

Summary of Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2013

February 5, 2013

Listed company name : Sysmex Corporation
 Code : 6869
 Listed stock exchanges : Tokyo Stock Exchange
 Osaka Securities Exchange
 URL : <http://www.sysmex.co.jp>
 Company representative : Hisashi Ietsugu, President and CEO
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 Scheduled date for filing of quarterly report : February 13, 2013
 Scheduled date for dividend payment : -
 Preparation of supplementary material for quarterly earnings : Yes
 Holding of quarterly earnings announcement : Yes

(Unit: Millions of Yen)

1. Results for the nine months ended December 31, 2012

(1) Operating results

(% changes as compared with the corresponding period of the previous fiscal year)

	Net Sales		Operating income		Ordinary income		Net income	
Nine months ended Dec. 31, 2012	101,383	4.6%	15,192	11.3%	15,568	17.7%	9,518	10.9%
Nine months ended Dec. 31, 2011	96,913	8.0%	13,654	1.5%	13,226	2.6%	8,584	6.9%

	Net income per share (Yen)	Diluted net income per share (Yen)
Nine months ended Dec. 31, 2012	92.49	92.19
Nine months ended Dec. 31, 2011	83.55	83.39

Note:

Comprehensive income: 11,713 million yen (139.0%) for the nine months ended December 31, 2012; 4,900 million yen (3.7%) for December 31, 2011.

(2) Financial condition

	Total assets	Net assets	Equity Ratio	Net assets per share (Yen)
As of Dec. 31, 2012	152,869	110,971	72.2%	1,071.61
As of Mar. 31, 2012	142,285	102,502	71.6%	990.51

Note:

Equity capital: 110,387 million yen as of December 31, 2012; 101,833 million yen as of March 31, 2012

2. Dividends (The year ended March 31, 2012 and the year ending March 31, 2013)

	Dividend per share				
	First quarter (Yen)	Second quarter (Yen)	Third quarter (Yen)	Year-end (Yen)	Annual (Yen)
Year ended Mar. 31, 2012	—	15.00	—	19.00	34.00
Year ending Mar. 31, 2013	—	17.00	—	—	—
Year ending Mar. 31, 2013 (Forecast)	—	—	—	17.00	34.00

Note:

Revision of dividends forecast for this period: No

3. Business forecast for the year ending March 31, 2013

(% changes as compared with the corresponding period of the previous fiscal year)

	Net Sales		Operating income		Ordinary income		Net income		Net income per share (Yen)
Year ending Mar. 31, 2013	140,000	3.9%	20,000	4.1%	19,500	1.9%	12,100	0.8%	117.55

Note:

Revision of business forecast for this period: No

4. Other information

- (1) Changes in significant consolidated subsidiaries (which resulted in changes in scope of consolidation): No
- (2) Application of special accounting policy for quarterly financial reporting: No
- (3) Changes in accounting policies, accounting estimates and restatement of corrections
 - 1) Changes in accounting policies resulting from the revision of the accounting standards and other regulations: No
 - 2) Other changes in accounting policies: No
 - 3) Changes in accounting estimates: No
 - 4) Restatement of corrections: No
- (4) Number of shares outstanding (Ordinary shares)
 - 1) Number of shares outstanding at the end of each fiscal period (including treasury stock):
103,229,016 shares as of Dec. 31, 2012; 103,027,016 shares as of Mar. 31, 2012
 - 2) Number of treasury stock at the end of each fiscal period:
218,106 shares as of Dec. 31, 2012; 217,764 shares as of Mar. 31, 2012
 - 3) Average number of outstanding stock for each period (cumulative):
102,910,309 shares nine months ended Dec. 31, 2012; 102,747,164 shares nine months ended Dec. 31, 2011

*It is under the review procedure based on the Financial Instruments and Exchange Act at the time of disclosure of this report.

*The above estimates are based on information available to the company on the date of the report's announcement. Due to unforeseen circumstances, however, actual results may differ from such estimates.

1. Financial performance

1) Performance analysis

During the first nine months of the fiscal year ending March 31, 2013, the Japanese economy was in a state of gradual recovery, backed by reconstruction demand. Overseas, concerns about the economic outlook persisted, due to such factors as uncertainty about fiscal austerity in the United States, the protracted European debt crisis, and a gradual deceleration of economic activity in China.

On the healthcare front, in April 2012 the Japanese government introduced its revisions to medical compensation under the national healthcare system, indicating its basic policy on future structural reforms related to healthcare and nursing care, but only slight revisions were made in diagnostics. In advanced countries in Europe and the United States, efforts are underway to reduce healthcare costs and reform medical systems, and fiscal austerity measures in countries such as Spain and Italy are causing healthcare spending to decline in those countries. In the United States, efforts to reduce the number of people without medical insurance began in earnest. In China, medical system reform that is underway, including to the medical insurance system, aims to build infrastructures that provide uniform medical services in cities and farming villages throughout the country. Therefore, although some causes for uncertainty remain, the foundations of healthcare-related demand remain solid.

Under these circumstances, in July 2012, we received clearance from China's State Food and Drug Administration on the XN-Series, our top-end multiparameter automated hematology analyzer in the mainstay hematology market, followed by clearance from the U.S. Food and Drug Administration in October 2012. In December 2012, in Japan we launched our new model for the immunochemistry testing field, the HISCL-5000—our fully automated immunoassay analyzer.

Net Sales by Destination

	2012 3Q		2013 3Q		YoY (Previous period = 100%)
	Amount (Millions of Yen)	Percentage of Total (%)	Amount (Millions of Yen)	Percentage of Total (%)	
Japan	27,249	28.1	27,442	27.1	100.7
Americas	20,925	21.6	21,050	20.8	100.6
Europe	27,694	28.6	27,743	27.4	100.2
China	14,376	14.8	17,991	17.7	125.1
Asia Pacific	6,666	6.9	7,154	7.0	107.3
Overseas subtotal	69,663	71.9	73,940	72.9	106.1
Total	96,913	100.0	101,383	100.0	104.6

In Japan, management improvements accompanying healthcare reforms resulted in steady capital investment by large-scale medical institutions, and we continued to promote solution proposals. These efforts resulted in the favorable receipt of major orders, and we posted sales in Japan of ¥27,442 million, up 0.7% from the first nine months of the preceding fiscal year.

In overseas markets, we made steady progress in the strengthening of sales and support structures and the provision of solutions including the October 2012 commencement of direct sales in some parts of Thailand. As a result, although performance was affected by factors such as hesitant purchasing in the United States and sluggish sales in the China market, sales of instruments and diagnostic reagents remained firm, with generally favorable results in all regions.

Consequently, despite appreciation of the yen against the euro the Group's overseas sales were ¥73,940 million, up 6.1% year on year. The overseas sales ratio was 72.9%, up 1.0 percentage point from the same period of the previous fiscal year.

As a result, during the first nine months of the fiscal year the Group recorded consolidated net sales of ¥101,383 million, up 4.6%. Operating income rose 11.3%, to ¥15,192 million; ordinary income grew 17.7%, to ¥15,568 million; and net income increased 10.9%, to ¥9,518 million.

Performance by segment

(1) Japan

Sales remained robust in the hematology testing field, our main business domain, due to our perseverance in presenting solutions to customers, which paid off in the form of an increase in large orders. However, sales were down 1.9% compared with the corresponding period of the preceding fiscal year, to ¥29,449 million.

Despite the impact of a yen appreciation against the euro, a revision in intragroup transaction prices and higher export sales to Group companies prompted a 21.6% year-on-year increase in operating income, to ¥7,790 million.

(2) Americas

In the United States, sales of hematology instruments were down due chiefly to a longer-than-expected clearance procedures for the XN Series and temporary hesitation in customer purchases of instruments in response to uncertainty about the direction of the healthcare reform bill, but sales of reagents and support services grew as a result of a higher base of installed instruments, pushing up overall sales in this market. Sales were flat in Central and South America, due to a decrease in the number of project bids in certain markets. Consequently, overall sales in the Americas amounted to ¥20,405 million, up 3.4% from the first nine months of the preceding fiscal year.

Cost of sales rose, due to a revision in intragroup transaction prices, and selling, general and administrative expenses increased, stemming from efforts to reinforce our sales and support operations, and the relocation of our regional headquarters. Consequently, operating income fell 39.4%, to ¥1,370 million.

(3) Europe

Although affected to some extent by austerity measures stemming from the European debt crisis, we embarked on the full-fledged launch of the XN Series and enhanced our direct sales and support activities. This resulted in robust sales on a local currency basis, centered in the hematology field. Due to the negative impact of yen appreciation, however, the rise in sales was 0.3% year on year, to ¥27,592 million.

Despite the effects of yen appreciation, operating income increased 7.6%, to ¥4,192 million.

(4) China

In line with expanding healthcare demand, sales in China surged 25.1%, to ¥17,988 million, despite the impact of sluggish sales in certain areas of the market. Behind these solid results were substantially higher sales of instruments and diagnostic reagents in the hematology, hemostasis and urinalysis fields.

Higher sales compensated for such factors as a rise in cost of sales resulting from a revision in intragroup transaction prices, and operating income increased 1.9% year on year, to ¥1,987 million.

(5) Asia Pacific

In India, delays in the renewal of distributor agreements caused sales in that country to decline, but such factors as our promotion of a shift to direct sales in the Philippines and the acquisition of new projects in Vietnam pushed up regional sales 13.3% year on year, to ¥5,947 million.

Despite an increase in selling, general and administrative expenses to enhance our sales and support structure, a reduced cost of sales ratio contributed to a 336.9% increase in operating income, to ¥575 million.

2) Financial conditions analysis

(1) Assets, liabilities and net assets

As of December 31, 2012, total assets amounted to ¥152,869 million, up ¥10,584 million from March 31, 2012. Major reasons were that cash and deposits increased ¥4,592 million, merchandise and finished goods expanded ¥4,357 million, and buildings and structures grew ¥1,437 million.

Meanwhile, total liabilities were up ¥2,115 million, to ¥41,897 million. The main reasons for this rise were an increase of ¥1,276 million in trade notes and accounts payable and a ¥1,119 million rise in accrued expenses, within the category of other current liabilities.

Total net assets came to ¥110,971 million at December 31, 2012, up ¥8,468 million from their level on March 31, 2012. The principal reasons for this increase were a ¥5,815 million increase in retained earnings and ¥2,242 million higher net assets stemming from a lower debit balance on foreign currency translation adjustments. The equity ratio as of December 31, 2012, was 72.2%, up 0.6 percentage point from the 71.6% recorded as of March 31, 2012.

(2) Cash flows

As of December 31, 2012, cash and cash equivalents amounted to ¥26,435 million, up ¥4,597 million from March 31, 2012.

During the first nine months of the fiscal year ending March 31, 2013, cash flows from various activities are described in more detail below.

(Operating cash flow)

Net cash provided by operating activities was ¥16,664 million, ¥6,709 million more than in the first nine months of the preceding fiscal year. As principal factors, income before income taxes provided ¥15,299 million, ¥2,115 million more than during the corresponding period of the preceding year, and a decrease in trade notes and accounts receivable provided ¥3,617 million (whereas an increase in trade notes and accounts receivable used ¥1,426 million in the corresponding period of the preceding term). Uses of cash included income taxes paid of ¥5,975 million, ¥331 million more than during the first nine months of the preceding fiscal year.

(Investing cash flow)

Net cash used in investing activities was ¥9,445 million, ¥1,691 million more than in the corresponding period of the preceding fiscal year. Among major factors were purchases of property, plant and equipment, which used ¥8,165 million, ¥3,388 million more than in the first nine months of the preceding fiscal year. Payments for transfer of business, which used ¥1,900 million in the corresponding period of the preceding fiscal year, were absent during the period under review.

(Financing cash flow)

Net cash used in financing activities amounted to ¥3,464 million, ¥762 million more than was used in these activities during the first nine months of the preceding fiscal year. The principal reason was cash dividends paid of ¥3,703 million, which used ¥518 million more in cash than during the first nine months of the previous fiscal year.

3) Consolidated financial forecast

During the first nine months of the fiscal year ending March 31, 2013, net sales and operating income were both up year on year. During the fourth quarter, uncertainties remain in areas such as the economic outlook and trends in healthcare administration, but we expect performance to be generally in line with our forecasts. Accordingly, we maintain unchanged our consolidated financial forecast for the full fiscal year, as announced on November 6, 2012.

The forecasts above are based on information available as of the date of this release. Actual results may differ materially from these forecasts due to unforeseen factors and future events.

Consolidated Balance Sheets

(Unit: Millions of Yen)

Items	As of Mar. 31, 2012	As of Dec. 31, 2012
	Amount	Amount
(Assets)		
I Current assets		
Cash and deposits	21,362	25,955
Notes and accounts receivable-trade	36,218	33,500
Short-term investment securities	745	591
Merchandise and finished goods	16,534	20,892
Work in process	1,401	1,661
Raw materials and supplies	3,907	4,190
Others	10,341	10,820
Allowance for doubtful accounts	(350)	(466)
Total current assets	90,160	97,146
II Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	16,736	18,174
Others	23,103	25,768
Total Property, plant and equipment	39,839	43,942
Intangible assets		
Goodwill	2,194	1,711
Others	4,709	4,772
Total Intangible assets	6,903	6,483
Total Investments and other assets	5,381	5,296
Total Noncurrent assets	52,124	55,723
Total assets	142,285	152,869
(Liabilities)		
I Current liabilities		
Notes and accounts payable-trade	12,176	13,453
Short-term loans payable	5	4
Income taxes payable	2,776	2,099
Provision for bonuses	3,622	2,201
Provision for directors' bonuses	248	179
Provision for product warranties	157	128
Others	15,741	16,640
Total current liabilities	34,728	34,706
II Noncurrent liabilities		
Long-term loans payable	4	1
Provision for retirement benefits	1,263	1,607
Provision for directors' retirement benefits	160	160
Others	3,624	5,422
Total Noncurrent liabilities	5,053	7,191
Total liabilities	39,782	41,897
(Net assets)		
I Shareholders' equity		
Capital stock	9,187	9,471
Capital surplus	14,127	14,411
Retained earnings	83,484	89,299
Treasury stock	(255)	(256)
Total shareholders' equity	106,543	112,926
II Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	426	365
Deferred gains or losses on hedges	(0)	(10)
Foreign currency translation adjustment	(5,136)	(2,893)
Total accumulated other comprehensive income	(4,709)	(2,539)
III Subscription rights to shares	546	436
IV Minority interests	122	147
Total net assets	102,502	110,971
Total liabilities and net assets	142,285	152,869

(Note) fractions of one million yen are rounded off

Consolidated Statements of Income

(Unit: Millions of Yen)

Items	Nine months ended Dec. 31, 2011	Nine months ended Dec. 31, 2012
	Amount	Amount
I Net sales	96,913	101,383
II Cost of sales	35,782	37,534
Gross profit	61,130	63,848
III Selling, general and administrative expenses	47,475	48,656
Operating income	13,654	15,192
IV Non-operating income		
Interest income	105	86
Dividends income	48	48
Income from investment real estate	211	-
Subsidy income	69	171
Foreign exchange gains	-	91
Others	141	90
Total non-operating income	576	487
V Non-operating expenses		
Interest expenses	76	46
Equity in losses of affiliates	45	8
Maintenance cost of investment real estate	49	-
Foreign exchange losses	751	-
Others	80	56
Total non-operating expenses	1,004	111
Ordinary income	13,226	15,568
VI Extraordinary profits		
Gain on sales of noncurrent assets	12	11
Gain on reversal of subscription rights to shares	2	10
Others	0	-
Total extraordinary profits	16	22
VII Extraordinary loss		
Loss on sales and retirement of noncurrent assets	49	279
Others	9	12
Total extraordinary loss	58	291
Income before income taxes and minority interest	13,183	15,299
Income taxes-current	4,780	5,212
Income taxes-deferred	(194)	550
Total income taxes	4,586	5,763
Income before minority interests	8,597	9,535
Minority interest	13	17
Net income	8,584	9,518

(Note) fractions of one million yen are rounded off

Consolidated Statements of Comprehensive Income

(Unit: Millions of Yen)

Items	Nine months ended Dec. 31, 2011	Nine months ended Dec. 31, 2012
Income before minority interests	8,597	9,535
Other comprehensive income		
Valuation difference on available-for-sale securities	(49)	(61)
Deferred gains or losses on hedges	15	(10)
Foreign currency translation adjustment	(3,661)	2,249
Total other comprehensive income	(3,696)	2,178
Comprehensive income	4,900	11,713
Comprehensive income attributable to owners of the parent	4,897	11,689
Comprehensive income attributable to minority interests	3	24

(Note) fractions of one million yen are rounded off

Consolidated Statements of Cash Flows

(Unit: Millions of Yen)

Items	Nine months ended Dec. 31, 2011	Nine months ended Dec. 31, 2012
I Net cash provided by (used in) operating activities		
Income before income taxes	13,183	15,299
Depreciation and amortization	5,260	5,775
Decrease (increase) in notes and accounts receivable-trade	(1,426)	3,617
Decrease (increase) in inventories	(4,403)	(3,985)
Increase (decrease) in notes and accounts payable-trade	834	1,205
Others	2,050	626
Subtotal	15,499	22,538
Interest and dividends received	139	133
Interest expenses paid	(39)	(32)
Income taxes paid	(5,644)	(5,975)
Net cash provided by (used in) operating activities	9,955	16,664
II Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	(4,777)	(8,165)
Purchase of intangible assets	(1,172)	(1,422)
Payments for transfer of business	(1,900)	-
Others	96	142
Net cash provided by (used in) investment activities	(7,754)	(9,445)
III Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	807	-
Repayment of long-term loans payable	(4)	(4)
Cash dividends paid	(3,184)	(3,703)
Others	(319)	243
Net cash provided by (used in) financing activities	(2,701)	(3,464)
IV Effect of exchange rate change on cash and cash equivalents	(623)	843
V Net increase (decrease) in cash and cash equivalents	(1,124)	4,597
VI Cash and cash equivalents at beginning of term	18,915	21,838
VII Cash and cash equivalents at end of term	17,791	26,435

(Note) fractions of one million yen are rounded off

Segment Information

1. Information on sales and income by geographic segment reported

Nine months ended December 31, 2011

(Unit: Millions of Yen)

	Japan	Americas	Europe	China	Asia Pacific	Total	Reconciliations	Consolidated
Sales and Operating income								
Sales								
Net Sales to outside customers	30,029	19,736	27,519	14,376	5,250	96,913	-	96,913
Inter-area transfer	29,743	1	338	4	94	30,182	(30,182)	-
Total net sales	59,772	19,738	27,858	14,380	5,345	127,095	(30,182)	96,913
Operating income	6,406	2,260	3,897	1,950	131	14,646	(992)	13,654

Note: Reconciliations principally consist of intersegment transfers.

Nine months ended December 31, 2012

(Unit: Millions of Yen)

	Japan	Americas	Europe	China	Asia Pacific	Total	Reconciliations	Consolidated
Sales and Operating income								
Sales								
Net Sales to outside customers	29,449	20,405	27,592	17,988	5,947	101,383	-	101,383
Inter-area transfer	32,437	1	341	3	118	32,904	(32,904)	-
Total net sales	61,887	20,407	27,934	17,992	6,066	134,287	(32,904)	101,383
Operating income	7,790	1,370	4,192	1,987	575	15,917	(724)	15,192

Note: Reconciliations principally consist of intersegment transfers.