



The 8th Technology Presentation

June 3rd 2011

Sysmex Corporation

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2. Strategy & Progress of R&D

Mitsuru WATANABE

Member of Managing Board and Executive Officer
Head of R&D

2. Strategy & Progress of R&D

(1) Direction & Strategy R&D

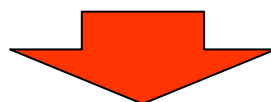
(2) Progress status in launching stage

- Innovative technology in Next generation of hematology system –

- ① Blood testing technology (New approach for improvement of usability)
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2. (1) Outline of Technology Strategy

Sysmex Way



A Unique & Global Healthcare Testing Company

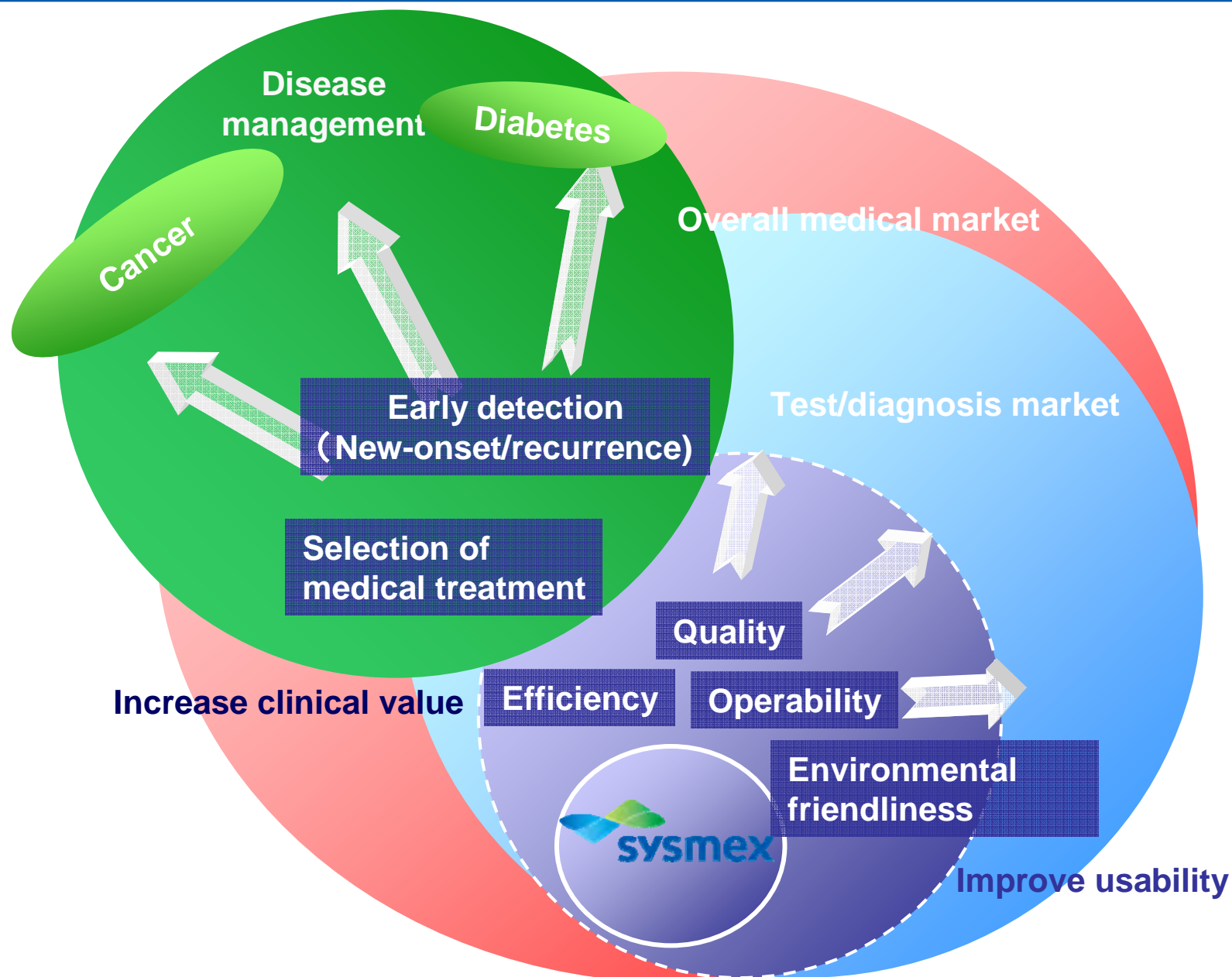
Providing highly valuable diagnostics testing
to optimize and standardize medical care

- Improvement of QOL / extension of healthy life expectancy
- Increasing of Medical economy value



Shaping the advancement of health care

Direction of R&D activity



Subject of future investigation as front-runner

Major electronics company entering into healthcare business

GE

Philips

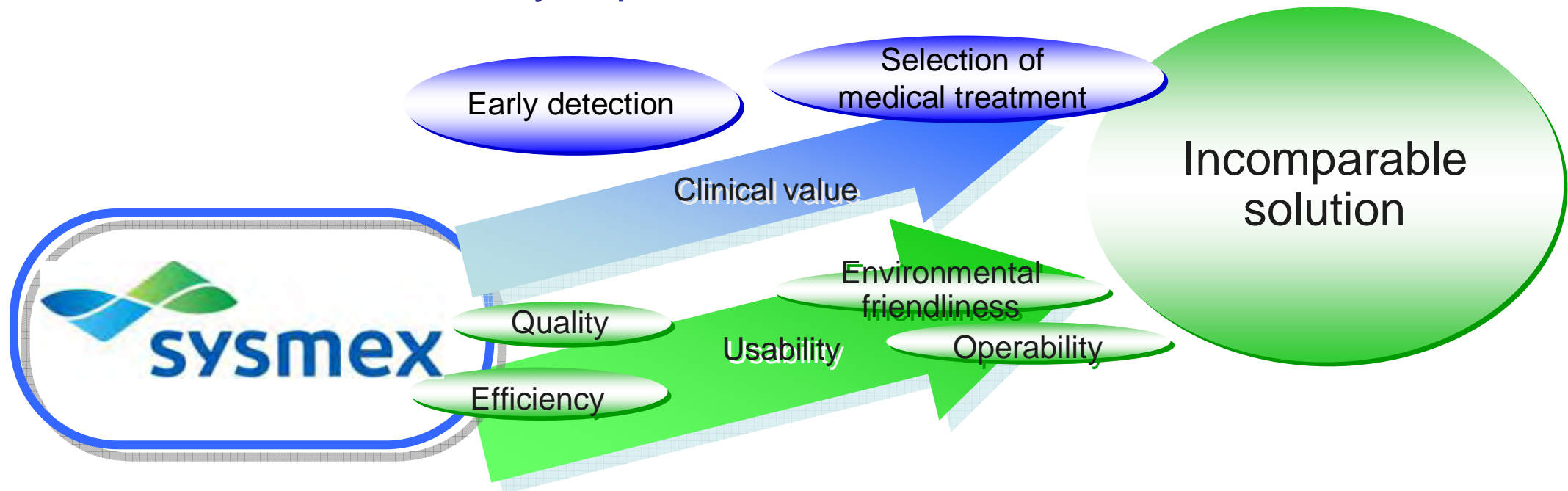
SIEMENS

SAMSUNG

SONY

Advanced IT and usability technology with huge capital

Aim for innovative usability improvement besides increase of clinical value



Increase clinical value

Early detection

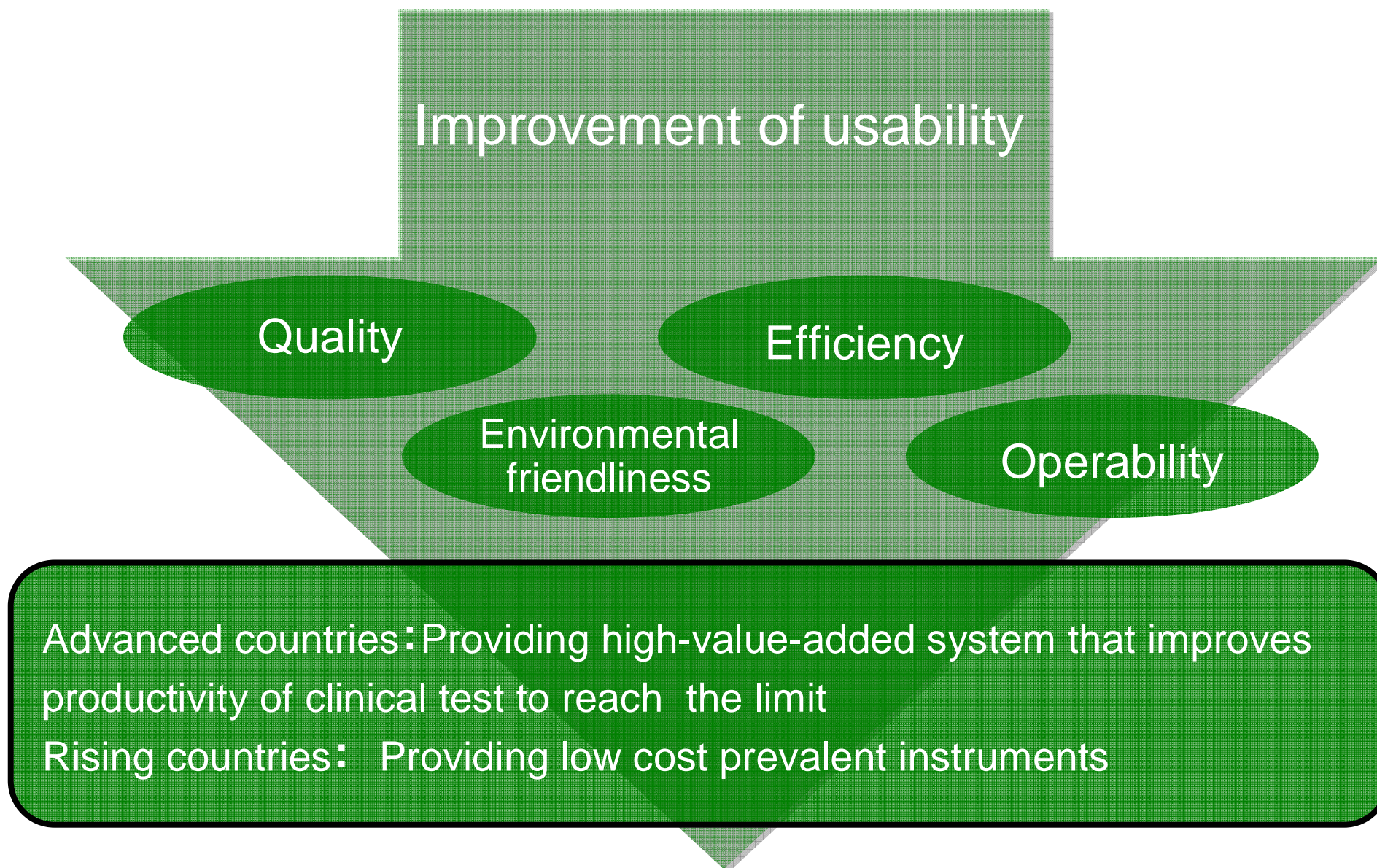
Selection of medical
treatment

Medical treatment and diagnosis in Combination

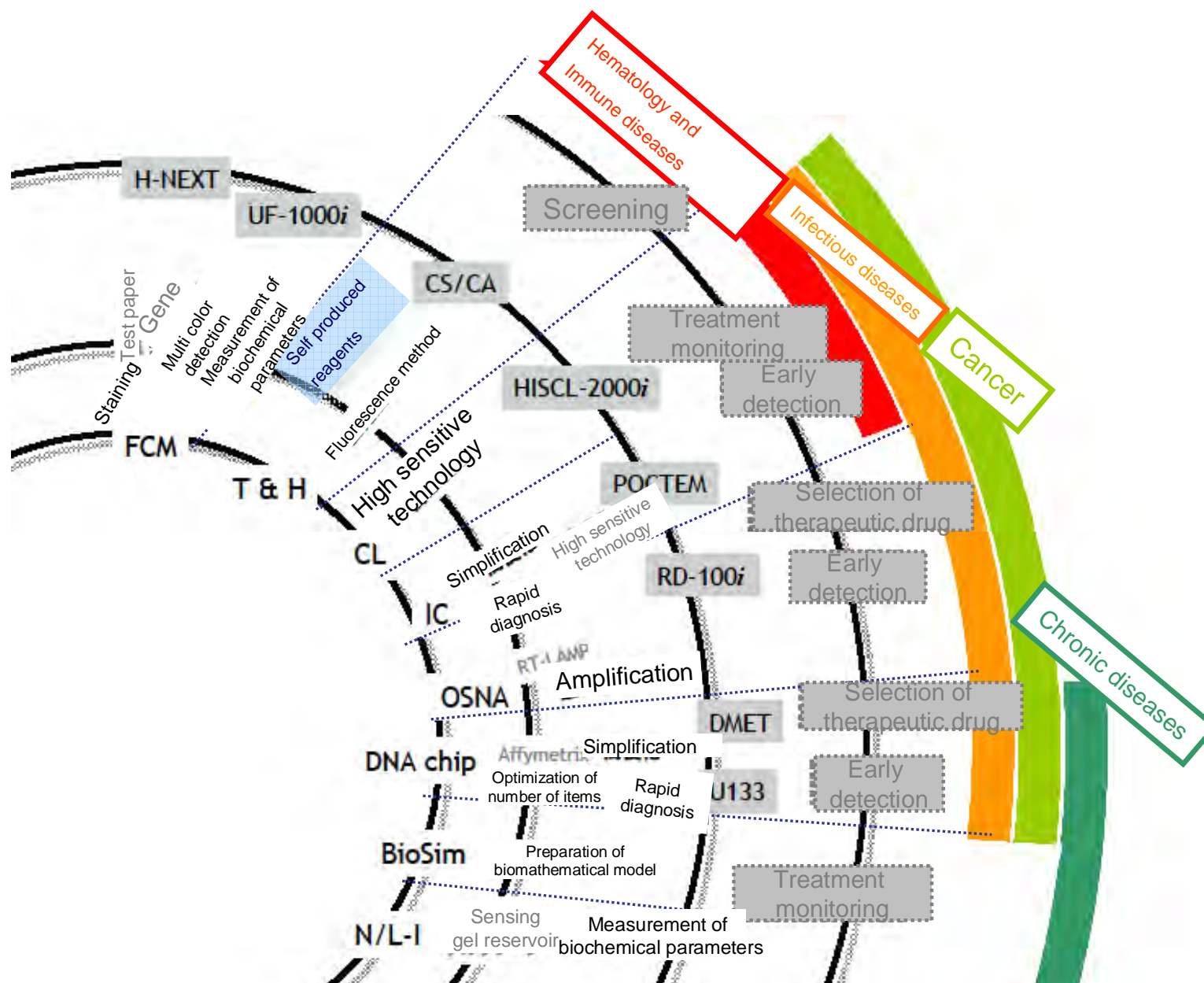
(cope with personalized medicine)

To select an effective or a free side-effect drug for individuals

Outline of Technology Strategy (1)



Technology platform



2.(2) Progress status in launching stage

- Innovative technology in Next generation of hematology system -

- ① Blood testing technology
(New approach for improvement of usability)
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(Enhanced accuracy by platelet specific staining)
- ③ High accurate measurement technology of leukocyte
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2.(2) Progress status in launching stage

- Innovative technology in Next generation of hematology system -

- ① Blood testing technology
(New approach for improvement of usability)

① Blood testing technology

- New approach for improvement of usability -



Module system control technology :

To establish device configuration meeting various customer's needs by combining device module

Measurement channel and measurement mode

		XN-20		XN-10			
		[A1]	[A2]	[B1]	[B2]	[B3]	[B4]
Measurement channel	WNR	✓	✓	✓	✓	✓	✓
	RBC/PLT	✓	✓	✓	✓	✓	✓
	HGB	✓	✓	✓	✓	✓	✓
	WDF	✓	✓	✓	✓	✓	✓
	WPC	✓	✓				
	RET	✓	✓	(✓)		(✓)	
	PLT-F	(✓)	—	(✓)	(✓)	—	—
Measurement mode	WB, LW, PD	✓	✓	✓	✓	✓	✓
	BF	▲	▲	▲	▲	▲	▲

【Ex.】

Measurement module Sampler module

XN-2000

XN-20 X 2 + SA-20

University hospital



Max: 200 test/hr

Medium scale hospital

XN-1000

XN-10 X 1 + SA-10

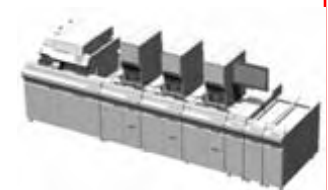


Max: 100 test/hr

XN-9000

XN-10 X 4
XN-20 X 2 + CV-50

Testing center



Max: 900 test/hr

Flexible to a variety of needs !

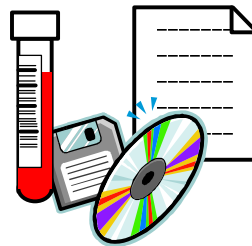
① Blood testing technology

- New approach for improvement of usability -

Automated accuracy control system

1.
Delivery of a new lot control to the customers

XE series



Delivery with standard value in media

New generation system



2.
Record a standard count to a device by customers

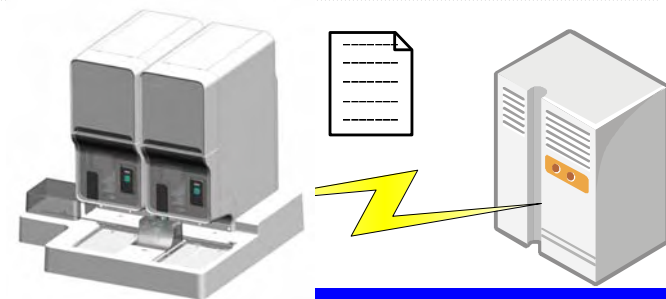


Not required

3.
Quality control material measurement



Require a manual accuracy control



Network delivery of standard count
Automated record at measurement time
(no require operations)

① Blood testing technology

- New approach for improvement of usability -

- Automated accuracy control system by automatic sample delivery system



<test sample>
Automated delivery to
either measurement
module with
measurement
parameter



<control>
Automated delivery to
both measurement
module

- Improvement of operability/user-friendliness of an accuracy control panel

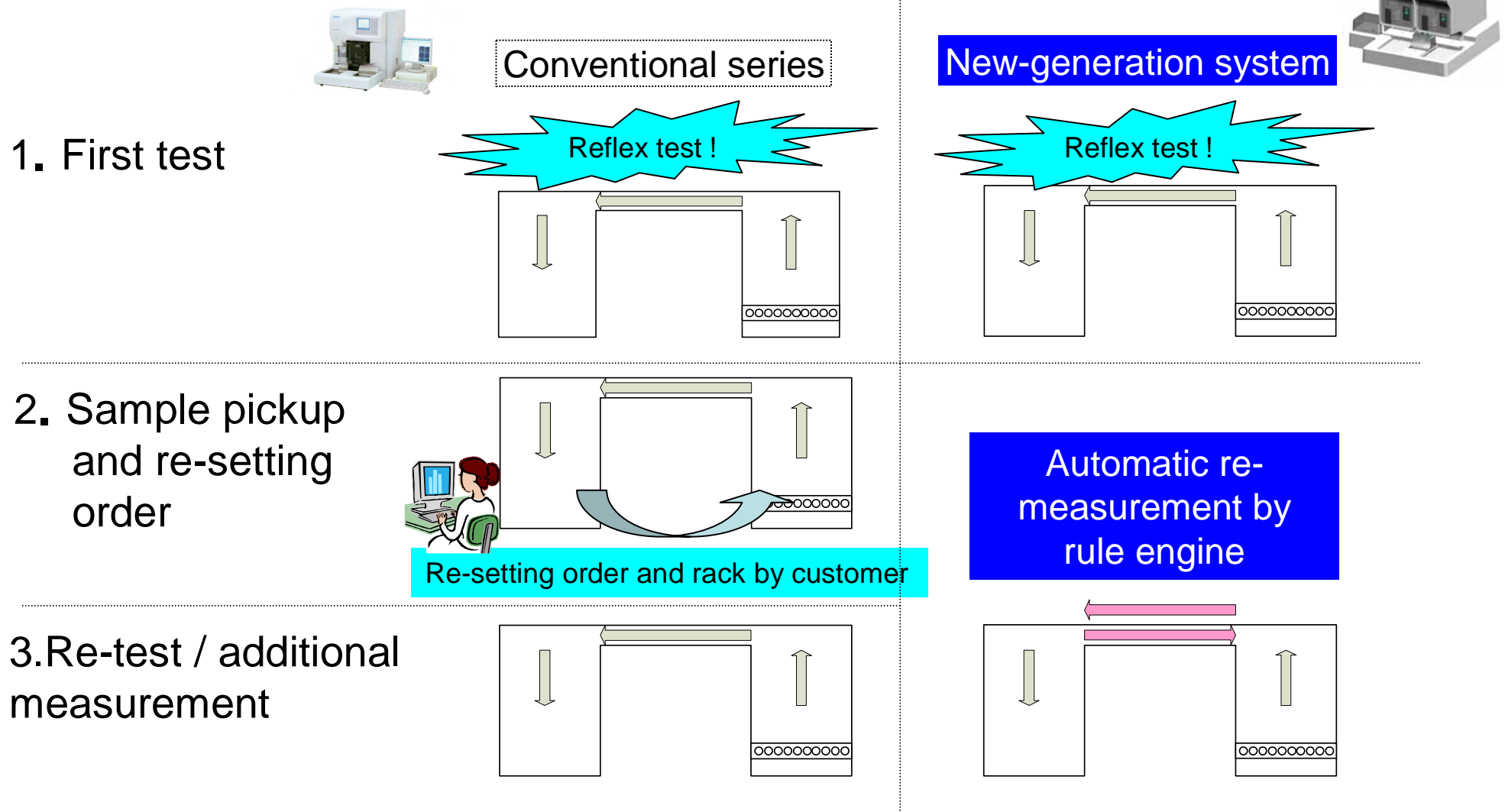


Ex. Quality control chart display

① Blood testing technology

- New approach for improvement of usability -

Automatization for re-measurement



① Blood testing technology

- New approach for improvement of usability -

Reagent cartridge loading and automated recognition by RF-ID technology

- Improvement of connect-ability (one-touch replace)

⇒ reduce replacing time in 25%



- Reagent control function by RF-ID technology (wireless tag)

(Reagents name, lot number, number of tests etc.)

Read lot number/expire date etc. with
setting reagent by RF-ID technology

※staining liquid set unit of
new product

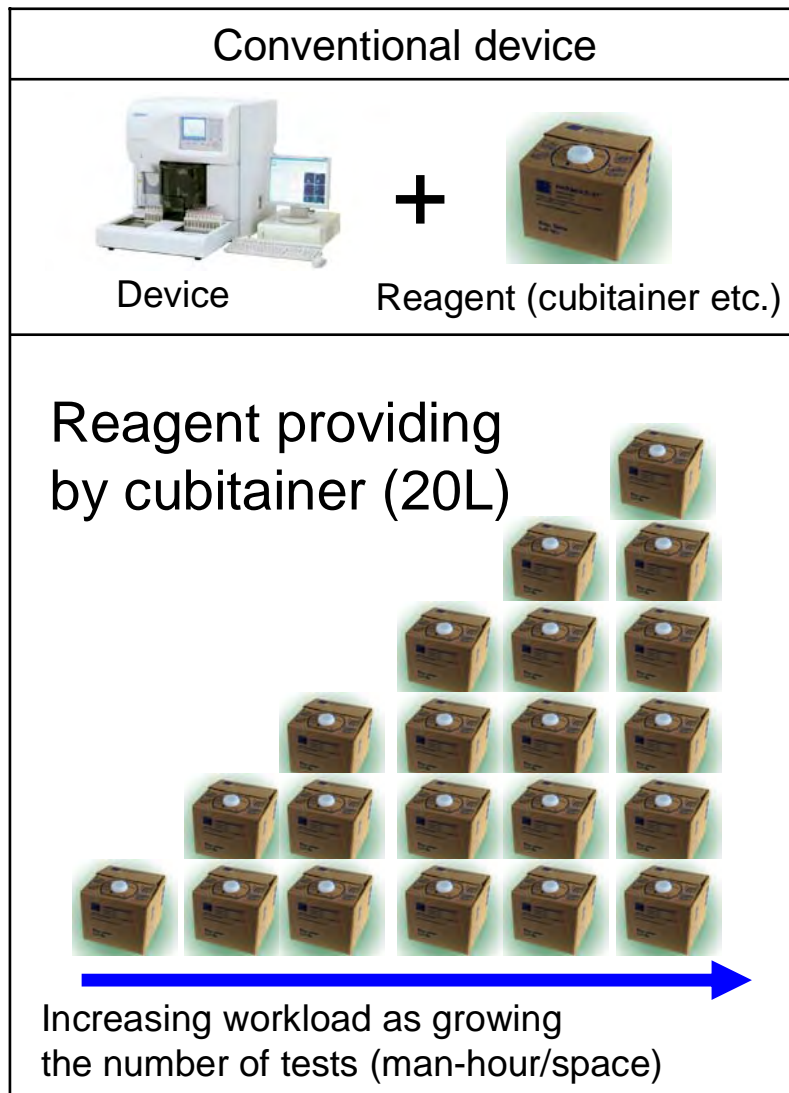


RF-ID: Radio Frequency Identification (Individual identification by radio waves)

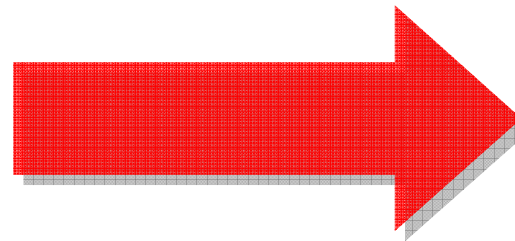
① Blood testing technology

New approach for improvement of usability

Standardization of concentrated reagents/ preparation unit



Realization of reagent supply system



Automation / simplification of testing work
Reduction of waste

Reagent providing to XN system

Preparation unit



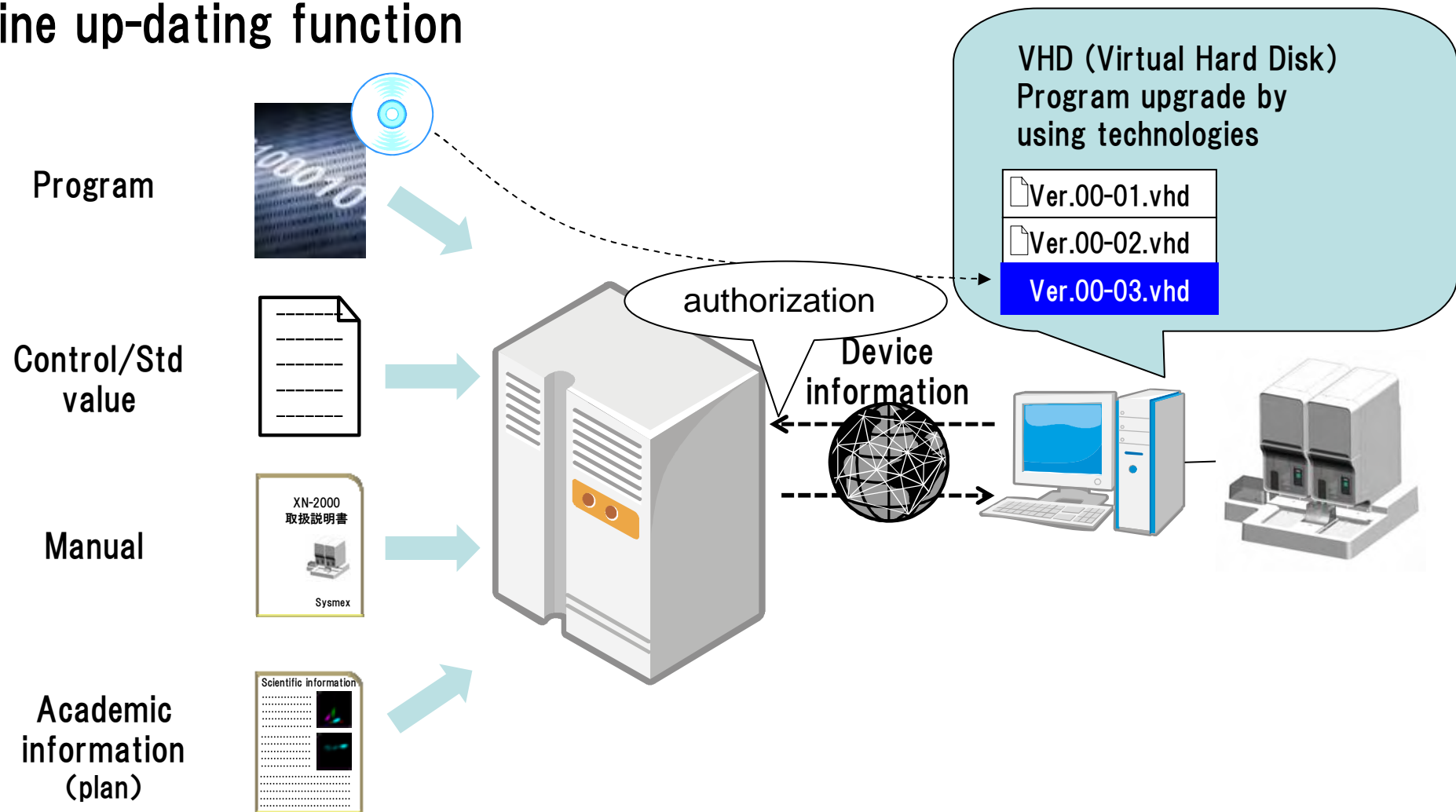
Concentrated reagent



① Blood testing technology

New approach for improvement of usability

Online up-dating function



Currently developing
delivery system

① Blood testing technology

New approach for improvement of usability

Remote monitoring function by SNCS

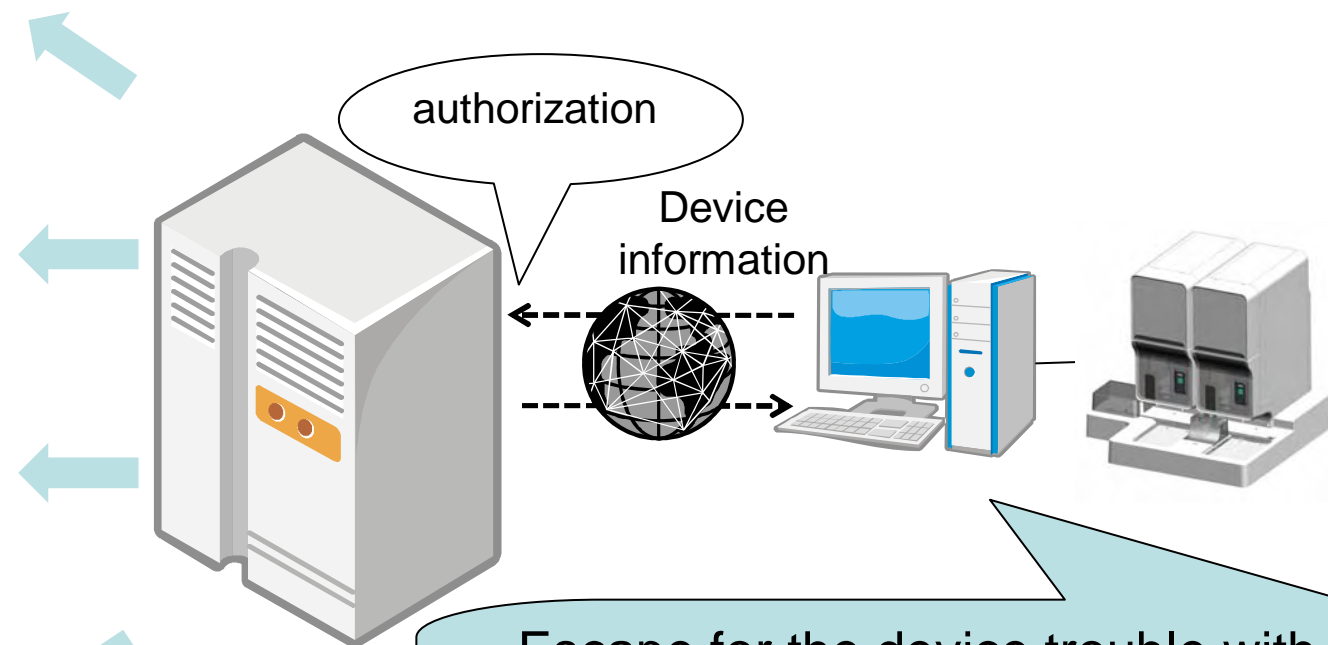
Time monitoring
for temperature
and presser stable
state

Condition of
each sensor

Error records

Back up of
setting

After service → **Pre-maintenance service**

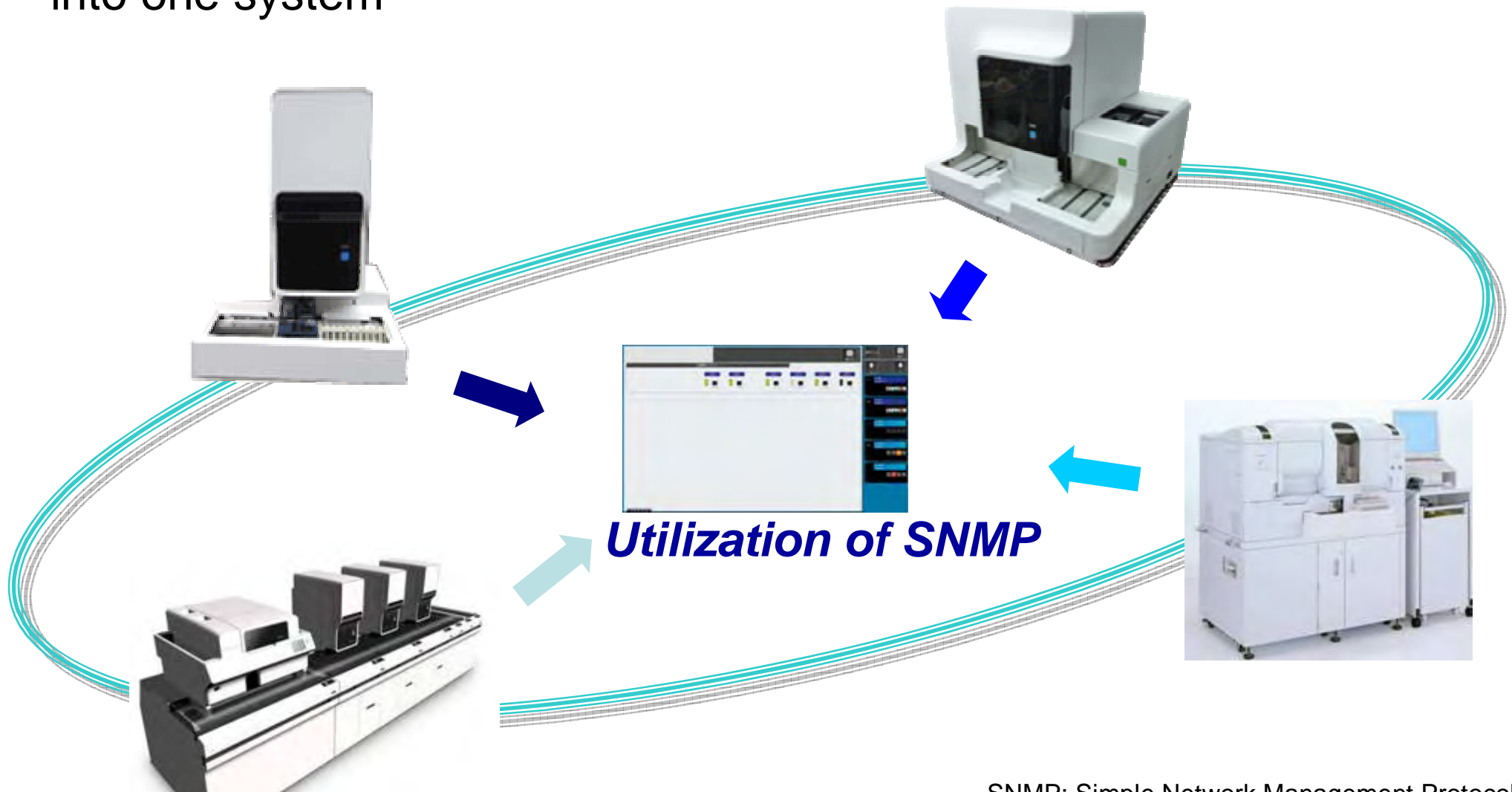


Currently developing
delivery system

① Blood testing technology

– New approach for improvement of usability –

- Improvement of usability by integrating information from each device into one system



SNMP: Simple Network Management Protocol

2.(2) Progress status in launching stage

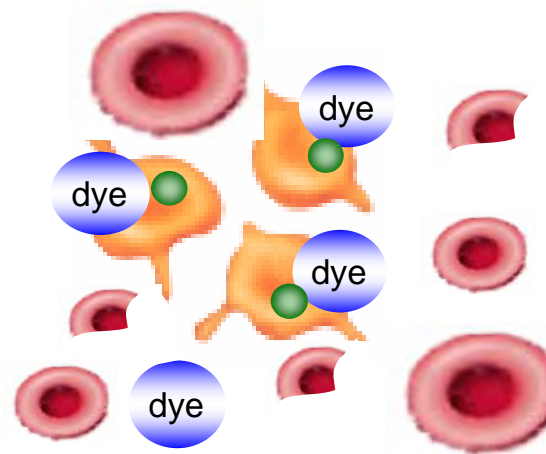
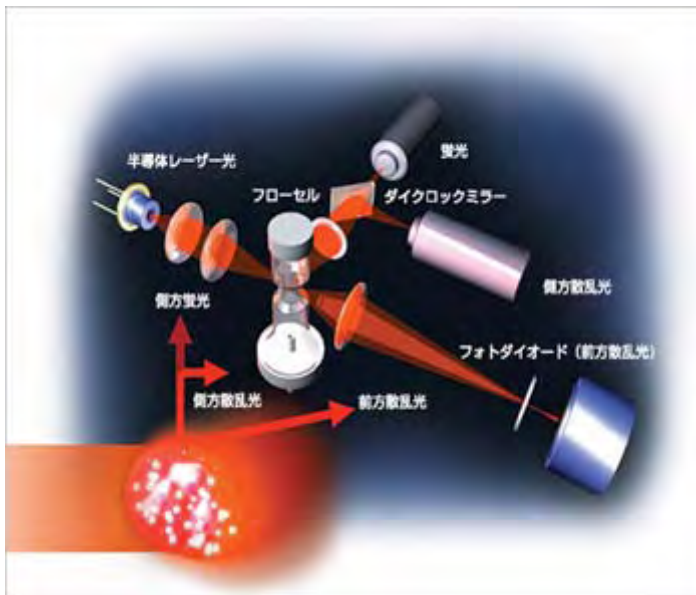
- Innovative technology in Next generation of hematology system -

- ② New platelet counting technology
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② New platelet counting technology (Enhanced accuracy by platelet specific staining)

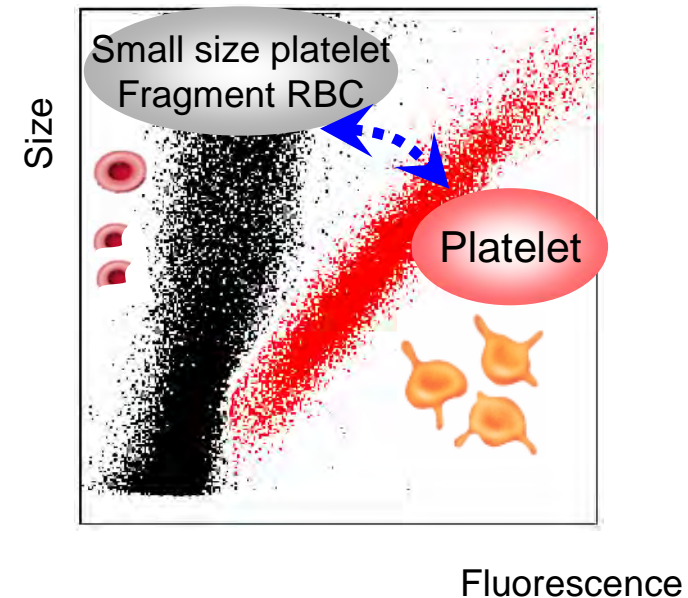
method: Flow-cytometry

platelet specific staining



Realization of platelet specific
staining by low cost
Fluorescent dye

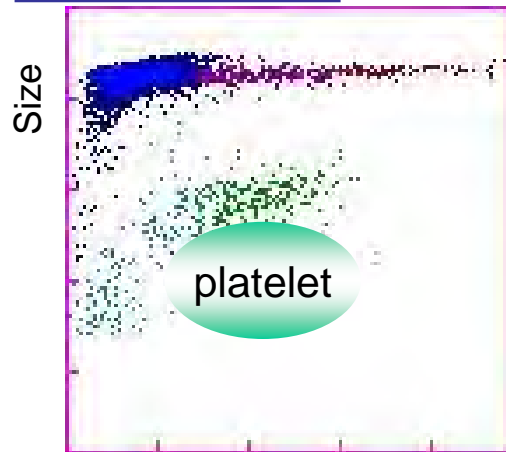
Example data



Adequate platelet blood transfusion is enabled by realizing specificity and sensitivity around the value that were the index of the platelet blood transfusion.

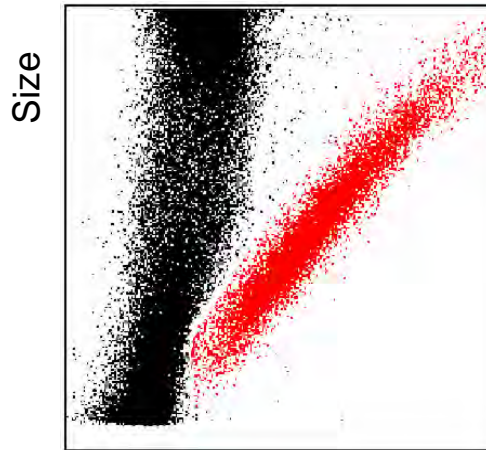
② New platelet counting technology (Enhanced accuracy by platelet specific staining)

Conventional



Fluorescence

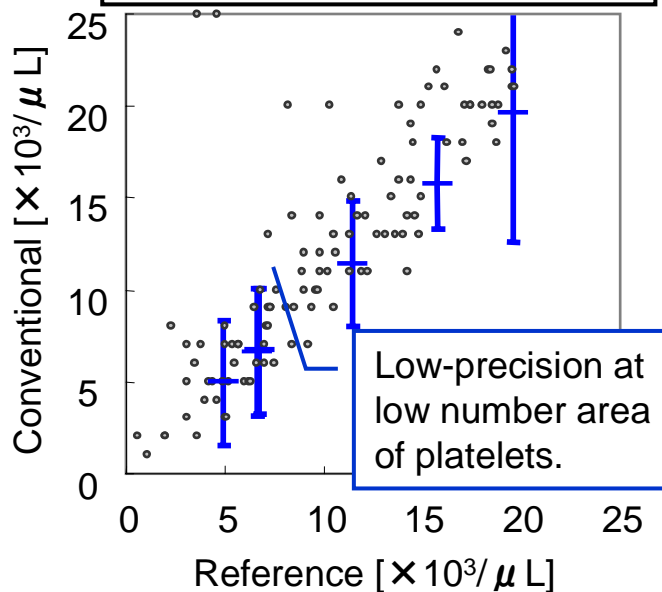
New



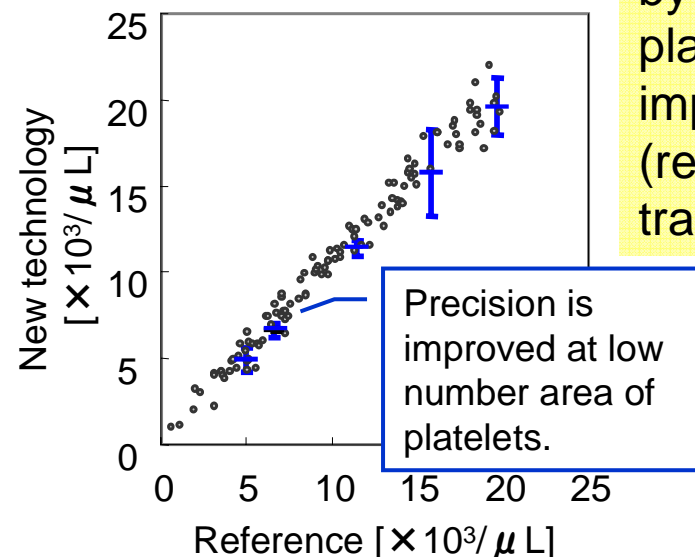
Fluorescence

Adequate platelet blood transfusion is enabled by realizing specificity and sensitivity around the value that were the index of the platelet blood transfusion.

Correlation with comparison method



Correlation with comparison method



It will contribute to the reduction of medical expenses by the reduction of the preventive platelet blood transfusion and improvement of the patient QOL (reduce the side effect of blood transfusion).

2.(2) Progress status in launching stage

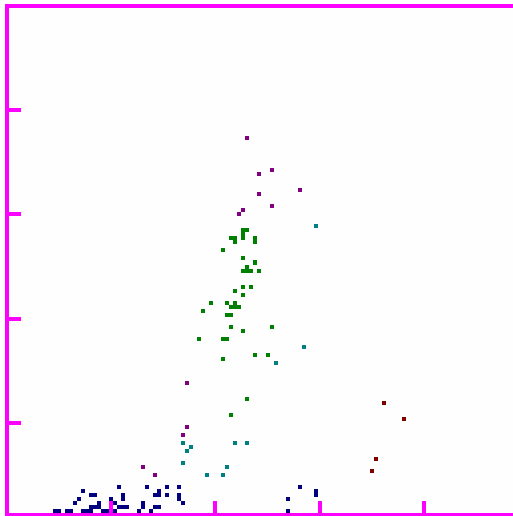
- Innovative technology in Next generation of hematology system -

③ High accurate measurement technology of leukocyte

④ Measurement technology for Hematopoietic Cell (HPC)

③ High accurate measurement technology of leukocyte

Conventional

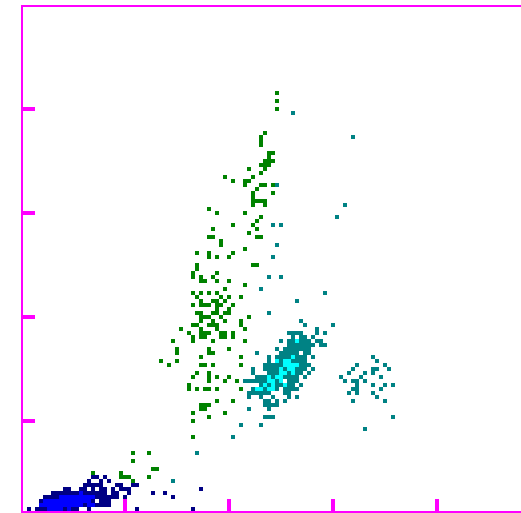


The WBCs with a few numbers can not be classified.

Change the blood aspiration method
Increase quantity of blood analysis



New



WBCs can be classified.

Specific analysis mode to automatically recognize and reanalyze the sample with a little number of WBC.

To classify the sample with low number of WBC after having reduced the volume of blood necessary by changing the aspiration method (from SRV method to pipetting method), by increasing quantity of blood analysis.

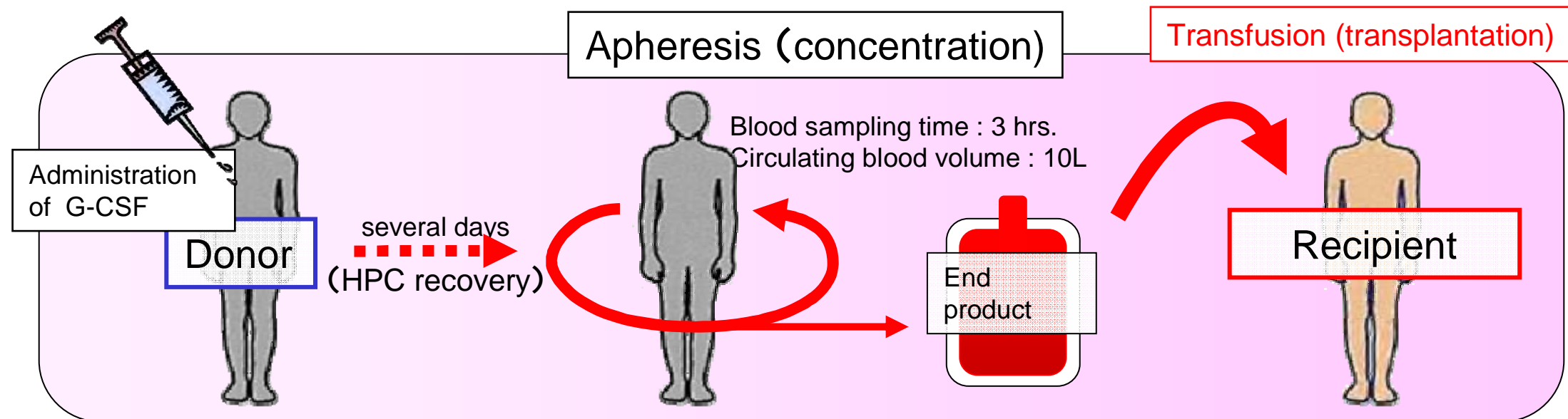
② Measurement technology for Hematopoietic stem cell (HPC)

– Application for HPC transplantation –

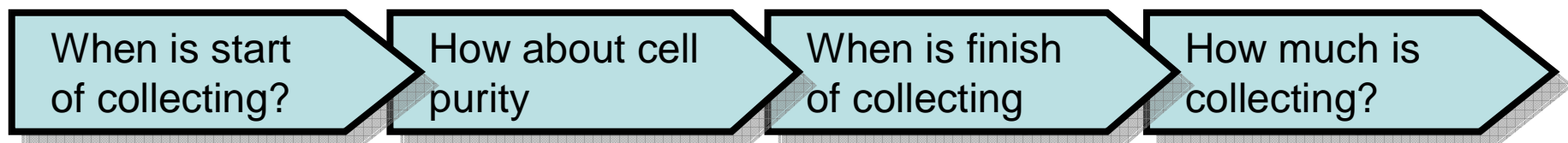


HPC transplantation : transplant HPC which is donated by donors

Treatment results strongly depends on number of HPC



Requirements for counting HPC



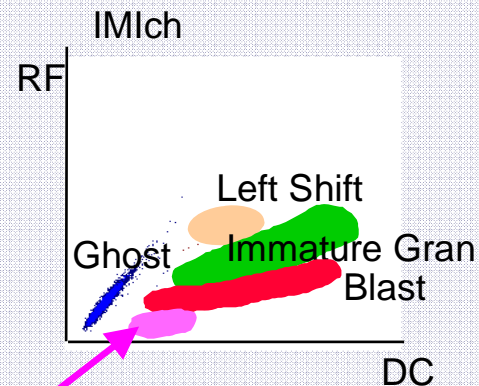
② HPC measurement technology

–HPC measurement by next generated hematology system–

XE-2100/5000

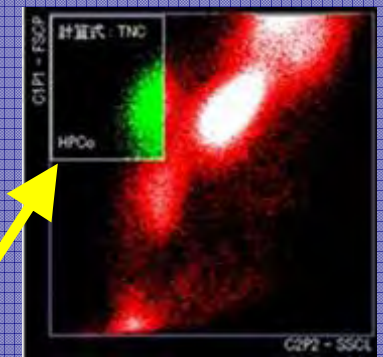


XE-5000



HPC detection area

XN system

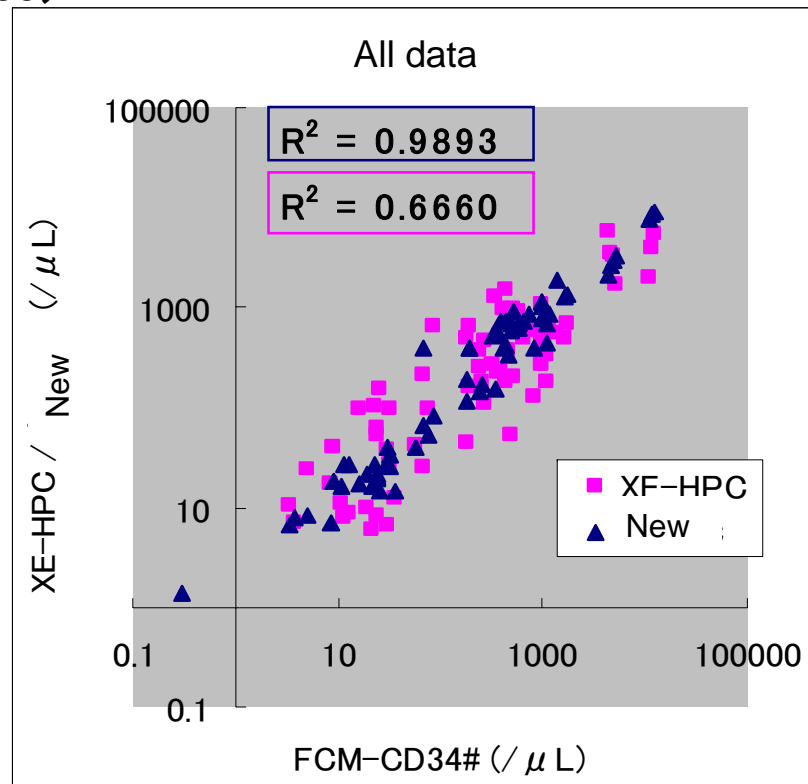


Detection area by new HPC

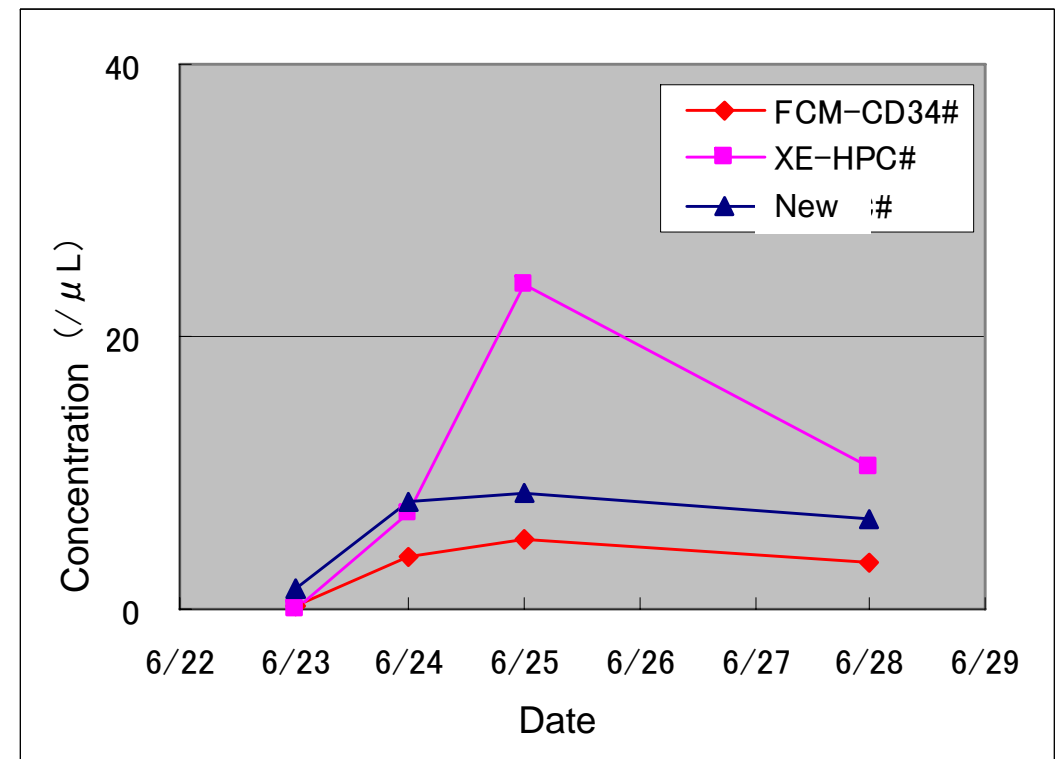
Product name	XE-HPC (Conventional system)	New HPC (XN series)	Characteristics of next-generation system Provision of a performance as the same as FCM method by enhancement of measurement theory and reagent technology •Possible to test at any center •Low cost and user-friendly
Measurement theory	Electric type (DC/RF)	Optical type(FCM)	
Reagent	Hemolysis reagent	Hemolysis reagent + Staining solution	
Dilution rate	250 times	50 times	
Others	—	Possible repeat test	

② Measurement technology for HPC – Evaluation result –

Allo-doner / Self transplantation 15 patients
(N=59)



Self transplantation cases



New technology is **positively correlated** with FCM-CD34.

Sequential changes of HPC concentration new and conventional FCM-CD34.

2. 3) Progress status in practical stage

① OSNA (Rapid diagnosis of lymph node metastasis detection technology)

① OSNA technology (rapid diagnosis for lymph node metastasis)

Gene amplification detection technology RD-100i

Activities aimed at expanding application

Oral cancer: Clinical study

Esophagus cancer: Clinical study

Breast cancer: Launched (Japan)

Lung cancer: Clinical study

Stomach cancer: Completed clinical evaluation

Peripheral metastasis: Clinical study

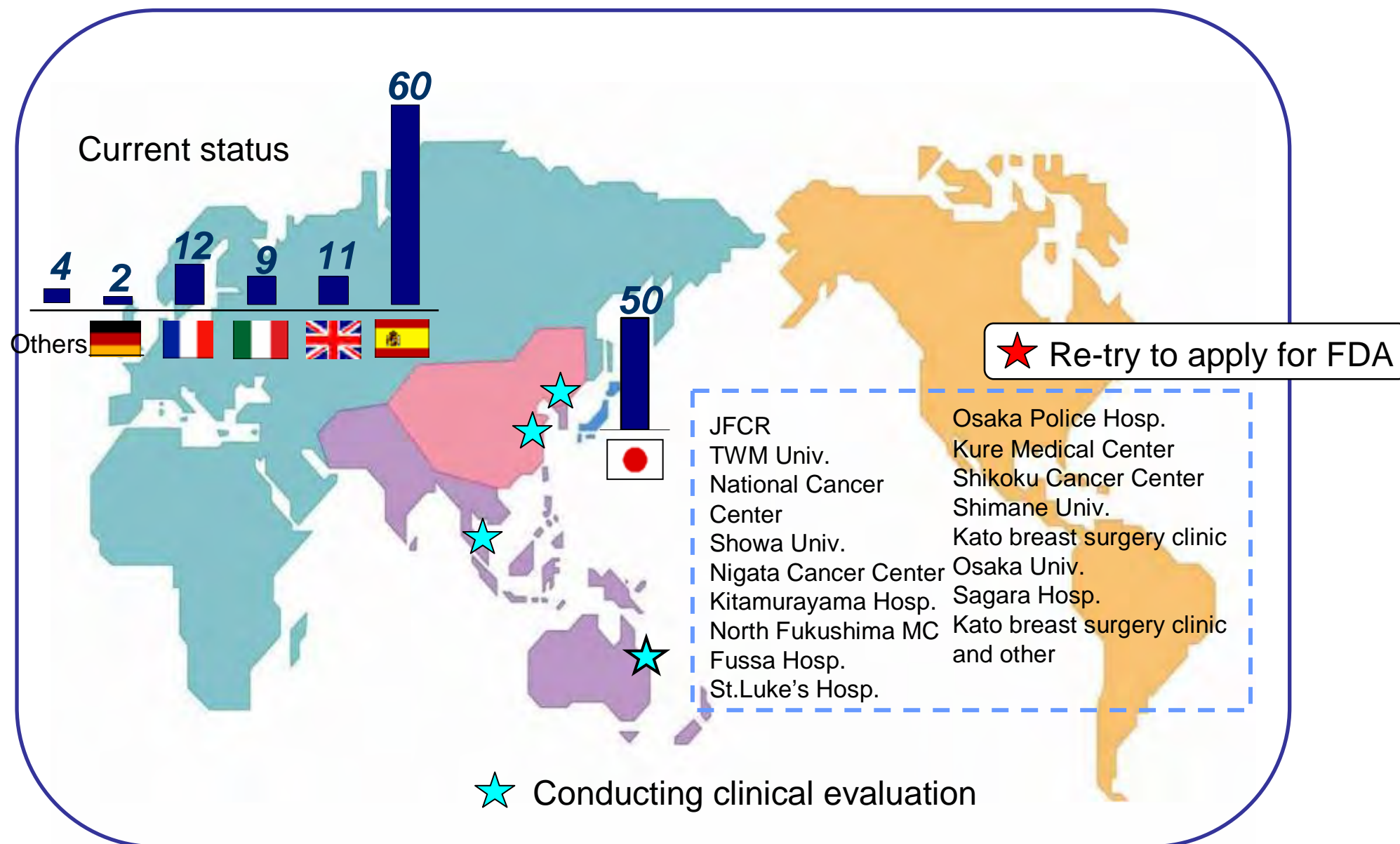
2010/Dec. Colon cancer: MHLW approval (Japan)

Melanoma: Under study

Cervical cancer: Under study

① OSNA technology (rapid diagnosis for lymph node metastasis)

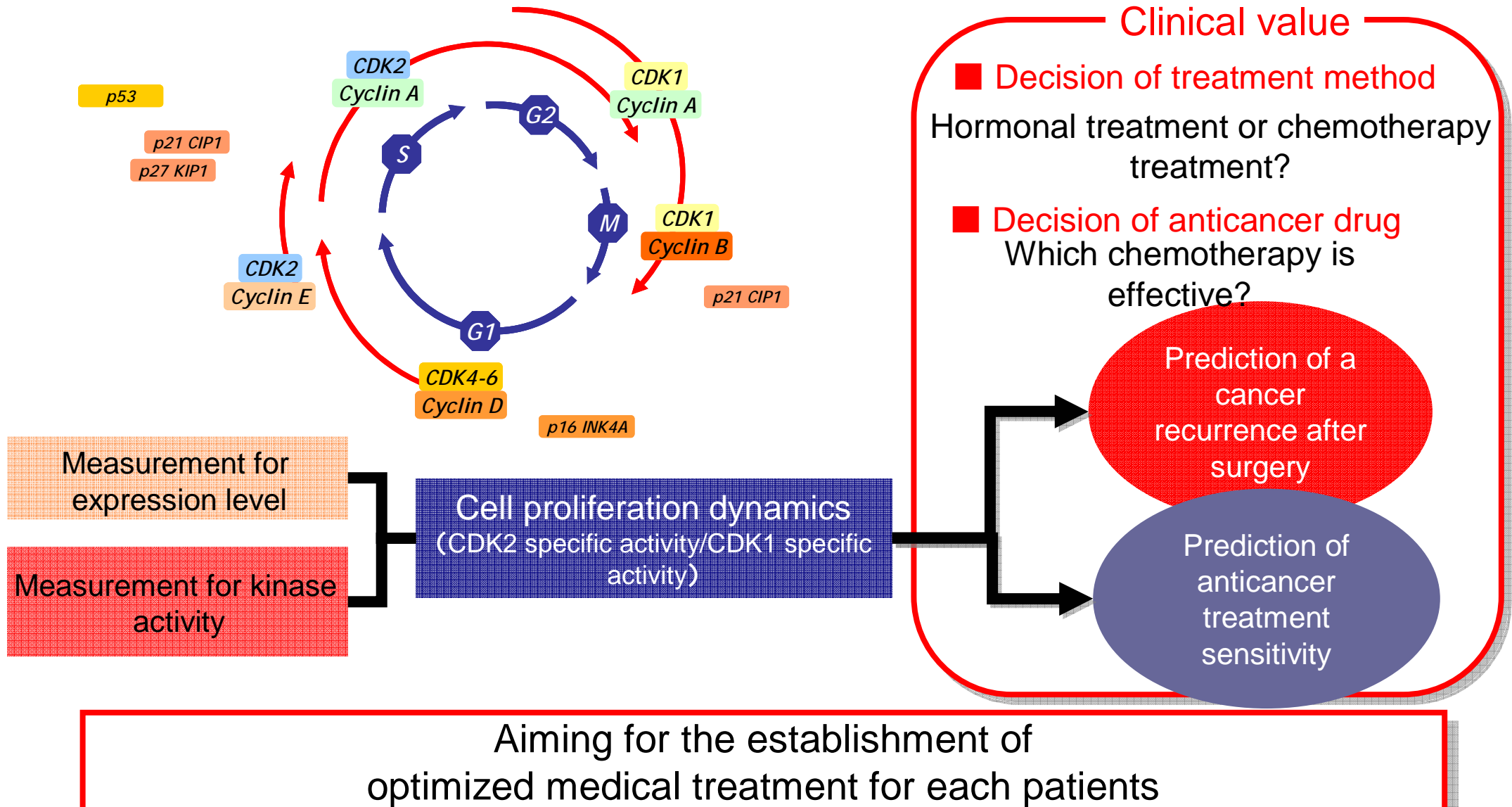
– Current status of introduction of OSNA and future possibilities –



2. (3) Progress status in practical stage

② C2P (Breast cancer recurrence prediction)

② Practical application of C2P technology (breast cancer) – Cell-cycle profiling(C2P) technology –



② C2P technology (breast cancer) in practical use

Clinical performance test

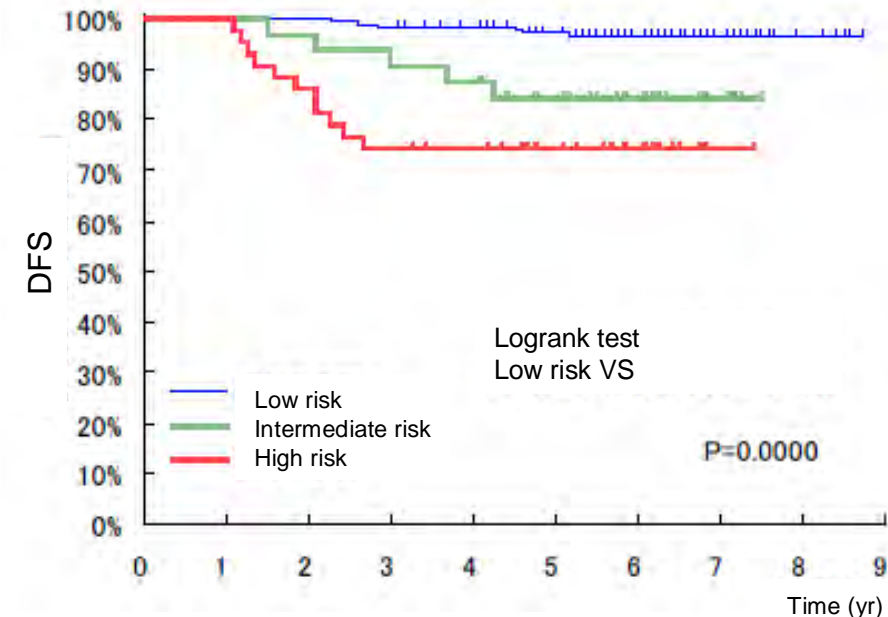
Objective:

Verify the fact that risk evaluation for C2P breast cancer recurrence with high-sensitivity method is clinical use as a factor for predicting recurrence.

Result:

C2P technology showed that statistically-significant differences, as clinical benefit, among each risk group in point of cumulative recurrence free survival ratio.

Kaplan Meier analysis



Future plan

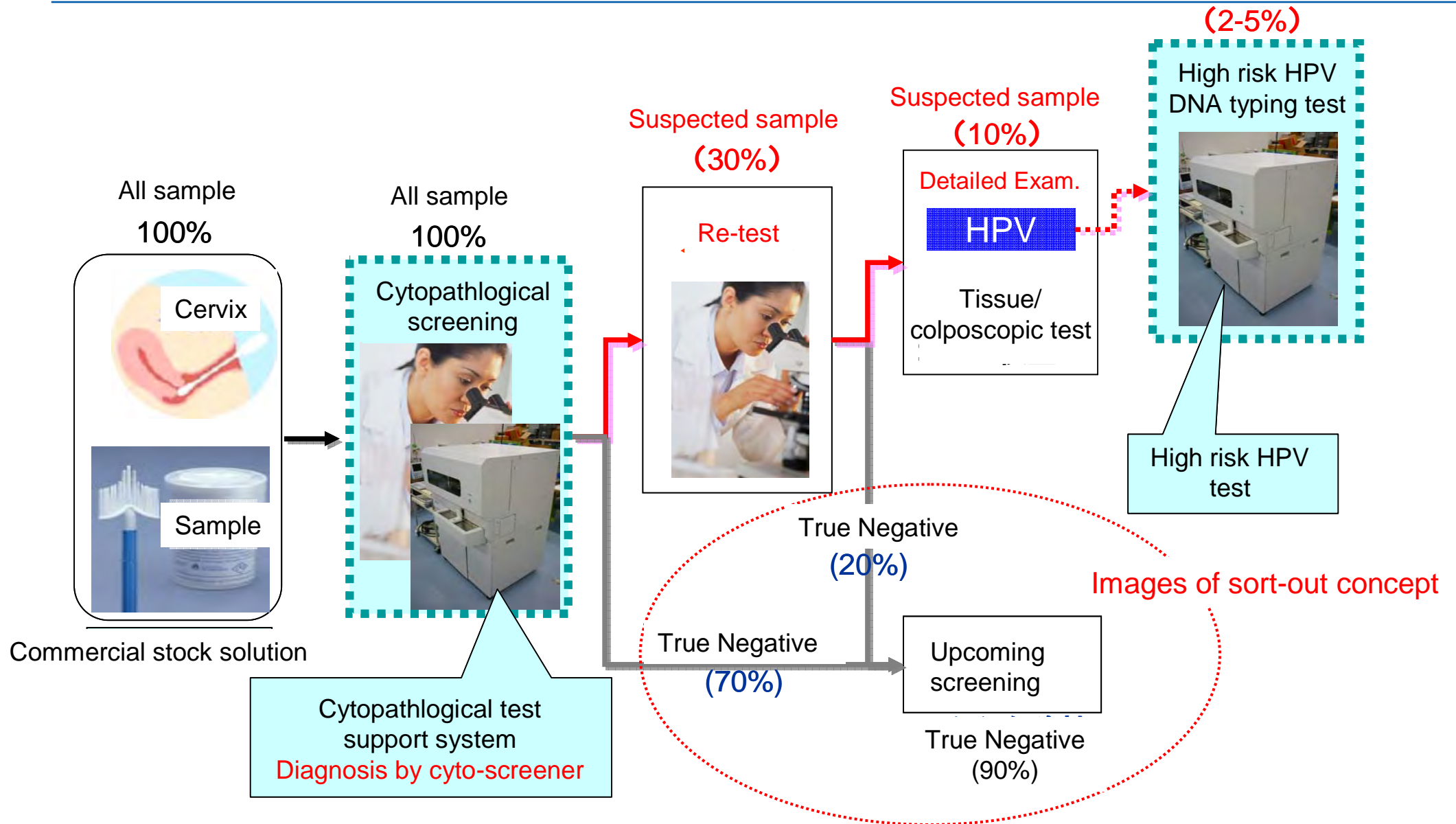
- Achieve the target results and publish the papers on clinical evaluation results and academics presentation from the members of study team.
- Development of Lab-assay business (JPN) with manual methods by the end of this year.
- Verify the clinical impact of C2P profiling for assess a create plan to full scale business.

2. (3) Progress status in practical stage

③ Cervical cancer screening

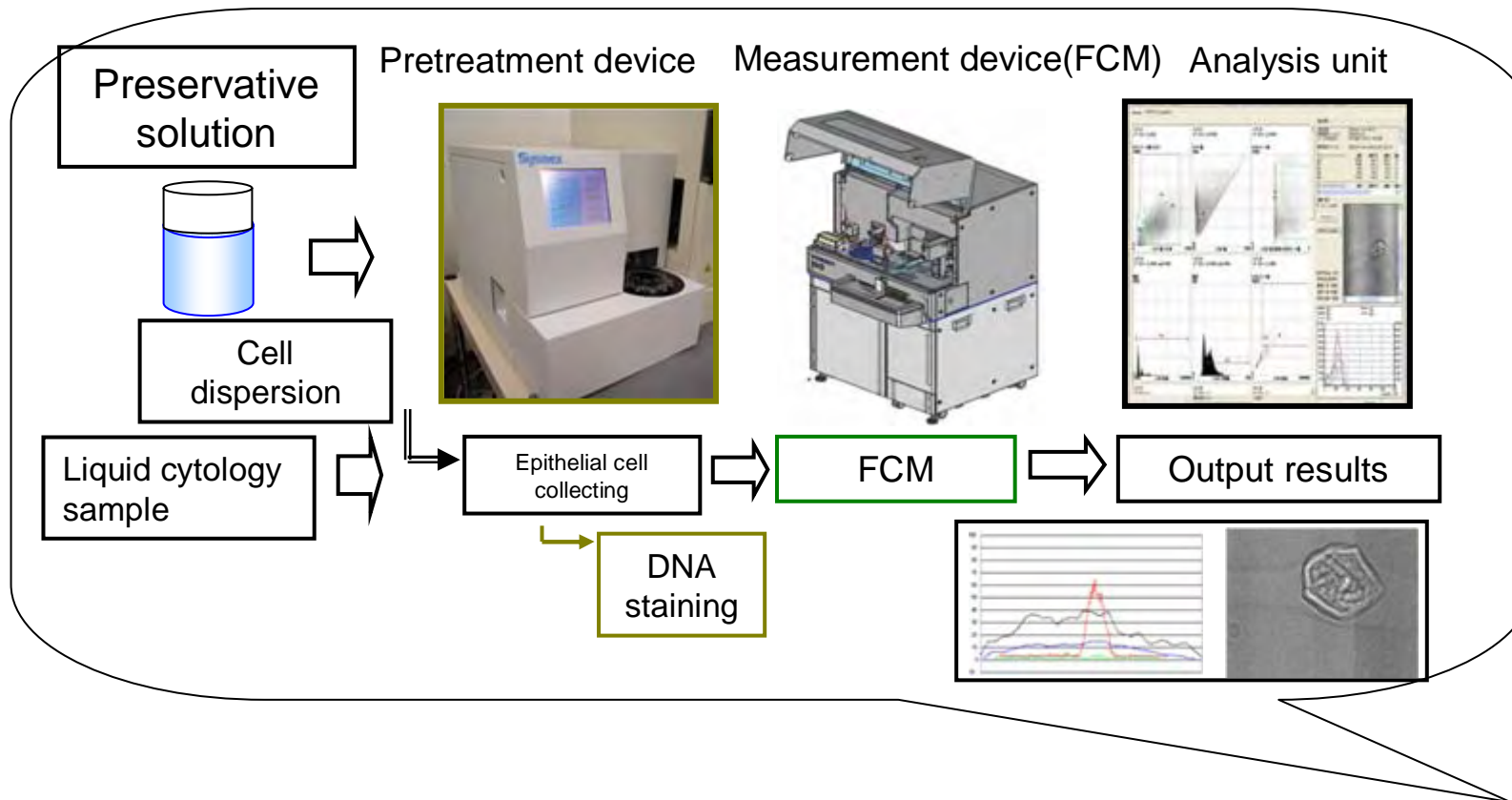
③ Cervical cancer screening

- Cervical cancer test flow -



③ Cervical cancer screening

– Development of full-automated system –



Completion of prototype development of full-automated and high-speed system

⇒ Throughput capacity 20 test/h

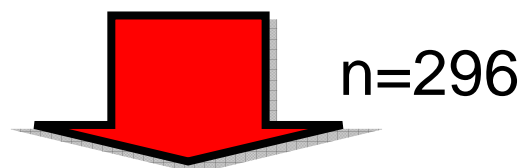


③ Cervical cancer screening

Pretreatment:

Improvement of reagent, dispersion protocol (chemical, mechanical, physical treatment)

Approach to analytical performance(Improvement for sensitivity):
Optimizations of algorithm



Practical system	sensitivity	specificity
	92 %	63 %

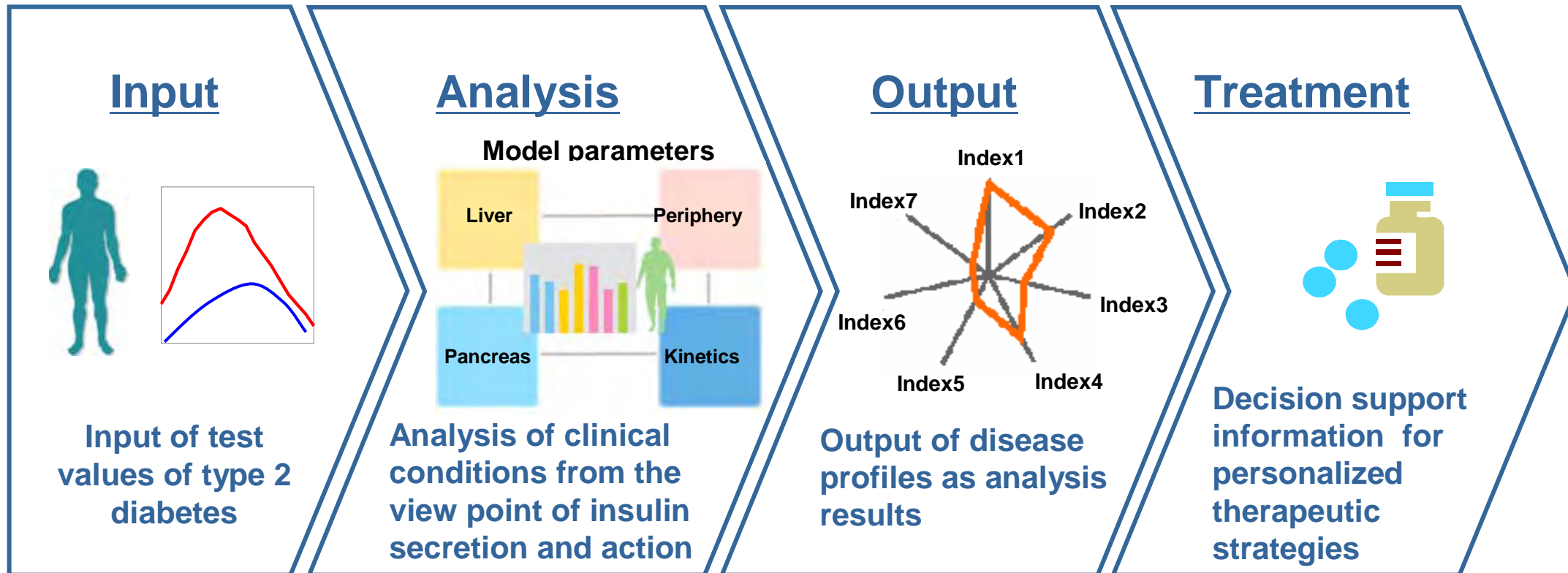
Future plan

- Produce the prototype device for market evaluation, verify the clinical performance and feasibility of sort-out concept in JP, US, EU, China within FY2011.
- Initiate the development of unique technology for high-risk HPV typing based on common technological platform.

2. (3) Progress status in practical stage

④ Disease status simulation technology for diabetes

④ Disease state simulation technology for diabetes

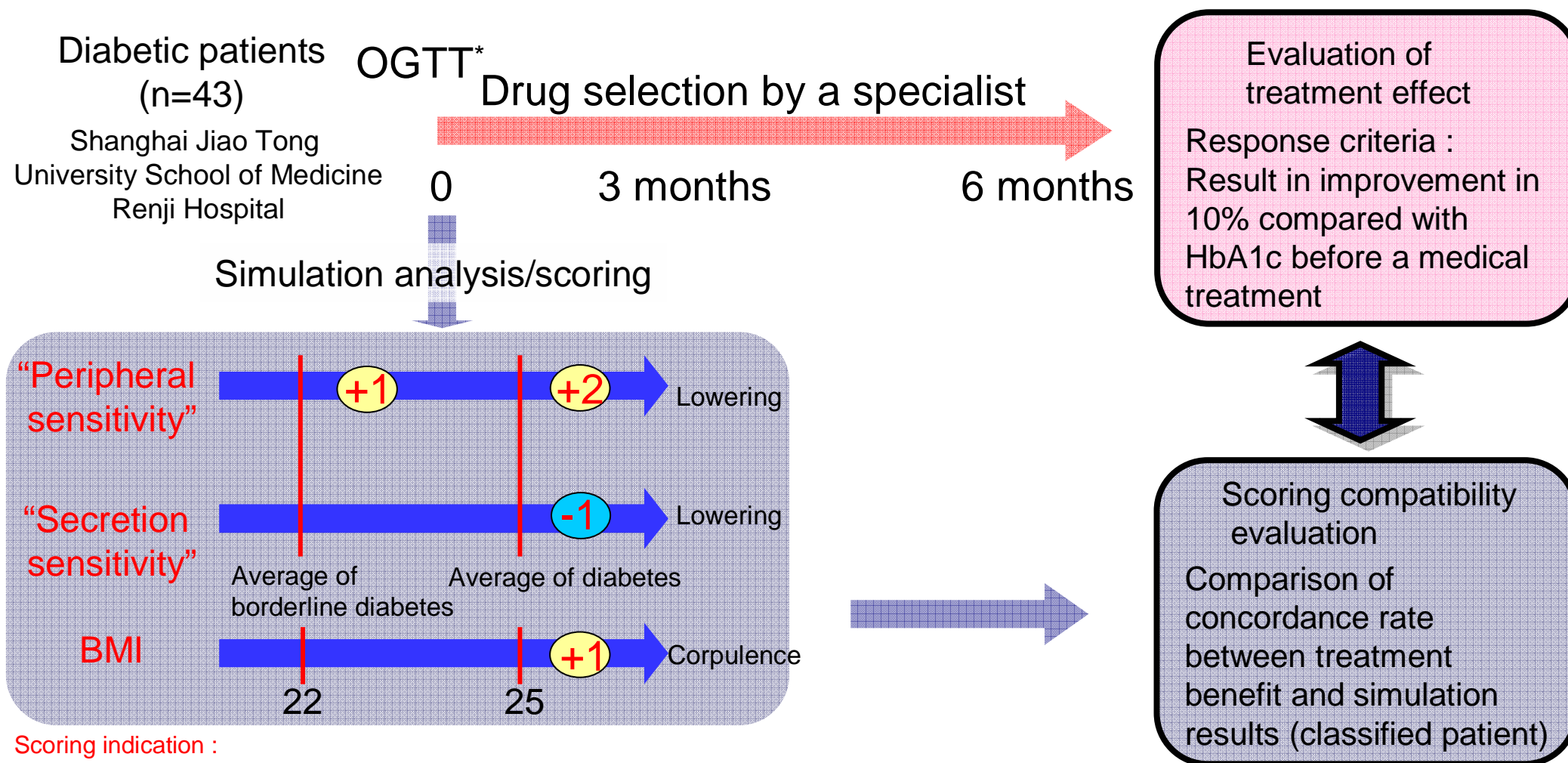


Quantification of individual's disease state by simulation of "pancreas function", "insulin function" and "sugar metabolism"

④ Diabetes simulation system -clinical research design-



Comparison of concordance rate between treatment efficacy (changes of HbA1c) and simulation results by using the parameters from pre-treatment status.



Scoring indication :
Decrease the function of glucose metabolism by insulin, Remain the function of insulin secretion
(BMI : corrective factor of obesity)

*OGTT: Oral glucose tolerance test

④ Simulation system for diabetes – Intermediate results of clinical evaluation -

Clinical prediction and treatment effect of patients with prescribed biguanides*

	Score 0	Score 1 or more
Number of case	5	15
HbA1c (%) Pre-treatment⇒ Post-treatment ✕average	6.8 ⇒ 6.5	7.0 ⇒ 6.2

*In hyperinsulinemia, biguanides can lower fasting levels of insulin in plasma. Their therapeutic uses derive from their tendency to reduce gluconeogenesis in the liver, and, as a result, reduce the level of glucose in the blood. Biguanides also tend to make the cells of the body more willing to absorb glucose already present in the blood stream, and there again reducing the level of glucose in the plasma.

Improvement effect of HbA1c

score 0 : Low drug efficacy (0.3 % improvement)

score 1 or more: High drug efficacy (0.8% improvement)

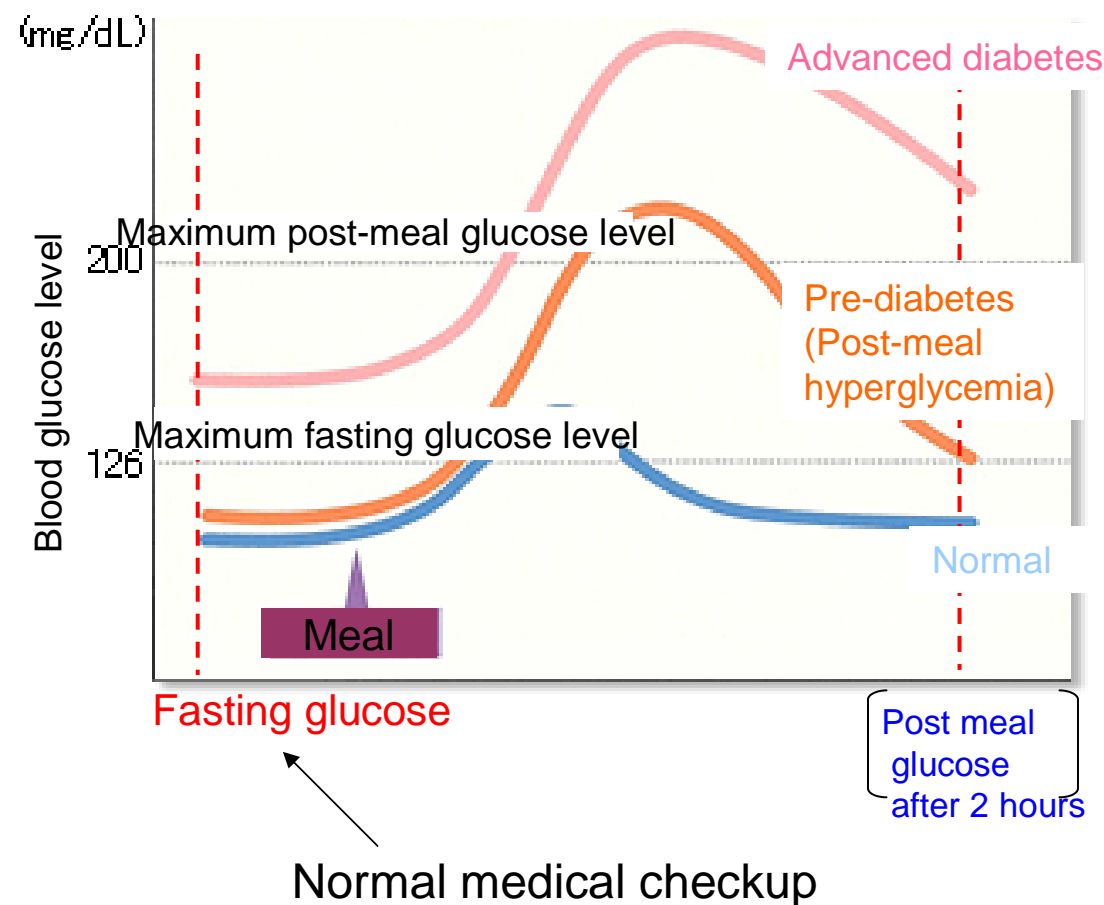
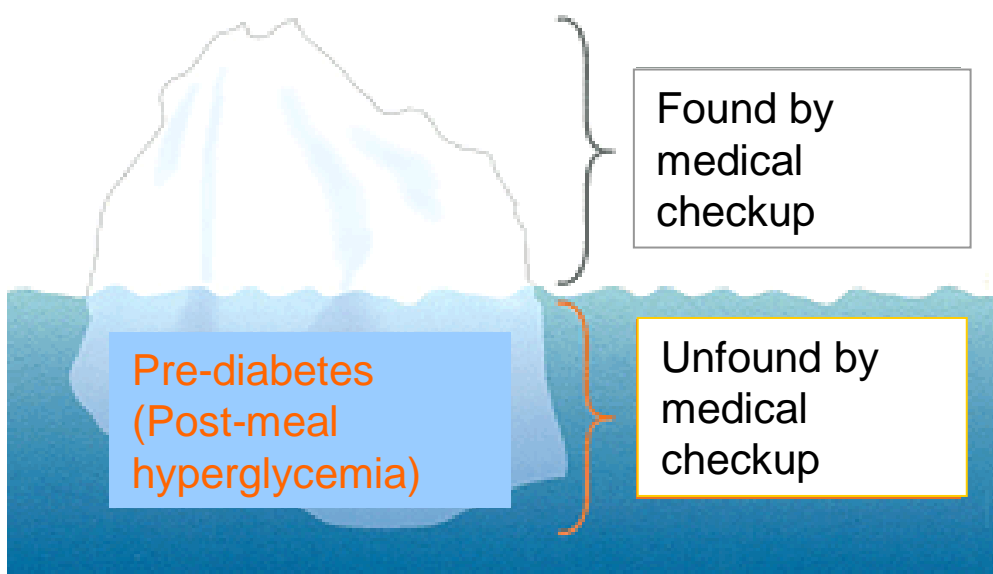
Future plan

- Implementation of market evaluation in main area at FY2011, follow by China market evaluation
- Business plan for 2013 including a new business model development (ex. Screening system) under discussion

2. (3) Progress status in practical stage

- ⑤ Measurement of glucose AUC by minimum invasive fluid extraction technology - Practical of AUC -

⑤ Practical use of AUC* -What is post-meal hyperglycemia?-



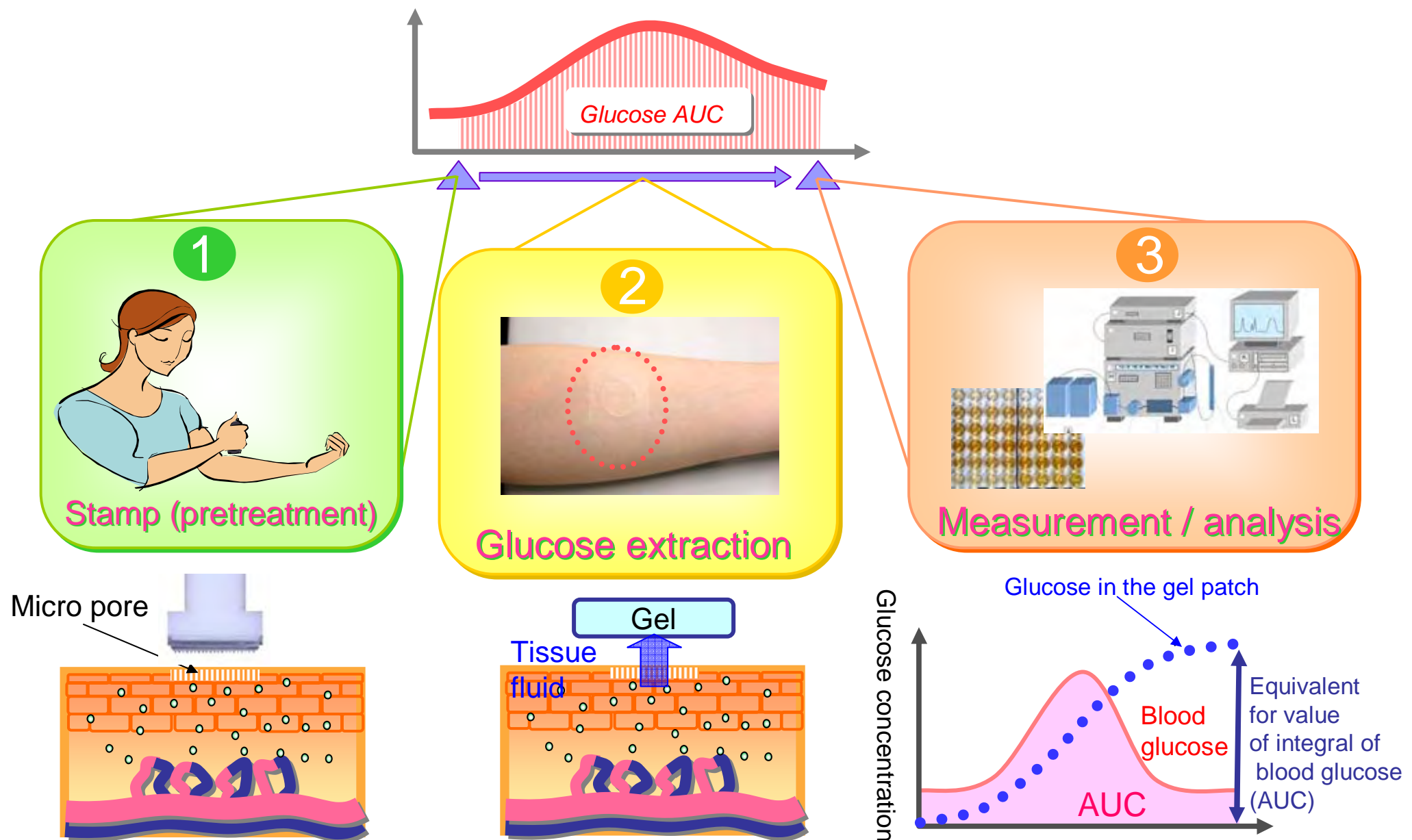
Post-meal hyperglycemia : risk factor of large vessel disease (cerebral accident, myocardial infarction)



Expected development of device which enables us to simple and exactly monitor monitor post-meal hyperglycemia

*AUC: Area Under the Curve

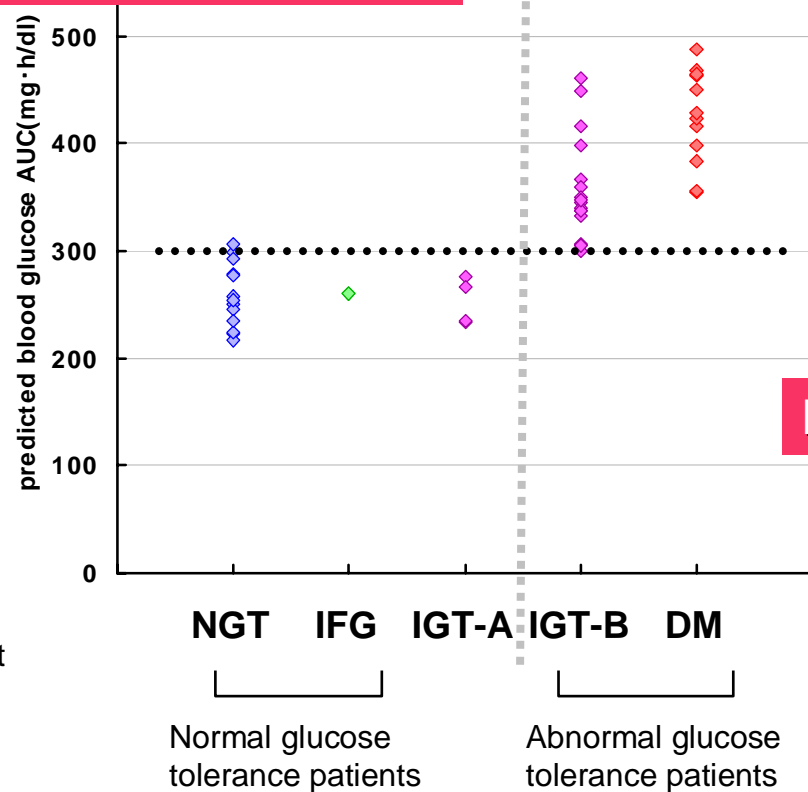
⑤ Practical use of AUC - extraction technology for tissue fluid -



⑤ Practical use of AUC

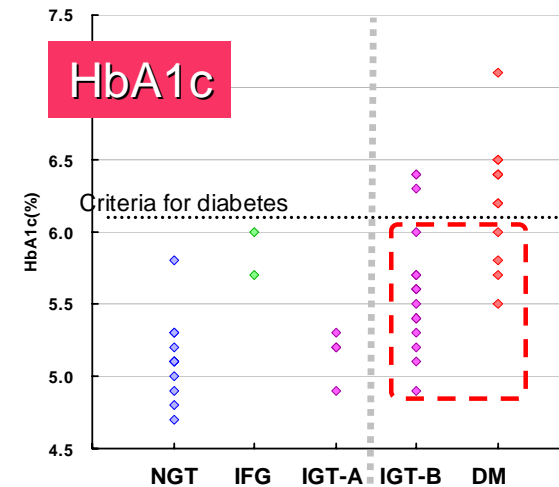
- Performance comparison between the system and conventional index –

Predicted blood Glu. AUC
(average*)

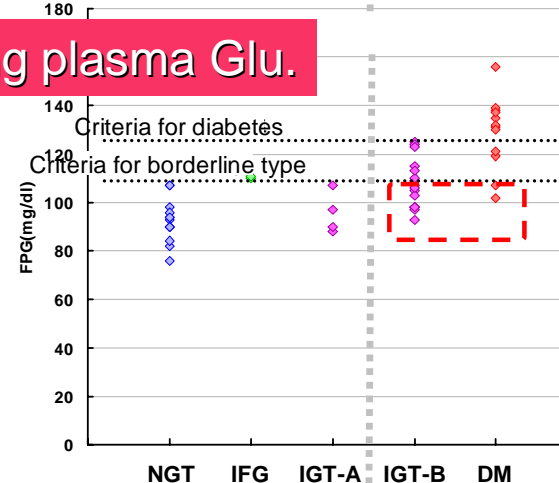


*Glucose tolerance test (n=49)

HbA1c



Fasting plasma Glu.



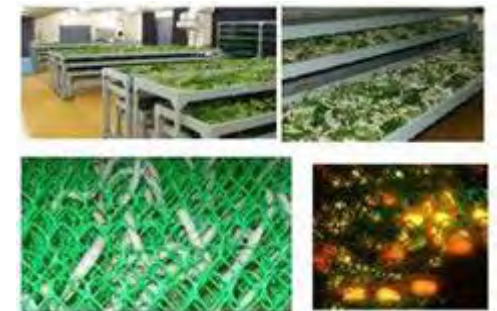
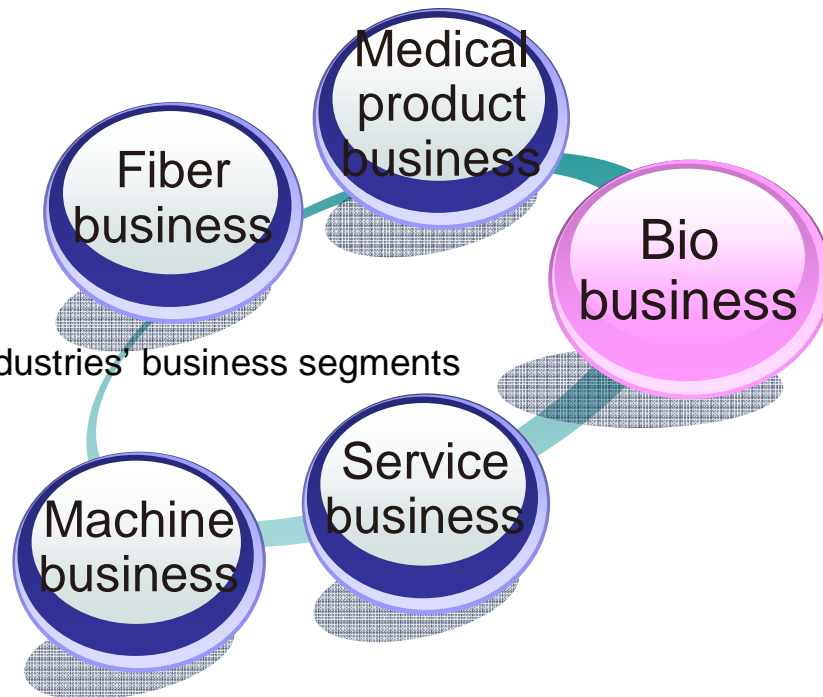
Future plan

- Start the recognizing action of AUC at many academic conferences as novel diagnosis parameter of early stage of diabetes.
- Initiate the development of system for medical device approval and entry to market within 2 years.

2. (4) Strengthening of bio-material (protein) production technology

Transferred protein production business from Katakura Industries Co., Ltd

- Signing date 2011 March 3rd
- Effective date 2011 April 1st
- Contract details Katakura Industries Co., Ltd. Bioscience laboratory
(excl. Matsumoto bunshitsu)
Contract manufacturing service by silk worm



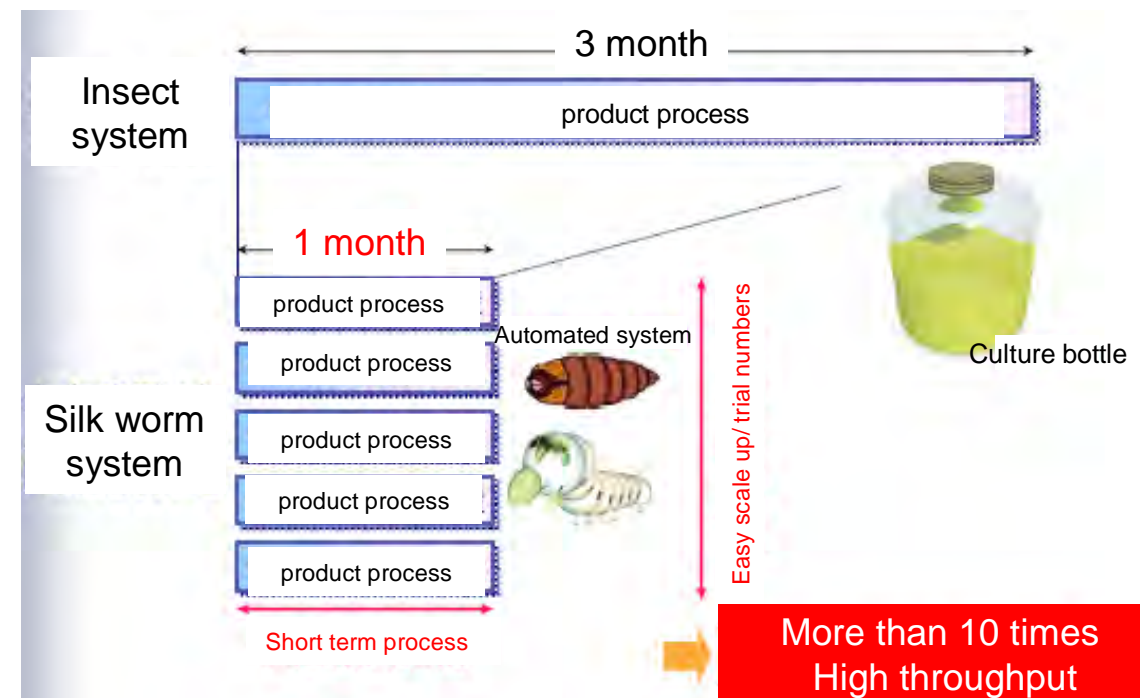
Application to Bio-business for
Silkworm protein synthesis “efficient”
technology



High productivity/stability/rapid production/flexibility of scale-up

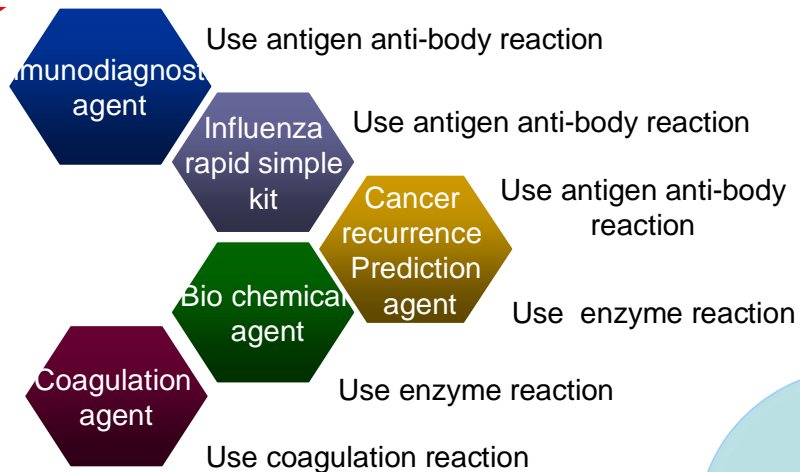
1. High production capability by using a powerful expression promoter
2. Keeping to native proteomic characters (glycosylation, conformation, phosphorylation, antigenecity)
3. Simple purification process (possible collection as soluble protein)
4. Easy scale-up as no need of investment in facilities

Ex.) High throughput production system by silkworm



Technology acquisition Impact

Enhancement of application



Potentiality of new business field

- Implementation or expanding material preparation business and protein expression service including overseas development by using Sysmex's channel
- Execution of feasibility study for companion diagnostic business by using a connection between pharmaceutical company, university and research institute based on KaikoExpress and using the advantages

Diagnostic agent application development

Device

Strengthening of raw material preparation technology

Material development

Material manufacturing company

Diagnostic agent

Device

Synthetic raw material

High performance synthetic raw material

- Flexible designing of protein
 - ◇ Development of appropriate material for assay
 - ◇ Shortened development term
 - ◇ Improvement of specific
 - ◇ Improvement of sensitivity

- ◇ Quality issue
- ◇ Stable production issue
- ◇ Cost issue
- ◇ Bio hazard issue
- ◇ Animal protection issue

3. Progress status in Research stage

Kaoru ASANO

Executive Officer, Executive Vice President

3. Progress status in research stage

(1) New technology

- ① Circulating tumor cell
- ② Detection technology for methylated DNA
- ③ DNA chip

(2) Approach for e-Health

Platform for personalized medicine of cancer

Platform

Gene



- Genetic mutation/ polymorphism

DNA chip

SNPs, DMET

- Acquired modification

Methylation detection

Early detection

mRNA



- Quantitative alteration

OSNA

Lymph node metastasis

DNA chip

Treatment selection

Protein



- Quantitative alteration
- Qualitative alteration

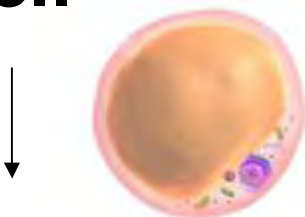
HISCL

Tumor marker

C2P

Prognosis

Cell



- Quantitative alteration

FCM

Cytological diagnosis

- Qualitative alteration (functional)

CTC

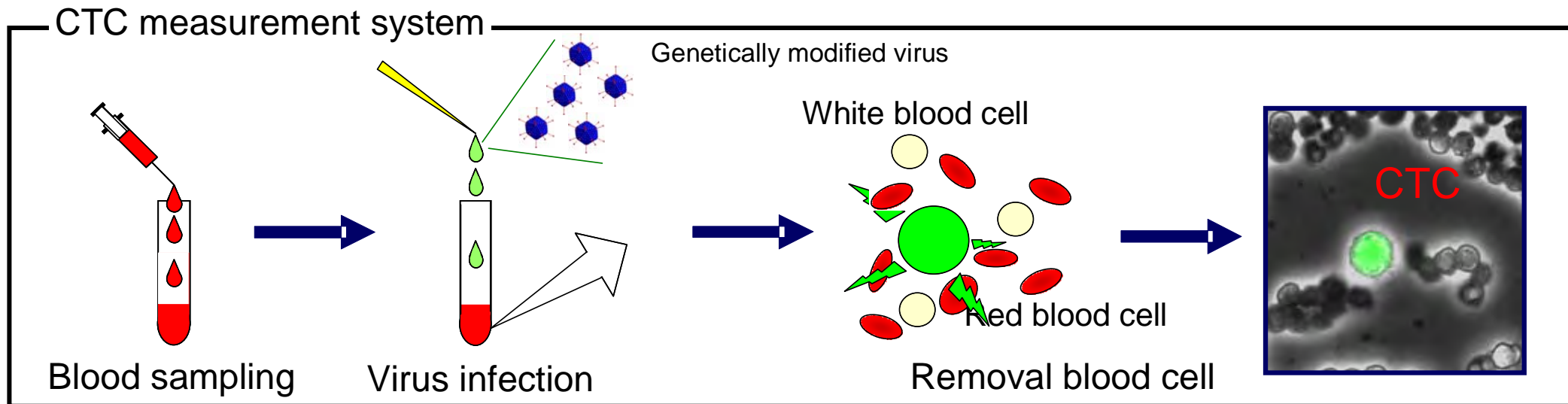
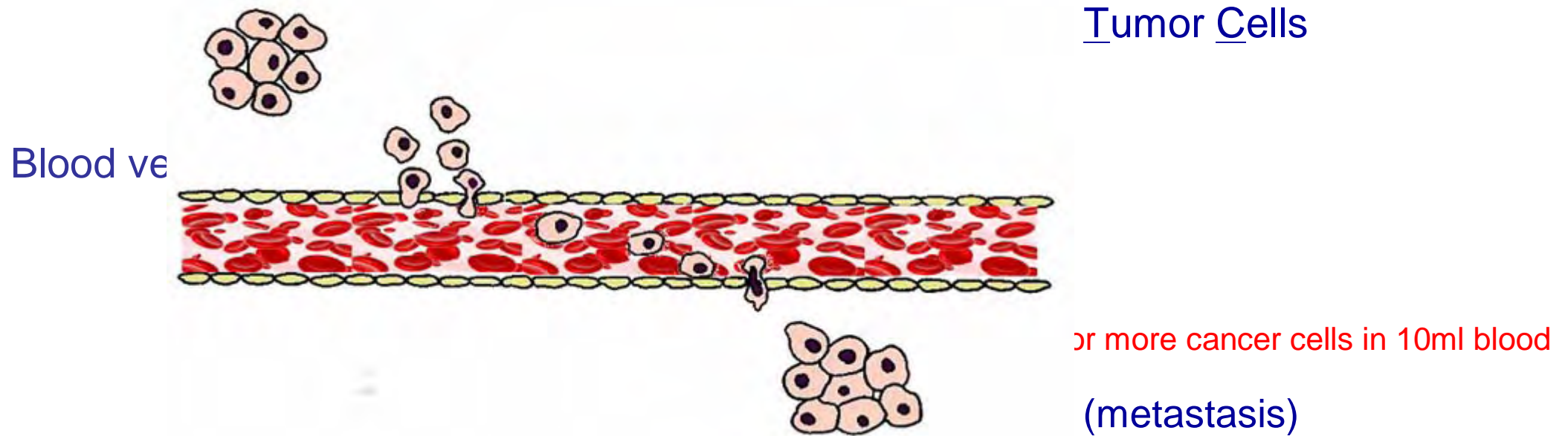
*Early detection
Treatment selection*

SNP s: Single Nucleotide Polymorphism
DMET: Drug metabolism / transporter

3. (1) Platform for personalized medicine of cancer

① Circulating Tumor Cell

① Circulating tumor cells (CTC) detection technology



① Circulating tumor cells (CTC) detection technology

- Promoting collaborative research-



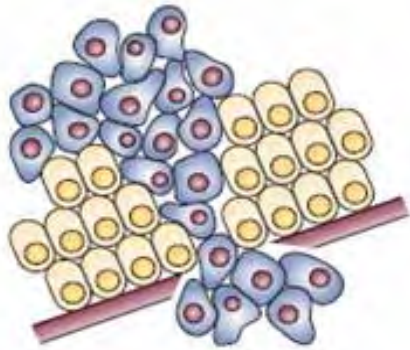
GFP positive rate in type of cancer

Type of cancer	Cases	GFP positive rate(%) (GFP positive cell ≥ 1)
Breast cancer	70	53% (37/70)
Stomach cancer	82	76% (63/82)
Lung cancer	79	87% (69/79)
Colon cancer	18	50% (9/18)
Esophageal cancer	10	70% (7/10)
Pancreas cancer	12	42% (5/12)
Hepatocellular carcinoma	21	33% (7/21)

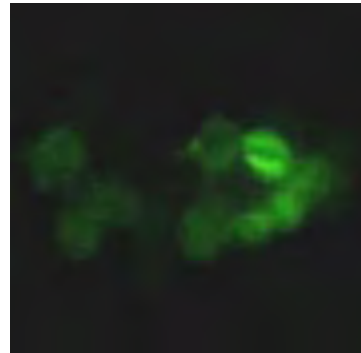
Suggest potential for applying stomach cancer and lung cancer

① Circulating tumor cells (CTC) detection technology - Basic data (example for breast cancer) -

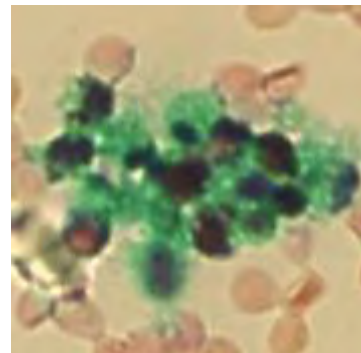
Primary tumor



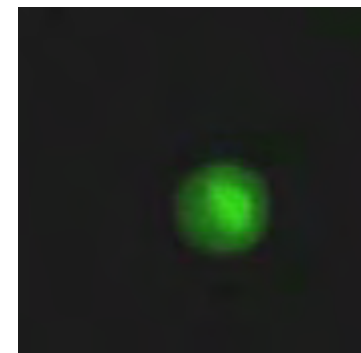
GFP



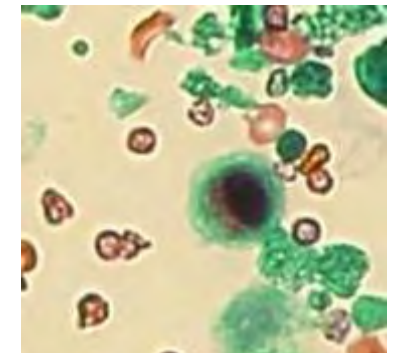
Pap stain



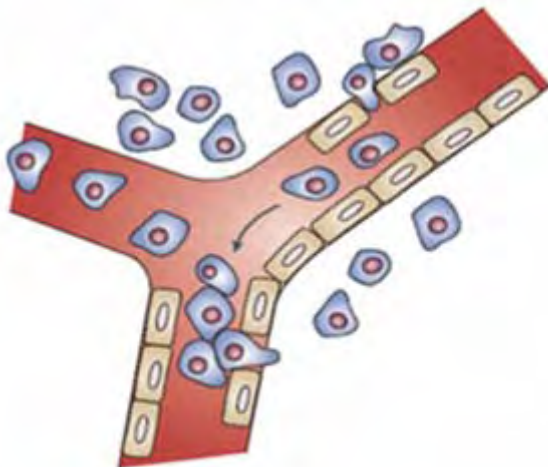
GFP



Pap stain



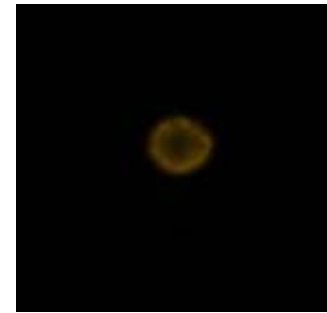
Hematogenous metastasis



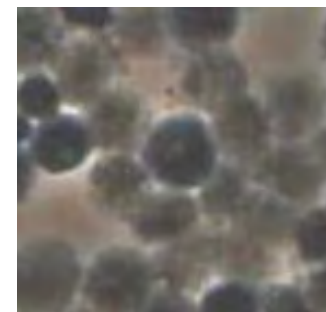
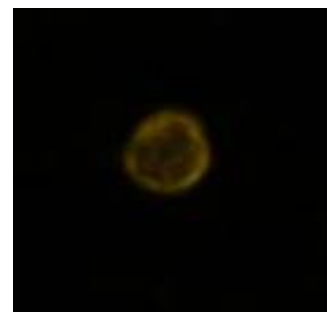
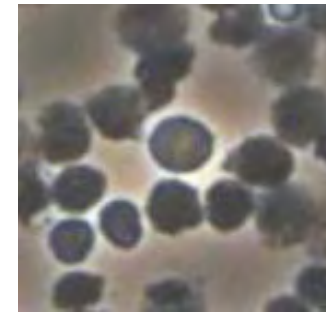
GFP



Pan-CK

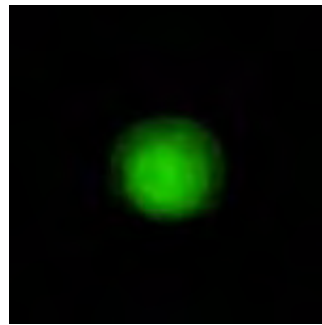


Phase

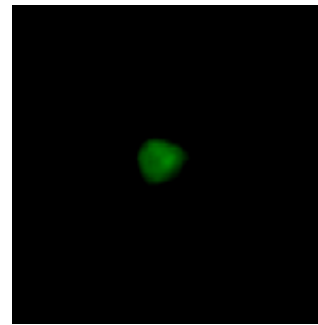


① Circulating tumor cells (CTC) detection technology

- Efforts for practical use -

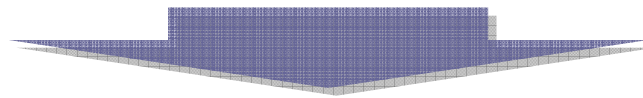


Cancer cell



White blood cell

GFP positive cell
= Cancer cell + Contaminated false positive cells



Efforts in regard to practical use issue

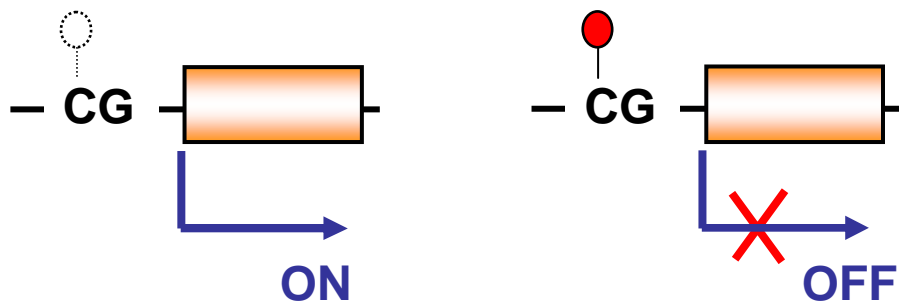
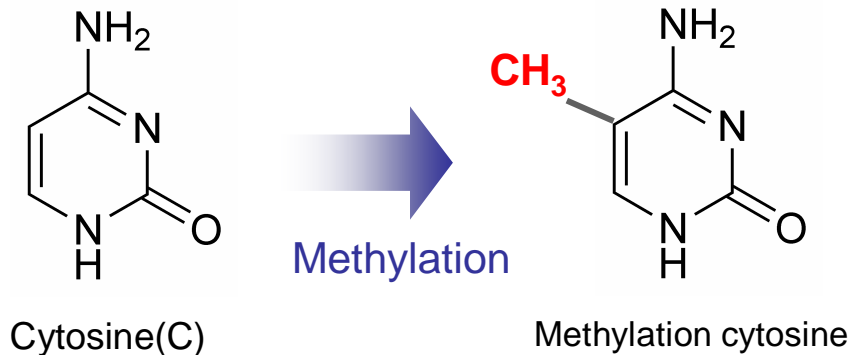
- Technologies for quality control of virus infectivity
Quality assurance of virus, internal standard substance
- Marker addition for identifying species
Cell size, double stain with CD45 etc,

3. (1) Platform for personalized medicine of cancer

② Methylation detection technology

② Methylation detection technology

DNA methylation



Application for cancer diagnosis

- i) confirmative diagnosis
- ii) Risk diagnosis
- iii) Disease state diagnosis

i) Colon cancer screening from the blood

- Construction of measurement system for methylation (OS-MSP)
Construction of rapid and simple measurement system for methylation
- Colon cancer marker(SEPT9)
Collaborative research with Epigenomics

ii) Evaluation of cervical cancer stage

- Study relations between precancerous lesion of cervical cancer and methylation

iii) Search diagnosis methylation marker

- Participation in “basic technology development for new drugs utilizing mechanism of acquired genome modification”

② Methylation detection technology

i) Localizing diagnosis of cancer clinical study for colon cancer screening



◆ Large scale clinical study in USA (Epigenomics)

Marker: SEPT9

Completed major clinical study in USA in 2010 (7,940 case)
Sensitivity 67%, Specificity 88%

◆ Clinical study in JPN (progress)

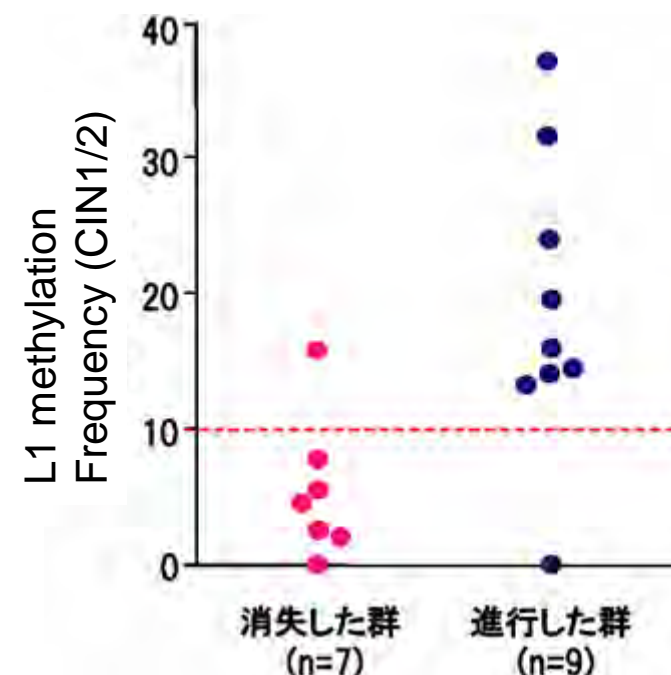
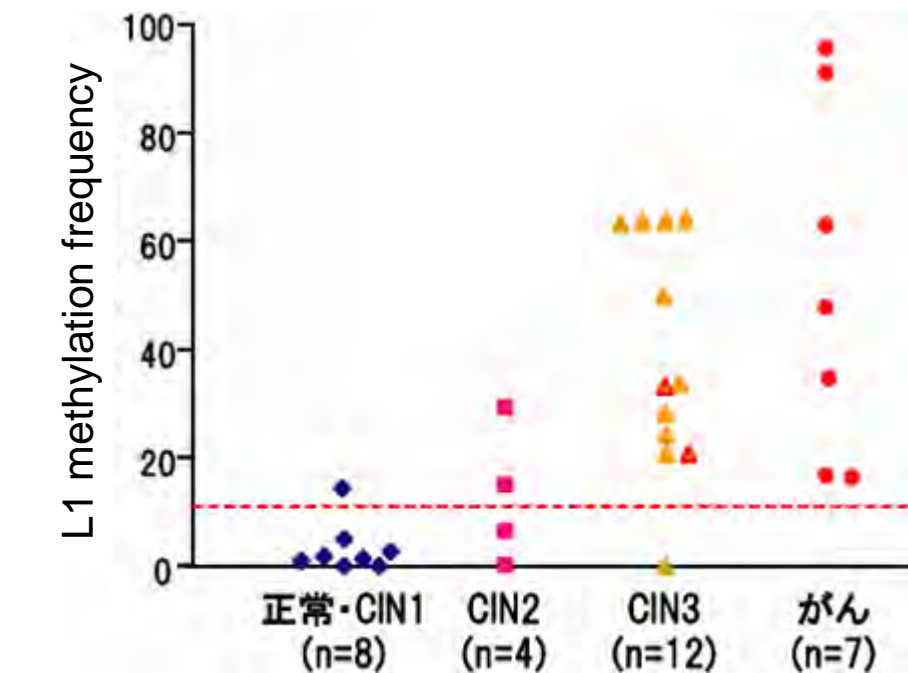
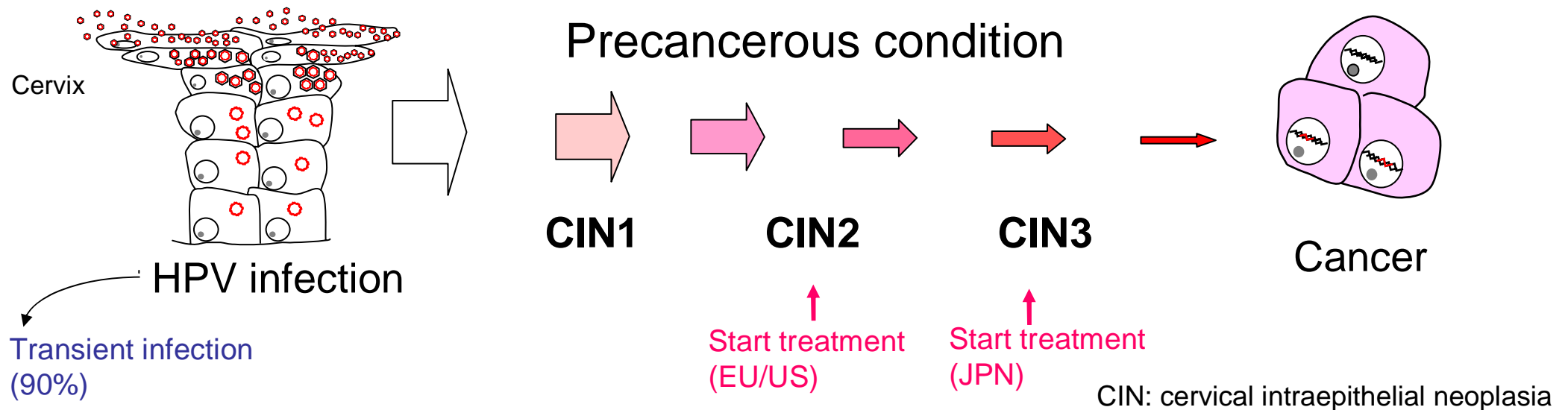
	Positive	Negative
Patients with colon cancer	28	13
Healthy people	5	40

Sensitivity : 68%
Specificity : 88%

100 analyses have completed until now and clinical study has been on-going for achieving 200 cases.

② Methylation detection technology

ii) Risk diagnosis of cervical cancer progression



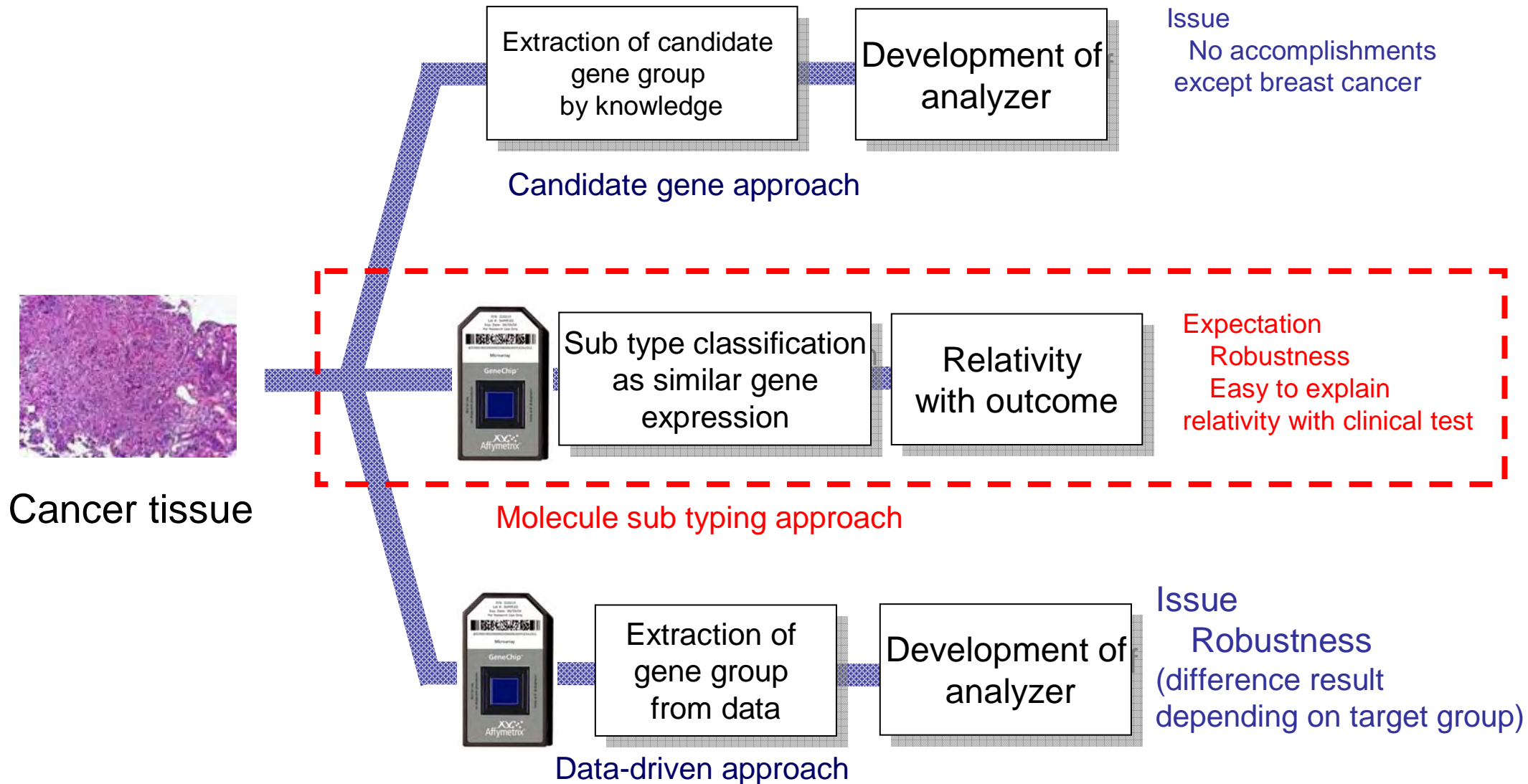
Collaborative research
with Hyogo cancer center

3. (1) Platform for personalized medicine of cancer

③ DNA Chip

③ DNA chip technology

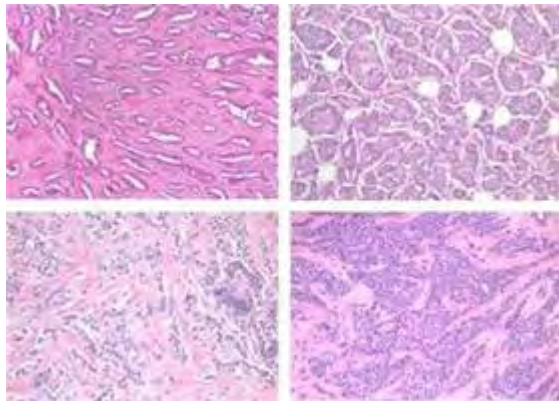
Approaches to “cancer diagnosis” by tissue



③ DNA chip technology

- Treatment selection by molecule sub typing -

Pathological diagnosis

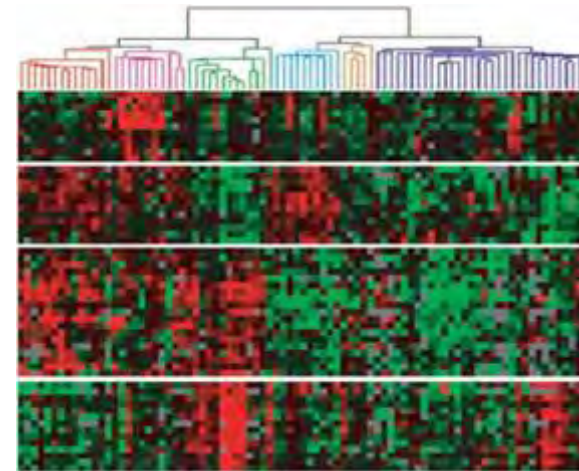


Clinical outcome
(Treatment effect)

Molecule sub typing



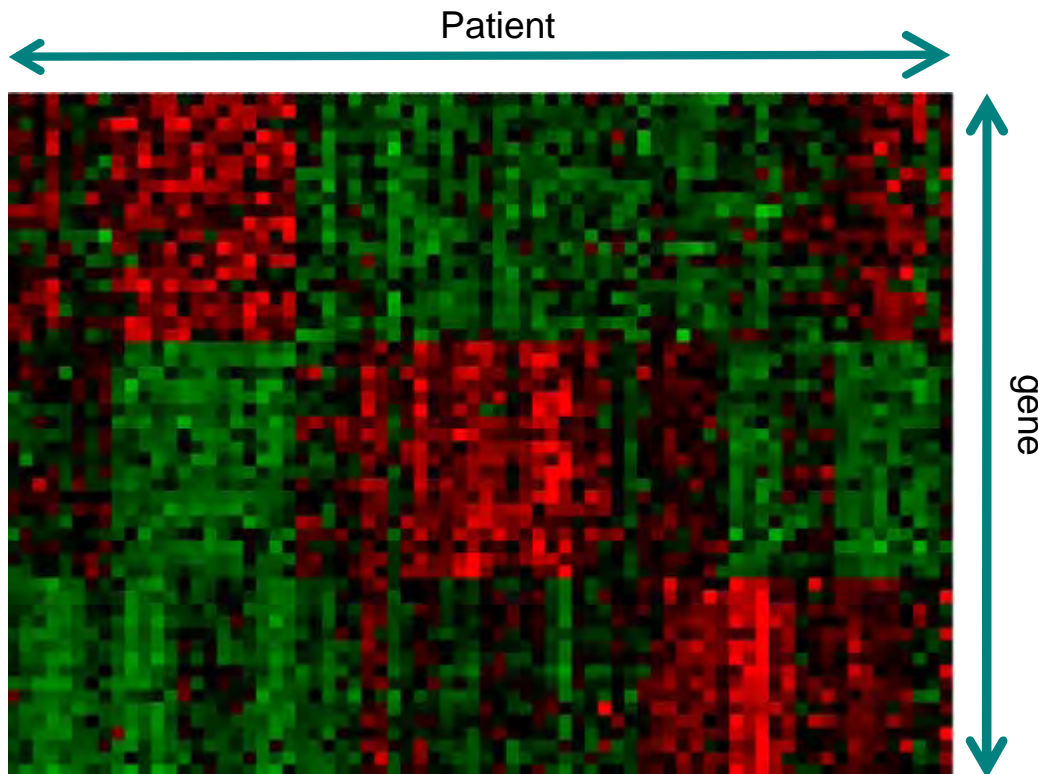
Classification by gene
expression
Objective diagnosis



Clinical outcome
(Treatment effect)

③ DNA chip technology

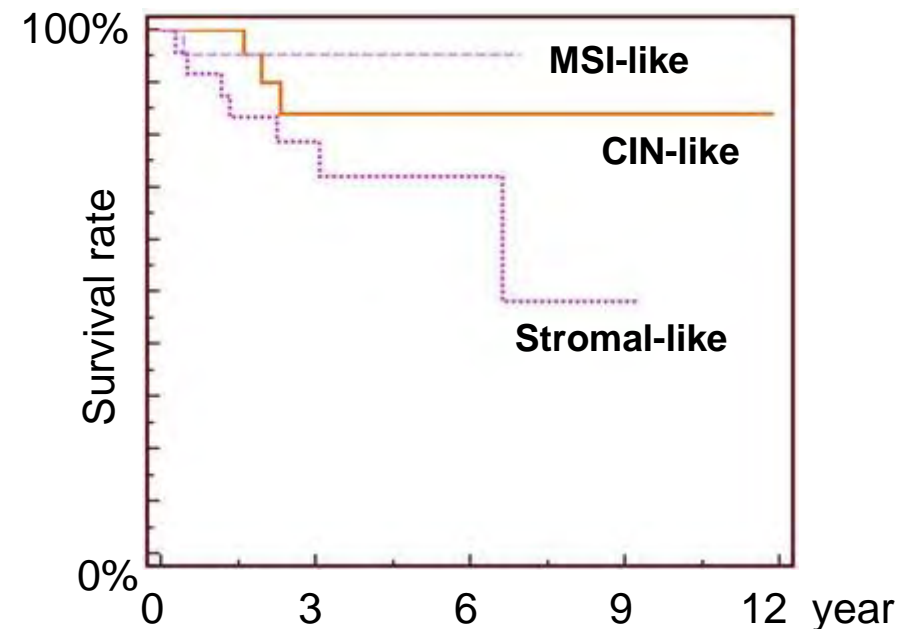
- Sub type classification of colon cancer -



MSI: Microsatellite Instability
 CIN: Chromosomal instability
 Stromal: Stromal tumor

	Survival rate	Recurrence rate	Left hand : Right hand
MSI	30.6% (22)	4.5% (1)	8 : 14
CIN	33.3% (24)	12.5% (3)	17: 7
Stromal	36.1% (26)	23.1% (6)	13 : 13
total	100% (72)	13.9% (10)	38 : 34

Disease-free survival curve



③ DNA chip technology

-Prediction of chemoradiation therapy effect for esophageal cancer -



Esophageal cancer

- Morbidity rate (vs. 100,000 people)

Man : 23.8 (rank:6)

Woman : 4.1

- Mortality rate (vs. 100,000 people)

Man : 16.2 (rank:7)

Woman : 2.8

- Treatment method

Endoscopic therapy

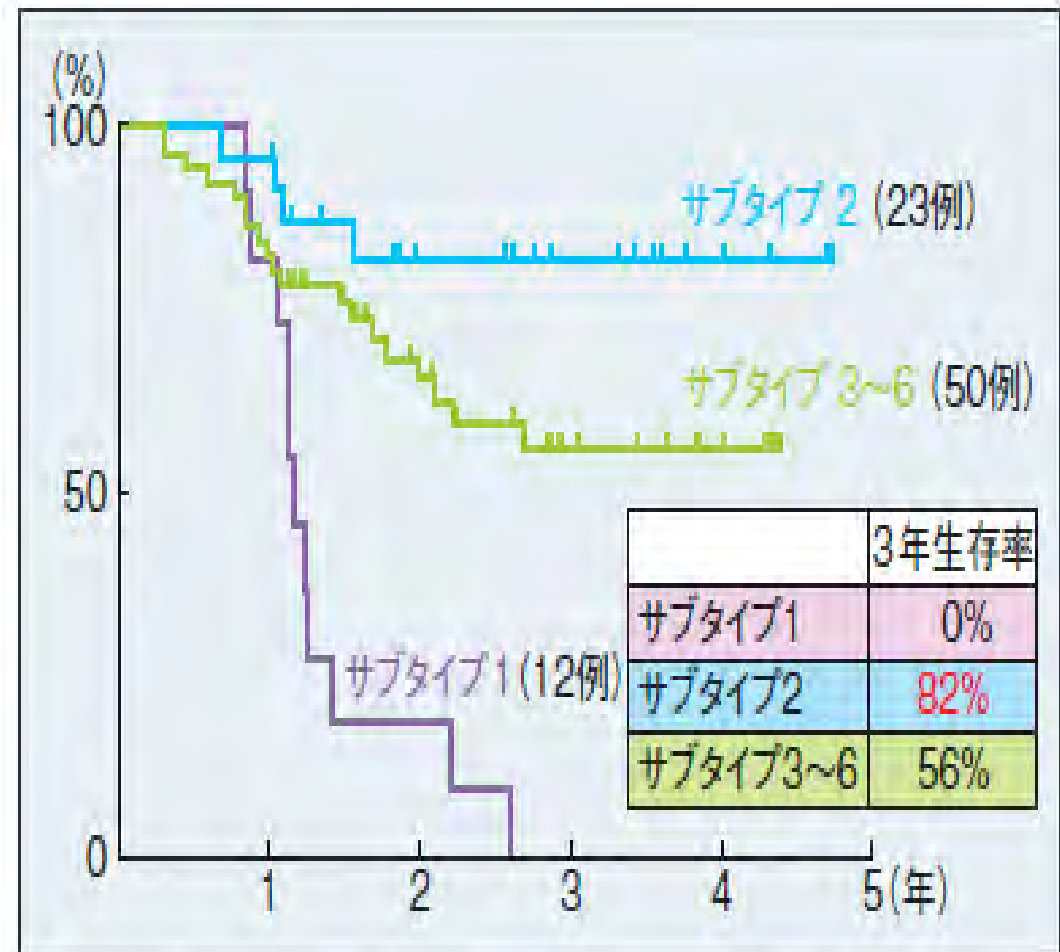
Operation

Chemo/radiation

- Clinical needs

Radiation sensitivity prediction

Chemo/radiation results of 6 sub classes



National Cancer Center

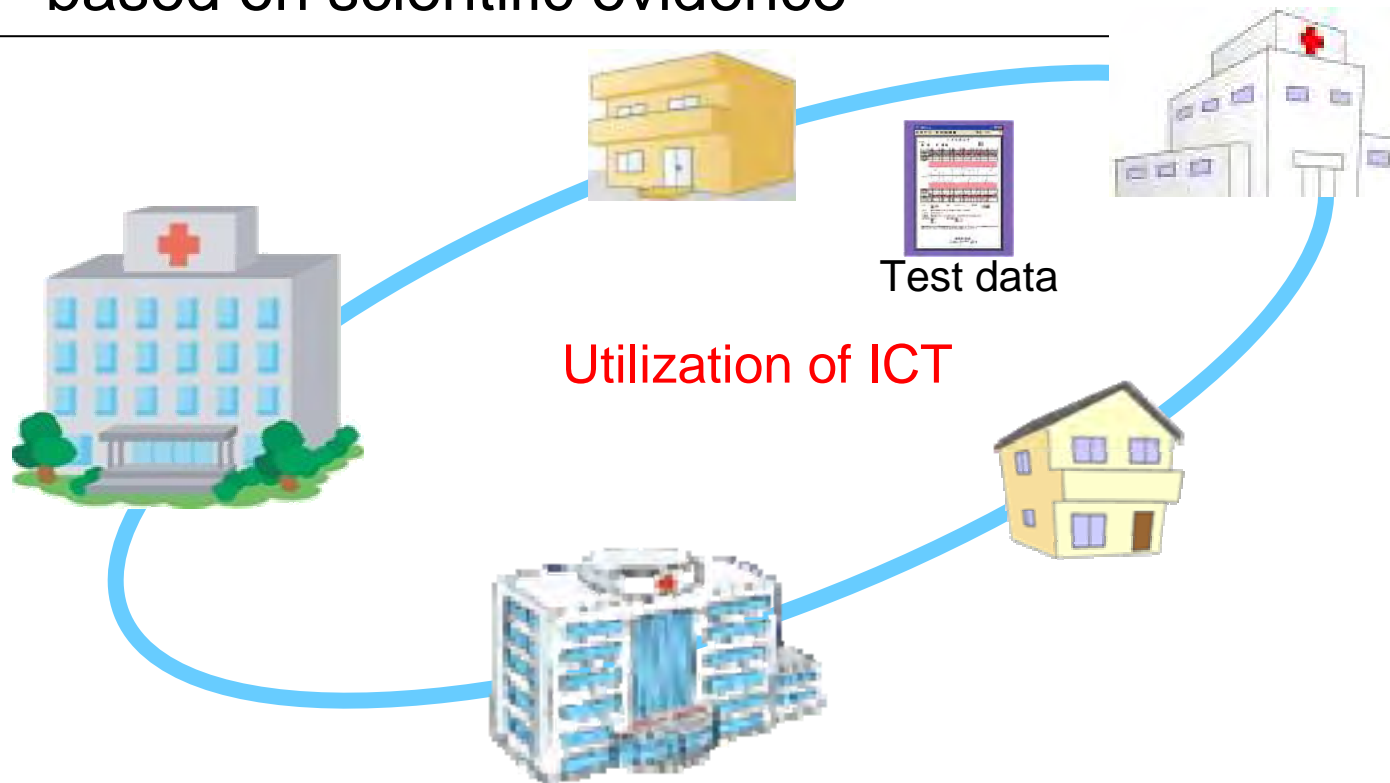
Center for Cancer Control and Information Services

Collaborative research with National Cancer Center

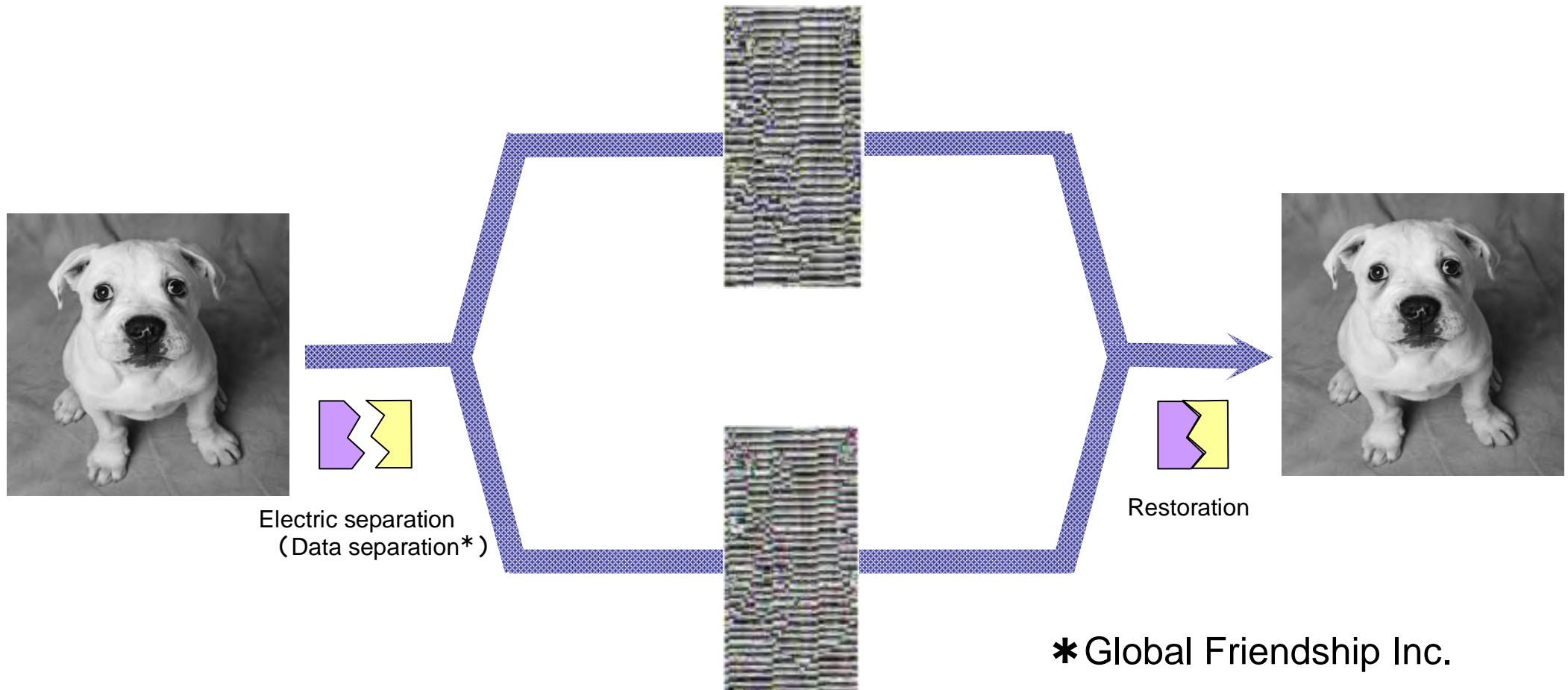
3. (2) Approach for e-Health

Sysmex's idea for e-Health

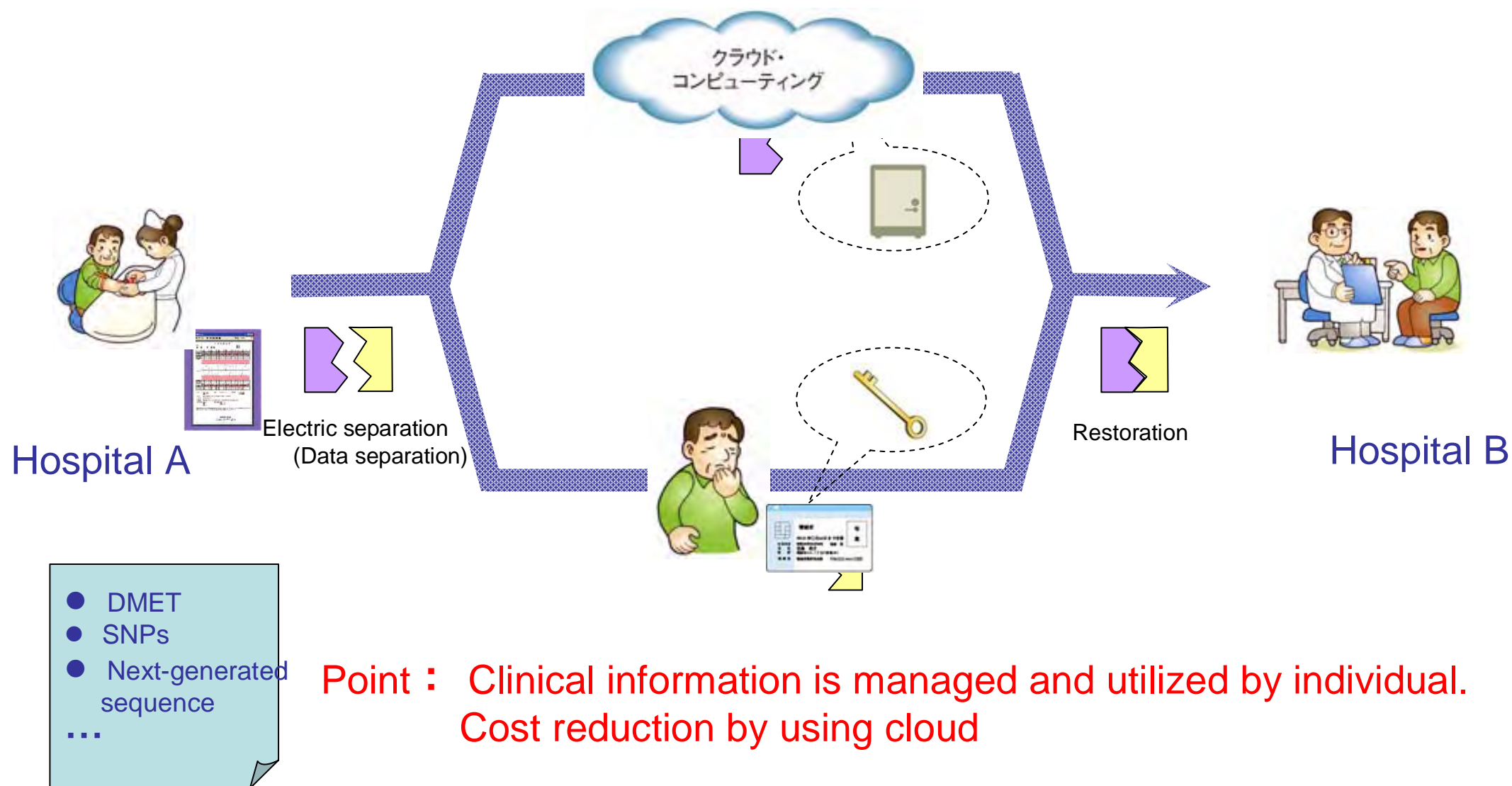
- Be secured individual test data
- In any place, easy confirmation of past test data
- Providing for medical treatment support information based on scientific evidence



Secret Sharing Scheme (Data separation*)



Point : Separated data in bit level is not personal information even if original data includes personal data.



Drug effect prediction system

DMET™ Plus

[illegible]

Knowledge based on
scientific evidence



Drugs	Treatment field
Aromatase Inhibitors	Breast cancer
Tamoxifen	Breast cancer
Codeine	Pain
Phenytoin	Anti epilepsy
Statins	Cholesterol
Thiopurines	Chemotherapy
Warfarin	Circulatory disease

Cover 225 genes and 1936 markers
of drug-metabolizing enzyme
/transporter

We Believe the Possibilities.

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