Summary of Consolidated Financial Results for the six months Ended September 30, 2011

November 7, 2011

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
Contact	:	Yukitoshi Kamao, Executive Vice President, Corporate Business Administration
Phone	:	078(265)-0500
Scheduled date for filing of quarterly report Scheduled date for dividend payment	:	November 11, 2011 December 2, 2011
Preparation of supplementary material for quarterly earnings	:	Yes
Holding of quarterly earnings announcement	:	Yes

(Unit: Millions of Yen)

1. Results for the six months ended September 30, 2011

(1) Operating results

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

	Net Sales		Operating income		Ordinary income		Net income	
Six months ended Sep. 30, 2011	65,266	8.7%	9,437	(1.2%)	8,871	(1.0%)	5,862	6.6%
Six months ended Sep. 30, 2010	60,063	7.8%	9,556	33.9%	8,964	27.6%	5,501	27.4%

	Net income per share (Yen)	Diluted net income per share (Yen)
Six months ended Sep. 30, 2011	57.06	56.93
Six months ended Sep. 30, 2010	53.61	53.51

Note:

Comprehensive income: 2,670 million yen((17.9)%) for the six months ended Sep. 30, 2011; 3,253 million yen(－%) for Sep. 30, 2010.

(2) Financial condition

	Total assets	Net assets	Equity Ratio	Net assets per share (Yen)
As of Sep. 30, 2011	129,942	95,400	72.9%	921.80
As of Mar. 31, 2011	130,059	94,232	71.9%	910.68

Note:

Equity capital: 94,731 million yen as of Sep. 30, 2011; 93,533 million yen as of March 31, 2011

2. Dividends (The year ended March 31, 2011 and the year ending March 31, 2012)

	Dividend per share				
	First quarter (Yen)	Second quarter (Yen)	Third quarter (Yen)	Year-end (Yen)	Annual (Yen)
Year ended Mar. 31, 2011	―	28.00	―	32.00	60.00
Year ending Mar. 31, 2012	―	15.00			
Year ending Mar. 31, 2012 (Forecast)			―	15.00	30.00

Note:

Revision of dividends forecast for this period: No

3. Business forecast for the year ending March 31, 2012

(% 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, 2012	134,000	7.5%	18,500	1.2%	18,000	0.1%	11,500	0.8%	111.92

Note:

Revision of business forecast for this period: Yes

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: Yes

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):
102,985,216 shares as of Sep. 30, 2011; 102,923,616 shares as of Mar. 31, 2011

2) Number of treasury stock at the end of each fiscal period:
217,636 shares as of Sep. 30, 2011; 216,616 shares as of Mar. 31, 2011

3) Average number of outstanding stock for each period (cumulative):
102,735,979 shares six months ended Sep. 30, 2011; 102,613,458 shares six months ended Sep. 30, 2010

*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.

[Financial performance]

1. Performance analysis

During the first half of the fiscal year ending March 31, 2012, although economic activity showed signs of recovering from the effects of the Great East Japan Earthquake, such as supply chain interruptions and electric power shortages, such factors as rising raw materials prices and ongoing yen appreciation shrouded the future in uncertainty. In Europe and the United States, the economic outlook appears likely to worsen, owing to such factors as the Greek debt crisis, unrest in the Middle East and Africa and rising gasoline prices—causing customer confidence to fall. In emerging markets, meanwhile, overall economic expansion remains firm, despite uncertainties stemming from decelerating economic growth in China and rising consumer prices.

On the healthcare front, earnings and profits at medical institutions in Japan are beginning to improve, prompted by the restructuring of public hospitals and revisions in medical remuneration. In advanced countries in Europe and North America, efforts are underway to reduce healthcare costs and reform medical systems. In the United States, dispute continues about a medical reform bill that aims to reduce the number of people without medical insurance. 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.

Against this backdrop, in its mainstay hematology field the Sysmex Group launched the new top-end XN-Series of multiparameter automated hematology analyzers. The series is designed for sale across all regions, and sales will commence by country, as approved.

Net Sales by Destination

		2011 2Q		2012 2Q		YoY
		Amount (Millions of Yen)	Percentage of Total (%)	Amount (Millions of Yen)	Percentage of Total (%)	(Previous period = 100%)
Japan		18,351	30.5	18,910	29.0	103.0
	Americas	12,815	21.3	13,453	20.6	105.0
	Europe	16,911	28.2	18,473	28.3	109.2
	China	7,790	13.0	10,041	15.4	128.9
	Asia Pacific	4,194	7.0	4,387	6.7	104.6
Overseas subtotal		41,712	69.5	46,355	71.0	111.1
Total		60,063	100.0	65,266	100.0	108.7

In Japan, management improvements accompanying healthcare reforms resulted in steady capital investment by large-scale healthcare institutions. This situation and our ongoing efforts to promote solutions led to solid sales, as well as strong performance in terms of receiving major orders. As a result, we posted sales of ¥18,910 million, up 3.0% from the same period of 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 ¥46,355 million, up 11.1% year on year. The overseas sales ratio was 71.0%, up 1.5 percentage points from the same period of the previous fiscal year.

With the exception of net income, however, income was down year on year, owing to the impact of substantial yen appreciation against the U.S. dollar. As a result, during the first half the Group recorded consolidated net sales of ¥65,266 million, up 8.7%. Operating income fell 1.2%, to ¥9,437 million, and ordinary income decreased 1.0%, to ¥8,871 million, while net income rose 6.6%, to ¥5,862 million.

Performance by segment

(1) Japan

Performance remained robust in the hematology field, our main business domain, as well as in the hemostasis, urinalysis and laboratory information systems, owing to our perseverance in presenting solutions to customers paid off in the form of large orders. These factors contributed to a 5.5% rise in sales compared with the corresponding period of the preceding fiscal year, to ¥20,838 million.

Despite the negative effects on income of yen appreciation, we posted operating income of ¥5,215 million, up 40.3% year on 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.

(2) 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 generated strong sales to integrated healthcare networks (IHNs) and the U.S. Veterans Integrated Service Network (VISN). In addition, economic recovery in Central and South America led to robust sales, centering on bids. Despite the negative effects of yen appreciation, sales in the Americas rose 2.3%, to ¥12,688 million.

The effects of yen appreciation, the higher cost of sales resulting from a revision in intragroup transaction prices and an increase in selling, general and administrative expenses stemming from efforts to reinforce our sales and support operations prompted a 15.2% decrease in operating income, to ¥1,242 million.

(3) Europe

In addition to enhancing our direct sales and support activities, we continued in our efforts to propose solutions, resulting in robust sales centered in the hematology field. As a result, sales in Europe were up 8.8% year on year, to ¥18,382 million.

The effects of higher sales compensated for an increase in selling, general and administrative expenses to enhance our sales and support structure, prompting operating income to rise 4.4%, to ¥2,702 million.

(4) China

In China, sales surged 28.9%, to ¥10,041 million. Behind these solid results were substantially higher sales of instruments and diagnostic reagents in the hematology, hemostasis and urinalysis fields.

Operating income rose 5.5%, to ¥1,526 million, as higher sales compensated for higher cost of sales resulting from a revision in intragroup transaction prices.

(5) Asia Pacific

Sales were up sharply in India, centering on the hematology field. For the region, sales were up 2.7% year on year, to ¥3,315 million, the low rate of increase reflecting comparison with a temporary spike stemming from large-scale orders in the preceding fiscal year.

Owing to the higher cost of sales resulting from a revision in intragroup transaction prices and an increase in selling, general and administrative expenses, operating income fell 80.2%, to ¥82 million.

2. Financial conditions analysis

(1) Assets, liabilities and net assets

As of September 30, 2011, total assets amounted to ¥129,942 million, down ¥117 million from the end of the previous fiscal year. Major factors included a ¥1,031 million increase in merchandise and finished goods and ¥1,085 million higher property, plant and equipment, while trade notes and accounts receivable fell ¥1,854 million and investments and other assets shrunk by ¥2,074 million.

Meanwhile, total liabilities were down ¥1,284 million, to ¥34,542 million. The main contributors to this decrease included components of other current liabilities: accrued payables were down ¥277 million, accrued expenses down ¥293 million, and advance receipts down ¥447 million.

Total net assets came to ¥95,400 million at the end of the first half, up ¥1,167 million. The principal reason for this rise was a ¥4,218 million increase in retained earnings, while foreign currency translation adjustments fell ¥3,264 million. The equity ratio as of September 30, 2011, was 72.9%, up 1.0 percentage point from the 71.9% recorded at the end of the previous fiscal year.

(2) Cash flows

As of September 30, 2011, cash and cash equivalents amounted to ¥19,017 million, up ¥101 million from March 31, 2011. Cash flows from various activities are described in more detail below.

(Operating cash flow)

Net cash provided by operating activities was ¥8,219 million, up ¥26 million. As principal factors, income before income taxes provided ¥8,844 million, ¥134 million more than during the first half of the preceding year, and depreciation and amortization provided ¥3,565 million, up ¥81 million. An increase in inventories used ¥2,572 million, ¥253 million less than in the first half of the preceding year, and income taxes paid used ¥3,604 million, ¥448 million more than in the first half of the preceding fiscal year.

(Investing cash flow)

Net cash used in investing activities was ¥5,842 million, ¥2,453 million more than in the first half of the preceding fiscal year. The main use of cash was purchases of property, plant and equipment, which used ¥3,138 million, ¥757 million more than in the first half of the previous year. In addition, expenditures for the transfer of business used ¥1,900 million.

(Financing cash flow)

Net cash used in financing activities amounted to ¥1,573 million, ¥11 million less than was used in these activities in the first half of the previous year. In this category, cash dividends paid used ¥1,643 million (up ¥54 million from the first half of the previous year), a net increase in short-term loans payable provided ¥273 million, ¥103 million less than in the first half of the preceding fiscal year. Also, in the “other” category, the repayment of lease obligations used ¥340 million (¥241 million less than in the first half of the preceding year).

3. Consolidated financial forecast

For the full fiscal year ending March 31, 2012, we expect net sales to be below our previously announced forecast, owing to higher-than-expected appreciation of the yen against the U.S. dollar and the euro. On the profit front, as well, we now expect operating income to fall below previously forecast levels as, although we are working to hold down selling, general and administrative expenses, this is unlikely to cover the impact of yen appreciation. The non-operating balance is expected to worsen, owing to foreign exchange losses, leading to lower ordinary income than previously expected and causing us to revise our forecast for the full fiscal year.

For the third quarter onward, we revise our exchange rate assumptions to US$1 = ¥76 and €1 = ¥105, compared with our initial assumptions of US$1 = ¥85 and €1 = ¥115.

Consolidated Balance Sheets

(Unit: Millions of Yen)

Items	As of Mar. 31, 2011 Amount	As of Sep. 30, 2011 Amount
(Assets)		
I Current assets		
Cash and deposits	18,950	19,052
Notes and accounts receivable-trade	32,063	30,209
Short-term investment securities	178	201
Merchandise and finished goods	14,329	15,360
Work in process	1,733	1,683
Raw materials and supplies	3,748	4,110
Others	9,299	9,865
Allowance for doubtful accounts	(370)	(336)
Total current assets	79,931	80,147
II Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	15,232	15,676
Others	20,999	21,641
Total Property, plant and equipment	36,231	37,317
Intangible assets		
Goodwill	1,830	2,650
Others	4,816	4,651
Total Intangible assets	6,646	7,302
Total Investments and other assets	7,250	5,175
Total Noncurrent assets	50,128	49,795
Total assets	130,059	129,942
(Liabilities)		
I Current liabilities		
Notes and accounts payable-trade	11,574	11,793
Short-term loans payable	310	525
Income taxes payable	2,728	2,767
Provision for bonuses	3,277	3,167
Provision for directors' bonuses	207	129
Provision for product warranties	128	114
Others	12,764	11,968
Total current liabilities	30,992	30,466
II Noncurrent liabilities		
Long-term loans payable	11	6
Provision for retirement benefits	751	1,033
Provision for directors' retirement benefits	160	160
Others	3,910	2,874
Total Noncurrent liabilities	4,834	4,075
Total liabilities	35,827	34,542
(Net assets)		
I Shareholders' equity		
Capital stock	9,041	9,128
Capital surplus	13,981	14,068
Retained earnings	74,662	78,881
Treasury stock	(252)	(255)
Total shareholders' equity	97,433	101,822
II Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	185	241
Deferred gains or losses on hedges	(13)	2
Foreign currency translation adjustment	(4,071)	(7,335)
Total accumulated other comprehensive income	(3,899)	(7,091)
III Subscription rights to shares	600	569
IV Minority interests	98	98
Total net assets	94,232	95,400
Total liabilities and net assets	130,059	129,942

(Note) fractions of one million yen are rounded off

Consolidated Statements of Income

(Unit: Millions of Yen)

Items	Six months ended Sep. 30, 2010	Six months ended Sep. 30, 2011
	Amount	Amount
Ⅰ Net sales	60,063	65,266
Ⅱ Cost of sales	21,034	24,074
Gross profit	39,028	41,191
Ⅲ Selling, general and administrative expenses	29,472	31,754
Operating income	9,556	9,437
Ⅳ Non-operating income		
Interest income	59	67
Dividends income	28	28
Income from investment real estate	191	211
Others	138	72
Total non-operating income	418	379
Ⅴ Non-operating expenses		
Interest expenses	54	35
Equity in losses of affiliates	30	30
Maintenance cost of investment real estate	71	49
Foreign exchange losses	703	785
Others	151	43
Total non-operating expenses	1,010	944
Ordinary income	8,964	8,871
Ⅵ Extraordinary profits		
Gain on sales of noncurrent assets	2	11
Reversal of allowance for doubtful accounts	7	-
Gain on reversal of subscription rights to shares	3	-
Total extraordinary profits	13	11
Ⅶ Extraordinary loss		
Loss on valuation of investment securities	39	-
Loss on sales and retirement of noncurrent assets	40	33
Loss on adjustment for changes of accounting standard for asset retirement obligations	187	-
Others	-	4
Total extraordinary loss	267	38
Income before income taxes and minority interest	8,710	8,844
Income taxes-current	3,504	3,913
Income taxes-deferred	(306)	(937)
Total income taxes	3,197	2,976
Income before minority interests	5,512	5,868
Minority interest	11	6
Net income	5,501	5,862

(Note) fractions of one million yen are rounded off

Consolidated Statements of Comprehensive Income

(Unit: Millions of Yen)

Items	Six months ended Sep. 30, 2010	Six months ended Sep. 30, 2011
Income before minority interests	5,512	5,868
Other comprehensive income		
Valuation difference on available-for-sale securities	(110)	56
Deferred gains or losses on hedges	8	16
Foreign currency translation adjustment	(2,156)	(3,270)
Total other comprehensive income	(2,259)	(3,198)
Comprehensive income	3,253	2,670
Comprehensive income attributable to owners of the parent	3,247	2,670
Comprehensive income attributable to minority interests	6	0

(Note) fractions of one million yen are rounded off

Consolidated Statements of Cash Flows

(Unit: Millions of Yen)

Items	Six months ended Sep. 30, 2010	Six months ended Sep. 30, 2011
Ⅰ Net cash provided by (used in) operating activities		
Income before income taxes	8,710	8,844
Depreciation and amortization	3,483	3,565
Loss on adjustment for changes of accounting standard for asset retirement obligations	187	-
Decrease (increase) in notes and accounts receivable-trade	123	139
Decrease (increase) in inventories	253	(2,572)
Increase (decrease) in notes and accounts payable-trade	(72)	313
Others	(1,357)	1,476
Subtotal	11,329	11,766
Interest and dividends received	72	86
Interest expenses paid	(52)	(29)
Income taxes paid	(3,156)	(3,604)
Net cash provided by (used in) operating activities	8,193	8,219
Ⅱ Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	(2,380)	(3,138)
Purchase of intangible assets	(837)	(779)
Payments for transfer of business	-	(1,900)
Others	(171)	(24)
Net cash provided by (used in) investment activities	(3,389)	(5,842)
Ⅲ Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	376	273
Repayment of long-term loans payable	(6)	(2)
Cash dividends paid	(1,588)	(1,643)
Others	(366)	(200)
Net cash provided by (used in) financing activities	(1,584)	(1,573)
Ⅳ Effect of exchange rate change on cash and cash equivalents	(805)	(701)
Ⅴ Net increase (decrease) in cash and cash equivalents	2,414	101
Ⅵ Cash and cash equivalents at beginning of term	13,812	18,915
Ⅶ Cash and cash equivalents at end of term	16,227	19,017

(Note) fractions of one million yen are rounded off

Segment Information

1. Information on sales and income by geographic segment reported

Six months ended September 30, 2010

(Unit: Millions of Yen)

	Japan	Americas	Europe	China	Asia Pacific	Total	Reconciliations	Consolidated
Sales and Operating income								
Sales								
Net Sales to outside customers	19,747	12,400	16,896	7,790	3,228	60,063	-	60,063
Inter-area transfer	17,028	1	139	3	93	17,265	(17,265)	-
Total net sales	36,775	12,401	17,035	7,793	3,321	77,328	(17,265)	60,063
Operating income	3,717	1,465	2,588	1,446	416	9,634	(77)	9,556

Note: Reconciliations principally consist of intersegment transfers.

Six months ended September 30, 2011

(Unit: Millions of Yen)

	Japan	Americas	Europe	China	Asia Pacific	Total	Reconciliations	Consolidated
Sales and Operating income								
Sales								
Net Sales to outside customers	20,838	12,688	18,382	10,041	3,315	65,266	-	65,266
Inter-area transfer	20,345	1	230	2	78	20,657	(20,657)	-
Total net sales	41,183	12,690	18,612	10,044	3,393	85,923	(20,657)	65,266
Operating income	5,215	1,242	2,702	1,526	82	10,768	(1,331)	9,437

Note: Reconciliations principally consist of intersegment transfers.