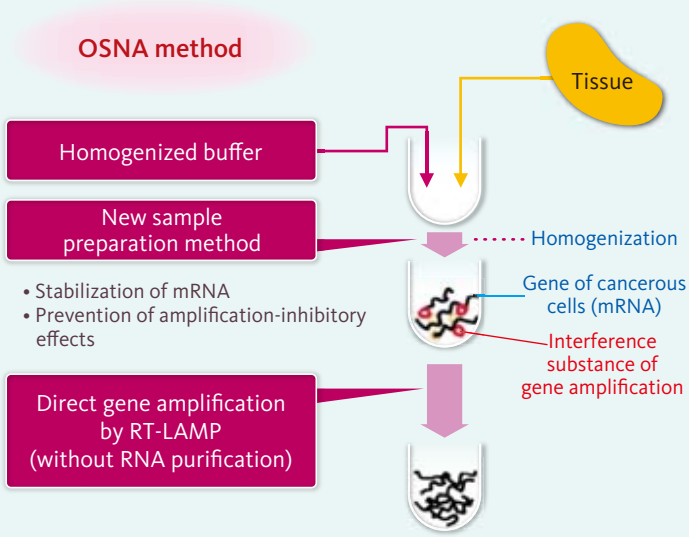
Having extended the effective scope of detection to include colon cancer as well as breast cancer, in December 2010 we received manufacturing and marketing approval from the Ministry of Health, Labour and Welfare. Under the present method of diagnosing colon cancer lymph node metastasis, following an operation a pathologist makes surgical incisions in 12 or more lymph nodes to prepare pathological samples. The pathologist then views these samples under a microscope to determine whether the cancer has metastasized. Post-operative treatment is based on the results of these tests, but conducting detailed diagnosis on large numbers of lymph nodes places a major burden on the pathologist. Applying the OSNA method while conducting diagnosis at a level of precision equivalent to that achieved by the recommended method by the Japanese Society for Cancer of the Colon and Rectum. This reduces the burden on pathologists and contributes to the standardization of post-operative treatment of colon cancer.

The OSNA Method

The OSNA method is a rapid gene amplification technique that does not require the purification of genes (mRNA) that have been taken from a living organism. The method can be used for time-restricted intra-operative diagnosis of the lymph node, detecting cancer cells with a high degree of accuracy.

RD-100*i* (analyzer)

LYNOAMP BC (proprietary reagent)



Customer Feedback

We shall describe here how an institution is using OSNA (One Step Nucleic acid Amplification) for diagnosing lymph node metastasis in breast cancer, together with the institution's views about the system and the service they are now able to offer to patients.

Spain (Hospital Lluis Alcanyis)
Dra. Laia Bernet

Q **What are the advantages of OSNA for the pathology lab from your point of view?**

A From my point of view, the main advantage is probably the standardization of the diagnosis since, for the first time, all the pathologists working in this area will be able to speak the same language. This is probably the biggest advantage. Also the fact that the entire lymph node can be analyzed and that we can be sure that no tissue is lost is very important.

Q **How long does it take you to provide a diagnosis of a sentinel node by OSNA?**

A This question depends a lot on the number of lymph nodes that we receive in the anatomical pathology laboratory. We think that we ought not to accept more than three actual sentinel nodes. On this basis, here at our laboratory we work for around 28 or 29 minutes if there is one single node and 32 or 33 minutes if there are two or three nodes.

Q **Is this turnaround time acceptable for the surgeons?**

A Yes. Surgeons feel that half an hour is the minimum time they need to excise the primary tumor. This means that while we are investigating the lymph node in the laboratory, they are operating on the primary tumor and these procedures require exactly the same amount of time.

Q **Can you share with us any situation in which OSNA proved to be especially useful in patient diagnosis?**

A Yes, I remember a case in which we had diagnosed a carcinoma in situ and because of the extent to which the tumor had spread and its characteristics, it had been scheduled for a sentinel lymph node biopsy. In this case, the OSNA result indicated a micrometastasis, which obliged us to re-evaluate the primary tumor. In fact, the tumor resection revealed a small focus of microinfiltration. Consequently, the diagnosis for the patient changed and so did the treatment options.

Q **Would you recommend using OSNA for sentinel lymph node analysis?**

A Of course. I can say that for me OSNA has changed my life in terms of working on the sentinel lymph node, since firstly I feel absolutely sure that I am doing good work. What I mean is, I don't lose any tissue and I investigate everything the surgeon gives me. Secondly, I know that I am speaking the same language as my pathologist colleagues. This means that we can make comparisons and draw real conclusions from our work. Not like the way things have been up to now, where one person measures the micrometastasis using one method, another uses a different one and even trying to understand each other has been really difficult. Now we all speak the same language and I think that for the first time there will be interesting exchanges between us, and this will result in real conclusions that are applicable to the patient.

Functional Structure

As a comprehensive diagnostics supplier, Sysmex has built an integrated business encompassing R&D, production, sales and after-sales support to provide products and services to healthcare facilities around the world.

Perspective

Throughout its R&D, production, sales and after-sales support processes, Sysmex works to build customer satisfaction and instill confidence and trust.

Our products are the primary source of our strength as a company. We develop in-house all the instruments, reagents and software that are needed for *in-vitro* diagnostics, and have built all operations—from production to sales and after-sales support—ourselves. Furthermore, delivering customer feedback to our R&D divisions quickly enables us to continuously augment product performance, operability and functionality, and develop high-value-added products rapidly and efficiently.

Our delivery network also is extensive. With operations

Global Supply Chain

Research and Development

Japan

- Technopark

Overseas

- R&D Center Europe
- Sysmex New Zealand
- Diagnostic Reagent Development Center in China

and others

Sysmex maintains extensive R&D operations, centered in Japan and with facilities in Europe and Asia, and the Company actively collaborates with universities and research institutions throughout the world. Technopark, our core R&D facility, is also a symbol of the "Creation of 'knowledge' and its inheritance" concept. Technopark serves as a springboard for R&D to cultivate new diagnostic technologies and high-value-added products.

Production (Instruments)

Japan

- Kakogawa Factory
- Sysmex Medica
- Sysmex RA

The Kakogawa Factory, which produces all Sysmex instruments shipped worldwide, provides a stable supply of high-quality products that meet the strict regulatory requirements for medical devices around the world. Sysmex products enjoy an excellent reputation with customers. We have introduced quality and process management systems to ensure quality in all processes from the testing and assembly of components to product testing and shipment.

Production (Reagents)

Japan

- Sysmex International Reagents (two factories)

Overseas

- Sysmex Reagents America (US)
- Sysmex do Brasil Industria e Comercio (Brazil)
- Sysmex Europe (Germany)
- Jinan Sysmex Medical Electronics (China)
- Sysmex Wuxi (China)
- Sysmex Asia Pacific (Singapore)
- Sysmex India (India)

Sysmex emphasizes local raw material procurement and product manufacturing, as this approach allows stable product supply and competitive pricing. At present, the Company operates nine reagent factories in seven countries. In 2007, Sysmex completed construction of a reagent plant in the United States that has doubled production capacity in that country. The Company also is expanding its reagent plant in Jinan, China, to capitalize on rapid market growth there. Targeted for completion in May 2012, the augmented plant will quintuple the amount of reagent that Sysmex currently produces in the country.

at 48 locations in 29 countries, Sysmex provides products and services to customers in some 170 countries. One of our greatest strengths is our globally integrated structure spanning the R&D, production, sales and support functions.

We currently hold the leading share of the hematology markets in four of the regions in which we operate: Japan, Europe, China and Asia. We also boast the No. 1 overall share of the global market.

Sales and Support

Japan
- ■ Solution Center
- ■ Seven branches, 12 sales offices
- ■ Metropolitan Area Service Center
- ● Sysmex TMC
- ● Sysmex bioMérieux

Americas
- ● Sysmex America (US)
- ● Sysmex Canada (Canada)
- ● Sysmex do Brasil Industria e Comercio (Brazil)

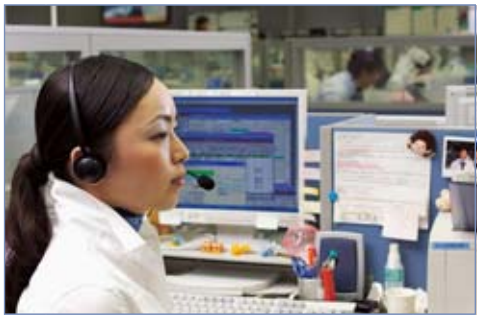
Europe
- ● Sysmex Europe (Germany)
- ● Sysmex France (France)
- ● Sysmex Middle East (U.A.E.)
- ● Sysmex South Africa (South Africa)

and others

China
- ● Sysmex Shanghai (Shanghai)
- ● Sysmex Hong Kong (Hong Kong)

Asia Pacific
- ● Sysmex Asia Pacific (Singapore)
- ● Sysmex India (India)

and others



In addition to a direct sales and support network, the use of alliances has enabled Sysmex to build a global sales and support system tailored to meet local characteristics. In 2010, we converted to a wholly owned subsidiary the German HITADO Group, which sells and services point of care (POC)* testing products, marking our full-fledged entry into the POCT market. To capitalize on the ongoing changes in healthcare infrastructure in Asia, we formed an affiliated company in rapidly growing Vietnam. Also, we established a sales and customer service base in Spain, with the aim of expanding operations in the life science business segment. In 2011, we established affiliated companies in the Philippines, which is experiencing ongoing economic development and expanding its healthcare infrastructure, and in Russia, one of the BRICs countries. We also plan to step up sales activities in other regions that are expected to experience high levels of market growth, including Asia, Central and South America, Eastern Europe and Africa.

* An acronym for point of care, POC refers to testing that can be performed rapidly in an operating room, intensive care unit,

Direct sales

Customer needs

Indirect sales (Distributors)

Worldwide customers

■ : Sysmex Corporation
● : Affiliated companies

Research and Development

Through its focus on improving test quality, Sysmex has established core technologies, developed a range of "industry-first" laboratory test technologies, created advanced and highly valuable diagnostic technologies and is actively engaged in life science R&D.

Sysmex's inimitable R&D activities began in 1963 when it became the first company in Japan to commercialize hematology analyzers. Since then, the Company has worked to improve diagnostic test quality at the microscopic level of blood cells by establishing core technologies for particle measurement or bioassays and developing a range of "industry-first" laboratory test technologies.

Sysmex is leveraging the abundant expertise it has cultivated in the development of products to bring efficiency to the increasingly complicated diagnostic testing environment. Another goal is to contribute to the increased efficiency and lower costs not only in the testing laboratory, but also by leveraging networks throughout the entire hospital for customers ranging from small clinics to large medical institutions.

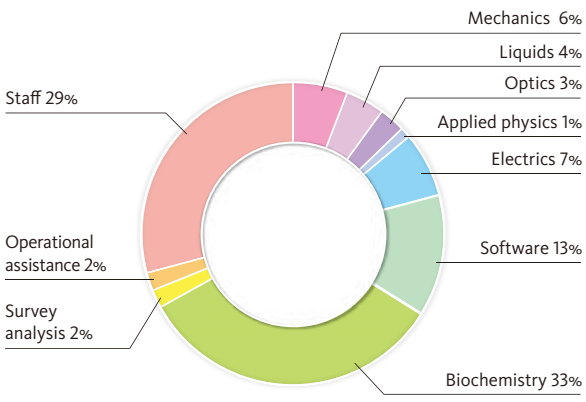
Sysmex considers R&D to be one of its most important functions and the key source of Company growth. Each year, we invest approximately 10% of net sales in R&D to keep our technologies at the leading edge.

Sysmex has extended its business domains beyond hematology to cover such laboratory test fields as hemostasis, immunochemistry, clinical chemistry, urinalysis and others. We are now working to broaden our R&D activities even further to create new diagnostic technologies for disease management including hematology, immune diseases, infectious diseases, cancer and diabetes.

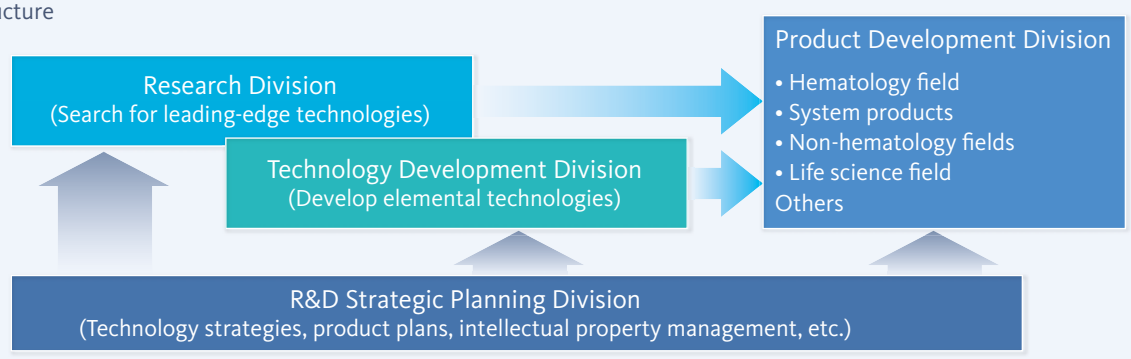
In 2008, we completed construction on Technopark, our core R&D facility, designed to foster synergy by accelerating the sharing of information and expertise, as well as collaboration. This integration of the different technologies employed in our instruments, reagents and software, coupled with joint R&D initiatives, enables us to constantly incorporate customer feedback into our product offerings. This congregation of researchers and engineers in a host of fields—electrical, mechanical, biological, chemical and IT, among others—encourages interaction and drives the creative fusion that generates new technologies. Sysmex is also working toward the establishment of a global R&D structure. Centered at Technopark in Japan, our structure is linked with other facilities in Japan and overseas, including the R&D Center Europe, Sysmex New Zealand and the Diagnostic Reagent Development Center in China. We are also stepping up collaboration with outside research institutions to promote innovative technological developments that will create new market opportunities.

In April 2011, we reorganized our R&D structure to ensure consistent management across the R&D and intellectual property management functions, reinforcing our ability to develop breakthrough technologies and distinctive products that will engender new markets.

R&D Personnel and Principal Areas of Responsibility
(Fiscal year ended March 31, 2011)



R&D Structure



Management System

R&D Strategic Planning Division

In this division, R&D staff manage and control a host of activities spanning research to product development. The division's strategic planning function involves the creation of technology strategies, the optimal allocation of management resources based on these strategies, and the development of a global R&D structure.

The division also formulates plans related to the acquisition of technologies and our own products, handles technical information pertaining to commercialization and manages intellectual property. Particularly with regard to intellectual property, this division communicates with departments conducting the relevant R&D, formulates and implements patent filing strategies, engages in invention identification activities and conducts research into third-party intellectual property.

Furthermore, the division conducts liaison activities to foster smooth relations with related institutions in Japan and overseas, as well as handling a broad range of other activities.

Research Division

This division works to establish diagnostic methods for cancer, chronic diseases and other targets. We have formed an organization for drawing up plans for individual analyses including cell analysis, protein analysis, genetic analysis and biological analysis. By searching for leading-edge technologies in each category, the division aims to establish new diagnostic concepts, clinical testing applications and technology platforms.

Technology Development Division

This division creates systems for carrying forward and extending the application of key technologies used in previous mechatronics, software, reagents and other products, as well as formulating the elemental technologies needed in future product development. It also conducts a full range of activities ranging from clinical performance trials to patent acquisition.

Product Development Division

An integrated organization for developing instruments and reagents for individual fields, including hematology, hemostasis, urinalysis, immunochemistry and life sciences, this division pursues product development primarily on a market-in basis. Specifically, the division is separated into a department that specializes in our core fields of hematology and system products. The division also allocates resources to strengthen the Company's operations in areas of future growth—hemostasis, urinalysis, immunochemistry and other non-hematology and life science categories. This separation is designed to enhance specialization related to testing and diagnostic technologies, as well as to accelerate product development.

Intellectual Property Activities

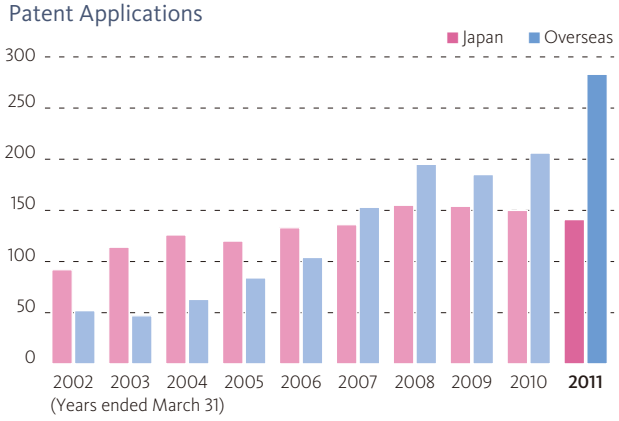
Creating an environment that encourages intellectual creativity and ensuring a competitive edge to continue stable growth

In line with its expanding business domains and global development, Sysmex has established basic principles to share with employees its fundamental thoughts on intellectual property activities and do its utmost to strengthen the Group through these activities.

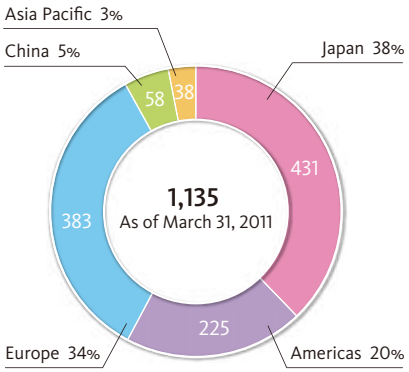
In accordance with these basic principles, the Company's basic policy on specific intellectual property activities is to liaise with R&D divisions, uncover latent intellectual property opportunities and survey the intellectual property rights of third parties.

In addition to reinforcing the liaison function (supporting idea generation, converting intellectual property into rights and leveraging these assets), we take a proactive stance on intellectual property education activities, which are part of our effort to quickly convert research successes into valuable intellectual property. We also have in place a remuneration system that includes bonuses based on patent performance. This system is designed to contribute to the Group's business and enhance incentives for inventors. Patent remuneration is provided based on rankings in accordance with the magnitude

Patent Applications



Patents Held, by Region



Basic Concept for Intellectual Property Activities

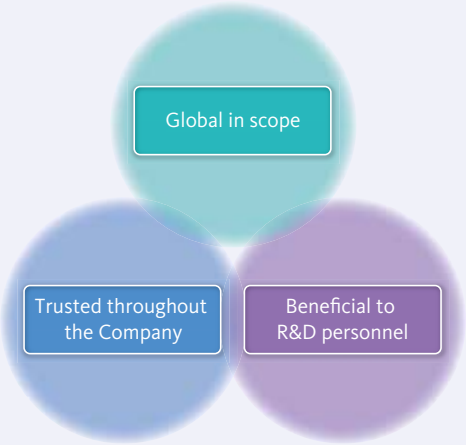
Basic Principles of Intellectual Property Activities

The goal of Sysmex's intellectual property activities is to secure flexibility in R&D and business development and contribute to the management of the Group's business.

Basic Policy on Intellectual Property

Sysmex ensures global competitive advantage and sustains stable growth by maintaining an environment that supports employee intellectual creation activities, by actively securing and utilizing rights to valuable intellectual property created in the activities of all Group companies, and by respecting the intellectual property of third parties.

Intellectual Property Activity Objectives



of the contribution using an original calculation formula based on examination of factors including sales of products to which the invention has been applied and royalty income in accordance with Sysmex's employee commendation regulations.

Sysmex holds approximately 1,135 patents worldwide, concentrated in Japan, the United States and Europe. We are striving to ensure worldwide flexibility in R&D and operational development by also acquiring patent rights in the rapidly developing China and Asia Pacific regions.

In recent years, counterfeit Sysmex reagents have been discovered in China, Indonesia, Malaysia, Pakistan and other countries. As we cannot guarantee the diagnostic reliability of these knock-offs, we have cautioned consumers by placing advertisements in local newspapers. We have also mounted extensive efforts to elicit the cooperation of these countries' governments in addressing the problem.

As a research-driven company, Sysmex is reinforcing its intellectual property management and supporting the knowledge-building efforts of its employees. We believe that persevering in these areas will help us sustain our global competitiveness.

Sysmex Receives Fiscal 2011 Intellectual Property Achievement Award from Ministry of Economy, Trade and Industry Patent Office

Sysmex received a Fiscal 2011 Intellectual Property Achievement Award from the Japan Patent Office of the Ministry of Economy, Trade and Industry. The award received was the Minister of Economy, Trade and Industry Award (Enterprises Excelling in Patent Utilization), the highest award in Japan involving intellectual property. Contributing to this award was our management of intellectual property activities spanning three areas: operations, R&D and intellectual property.

The award also attests to the success of Sysmex's efforts to enhance internal awareness of intellectual property and encourage initiatives that benefit researchers, as well as being trusted and global in scope.

Receiving the award

Sysmex Receives 2011 "Invention Award" in 2011 National Commendation for Invention

Sysmex received the "Invention Award" in the 2011 National Commendation for Invention, sponsored by the Japan Institute of Invention and Innovation for second straight year. This commendation, first issued in 1919, is supported by such organizations as the Ministry of Education, Culture, Sports, Science and Technology; the Ministry of Economy Trade and Industry, the Japan Patent Office; and Nippon Keidanren (Japan Business Federation). The award system is designed to contribute to the advancement of Japanese science and technology and the promotion of industry.

The technology for which Sysmex received the award, white blood cell classification and counting method and associated reagents, is a method that Sysmex developed to classify and count white blood cells using a solution and a dye compound that enhances the fluorescent intensity of the cells. Simply mixing the reagent with a blood sample facilitates the classification and counting of five types of normal white blood cell, at the same time classifying and counting to a high degree of precision abnormal cells, such as immature white cells. This invention also enables the automatic counting of immature granulocytes, which previously had been problematic. The resulting immature granulocyte counts can be used in diagnosing bone marrow convalescence, serious infection, transplants of cancerous bone marrow and myelogenous leukemia.

The technology is incorporated into our mainstay fully automated hematology analyzers

R&D Facilities

Sysmex creates high-value-added diagnostic technologies and develops instruments and reagents mainly at the core Technopark facility. By enhancing links with research and development centers in Japan and overseas, Sysmex works to develop innovative technologies that will create new markets.

Technopark

Based on the concept of the "Creation of 'Knowledge' and Its Inheritance," Technopark was established as the center of R&D activities for the Sysmex Group in 2008, the 40th year of establishment. In addition to having more than half of its area dedicated to green space, laboratory and office space is located on the same floor, providing an optimal R&D environment.

BMA Laboratory

The BMA Laboratory is located within the Business Support Center for Biomedical Research Activities (BMA), a core facility in the Kobe Medical Industry Development Project. The Laboratory is researching methods to predict anti-cancer efficacy and developing protein chips that can simultaneously measure protein activity and expression.

R&D Center Europe

The R&D Center Europe was opened in 2006 in Germany as the Company's first overseas research facility. Sysmex is taking advantage of this European location to cooperate with research and medical treatment institutions in the development of new testing technologies targeting diseases and other problems that are uncommon in Japan.

Sysmex Asano Laboratory

The Sysmex Asano Laboratory is a research base founded within the Kobe Translational Research Informatics Center (TRI) to pursue joint research with the cell therapy research group of the Foundation for Biomedical Research and Innovation (FBRI). Under the direction of Dr. Shigetaka Asano, Professor Emeritus, University of Tokyo, Sysmex aims to develop new diagnostic technologies through joint research at the laboratory on the efficacy of cell therapy and improved safety profiles.

Sysmex New Zealand

Sysmex New Zealand is a Sysmex Group company that specializes in information technology. Mainly in Asian markets, the company develops laboratory information systems in local languages and tailored to other regional requirements.

Sysmex CNA

Sysmex CNA is the specialist IT company within the Sysmex Group. Sysmex CNA specializes in medical information systems over a broad range of fields and has built up a strong reputation domestically in the clinical laboratory test field.

Diagnostic Reagent Development Center in China

In December 2009, Sysmex opened the Diagnostic Reagent Center in China. Located within Sysmex Wuxi Co., Ltd., this center prepares for our entry in the immunochemistry field in China, which is enjoying one of the highest rates of economic growth in Asia.

In China, demand for the early detection and treatment of hepatitis is strong, as the country has a high incidence of this disease. We will employ this new development center to expedite the development of reagents that meet the specific demands of this growing market. Our first initiative will be the development of immunochemistry reagents, such as hepatitis markers and cancer markers.

Purchasing, Production and Logistics

Rigorous quality control and global supply chain management systems allow Sysmex to swiftly provide a stable supply of products of consistently high quality to customers in more than 170 countries.

A consistent supply of top-quality diagnostic and medical-treatment test products is essential to medical care support. Sysmex employs a proprietary, fully automated system that covers all procurement operations, giving the Company a real-time grasp of raw material and component order, delivery, and receipt and inspection status. This system allows Sysmex to standardize at the R&D stage the selection of suppliers that can ensure stable delivery of appropriate raw materials and components, thereby achieving swifter R&D and better cost-competitiveness. We also aim to quickly launch new products into mass production, transforming the engineering chain, including raw materials purchasing and through concurrent engineering.

Instruments Offering High "Made in Japan" Quality

For the manufacture of instruments, we have introduced leading-edge production and quality control technologies to provide products that are of high quality and offer high added value. For this reason, we manufacture all our instruments at the Kakogawa Factory. We produce internally those parts that use proprietary technologies or for which stable sourcing is problematic. This reduces the risk of technology outflows and lessens procurement risk, while allowing us to maintain stable quality. For other parts, however, we maintain cooperative relationships with parts makers who can meet our stringent quality requirements, thereby ensuring a stable supply. "Made in Japan" and the Sysmex brand have become bywords for quality, and our products are recognized worldwide for their reliability.

Furthermore, as around 80% of the Kakogawa Factory's products are shipped overseas, we have structures in place to ensure that we meet the regulations of each destination country.

Monozukuri Goes Digital, Reducing Work Time

The Kakogawa Factory uses Smart Pro, a production support system that Sysmex developed in-house, to support factory associates, manage processes and assist quality management. We began using 3D CAD design data created at the development stage to make work processes more visual, helping to shorten the time employees require to commit these processes to memory and contributing greatly to their ability to absorb multiple skills. Monitors located alongside workbenches depict assembly and other processes in 3D, with an audio explanation accompanying each process. This arrangement makes work processes easier for new associates to understand, and helps to maintain quality and boost productivity.

We also use our information technologies to configure networks linking manufacturing facilities to the products themselves. This configuration automates the final product adjustment and testing processes, which cuts down significantly on time to shipment.

Global Reagent Manufacturing to Ensure Stable Product Supplies

In its reagent production, Sysmex employs thorough quality management and makes every effort to provide reagents consistently and stably. Our core production facilities in Japan are the Ono Factory and the Seishin Factory of Sysmex International Reagents, an affiliated company. Sysmex has substantially cut production lead times, cost of sales and inventories at these two plants to increase global cost competitiveness. The Company pursues production that capitalizes on the characteristics of each plant. The Ono Factory is used for the mass production of reagents using automated facilities, whereas the Seishin Factory is used for the production of bulk biological reagents requiring advanced, specialized knowledge. Sysmex is also expanding its overseas production bases to meet growing overseas demand and improve its ability to compete. The Company currently has nine production facilities in seven countries. By introducing at overseas facilities the expertise in manufacturing technologies that we have cultivated and the quality assurance systems that are in place at our Ono and Seishin factories, we are working to achieve a high-quality, efficient production system on a global basis.

Improving our Global Supply Chain Management Systems by Reorganizing Logistics Locations and Reconfiguring Supply flow

For instrument and reagent manufacturing, Sysmex promotes upstream purchasing and is strengthening the Company's unified development and production structure to enable early-stage mass production. Sysmex Trade Mission (STM), an electronic purchasing system that automates complex ordering activities, helps reduce procurement costs and strengthen groupwide production management.

For the logistics function that is responsible for delivering final products to customers, Sysmex is improving its global supply chain management (SCM) system by reorganizing domestic logistics locations and reconfiguring supply flow overseas. In the United States, the Company reorganized its reagent supply system, creating a logistics system that encourages direct communications with customers. In Europe, the Company established a European parts center and reworked its system for supplying the parts needed for maintenance services. In the future, the Company will reinforce its IT-based logistics management system to allow the groupwide sharing of inventory and order information.

Proprietary Production Technologies Turn Employees into Artisans in Short Order

Ruby pellets having hairsbreadth openings (25–300 microns) are used in the detection portions of hematology analyzers. Processing on a micron level requires extremely sophisticated technology, but we have developed production techniques and specialized tools to enable employees to handle this task after only a limited training period.

Purchasing Production and Logistics Facilities

Instrument Production

Kakogawa Factory (Japan)

The Kakogawa Factory is a production base for diagnostic instruments that uses quality control systems to produce highly reliable instruments based on international and industrywide quality control standards, and the laws and regulations of destination countries. The plant provides the capacity to supply some 300 products to markets around the world and employs flexible production systems.

Reagent Production Facilities in Japan

Ono Factory
(Sysmex International Reagents)

The Ono Factory is dedicated to the high-volume production of about 400 reagents, centered on products for the hematology segment. The production lines are divided into some types according to capacity, and the factory seeks to simultaneously increase quality, reduce costs, and mass produce by optimizing automated and manual operations.

Seishin Factory
(Sysmex International Reagents)

The Seishin Factory is mainly responsible for the production of bulk biological reagents and draws on wide-ranging production technologies to produce a line of more than 1,000 products ranging from clinical chemistry to immunochemistry reagents, hemostasis reagents, and reagents for use as quality control materials. The factory has also constructed a flexible production system to meet requirements for highly diverse, low-volume manufacturing.

Overseas Reagent Production Facilities

In order to ensure a timely and stable supply of reagents throughout the global market, Sysmex operates reagent factories in Germany, the United States, Brazil, China, Singapore and India.

Americas

Sysmex operates two reagent factories in the Americas, which represent the world's largest market. Establishing a factory in Chicago in 1993, the Company doubled its capacity in 2007 to meet growing demand and enhance cost competitiveness. Another reagent plant went on line in Brazil in 2000 in anticipation of future growth in the region.

Asia Pacific

In the Asia Pacific region, which is slated for future growth, we opened the Singapore Factory in 1998. In 2007, we also set up a reagent factory in India to meet fast-growing demand in that market. This combination allows us to provide a stable supply of high-quality reagents broadly throughout the Asia Pacific region.

Europe

In Europe, the location of Sysmex's first venture overseas, we established a regent factory in Neumünster, Germany, in 1993. To meet rising European demand for regents, we doubled the plant's capacity in 2007.

China

We operate two reagent factories in China, which is enjoying rapid economic growth. The first of these was established in Jinan in 1995, followed by a plant in Wuxi in 2003. The Wuxi Factory was the first operated by a non-Chinese company to receive local pharmaceutical manufacturing approval. In addition to hemostasis and clinical chemistry, this will allow the plant to produce the sophisticated substances needed for biotechnology applications.
The Wuxi Factory is currently expanding. An extension that is slated to commence operations in May 2012 will increase line capacity to approximately five times their current level.

Sales and After-Sales Support

Sysmex provides more than just products; we deliver consistently accurate test results. We offer high added value as a provider of IVD solutions.

When testing is interrupted, whatever the reason, physicians become unable to diagnose their patients. This is why simply providing high-quality products is insufficient. Rather, we consider the delivery of consistently accurate test results to be our foremost goal. We address this responsibility by providing after-sale services and scientific support, which inspire the trust and confidence of customers throughout the world. Confirming this satisfaction, survey results demonstrate that Sysmex has earned a solid reputation with its customers for meeting their expectations for instrument performance, as well as for overall service performance.

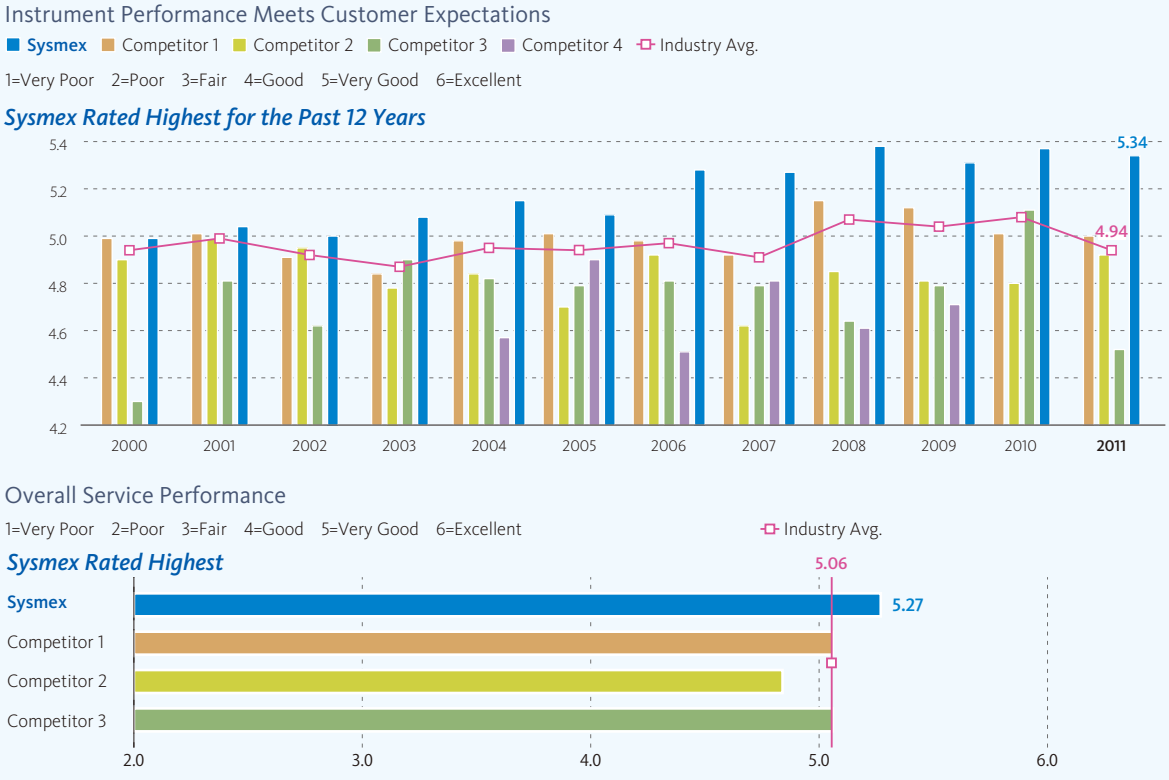
In line with ongoing medical advances, healthcare is growing more sophisticated, and treatment regiments are changing and becoming more diverse. Customers in developed countries are demanding ever more advanced and highly specialized testing, more efficient testing and even higher healthcare service levels.

Rather than just suggesting that customers buy its products, Sysmex meets these needs with value-added proposals that span the entire medical practice. For instance, instead of simply aiming to reduce the time from the start of testing to the delivery of results, we strive to shorten the lead time between a patient's arrival at the reception desk and the delivery of

Customer Assessment in the United States (by IMV ServiceTrak™)

• Survey of Customer Satisfaction

A survey of customer satisfaction published in 2011 has shown that Sysmex is ranked No. 1 in the United States for instrument performance meeting expectations.



Founded in 1977, IMV continues to be a leading supplier of comprehensive clinical diagnostic and medical imaging market research reports and site-specific databases for the healthcare industry.

test results. To this end, to ensure that the lab technician can conduct testing efficiently we do not merely engage in the sales of diagnostic instruments and reagents, but provide total solutions that employ information technology to network the entire laboratory. This improves healthcare services in a number of ways, such as reducing patient waiting time and providing information on test results to the doctor. At present, we take this overarching approach mainly in our proposals to customers in developed countries. In contrast, in emerging markets where healthcare demand is rising in line with economic growth, we concentrate primarily on delivering accurate test results by providing high-quality products without defects, and prompt after-sale services. By being flexible in making proposals that are tailored to the needs of individual countries, we are building confidence and instilling confidence among our customers.

Delivering Specialized, High-Value-Added Solutions Cultivated in Japan throughout the World

Sysmex maintains seven branches and 12 sales offices in Japan, constituting a top-class sales and support network in the domain of *in-vitro* diagnostics. We are in the process of extending to the rest of the world the value-added proposal-making skills and highly specialized support services we have cultivated in Japan, as we strive to build sales and support service networks that are carefully matched to the needs of individual markets.

In Japan, the Customer Support Center responds to inquiries around the clock, 365 days a year.* Knowledgeable specialists answer questions not only about instruments and reagents, but also about scientific matters. Sysmex has established a rapid support system by stepping up cooperation between the Customer Support Center and Sysmex offices and sales offices across Japan.

Sysmex operates call centers in Japan, the United States, China, Germany and Singapore, and dispatches service engineers to customer premises as necessary. In the United States, where customer support functions must cover extensive areas, close collaboration between call centers and service engineers allows Sysmex to respond rapidly to customer requests. In addition, the Company is rolling out on a global

Regional Approaches

We expect our growth to be particularly pronounced in two markets: the United States and China. In the United States, we are nearing the position of market leader, and in China demand continues to expand at a rapid pace. Here we introduce Sysmex's strategies.

Americas

In the United States, the world's single largest market, the Obama administration is working to reduce the number of uninsured people by 45 million, and people throughout the country are espousing the need to contain costs by introducing sweeping healthcare reforms. In 2003, Sysmex changed its operating method in the country from a system of selling products indirectly via distributors to one of providing direct customer sales and support. As a consequence, we have been able to increase our market share by delivering proposals that competitors cannot emulate and through highly competitive product offerings. We have earned strong ratings in the United States from large commercial laboratories, and integrated healthcare networks (IHNs), and we are steadily increasing our share of the market.

China

In tandem with its robust economic growth, efforts to enhance China's healthcare infrastructure are underway, prompting double-digit annual growth in the diagnostics market. Sysmex built a reagent factory in the country early on, in 1995, and has built up its operations steadily since that time. We have created an extensive sales and support network spanning the entire country, at 15 locations and employing some 120 primary distributors. China's markets vary significantly by region, with different languages and cultures—even government insurance reimbursement systems differ. Thanks to its solutions-based business catering to the specific needs of individual regions, Sysmex's operations in China are solidly outpacing the market rate of growth.

scale the Sysmex Network Communication Systems (SNCS), a support service that connects the Customer Support Center and customers' products via the web for the online provision of remote instrument maintenance and quality control. The SNCS is used by many customers and has earned a strong reputation. The Company has launched the SNCS in Japan, the United States, Europe and other advanced countries, as well as in Asian and other emerging markets and is steadily expanding the installed base.

* Service for customers who have maintenance contracts

Sponsoring Scientific Seminars for Advancement of Healthcare

To promote higher levels of healthcare service, Sysmex provides an ISO support service for healthcare institutions that are creating ISO management systems. Leveraging the expertise we have gained through ISO 9001 and ISO 14001 certification, as well as our experience as a manufacturer of medical instruments, we consult with organizations on earning certification under ISO 9001 and ISO 15189, as well as other standards. Our services have been instrumental in helping a number of customers gain ISO certification.

Sysmex sponsors hematology seminars around the world to provide physicians and laboratory technologists with information on the latest trends in hematology. The Company began conducting annual seminars in Japan in 1978 and expanded this program to China in 1998. Sysmex now conducts seminars and other activities periodically in Thailand, Indonesia, India and other Asian countries and holds symposiums in Europe and Americas.

Sysmex Network Communication Systems

SNCS puts the Customer Support Center on line, enabling Sysmex to manage the precision of customer equipment in real time, automatically monitor equipment and provide information over the Web.

Online Quality Control

Precision management data is transmitted automatically over the Internet on a daily basis. The system conducts sample surveys to determine precision. Customers can browse up-to-the-moment survey results from anywhere in Japan. Using the system's list viewing function, customers can see at a glance the status of equipment at multiple facilities across Group medical institutions.

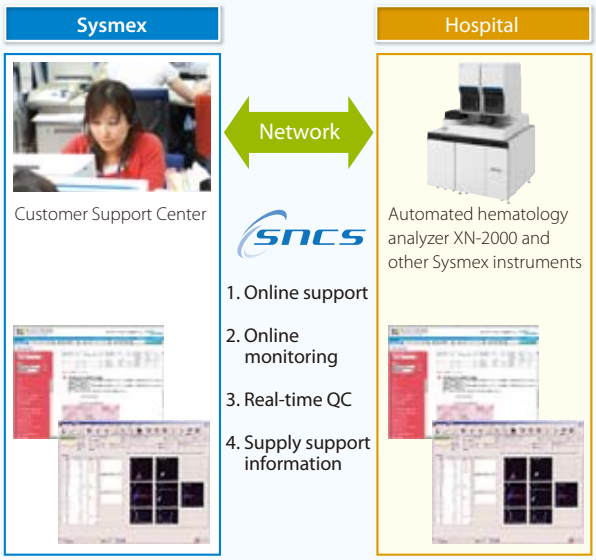
Online Support

Analyzers retain a host of data, such as error logs, number of operations and set values. This information is transmitted automatically to our server, allowing us to understand the status of customer equipment and, if conditions warrant, offer advice to minimize potential damage. Remote diagnosis and image-sharing systems help to accurately pinpoint failure locations so that we can quickly provide necessary parts, to shorten down time.

Web Information Service

We communicate with customers via a specialized e-mail application. Our web information service also offers case studies of illnesses, literature lists and technical information.

Sysmex Network Communication Systems



Corporate Governance

Sysmex considers reinforcing corporate governance one of its most important management topics. We aim to maximize the overall corporate value of the Group through management robustness, better transparency and improved management speed and efficiency.

An Interview with the President

Sysmex has introduced an executive officer system, which is designed to increase decision-making speed on the execution of operations, reinforce the management function and respond swiftly to changes in the operating environment.

Sysmex considers reinforcing corporate governance one of its most important management objectives. We aim to maximize the overall corporate value of the Group through management robustness, better transparency and improved management speed and efficiency. As a group, we are committed to providing customers with high-value-added products and services through operations that comply with laws, regulations and social mores. Furthermore, we aim to return profits to our shareholders and the communities in which we operate and distribute wealth to our employees. This constitutes our definition of corporate social responsibility.

Q Please outline your current management organization.

A Sysmex has adopted the corporate auditor system. The current management organization consists of eight directors (seven of whom are executive officers), four corporate auditors (including two external auditors) and 14 executive officers. The Company has adopted the executive officer system and established the Nominating Committee and the Compensation Committee to increase the speed of decision-making in the conduct of business and respond quickly to changes in the business environment.

Q What specific initiatives did you undertake in the fiscal year ended March 31, 2011, with regard to making decisions about business execution?

A The Board of Directors consists of eight directors. The Board meets regularly once a month to deliberate on important management issues and convenes extraordinary meetings as necessary.

The Global Strategic Committee consists of the president and executive officers. As a rule, this committee meets once a month to deliberate on the Group's management direction and important strategic issues.

The Steering Committee consists of the president and executive officers. The committee meets once a quarter, in principle, serving as a consultative body to the president to deliberate on

important matters concerning the Group's business.

The Group Management Reporting Committee consists of the president and executive officers, directors of overseas regional headquarters and division managers. The committee meets once a quarter, in principle, reporting important matters concerning the Group's operations.

The Operating Committee consists of managers of divisions. The Committee meets once a month to find solutions to cross-functional problems.

In the fiscal year ended March 31, 2011, the Board of Directors met 17 times, the Global Strategic Committee 11 times, the Steering Committee 18 times, the Group Management Reporting Committee four times and the Operating Committee 12 times to address matters relating to management strategy and important issues facing the Group.

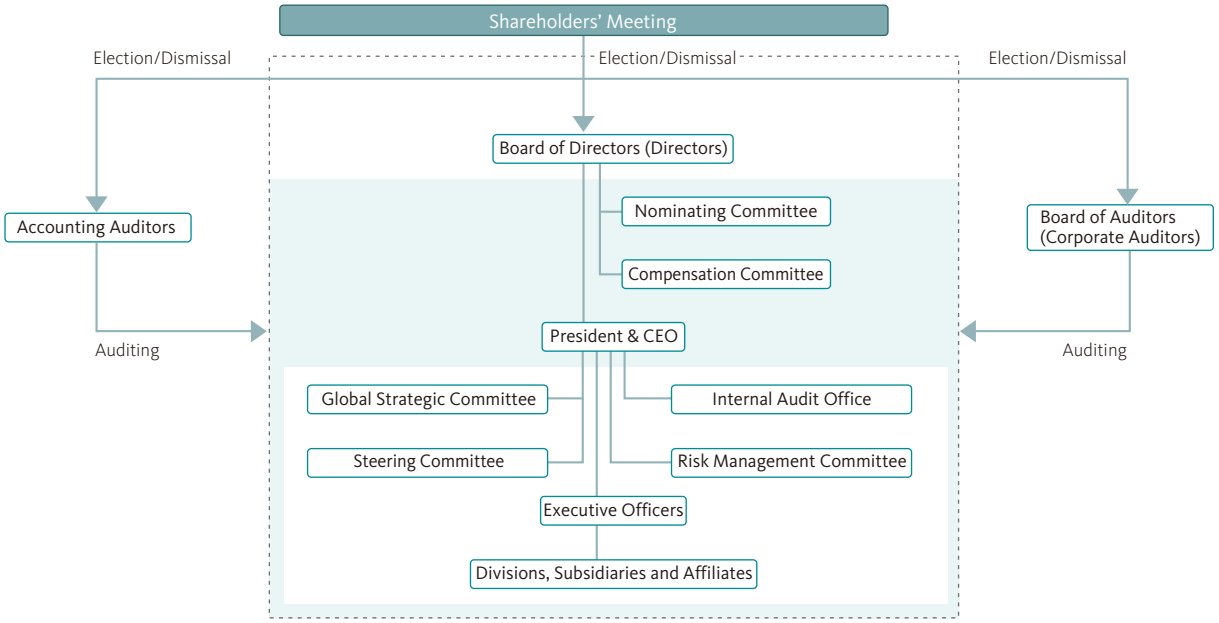
Q Please tell us about your structure for auditing business execution.

A The Board of Auditors consists of four corporate auditors, two of whom are external auditors. The corporate auditors attend the Board of Directors and Steering Committee meetings and maintain systems for appropriately supervising the conduct of business on the part of the directors. The corporate auditors also maintain close communications with the Internal Audit Office, exchanging information and opinions as necessary, and confirm and evaluate the appropriateness of business execution. The Board of Auditors will continue to enhance management soundness by engaging in appropriate supervision of the execution of business as stipulated by law. The Board of Auditors works closely with the accounting auditors on the audit plan report (annual) and the audit results reports (annual), exchanging information and opinions as necessary, such as when conducting internal control audits related to financial reporting.

The Company has contracted with Deloitte Touche Tohmatsu to perform a certified public accountants audit. In addition to conducting an audit of the entire Sysmex Group, the Company maintains an environment that makes it possible to rapidly cope with changes in the accounting system. The Company has contracts in place with several law offices and maintains a structure to solicit and obtain advice on important matters as necessary.

Q Please explain the activities performed by external auditors.

A External auditors attend meetings of the Board of Directors and the Board of Auditors, as well as meetings of the Steering Committee, as appropriate. They also receive reports from standing auditors and deliberate these reports, participate in audits of the execution of business by directors, receive audit plans and audit reports from the accounting auditor and deliberate these reports with the accounting auditor. External auditors also receive necessary information by accessing various databases. No specific staff members are assigned to assist these auditors, but the Internal Audit Office, an auditing office, provides support.



Directors

Front row, from left: Kenichi Yukimoto, Hisashi Ietsugu, Masayoshi Hayashi
Back row, from left: Kazuya Obe, Yukio Nakajima, Shigenori Ohigashi, Koji Tamura, Mitsuru Watanabe

Hisashi Ietsugu
President and CEO

Kenichi Yukimoto
Member of the Managing Board and Executive Officer
Senior Managing Director
CSR

Masayoshi Hayashi
Member of the Managing Board and Executive Officer
Senior Managing Director
Business Management (Japan), Sales & Marketing, Scientific Affairs, Customer Support

Shigenori Ohigashi
Member of the Managing Board and Executive Officer
Managing Director
Quality & Environmental Management, SCM, Manufacturing Management, Instrument Production

Yukio Nakajima
Member of the Managing Board and Executive Officer
Managing Director
Corporate Business Planning, Corporate Business Administration, Human Resources & General Affairs, Corporate Executive Office

Koji Tamura
Member of the Managing Board and Executive Officer
Managing Director
IVD Business Development, Life Science Business Operations, New Business Development,

Kazuya Obe
Member of the Managing Board and Executive Officer
International Business Management

Mitsuru Watanabe
Member of the Managing Board and Executive Officer
R&D Strategic Planning, Central Research Laboratories, Technology Development, Product Development

Internal Control Systems

Systems for Ensuring That the Execution of Duties by Directors and Employees Is Compliant with the Law and the Articles of Incorporation

Sysmex defines compliance as "the conduct of open and aboveboard business activities on the basis of observance of laws and regulations and high ethical standards" and will maintain a system to ensure compliance as described below.

The Company is promoting and enhancing Group compliance, as it believes compliance countermeasures are the first and most important way to maintain society's trust and counter risk. The Company shall implement and strengthen compliance in the corporate group under the control of a compliance officer and compliance committee. The Company shall rigorously ensure compliance through education and training for directors and employees, promote the rapid detection and correction of violations of the law or the Articles of Incorporation by means of an internal compliance related reporting system, and conduct audits of the compliance structure by means of the Internal Audit Office.

Systems for the Retention and Management of Information Relating to the Execution of Duties by Directors

The Company shall appropriately retain and manage information relating to the execution of duties by directors in accordance with document management regulations and maintain the information in a state available for inspection as necessary.

Regulations Concerning the Management of Risk and Other Systems

To maintain a structure concerning risk management, the entire Group shall comply with risk management regulations established by the Risk Management Committee for the integrated management of risk throughout the Company. The Company shall endeavor to discover foreseeable risks, select the most important of these risks, clarify the sections responsible for coping with risks, establish countermeasures and engage in measures to mitigate risks.

Systems to Ensure That Directors Execute Their Duties Efficiently

The Company has positioned the Board of Directors as the institution to make important management decisions and supervise the execution of the Company's business affairs. The Company has introduced the executive officer system to be capable of making swifter operating decisions and respond quickly to changes in the business environment.

With respect to the management of business, the Company shall ensure the efficient execution of business in accordance with the organization regulations, scope of authority regulations, and approval procedure. The Company shall establish mid-term plans and annual management plans, periodically confirm the progress made with those plans, and take any necessary measures.

Systems to Ensure the Appropriateness of Business Activities in the Corporate Group

The Company shall ensure compliance in accordance with the compliance code applied to all the directors and employees of companies in the Group. In conformance with regulations established with respect to risk management, the Company shall maintain groupwide risk management systems based on those regulations. The Internal Audit Office shall conduct groupwide internal audits.

With regard to the management of affiliated companies, the Company shall respect the autonomy of the management of affiliated companies and ensure the appropriateness of business activities throughout the corporate group by such means as periodic reporting on the details of the business of affiliated companies and advance discussion concerning important matters.

Corporate Auditors

From left: Hiromu Fujioka, Haruyoshi Kobayashi, Toshiyuki Miyauchi, Isamu Inamasu

Haruyoshi Kobayashi
Standing Corporate Auditor

Toshiyuki Miyauchi
Standing Corporate Auditor

Hiromu Fujioka
Corporate Auditor

Isamu Inamasu
Corporate Auditor

Assignment and Independence of Employees to Assist Corporate Auditors

Although the Company does not assign full-time staff to assist corporate auditors in the performance of their duties, employees of the Internal Audit Office cooperate with the corporate auditors to conduct efficient audits at important places of business.

At the request of the corporate auditors, the Company shall provide full-time staff to assist the Board of Auditors. In such case, the directors shall discuss with the corporate auditors in advance matters such as the transfer of such support staff.

Systems for Reporting to the Corporate Auditors and Systems for Ensuring Effective and Efficient Auditing by the Corporate Auditors

If a director discovers a violation of the law or the Articles of Incorporation or a material fact that poses risk of causing significant damage to the Company, the director is responsible for promptly reporting that fact to the Board of Auditors.

The corporate auditors shall attend Board of Directors and other important meetings, read important documents such as approval requests, and request explanations from directors and employees as necessary.

Basic Policy on and Status of Systems for Excluding Antisocial Forces

Sysmex has in place a Compliance Code that applies to all executives and associates throughout the Sysmex Group. We maintain absolutely no relationships with antisocial forces, and we take a firm stand to thoroughly counter any such forces.

Our education and training programs for executives and associates provide a thorough grounding on the exclusion of antisocial forces. We have an internal reporting system in place to respond quickly and appropriately to any overtures. Furthermore, we maintain close relations with specialized external institutions to gather information about the activities of antisocial forces.

Executive Officers

From left: Kenji Tachibana, Kaoru Asano, Takashi Goda, Michiaki Ishida, Yukio Hamaguchi, Junzo Yamamoto, Iwane Matsui

Michiaki Ishida
Executive Officer
SCM, Manufacturing Management, Instrument Production

Takashi Goda
Executive Officer
Business Management (Japan), Sales & Marketing

Yukio Hamaguchi
Executive Officer
Executive Vice President of Technology Development

Kaoru Asano
Executive Officer
Executive Vice President of R&D Strategic Planning

Junzo Yamamoto
Executive Officer
Executive Vice President of Instrument Production

Kenji Tachibana
Executive Officer
Executive Vice President of IVD Business Development

Iwane Matsui
Executive Officer
Executive Vice President of Corporate Business Planning

Compliance

Sysmex has established a compliance code to be observed by all executives and employees of the Sysmex Group in Japan and overseas. The Company's view of compliance is defined as "the conduct of open and aboveboard business activities on the basis of observance of laws and regulations and high ethical standards." Various training activities are underway, including groupwide programs on the introduction of the compliance code, to ensure that all employees have a thorough understanding of the code. The Company has also appointed Compliance Training Managers in each Group company.

In 2007, Sysmex looked to combine its compliance and risk-management systems and began managing compliance activities on a groupwide basis under the direction of a newly established Risk Management Officer. The Group Compliance Sub-committee meets periodically to confirm the implementation status of the Compliance Promotion Plan and deliberate the overall direction of the Group's compliance activities. To promote and supervise compliance activities, Sysmex has established "Campanula Lines*" as points of contact for all Group employees in Japan for advice or questions on any compliance issues. The Campanula Lines are designed to eliminate any concerns held by the staff member seeking advice, for example by providing contacts with male or female managers or external legal consultants.

For product exports, Sysmex has established a Security Export Control Committee to ensure the Company's technologies and products are not used illegally overseas. The Committee conducts ongoing and in-depth investigations to confirm export destinations or product usage. In 2008, the Kobe Customs Office approved Sysmex as a Designated Exporter under the Designated Export Declaration System.

This system is designed to speed up administrative procedures for products distribution in line with tighter security procedures and greater international distribution of products. Only exporters with an excellent compliance record are approved as Designated Exporters. Sysmex markets its products around the world and now aims to improve its service by using the Designated Export Declaration System to achieve greater administrative efficiency in export procedures.

The ultimate goal in the Company's pursuit of compliance is for every Sysmex employee to be aware of compliance as an ongoing factor and to be able to apply this understanding in their work. Sysmex will continue to ensure thorough compliance to remain a Company that stakeholders consider highly trustworthy.

* The campanula is also commonly known as the bellflower for the shape of its blossoms. Sysmex's Campanula Lines are so named to evoke an awareness that all employees have the ability to "ring a bell" on actions that are or could be considered non-compliant.

Risk Management

Sysmex has raised the bar on risk management by promoting these activities from a divisional level to a companywide risk management system. In 2007, the Company established a Risk Management Committee to steadily address risk responses, prioritized according to importance.

In terms of quality, Sysmex is working to improve internal quality assurance levels and to further improve its quality management system (QMS). Moving toward the establishment of a groupwide QMS, Sysmex is pursuing ISO certification centered on the Quality Assurance Department. The Company has introduced quality training to promote an understanding of QMS, build individual employee awareness of these systems and ultimately raise quality control levels. Internal quality audits, which are conducted by a committee of internal product quality auditors selected by each department, provide periodic checks on the operational status of the QMS.

We disclose information in accordance with the timely disclosure regulations that stock exchanges have established for this purpose. Managerial divisions create documents on decisions that have been made,*1 issues that have arisen,*2 and earnings reports, as well as liaising with the communications divisions responsible for disseminating this information externally. Information on Company decisions and earnings reports is disseminated quickly after deliberation by the Steering Committee or following decisions by the Board of Directors or the president. Any issues that arise are reported to the president, following deliberation by the Steering Committee, before being promptly disclosed publicly.

Sysmex will reinforce its risk and quality management procedures to ensure the ongoing trust of a wide range of stakeholders.

*1 Decisions that have been made include decisions on mergers or stock swaps as stipulated in the Rules on Timely Disclosure of Corporate Information from the Tokyo Stock Exchange.

*2 Issues that have arisen include changes in major shareholders or lawsuit filings as stipulated in the Rules on Timely Disclosure of Corporate Information from the Tokyo Stock Exchange.

Sysmex Value

Founded in Kobe more than 40 years ago, Sysmex is now undergoing a transformation. The Company is moving its operations to a new stage, in order to fulfill its social responsibilities and contribute to a comfortable and healthy society, thereby enhancing its corporate value.

Socially Responsible Activities

We aim to instill confidence in stakeholders throughout the world. In accordance with beliefs firmly held since our founding, as a healthcare specialist we aim for a healthy and prosperous society.

We believe that our corporate responsibility involves delivering products that are consistent with the Sysmex brand and conducting business activities that contribute to a healthy and prosperous society. To this end, Sysmex fosters a corporate culture where each employee can feel a sense of fulfillment in their work and emphasizes excellent communications with all stakeholders as it conducts its corporate activities.

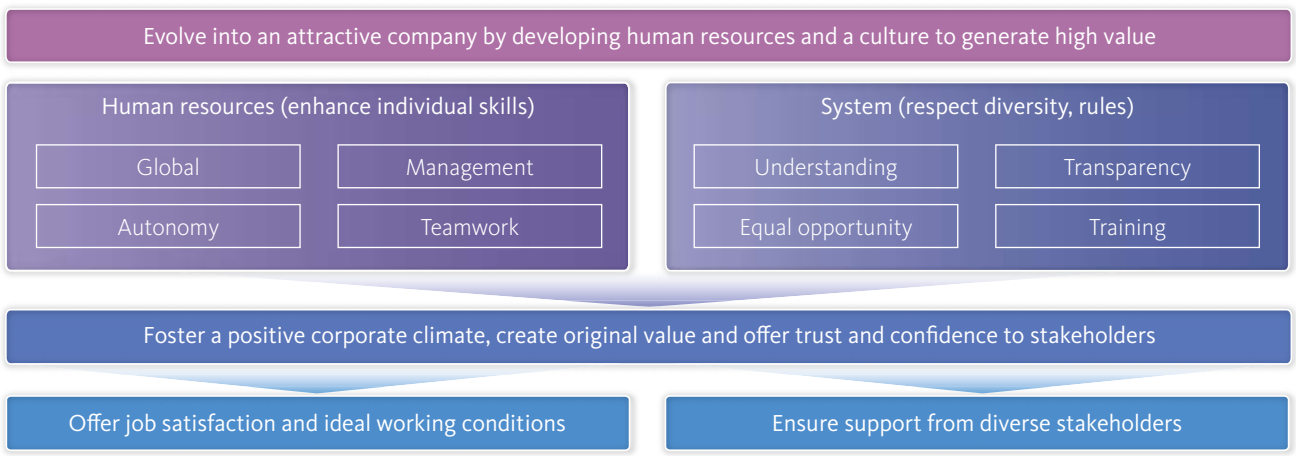
Developing Human Resources

Sysmex fosters a corporate culture where employees can feel a sense of fulfillment in their work, based on mutual agreement and common understanding.

Sysmex believes that recruiting, retaining and developing human resources is among the most fundamental of management tasks. The Company strives to create an environment that encourages individual employees to develop their strengths. Currently, around 50% of Sysmex employees are stationed at companies overseas. As it becomes more global, the Company is attracting an even broader range of people from different countries and cultures; in short, our human resources are rapidly growing more diverse. Sysmex supports individual diversity and accordingly works to build an atmosphere that encourages autonomy and a spirit of challenge, as well as a system that rewards employees for their successes. In line with these objectives, we put in place a new human resource system in April 2011.

As part of its efforts to develop a positive working environment, Sysmex introduced flex-time systems to enable employees to adjust their work hours for childcare and long-term nursing care responsibilities. In this way, the Company is working to improve its systems in support of a better work-life balance. In April 2009, we opened Sysmex Kids' Park, an internal childcare facility where parents can go about their work assured that their children are being nurtured in an appropriate care-giving environment. In 2006, the Company established a re-employment system for retirees aimed at individuals who have passed retirement age but still want to work and would like to continue to be engaged in fulfilling work at Sysmex. The objective is to provide a working environment that can utilize the expertise and experience of these employees. To raise employee skill levels, Sysmex also runs companywide staff development programs, endorsing merit and performance-based systems and with training aimed at specific employee tiers and global training.

Evolve as an Attractive Company



Social Contributions

Sysmex is involved in healthcare, with its headquarters in Kobe but conducting operations and making social contributions on a global scale.

Sysmex contributes to the advancement of medical care and supports activities related to science, culture and the environment in a manner befitting a global healthcare company.

Since 1984, Sysmex has provided assistance for research into electronic measuring technology through the Nakatani Foundation of Electronic Measuring Technology Advancement. The foundation's goal is to contribute to the development of Japan's economy and society and to improve the quality of life (QOL) of the Japanese people. The late Taro Nakatani, the Company's founder and first president, established the Nakatani Foundation using funds contributed by himself, Sysmex and others. So far, the foundation has provided support for 278 research projects.

Sysmex provides funds to the Kobe University School of Medicine for an endowed course in laboratory medicine. The purpose of the course is to contribute to the advancement of diagnosis and medical care by developing evaluation methods for new clinical testing in advanced medical fields. Sysmex also participates in the Kobe Medical Industry Development Project, which is promoted by the city of Kobe. These funds were used to open the Sysmex Asano Laboratory in January 2007. Under the direction of Professor Shigetaka Asano, a leading hematology expert, the laboratory aims to create new diagnostic technologies for effective cell therapy.

Sysmex looks to make global contributions to healthcare. In one such activity, we opened the Sysmex African Service Center in Cotonou, Benin, as a technical support base covering Western Africa. As well as acting as a local service center, the Sysmex African Service Center works to improve skill levels in developing countries through technology transfers to local technicians. The Company also supports improvements in

Helping to Improve the Health of People in Developing Countries

Sysmex has long provided testing instruments to healthcare institutions in developing countries through cooperation with a variety of organization. In Africa, where HIV is particularly prevalent, we provide instruments that help monitor the health of HIV patients at medical institutions in Senegal, Kenya, Zambia and other countries. In Asia, we have donated hematology analyzers that aid diagnosis and treatment to a clinic in Indonesia via an NPO that works to enhance the health of mothers and children. As the supply of electricity is unreliable in this area, our analyzers are equipped with solar power packs.

Sysmex Installs Hematology Analyzer at the "Ceiling of the World"

During the year, Sysmex succeeded in installing a hematology analyzer in the highest location so far: at a hospital in Tibet. Located in southwestern China, Tibet has an average altitude of more than 4,000 meters, earning it the sobriquet "Ceiling of the World."

In the past, technical challenges prevented the use of high-end hematology analyzers at very high elevations. This fiscal year, however, we succeeded in overcoming these hurdles, as the efforts of our development and service departments combined with our accumulated companywide expertise enabled us to contribute to healthcare in this region.

We believe that the most important factor in our success was the unwavering resolve of our local employees, who persevered in their belief that high-quality testing should be available to all people, regardless of where they live. In this case, the location is such that the personnel who provide maintenance services will have to carry oxygen tanks with them as they work.

Handing over the analyzer to the hospital director in Tibet

medical device maintenance and management skills by providing technical assistance to the Japan International Cooperation Agency (JICA), which runs programs to provide technical training for researchers from emerging markets. Sysmex officially registered as a member of the United Nations Global Compact on February 22, 2011, thereby demonstrating our increased emphasis on activities pertaining to corporate social responsibility (CSR). The Global Compact was first announced by then Secretary-General Kofi Anan in an address to The World Economic Forum in January 1999, and was officially launched at UN Headquarters in New York in July 2000. By joining the Global Compact, business and non-business entities commit to upholding 10 principles in the areas of human rights, labor, the environment and anticorruption. As of December 31, 2010, some 8,800 organizations had pledged to uphold the compact, including more than 125 in Japan.

In December 2005, the Company established the Sysmex Women's Track & Field Team, welcoming Athens Olympic Games gold medalist Mizuki Noguchi. The team supports the training of young athletes who aim to become world-class competitors.

Environmental Conservation

Our activities aim to fulfill social responsibilities, becoming an "environmentally advanced company" in the healthcare sector.

Sysmex considers its social responsibility toward environmental conservation a management priority. In our efforts to achieve harmony with the global environment, we work to reduce the environmental impact of each stage of our operations—from product design, development, procurement and production to sales, support and product usage. The Company reviewed its existing Environmental Policy in May 2009 with the aim of prioritizing initiatives to reduce its environmental impact in various phases of the product lifecycle: product design, production, sales, usage and end-of-life disposal.

Ramping up its environmental conservation activities even further, in 2010, Sysmex established long-term environmental objectives to be achieved by fiscal 2020, under the themes of global warming countermeasures, effective use of resources and waste reduction, and effective use of water resources. These targets call for the Group to conserve energy and resources and reduce waste by promoting eco-friendly service models (such as SNCS, its proprietary network-based support service), developing eco-friendly products and raising the efficiency of its business activities.

Sysmex also has acquired certification under the international ISO 14001 standard for environmental management systems at principal business sites. In addition, we are formulating a groupwide system to promote environmental activities, including an annual environmental audit.

In product development, we work to make products more compact, lightweight and energy-efficient, and to develop environmentally friendly reagents. We have put in place green procurement standards, which, through the cooperation of our suppliers we use to promote the sourcing of raw materials in ways that have a low environmental impact. Following the implementation of the RoHS directive (which restricts the use of certain hazardous substances in electrical and electronic instruments) by the European Union in 2006, Sysmex is successively ensuring that its parts and components covered by the directive come into compliance ahead of the application of the directive to medical devices scheduled for 2012. The Company is running training programs for personnel responsible for product development and procurement to ensure the rigorous implementation of procedures to meet the RoHS directive requirements. Sysmex has also established in-house standards on environmentally hazardous substances for product design and is using these standards in decisions on the inclusion of RoHS-compliant parts.

Sysmex is working to make products more energy efficient. In the past, the drive to increase the functionality and size of hematology analyzers resulted in greater energy consumption, but the Company now focuses on energy-saving designs in its product development to make its products the industry's most energy-efficient. Moreover, to reduce resource usage the Company is working to make its products more compact and

lightweight, and we have eliminated the use of foamed plastic and timber packaging materials, switching instead to materials that can be recycled.

October 2008 marked the grand opening of Technopark, our new R&D facility that is designed to fit in with the environment and the surrounding community. In addition to eco-friendly materials and an energy-saving design, the greenery, lakes and other natural spaces that make up more than half its surrounds add to its harmony with neighboring areas. Such environmental considerations have earned Technopark the highest level for the environmental performance of buildings under a Japanese standard named CASBEE, for the Comprehensive Assessment System for Built Environment Efficiency.

In a bid to reduce emissions and use resources effectively, we have launched zero-emissions initiatives at our factories. We also promote emissions separation and recovery and other recycling efforts. For its new product in the hematology field, the XN Series, Sysmex has switched the packaging on some of its reagents from conventional polyethylene to paper packaging, and introduced concentrated reagents. These moves substantially reduce the changing frequency, thereby reducing waste, making our products more environmentally considerate.

Investor Relations Activities

We strive to sustain growth and increase corporate value. Our investor relations activities aim to proactively disclose information to enhance management soundness and transparency, communicate our corporate directions to shareholders and promote a management style that is both steady and innovative.

Sysmex recognizes investor relations as an important facet of corporate management and is active in its investor relations efforts, in line with its investor relations policy. The investor relations department is located within the corporate business planning division, which reports directly to the president. The department is charged with disclosing appropriate information in a timely manner, communicating directly with shareholders and other investors, and promptly providing feedback to management regarding the Company's external assessment.

One focus of the Company's communications with shareholders and other investors is to explain a complex business in a straightforward manner. In addition to briefing analysts and institutional investors about operating results, the investor relations department provides technical briefings on areas such as the life sciences and hosts tours to research and

Long-Term Environmental Objectives (Excerpted)

Item*1	Long-Term Environmental Objectives (Year Ending March 31, 2021)	Main Measures
Global warming countermeasures	Reduce the power consumption of diagnostic instruments by 25% (in comparison with conventional models)	Implement eco-friendly designing (save power at the time of operation and standby, and achieve miniaturization)
	Reduce greenhouse gas emissions at business offices by 50% (per unit of consolidated sales*2)	Upgrade to high-efficiency equipment (air conditioners and lighting) at all offices
Effective use of resources and waste reduction	Reduce materials for containers and packaging for products and packing for transportation by 15% (per unit of Sysmex Corporation's parent-only sales)	Reduce the amount of usage of packing materials by introducing simplified packing, and introducing designing for miniaturization
		Improve the efficiency of transportation
Effective use of water resources	Reduce water usage at business offices by 30% (per unit of consolidated sales)	Reduce water consumption by installing high-efficiency equipment (water purifiers, air conditioners) and improving production processes
Others	Promote life cycle assessment*3	Establish life cycle assessment methods Implement and operate life cycle assessment

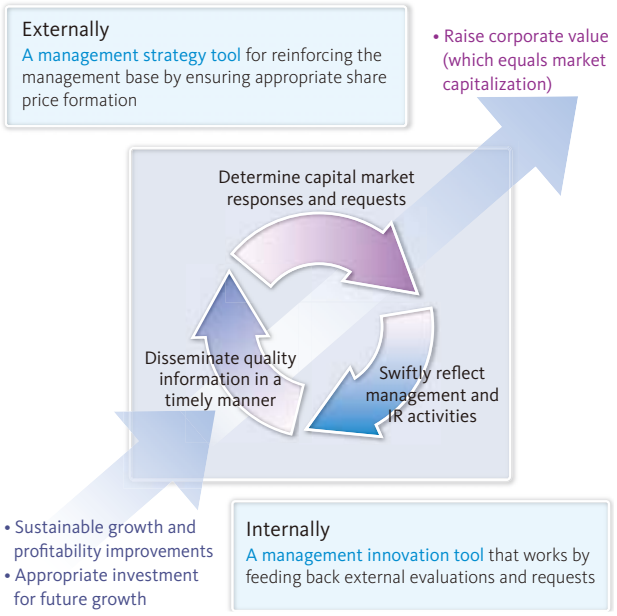
*1 Divisions in charge differ by item.
*2 Unit of sales: Value derived by dividing the total target reduction volume by net sales
*3 Life cycle assessment: Method of evaluating environmental impact by measuring resource consumption and waste during all product-related processes, including production, use and disposal

manufacturing facilities. Overseas, the department holds investor relations meetings, attends conferences held by securities firms and seeks opportunities to foster an understanding of the Company's strengths by providing individual explanations at industry exhibitions or tours of local factories. For individual investors and other shareholders, the department holds business results briefings in Tokyo and Kobe, prepares shareholder reports, as well as extensive video content on its website, all with the aim of introducing the Company's business in an easily understandable way.

The Company has earned the Japan Investor Relations Association's Award for Excellence in Corporate IR. Sysmex receives high rankings from companies that conduct surveys (such companies as Daiwa Investor Relations and Nikko IR), and the website was designated as an Excellent Corporate Website. Sysmex's annual report for the fiscal year ended March 31, 2010, also earned a Gold in the Health Care (Equipment & Supplies) segment of the 2009 Vision Awards (sponsored by LACP of the United States)—one of the world's largest annual report competitions. We also placed in the year's Nikkei Annual Report Awards, sponsored by Nikkei Inc.

To raise the level of the Company's investor relations activities further, in addition to proactive external information disclosure Sysmex will concentrate on responding to feedback to ensure the results of its investor relations activities are reflected in its capital policies and management.

Position of Sysmex IR Activities



Investor Relations Policy

1. IR Goals and Basic Policy

The basic policy of Sysmex in IR activities is to disclose corporate information on performance, financial position, forecasts of the future and management strategies in a fair, prompt, accurate and easy-to-understand manner, to ensure accountability to shareholders and other investors and gain proper understanding about management and business activities.

2. Basis of Information Disclosure

Sysmex discloses corporate information in accordance with applicable laws and regulations concerning securities trading and the Rules on Timely Disclosure of Corporate Information by the Issuer of Listed Securities and the Like ("Timely Disclosure Rules") established by the Stock Exchange. The Company also seeks to disclose corporate information not required by the Timely Disclosure Rules fairly and promptly, to help shareholders and other investors better understand the Company.

3. Methods of Information Disclosure

Sysmex releases corporate information required under the Timely Disclosure Rules via TD-net, operated by the Tokyo Stock Exchange. The Company posts information through TD-net on its website as promptly as possible. The Company also provides corporate information not subject to the Timely Disclosure Rules on its website.

4. IR Quiet Period

Sysmex observes a quiet period from the day after the closing date of each quarter until the release of earnings statements. During this period, the Company will refrain from replying to questions or commenting on earnings projections. However, in the event that results are expected to deviate significantly from the projections during the quiet period, the Company will release appropriate information.

Financial Section

Contents

11-Year Consolidated Financial Data

For the years ended March 31,	2001	2002	2003	2004
For the year:				
Net sales	¥ 38,817	¥ 47,532	¥ 57,253	¥ 65,970
Operating income	2,975	3,417	5,299	6,615
Net income	1,363	1,308	3,125	3,157
Net increase (decrease) in cash and cash equivalents	(2,562)	1,842	1,071	3,465
Cash and cash equivalents, end of year	7,338	9,181	10,253	13,718
Capital expenditure	2,098	2,455	2,317	2,451
Depreciation	2,541	2,810	3,107	3,203
R&D expenditure	3,527	4,130	4,969	5,549
At year-end:				
Total assets	55,219	66,502	66,449	71,983
Shareholders' equity	34,103	35,577	43,325	51,096
Interest-bearing liabilities	11,020	11,606	10,893	4,175
Per share data:				
Shareholders' equity (yen)	¥ 1,631.0	¥ 1,701.5	¥ 1,879.5	¥ 2,042.7
Net income (basic) (yen)	65.2	62.6	132.2	132.9
Net income (diluted) (yen)	60.8	58.4	121.8	123.1
Cash dividends applicable to the year (yen)	22.0	22.0	25.0	30.0
Dividend ratio (%) *Two-for-one stock split	33.7	35.2	18.9	22.6
Other data:				
Shareholders' equity ratio (%)	61.8	53.5	65.2	71.0
Return on equity (ROE) (%)	4.0	3.8	7.9	6.7
Return on assets (ROA) (%)	2.6	2.1	4.7	4.6
Price-earnings ratio (PER) (times)	42.6	35.6	15.9	20.3
Price-book value ratio (PBR) (times)	1.7	1.3	1.1	1.3
Number of employees Note: Including part-time employees	1,985	2,530	2,639	2,907

Notes:
1. U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥83 = U.S. $1, the approximate rate of exchange on March 31, 2011.
2. Per share data: Certain retroactive adjustments of previously reported per share information have been made to conform with the current method from the year ended March 31, 2003.
3. ROA = Net Income/Total Assets (Yearly Average)×100

						(Millions of yen)	(Thousands of U.S. dollars)
2005	2006	2007	2008	2009	2010	2011	2011
¥ 76,935	¥ 87,888	¥ 101,041	¥ 110,724	¥ 111,843	¥ 116,206	¥ 124,694	$ 1,502,337
9,104	10,724	12,715	15,033	15,134	15,740	18,289	220,349
5,731	7,423	9,008	9,132	8,014	9,765	11,412	137,494
(3,261)	(499)	3,299	(3,044)	(269)	4,403	5,103	61,482
10,458	9,416	12,715	9,679	9,410	13,813	18,916	227,904
2,729	5,638	4,546	8,244	9,340	4,540	5,840	70,361
3,296	3,592	3,959	3,924	7,189	7,067	6,871	82,783
6,509	8,184	9,026	9,221	10,771	11,238	12,380	149,157
77,660	87,447	101,225	109,027	118,522	120,702	130,060	1,566,988
56,149	62,647	71,344	78,753	79,183	86,358	93,534	1,126,916
657	695	669	1,081	10,344	2,565	1,971	23,747
						(Yen)	(U.S. dollars)
¥ 2,244.9	¥ 1,251.8*	¥ 1,411.0	¥ 1,541.0	¥ 1,548.2	¥ 1,684.9	¥ 910.7*	$ 10.97
225.1	145.5*	179.6	178.9	156.7	190.8	111.2*	1.34
224.0	143.8*	178.0	178.3	156.5	190.5	111.0*	1.34
40.0	36.0*	36.0	48.0	50.0	56.0	60.0	0.72
17.8	17.9	20.0	26.8	31.9	29.4	27.0	
72.3	71.6	70.5	72.2	66.8	71.5	71.9	
10.7	12.5	13.4	12.2	10.1	11.8	12.7	
7.7	9.0	9.5	8.7	7.0	8.2	9.1	
27.2	35.3	23.8	20.1	20.0	28.7	26.5	
2.7	4.1	3.0	2.3	2.0	3.3	3.2	
3,115	3,334	3,580	3,916	4,148	4,587	4,960	

Financial Policy

Sysmex regards increasing its market capitalization to maximize corporate value as an important management objective and pays careful attention to stable cash flow generation. We consider it important to share this goal with all stakeholders, including shareholders, customers, business partners, local communities and employees, while sustaining medium- to long-term growth. To that end, Sysmex has in place measures to communicate with stakeholders on the Company's current situation and the direction it should pursue. These measures include enhancing timely disclosure, the website, business reports, financial data, periodic briefings on business results, visits to institutional investors and briefings for individual investors.

Sustaining medium- to long-term growth requires a level of R&D expenditure sufficient to prevail in global competition. We must consistently create new technologies and products and stimulate the growth of our critical mass to absorb increases in selling, general and administrative (SG&A) expenses. In recent years, our sales growth in overseas markets has been striking and ongoing. Sysmex is aggressively making forward-looking investments not only in the hematology and other diagnostic segments, the current key business domain, but also in new forms of medical testing in the life science field.

Sysmex pays attention not only to business scale, but also to asset and capital efficiency and liability and capital soundness. The Company holds an A (single A flat) issuer rating from Rating & Investment Information, Inc. (R&I), and reviews and renews this rating each year. Having a high rating reduces the cost of raising funds in the capital markets and helps build trust among our shareholders and with the world at large. To enhance its rating in upcoming years, Sysmex will construct a flexible and more robust financial base, paying attention to expanding business scale while considering the balance between sales and income, and assets, liabilities and equity. Specifically, the Company regards net sales, operating income, operating margin, return on equity (ROE) and free cash flow (FCF) as important management indicators and aims to maintain a balance between scale and efficiency by ensuring the optimal combination of sales and income and of assets, liabilities and equity.

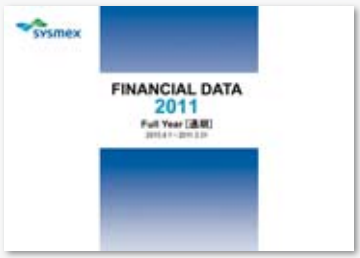
Overview

During the fiscal year ended March 31, 2011, the employment situation in Europe and the United States showed some signs of recovery, but such factors as the European debt crisis and deteriorating circumstances in the Middle East and Africa hamper the global economic outlook. Meanwhile, emerging markets, centered on China, continued to post solid economic growth. In Japan, the outlook remains clouded in the aftermath of the Great East Japan Earthquake.

On the healthcare front, earnings and profits at medical institutions in Japan are beginning to improve, prompted

Sysmex website

Shareholder newsletter



Financial data (English/Japanese) posted in the "IR Library" on the Sysmex website

by the restructuring of public hospitals and revisions in medical remuneration. In advanced countries in Europe and the United States, efforts are underway to lower healthcare costs and reform medical systems. In the United States, implementation has begun on a medical reform bill that aims to reduce the number of people without medical insurance. In China, medical system reform that is underway aims to build infrastructures that provide uniform medical services in cities and farming villages throughout the country.

The Sysmex Group agreed to accept a transfer from Katakura Industries Co., Ltd., of its Research Institute of Biological Science, which employs gene recombinant technology for producing from silkworms the proteins used in diagnostic reagents. We also established an affiliated company to conduct direct sales and provide support in the Philippines as part of our efforts to reinforce our sales and support network in overseas markets.

As a result, during the year the Group recorded consolidated net sales of ¥124,694 million, up 7.3%. Operating income grew 16.2%, to ¥18,289 million, and net income expanded 16.9%, to ¥11,412 million. Owing to an increase in total equity, the equity ratio rose from 71.5% to 71.9%. Return on assets, or ROA (net income to total assets), improved from 8.2% to 9.1%, and the asset turnover ratio inched up to 0.99, from 0.97 in the previous term. Return on equity, meanwhile, grew from 11.8% to 12.7%.

Net Sales by Destination*

In Japan, our ongoing efforts to promote solutions led to solid sales in hematology and other fields, as well as the acquisition of a major order. This offset a decrease in sales of our influenza detection kit, POCTEM, following the spread of the new influenza virus in the preceding term. As a result, we posted sales of ¥38,541 million, up 4.6% from the previous fiscal year.

In overseas markets, we made steady progress in the strengthening of sales and support structures and the provision of solutions. As a result, sales moved steadily upward on a local currency basis due to increased sales of instruments and diagnostic reagents. Consequently, despite major yen appreciation the Group's overseas sales were ¥86,153 million, up 8.6% year on year. The overseas sales ratio was 69.1%, up 0.8 percentage point from the same period of the previous fiscal year.

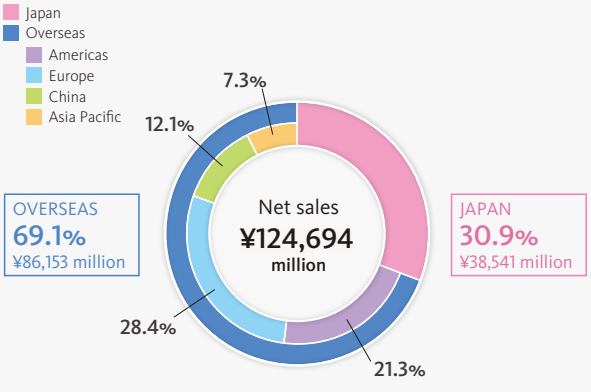
Breaking down overseas net sales by destination, sales in Europe fell 3.0%, to ¥35,414 million; sales in the Americas were up 12.3%, to ¥26,535 million; sales in China were up 27.4%, to ¥15,093 million; and sales in the Asia Pacific region were up 23.2%, to ¥9,111 million.

* Net sales by destination is defined as the sales amount recorded by Group companies to customers in a particular region. However, net sales by geographical region refers to the sales amount made by a Group company in a particular location.

Rating Institution	Rating
Rating & Investment Information Inc. (R&I)	A

Rating Information
(As of May 31, 2011)
Rating symbols and definitions:
Rating A; The credit quality is high. It is also accompanied by some excellent factors.

Net Sales by Destination



Net Sales by Geographical Region

Japan

Performance remained robust in the hematology field, our main business domain, and our perseverance in presenting solutions to customers paid off in the form of large orders. These factors contributed to an 8.0% rise in net sales compared with the corresponding period of the preceding fiscal year, to ¥41,720 million, despite a decline in sales of influenza testing kits, POCTEM, which contributed to performance in the previous year.

Despite the negative effects on income of yen appreciation, we posted operating income of ¥6,816 million, up 130.0% from the preceding fiscal year. This rise was the result of robust domestic sales and an increase in export sales to Group companies, including the impact of a revision in intragroup transaction prices. Also contributing to the increase was a change in the method of recording royalty income, including it in net sales rather than in non-operating income.

Americas

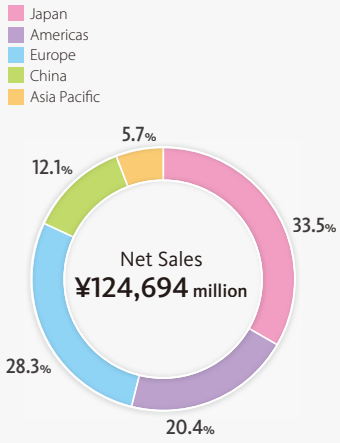
In the United States, sales grew as a result of our focus on developing direct sales and support networks, as well as our success in promoting solutions that meet customer needs, which earned us orders from integrated health networks (IHNs), the U.S. Veterans Integrated Service Network (VISN) and prominent commercial labs. Sales also recovered in Latin America, which had been particularly hard hit by the economic recession. As a result, despite the negative effects of yen appreciation, sales in the Americas grew 8.7%, to ¥25,476 million.

Compensating for the higher cost of sales resulting from a revision in intragroup transaction prices and an increase in SG&A expenses, the rise in sales prompted a 17.0% increase in operating income, to ¥3,248 million.

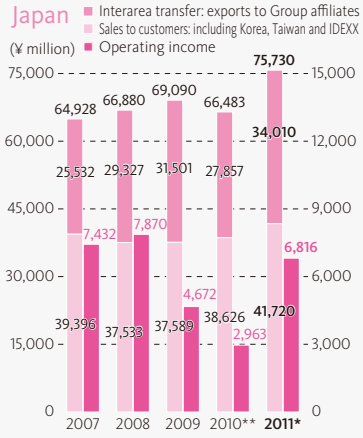
Europe

In addition to enhancing our direct sales and support activities, we enjoyed robust sales centered in the hematology field in the

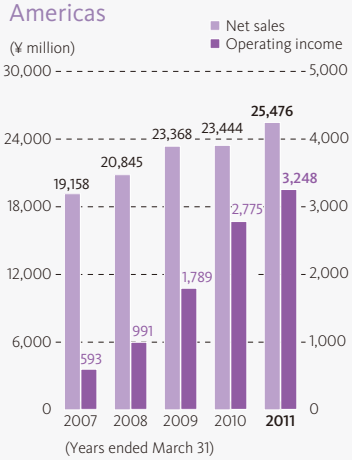
Net Sales by Geographical Region



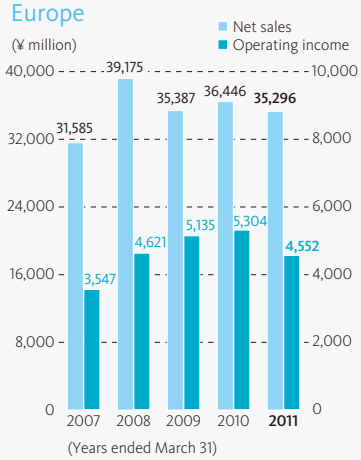
Sales and Operating Income by Geographical Region
Japan



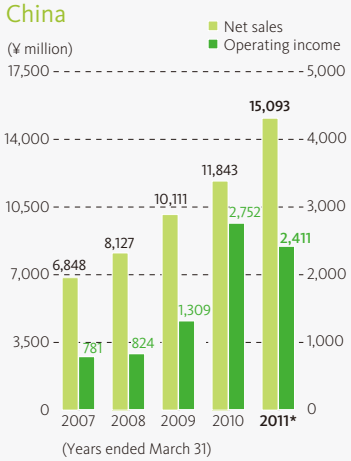
Sales and Operating Income by Geographical Region
Americas



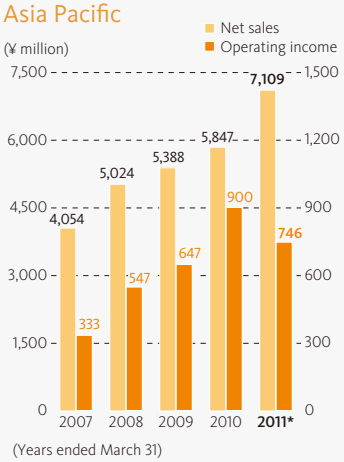
Sales and Operating Income by Geographical Region
Europe



Sales and Operating Income by Geographical Region
China



Sales and Operating Income by Geographical Region
Asia Pacific



* Changes in intergroup transaction prices and method of accounting for royalty income

** Changes in method of accounting for royalty income

United Kingdom and France, owing to our efforts to propose solutions in these markets. Despite this boost, however, sales in Europe were down 3.2% year on year, to ¥35,296 million, affected by major appreciation of the yen against the euro.

Yen appreciation also impacted profits. This factor, coupled with an increase in SG&A expenses to enhance our sales structure, caused operating income to drop 14.2%, to ¥4,552 million.

China

In China, sales surged 27.4%, to ¥15,093 million. Behind these solid results were substantially higher sales in the hematology, hemostasis and urinalysis fields.

Operating income fell 12.4%, to ¥2,411 million, owing to higher cost of sales resulting from a revision in intragroup transaction prices.

Asia Pacific

Favorable sales growth continued in India and Indonesia, and a major new order bolstered sales of system products in Malaysia. Consequently, sales increased substantially, centered on the hematology field. Sales in the region amounted to ¥7,109 million, up 21.6%.

Owing to the higher cost of sales resulting from a revision in intragroup transaction prices and an increase in SG&A expenses from the strengthening of sales and support structures, operating income fell 17.0%, to ¥746 million.

Profits and Losses

Net Sales

In Japan, an increase in medical fees prompted a recovery in investment demand. We continued promoting solution-based proposals, resulting in large-scale orders, principally for hematology analyzers, prompting a substantial increase in sales of instruments. In the immunochemistry field, reagent sales increased due to an expanded portfolio.

Meanwhile, overseas sales benefited from higher demand, driven by economic expansion in emerging markets. Consequently, in China and the Asia Pacific region sales of instruments and diagnostic reagents surged, and we made steady progress in the strengthening of sales and support structures and the provision of solutions. As a result, sales moved steadily upward in each region on a local-currency basis.

Accordingly, net sales expanded 7.3% during the year, to ¥124,694 million. Yen appreciation continued throughout the fiscal year, with the average exchange rate against the U.S. dollar rising ¥7.13, from ¥92.85 to ¥85.72. This shift had a ¥1,973 million negative impact on sales. Likewise, the yen appreciated ¥18.04 against the euro, with the average for the year moving from ¥131.15 against the euro to ¥113.11. This yen appreciation in comparison to the euro had a ¥4,941 million negative effect on sales. The overall appreciation of the yen against other currencies had a negative impact on sales of ¥7,949 million.

Cost of Sales and SG&A Expenses

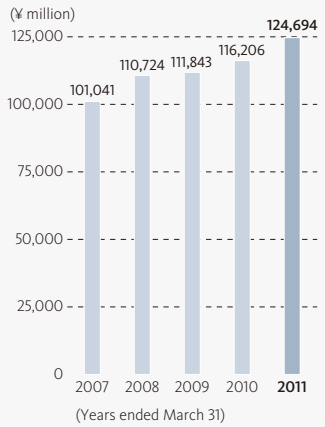
Cost of sales increased 9.2%, to ¥46,389 million, causing the cost of sales ratio to edge up 0.6 percentage point, to 37.2%.

SG&A expenses rose 3.5%, to ¥60,016, stemming from the Company's efforts to reinforce its sales structure in Europe, as well as to higher R&D expenditure. Accordingly, the ratio of SG&A expenses to net sales decreased 1.8 percentage points, to 48.1%.

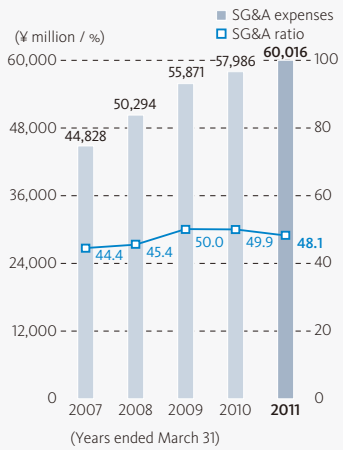
R&D Expenditure

To enhance its product portfolio, during the year Sysmex developed new products and aggressively pursued R&D in the life sciences, a field targeted for future growth. Such moves pushed up R&D expenditure 10.2%, to ¥12,380 million. R&D expenditure as a percentage of net sales rose 0.2 percentage point, to ¥9.9%.

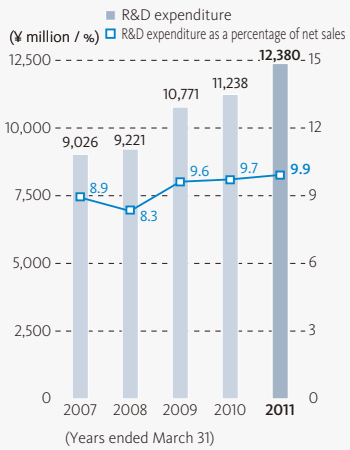
Net Sales



SG&A Expenses
SG&A Ratio



R&D Expenditure
R&D Expenditure as a Percentage of Net Sales



Income

Bolstered by higher sales, operating income surged 16.2% year on year, to ¥18,289 million, and the operating margin rose 1.2 percentage points, to 14.7%. The foreign exchange situation, meanwhile, had a ¥3,899 million negative impact on operating income, compared with the preceding fiscal year.

Net income expanded 16.9%, to ¥11,412 million, after taking into account the impact of a ¥188 million loss on adjustment for changes of accounting standard for asset retirement obligations at the beginning of the fiscal year, and a 13.6% increase in total income taxes, to ¥6,312 million.

Dividend Policy

As our earning power increases, we aim to maintain a proper balance between internal reserves for R&D and capital expenditure, which are designed to sustain steady high growth, and returns to our shareholders. In terms of returns to shareholders, we intend to provide a stable dividend on a continuous basis and aim for a consolidated payout under our basic policy of sharing the successes of our operations in line with business performance.

As a basic policy, Sysmex pays twice-yearly dividends on retained earnings, an interim dividend and a year-end dividend. The year-end dividend is decided upon approval of the annual shareholders' meeting, and the interim dividend upon approval by the Board of Directors. In accordance with this policy and in light of business performance during the year under review, we announced dividends for the year of ¥60 per share, which includes an interim dividend of ¥28. As a result, the consolidated payout ratio for the year under review was 27.0%.

Going forward, Sysmex will continue to effectively invest its internal reserves in the implementation of highly competitive product development and global business strategies, aiming to respond to anticipated changes in the business environment. We will retain this commitment to continue meeting our shareholders' expectations.

Liquidity and Sources of Capital

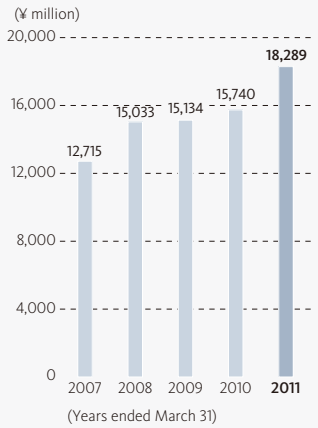
Fund Procurement and Liquidity Management

The Company raises working capital as necessary through short-term bank loans and other means. Consolidated subsidiaries obtain bank loans as needed to secure working capital, but in October 2003, the Company introduced a cash management system to increase efficiency by unifying financing and capital management at affiliates in Japan.

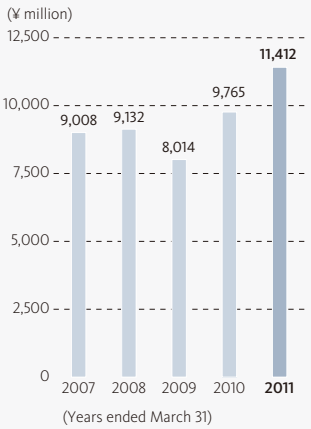
The Company currently holds an A (single A flat) issuer rating from Rating & Investment Information, Inc. (R&I) and reviews and renews this rating each year. Having a high rating reduces the cost of raising funds in the capital markets and helps build trust among our stakeholders and with the world at large. To enhance its rating in the upcoming years, Sysmex will pay close attention to the balance between sales and profits and assets, liabilities and shareholders' equity.

For long-term capital requirements such as capital investment, the Company decides the funding method after taking into account the investment recovery period and risk. During

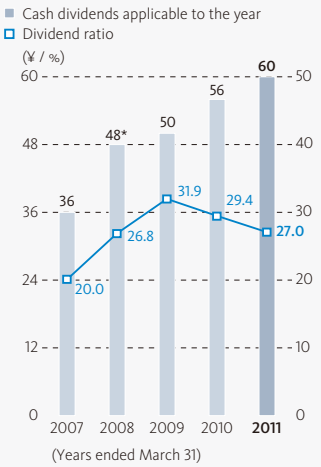
Operating Income



Net Income



Cash Dividends Applicable to the Year
Dividend Ratio



* Including special dividends of ¥8 commemorating the 40th anniversary of the Company's founding.

the year, the Company financed capital expenditure and R&D activities primarily from cash provided by operating activities.

Assets, Liabilities and Equity

As of March 31, 2011, total assets amounted to ¥130,060 million, up ¥9,358 million from the end of the previous fiscal year. Major factors included a ¥5,103 million rise in cash and cash equivalents, a ¥1,749 million expansion in receivables, a ¥509 million increase in investments in lease, and ¥2,549 million higher furniture and fixtures.

Total liabilities, meanwhile, were up ¥2,261 million, to ¥35,827 million. The main contributors to this rise were ¥1,195 million higher trade notes and accounts payable, with deferred tax liabilities growing ¥773 million.

Total equity came to ¥94,233 million at year-end, up ¥7,097 million. The principal reason for this rise was a ¥8,385 million increase in retained earnings. The equity ratio as of March 31, 2011, was 71.9%, up 0.4 percentage point from a year earlier.

Cash Flows

As of March 31, 2011, cash and cash equivalents amounted to ¥18,916 million, up ¥5,103 million from a year earlier. Cash flows from various activities are described in more detail below.

Cash Flows from Operating Activities

Net cash provided by operating activities was ¥18,135 million, down ¥3,095 million. Income before income taxes and minority interests provided ¥17,755 million, ¥2,400 million more than during the preceding fiscal year. However, uses of cash included a ¥2,469 million increase in trade notes and accounts receivable (compared with a ¥2,686 million decrease in the preceding fiscal year) and a ¥1,336 million increase in inventories (which were up ¥1,242 million in the preceding term).

Cash Flows from Investing Activities

Net cash used in investing activities was ¥8,916 million, ¥2,313 million more than in the preceding fiscal year. The main use of cash was purchases of property, plant and equipment, which used ¥5,773 million, ¥1,312 million more than in the previous year. In addition, acquisitions, net of cash acquired, in subsidiaries used ¥1,064 million, ¥709 million more than in the preceding fiscal year.

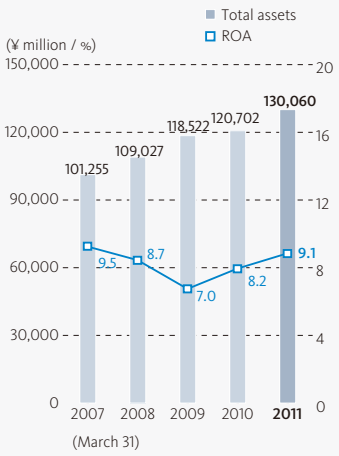
Cash Flows from Financing Activities

Net cash used in financing activities amounted to ¥3,475 million, ¥6,616 million less than was used in these activities in the previous year. In this category, a net increase in short-term loans payable provided ¥284 million, whereas a net decrease in these loans used ¥6,142 million in the preceding term.

Capital Expenditure and Depreciation

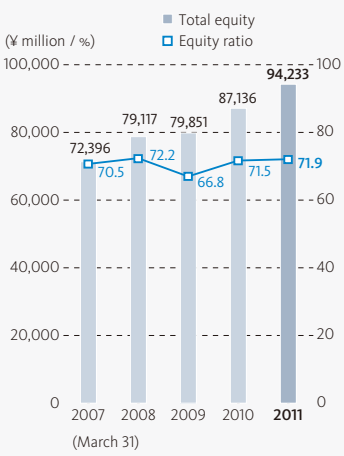
Capital expenditure (investment in property, plant and equipment, including construction in progress) was up 28.6% year on year, to ¥5,840 million. The principal reason for this rise was the acquisition of instruments to lend to customers. Depreciation and amortization decreased 2.3%, to ¥6,871 million.

Total Assets
ROA*

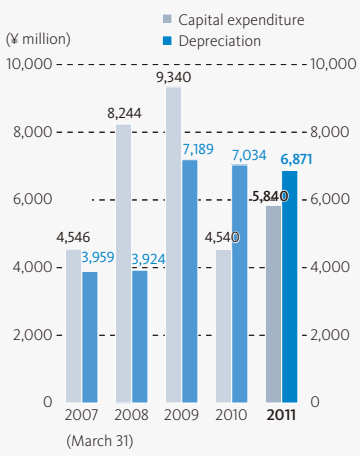


* Net Income/Total Assets (Yearly Average)×100

Total Equity
Equity Ratio



Capital Expenditure
Depreciation



Consolidated Financial Statements

Consolidated Balance Sheets

Sysmex Corporation and Subsidiaries

March 31, 2011 and 2010	Millions of Yen 2011	Millions of Yen 2010	Thousands of U.S. Dollars (Note 1) 2011
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents (Note 12)	¥ 18,916	¥ 13,813	$ 227,904
Short-term investments (Note 3)	213	157	2,566
Receivables (Note 12):			
Trade notes	2,896	3,048	34,892
Trade accounts	28,994	27,245	349,325
Associated company	176	218	2,120
Other	292	278	3,518
Allowance for doubtful accounts	(371)	(384)	(4,470)
Investments in lease (Notes 11 and 12)	1,763	1,254	21,241
Inventories (Note 4)	19,811	18,777	238,687
Deferred tax assets (Note 10)	4,925	4,657	59,337
Prepaid expenses and other current assets	2,317	1,807	27,916
Total current assets	79,932	70,870	963,036
PROPERTY, PLANT AND EQUIPMENT:			
Land	7,893	7,898	95,096
Buildings and structures	25,898	25,595	312,024
Machinery and equipment	6,828	6,094	82,265
Furniture and fixtures	25,318	22,769	305,036
Lease assets	5,451	6,372	65,675
Construction in progress	144	274	1,735
Total	71,532	69,002	861,831
Accumulated depreciation	(35,300)	(32,988)	(425,301)
Net property, plant and equipment	36,232	36,014	436,530
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 3 and 12)	2,965	3,151	35,723
Investment in associated company	137	198	1,651
Goodwill	1,830	1,742	22,048
Software	4,585	4,237	55,241
Deposits	956	1,126	11,518
Investment in real estate (Note 5)	2,106	2,103	25,373
Deferred tax assets (Note 10)	116	115	1,398
Other assets	1,201	1,146	14,470
Total investments and other assets	13,896	13,818	167,422
TOTAL	¥ 130,060	¥ 120,702	$ 1,566,988

See notes to consolidated financial statements.

March 31, 2011 and 2010	Millions of Yen 2011	2010	Thousands of U.S. Dollars (Note 1) 2011
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Short-term bank loans (Note 6)	¥ 306	¥ 11	$ 3,687
Current portion of long-term debt (Note 6)	5	6	60
Current portion of long-term lease obligations (Notes 11 and 12)	594	1,223	7,157
Payables (Note 12):			
Trade notes	2,149	1,495	25,892
Trade accounts	9,107	8,566	109,723
Associated company	297	176	3,578
Construction and other	2,766	2,736	33,325
Income taxes payable (Note 12)	2,729	2,447	32,880
Accrued expenses	7,642	7,205	92,072
Deferred tax liabilities (Note 10)		4	
Other current liabilities	5,398	5,719	65,036
Total current liabilities	30,993	29,588	373,410
LONG-TERM LIABILITIES:			
Long-term debt (Note 6)	11	4	133
Long-term lease obligations (Notes 11 and 12)	551	806	6,639
Liability for retirement benefits (Note 7)	912	799	10,988
Guarantee deposits received	1,028	1,041	12,385
Deferred tax liabilities (Note 10)	1,454	681	17,518
Other long-term liabilities	878	647	10,578
Total long-term liabilities	4,834	3,978	58,241
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 11 and 13)			
EQUITY (Notes 8, 9, 15 and 16):			
Common stock, authorized, 149,672,000 shares; issued, 51,461,808 shares in 2011 and 51,353,708 shares in 2010	9,042	8,825	108,940
Capital surplus	13,981	13,764	168,446
Stock acquisition rights	600	666	7,229
Retained earnings	74,662	66,277	899,542
Treasury stock–at cost: 108,308 shares in 2011 and 99,726 shares in 2010	(252)	(205)	(3,036)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	186	271	2,241
Deferred loss on derivatives under hedge accounting	(14)	(14)	(169)
Foreign currency translation adjustments	(4,071)	(2,560)	(49,048)
Total	94,134	87,024	1,134,145
Minority interests	99	112	1,192
Total equity	94,233	87,136	1,135,337
TOTAL	¥ 130,060	¥ 120,702	$ 1,566,988

Consolidated Statements of Income

Sysmex Corporation and Subsidiaries

Years Ended March 31, 2011 and 2010	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
NET SALES	¥ 124,694	¥ 116,206	$ 1,502,337
COST OF SALES	46,389	42,480	558,904
Gross profit	78,305	73,726	943,433
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	60,016	57,986	723,084
Operating income	18,289	15,740	220,349
OTHER INCOME (EXPENSES):			
Interest and dividend income	181	159	2,181
Interest expense	(97)	(214)	(1,169)
Foreign exchange loss–net	(886)	(253)	(10,675)
Other–net	268	(77)	3,230
Other income (expenses)–net	(534)	(385)	(6,433)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	17,755	15,355	213,916
INCOME TAXES (Note 10):			
Current	5,861	5,647	70,615
Deferred	451	(89)	5,434
Total income taxes	6,312	5,558	76,049
NET INCOME BEFORE MINORITY INTERESTS	11,443		137,867
MINORITY INTERESTS IN NET INCOME	31	32	373
NET INCOME	¥ 11,412	¥ 9,765	$ 137,494

Years Ended March 31, 2011 and 2010	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Notes 2.x and 15):			
Basic net income	¥ 111.17	¥ 95.38	$ 1.34
Diluted net income	110.96	95.26	1.34
Cash dividends applicable to the year	60.00	56.00	0.72

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Sysmex Corporation and Subsidiaries

Year Ended March 31, 2011	Millions of Yen	Thousands of U.S. Dollars (Note 1)
NET INCOME BEFORE MINORITY INTERESTS	¥ 11,443	$ 137,867
OTHER COMPREHENSIVE INCOME (Note 14):		
Unrealized loss on available-for-sale securities	(85)	(1,024)
Foreign currency translation adjustments	(1,509)	(18,181)
Total other comprehensive income	(1,594)	(19,205)
COMPREHENSIVE INCOME (Note 14)	¥ 9,849	$ 118,662
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO (Note 14):		
Owners of the parent	¥ 9,815	$ 118,253
Minority interests	34	409

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

Sysmex Corporation and Subsidiaries

	Millions of Yen											
							Accumulated Other Comprehensive Income					
Years Ended March 31, 2011 and 2010	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gain (Loss) on Available-for-Sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2009	51,145,527	¥ 8,685	¥ 13,624	¥ 578	¥ 59,121	¥ (196)	¥ (45)		¥ (2,006)	¥ 79,761	¥ 90	¥ 79,851
Net income					9,765					9,765		9,765
Cash dividends, ¥51.00 per share					(2,609)					(2,609)		(2,609)
Purchase of treasury stock	(1,840)					(9)				(9)		(9)
Disposal of treasury stock	95											
Exercise of warrants	110,200	140	140							280		280
Net change in the year				88			316	¥ (14)	(554)	(164)	22	(142)
BALANCE, MARCH 31, 2010	51,253,982	8,825	13,764	666	66,277	(205)	271	(14)	(2,560)	87,024	112	87,136
Net income					11,412					11,412		11,412
Cash dividends, ¥59.00 per share					(3,027)					(3,027)		(3,027)
Purchase of treasury stock	(8,810)					(48)				(48)		(48)
Disposal of treasury stock	228					1				1		1
Exercise of warrants	108,100	217	217							434		434
Net change in the year				(66)			(85)		(1,511)	(1,662)	(13)	(1,675)
BALANCE, MARCH 31, 2011	51,353,500	¥ 9,042	¥ 13,981	¥ 600	¥ 74,662	¥ (252)	¥ 186	¥ (14)	¥ (4,071)	¥ 94,134	¥ 99	¥ 94,233

	Thousands of U.S. Dollars (Note 1)										
						Accumulated Other Comprehensive Income					
Year Ended March 31, 2011	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gain (Loss) on Available-for-Sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2010	$ 106,326	$ 165,832	$ 8,024	$ 798,518	$ (2,470)	$ 3,265	$ (169)	$ (30,843)	$ 1,048,483	$ 1,349	$ 1,049,832
Net income				137,494					137,494		137,494
Cash dividends, $0.71 per share				(36,470)					(36,470)		(36,470)
Purchase of treasury stock					(578)				(578)		(578)
Disposal of treasury stock					12				12		12
Exercise of warrants	2,614	2,614							5,228		5,228
Net change in the year			(795)			(1,024)		(18,205)	(20,0245)	(157)	(20,181)
BALANCE, MARCH 31, 2011	$ 108,940	$ 168,446	$ 7,229	$ 899,542	$ (3,036)	$ 2,241	$ (169)	$ (49,048)	$ 1,134,145	$ 1,192	$ 1,135,337

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Sysmex Corporation and Subsidiaries

Years Ended March 31, 2011 and 2010	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 17,755	¥ 15,355	$ 213,916
Adjustments for:			
Income taxes - paid	(5,752)	(3,839)	(69,301)
Depreciation and amortization	7,548	7,633	90,940
Write-down of marketable and investment securities	42	376	506
Loss on disposal of property, plant and equipment	97	160	1,169
Changes in assets and liabilities:			
(Increase) decrease in notes and accounts receivable	(2,469)	2,686	(29,747)
Increase in inventories	(1,336)	(94)	(16,096)
Increase (decrease) in notes and accounts payable	1,365	(2,073)	16,446
Increase in liability for retirement benefits	121	308	1,458
Other–net	764	718	9,202
Net cash provided by operating activities	18,135	21,230	218,493
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(5,773)	(4,461)	(69,554)
Purchases of software and other assets	(2,018)	(1,963)	(24,313)
Acquisitions, net of cash acquired	(1,064)	(355)	(12,819)
Other–net	(61)	176	(736)
Net cash used in investing activities	(8,916)	(6,603)	(107,422)
FINANCING ACTIVITIES:			
Increase (decrease) in short-term bank loans - net	284	(6,142)	3,422
Repayments of long-term debt	(9)	(55)	(108)
Payments of lease obligations	(1,031)	(1,537)	(12,422)
Exercise of warrants	371	256	4,470
Dividends paid	(3,027)	(2,609)	(36,470)
Other–net	(63)	(4)	(759)
Net cash used in financing activities	(3,475)	(10,091)	(41,867)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(641)	(133)	(7,722)
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,103	4,403	61,482
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	13,813	9,410	166,422
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 18,916	¥ 13,813	$ 227,904
ADDITIONAL CASH FLOW INFORMATION - Interest paid	¥ 91	¥ 211	$ 1,096

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Sysmex Corporation and Subsidiaries

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

Under Japanese GAAP, a consolidated statement of comprehensive income is required from the fiscal year ended March 31, 2011 and has been presented herein. Accordingly, accumulated other comprehensive income is presented in the consolidated balance sheet and the consolidated statement of changes in equity. Information with respect to other comprehensive income for the year ended March 31, 2010 is disclosed in Note 14. In addition, "net income before minority interests" is disclosed in the consolidated statement of income from the year ended March 31, 2011.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2010 financial statements to conform to the classifications used in 2011.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Sysmex Corporation (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥83 to $1, the approximate rate of exchange at March 31, 2011. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation—The consolidated financial statements as of March 31, 2011 and 2010 include the accounts of the Company and 47 (43 in 2010) subsidiaries (together, the "Group").

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investment in an associated company is accounted for by the equity method.

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary and associated company at the date of acquisition, and is carried at cost less accumulated amortization, which is calculated by the straight-line method over five years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

b. Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements—In May 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force (PITF) No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements". PITF No. 18 prescribes: (1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, (2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, (3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material: 1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; 3) expensing capitalized development costs of R&D; 4) cancellation of the fair value model accounting for property, plant, and equipment and investment properties and incorporation of the cost model accounting; 5) recording the prior years' effects of changes in accounting policies in the income statement where retrospective adjustments to financial statements have been incorporated; and 6) exclusion of minority interests from net income, if contained.

c. Unification of Accounting Policies Applied to Foreign Associated Companies for the Equity Method—In March 2008, the ASBJ issued ASBJ Statement No. 16, "Accounting Standard for Equity Method of Accounting for Investments". The new standard requires adjustments to be made to conform the associate's accounting policies for similar transactions and events under similar circumstances to those of the parent company when the associate's financial statements are used in applying the equity method unless it is impracticable to determine adjustments. In addition, financial statements prepared by foreign associated companies in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States tentatively may be used in applying the equity method if the following items are adjusted so that net income is accounted for in accordance with Japanese GAAP unless they are not material: 1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; 3) expensing capitalized development costs of R&D; 4) cancellation of the fair value model accounting for property, plant, and equipment and investment properties and incorporation of the cost model accounting; 5) recording the prior years' effects of changes in accounting policies in the income statement where retrospective adjustments to the financial statements have been incorporated; and 6) exclusion of minority interests from net income, if contained. This standard was applicable to equity method of accounting for fiscal years beginning on or after April 1, 2010.

The Company applied this accounting standard effective April 1, 2010.

d. Business Combination—In October 2003, the Business Accounting Council (the "BAC") issued a Statement of Opinion, "Accounting for Business Combinations", and in December 2005, the ASBJ issued ASBJ Statement No. 7, "Accounting Standard for Business Divestitures" and ASBJ Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures".

The accounting standard for business combinations allows companies to apply the pooling of interests method of accounting only when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests.

For business combinations that do not meet the uniting-of-interests criteria, the business combination is considered to be an acquisition and the purchase method of accounting is required. This standard also prescribes the accounting for combinations of entities under common control and for joint ventures.

In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No. 21, "Accounting Standard for Business Combinations". Major accounting changes under the revised accounting standard are as follows: (1) The revised standard requires accounting for business combinations only by the purchase method. As a result, the pooling of interests method of accounting is no longer allowed. (2) The current accounting standard accounts for the research and development costs to be charged to income as incurred. Under the revised standard, in-process research and development (IPR&D) acquired in the business combination is capitalized as an intangible asset. (3) The previous accounting standard provided for a bargain purchase gain (negative goodwill) to be systematically amortized over a period not exceeding 20 years. Under the revised standard, the acquirer recognizes the bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase allocation. This standard was applicable to business combinations undertaken on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or after April 1, 2009.

e. Cash Equivalents—Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits, commercial paper

and mutual funds investing in bonds, all of which mature or become due within three months of the date of acquisition.

f. Marketable and Investment Securities—Marketable and investment securities are classified and accounted for, depending on management's intent, as follows: i) trading securities, which are held for the purpose of earning capital gains in the near term are reported at fair value, and the related unrealized gains and losses are included in earnings, ii) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are reported at amortized cost and iii) available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average method. For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

g. Allowance for Doubtful Accounts—The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Group's past credit loss experience and an evaluation of potential losses in the receivables outstanding.

h. Inventories—Inventories are stated at cost determined by the average cost method or net selling value for the Company and its domestic subsidiaries, and at the lower of cost, determined by the first-in, first-out method, or market for foreign subsidiaries.

i. Property, Plant and Equipment—Property, plant and equipment are stated at cost. Depreciation is computed by the straight-line method over the estimated useful lives of the assets. The range of useful lives is from 31 to 50 years for buildings and structures, from 5 to 12 years for machinery and equipment, and from 2 to 15 years for furniture and fixtures.

Equipment held for lease is depreciated by the straight-line method over the respective lease periods.

j. Long-lived Assets—The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

k. Software—Software to be sold is amortized at the greater of either the proportional amount to be amortized in proportion of the actual sales of the software to be made during the current year to the estimated total sales over the estimated salable years or the amount to be amortized using a straight-line method over the estimated salable years. The estimated salable years are principally three years.

Software for internal use is amortized by the straight-line method over the estimated usable years. The estimated usable years are principally five years.

l. Investment in Real Estate—Investment in real estate mainly consists of a beneficial interest in a trust. Depreciation of investment in real estate is computed in accordance with property, plant and equipment depreciation policy. Accumulated depreciation of the investment in real estate were ¥288 million ($3,470 thousand) and ¥259 million as of March 31, 2011 and 2010, respectively.

m. Liability for Retirement Benefits—The Company has a non-contributory funded pension plan covering substantially all of its employees.

The liability for employees' retirement benefits is accounted for based on projected benefit obligations and plan assets at the balance sheet date.

Unfunded retirement benefits for the Company and certain subsidiaries' directors and corporate auditors are provided at the estimated amount which would be required if such individuals retired at the balance sheet date. However, the Company abolished its unfunded retirement benefit plan on June 24, 2005. No additional provisions have been recorded for retirement benefits to be paid to the Company's directors and corporate auditors since then. The liability for director and corporate auditor retirement benefits is the amount provided in proportion to the term that present directors and corporate auditors had been in place before June 24, 2005.

n. Asset Retirement Obligations—In March 2008, the ASBJ published the accounting standard for asset retirement obligations, ASBJ Statement No. 18, "Accounting Standard for Asset Retirement Obligations", and ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations". Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard was effective for fiscal years beginning on or after April 1, 2010.

The Company applied this accounting standard effective April 1, 2010. The effect of this change was to decrease operating income by ¥25 million ($301 thousand) and income before income taxes and minority interests by ¥213 million ($2,566 thousand).

o. Stock Option—ASBJ Statement No. 8, "Accounting Standard for Stock Options", and related guidance are applicable to stock options granted on and after May 1, 2006.

This standard requires companies to recognize compensation expense for employee stock options based on the fair value at the date of grant and over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to non-employees based on the fair value of either the stock option or the goods or services received. In the balance sheet, the stock option is presented as a stock acquisition right as a separate component of equity until exercised.

The Company has applied the accounting standard for stock options to those granted on and after May 1, 2006.

p. Research and Development—Research and development costs are charged to income as incurred. Such costs were ¥12,380 million ($149,157 thousand) and ¥11,238 million for the years ended March 31, 2011 and 2010, respectively.

q. Leases—In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions", which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions was effective for fiscal years beginning on or after April 1, 2008.

(1) Finance Leases as Lessee

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions are capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to continue to be accounted for as operating lease transactions.

(2) Finance Leases as Lessor

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were treated as sales. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if sold" information was disclosed in the note to the lessor's financial statements. The revised accounting standard requires that all finance leases that are deemed to transfer ownership of the leased property to the lessee should be recognized as lease receivables, and all finance leases that are not deemed to transfer ownership of the leased property to the lessee are recognized as investments in lease.

The Company applied the revised accounting standard effective April 1, 2008.

r. Bonuses to Directors—Bonuses to directors are accrued at the year end to which such bonuses are attributable.

s. Construction Contracts—In December 2007, the ASBJ issued ASBJ Statement No. 15, "Accounting Standard for Construction Contracts", and ASBJ Guidance No. 18, "Guidance on Accounting Standard for Construction Contracts". Under this new accounting standard, the construction revenue and construction costs should be recognized by the percentage-of-completion method, if the outcome of a construction contract can be estimated reliably. When total construction revenue, total construction costs and the stage of completion of the contract at the balance sheet date can be reliably measured, the outcome of a construction contract can be estimated reliably. If the outcome of a construction contract cannot be reliably estimated, the completed-contract method should be applied. When it is probable that the total construction costs will exceed total construction revenue, an estimated loss on the contract should be immediately recognized by providing for a loss on construction contracts. This standard is applicable to construction contracts and software development contracts and was effective for fiscal years beginning on or after April 1, 2009. The Company applied the accounting standard effective April 1, 2009.

t. Income Taxes—The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

u. Foreign Currency Transactions—All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income to the extent that they are not hedged by forward exchange contracts.

v. Foreign Currency Financial Statements—The balance sheet accounts of foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation were shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity.

Revenue and expense accounts of foreign subsidiaries are translated into yen at the average exchange rate.

w. Derivatives and Hedging Activities—The Group uses foreign exchange forward contracts and interest rate swaps to manage their exposure to fluctuations in foreign exchange and interest rates. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the statements of income and b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

The interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements are recognized and included in interest expense or income.

x. Per Share Information—Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

y. New Accounting Pronouncements—

Accounting Changes and Error Corrections—In December 2009, ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections", and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections". Accounting treatments under this standard and guidance are as follows:

(1) Changes in Accounting Policies

When a new accounting policy is applied with revision of accounting standards, the new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

(2) Changes in Presentations

When the presentation of financial statements is changed, prior period financial statements are reclassified in accordance with the new presentation.

(3) Changes in Accounting Estimates

A change in an accounting estimate is accounted for in the period of the change if the change affects that period only and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of Prior Period Errors

When an error in prior period financial statements is discovered, those statements are restated.

This accounting standard and the guidance are applicable to accounting changes and corrections of prior period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

3. SHORT-TERM INVESTMENTS AND INVESTMENT SECURITIES

Short-term investments and investment securities as of March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Current:			
Time deposits other than cash equivalents	¥ 35	¥ 22	$ 421
Investment trust	178	135	2,145
Total	¥ 213	¥ 157	$ 2,566
Non-current:			
Marketable equity securities	¥ 1,890	¥ 2,045	$ 22,771
Debt securities	500	500	6,024
Investment trust and other		1	
Unquoted equity securities	575	605	6,928
Total	¥ 2,965	¥ 3,151	$ 35,723

The costs and aggregate fair values of investment securities at March 31, 2011 and 2010 were as follows:

	Millions of Yen			
	2011			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	¥ 1,567	¥ 324	¥ (1)	¥ 1,890

	Millions of Yen			
	2010			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	¥ 1,578	¥ 478	¥ (11)	¥ 2,045
Investment trust and other	1			1
Total	¥ 1,579	¥ 478	¥ (11)	¥ 2,046

	Thousands of U.S. Dollars			
	2011			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	$ 18,879	$ 3,904	$ (12)	$ 22,771

4. INVENTORIES

Inventories at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Finished products	¥ 7,415	¥ 7,397	$ 89,337
Merchandise	6,915	6,591	83,313
Work in process	1,733	1,265	20,880
Raw materials	3,281	3,142	39,530
Supplies	467	382	5,627
Total	¥ 19,811	¥ 18,777	$ 238,687

5. INVESTMENT PROPERTY

In November 2008, the ASBJ issued ASBJ Statement No. 20, "Accounting Standard for Investment Property and Related Disclosures", and issued ASBJ Guidance No. 23, "Guidance on Accounting Standard for Investment Property and Related Disclosures". This accounting standard and the guidance are applicable to investment properties and related disclosures at the end of the fiscal years ending on or after March 31, 2010. The Company applied the new accounting standard and guidance effective March 31, 2010.

The Company owns an investment property in Kobe as a beneficiary of a real estate investment trust. Rental income, net of operating expenses, for this investment property was ¥238 million ($2,867 thousand) for the fiscal year ended March 31, 2011.

The carrying amounts, changes in such balances and market prices of such properties are as follows:

Millions of Yen			
Carrying Amount			Fair Value
April 1, 2010	Increase/ Decrease	March 31, 2011	March 31, 2011
¥ 2,103	¥ 3	¥ 2,106	¥ 2,951

Millions of Yen			
Carrying Amount			Fair Value
April 1, 2009	Increase/ Decrease	March 31, 2010	March 31, 2010
¥ 2,117	¥ (14)	¥ 2,103	¥ 3,026

Thousands of U.S. Dollars			
Carrying Amount			Fair Value
April 1, 2010	Increase/ Decrease	March 31, 2011	March 31, 2011
$ 25,337	$ 36	$ 25,373	$ 35,554

Notes: 1) The carrying amount recognized in the balance sheet is net of accumulated depreciation.
2) Increase during the fiscal year ended March 31, 2011 primarily represents the appropriation of trust income to principle of certain properties of ¥17 million ($205 thousand), and decrease primarily represents the recognition of depreciation of ¥30 million ($361 thousand).
3) The fair value of land as of March 31, 2011 is measured by the Group in accordance with its Appraisal Standard which reflects market value. The carrying amount is applied to fair value of depreciable properties such as buildings.

6. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans were principally represented by bank overdrafts. Weighted average per annum interest rates of short-term bank loans at March 31, 2011 and 2010 were 1.3% and 12.8%, respectively.

Long-term debt at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Loans from banks, due through 2016, with interest ranging from 0.02% to 0.05% for 2011 (from 2.3% to 3.5% for 2010):			
Unsecured	¥ 16	¥ 10	$ 193
Total	16	10	193
Less current portion	(5)	(6)	(60)
Long-term debt, less current portion	¥ 11	¥ 4	$ 133

At March 31, 2011, annual maturities of long-term debt were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2012	¥ 5	$ 60
2013	6	73
2014	4	48
2015	1	12
Total	¥ 16	$ 193

7. RETIREMENT BENEFITS

The Company and its certain subsidiaries have retirement benefit plans for employees. Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service and certain other factors. Employees are entitled to larger payments if the termination is involuntary, as opposed to by retirement at the mandatory retirement age or by death.

Certain subsidiaries have unfunded lump-sum payment plans and certain overseas subsidiaries have defined contribution pension plans.

The liability for employees' retirement benefits at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Projected benefit obligation	¥ 9,572	¥ 9,094	$ 115,325
Fair value of plan assets	(7,550)	(7,225)	(90,964)
Unrecognized actuarial loss	(1,270)	(1,230)	(15,301)
Net liability	¥ 752	¥ 639	$ 9,060

The components of net periodic retirement benefit costs for the years ended March 31, 2011 and 2010 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Service cost	¥ 1,151	¥ 1,073	$ 13,867
Interest cost	174	165	2,096
Expected return on plan assets	(215)	(174)	(2,590)
Recognized actuarial loss	249	489	3,000
Net periodic retirement benefit costs	¥ 1,359	¥ 1,553	$ 16,373

Assumptions used for the years ended March 31, 2011 and 2010 are set forth as follows:

	2011	2010
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	3.0%	3.0%
Recognition period of actuarial gain/loss	5 years	5 years

In addition, the Company and certain subsidiaries participate in contributory multi-employer pension plans covering substantially all of their employees. Under these plans, the amount of pension assets and benefit obligations were approximately ¥8,224 million ($99,084 thousand) and ¥9,742 million ($117,373 thousand) at March 31, 2010, the most recent valuation date.

The Company also has recorded a liability for an unfunded retirement benefit plan covering all of its directors and corporate auditors in the amount of ¥160 million ($1,928 thousand), and ¥160 million as of March 31, 2011 and 2010, respectively. Payment of retirement benefits to directors and corporate auditors is subject to approval at the shareholders' meeting.

8. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

9. STOCK OPTION

The stock options outstanding as of March 31, 2010 are as follows:

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
		(Shares)			
2004 Stock Option	11 directors 170 employees 9 directors of subsidiaries 3 employees of subsidiaries	1,043,400	2004.7.01	¥ 1,685 ($ 20.30)	From July 1, 2006 to June 30, 2010
2007 Stock Option	9 directors 152 employees 18 directors of subsidiaries 42 employees of subsidiaries	733,200	2007.7.30	¥ 4,650 ($ 56.02)	From July 30, 2009 to July 29, 2015

The stock option activity is as follows:

For the year ended March 31, 2010	2004 Stock Option	2007 Stock Option
	(Shares)	(Shares)
Non-vested		
March 31, 2009 - Outstanding		709,700
Granted		
Canceled		(4,000)
Vested		(705,700)
March 31, 2010 - Outstanding		
Vested		
March 31, 2009 - Outstanding	137,600	
Vested		705,700
Exercised	(86,400)	(23,800)
Canceled		(4,200)
March 31, 2010 - Outstanding	51,200	677,700

For the year ended March 31, 2011	2004 Stock Option	2007 Stock Option
	(Shares)	(Shares)
Non-vested		
March 31, 2010 - Outstanding		
Granted		
Canceled		
Vested		
March 31, 2011 - Outstanding		
Vested		
March 31, 2010 - Outstanding	51,200	677,700
Vested		
Exercised	¥(44,400)	(63,700)
Canceled	(6,800)	(3,500)
March 31, 2011 - Outstanding		610,500
Exercise price	¥ 1,685	¥ 4,650
Average stock price at exercise	¥ 5,420	¥ 5,420
Fair value price at grant date		¥ 98,325

The assumptions used to measure fair value of 2007 Stock Option

Estimate method:	Black-Scholes option pricing model
Volatility of stock price:	26.14%
Estimated remaining outstanding period:	five years
Estimated dividend:	¥36 per share
Interest rate with risk free:	1.403%

10. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.6% for the years ended March 31, 2011 and 2010. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2011 and 2010 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Deferred tax assets (Current):			
Unrealized intercompany profits	¥ 1,776	¥ 1,908	$ 21,398
Inventories	611	401	7,361
Accrued bonuses	1,020	881	12,289
Accrued enterprise tax	218	188	2,627
Other	1,309	1,287	15,770
Less valuation allowance	(7)	(7)	(84)
Total	¥ 4,927	¥ 4,658	$ 59,361
Deferred tax assets (Non-current):			
Depreciation	¥ 87	¥ 91	$ 1,048
Liability for retirement benefits	277	242	3,337
Tax loss carryforwards	8	67	97
Software	867	886	10,446
Investment securities	249	245	3,000
Other	1,174	1,110	14,145
Less valuation allowance	(265)	(323)	(3,193)
Total	¥ 2,397	¥ 2,318	$ 28,880
Deferred tax liabilities (Current)	¥ 2	¥ 5	$ 24
Deferred tax liabilities (Non-current):			
Net unrealized gain on available-for-sale securities	¥ 131	¥ 189	$ 1,578
Revaluation of land for consolidation	457	457	5,506
Investment loss for subsidiaries capital reduction by corporation tax law	431	431	5,193
Undistributed earnings of foreign subsidiaries	2,035	1,661	24,518
Other	681	146	8,205
Total	¥ 3,735	¥ 2,884	$ 45,000
Net deferred tax assets	¥ 3,587	¥ 4,087	$ 43,217

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2011 and 2010 is as follows:

	2011	2010
Normal effective statutory tax rate	40.6%	40.6%
Expenses not deductible for income tax purposes	1.4	1.7
Per capita levy	0.3	0.3
Foreign tax credit	(4.3)	(1.9)
Tax effect on elimination of dividends from foreign subsidiaries	4.5	3.9
Research and development tax credit	(3.1)	(4.0)
Tax effect on undistributed earnings of foreign subsidiaries	2.1	4.6
Different tax rates applied to foreign subsidiaries	(7.4)	(9.9)
Change in valuation allowance	(0.4)	(0.2)
Other - net	1.9	1.1
Actual effective tax rate	35.6%	36.2%

Certain subsidiaries have tax loss carryforwards available to offset future taxable income as of March 31, 2011 of approximately ¥19 million ($229 thousand). These tax loss carryforwards, if not utilized, will expire mainly in 2016.

11. LEASES

(Lessee)

Lease obligations under finance leases at March 31, 2011 consisted of the following:

	Millions of Yen	Thousands of U.S. Dollars
Lease obligations	¥ 1,145	$ 13,796
Less current portion	(594)	(7,157)
Lease obligations, less current portion	¥ 551	$ 6,639

The future minimum payments required at March 31, 2011 were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2012	¥ 594	$ 7,157
2013	278	3,349
2014	52	627
2015	36	434
2016	25	301
2017 and thereafter	160	1,928
Total	¥ 1,145	$ 13,796

The minimum rental commitments under noncancelable operating leases at March 31, 2011 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due within one year	¥ 452	$ 5,446
Due after one year	1,834	22,096
Total	¥ 2,286	$ 27,542

(Lessor)

The net investment in lease are summarized as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2011	2011
Gross lease receivables	¥ 1,888	$ 22,747
Estimated residual values	281	3,386
Unearned interest income	(406)	(4,892)
Investments in lease, current	¥ 1,763	$ 21,241

Maturities of investment in lease for finance leases that are not deemed to transfer ownership of the leased property to the lessee are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2012	¥ 493	$ 5,940
2013	486	5,855
2014	447	5,385
2015	307	3,699
2016	136	1,639
2017 and thereafter	19	229
Total	¥ 1,888	$ 22,747

Future rental income under operating leases (including imputed interest income):

	Millions of Yen	Thousands of U.S. Dollars
	2011	2011
Due within one year	¥ 94	$ 1,132
Due after one year	14	169
Total	¥ 108	$ 1,301

12. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

In March 2008, the ASBJ revised ASBJ Statement No. 10, "Accounting Standard for Financial Instruments", and issued ASBJ Guidance No. 19, "Guidance on Accounting Standard for Financial Instruments and Related Disclosures". This accounting standard and the guidance was applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010. The Group applied the revised accounting standard and the guidance effective March 31, 2010.

(1) Group policy for financial instruments

The Group invests cash surpluses in low risk financial assets, mainly short-term deposits and uses financial instruments, mainly short-term bank loans, for funding. Derivatives are used, not for speculative purposes, but to manage exposure to financial risks as described in (2) below.

(2) Nature and extent of risks arising from financial instruments

Receivables such as trade notes, trade accounts and lease investment assets are exposed to customer credit risk. Although receivables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, the position, net of payables in foreign currencies, is hedged by using forward foreign currency contracts. Marketable and investment securities, mainly held-to-maturity securities and listing shares, are exposed to the risk of market price fluctuations.

Payment terms of payables, such as trade notes and trade accounts, are mostly less than six months.

Maturities of finance lease obligation, which are mainly used for funding of equipment investment, are less than twelve years after the balance sheet date.

Derivatives mainly include forward foreign currency contracts, which are used to manage exposure to market risks from changes in foreign currency exchange rates of receivables.

Please see Note 13 for more detail about instruments, hedged items and policy for hedge accounting and assessment procedures of hedge effectiveness.

(3) Risk management for financial instruments

Credit risk management

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Group manages its credit risk from receivables on the basis of internal guidelines, which include monitoring of payment term and balances of major customers by each business administration department to identify the default risk of customers in early stage. The credit risk regarding subsidiaries is also managed in the same manner. With respect to held-to-maturity financial investment, the Group manages its exposure to credit risk by prohibiting its funding to high credit rated bonds in accordance with in its internal guidelines. Credit risk from derivatives is minimized because the group deals only with large financial institutions.

Market risk management (foreign exchange risk)

Foreign currency trade receivables are exposed to market risk resulting from fluctuations in foreign currency exchange rates. Such foreign currency exchange risk, which is recognized with respect to each currency and each month, is hedged principally by forward foreign currency contracts. Forward foreign currency contracts are used when foreign currency trade receivables are certainly expected from forecasted transactions according to conditions in foreign currency exchange fluctuations. Marketable and investment securities are managed by monitoring market values and financial position of issuers on a regular basis.

Derivative transactions have been approved by a predefined decision maker based on the internal guidelines which prescribe the authority and the limit and managed by regularly confirming the balance of each day by the finance department.

Liquidity risk management

Liquidity risk comprises the risk that the Group cannot meet its contractual obligations in full on maturity dates. The Group manages its liquidity risk by holding adequate volumes of liquid assets in view of business income, expenditure, and equipment investment spending plan along with adequate financial planning by the corporate treasury department. Subsidiaries also report their financial plans to the Group. The finance department manages the liquidity risk by obtaining information of cash flows of the whole Group.

(4) Fair values of financial instruments

Fair values of financial instruments are based on quoted price in active markets. If quoted price is not available, other rational valuation techniques are used instead. The techniques include some changing factors and the fair values may be changed by adopting different assumptions. In addition, the contract amounts of derivatives in Note 13, "DERIVATIVES", do not directly indicate the market risk of derivatives.

(a) Fair value of financial instruments

The carrying amounts, fair values and unrealized gain/loss as of March 31, 2011 and 2010, are as follows. Note that financial instruments whose fair value cannot be reliably determined are not included (See (b)).

	Millions of Yen		
March 31, 2011	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	¥ 18,916	¥ 18,916	
Receivables:			
Trade notes	2,896		
Trade accounts	28,994		
Associated company	176		
Allowance for doubtful accounts (*1)	(371)		
Receivables - net	31,695	31,691	¥ (4)
Investments in lease	1,763	1,704	(59)
Investment securities:			
Held-to-maturity securities	500	507	7
Available-for-sale securities	1,890	1,890	
Total	¥ 54,764	¥ 54,708	¥ (56)
Payables:			
Trade notes	¥ 2,149	¥ 2,149	
Trade accounts	9,107	9,107	
Associated company	297	297	
Lease obligations	1,145	1,132	¥ (13)
Income taxes payable	2,729	2,729	
Total	¥ 15,427	¥ 15,414	¥ (13)
Derivatives (*2)	¥ (109)	¥ (109)	

	Millions of Yen		
March 31, 2010	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	¥ 13,813	¥ 13,813	
Receivables:			
Trade notes	3,048		
Trade accounts	27,245		
Associated company	218		
Allowance for doubtful accounts (*1)	(384)		
Receivables - net	30,127	30,125	¥ (2)
Investments in lease	1,254	1,198	(56)
Investment securities:			
Held-to-maturity securities	500	507	7
Available-for-sale securities	2,045	2,045	
Total	¥ 47,739	¥ 47,688	¥ (51)
Payables:			
Trade notes	¥ 1,495	¥ 1,495	
Trade accounts	8,566	8,566	
Associated company	176	176	
Lease obligations	2,029	2,057	¥ 28
Income taxes payable	2,447	2,447	
Total	¥ 14,713	¥ 14,741	¥ 28
Derivatives (*2)	¥ 12	¥ 12	

	Thousands of U.S. Dollars		
March 31, 2011	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	$ 227,904	$ 227,904	
Receivables:			
Trade notes	34,892		
Trade accounts	349,325		
Associated company	2,120		
Allowance for doubtful accounts (*1)	(4,470)		
Receivables - net	381,867	381,819	$ (48)
Investments in lease	21,241	20,530	(711)
Investment securities:			
Held-to-maturity securities	6,024	6,108	84
Available-for-sale securities	22,771	22,771	
Total	$ 659,807	$ 659,132	$ (675)
Payables:			
Trade notes	$ 25,892	$ 25,892	
Trade accounts	109,723	109,723	
Associated company	3,578	3,578	
Lease obligations	13,796	13,639	$ (157)
Income taxes payable	32,880	32,880	
Total	$ 185,869	$ 185,712	$ (157)
Derivatives (*2)	$ (1,313)	$ (1,313)	

Notes: *1. Allowance for doubtful accounts associated with trade accounts receivables are deducted.
*2. Derivative assets and liabilities are on net basis.

Assets

Cash and cash equivalents

The carrying values are adopted for cash and cash equivalents as they approximate fair value because of their short maturities.

Receivables

The carrying values are adopted for short-term receivables as they approximate fair value.

The fair values of long-term receivables such as installment receivables measured at the present values discounted by risk-free rates and the future cash flows including credit risks.

Investments in lease

The fair values of investments in lease are measured at the present values discounted by the interest rate after consideration of remaining term and credit risks.

Investment securities

The fair values of equity securities are determined by securities exchange prices. With respect to other securities, the values which the correspondent financial institutions present are adopted for the fair values. Please see Note 3, "SHORT-TERM INVESTMENT AND INVESTMENT SECURITIES", for securities categorized by purposes.

Liabilities

Payables and income taxes payable

The carrying values are adopted for payables and income taxes payable as they approximate fair value because of their short maturities.

Lease obligations

The fair values of lease obligations are measured at the present values of total principle discounted by the interest rate which would be used if a new lease transaction occurred.

Derivatives

The information of the fair value for derivatives is included in Note 13, "DERIVATIVES".

(b) Financial instruments whose fair value cannot be reliably determined

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Investments in equity instruments that do not have a quoted market price in an active market	¥ 712	¥ 804	$ 8,578

The above financial instruments are not included in investment securities because they do not have market values and it is difficult to estimate the future cash flows.

(5) Maturity analysis for financial assets and securities with contractual maturities

	Millions of Yen			
March 31, 2011	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash and cash equivalents	¥ 18,916			
Receivables:				
Trade notes	2,896			
Trade accounts	28,586	¥ 408		
Associated company	176			
Investments in lease	342	1,410	¥ 11	
Investment securities:				
Held-to-maturity securities		500		
Total	¥ 50,916	¥ 2,318	¥ 11	

	Thousands of U.S. Dollars			
March 31, 2010	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash and cash equivalents	$ 227,904			
Receivables:				
Trade notes	34,892			
Trade accounts	344,410	$ 4,915		
Associated company	2,120			
Investments in lease	4,120	16,988	$ 133	
Investment securities:				
Held-to-maturity securities		6,024		
Total	$ 613,446	$ 27,927	$ 133	

(6) Please see Note 11, "LEASES", for future payments of lease obligations.

13. DERIVATIVES

The Group enters into foreign currency forward contracts and foreign currency option contracts to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies.

The Group also enters into interest rate swap contracts to manage its interest rate exposures on certain liabilities.

All derivative transactions are entered into to hedge interest and foreign currency exposures incorporated within the Group's business. Accordingly, market risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities. The Group does not hold or issue derivatives for trading purposes.

Because the counterparties to these derivatives are limited to major international financial institutions, the Group does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Group have been made in accordance with internal policies which regulate the authorization and credit limit amount.

Derivative transactions to which hedge accounting is not applied

	Millions of Yen			
At March 31, 2011	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain/Loss
Foreign currency forward contracts:				
Selling U.S.$	¥ 2,365		¥ (4)	¥ (4)
Selling Euro	1,738		(82)	(82)

	Millions of Yen			
At March 31, 2010	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain/Loss
Foreign currency forward contracts:				
Selling U.S.$	¥ 1,765		¥ (48)	¥ (48)
Selling Euro	2,144		83	83

	Thousands of U.S. Dollars			
At March 31, 2011	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain/Loss
Foreign currency forward contracts:				
Selling U.S.$	$ 28,494		$ (48)	$ (48)
Selling Euro	20,940		(988)	(988)

Derivative transactions to which hedge accounting is applied

	Millions of Yen			
At March 31, 2011	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:				
Selling U.S.$	Receivables	¥ 450		¥ (6)
Selling Euro	Receivables	569		(17)

	Millions of Yen			
At March 31, 2010	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:				
Selling U.S.$	Receivables	¥ 454		¥ (11)
Selling Euro	Receivables	798		(12)

	Thousands of U.S. Dollars			
At March 31, 2011	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:				
Selling U.S.$	Receivables	$ 5,422		$ (72)
Selling Euro	Receivables	6,855		(205)

The fair value of derivative transactions is measured at the quoted price obtained from the financial institution.

The contract amounts of derivatives which are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risk.

14. COMPREHENSIVE INCOME

Other comprehensive income for the year ended March 31, 2010 consists of the following:

	Millions of Yen
Other comprehensive income:	
Unrealized gain on available-for-sale securities	¥ 315
Deferred loss on derivatives under hedge accounting	(14)
Foreign currency translation adjustments	(552)
Total other comprehensive income	¥ (251)

Total comprehensive income for the year ended March 31, 2010 comprises the following:

	Millions of Yen
Total comprehensive income attributable to:	
Owners of the parent	¥ 9,512
Minority interests	34
Total comprehensive income	¥ 9,546

15. NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2010 and 2009 is as follows:

	Millions of Yen	Thousands of U.S. Dollars	Yen	Dollars
	Net Income	Weighted Average Shares	EPS	
For the year ended March 31, 2011:				
Basic EPS				
Net income available to common shareholders	¥ 11,412	102,650,022	¥ 111.17	$ 1.34
Effect of Dilutive Securities				
Stock options		198,728		
Diluted EPS				
Net income for computation	¥ 11,412	102,848,750	¥ 110.96	$ 1.34
For the year ended March 31, 2010:				
Basic EPS				
Net income available to common shareholders	¥ 9,765	102,378,837	¥ 95.38	
Effect of Dilutive Securities				
Stock options		130,460		
Diluted EPS				
Net income for computation	¥ 9,765	102,509,297	¥ 95.26	

16. SUBSEQUENT EVENTS

a. Appropriations of Retained Earnings

The following appropriation of retained earnings at March 31, 2011 was approved at the shareholders' general meeting of the Company held on June 24, 2011:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥32 ($0.39) per share	¥ 1,643	$ 19,795

b. Stock Split

On April 1, 2011, the Company made a two-for-one stock split by way of a free share distribution based on the resolution of the Board of Directors meeting held on March 3, 2011.

17. SEGMENT INFORMATION

For the years ended March 31, 2011 and 2010

In March 2008, the ASBJ revised ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures", and issued ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures". Under the standard and guidance, an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. This accounting standard and the guidance are applicable to segment information disclosures for the fiscal years beginning on or after April 1, 2010. The segment information for the year ended March 31, 2010 under the revised accounting standard is also disclosed hereunder as required.

1. Description of reportable segments
   The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. The Group mainly produces and sells diagnostic instruments and reagents. The Company plans comprehensive strategies within Japan and conducts business activities there and the 4 regional headquarters located in America, Europe, China and Asia Pacific plan comprehensive strategies for each region and conduct business activities in those regions.
   Therefore, the Group consists of the geographical segments based on production and sales structures, which are "Japan", "Americas", "Europe", "China" and "Asia-Pacific".
2. Methods of measurement for the amounts of sales, profit (loss), assets, liabilities and other items for each reportable segment
   The accounting policies of each reportable segment are consistent to those disclosed in Note 2, "Summary of Significant Accounting Policies", and the profits of the reportable segments are their operating incomes.
   Intersegment sales or transfers are determined based on market prices or costs of goods manufactured.

3. Information about sales, profit (loss), assets, liabilities and other items is as follows:

	Millions of Yen							
	2011							
	Reportable Segment						Reconciliations	Consolidated
	Japan	Americas	Europe	China	Asia Pacific	Total		
Sales:								
Sales to external customers	¥ 41,720	¥ 25,476	¥ 35,296	¥ 15,093	¥ 7,109	¥ 124,694		¥ 124,694
Intersegment sales or transfers	34,010	5	282	7	183	34,487	¥ (34,487)	
Total	75,730	25,481	35,578	15,100	7,292	159,181	(34,487)	124,694
Segment profit	6,816	3,248	4,552	2,411	746	17,773	516	18,289
Segment assets	83,475	16,568	27,510	8,893	5,397	141,843	(11,783)	130,060
Other:								
Depreciation	3,682	1,215	2,012	152	322	7,383	(512)	6,871
Amortization of goodwill	173		497		7	677		677
Investment of associates accounted for using equity method	137					137		137
Increase in property, plant and equipment and intangible assets	¥ 3,634	¥ 1,295	¥ 3,099	¥ 106	¥ 552	¥ 8,686	¥ (828)	¥ 7,858

	Millions of Yen							
	2010							
	Reportable Segment						Reconciliations	Consolidated
	Japan	Americas	Europe	China	Asia Pacific	Total		
Sales:								
Sales to external customers	¥ 38,626	¥ 23,444	¥ 36,446	¥ 11,843	¥ 5,847	¥ 116,206		¥ 116,206
Intersegment sales or transfers	27,857	7	480	5	159	28,508	¥ (28,508)	
Total	66,483	23,451	36,926	11,848	6,006	144,714	(28,508)	116,206
Segment profit	2,963	2,775	5,304	2,752	900	14,694	1,046	15,740
Segment assets	77,834	14,930	25,405	8,385	4,813	131,367	(10,665)	120,702
Other:								
Depreciation	3,610	1,474	2,062	160	229	7,535	(468)	7,067
Amortization of goodwill	191		368		7	566		566
Investment of associates accounted for using equity method	198					198		198
Increase in property, plant and equipment and intangible assets	¥ 2,966	¥ 871	¥ 3,543	¥ 228	¥ 321	¥ 7,929	¥ (1,425)	¥ 6,504

	Thousands of U.S. Dollars							
	2011							
	Reportable Segment						Reconciliations	Consolidated
	Japan	Americas	Europe	China	Asia Pacific	Total		
Sales:								
Sales to external customers	$ 502,651	$ 306,940	$ 425,253	$ 181,843	$ 85,650	$ 1,502,337		$ 1,502,337
Intersegment sales or transfers	409,759	60	3,398	84	2,205	415,506	$ (415,506)	
Total	912,410	307,000	428,651	181,927	87,855	1,917,843	(415,506)	1,502,337
Segment profit	82,120	39,133	54,843	29,048	8,988	214,132	6,217	220,349
Segment assets	1,005,723	199,614	331,446	107,145	65,024	1,708,952	(141,964)	1,566,988
Other:								
Depreciation	44,361	14,639	24,241	1,831	3,880	88,952	(6,169)	82,783
Amortization of goodwill	2,084		5,989		84	8,157		8,157
Investment of associates accounted for using equity method	1,651					1,651		1,651
Increase in property, plant and equipment and intangible assets	$ 43,783	$ 15,603	$ 37,337	$ 1,277	$ 6,651	$ 104,651	$ (9,976)	$ 94,675

Notes: Reconciliations principally consist of intersegment transfers and unallocated corporate assets included under reconciliations for 2011 and 2010 are ¥2,485 million ($29,940 thousand) and ¥2,651 million, respectively which consist primarily of funds such as marketable equity securities.

4. Information about products and services

	Millions of Yen				
	2011				
	Instrument	Reagent	Maintenance Service	Others	Total
Sales to external customers	¥ 41,749	¥ 55,291	¥ 12,140	¥ 15,514	¥ 124,694

	Thousands of U.S. Dollars				
	2011				
	Instrument	Reagent	Maintenance Service	Others	Total
Sales to external customers	$ 503,000	$ 666,157	$ 146,265	$ 186,915	$ 1,502,337

5. Information about geographical areas

(1) Sales

Millions of Yen				
2011				
Japan	Americas	China	Other	Total
¥ 38,541	¥ 21,817	¥ 15,093	¥ 49,243	¥ 124,694

Thousands of U.S. Dollars				
2011				
Japan	Americas	China	Other	Total
$ 464,349	$ 262,856	$ 181,843	$ 593,289	$ 1,502,337

(2) Property, plant and equipment

Millions of Yen		
2011		
Japan	Other	Total
¥ 26,423	¥ 9,809	¥ 36,232

Thousands of U.S. Dollars		
2011		
Japan	Other	Total
$ 318,349	$ 118,181	$ 436,530

Notes: Sales are classified in countries or regions based on location of customers.

6. Information about major customers

There is no customer who occupies more than 10% of the consolidated sales.

7. Information on the balance of goodwill of reportable segments

	Millions of Yen						
	2011						
	Japan	Americas	Europe	China	Asia Pacific	Eliminations/ Corporate	Total
Goodwill at March 31, 2011	¥ 170		¥ 1,641		¥ 19		¥ 1,830

	Thousands of U.S. Dollars						
	2011						
	Japan	Americas	Europe	China	Asia Pacific	Eliminations/ Corporate	Total
Goodwill at March 31, 2011	$ 2,048		$ 19,771		$ 229		$ 22,048

For the year ended March 31, 2010

a. Industry Segments

The Group's main operations are to manufacture and sell laboratory testing instruments and reagents used by clinical laboratories around the world. Under Japanese accounting regulations, the Group is not required to disclose industry segment information because its main industry segment represented more than 90% of its operations.

b. Geographical Segments

The geographical segments of the Group for the year ended March 31, 2010 are summarized as follows:

	Millions of Yen							
	2010							
	Japan	Americas	Europe	China	Asia Pacific	Total	Eliminations/ Corporate	Consolidated
Sales to customers	¥ 38,626	¥ 23,444	¥ 36,446	¥ 11,843	¥ 5,847	¥ 116,206		¥ 116,206
Interarea transfer	27,857	7	480	5	159	28,508	¥ (28,508)	
Total sales	66,483	23,451	36,926	11,848	6,006	144,714	(28,508)	116,206
Operating expenses	63,520	20,676	31,622	9,096	5,106	130,020	(29,554)	100,466
Operating income	¥ 2,963	¥ 2,775	¥ 5,304	¥ 2,752	¥ 900	¥ 14,694	¥ 1,046	¥ 15,740
Total assets	¥ 77,834	¥ 14,930	¥ 25,405	¥ 8,385	¥ 4,813	¥131,367	¥ (10,665)	¥ 120,702

c. Sales to Foreign Customers

Sales to foreign customers for the year ended March 31, 2010 amounted to ¥79,354 million.

Independent Auditors' Report

Deloitte.

Deloitte Touche Tohmatsu LLC
Meijiyasudaseimei Kobe Building
8-3-5, Isogami-dori, Chuo-ku
Kobe 651-0086
Japan

Tel: +81 (78) 221 8161
Fax: +81 (78) 221 8225
www.deloitte.com/jp

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Sysmex Corporation:

We have audited the accompanying consolidated balance sheets of Sysmex Corporation (the "Company") and subsidiaries as of March 31, 2011 and 2010, and the related consolidated statements of income for the years then ended, the consolidated statement of comprehensive income for the year ended March 31, 2011, and the related consolidated statements of changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

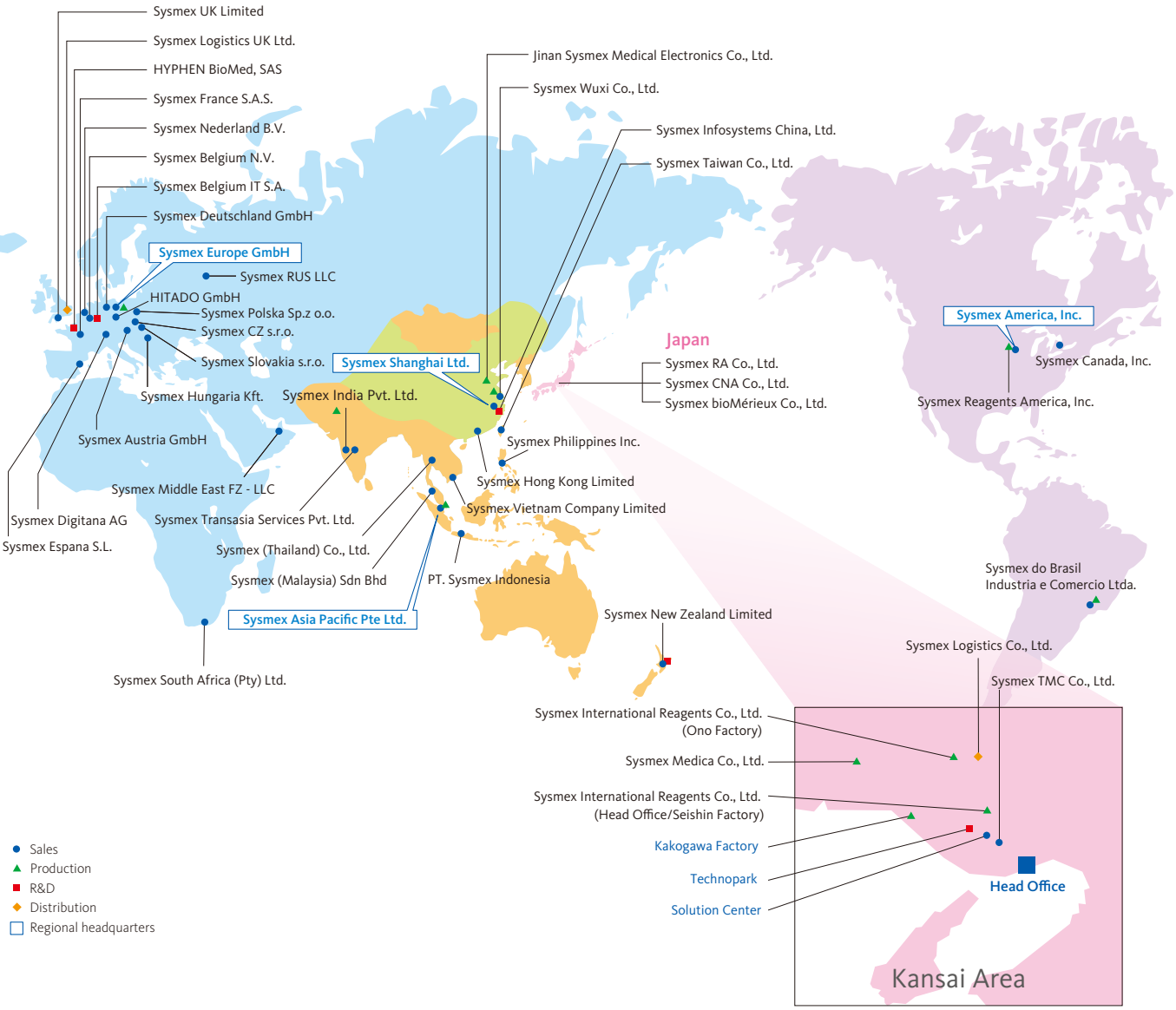
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sysmex Corporation and subsidiaries as of March 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 20, 2011

Network



Domestic Offices	Location	TEL	FAX
Head Office	1-5-1 Wakinohama-Kaigandori, Chuo-ku, Kobe, Hyogo 651-0073, Japan	TEL: (+81) 78-265-0500	FAX: (+81) 78-265-0524
Tokyo Office	1-2-2 Ohsaki, Shinagawa-ku, Tokyo 141-0032	TEL: (+81) 3-5434-8910	FAX: (+81) 3-5434-8555
Technopark	4-4-4 Takatsukadai, Nishi-ku, Kobe 651-2271	TEL: (+81) 78-991-1911	FAX: (+81) 78-991-1917
Solution Center	1-3-2 Murotani, Nishi-ku, Kobe 651-2241	TEL: (+81) 78-992-5860	FAX: (+81) 78-992-5868
Kakogawa Factory	314-2 Kitano, Noguchicho, Kakogawa, Hyogo 675-0011	TEL: (+81) 79-424-1171	FAX: (+81) 79-424-6814
Sendai Branch	4-6-1 Chuo, Aoba-ku, Sendai 980-6024	TEL: (+81) 22-722-1710	FAX: (+81) 22-265-1661
Kita Kanto Branch	4-261-1 Kishiki-cho, Oomiya-ku, Saitama 330-0843	TEL: (+81) 48-600-3888	FAX: (+81) 48-601-2272
Tokyo Branch	1-2-2 Ohsaki, Shinagawa-ku, Tokyo 141-0032	TEL: (+81) 3-5434-8550	FAX: (+81) 3-5434-8551
Nagoya Branch	1-603 Kamiyashiro, Meito-ku, Nagoya 465-0025	TEL: (+81) 52-775-8101	FAX: (+81) 52-775-5217
Osaka Branch	17-1 Enoki-cho, Suita, Osaka 564-0063	TEL: (+81) 6-6337-8300	FAX: (+81) 6-6337-8200
Hiroshima Branch	3-17 Fukuro-machi, Naka-ku, Hiroshima 730-0036	TEL: (+81) 82-248-9070	FAX: (+81) 82-248-9075
Fukuoka Branch	4-9-24 Hakata Eki Minami, Hakata-ku, Fukuoka 812-0016	TEL: (+81) 92-411-4314	FAX: (+81) 92-474-3862
Sapporo Sales Office	4-12 Kita Nanajo Nishi, Kita-ku, Sapporo 060-0807	TEL: (+81) 11-700-1090	FAX: (+81) 11-281-6136
Morioka Sales Office	1-7-25 Chuodori, Morioka City, Iwate 020-0021	TEL: (+81) 19-654-3331	FAX: (+81) 19-623-6429
Nagano Sales Office	2-5-26 Fukashi, Matsumoto City, Nagano 390-0815	TEL: (+81) 263-31-8180	FAX: (+81) 263-31-8191
Niigata Sales Office	1-20-5 Sasaguchi, Chuo-ku, Niigata City, Niigata 950-0911	TEL: (+81) 25-243-6266	FAX: (+81) 25-241-4452
Chiba Sales Office	1-3 Nakase, Mihama-ku, Chiba 261-8501	TEL: (+81) 43-297-2701	FAX: (+81) 43-297-2707
Shizuoka Sales Office	1-11-26 Takamatsu, Suruga-ku, Shizuoka City, Shizuoka 422-8034	TEL: (+81) 54-237-4815	FAX: (+81) 54-237-8148
Kanazawa Sales Office	2-11-1 Ekinishi Honmachi, Kanazawa City, Ishikawa 920-0025	TEL: (+81) 76-221-9363	FAX: (+81) 76-262-5615
Kyoto Sales Office	3-1 Mibu Kayo Gosho-cho, Nakagyo-ku, Kyoto 604-8811	TEL: (+81) 75-801-3196	FAX: (+81) 75-841-8445
Kobe Sales Office	4-1-2 Kumoidori, Chuo-ku, Kobe 651-0096	TEL: (+81) 78-251-5331	FAX: (+81) 78-251-5505
Takamatsu Sales Office	1-6-6 Bancho, Takamatsu City, Kagawa 760-0017	TEL: (+81) 87-823-5801	FAX: (+81) 87-823-5834
Okayama Sales Office	3-10 Togiya-cho, Kita-ku, Okayama 700-0826	TEL: (+81) 86-224-2605	FAX: (+81) 86-222-6814
Kagoshima Sales Office	15-9 Kajiyacho, Kagoshima City, Kagoshima 891-0114	TEL: (+81) 99-222-2788	FAX: (+81) 99-267-1338
Metropolitan Area Service Center	2-16-2 Minami-kamata, Ota-ku, Tokyo 144-0035	TEL: (+81) 3-5711-8301	FAX: (+81) 3-5711-8302

(As of May 31, 2011)

	Corporate name	Established	Equity ownership by Group	Location	TEL
Japan	Sysmex Corporation			1-5-1 Wakinohama-Kaigandori, Chuo-ku, Kobe, Hyogo 651-0073, Japan	TEL: (+81) 78-265-0500
	Sysmex International Reagents Co., Ltd.	1969	100%	Head Office/Seishin Factory 4-3-2 Takatsukadai, Nishi-ku, Kobe, Hyogo 651-2271, Japan	TEL: (+81) 78-991-2211
				Ono Factory 17 Takumidai, Ono, Hyogo 675-1322, Japan	TEL: (+81) 794-62-7001
	Sysmex RA Co., Ltd.	1978	100%	1850-3 Hirookanomura, Shiojiri, Nagano 399-0702, Japan	TEL: (+81) 263-54-2251
	Sysmex Medica Co., Ltd.	1978	100%	323-3 Miyaoki, Yumesaki-cho, Himeji, Hyogo 671-2121, Japan	TEL: (+81) 79-335-2080
	Sysmex TMC Co., Ltd.	1992	100%	1-3-2 Murotani, Nishi-ku, Kobe, Hyogo 651-2241, Japan	TEL: (+81) 78-992-5883
	Sysmex CNA Co., Ltd.	1996	100%	2-3-7 Hakata Eki Mae, Hakata-ku, Fukuoka 812-0011, Japan	TEL: (+81) 92-476-1121
	Sysmex Logistics Co., Ltd.	1997	100%	17 Takumidai, Ono, Hyogo 675-1322, Japan	TEL: (+81) 794-64-2326
	Sysmex bioMérieux Co., Ltd.	2008	34%	1-2-2 Ohsaki, Shinagawa-ku, Tokyo 141-0032, Japan	TEL: (+81) 3-6834-2666
Americas	Sysmex America, Inc.	2003	100%	1 Nelson C. White Parkway, Mundelein, IL 60060, U.S.A.	TEL: (+1) 847-996-4500
	Sysmex Reagents America, Inc.	1993	100%	2 Nelson C. White Parkway, Mundelein, IL 60060, U.S.A.	TEL: (+1) 847-367-2800
	Sysmex Canada, Inc.	2007	100%	5045 Orbitor Drive Building 9, Suite 401 Mississauga, ON L4W 4Y4, Canada	TEL: (+1) 905-366-7900
	Sysmex do Brasil Industria e Comercio Ltda.	1998	100%	Rua Joaquim Nabuco, 615-Bairro Cidade Jardim-Sao Jose dos Pinhais-Parana- Brasil-CEP 83040-210	TEL: (+55) 41-2104-1314
Europe	Sysmex Europe GmbH	1980	100%	Bornbarch 1, 22848 Norderstedt, Germany	TEL: (+49) 40-527260
	Sysmex Deutschland GmbH	1995	100%	Bornbarch 1, 22848 Norderstedt, Germany	TEL: (+49) 40-5341020
	HITADO GmbH	2010	100%	Dreihausen 2, D-59519 Moehnesee, Germany	TEL: (+49) 0-2924-9705-0
	Sysmex UK Limited	1991	100%	Sysmex House, Garamonde Drive, Wymbush, Milton Keynes, MK8 8 DF, U.K.	TEL: (+44) 870-902-9210
	Sysmex Logistics UK Ltd.	2003	100%	Unit 4 IO Centre, Fingle Drive, Stonebridge, Milton Keynes, MK13 0AT, Buckinghamshire, U.K.	TEL: (+44) 870-902-9230
	Sysmex France S.A.S.	2000	100%	Paris Nord II, 22, avenue des Nations, B.P. 51414 Villepinte, 95944 ROISSY-CDG Cedex, France	TEL: (+33) 1-48-170190
	HYPHEN BioMed, SAS	2010	100%	155 Rue d'Eragny-95000 Neuville sur Oise, France	TEL: (+33) 134-406-510
	Sysmex Espana S.L.	2010	100%	Frederic Mompou, 4-B Planta 2 08960. Sant Just Desvern, Espana	TEL: (+34) 934-236-231
	Sysmex Belgium IT S.A.	1997	100%	Rue Pres Champs 25B, 4671 Barchon, Belgium	TEL: (+32) 4-387-9393
	Sysmex Belgium N.V.	2009	100%	Park Rozendal, Building A Terhulpsesteenweg 6a 1560 Hoeilaart, Belgium	TEL: (+32) 2-769-7474
	Sysmex Nederland B.V.	2009	100%	Ecustraat 11, 4879 NP Etten-Leur, The Netherlands	TEL: (+31) 76-508-6000
	Sysmex Polska Sp.z o.o.	2005	100%	Kopernik Office Building, Al. Jerozolimskie 176, 02-486 Warszawa, Poland	TEL: (+48) 22-57284-00
	Sysmex Digitana AG	2006	80%	Tödistrasse 50, 8810 Horgen, Switzerland	TEL: (+41) 44-718-38-38
	Sysmex Austria GmbH	2007	100%	Odoakergasse 34-36 A-1160 Wien, Austria	TEL: (+43) 1-4861631
	Sysmex Hungaria Kft.	2007	100%	Forum Offices Obuda Irodahaz 1037 Budapest, 3 kerulet Becsi ut 271, Hungary	TEL: (+36) 1-3143076
	Sysmex CZ s.r.o.	2007	100%	Elgartova 683/4 61400 Brno Czech Republic	TEL: (+420) 548-216-855
	Sysmex Slovakia s.r.o.	2007	100%	Galvaniho 15/A 821 04 Bratislava, Slovakia	TEL: (+421) 2-6453-2881-2
	Sysmex RUS LLC	2011	100%	1 Magistralny tupik, 11, Bld. 1, Office 13 Russia, Moscow 123290	TEL: (+7) 495-7816772
	Sysmex Middle East FZ-LLC	2008	100%	Dubai Healthcare City City Pharmacy Building C/P 72 Office 304, P.O. Box 505119, Dubai, U.A.E.	TEL: (+971) 4-4370515
	Sysmex South Africa (Pty) Ltd.	2006	100%	Fernridge Office Park, Block 2; 5 Hunter Avenue; Ferndale; Randburg 2194 RSA	TEL: (+27) 11-3299480
China	Sysmex Shanghai Ltd.	2000	100%	9th Floor, Azia Center, 1233 Lujiazui Ring Road, Shanghai, 200120, China	TEL: (+86) 21-6888-2626
	Sysmex Infosystems China, Ltd.	2000	100%	9th Floor, Azia Center, 1233 Lujiazui Ring Road, Shanghai, 200120, China	TEL: (+86) 21-6888-2606
	Jinan Sysmex Medical Electronics Co., Ltd.	1995	100%	7493 Airport Road, Yaoqiang Town, Licheng District, Jinan City, Shandong Province, China; PC. 250107	TEL: (+86) 531-8873-4440
	Sysmex Hong Kong Limited	1999	100%	Room 1012, 10/ F, Tower 1, Silvercord, 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong	TEL: (+852) 2543-5123
	Sysmex Wuxi Co., Ltd.	2003	100%	#8-9, No. 93, Science Technology Stand-up Park, New District, Wuxi, Jiangsu, 214028, China	TEL: (+86) 510-8534-5837
Asia Pacific	Sysmex Asia Pacific Pte Ltd.	1998	100%	9 Tampines Grande #06-16 to #06-22 528735, Singapore	TEL: (+65) 6221-3629
	Sysmex (Malaysia) Sdn Bhd	1998	100%	No. 11A & 15, Jalan PJS 7/12, Bandar Sunway, 46150 Petaling Jaya, Selangor, Malaysia	TEL: (+60) 3-56371788
	Sysmex (Thailand) Co., Ltd.	1999	100%	14 Soi Ramkamhaeng 43/1, Ramkamhaeng Road, Wangthonglang, Bangkok 10310, Thailand	TEL: (+66) 2539-1127
	Sysmex Vietnam Company Limited	2010	100%	8th floor, 106 Nguyen Van Troi, Phu Nhuan District, Ho Chi Minh City, Vietnam	TEL: (+84) 8-39979400
	PT. Sysmex Indnesia	2002	100%	Cyber 2 Tower, 5th Floor, Unit E Jl. HR. Rasuna Said Blok X5 No. 13 Jakarta Selatan 12950, Indonesia	TEL: (+62) 21-3002-6688
	Sysmex Transasia Services Pvt. Ltd.	2009	51%	308, ASCOT Centre, 3rd Floor, Next to Hotel Le Royal Meridian Sahar Airport Road, Andheri (East) MUMBAI 400 099, India	TEL: (+91) 22-2822-4040
	Sysmex India Pvt. Ltd.	1998	100%	308, ASCOT Centre, 3rd Floor, Next to Hotel Le Royal Meridian Sahar Airport Road, Andheri (East) MUMBAI 400 099, India	TEL: (+91) 22-2822-4040
	Sysmex Philippines Inc.	2011	100%	30th Floor, MDC 100 Bldg, E. Rodriguez Jr. Ave. cor. Eastwood Ave. Bagumbayan, Quezon City, Philippines	TEL: (+632) 374-6883
	Sysmex Taiwan Co., Ltd.	2000	100%	1 ST Fl., 11, Lane 6, Sec. 1, Hangchow S. Rd., Taipei, Taiwan R.O.C.	TEL: (+886) 2-2391-9290
	Sysmex New Zealand Limited	2001	100%	382-386 Manukau Road, Epsom, Auckland 1344, New Zealand	TEL: (+64) 9-630-3554

Brief History of the Company

● Management ● R&D ● Production ● Marketing

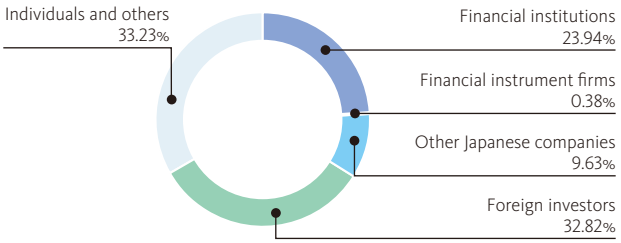
- ● 1963 Successfully developed and commercialized Automated Hematology Analyzer "CC-1001" the first blood cell counter in Japan.
- ● Feb. 1968 Toa Electric founded Toa Medical Electronics as the affiliate for sales of its medical electronics devices and instrument.
- ● May 1973 Established the Kakogawa Factory in Japan.
- ● Oct. 1975 Launch of the first fully automated hematology analyzer developed in Japan.
- ● Feb. 1978 Launch of the Sysmex brand to mark the 10th anniversary of founding.
- ● May 1978 Started hematology seminar in Japan. (now held 31 times)
- ● Oct. 1979 Established a US affiliate, now Sysmex America.
- ● Oct. 1980 Established a European affiliate, Sysmex Europe.
- ● Oct. 1984 Launch of the automated coagulation analyzer marks entry into the hemostasis segment.
- ● Mar. 1987 Launch of the immunochemistry analyzer, which utilized an original immunoassay method, marks entry into the immunochemistry segment.
- ● Aug. 1990 Launch of an integrated hematology system that fully automated the entire process from the counting of blood cells through preparation of smear samples.
- ● Feb. 1991 Opened the Ono Factory in Japan and transferred the reagent production division.
- ● May 1991 Established the UK affiliate, now Sysmex UK.
- ● Jul. 1993 Completed the Neumünster Factory, the base for reagent production in Europe.
- ● Mar. 1995 Signed an agreement with Dade International, a US-based company (now Siemens) for collaboration in selling coagulation product lines.
- ● Jun. 1995 Established a joint venture, now Jinan Sysmex Medical Electronics, in China.
- ● Nov. 1995 Listed stock on the Second Section of the Osaka Securities Exchange.
- ● Nov. 1995 Launch of the world's first analyzer of tangible constituents of urine that fully automated inspections of urinary sediments.
- ● Jul. 1996 Listed stock on the Second Section of the Tokyo Stock Exchange.
- ● Oct. 1996 Hisashi Ietsugu becomes president.
- ● Feb. 1998 Established a Singaporean affiliate, now Sysmex Asia Pacific.
- ● May 1998 Signed a basic agreement with F. Hoffmann-La Roche of Switzerland for global collaboration in marketing and joint R&D.
- ● Oct. 1998 Change of company name to Sysmex Corporation to mark the 30th anniversary of founding.
- ● Feb. 1999 Launch of the automated hematology analyzer developed for the 21st century.
- ● Jan. 2000 Founded a Shanghai affiliate, Sysmex Shanghai.
- ● Mar. 2000 Promoted to the First Section of the Tokyo Stock Exchange and the Osaka Securities Exchange.
- ● Mar. 2000 Opened Central Research Laboratories in the Techno Center.
- ● Apr. 2002 Consolidated Sysmex International Reagents as a wholly owned affiliate through a share exchange.
- ● Apr. 2003 Sysmex and Toshiba announce development of minimally-invasive blood glucose self-measurement technology that does not require blood sampling.
- ● Jun. 2003 Consolidation of two local affiliates in the US to establish Sysmex America. Rebuilding of the sales and support structure in the US.
- ● Jan. 2004 Release for research purposes of the GD-100, an instrument incorporating the independently developed OSNA method that detects cancer lymph node metastasis in a short time.
- ● Jan. 2004 Development of the world's first multi-protein analysis chip capable of simultaneous measurement of activities and amounts of up to 20 proteins.
- ● Apr. 2004 Acquired 50.8% of the shares in CNA, a medical data systems enterprise, and consolidated as an affiliate.
- ● Jun. 2004 Established the R&D bases at the Business Support Center for Biomedical Research Activities (BMA) on Port Island Second Stage, off shore from Kobe.
- ● Dec. 2004 Receipt of the Japan Investor Relations Association's IR Award for Excellence for 2004.
- ● Jan. 2005 Sysmex develops technology to diagnose the risk of post-operative recurrence of early-stage cancer.
- ● Apr. 2005 Introduction of the executive officer system as a means of strengthening corporate governance.
- ● May 2005 Establishment of the Solution Center in Nishi-ku, Kobe and concentration of the marketing planning, customer support and scientific support functions.
- ● Nov. 2005 Stock split.
- ● Jan. 2006 Released the XS Series, the world's smallest automated hematology analyzers, which require only minute quantities of blood.
- ● Apr. 2006 Introduction in Europe of the RD-100*i* gene amplification detector for detecting breast cancer lymph-node metastasis.
- ● Nov. 2006 The Japan Investor Relations Association awards the Fiscal 2006 IR Excellence Company Prize to Sysmex.
- ● Apr. 2007 Established a Group Corporate Philosophy, the "Sysmex Way."
- ● Apr. 2007 Announced preparations for establishing a business presence in Austria, Slovakia, Hungary and the Czech Republic.
- ● Jun. 2007 Formed a global partnership with bioMérieux for urinary screening in microbiology.
- ● Oct. 2007 Established a Canadian affiliate, Sysmex Canada.
- ● Dec. 2007 Started supplying hematology analyzers to animal test laboratories operated by animal diagnostics major IDEXX Laboratories.
- ● Jan. 2008 Formed a commercial joint venture with bioMérieux for the Japanese *in-vitro* diagnostics market.
- ● Apr. 2008 Started direct sales and support services in France.
- ● Apr. 2008 Awarded MAFF manufacturing and marketing approval for a rapid and easy test kit to detect influenza infection in chickens.
- ● Jun. 2008 Adoption of Sysmex products as standard instruments by the Mongolian Ministry of Health.
- ● Jun. 2008 Acquisition of approval from the MHLW for manufacture and sale of gene amplification reagent as an *in-vitro* diagnostic pharmaceutical.
- ● Jun. 2008 Established the Dubai affiliate Sysmex Middle East FZ-LLC.
- ● Oct. 2008 Renewed the new corporate logo on the occasion of the 40th anniversary of the Company's establishment.
- ● Oct. 2008 Established Technopark, Sysmex's core R&D base; double the size of previous Techno Center facilities.
- ● Nov. 2008 First insurance coverage in Japan for the Sysmex system for rapid detection of breast cancer lymph node metastasis.
- ● Dec. 2008 The Indian joint venture Sysmex India Pvt. Ltd. became a wholly-owned subsidiary.
- ● Feb. 2009 Launched sales of the XT-4000*i*, a new model in its XT series of hematology analyzers.
- ● Apr. 2009 Established the Netherlands affiliate Sysmex Nederland B.V.
- ● Apr. 2009 Established the Belgian affiliate Sysmex Belgium N.V.
- ● Dec. 2009 Opened a reagent development base in China.
- ● Dec. 2009 Realized a full-scale entry into the POCT market in Germany.
- ● Jan. 2010 Established an overseas affiliate in Spain to expand life science business.
- ● Mar. 2010 Started joint research with the National Cancer Center Hospital to verify clinical usefulness of technology for detecting circulating tumor cells.
- ● Mar. 2010 Established a sales and support affiliate, Sysmex Vietnam.
- ● July. 2010 Launched joint business with IDEXX, leader in pet diagnostics.
- ● Sep. 2010 Established the Philippines affiliate Sysmex Philippines Inc.
- ● Jan. 2011 Established the Russian affiliate Sysmex RUS LLC.
- ● Apr. 2011 Carried out a two-for-one stock split.
- ● Apr. 2011 Transfer of Katakura Industries Co., Ltd. Research Institute of Biological Science.
- ● May 2011 Launched the XN series of flagship models in the hematology field.

Corporate Overview/Stock Information (As of March 31, 2011)

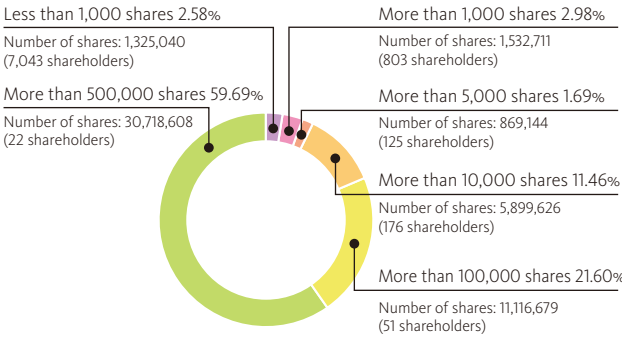
Sysmex Corporation

Established	February 20, 1968
Number of Employees	4,960 (consolidated basis) 2,067 (non-consolidated basis) (Including part-time employees)
Fiscal Year	April 1—March 31
Shareholders' Meeting	In June
Number of Shares Authorized	149,672,000 shares
Number of Shares Issued	51,461,808 shares
Paid-in Capital	¥9,041 million
Stock Listings	Tokyo Stock Exchange, First Section Osaka Securities Exchange, First Section
	November 1995: Listed on Osaka Securities Exchange, Second Section
	July 1996: Listed on Tokyo Stock Exchange, Second Section
	March 2000: Listed on Tokyo Stock Exchange, First Section and Osaka Securities Exchange, First Section
Ticker Code	6869
Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation
Independent Auditor	Deloitte Touche Tohmatsu
Rating	A (Rating and Investment Information, Inc. (R&I))
Indexes	MSCI Standard Index Russell/Nomura Japan Equity Indexes FTSE Japan Index NOMURA400 DSI (Daiwa Stock Indices) S&P Japan 500

Composition of Shareholders



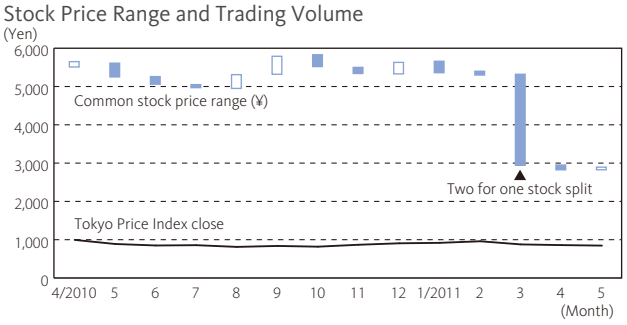
Distribution of Shares by Number of Shares Held

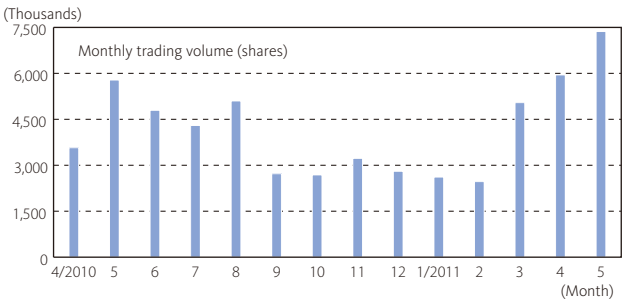


Principal Shareholders

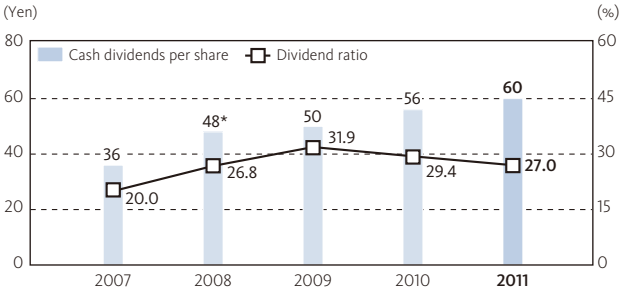
Shareholders	Number of shares held (Thousands)	Percentage of shareholding
Japan Trustee Services Bank, Ltd.	4,913	9.55
Tadako Nakatani	4,003	7.78
The Master Trust Bank of Japan, Ltd.	2,967	5.77
Nakatani Kosan, Ltd.	2,574	5.00
Tadashi Nakatani	2,495	4.85
GOLDMAN, SACHS & CO. REG. (Standing proxy: Goldman Sachs Japan Co. Ltd.)	1,545	3.00
Kazuko Ietsugu	1,531	2.98
Taeko Wada	1,531	2.98
National Mutual Insurance Federation of Agricultural Cooperatives (Standing proxy: The Master Trust Bank of Japan, Ltd.)	1,450	2.82
THE CHASE MANHATTAN BANK, N. A. LONDON SECS LENDING OMNIBUS ACCOUNT (Standing proxy: Mizuho Corporate Bank. Custody & Proxy Dept.)	1,333	2.59

Stock Price Range and Trading Volume





Cash Dividends per Share and Dividend Ratio (Consolidated)



* Including special dividends of ¥8 commemorating the 40th anniversary of the Company's founding.

Dividend Policy
Our dividend policy is to attain a balance between investment in sustainable growth and return to shareholders. In line with this policy, we maintain a payout ratio of 20% on a consolidated basis.

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