



Seizing Opportunity throughout the World

We are seizing opportunities to remain one step ahead of emerging challenges.

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 **44 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’s operating environment is growing ever more complex and uncertain, but the Company strives to **consistently remain one step ahead of these changes** and devise strategies for responding swiftly to emerging challenges. In short, ours is a culture that emphasizes **seizing opportunity**, marshalling our strengths to make the most of the circumstances that arise. We intend to maintain this strategic approach well into the future.

11-Year Growth and Highlights

(Thousands of
(Millions of yen) U.S. dollars)*1

| For the years ended March 31, | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2013 | |
|--|-----------|-----------|-----------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--------------|----------------|
| For the year: | | | | | | | | | | | | | |
| Net sales | ¥ 57,253 | ¥ 65,970 | ¥ 76,935 | ¥ 87,888 | ¥ 101,041 | ¥ 110,724 | ¥ 111,843 | ¥ 116,206 | ¥ 124,694 | ¥ 134,744 | ¥ 145,578 | \$ 1,548,702 | |
| Operating income | 5,299 | 6,615 | 9,104 | 10,724 | 12,715 | 15,033 | 15,134 | 15,740 | 18,289 | 19,206 | 21,805 | 231,968 | |
| Net income | 3,125 | 3,157 | 5,731 | 7,423 | 9,008 | 9,132 | 8,014 | 9,765 | 11,412 | 12,007 | 14,166 | 150,702 | |
| Net increase (decrease) in cash and cash equivalents | 1,071 | 3,465 | (3,261) | (499) | 3,299 | (3,044) | (269) | 4,403 | 5,103 | 2,922 | 12,469 | 132,649 | |
| Cash and cash equivalents, end of year | 10,253 | 13,718 | 10,458 | 9,416 | 12,715 | 9,679 | 9,410 | 13,813 | 18,916 | 21,838 | 34,307 | 364,968 | |
| Capital expenditure | 2,317 | 2,451 | 2,729 | 5,638 | 4,546 | 8,244 | 9,340 | 4,540 | 5,840 | 7,909 | 8,945 | 95,160 | |
| Depreciation | 3,107 | 3,203 | 3,296 | 3,592 | 3,959 | 3,924 | 7,189 | 7,067 | 6,871 | 7,031 | 7,945 | 84,522 | |
| R&D expenditure | 4,969 | 5,549 | 6,509 | 8,184 | 9,026 | 9,221 | 10,771 | 11,238 | 12,380 | 11,904 | 12,119 | 128,926 | |
| At year-end: | | | | | | | | | | | | | |
| Total assets | 66,449 | 71,983 | 77,660 | 87,447 | 101,225 | 109,027 | 118,522 | 120,702 | 130,060 | 142,285 | 173,011 | 1,840,543 | |
| Shareholders' equity | 43,325 | 51,096 | 56,149 | 62,647 | 71,344 | 78,753 | 79,183 | 86,358 | 93,534 | 101,834 | 118,801 | 1,263,840 | |
| Interest-bearing liabilities | 10,893 | 4,175 | 657 | 695 | 669 | 1,081 | 10,344 | 2,565 | 1,971 | 1,026 | 769 | 8,181 | |
| | | | | | | | | | | | | (Yen) | (U.S. dollars) |
| Per share data: | | | | | | | | | | | | | |
| Shareholders' equity (yen) | ¥ 1,879.5 | ¥ 2,042.7 | ¥ 2,244.9 | ¥ 1,251.8*2 | ¥ 1,411.0 | ¥ 1,541.0 | ¥ 1,548.2 | ¥ 1,684.9 | ¥ 910.7*2 | ¥ 990.5 | ¥ 1,151.4 | \$12.25 | |
| Net income (basic) (yen) | 132.2 | 132.9 | 225.1 | 145.5*2 | 179.6 | 178.9 | 156.7 | 190.8 | 111.2*2 | 116.9 | 137.6 | 1.46 | |
| Net income (diluted) (yen) | 121.8 | 123.1 | 224.0 | 143.8*2 | 178.0 | 178.3 | 156.5 | 190.5 | 111.0*2 | 116.6 | 137.1 | 1.46 | |
| Cash dividends applicable to the year (yen) | 25.0 | 30.0 | 40.0 | 36.0*2 | 36.0 | 48.0 | 50.0 | 56.0 | 60.0 | 34.0*2 | 40.0 | 0.43 | |
| Dividend ratio (%) | 18.9 | 22.6 | 17.8 | 17.9 | 20.0 | 26.8 | 31.9 | 29.4 | 27.0 | 29.1 | 29.1 | | |
| Other data: | | | | | | | | | | | | | |
| Shareholders' equity ratio (%) | 65.2 | 71.0 | 72.3 | 71.6 | 70.5 | 72.2 | 66.8 | 71.5 | 71.9 | 71.6 | 68.7 | | |
| Return on equity (ROE) (%) | 7.9 | 6.7 | 10.7 | 12.5 | 13.4 | 12.2 | 10.1 | 11.8 | 12.7 | 12.3 | 12.8 | | |
| Return on assets (ROA)*3 (%) | 4.7 | 4.6 | 7.7 | 9.0 | 9.5 | 8.7 | 7.0 | 8.2 | 9.1 | 8.8 | 9.0 | | |
| Yen/U.S. dollar | 125.4 | 116.0 | 108.2 | 113.3 | 117.0 | 114.3 | 100.5 | 92.9 | 85.7 | 79.1 | 83.1 | | |
| Yen/euro | 118.1 | 131.0 | 134.5 | 137.9 | 150.1 | 161.5 | 143.5 | 131.2 | 113.1 | 109.0 | 107.2 | | |
| Number of employees | 2,639 | 2,907 | 3,115 | 3,334 | 3,580 | 3,916 | 4,148 | 4,578 | 4,960 | 5,324 | 5,594 | | |

We aim to sustain high levels of growth and further increase our profitability by seizing opportunities in healthcare testing.

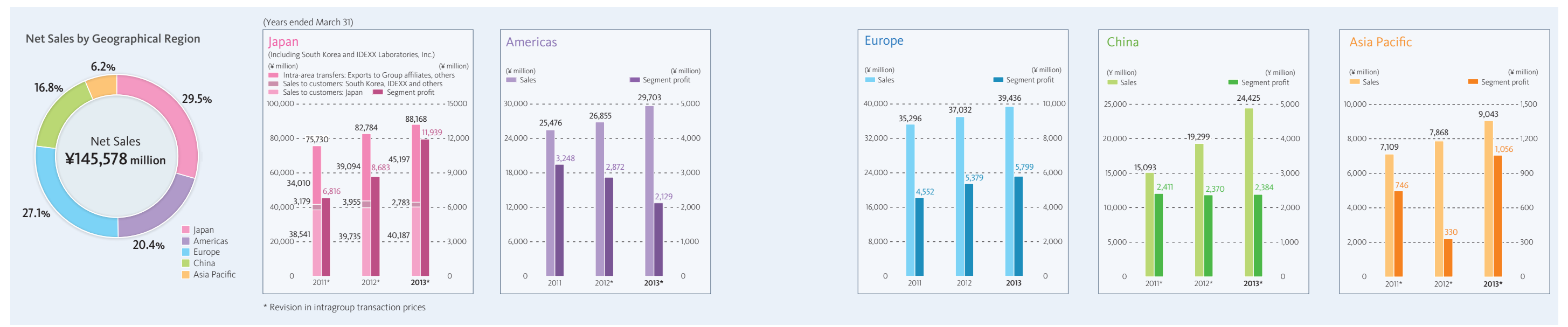
Sales and Earnings Forecast for the Fiscal Year Ending March 31, 2014

| 2014 | |
|-------------------|----------------|
| Net sales | ¥175.0 billion |
| Operating income | ¥30.0 billion |
| Net income | ¥18.5 billion |
| Operating margin | 17.1% |
| Net income margin | 10.6% |

Assumed exchange rates: US\$1 = ¥95; €1 = ¥125
(Announced in May 2013)

Notes:

- *1. U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥94 = US\$1, the approximate rate of exchange on March 31, 2013.
- *2. Two-for-one stock split
- *3. ROA = Net Income/Total Assets (Yearly Average)×100





Invitation to Join the Sysmex Corporate Information Session “Seizing Opportunity”

Dear Stakeholder,

This letter is to express my sincere appreciation for your ongoing support of Sysmex. We have arranged this session to provide a more thorough explanation of our Mid-Term Management Plan and demonstrate how Sysmex is seizing opportunities on a host of fronts. We hope that you will be able to join us. If so, please complete the following form, indicating the number of people who will be attending from your organization.

Number of People Attending: *Two*
 Position(s): *Analysts*
 Company Type: *Investment company*

Best regards,
 IR & Corporate Communication Department
 Sysmex Corporation

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Sysmex Corporate Information Session “Seizing Opportunity”

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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.

Seizing



We are establishing ourselves as the undisputed global leader in hematology. Meanwhile, we are developing in emerging markets and undertaking initiatives to accurately seize on future demand in the non-hematology and life science fields, and we are working aggressively toward future growth based on our new Mid-Term Management Plan.

Message from the Chairman and CEO

Sales and income hit record levels in the fiscal year ended March 31, 2013. Net sales rose for the 13th consecutive fiscal year, with operating income up for the 12th straight year. We expect to grow even more in the fiscal year ending March 31, 2014, the first year of our new Mid-Term Management Plan.

The Sysmex Group's net sales reached a new historic high in the fiscal year ended March 31, 2013. Sales expanded in Japan and overseas, driving net sales up 8.0% year on year, to ¥145,578 million. Income also rose across all categories, buoyed by the effects of higher sales and successful efforts to curtail selling, general and administrative expenses. Operating income increased 13.5%, to ¥21,805 million, and net income surged 18.0%, to ¥14,166 million.

Although we had initially planned on dividends for the year of ¥34 per share, we decided to raise this level to ¥40. The ¥6 per share increase includes a ¥4 dividend to commemorate the 45th anniversary of the Company's founding. Amounting to a ¥6 per share rise from the preceding fiscal year—our 11th consecutive year of increases—the resulting consolidated payout ratio was 29.1%.

Ongoing Growth in the Healthcare Market

During the fiscal year ended March 31, 2013, the world economy was characterized by general signs of recovery in

advanced countries, despite confusion in financial markets and fiscal austerity measures stemming from the protracted financial crisis in Europe. The rate of economic growth in China, which has sustained robust emerging-market growth for some time, began to ease gradually. Nevertheless, emerging markets—particularly the BRICs—have huge potential, which they demonstrated by maintaining solid economic growth overall. The Japanese economy also moved into a growth phase, bolstered by the expectation of expansionary economic policies after a new administration took office.

On the healthcare front, in advanced countries graying populations are driving up healthcare demand, and sophisticated technologies such as regenerative and personalized medicine are gaining momentum, amid calls to hold down healthcare costs. On the other hand, in emerging markets some countries are investing in healthcare infrastructure to correct health disparities in line with their economic growth, while others are receiving medical support through official development assistance or aid from foundations.

Operating Environment

Macro Environment

Global Economy

- ▶ Global economy in a recovery phase
 - Advanced countries' economies recovering, and emerging markets maintaining high rates of growth

Exchange Rate Trends

- ▶ Reversal from state of yen appreciation
 - Recovery in competitiveness of exports by Japanese companies
 - Yen depreciation expanding revenues and profits, but driving up costs of fuel and imported materials

Structural Changes

- ▶ Response to globalization and high-value-added shift
 - Expansion of FTA/EPA increasing flexibility of funding, capital expenditure, personnel and services
 - Changes in ICT accelerating communications and reducing the importance of national borders

Healthcare and the IVD Market

Advanced Countries: Promotion of Healthcare Reforms and More Sophisticated Technologies

- ▶ Accelerating efforts to lower healthcare costs
- ▶ Promotion of regenerative and personalized medicine

Emerging Markets: Growing Demand in Line with Economic Growth

- ▶ Investment in healthcare infrastructure and increasingly sophisticated healthcare

Technological Innovation

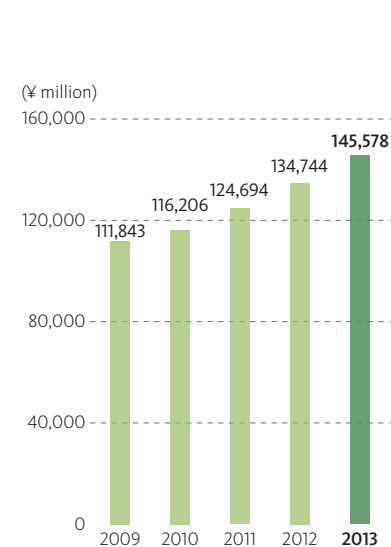
- ▶ Advances in genetic/molecular diagnostics

Competitive Environment

- ▶ Companies from other sectors entering the field of healthcare
- ▶ Reorganization of the *in-vitro* diagnostics (IVD) sector

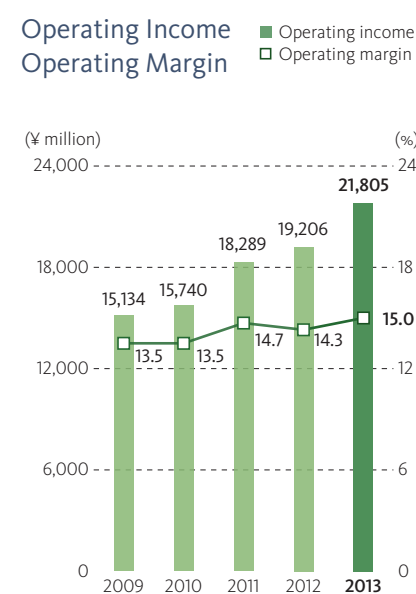
Healthcare and IVD markets expected to maintain high rates of growth

Net Sales

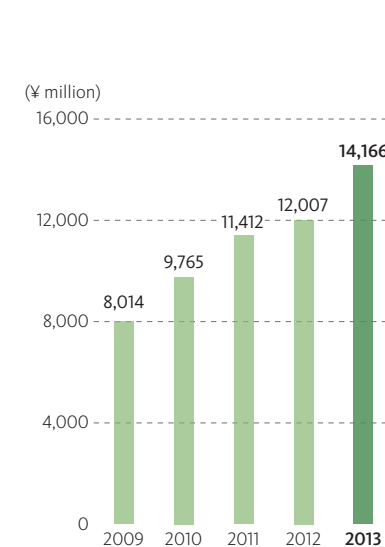


(Years ended March 31)

Operating Income Operating Margin



Net Income



I believe the overall healthcare sector promises strong growth going forward, due to aging populations in advanced countries, rising emerging-market populations and pushes to build healthcare infrastructure in tandem with economic growth.

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

Operating in this environment, Sysmex is establishing itself as the undisputed global leader in hematology. Simultaneously, we aim to grow by developing our business in emerging markets and by seizing on future market opportunities in non-hematology, life science and other fields.

Seizing Opportunities in a Changing Business Environment, Continuing with Unique Initiatives

We undertook a variety of growth-oriented initiatives in the fiscal year ended March 31, 2013, such as introducing new products in hematology and non-hematology fields, and enhancing our sales and support networks.

In our mainstay hematology field, we moved to a full-fledged global launch of our flagship instrument model, the XN-Series, after receiving approval in China and FDA clearance in the United States. We also commenced sales of a compact model, the XP-Series (offering three-part white blood cell differentiation), which is designed to meet emerging market needs. In the immunochemistry field, we commenced sales in Japan, China and other Asian countries of the HISCL-5000, a new model that achieves increased functionality and speed.

In the life science field, we received approval from Japan's Ministry of Health, Labour and Welfare on extending application of rapid diagnosis of cancer lymph node metastasis using the OSNA method to include stomach cancer, in addition to breast and colon cancer. Furthermore, we extended our sales area in Europe and Asia for the RD-100i, used in detecting the lymph node metastasis of breast cancer.

Efforts to augment our sales and support network included the relocation of our U.S. office to accommodate expansion there. The new office supports the infrastructure that the Company's continued market share growth requires,

such as a virtual studio for providing support over an online network. Targeting markets where future growth is anticipated, we transitioned our sales and support system in Thailand partly to a direct sales structure, and we opened a representative office in Mongolia.

Initiatives such as these led to sales growth in Japan and overseas. In Japan, we continued to promote solution proposals and made steady progress in the mainstay hematology field, but domestic growth was moderate, rising 1% year on year.

In the Americas, despite longer-than-expected clearance procedures for the XN-Series and uncertainty about the direction of the healthcare reform law, sales in the United States rose thanks to increased sales of the XN-Series and higher sales of reagents and support services. Sales of five-part white blood cell differentiation hematology instruments (see page 21) also grew in Central and South America.

In Europe, plagued by economic crisis, results were affected somewhat by government budget delays, but sales of the XN were favorable in France and the Benelux countries. Higher sales in Russia, the Middle East, Africa and other emerging markets also contributed to higher sales for the Europe region.

Sales were sluggish in some parts of the Chinese market in the fiscal year ended March 31, 2013, but in the hematology field sales of system products continued to rise, as did sales of the XN and in the hemostasis field.

Despite delays in renewing distributor agreements in India, sales rose in the Asia Pacific region as a result of increased selling volume stemming from the partial shift to direct selling in the Philippines and Thailand, plus favorable IT-related sales in Oceania.

Consequently, the Group's overseas sales were ¥105,388 million, up 10.9% year on year. The overseas sales ratio was 72.4%, up 1.9 percentage points from the previous fiscal year.

Review of the Previous Mid-Term Management Plan and the New Mid-Term Management Plan

Progress on our previous Mid-Term Management Plan, unveiled in May 2011, was affected significantly by foreign exchange rates, but nonetheless we achieved sales and income increases in the fiscal years ended March 31, 2012 and 2013. We focused on leveraging the strengths of our stable business model. Successful efforts to lower cost of sales and hold down selling, general and administrative expenses led to higher operating income. Going forward, we plan to tackle the issue of growth in the non-hematology and life science fields

through accelerated expansion under our new Mid-Term Management Plan.

In May 2013, we announced our new Mid-Term Management Plan, which concludes in the fiscal year ending March 31, 2016. Based on our long-term management vision and three core strategies, this plan is designed to propel Sysmex toward its long-term targets. By the fiscal year ending March 31, 2016, we are aiming for net sales of ¥220.0 billion and operating income of ¥40.0 billion. (Assumed exchange rates are US\$1 = ¥95 and €1 = ¥125.)

True to our Group corporate philosophy, the "Sysmex Way," and our core behaviors targeting stakeholders, we aim to meet our social responsibilities, thereby enhancing corporate value and satisfying the expectations of our stakeholders. I ask for the continued support of our stakeholders in these activities.



Hisashi Ietsugu
Chairman and CEO

Long-Term Plan

As a unique and global company, we will lead the healthcare testing field by providing our customers with solutions that leverage our advanced technologies and distinctive strengths to their full benefit.

Sysmex's Long-Term Management Vision is to be "A Unique & Global Healthcare Testing Company." Our long-term goals are to be the undisputed global leader in hematology, the leading company in the Asian IVD market and the leading company in molecular diagnostics "theranostics."* Our financial target is to achieve net sales of ¥500 billion.

The three core strategies for promoting our long-term management targets are "Leading Hematology," "Leading in Emerging Markets" and "Innovating Life Science."

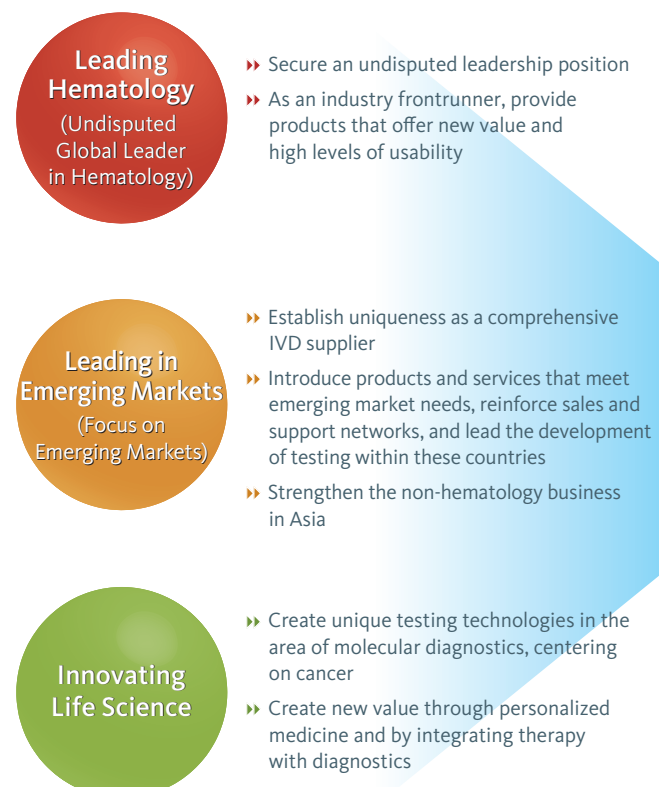
Under the first strategy, "Leading Hematology," Sysmex will secure the undisputed leading global position in the field of hematology by providing products with high levels of quality and usability, as well as advanced after-sales support. As the industry frontrunner, by applying advanced technologies and through ongoing R&D initiatives we will create new value in the area of blood disorder diagnosis.

In "Leading in Emerging Markets," by introducing products tailored to meet market needs and enhancing our sales and support networks in emerging markets, which are expected to grow rapidly, we aim to become a comprehensive IVD supplier and lead the development of testing within these countries. Particularly in Asia, we intend to make the most of the advantages that we have created as we work to become the leading company in non-hematology fields.

The third strategy, "Innovating Life Science," indicates that in the area of molecular diagnosis, particularly for cancer, we are striving to create unique testing techniques and achieve synergy between our own technologies and those developed by others. In this way, we intend to create new value through personalized medicine and by integrating therapy with diagnostics.

* Composite word (therapy + diagnostics) that means testing with high clinical value to realization of personalized medicine.

Core Strategies



Overview of Long-Term Management Targets



Mid-Term Management Plan

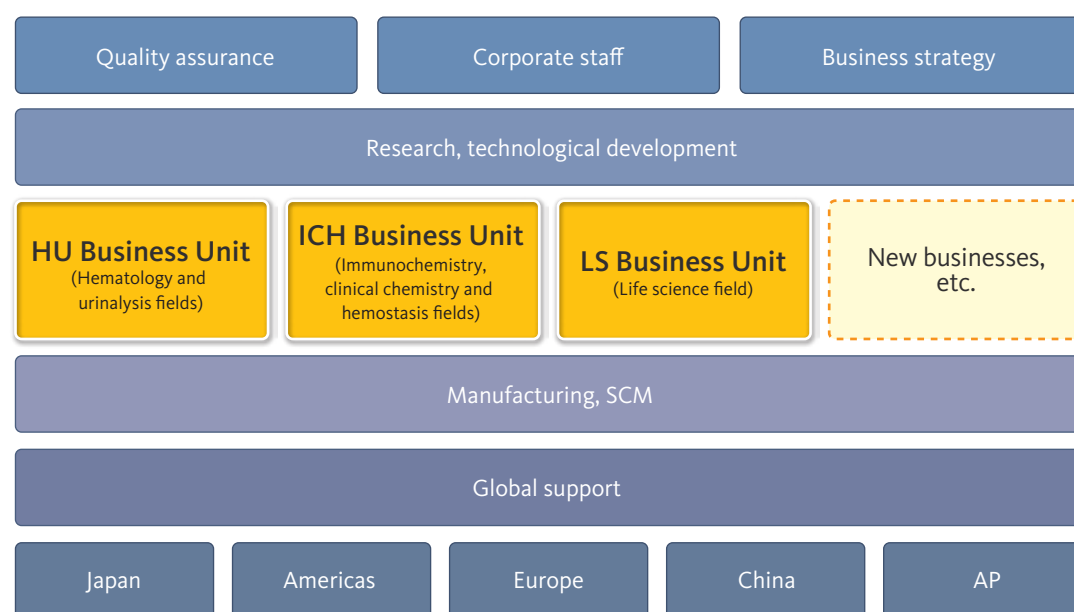
We formulated a mid-term management plan concluding in the fiscal year ending March 31, 2016. Through a business unit structure, we are aiming to bolster the level of specialization and increase the speed of decision-making and execution in each testing field.

In May 2013, we formulated a new Group Mid-Term Management Plan for the three years ending March 31, 2016, to sustain our high rate of growth and boost profitability. Under this plan, in addition to the ICH Business Unit, which we formed in the fiscal year ended March 31, 2013, we established the HU Business Unit and the LS Business Unit. This plan looks to reinforce our business promotion structures in each field of testing through a business unit

structure and accelerate implementation. The plan defines topics of key importance to be addressed for each business unit, and introduces overall management spanning strategic planning and product development to market introduction. By the fiscal year ending March 31, 2016, we expect to achieve net sales of ¥220.0 billion and operating income of ¥40.0 billion.

(Assumed exchange rates are US\$1 = ¥95 and €1 = ¥125.)

Business Unit Structure



Mid-Term Management Targets (Fiscal Year Ending March 31, 2016)

| | |
|--|-----------------------|
| Net sales | ¥220.0 billion |
| CAGR (Fiscal years to March 31, from 2013 to 2016) | 14.8% |
| Operating income | ¥40.0 billion |
| Operating margin | 18.2% |
| CAGR (Fiscal years to March 31, from 2013 to 2016) | 22.4% |
| ROE | 15.5% |
| Operating cash flow | ¥35.0 billion |
| Free cash flow | ¥20.0 billion |

(Assumed exchange rates are US\$1 = ¥95, €1 = ¥125, CNY1=¥15 and S\$1=¥76.)

Key Objectives

- (1) Enhance undisputed leadership position and increase profitability in hematology (HU Business Unit)
- (2) Maintain growth rate in urinalysis field and augment our product portfolio (HU Business Unit)
- (3) Achieve high level of growth in the field of immunochemistry by rapidly developing business in Asia (ICH Business Unit)
- (4) Achieve sustained growth by reinforcing our product portfolio in the hemostasis field (ICH Business Unit)
- (5) Accelerate commercialization in the OSNA business and lab assay* business (LS Business Unit)
- (6) Strengthen global R&D initiatives to contribute to personalized medicine and integrate therapy with diagnostics
- (7) Achieve increases in efficiency and profitability through global supply chain management reforms, and enhance system to provide a stable supply of products by expanding factories
- (8) Reinforce global regulatory affairs structure to enable flexible response to fast-changing regulations
- (9) Recruit and train personnel to accelerate business structure reform
- (10) Prepare for IFRS application, and realize business process alignment and visualization through business process management (BPM) initiatives

* Provision of laboratory testing results as services

Q&A Session for Stakeholders

We will work aggressively toward the goals of our new Mid-Term Plan in order to meet our stakeholders' expectations.

Q Please share with us your thoughts on the new Mid-Term Management Plan.

A This plan is underpinned by our mission of "shaping the advancement of healthcare," as described in our corporate philosophy, the Sysmex Way. To contribute to society and continue growing, we need to keep creating our own unique technologies and business model as an industry frontrunner, and providing new value to our customers. The new plan involves the reorganization of functionally separate organizations into three business units. By adopting a business unit system, we will clarify responsibilities and targets for each business and augment the speed of decision-making and execution. In this manner, rather than simply providing product development, manufacturing, sales and support services, the new organization should enable

us to discern customer needs more rapidly, think up ways to provide value to them, set up structures to do so and execute operations swiftly and accurately.

We are working to enhance the mobility of each of our businesses so that we can seize opportunities to accelerate growth by responding reliably to customers' needs even when facing dramatic changes in our operating environment.

Q Would you explain some of the business developments of the HU Business Unit under the new Mid-Term Management Plan?

A The HU Business Unit is our specialized organization for the hematology and urinalysis fields. Looking first at the hematology field, Sysmex has earned its leading global position by providing products with high levels of quality and usability, as well as advanced

after-sales support, to customers in more than 170 countries. Going forward, we plan to further leverage our collective strengths to seize the position of undisputed global leader.

Specific advances in the hematology field include our flagship model, the XN-Series. We commenced a full-fledged global launch of this product in the fiscal year ended March 31, 2013, after receiving clearance in China and the United States. We plan to accelerate global development even further. To provide our customers with an even better working environment, with the XN-Series we have introduced a new concept, added parameters and substantially increased measurement accuracy for low platelet counts, associated with such diseases as thrombocytopenia. We also offer a diverse lineup of products that can be freely combined to meet a host of customer needs. Furthermore, the introduction of a concentrated reagent raises operational efficiency and saves on reagent storage space, and we have reduced down time by using a network-based service to handle preventive maintenance checks and perform a failure prediction function. In emerging markets, we are stepping up sales for our compact model, the XP-Series, which should enable us to cultivate untapped market demand.

As the industry frontrunner, by continuing to apply 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 as a leading company in the next-generation hematology field.

We will accelerate market introductions in the urinalysis field as well, utilizing alliances to reinforce our global sales.

Q Please describe business developments under the new Mid-Term Management Plan for the ICH Business Unit.

A As our next pillar of growth, we will work to increase our presence and accelerate growth in IVD fields other than hematology. As part of this move, in the fiscal year ended March 31, 2013, we set up the ICH Business Unit as our specialized organization for three non-hematology fields: immunochemistry, clinical chemistry and hemostasis.

In the hemostasis field, we are accelerating the market introduction of such instruments as the CS-5100, a new model focused on mid-range to high-end facilities that offers the functionality and high speeds necessary to achieve their objectives. By introducing products designed for emerging markets, we are working to achieve sustained growth by expanding our product portfolio, and we will use alliances to develop our business globally.



With regard to immunochemistry testing, we are endeavoring to expand sales of our HISCL-Series immunochemistry test system through sales and support initiatives that take advantage of specialization, such as scientific support in Japan and other parts of Asia. Moreover, we will quickly launch characteristic testing parameters (reagents).

In the clinical chemistry field, Sysmex is leveraging its sales and support networks by offering JEOL's JCA-BM6010/C, a high-throughput instrument requiring only small sample volumes and a compact and highly capable instrument manufactured by Furuno Electric. We will continue promoting sales of these products in China and other Asian countries.

By leveraging the strengths we have cultivated in Asia, we will accelerate our developments in both the hematology and non-hematology fields in our quest to become a comprehensive IVD supplier in China and the AP region, where high levels of growth are expected. We will achieve these aims by launching products tailored to market needs and enhancing our sales and support networks.

Q&A Session for Stakeholders

Q Could you also please outline business developments in the LS Business Unit, as laid out in the new Mid-Term Management Plan?

A Within life science, in the area of “theranotics”—particularly for cancer—we are endeavoring to create unique testing techniques and achieve synergy between our own technologies and those developed by others. In this way, we intend to create new value by developing diagnostic technologies suited to personalized medicine and by integrating therapy with diagnostics.

The RD-100i, which employs the OSNA*1 method, enables the automatic, rapid and highly precise detection of cancer metastases in the sentinel lymph node, helping to reduce the burden of testing on patients and leading to improvements in their quality of life. Having confirmed its efficacy, we are introducing the system in Japan, Europe—particularly Spain, and the Asia-Pacific region. Going forward, we plan to expand the sales area to include emerging markets where growth is expected. We also intend to promote its application to other forms of cancer beyond breast, colon and stomach cancer.

Next, in 2012 we began offering a lab assay service*2 in Japan for research involving the risk of recurrence of early-stage breast cancer, employing a new technology known as Cell Cycle Profiling (C2P), and we will work toward the early commercialization of this service. Measurement will involve studying the expression amounts of two types of proteins included in tumor tissue removed from the patient as well as

their enzyme activity. In principle, these results will then be categorized into three stages (H: High; I: Intermediate; and L: Low risk). We intend to search for new opportunities in clinical testing going forward.

In ways such as these, Sysmex is conducting R&D on new diagnostic technologies to improve patients’ quality of life and offer healthcare optimized for individual patients.

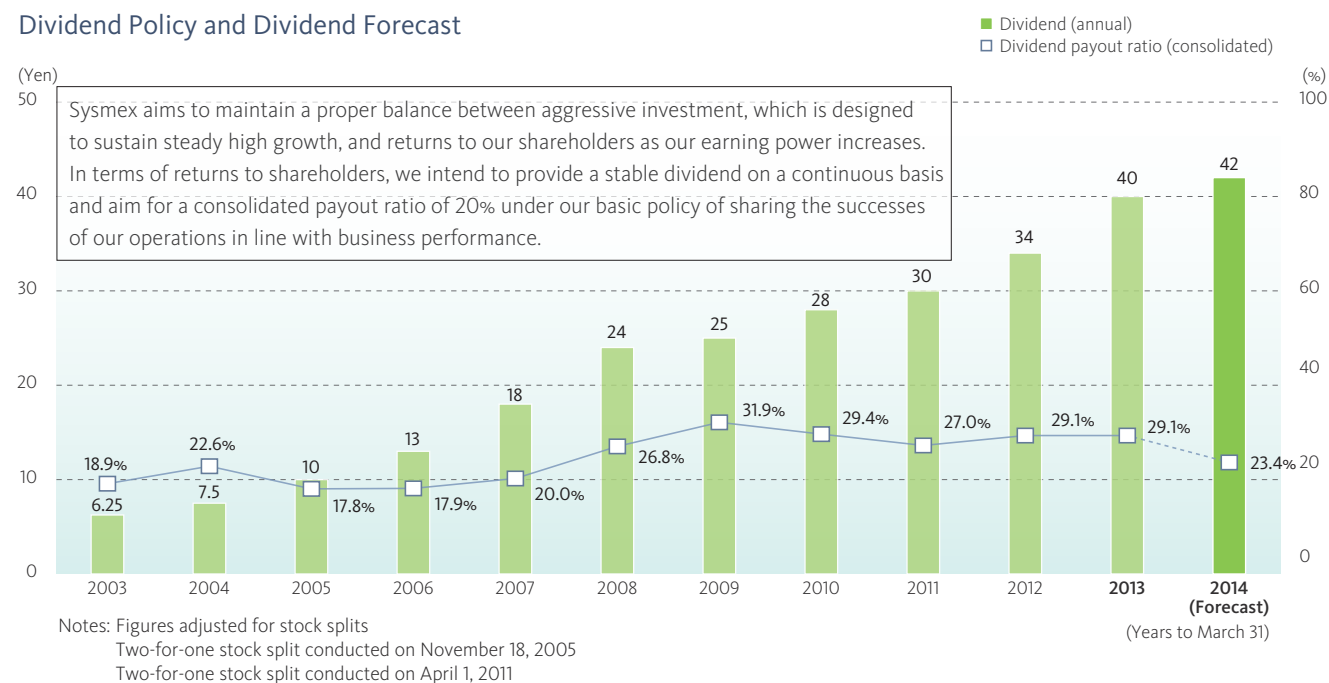
*1 One-step nucleic acid amplification
*2 Provision of laboratory testing results as services

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

A Sysmex aims to maintain a proper balance between aggressive investment, which is designed to sustain steady high growth, and returns to our shareholders as our earning power increases. In terms of returns to shareholders, we intend to provide a stable dividend on a continuous basis under our basic policy of sharing the successes of our operations in line with business performance. In line with this policy, for the fiscal year ended March 31, 2013, we increased dividends for the 11th consecutive fiscal year.

We will aim to remain true to our Group corporate philosophy, the “Sysmex Way,” and our core behaviors toward stakeholders. As a result, we intend to meet our social responsibilities as a listed company and enhance corporate value. I ask for your ongoing support of Sysmex as we set the stage to take on new challenges over the medium to long term.

Dividend Policy and Dividend Forecast



Seizing Opportunity in Response to Market Needs

Sysmex provides the instruments and reagents needed for hematology, hemostasis and other tests to customers around the world. In recent years, we have also been moving ahead with research to create new tests for cancer, diabetes and other illnesses.

Sysmex at a Glance

Business Segments

Sysmex derives approximately 94.6% 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 62.4% 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 and provision of maintenance services. Furthermore, in addition to our mainstay field of hematology and IVD* operations in such fields as hemostasis, immunochemistry, clinical chemistry and urinalysis, we are reinforcing our commercialization of the life science field.

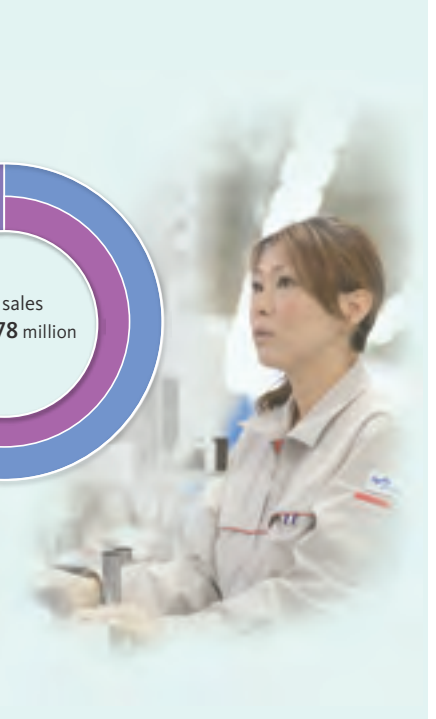
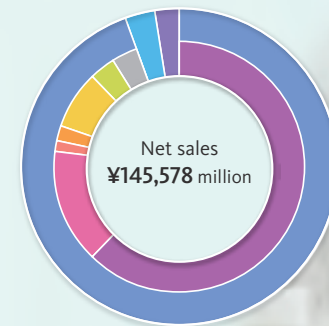
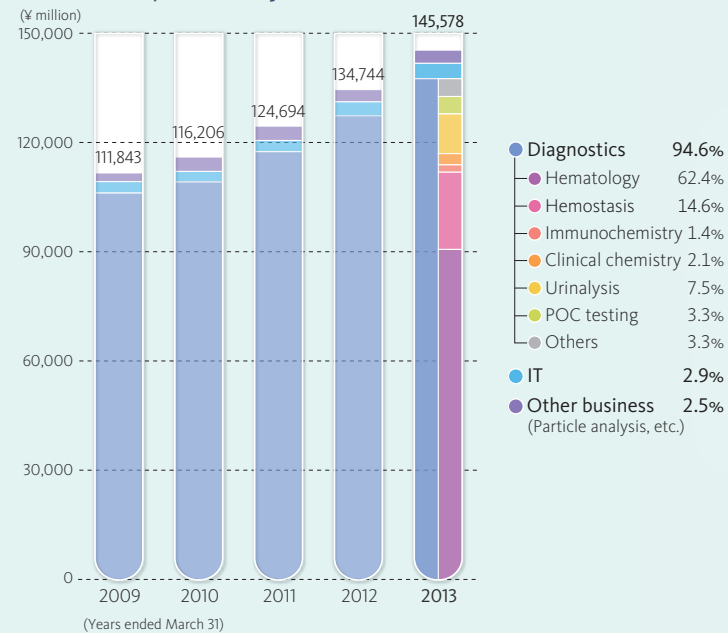
Sysmex also operates in the IT field, providing testing information systems and proposing solutions to meet demand for network systems to manage medical data.

* Acronym for *in-vitro* diagnostics.

| | ¥ million | | | | |
|----------------------|-----------|---------|---------|---------|----------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 |
| Diagnostics | 106,316 | 109,384 | 117,683 | 127,475 | 137,732 |
| ● Hematology | 71,216 | 72,326 | 77,284 | 82,321 | 90,817 |
| ● Hemostasis | 13,970 | 14,599 | 15,987 | 17,643 | 21,211 |
| ● Immunochemistry | 2,639 | 2,426 | 2,677 | 2,024 | 2,028 |
| ● Clinical chemistry | 2,479 | 3,375 | 3,242 | 3,498 | 3,080 |
| ● Urinalysis | 8,154 | 8,233 | 9,417 | 10,796 | 10,906 |
| ● POC testing | 2,793 | 3,584 | 3,671 | 5,303 | 4,799 |
| ● Others | 5,062 | 4,839 | 5,402 | 5,887 | 4,888 |
| ● IT | 3,145 | 2,870 | 3,071 | 3,885 | 4,215 |
| ● Other business | 2,381 | 3,951 | 3,939 | 3,382 | 3,630 |

(Years ended March 31)

Sales Composition by Business



Product Segments

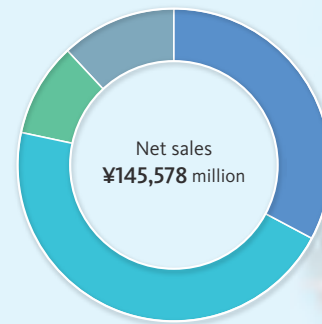
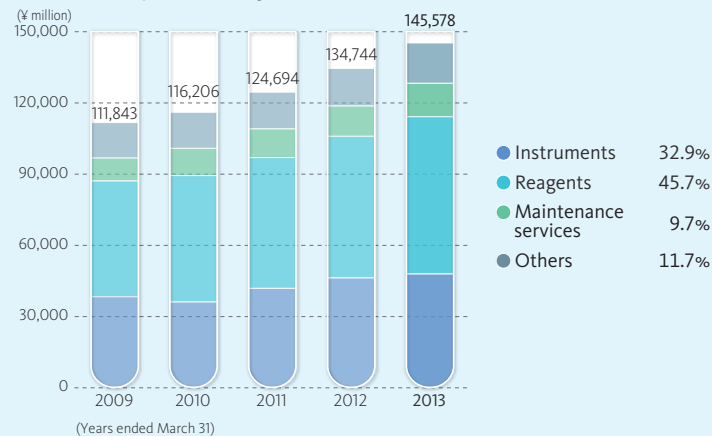
Sysmex enjoys a unique business model. On one hand, we conduct a stock type of business in which we sell the instruments needed for IVD, offer the specific reagents needed for long-term testing and provide support and maintenance services. Reagents are more conducive to economies of scale than instruments,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

Sales of reagents and the provision of maintenance and other services currently account for approximately 67.1% of net sales. Industrywide, sales are trending upward, with instrument sales focused on the second and fourth quarters of the fiscal year.

| | ¥ million | | | | |
|------------------------|-----------|--------|--------|--------|---------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 |
| Instruments | 38,202 | 35,971 | 41,749 | 46,142 | 47,867 |
| ● Reagents | 48,966 | 53,472 | 55,291 | 59,906 | 66,505 |
| ● Maintenance services | 9,684 | 11,500 | 12,140 | 12,823 | 14,130 |
| ● Others | 14,989 | 15,262 | 15,514 | 15,873 | 17,076 |

(Years ended March 31)

Sales Composition by Product



Regional Segments by Destination

Sysmex supplies products and services to customers in more than 170 countries. Sales in three key regions—Japan, Europe and the Americas—account for approximately 76% of net sales*1. 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.

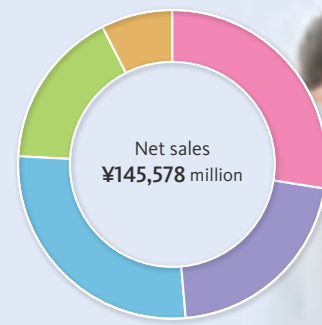
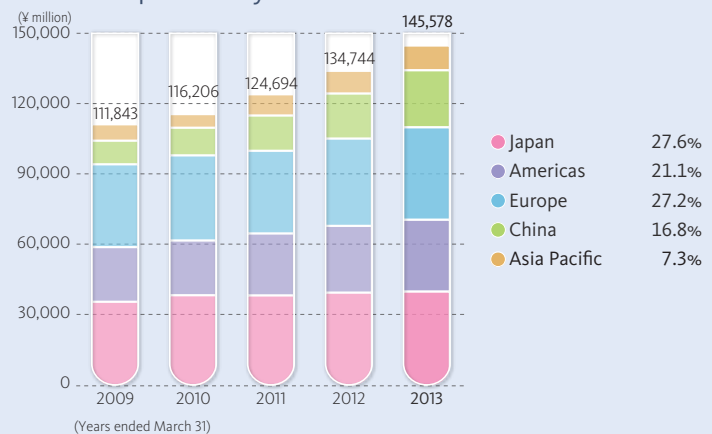
*1 Net sales by destination is defined as the sales amount recorded by Group companies to customers in a particular region. However, net sales by geographical region refers to the sales amount made by a Group company in a particular location.

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

| | ¥ million | | | | |
|----------------|-----------|--------|--------|--------|---------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 |
| Japan | 35,828 | 38,626 | 38,541 | 39,735 | 40,190 |
| ● Americas | 23,414 | 23,444 | 26,535 | 28,607 | 30,765 |
| ● Europe | 35,454 | 36,446 | 35,414 | 37,370 | 39,587 |
| ● China | 10,111 | 11,843 | 15,093 | 19,299 | 24,430 |
| ● Asia Pacific | 7,036 | 5,847 | 9,111 | 9,733 | 10,606 |

(Years ended March 31)

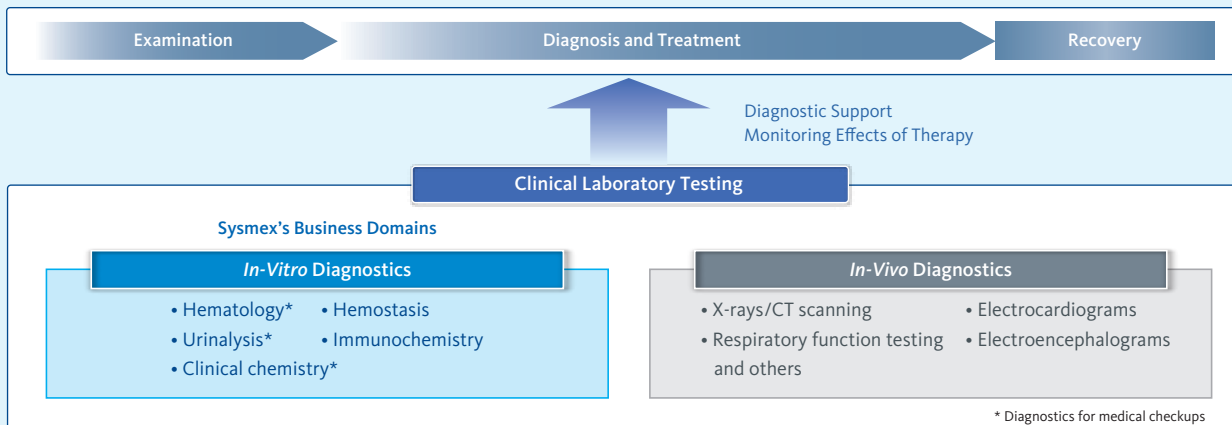
Sales Composition by Destination



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. Sysmex's primary business is in the IVD domain.

Clinical Laboratory Testing Categories



Sysmex's business in the IVD domain involves the provision of instruments, reagents and laboratory systems around the globe in such fields as hematology, hemostasis, urinalysis, immunochemistry and clinical chemistry. At present, Sysmex is among the top 10 IVD companies in the world, and the only leader that hails from Asia.

Leveraging the strength of this geographical advantage, we were an early proponent of a strategic focus on Asia. The Group is developing its business as an integrated supplier 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, 2013)

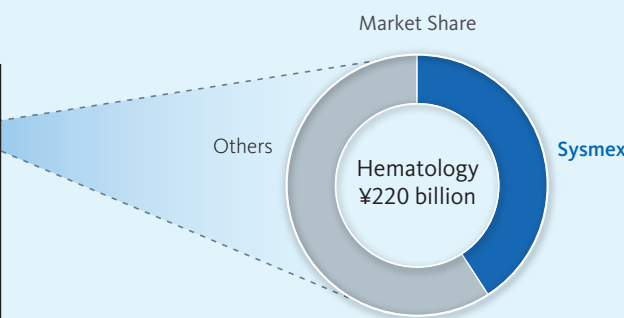
| | Japan | China | AP | Americas | Europe |
|-----------------------------|-------|-------|-----|----------|--------|
| Hematology | Yes | Yes | Yes | Yes | Yes |
| Hemostasis | Yes | Yes | Yes | Yes | Yes |
| Clinical chemistry | Yes | Yes | Yes | | |
| Urinalysis (Urine sediment) | Yes | Yes | Yes | Yes | Yes |
| Immunochemistry | Yes | | Yes | | |

Sysmex currently ranks within the global top 10 in the IVD market. In hematology, we are the world leader in terms of market share. However, competition is growing ever more intense, with developed countries' demographics changing due to graying populations and falling rates of childbirth, business becoming increasingly global, and companies from other fields of business entering the market.

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

| Segment | Market size (¥ billion) |
|-----------------------|-------------------------|
| IVD total | 3,670 |
| Hematology | 220 |
| Hemostasis | 130 |
| Immunochemistry | 1,190 |
| Clinical chemistry | 500 |
| Urinalysis | 60 |
| (Urine sediment 24) | |
| POC (excluding SMBG*) | 490 |
| Others | 1,080 |



* Self monitoring of blood glucose

(Sysmex estimates)

Product Strategies

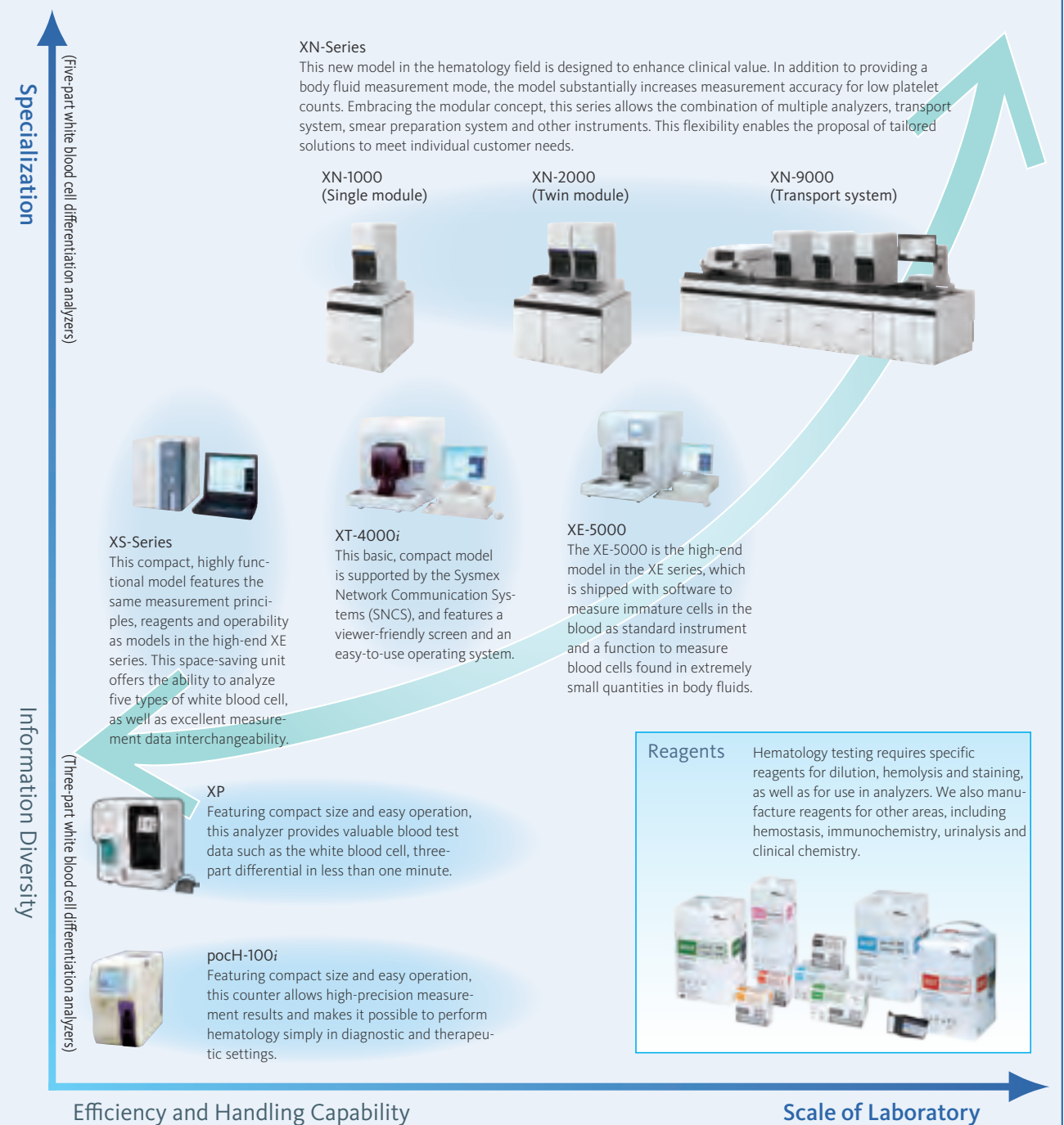
▶ Diagnostics

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 ¥220 billion. Furthermore, the market is dominated by only three major suppliers: Sysmex, Beckman Coulter (Danaher) 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.

Three-part white blood cell differentiation analyzers employ relatively simple testing principles and have the advantage of being compact and having low running costs, as they require few reagents. Five-part white blood cell differentiation 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-part white blood cell differentiation instrument transport systems) mainly at large-scale facilities in Japan, the United States and Europe are realizing efficiency gains through the use of robotics.



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)



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-4000i

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.



XP

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-100i

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 testing requires specific reagents for dilution, hemolysis and staining, as well as for use in analyzers. We also manufacture reagents for other areas, including hemostasis, immunochemistry, urinalysis and clinical chemistry.



Product Strategies

▶ 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 monitor their treatment. 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.

Sysmex estimates that the global hemostasis segment generates annual sales of ¥130 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, this shared business now accounts for the leading share of the global market for coagulation analyzers.



CA-600 Series
In addition to providing the functions that are needed for hemostasis, these analyzers are some of world's most compact. Operation is simple, making these analyzers ideal for emergency laboratories and for use at small and mid-size institutions that test infrequently.



CS-2000i
The CS-2000i 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.



CS-5100
The top of the CS series product line, the CS-5100 is capable of high-speed handling of tests such as those that include D-Dimer, a parameter for determining thrombotic tendency.

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 ¥1,190 billion—making it the largest category in the IVD field, and the market is expected to expand.

We aim to concentrate on developing sales in Japan of the HISCL Series of fully automated immunoassay analyzers that enable highly sensitive, high-speed assays. Going forward, we intend to augment our lineup of related reagents as we make a full-fledged entry into the China and AP regions, as well.



HISCL-2000i
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. Designed for use by medium-sized hospitals, the model can be used to test for diagnostic markers for hepatitis, infectious diseases, HIV, lung and other cancers and cardiac insufficiency, among other conditions.



HISCL-5000
Capable of measurement using minute samples, highly sensitive and providing rapid measurement results in only 17 minutes, the HISCL-5000 simultaneously measures up to 24 parameters and connects flexibly to transport systems. By meeting laboratories' needs in a flexible manner, this instrument contributes to more efficient testing operations. Furthermore, the functionality for connecting with Sysmex's unique SNCS support service is provided as standard, allowing product operating status to be monitored on line.

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 ¥500 billion, making it the third-largest market in the IVD domain, after immunochemistry and POC,

excluding SMBG. 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 the Asia Pacific region.



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. Sysmex estimates that the global urinalysis market accounts for sales of ¥60 billion, with urinalysis sediment making up ¥24 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, the UX-2000, which performs both qualitative and quantitative urinalysis. This analyzer is being launched into markets throughout the world.



UX-2000
In addition to having a significantly smaller footprint than previous transport systems, the UX-2000 improves operability. The system is capable of fully automated analysis of 100–200 samples per hour.

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 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.

La-vietal LS
La-vietal is a clinical testing instrument system that links clinical testing instruments and other systems to provide an efficient operating environment.



▶ Life Sciences

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 are also expanding the applicability of this system to colon cancer and stomach cancer, and in 2012, we began offering a laboratory testing service in Japan for research involving the risk of recurrence of early-stage breast cancer, employing a new technology known as Cell Cycle Profiling (C2P).



RD-100i



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 drug-stores and in the healthcare sections of other shops.

In 2011, Sysmex accepted the transfer from Katakura Industries Co., Ltd., of the protein production services that until then had been contracted to the company. Based on these operations, we launched the ProCube business, providing numerous pharmaceutical companies with proteins used in drug development and testing.



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.

Sysmex's State-of-the-Art 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—flow cytometry and sheath flow DC detection—to achieve precise measurements at the microliter level.

Flow Cytometry: One of Sysmex's Core Technologies

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. Hematology testing requires the separation of blood cells by type according to size and cell information, and their numbers must be measured accurately.

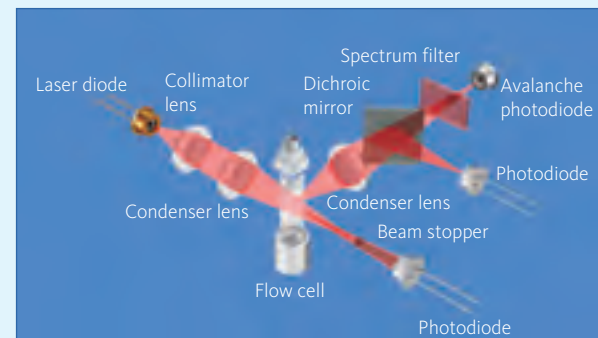
In 2011, Sysmex launched its new XN-Series of products in the hematology field. To enhance customer testing environments, the XN-Series provides a body fluid measurement mode and substantially increases measurement accuracy for low platelet counts, associated with such diseases as thrombocytopenia, to boost clinical value. Flow cytometry is used to measure the number of white blood cells and platelets.

Flow Cytometry Method

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 detects the five different types* of white blood cell, as well as of any abnormal cells. Flow cytometry provides clinically distinct information depending on the numbers of each of the five types of white blood cells and differs according to the presence of inflammation, viruses or allergies. Although in the past sheath flow DC detection was the only method used in counting platelets, flow cytometry substantially increases the level of precision at low values, as it can be used to measure low platelet counts. This approach allows preventive platelet transfusions to be reduced, thereby reducing the side effects of transfusions and raising patient QOL. In the field of urinalysis, flow cytometry is used in fully automated urine cell analyzers. In the life sciences field, which we are currently developing, the method is also under

consideration for use in cervical cancer screening tests. In this way, Sysmex flow cytometry is becoming a core technology that has a wide range of potential applications.

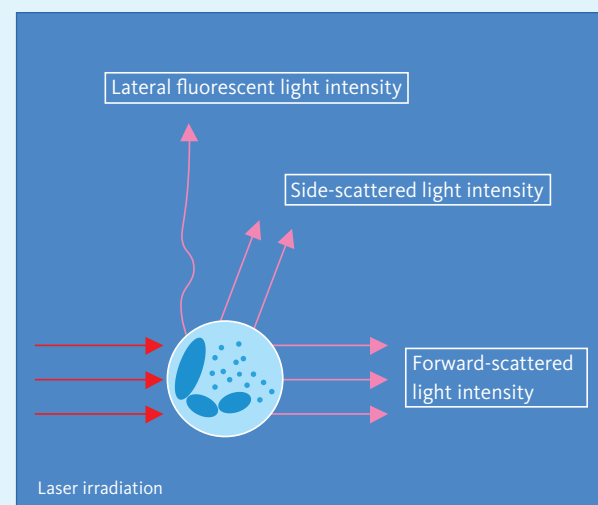
* Each of the five types of white blood cell—neutrophil, lymphocyte, monocyte, eosinophil and basophil—has a different shape and function.



Flow Cytometry Method Acquisition Parameters

- Shrinkage of red blood cells and platelets by means of a surface-acting agent
- Nucleic acid staining of the white blood cells to be classified and analysis and classification of forward-scattered light, lateral-scattered light, and lateral fluorescent light signals using a semiconductor laser

| | |
|-------------------------------------|---|
| Lateral fluorescent light intensity | Information on RNA and DNA amounts |
| Side-scattered light intensity | Information concerning the internal structure of cells (nucleus shape, presence of cell granules, etc.) |
| Forward-scattered light intensity | Information on cell size |

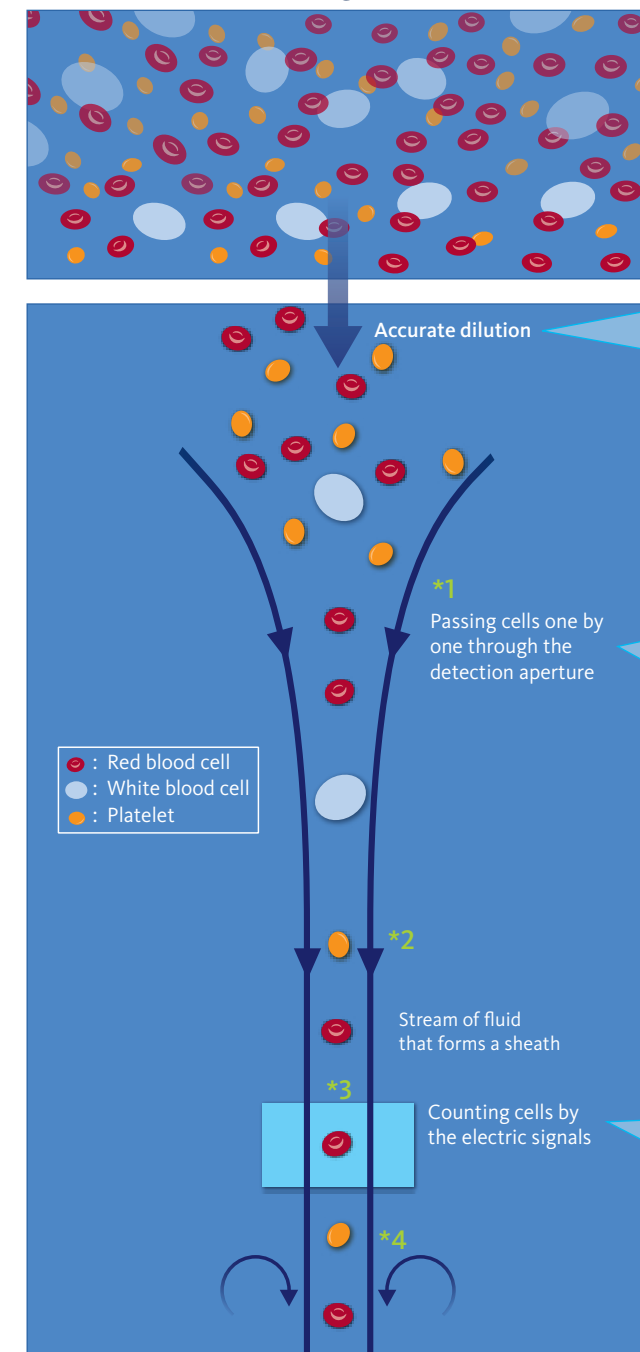


Basic Principles Underpinning Sysmex's Hematology: Sheath Flow DC Detection

Red blood cells, which are produced by stem cells located in the bone marrow of bones such as the sternum, femur and tibia, are a major constituent of the blood. These cells transport oxygen to tissue cells throughout the body and move carbon dioxide out.

A lower red blood cell count means that oxygen flow is reduced, resulting in anemia. Conversely, an excess of red blood cells (polycythemia) can impair blood flow and clog blood vessels. The sheath flow electrical resistance method distinguishes red blood cells from other types of cells in the blood and is the basic principal used for determining red blood cell counts.

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.

Sysmex's State-of-the-Art Technologies

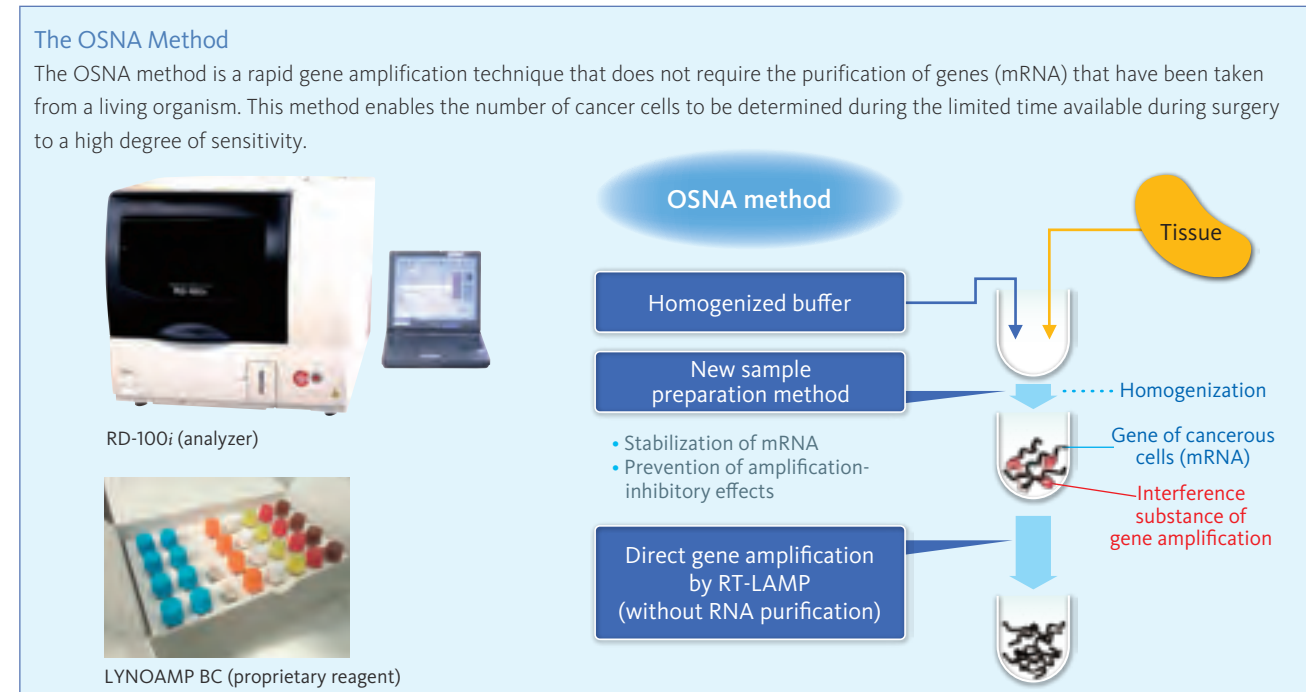
In the life sciences domain, our mainstay system for rapid detection of lymph node metastasis based on the one-step nucleic acid amplification (OSNA) method is used routinely for diagnosis of breast, colon and stomach cancer lymph node diagnosis in hospitals and other facilities in more than 230 locations 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, and conduct confirmatory studies to determine the extent of resection, as well as the post-surgical therapeutic principle. Sysmex's gene amplification detector, the RD-100i, enables the rapid and highly precise detection of breast cancer metastases in the sentinel lymph node. Having confirmed its efficacy, we are now introducing the system at about 60 hospitals in Japan and about 170 in major European countries, particularly Spain. Going forward, we plan to introduce the system in emerging markets where growth is expected.

Having extended the effective scope of detection to include colon cancer and stomach cancer as well as breast cancer, in December 2010 we received manufacturing and marketing approval from the Ministry of Health, Labour and Welfare in relation to colon cancer, followed by approval targeting stomach cancer in July 2012.

Each year throughout the world approximately 1 million people are said to be affected by stomach cancer. Japan accounts for approximately 110,000 of these patients, and the rate of death from this type of cancer is second only to lung cancer, for men and women alike. During treatment for stomach cancer, the existence of lymph node metastasis is one determinant of the cancer's progression. In addition to whether this metastasis occurs, knowing the number of metastases and their locations can help a physician decide on treatment methods, such as whether to excise a portion of the stomach or to use anti-cancer agents. Sysmex's OSNA method enables the rapid detection of metastasis over all lymph nodes. This system makes the rapid detection of stomach cancer lymph node metastasis more precise, and is expected to contribute to better decisions regarding treatment methods.

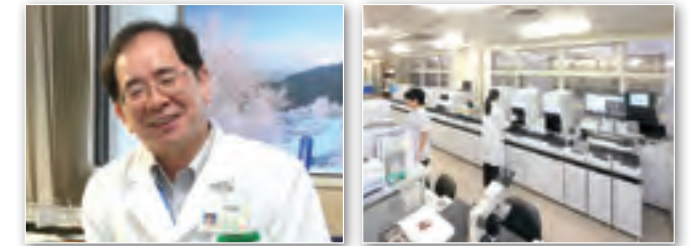
In the future, we will expand the sales area for products employing this method and push forward with research designed to extend its applicability to other types of cancer.



Customer Feedback

Kyoto University Hospital, one of Japan's leading general hospitals, has employed Sysmex products for many years. Always maintaining the goal of making its operations more efficient and increasing its sophistication, in 2011 the hospital's laboratory underwent a major reconfiguration. For this makeover, Sysmex provided a total solution including its new XN Series and diagnostic information system. Below, we ask why the hospital elected to use Sysmex products.

Shuichi Shiga,
Qualified Class 1 Laboratory Technologist, Manager,
Department of Clinical Laboratory, Kyoto University Hospital



Q *Of the many manufacturers, why did you select Sysmex when conducting this large-scale reconfiguration of your entire laboratory?*

A You proposed a total solution centered on a laboratory information system (IT) that covered nearly the entire IVD spectrum, spanning instruments, reagents and after-sales support. As you can probably infer from the scale and role of our hospital's activities, in addition to routine testing we proactively support research. For this reason, we needed a system that could automatically pick out, store and deliver needed research samples from among the numerous samples being handled. Also, in addition to hematology and system products we needed products for immunochemistry and emergency testing. We chose Sysmex because it proposed a total solution that uniquely met all of these needs.

Q *How would you evaluate the new XN Series?*

A One appeal of the XN Series is its ability to increase measurement precision when counts are low, such as for low white blood cell and platelet counts. Our hospital gives the series high marks for the extremely high accuracy of its testing results, including for low counts. This allows us to provide a wealth of information to doctors, particularly data involving low counts, that they can use for post-transplant monitoring. High functionality for software as well as on the hardware front gives us more flexibility when measuring individual samples. The series is also superb on the usability front. Our hospital takes numerous samples having low white blood cell and platelet counts, and we need to process these samples efficiently.

Processing throughput would diminish if we were to use only a single instrument, but by combining multiple instruments we were able to boost our processing capabilities several times, making mass-processing possible. I think the modular concept also clearly shows that Sysmex is making a substantial effort to look at things from the customer's perspective.

Q *What is your impression of concentrated reagents?*

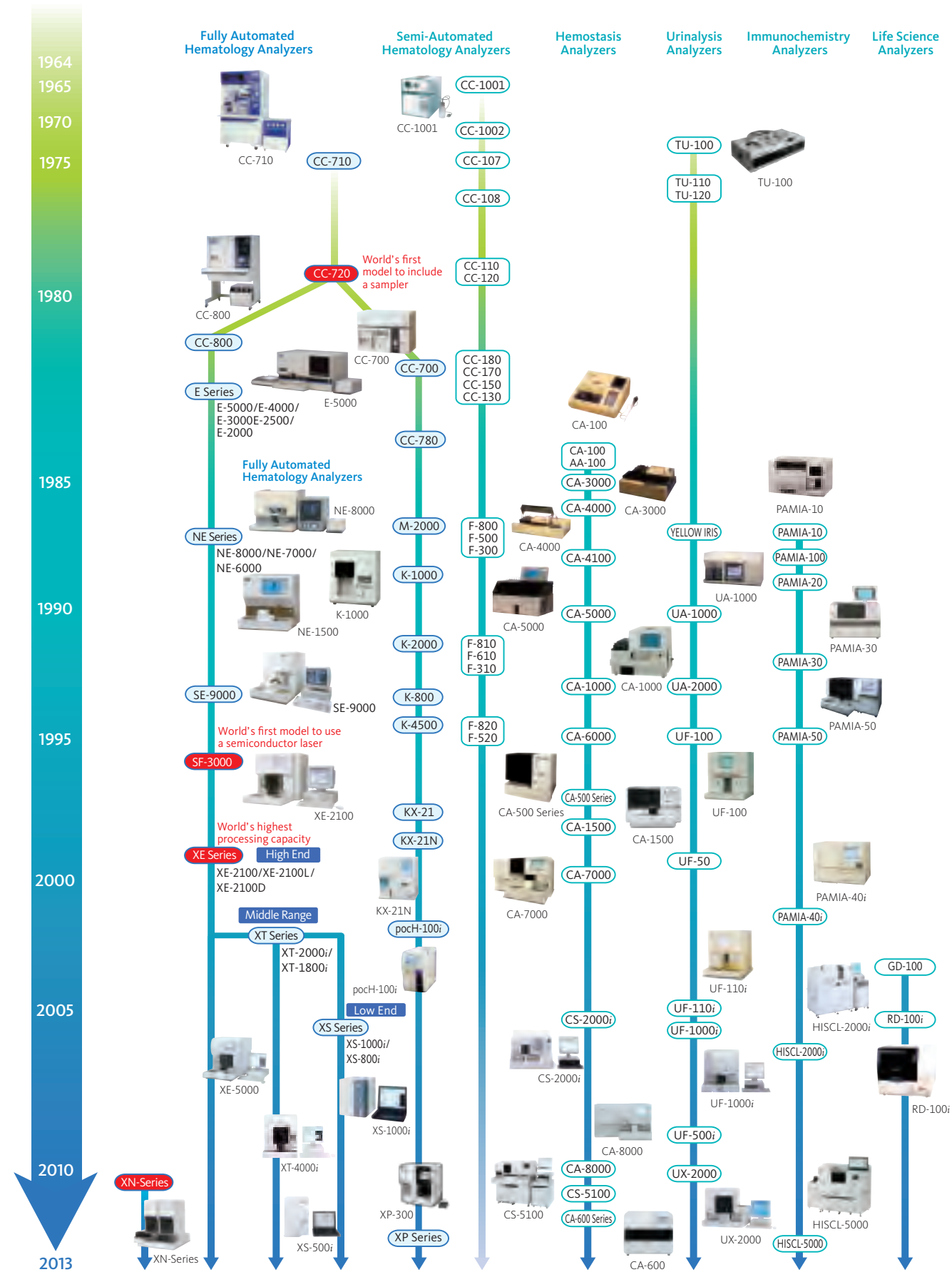
A This has considerably extended the time between setting in one set of reagents until it is time to change to the next. The use of concentrated reagents also has made them simpler to change, which raises the efficiency of testing operations.

This system is particularly popular among our female staff. The process of changing reagents is much less arduous, as they no longer have to deal with the size and weight of 20-liter reagent containers.

Q *What are your hopes for Sysmex going forward?*

A We would ask that you listen closely to determine what laboratories need, and then reflect those needs in your development. Your development of the XN Series extensively reflects customer needs, and I understand that customers rate it highly. Companies that take careful heed of their customers and make good products as a result will certainly grow. We hope that Sysmex will remain cognizant of this fact and continue to grow.

Development of Instruments



Enhancing Our Global Value Chain to Seize Further Opportunities

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 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 at 44 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 are number two in the United States, and boast the top overall share of the global market.

Global Supply Chain



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.

Furthermore, in April 2012 we established the ICH Business Unit to reinforce our base and promote growth in the key non-hematology fields of immunochemistry, clinical chemistry and hemostasis. In April 2013, we also established the HU Business Unit to oversee the fields of hematology and urinalysis, and the LS Business Unit, to handle business in the life sciences field. Each business unit is a specialized organization that handles the overall management of its testing fields, including strategic planning, product planning, product development, reagent production and global product introductions. Through this approach, in each testing field we aim to bolster the level of specialization, as well as to increase the speed of decision-making and execution.

Management System Designed for Business Optimization

Business Strategy Division

We promote optimal business strategies for the entire Group, formulate and promote strategies across fields, and search for businesses and business development opportunities, including through M&A. In IVD domains in advanced countries, we promote strategic planning and alliances, as well as in emerging markets where growth is anticipated. Also in the life sciences domain, in addition to existing products and existing businesses such as lab assay, this division handles overall planning and promotion for new businesses.

R&D Strategic Planning Division

The division’s strategic R&D planning function involves the creation of technology strategies, the allocation of management resources based on these strategies, and the development of a global R&D structure.

This division handles a broad range of activities spanning research and development: providing planning and support for acquiring new technology; supporting product development and managing related technological information; engaging in invention identification, filing and operational maintenance; negotiating agreements and resolving disputes related to intellectual property; and conducting public relations to build networks with related institutions in Japan and overseas.

Research Division

We aim to acquire technologies that deliver an overwhelming competitive advantage and innovate in new business domains. By searching for leading-edge technologies in cell analysis, protein analysis, genetic analysis and biological analysis, we aim to acquire new diagnostic concepts and new technological platforms.

Technology Development Division

This division creates systems for carrying forward and extending the application of key technologies used in previous reagents, ICT, mechatronics and other products, as well as formulating the elemental technologies needed in future product development. It also conducts clinical performance trials and other activities aimed at creating new clinical value.

HU Business Unit

This business unit was established in April 2013 as a specialized organization for the hematology and urinalysis fields. In addition to our mainstay hematology field, this unit performs integrated management of the urinalysis field, where urine sediment analysis is our forte, handling strategic planning, product planning, product development, reagent production and global product introductions.

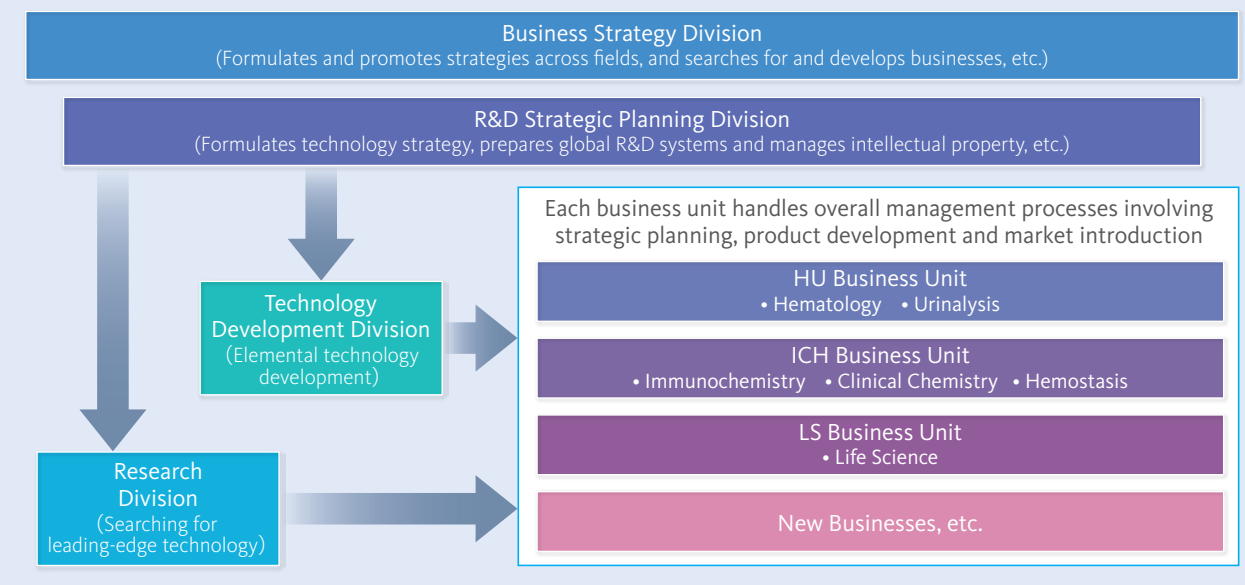
ICH Business Unit

We established this business unit in April 2012 to specialize in the key non-hematology fields of immunochemistry, clinical chemistry and hemostasis (ICH). The ICH Business Unit is designed to handle the overall management of activities in these three fields, including strategic planning, product planning, product development, reagent production and data assurance, and to strengthen our specialized value chain. The unit also aims to boost business profitability by managing profitability in the categories of immunochemistry, clinical chemistry and hemostasis.

LS Business Unit

This business unit was established in April 2013 to oversee operations in the life sciences field. Supervising strategic planning, product planning, product development, reagent production and global product introductions in the life sciences field, the unit works toward the creation of new technologies and products that will aid in the early detection of cancer and diabetes, among other diseases, and help to prevent recurrence or worsening, ensuring that patients receive the best care possible.

New Management System



Research and Development

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. In January 2012, we began offering a laboratory testing service for research involving the risk of recurrence of early-stage breast cancer, employing a new technology (C2P: Cell Cycle Profiling).



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.



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.



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.



Protein Development Center

Our Protein Development Center employs technology for producing proteins using silkworms to develop ingredients for diagnostic reagents. The center also carries out research and development with the aim of improving the quality of proteins and leading to their stable production.



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.

We employ this new development center to expedite the development of reagents that meet the specific demands of this growing market. Our first initiative is the development of immunochemistry reagents.



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.

We are significantly boosting our manufacturing capacity to meet growing global demand for instruments. To this end, we plan to commence operations at a new instrument factory in the city of Kakogawa in May 2014. While we will continue production at our current instrument factory, the new facility will be positioned as the core instrument factory for the Sysmex Group, reinforcing our capacity substantially.

Manufacturing 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.



Purchasing, Production and Logistics

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, a subsidiary. The Ono Factory handles the mass production of reagents using labor-saving facilities. In April 2012, we began operating a new automated production line at the plant that makes reagent packages (paper containers and reagent cartridges), including the concentrated reagent used in our new XN-Series, which should significantly increase productivity. Meanwhile, our Seishin Factory handles



the production of reagents requiring advanced, specialized knowledge that are used in non-hematology fields, such as immunochemistry, clinical chemistry and hemostasis. 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.

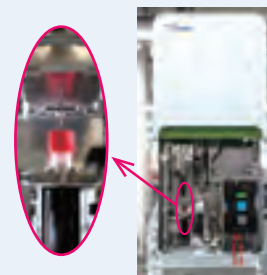
For the logistics function that is responsible for delivering final products to customers, Sysmex is improving its global supply chain management (SCM) system by reorganizing domestic logistics locations and reconfiguring supply flow overseas. In the United States, the Company reorganized its reagent 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.

Japan's Manufacturing Prowess

Our medical instruments involve numerous parts, each requiring extremely high levels of precision and quality. Sourcing these products is possible thanks to the technological prowess of Japan's small and medium-sized parts manufacturers.

Many of Japan's small and medium-sized companies are world technology leaders, and we have forged partnerships with many of these companies, building up a network that delivers win-win results.

The new XN Series, for example, is a product of collaboration with business partners who have strong technological capabilities and with whom we have relationships going back many years. Such cooperation resulted in the development of a piercer that can accurately aspirate blood samples measuring only a few microliters. A special titanium alloy improves robustness and rigidity, and the elaborate and smooth processing of its interior surface at a diameter of less than 1 mm enables more precise testing results.



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 500 products to markets around the world and employs flexible production systems.



Reagent Production Facilities in Japan

Ono Factory

(Sysmex International Reagents)

The Ono Factory in Japan is dedicated to the production of about 1,300 reagents, centered on high-volume products for the hematology and urinalysis segments. In April 2012, we built a new production wing at the factory, adding equipment and raising reagent production capacity to 1.5 times the previous level. 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 reagents and draws on wide-ranging production technologies to produce a line of around 900 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.



Europe

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



China

The first of these was established in Jinan in 1995, followed by a plant in Wuxi in 2003. We have expanded the Jinan Factory, which in May 2012 increased its production capacity to five times its level in 2010. The Wuxi Factory was the first operated by a non-Chinese company to receive local pharmaceutical manufacturing approval.



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.



Sales and After-Sales Support

Systemex does more than just sell products; we provide maintenance and other support services, as well as scientific support to deliver consistently accurate test results and instill confidence. 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. We address this situation 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 Systemex 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 regimens 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.

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 test results. To this end, to ensure that the lab

technologist 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 rapidly in line with economic growth, in addition to providing high-quality products without defects, products that have such specifications as high processing capacity and swift after-sales services are needed. In addition to providing products that meet regional demands such as these, we operate flexibly by combining proprietary and distributor sales networks. In these ways, Systemex concentrates on meeting the needs of individual countries, building confidence and instilling confidence among its customers.

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

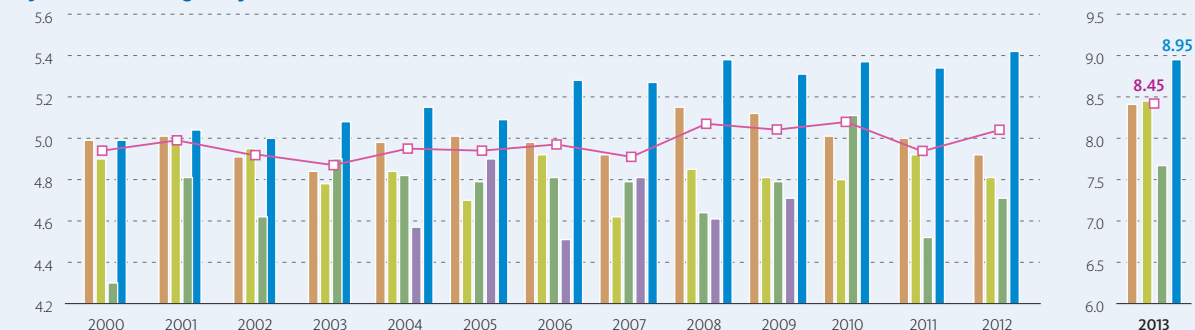
• Survey of Customer Satisfaction

A survey of customer satisfaction published in 2013 has shown that Systemex is ranked No. 1 in the United States for instrument performance meeting expectations.

Instrument Performance Meets Customer Expectations

■ Systemex ■ Competitor 1 ■ Competitor 2 ■ Competitor 3 ■ Competitor 4 ■ Industry Avg.
 A six-point scale was used for the years from 2000 to 2012. This was revised to a 10-point scale in 2013.
 2000-2012: 1=Very Poor 2=Poor 3=Fair 4=Good 5=Very Good 6=Excellent
 2013: 1-3=Very Poor 4-6=Poor/Fair 7-8= Good 9= Very Good 10=Excellent

Systemex Rated Highest for the Past 14 Years



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.

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

Systemex 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. Systemex has established a rapid support system by stepping up cooperation between the Customer Support Center and Systemex offices and sales offices across Japan.

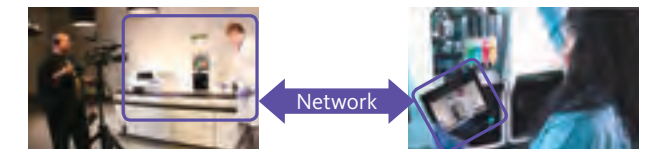
Systemex operates call centers in Japan, the United States, China, Germany and Singapore, and dispatches service engineers to customer premises as necessary. In the United States, where customer support functions must cover extensive areas, close collaboration between call centers and service engineers allows Systemex to respond rapidly to customer requests. In addition, the Company is rolling out on a global scale the Systemex 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, European and other advanced countries, as well as in Asian and other emerging markets and is steadily expanding the installed base.

In September 2012, we relocated Systemex America, Inc., our regional headquarters for the Americas, in order to expand its operations. The expansion includes a new multi-purpose building that houses the company's virtual training studio. The virtual training initiative provides customers with convenient, on line, instructor-led education on the use of Systemex products to better meet the needs of North American customers, who are spread over an extensive area.

* Service for customers who have specific contracts

Systemex America, Inc.,

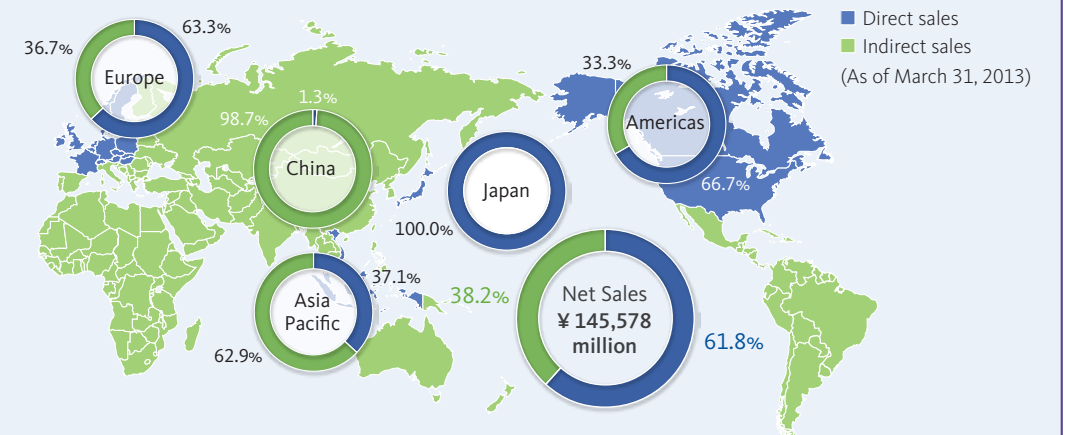


Virtual training studio

Customers

Sales Strategies

Systemex 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 Systemex 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 more than 100 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.



Sales and After-Sales Support

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. In 2012, we held the Sysmex 15th Scientific Seminar in China in Shanghai, which

was attended by approximately 1,000 people. At the seminar, we provided up-to-date information related to healthcare and clinical testing to doctors, nurses, laboratory technologist and other participants in China. Sysmex now conducts seminars and other activities periodically in Thailand, Indonesia, India and other Asian countries and holds symposiums in Europe and Americas.

Seizing Opportunities to Reinforce Stakeholder Faith in Our Company

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.

●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.

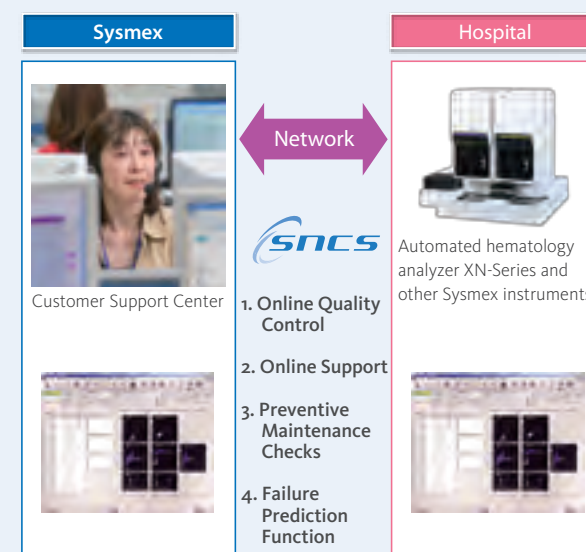
●Preventive Maintenance Checks

When an instrument shuts down, information on the number of operations is automatically sent to Sysmex, so that we can determine replacement intervals based on the rated number of operations.

●Failure Prediction Function

Linking the failure prediction function with field support enables us to remotely monitor the status of the analyzer components of each instrument. This allows us to predict failure times and provide maintenance before it occurs.

Sysmex Network Communication Systems



Note: Such services may not be available on some products and in certain regions.

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.

Corporate Philosophy and Core Behaviors

Our corporate philosophy, the “Sysmex Way,” consists of three parts: the Mission, which defines our social *raison d'être* and states how we hope to contribute to society; the Value, which describes the values and management style that we must abide by; and the Mind, which expresses the mindset and code of conduct that every employee within the Sysmex Group must observe.

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.

Core Behaviors

To Our Customers

We deliver reassurance to our customers, through unmatched quality, advanced technologies, superior support, and actions that consistently reflect the viewpoint of our customers.

We constantly look out for our customers' true needs, and seek to generate new solutions to satisfy those needs.

To Our Employees

We honor diversity, respect the individuality of each employee, and provide them with a workplace where they can realize their full potential.

We value the spirit of independence and challenge, provide employees with opportunities for self-fulfillment and growth, and reward them for their accomplishments.

To Our Business Partners

We deliver commitment to our client companies through broad-ranging partnerships.

We strive to be a company that can grow in step with our trade partners, through respect and mutual trust.

To Our Shareholders

Our shareholders can rest assured that we will continue to improve the soundness and transparency of our management policies, while promoting information disclosure and close communications.

We commit ourselves to a consistent yet innovative style of management, in order to achieve sustainable growth and increased shareholder value.

To Society

We carry out our business in strict compliance with laws and regulations, as well as in adherence to high ethical standards.

As a responsible member of society, we play an active role in resolving environmental issues and other problems that impact our society today.

Corporate Governance

Management Organization

Sysmex has adopted the corporate auditor system. The current management organization consists of seven members of the Managing Board (one of whom is an outside member of the Managing Board), four corporate auditors (including two outside auditors), and 17 executive officers (five of whom are also members of the Managing Board), and the Company has adopted the executive officer system to increase the speed of decision making in the conduct of business and respond quickly to changes in the business environment. In addition, by appointing outside members of the Managing Board, we have reinforced the Managing Board supervisory function, and we have strengthened the auditor supervisory function by appointing external auditors.

Matters Concerning Business Execution, Auditing, Appointments, Supervision and Other Functions

The Managing Board consists of seven members. 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 chairman and CEO 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 chairman and CEO and executive officers. The committee meets once a month, in principle, serving as a consultative body to the chairman and CEO to deliberate on important matters concerning the Group's business.

The Group Management Reporting Committee consists of the chairman and CEO and executive officers, directors of overseas regional headquarters, people in charge of domestic affiliated companies 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, 2013, the Managing Board met 13 times, the Global Strategic Committee 14 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.

The Board of Auditors consists of four corporate auditors, two of whom are outside auditors. The corporate auditors attend the Managing Board and Steering Committee meetings and maintain systems for appropriately supervising the conduct of business on the part of the members of the Managing Board. 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 plans 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 LLC 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.

Internal Control Systems

Systems for Ensuring That the Execution of Duties by Members of the Managing Board 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 maintains 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 implements and strengthens compliance in the corporate group under the control of a compliance officer and compliance committee. The Company rigorously ensures compliance through education and training for members of the Managing Board and employees, promotes 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 conducts audits of the compliance structure by means of the Internal Audit Office.

Corporate Governance

Systems for the Retention and Management of Information Relating to the Execution of Duties by Members of the Managing Board

The Company appropriately retains and manages information relating to the execution of duties by members of the Managing Board 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 complies with risk management regulations established by the Risk Management Committee for the integrated management of risk throughout the Company. The Company endeavors 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 Members of the Managing Board Execute Their Duties Efficiently

The Company has positioned the Managing Board 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 ensures the efficient execution of business in accordance with the organization regulations, scope of authority regulations, and approval procedure. The Company establishes mid-term plans and annual management plans, periodically confirms the progress made with those plans, and takes any necessary measures.

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

The Company ensures compliance in accordance with the compliance code applied to all the members of the Managing Board and employees of companies in the Group. In conformance with regulations established with respect to risk management, the Company maintains groupwide risk management systems based on those regulations. The Internal Audit Office conducts groupwide internal audits.

With regard to the management of subsidiaries, the Company respects the autonomy of the management of subsidiaries and ensures the appropriateness of business activities throughout the corporate group by such means as periodic reporting on the details of the business of subsidiaries and advance discussion concerning important matters.

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 provides full-time staff to assist the Board of Auditors. In such case, the members of the Managing Board 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 member of the Managing Board 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 member of the Managing Board is responsible for promptly reporting that fact to the Board of Auditors.

The corporate auditors attend Managing Board and other important meetings, read important documents such as approval requests, and request explanations from members of the Managing Board and employees as necessary.

Basic Policy on and Status of Systems for Excluding Antisocial Forces

System has in place a Compliance Code that applies to all executives and associates throughout the System 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.

Members of the Managing Board



Front row, from left: Masayoshi Hayashi, Hisashi Ietsugu, Yukio Nakajima
Back row, from left: Mitsuru Watanabe, Koji Tamura, Kazuya Obe, Susumu Nishiura

Hisashi Ietsugu
Chairman and CEO

Masayoshi Hayashi
Member of the Managing Board and Senior Executive Officer
Senior Managing Director

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

Koji Tamura
Member of the Managing Board and Senior Executive Officer
Managing Director
LS Business Unit
New Business Development

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

Mitsuru Watanabe
Member of the Managing Board and Senior Executive Officer
Managing Director
HU Business Unit

Susumu Nishiura
Member of the Managing Board (Outside)

(As of June 21, 2013)

Corporate Governance

Corporate Auditors



Front row, from left: Katsuo Uhara, Masami Kitagawa
Back row, from left: Hiromu Fujioka, Kuniaki Maenaka

Katsuo Uhara Standing Corporate Auditor
Masami Kitagawa Standing Corporate Auditor
Hiromu Fujioka Corporate Auditor (Outside)
Kuniaki Maenaka Corporate Auditor (Outside)

(As of June 21, 2013)

Compliance

Systemex has established a compliance code to be observed by all executives and employees of the Systemex 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, Systemex 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, Systemex 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, Systemex 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 Systemex 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. Systemex 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 Systemex employee to be aware of compliance as an ongoing factor and to be able to apply this understanding in their work. Systemex will continue to ensure thorough compliance to remain a Company that stakeholders consider highly trustworthy.

Risk Management

Systemex 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, Systemex 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, Systemex 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, issues that have arisen, 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 Managing Board or the chairman and CEO. Any issues that arise are reported to

the chairman and CEO, following deliberation by the Steering Committee, before being promptly disclosed publicly.

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

Executive Officers



Front row, from left: Kaoru Asano, Michiaki Ishida, Takashi Goda, Kenji Tachibana
Back row, from left: Hiroshi Kanda, Ikuo Otani, Iwane Matsui, Junzo Yamamoto, Yukio Hamaguchi, Keiji Fujimoto, Yukitoshi Kamao, Hiroshi Nagao

Michiaki Ishida
Senior Executive Officer
ICH Business Unit

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

Kaoru Asano
Senior Executive Officer
R&D Strategic Planning
Central Research Laboratories
Technology Development

Kenji Tachibana
Senior Executive Officer
Business Strategy Development

Junzo Yamamoto
Executive Officer
Instrument Production
SCM

Yukio Hamaguchi
Executive Officer

Iwane Matsui
Executive Officer
Executive Vice President of International Business Management

Keiji Fujimoto
Executive Officer
Regulatory Affairs & Quality Assurance
Scientific Affairs
Customer Support

Ikuo Otani
Executive Officer
Executive Vice President of Human Resources & General Affairs

Yukitoshi Kamao
Executive Officer
Executive Vice President of Corporate Business Administration

Hiroshi Kanda
Executive Officer
Executive Vice President of ICH Business Unit Hemostasis Product
Engineering

Hiroshi Nagao
Executive Officer
Executive Vice President of SCM

(As of June 21, 2013)

Corporate Governance

Operating Risks

Overseas Sales

Systemex sells to overseas customers through its overseas affiliates and distributors. For this reason, Systemex 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 69.1% in the fiscal year ended March 31, 2011, to 70.5% in the fiscal year ended March 31, 2012, and 72.4% in the fiscal year ended March 31, 2013.

As of its May 2013 announcement, the Company assumes forex rates of US\$1 = ¥95 and €1 = ¥125.

The Impact of Healthcare System Reform

Against a backdrop of a sharp decline in the birthrate and rapid aging of the Japanese population, advances in medical technology, increased demand from patients for a better quality of life (QOL), and other changes in the healthcare environment, Japanese healthcare system reform continues. Such reforms are designed to optimize healthcare costs and efficiently provide high-quality healthcare services. The Company's earnings and financial position could be affected* by such healthcare system reforms.

Amid ongoing healthcare cost optimization measures and demands for greater efficiency in hospital management, more advanced medical care and new clinical testing procedures, Systemex will boost its investment in the life science field, including definitive diagnostic tests for cancer. We will also strive to meticulously respond to diversifying needs by providing total solutions that combine instruments and reagents, information technology and after-sales support.

* The Japanese medical fee system is amended every other year. In 2012, fees remained essentially flat, with overall fees increasing at a rate of 0.004%, having a negligible impact on earnings compared to the previous year. Diagnostic tests are covered by a fee for the provision of the test, unlike the fixed reimbursement prices set for pharmaceuticals. Therefore, any changes made to test fees by amendments to the medical fee system should not have a direct effect on Company earnings.

Product Quality

The instruments and reagents that Systemex supplies must be extremely reliable, so the Company has introduced a comprehensive quality management system. However, earnings could be affected if problems with product quality were to arise nevertheless.

To avoid this situation, Systemex works to maintain product quality in accordance with international standards, such as ISO 13485, and local laws and ordinances, such as the Pharmaceutical Affairs Law. Systemex reviews on a daily basis product information from Japanese and overseas markets, as well as from within the Company; collates technical information that may improve design quality; and implements rigorous quality checks at the start of mass production and prior to product launch.

Stable Product Supply

Systemex markets its products to customers in more than 170 countries and works to ensure the stable supply of these products to customers. The Company might experience difficulties with procurement if, for example, business operations were suspended at suppliers or the supply of raw materials was interrupted. If production facilities sustained damage due to large-scale natural disasters, fires or other major calamities, our ability to supply products to the market could be impaired.

For these reasons, Systemex hedges this risk by sourcing raw materials from multiple companies. We are also enhancing initiatives to prevent damage to production bases and to restore facilities in the event damage is incurred.

Measures to Counter Risks Associated with the Use of Information Systems

Systemex employs information technology in its decision-making procedures, such as transmitting information, supporting core businesses and completing approval documents via the Company's internal network.

The Company has therefore introduced countermeasures to minimize the potential operational impacts of network or information system disruption, computer viruses or unauthorized external access to information systems. Systemex has in place secondary, alternate network routes; implements daily system administration procedures; runs security measures including virus gateways; and works to reinforce its internal controls, for example by controlling access through strict user management procedures and fingerprint authorization.

Seizing Opportunities to Respond to Society's Needs



Founded in Kobe more than 40 years ago, Systemex 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.

Brand Equity

The Sysmex brand is a symbol of our efforts to advance the Company to the next stage. The brand also signifies a promise to all stakeholders of our efforts to fulfill their expectations.

The Sysmex corporate logo expresses our deep commitment to pioneering efforts as a frontrunner in healthcare as we continue to develop innovative testing and diagnostic technologies to raise the level of human health and instill greater confidence. The shape reminds us of the infinity symbol, “∞,” and illustrates the unlimited possibilities of Sysmex. The motif evokes the evolution of life from the ocean to the land as well as the landscape of Kobe, the birthplace of Sysmex.

Sysmex products and services are used by healthcare institutions in more than 170 countries. We also have a diverse range of stakeholders, including the business partners with which we have alliances in place and conduct joint research, and the shareholders and regional communities that support our activities. The Sysmex brand conveys our determination to enhance our corporate value to contribute to society and meet the expectations of stakeholders throughout the world.



Intellectual Property Activities

Sysmex seeks to boost brand equity through careful attention to its trademarks, patents and other intellectual property rights.

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 liaises with R&D divisions, globally uncovers latent intellectual property opportunities and surveys the intellectual property rights of third parties. We also define clearly the basic policy on handling intellectual property for the Sysmex Group and strive to increase the efficiency with which we manage these assets in order to maximize their value.

In addition to reinforcing the liaison function (supporting idea generation, converting intellectual property into rights and leveraging these assets), Sysmex takes 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 provide bonuses

based on patent performance. This system is designed to contribute to the Group’s business and enhance incentives for inventors.

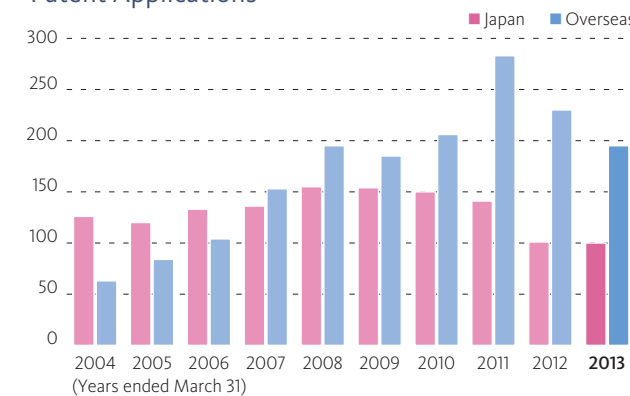
Sysmex holds approximately 1,523 patents worldwide, concentrated in Japan, the United States and Europe. We are striving to ensure worldwide flexibility in R&D and operational development by also acquiring patent rights in the rapidly developing China and Asia Pacific regions.

In recent years, counterfeit Sysmex reagents have been discovered in China, Indonesia, Malaysia 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.

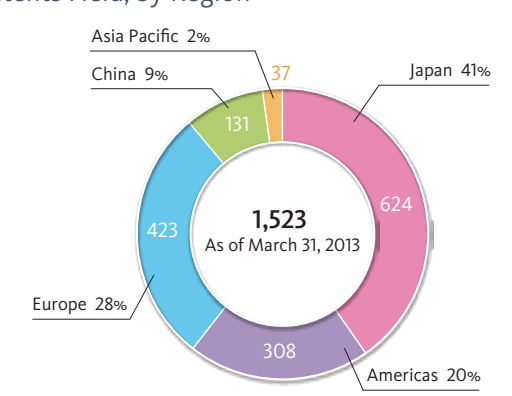
As our business has grown globally and our presence has increased, cases have arisen of other companies imitating our company name and logo. In such cases, we take a firm stand to prevent deterioration of our brand value.

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.

Patent Applications



Patents Held, by Region



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 work toward 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

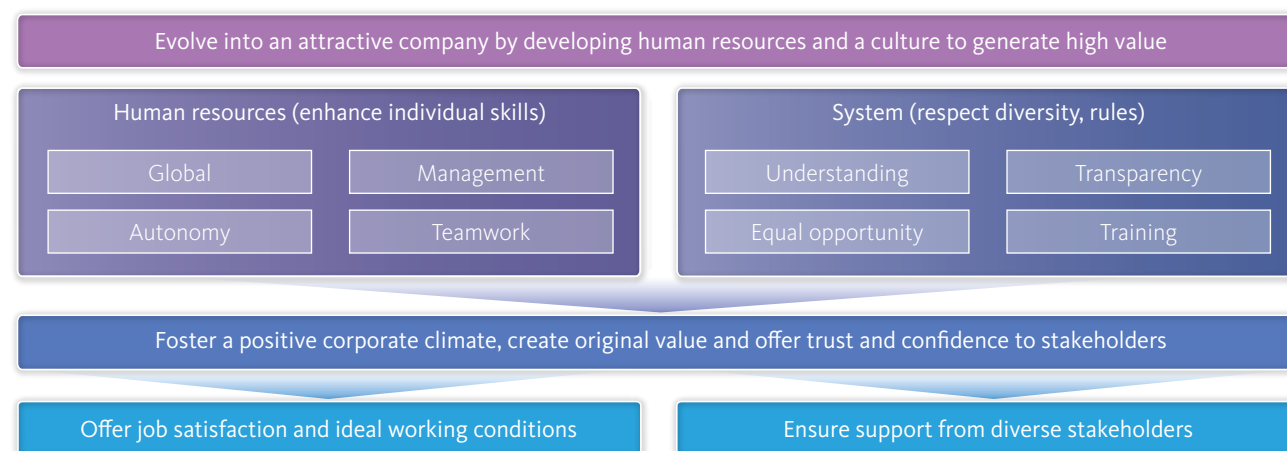
their successes. In line with these objectives, in 2011 we put in place a new human resource system founded on management by objectives (MBO). In our companywide human resource development program, initiatives emphasize employee skill development through level-specific, globalization and other types of training.

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 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.

We have extended the scope of these activities to include overseas communities, as well, and in the fiscal year ended March 31, 2012, we were rated a company where it is "easy to work" by three organizations, scoring in the top 100 in such rankings in Japan, the United States and Germany. We will continue with such efforts to create a comfortable working environment for our employees.

- Japan: 68th / NICES (Nikkei Inc.)
- United States: 66th / Top 100 Best Places to Work in Healthcare (ASC Communications)
- Germany: Top 100 ranking / Great Place to Work® Institute

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 for Advancement of Measuring Technologies in Biomedical Engineering. 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 around 300 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.

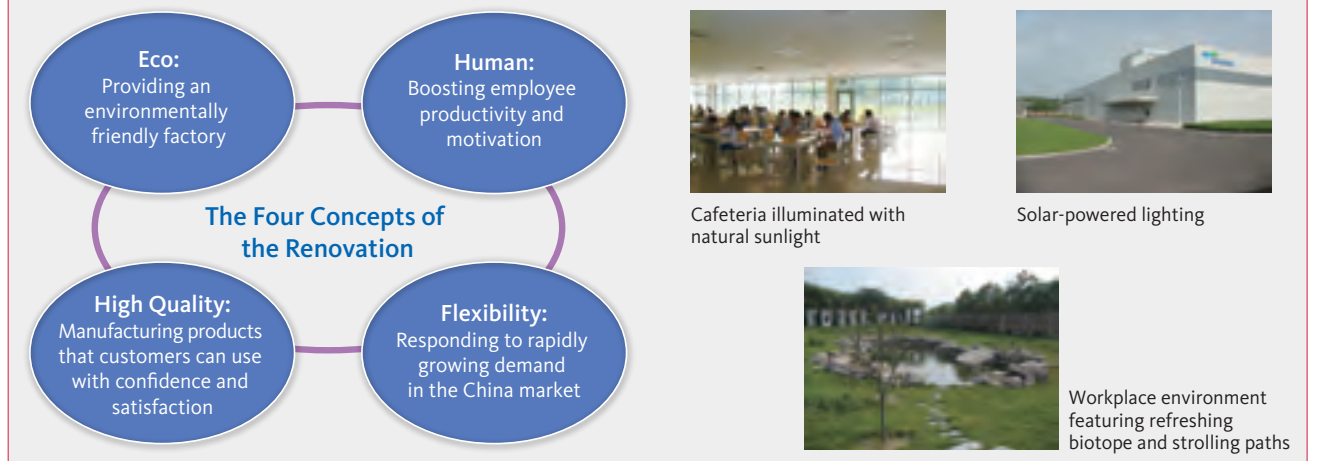
Sysmex officially registered as a member of the United Nations Global Compact in 2011, thereby demonstrating our increased emphasis on activities pertaining to corporate social responsibility (CSR). The Global Compact was first announced by then Secretary-General Kofi Anan in an address to The World 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.

Sysmex is also a proactive participant in a variety of charitable initiatives. For example, employees in the United States voluntarily take part in a fund-raising campaign organized by the Leukemia & Lymphoma Society (LLS), a large-scale NPO. Their efforts to attract donors through unique event- and web-based efforts have contributed substantially to the organization's fund-raising efforts. In recognition of these efforts, in March 2013 our U.S. subsidiary was ranked for the fifth consecutive year on the Companies That Care Award, which is sponsored by 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.

Renovated Factory in Jinan, China, Friendly to Workers and the Environment

IVD demand is expanding in China, as the country continues to enhance its healthcare infrastructure. In response, we are renovating the Jinan Factory, a reagent production facility, which will commence production in April 2012.

We are pursuing construction of the new factory in accordance with four CSR-oriented concepts: eco, human, high quality and flexibility. In addition to pursuing quality and efficiency, the new factory is being built for expandability. To make the factory environmentally friendly, we are installing energy-efficient equipment and striving to use limited resources effectively. We are also designing the workplace as a location where employees can work comfortably and confidently, and the nature that surrounds the factory encourages employees to refresh their minds.



Socially Responsible Activities

Sysmex was also selected as one of the 2012 Global 100's Most Sustainable Companies in the World, a ranking based on joint research by Canadian publisher Corporate Knights, Bloomberg and other organizations. The Global 100 are selected from among 3,500 companies around the world on the basis of corporate value characteristics including environmental, social and corporate governance aspects. Sysmex ranked 77th overall and sixth in the Health Care sector.

In 2012, Sysmex was selected for inclusion in the Asia Pacific Index of the Dow Jones Sustainability Indexes (DJSI), a leading global index of socially responsible investment. DJSI is an index developed through collaboration between Dow Jones Indexes of the United States and Sustainable Asset Management, a Swiss research specialist in the area of socially responsible investment. The index evaluates companies from three perspectives: the economy, the environment and society. Companies evaluated as having superior sustainability are selected for inclusion in the index.



Members of the Asia Pacific Index include excellent companies selected from among leading corporations in the Asia Pacific region. In fiscal 2012, this index included 154 companies, 74 of which were Japanese. Encouraged by these results, Sysmex will continue moving forward with its efforts to enhance corporate value through corporate contribution activities.

In 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. Sysmex was a special sponsor of the Second Kobe Marathon, which took place in November 2012, again attracting around 20,000 entrants. In addition to providing the runners' bibs, we exhibited at a booth in the Kobe Marathon EXPO, which was held to coincide with the marathon. Sysmex employees volunteered their time to support these activities in a number of ways. A portion of the proceeds from this event were donated to assist victims of the Great East Japan Earthquake and spur recovery in the affected region.



Kobe Marathon 2012

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 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.

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.

The year 2008 marked the grand opening of Technopark, our 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.

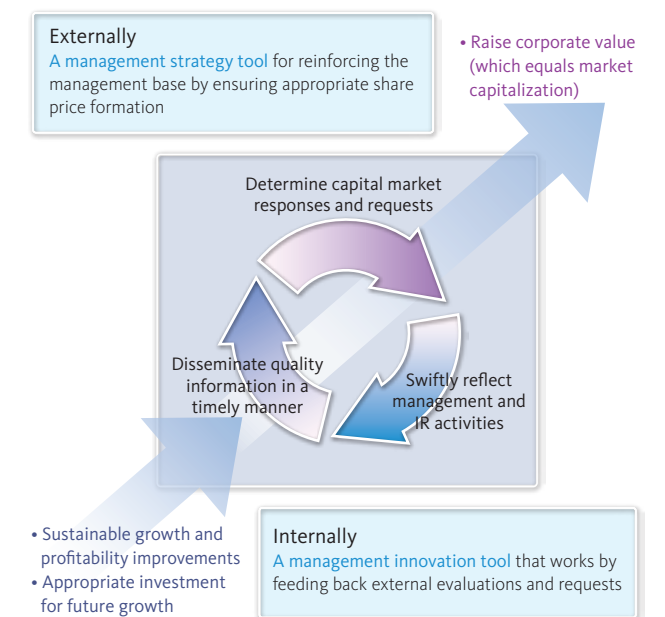
Investor Relations Activities

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 chairman and CEO. 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 manufacturing facilities. Overseas, the department holds investor relations meetings, attends conferences held by securities

Position of Sysmex IR Activities



Socially Responsible Activities

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 earned the Japan Investor Relations Association (JIRA)'s "Best IR Award" the second time in fiscal 2011, following an award for fiscal 2006. In the 2012 Awards for Excellence in Corporate Disclosure, sponsored by the Securities Analysts Association of Japan, Sysmex was selected for excellence in disclosure to individual investors. We were given high marks for our chairman and CEO's explanations in his own words to individual investors at the Company's briefing meetings, and the clear and simple explanations of our fields of business and their distinctiveness, as well as of the Company's strengths. We were rated highly for arranging our materials in a manner that encourages understanding of the Company, as well as video distribution via our website. Other positive comments included the simple and elegant structure of the "Investor Relations" section of our site, and the use of video to introduce our R&D and manufacturing bases in the "Sysmex Virtual Tour" corner. We also received very positive feedback on our shareholder newsletter, which was judged easy to read and extensive in its content.

Sysmex's annual report also earned awards for 2012 in two of the world's largest annual report competitions—a Gold in the Health Care (Equipment & Supplies) segment of the Vision Awards (sponsored by the League of American Communications Professionals LLC of the United States) and a Bronze in the Healthcare Technology Category of the International ARC Awards (held by MerComm, Inc., of the United States).

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.



Ceremony in which we received an award for excellence in disclosure to individual investors

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.



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11-Year Consolidated Financial Data

| | (Millions of yen) | | | | | | | | | | (Thousands of U.S. dollars)** | |
|--|-------------------|-----------|-----------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-------------------------------|----------------|
| For the years ended March 31, | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2013 |
| For the year: | | | | | | | | | | | | |
| Net sales | ¥ 57,253 | ¥ 65,970 | ¥ 76,935 | ¥ 87,888 | ¥ 101,041 | ¥ 110,724 | ¥ 111,843 | ¥ 116,206 | ¥ 124,694 | ¥ 134,744 | ¥ 145,578 | \$ 1,548,702 |
| Operating income | 5,299 | 6,615 | 9,104 | 10,724 | 12,715 | 15,033 | 15,134 | 15,740 | 18,289 | 19,206 | 21,805 | 231,968 |
| Net income | 3,125 | 3,157 | 5,731 | 7,423 | 9,008 | 9,132 | 8,014 | 9,765 | 11,412 | 12,007 | 14,166 | 150,702 |
| Net increase (decrease) in cash and cash equivalents | 1,071 | 3,465 | (3,261) | (499) | 3,299 | (3,044) | (269) | 4,403 | 5,103 | 2,922 | 12,469 | 132,649 |
| Cash and cash equivalents, end of year | 10,253 | 13,718 | 10,458 | 9,416 | 12,715 | 9,679 | 9,410 | 13,813 | 18,916 | 21,838 | 34,307 | 364,968 |
| Capital expenditure | 2,317 | 2,451 | 2,729 | 5,638 | 4,546 | 8,244 | 9,340 | 4,540 | 5,840 | 7,909 | 8,945 | 95,160 |
| Depreciation | 3,107 | 3,203 | 3,296 | 3,592 | 3,959 | 3,924 | 7,189 | 7,067 | 6,871 | 7,031 | 7,945 | 84,522 |
| R&D expenditure | 4,969 | 5,549 | 6,509 | 8,184 | 9,026 | 9,221 | 10,771 | 11,238 | 12,380 | 11,904 | 12,119 | 128,926 |
| Net cash provided by (used in) operating activities | 5,603 | 9,302 | 6,692 | 8,275 | 10,085 | 11,635 | 13,194 | 21,230 | 18,135 | 17,059 | 25,806 | 274,531 |
| Net cash provided by (used in) investing activities | (2,260) | (3,212) | (5,631) | (7,859) | (6,630) | (12,883) | (13,545) | (6,603) | (8,916) | (10,372) | (12,524) | (133,234) |
| Net cash provided by (used in) financing activities | (2,034) | (2,428) | (4,377) | (1,191) | (458) | (1,316) | 723 | (10,091) | (3,475) | (3,814) | (3,117) | (33,160) |
| At year-end: | | | | | | | | | | | | |
| Total assets | 66,449 | 71,983 | 77,660 | 87,447 | 101,225 | 109,027 | 118,522 | 120,702 | 130,060 | 142,285 | 173,011 | 1,840,543 |
| Shareholders' equity | 43,325 | 51,096 | 56,149 | 62,647 | 71,344 | 78,753 | 79,183 | 86,358 | 93,534 | 101,834 | 118,801 | 1,263,840 |
| Interest-bearing liabilities | 10,893 | 4,175 | 657 | 695 | 669 | 1,081 | 10,344 | 2,565 | 1,971 | 1,026 | 769 | 8,181 |
| | | | | | | | | | | | (Yen) | (U.S. dollars) |
| Per share data: | | | | | | | | | | | | |
| Shareholders' equity (yen) | ¥ 1,879.5 | ¥ 2,042.7 | ¥ 2,244.9 | ¥ 1,251.8*2 | ¥ 1,411.0 | ¥ 1,541.0 | ¥ 1,548.2 | ¥ 1,684.9 | ¥ 910.7*2 | ¥ 990.5 | ¥ 1,151.4 | \$ 12.25 |
| Net income (basic) (yen) | 132.2 | 132.9 | 225.1 | 145.5*2 | 179.6 | 178.9 | 156.7 | 190.8 | 111.2*2 | 116.9 | 137.6 | 1.46 |
| Net income (diluted) (yen) | 121.8 | 123.1 | 224.0 | 143.8*2 | 178.0 | 178.3 | 156.5 | 190.5 | 111.0*2 | 116.6 | 137.1 | 1.46 |
| Cash dividends applicable to the year (yen) | 25.0 | 30.0 | 40.0 | 36.0*2 | 36.0 | 48.0 | 50.0 | 56.0 | 60.0 | 34.0*2 | 40.0 | 0.43 |
| Dividend ratio (%) | 18.9 | 22.6 | 17.8 | 17.9 | 20.0 | 26.8 | 31.9 | 29.4 | 27.0 | 29.1 | 29.1 | |
| Other data: | | | | | | | | | | | | |
| Shareholders' equity ratio (%) | 65.2 | 71.0 | 72.3 | 71.6 | 70.5 | 72.2 | 66.8 | 71.5 | 71.9 | 71.6 | 68.7 | |
| Return on equity (ROE) (%) | 7.9 | 6.7 | 10.7 | 12.5 | 13.4 | 12.2 | 10.1 | 11.8 | 12.7 | 12.3 | 12.8 | |
| Return on assets (ROA)*3 (%) | 4.7 | 4.6 | 7.7 | 9.0 | 9.5 | 8.7 | 7.0 | 8.2 | 9.1 | 8.8 | 9.0 | |
| Price-earnings ratio (PER) (times) | 15.9 | 20.3 | 27.2 | 35.3 | 23.8 | 20.1 | 20.0 | 28.7 | 26.5 | 28.6 | 42.1 | |
| Price-book value ratio (PBR) (times) | 1.1 | 1.3 | 2.7 | 4.1 | 3.0 | 2.3 | 2.0 | 3.3 | 3.2 | 3.4 | 5.0 | |
| Number of employees | 2,639 | 2,907 | 3,115 | 3,334 | 3,580 | 3,916 | 4,148 | 4,587 | 4,960 | 5,324 | 5,594 | |
| Note: Including part-time employees | | | | | | | | | | | | |

Notes:

*1. U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥94 = US\$1, the approximate rate of exchange on March 31, 2013.

*2. Two-for-one stock split

*3. ROA = Net Income/Total Assets (Yearly Average)×100

Financial Policy

Systemex 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, Systemex 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, shareholder newsletters, 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 succeeded in sustaining steady growth. Systemex is aggressively making forward-looking investments not only in the hematology segment, the current key business domain, but also in non-hematology segments such as hemostasis, immunochemistry, urinalysis and clinical chemistry and in new forms of medical testing in the life science field.

Systemex pays attention not only to business scale, but also to asset and capital efficiency and liability and capital soundness. The Company holds an A+ 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, Systemex 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

Looking back on the global economy in the fiscal year ended March 31, 2013, although in Europe the protracted financial crisis caused consternation in financial markets and prompted financial austerity measures, overall advanced countries began showing signs of recovery. Gradual economic deceleration became apparent in China, which has underpinned solid growth in emerging markets. However, emerging markets, centered on the BRICs countries, continued to demonstrate their overall growth potential through robust ongoing economic growth. Japan entered a recovery phase, owing partly to expectations driven by financial measures introduced after the new administration took office.

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 the IVD field. 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.

In July 2012, we received clearance from the China 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.

As a result, during the year net sales increased ¥10,834 million, or 8.0%, to ¥145,578 million; operating income grew ¥2,599 million, or 13.5%, to ¥21,805 million; and net income expanded ¥2,159 million, or 18.0%, to ¥14,166 million. The equity ratio as of March 31, 2013, was 68.7%, down 2.9 percentage points from

the 71.6% recorded as of March 31, 2012. Total asset turnover decreased from 0.99 time to 0.92 time. On the other hand, return on equity (ROE) advanced from 12.3% in the preceding year to 12.8% during the fiscal year under review.

Net Sales by Destination*

Looking at net sales by destination, in Japan management improvements accompanying healthcare reforms resulted in steady capital investment by large-scale medical 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, centering on firm results in our mainstay hematology field, we posted sales in Japan of ¥40,190 million, up 1.1% 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 rose in most geographic regions due to increased sales of instruments and reagents. Consequently, the Group's overseas sales were ¥105,388 million, up 10.9% year on year. The overseas sales ratio was 72.4%, up 1.9 percentage points from the previous fiscal year.

Looking at overseas sales by destination, sales in the Americas amounted to ¥30,765 million, up ¥2,158 million, or 7.5% year on year; in Europe ¥39,587 million, up ¥2,217 million, or 5.9%; in China ¥24,430 million, up ¥5,131 million, or 26.6%; and in Asia-Pacific ¥10,606 million, up ¥873 million, or 9.0%.

* 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.



Sysmex website



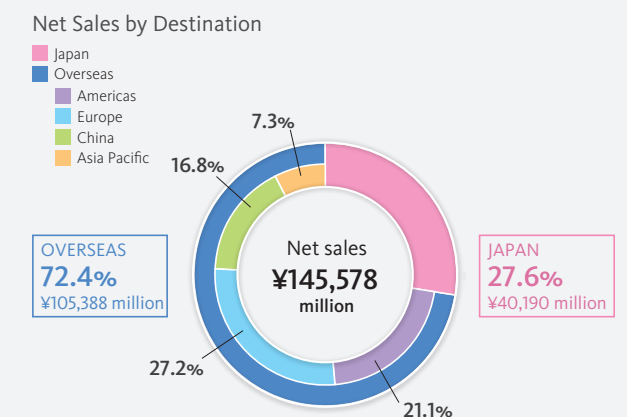
Shareholder newsletter



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

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

Rating Information
(As of May 31, 2013)
Rating symbols and definitions:
Rating A+; The credit quality is high. It is also accompanied by some excellent factors.



Net Sales by Geographical Region

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 1.6% compared with the preceding fiscal year, to ¥42,971 million.

Such factors as a revision in intragroup transaction prices and higher export sales to Group companies prompted a 37.5% year-on-year increase in operating income, to ¥11,939 million.

Americas

In the United States, longer-than-expected clearance procedures for the XN-Series and a temporary hesitation in customer purchases of instruments in response to uncertainty about the direction of the healthcare reform law affected

sales negatively, but full-fledged sales of the XN-Series commenced in the fourth quarter and 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 also rose in Central and South America, centered on Brazil. Consequently, overall sales in the Americas amounted to ¥29,703 million, up 10.6% from 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 25.9%, to ¥2,129 million.

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. Sales also expanded in the Middle East, Africa and other emerging markets. This resulted in robust sales, centered in the hematology field, and the rise in sales was 6.5% year on year, to ¥39,436 million.

Operating income increased 7.8%, to ¥5,799 million, as the increase in sales more than compensated for a rise in selling, general and administrative expenses incurred to expand business in the region.

China

Despite the impact of sluggish sales in certain parts of the market, sales in China surged 26.6%, to ¥24,425 million. Behind these solid results were the commencement of sales of the XN-Series and substantially higher sales of instruments and diagnostic reagents in the hematology and hemostasis 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 0.6% year on year, to ¥2,384 million.

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 Thailand and expanded reagent sales due to an increased base of installed instruments pushed up regional sales 14.9% year on year, to ¥9,043 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 220.0% increase in operating income, to ¥1,056 million.

Profits and Losses

Net Sales

In Japan, our ongoing efforts to promote solutions led to strong performance in terms of receiving major orders. As a result, sales were robust, centering on firm results in our mainstay hematology field.

In overseas markets, meanwhile, we made steady progress in the strengthening of sales and support structures and the provision of solutions. Consequently, sales increased in most geographic regions due to increased sales of instruments and reagents.

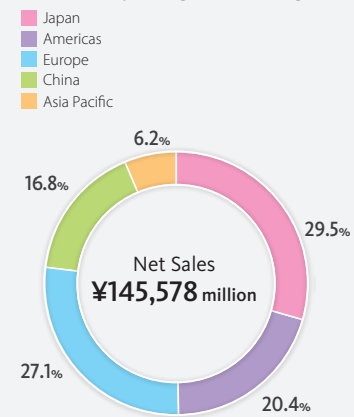
Owing to these factors, during the year ended March 31, 2013, net sales increased ¥10,834 million, or 8.0%, to ¥145,578 million. The yen depreciated during the fiscal year, with the average exchange rate against the U.S. dollar falling ¥4.04, from ¥79.07 to ¥83.11. This shift had a ¥1,253 million positive impact on sales. The yen appreciated ¥1.81 against the euro, with the average for the year moving from ¥108.96 against the euro to ¥107.15. Yen appreciation against the euro had a ¥395 million negative effect on sales, but the overall appreciation of the yen against other currencies had a positive impact on sales of ¥2,711 million.

Cost of Sales and SG&A Expenses

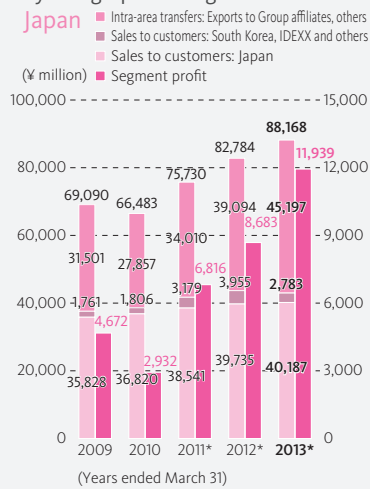
Cost of sales increased ¥4,930 million, or 9.5%, to ¥56,582 million, and the cost of sales ratio rose 0.6 percentage point, to 38.9%.

SG&A expenses rose ¥3,305 million, or 5.2%, to ¥67,191 million, stemming from the Company's efforts to reinforce its sales and support structures. The ratio of SG&A expenses to net sales edged down 1.3 percentage points, from 47.4% to 46.1%.

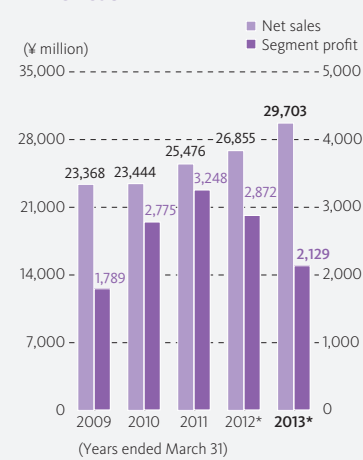
Net Sales by Geographical Region



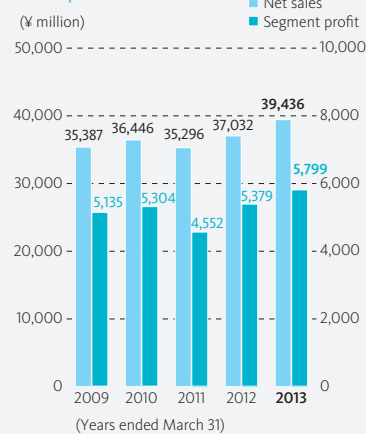
Sales and Segment Profit by Geographical Region



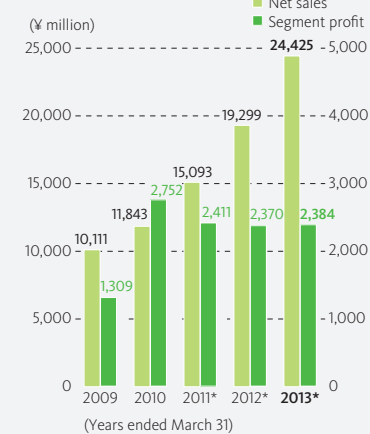
Sales and Segment Profit by Geographical Region



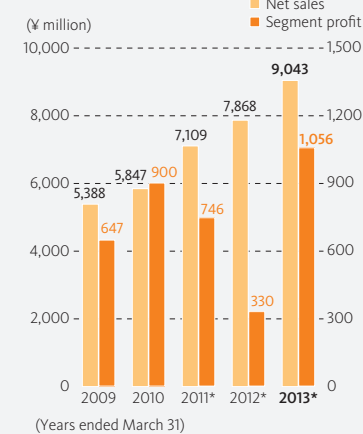
Sales and Segment Profit by Geographical Region



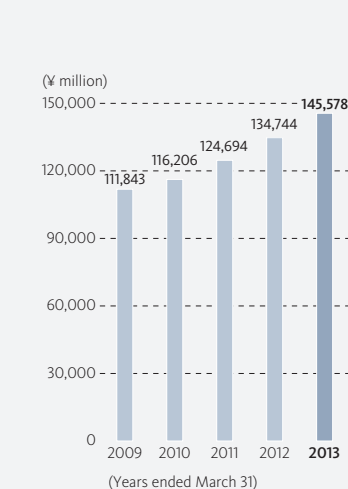
Sales and Segment Profit by Geographical Region



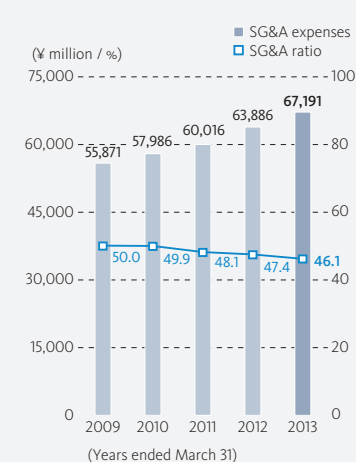
Sales and Segment Profit by Geographical Region



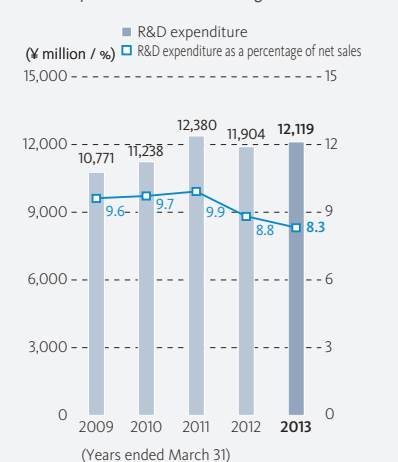
Net Sales



SG&A Expenses SG&A Ratio



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



* Revision in intragroup transaction prices

Income

Bolstered by higher sales, operating income increased ¥2,599 million, or 13.5%, to ¥21,805 million, and the operating margin was 15.0%, up 0.7 percentage point. The foreign exchange situation, meanwhile, had a ¥940 million negative impact on operating income, compared with the preceding fiscal year.

Net income expanded ¥2,159 million, or 18.0%, to ¥14,166 million. This rise was despite a higher loss on disposal of property, plant and equipment of ¥162 million, or 91.4%, from the previous year, to ¥339 million, and an increase in total income taxes of ¥1,509 million, or 21.8%, to ¥8,438 million.

R&D Expenditure

To enhance its product portfolio, during the year Sysmex developed new products and aggressively pursued R&D centering on the life sciences, a field targeted for future growth.

R&D expenditure expanded ¥215 million, or 1.8%, to ¥12,119 million. R&D expenditure as a percentage of net sales decreased 0.5 percentage point, from 8.8% to 8.3%.

Dividend Policy

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 as our earning power increases. In terms of returns to shareholders, we intend to provide a stable dividend on a continuous basis and aim for a consolidated payout ratio of 20% 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 from 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 members of the Managing Board.

In accordance with this policy and in light of business performance during the year under review, we announced dividends for the year of ¥40 per share, which includes an interim dividend of ¥17. As a result, the consolidated payout ratio was 29.1%.

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.

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 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, 2013, total assets amounted to ¥173,011 million, up ¥30,726 million from the end of the previous fiscal year. Major factors included a ¥12,469 million increase in cash and cash equivalents, a rise of ¥4,833 million in trade accounts receivable, a ¥4,098 million increase in inventories and a ¥984 million expansion in machinery and equipment.

Meanwhile, total liabilities were up ¥14,075 million, to ¥53,857 million. The main reasons for this rise were increases of ¥2,894 million in trade accounts payable and a ¥1,619 million expansion in accrued expenses.

Total equity came to ¥119,154 million at the end of the year, up ¥16,651 million. The principal reasons for this rise were a ¥10,462 million increase in retained earnings and an increase in net assets of ¥5,177 million resulting from the shift of foreign currency translation adjustments from a negative to a positive figure. The equity ratio as of March 31, 2013, was 68.7%, down 2.9 percentage points from the 71.6% recorded at the end of the previous fiscal year.

Cash Flows

As of March 31, 2013, cash and cash equivalents amounted to ¥34,307 million, up ¥12,469 million from March 31, 2012. Cash flows from various activities are described in more detail below.

Cash Flows from Operating Activities

Net cash provided by operating activities was ¥25,806 million, up ¥8,747 million. As principal factors, income before income taxes and minority interests provided ¥22,619 million, ¥3,660 million more than during the preceding year, depreciation and

amortization provided ¥8,812 million, ¥790 million more than in the preceding year, and an increase in notes and accounts payable provided ¥2,432 million, ¥1,836 million more than in the preceding year. However, income taxes paid used ¥7,253 million, up ¥551 million.

Cash Flows from Investing Activities

Net cash used in investing activities was ¥12,524 million, ¥2,152 million more than in the preceding fiscal year. The main use of cash was purchases of property, plant and equipment, which used ¥9,608 million, ¥2,876 million more than in the previous year. In addition, purchases of software and other assets used ¥2,203 million, up ¥496 million.

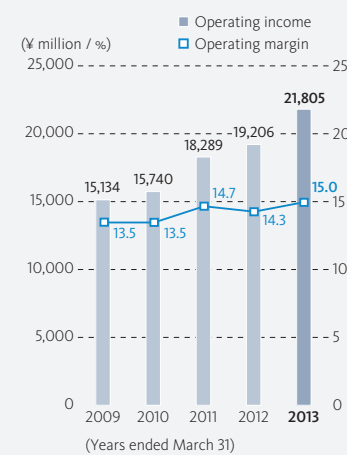
Cash Flows from Financing Activities

Net cash used in financing activities amounted to ¥3,117 million, ¥697 million less than was used in these activities in the previous year. Major factors included proceeds from exercise of warrants, which provided ¥866 million, ¥626 million more than in the preceding year, while dividends paid used ¥3,704 million, ¥520 million more than in the previous year, and payments of lease obligations used ¥269 million, ¥308 million less than in the previous fiscal year.

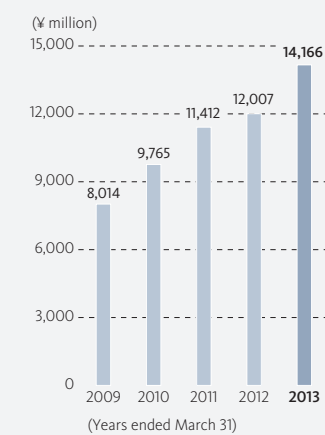
Capital Expenditure and Depreciation

Capital expenditure (investment in property, plant and equipment, including construction in progress) was up ¥1,036 million year on year, or 13.1%, to ¥8,945 million. The principal reason for this rise was the acquisition of instruments to lend to customers. Depreciation and amortization increased ¥914 million, or 13.0%, to ¥7,945 million.

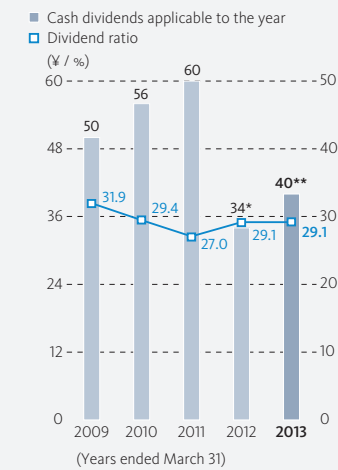
Operating Income
Operating Margin



Net Income

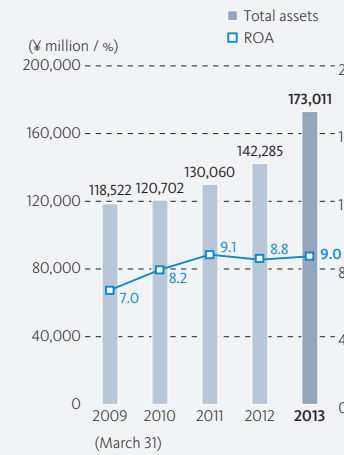


Cash Dividends Applicable to the Year
Dividend Ratio



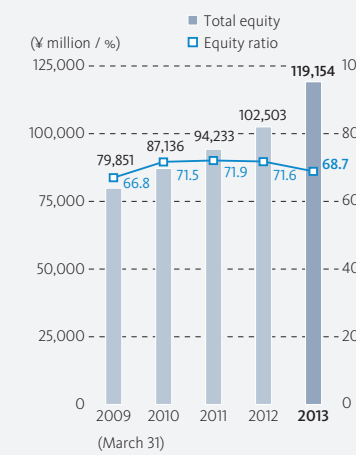
* Two-for-one stock split conducted on April 1, 2011.
** Including special dividends of ¥4 commemorating the 45th anniversary of the Company's founding.

Total Assets
ROA*

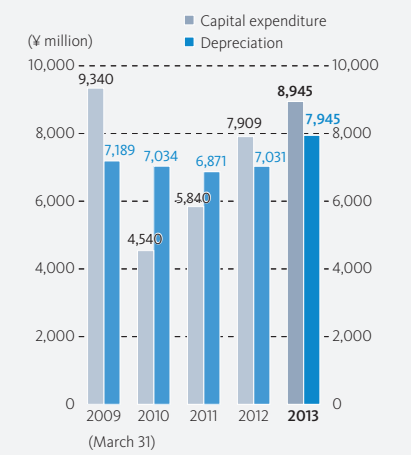


* Net Income/Total Assets (Yearly Average)×100

Total Equity
Equity Ratio



Capital Expenditure
Depreciation



Consolidated Financial Statements

Consolidated Balance Sheet

Sysmex Corporation and Subsidiaries

| March 31, 2013 | Millions of Yen | | Thousands of |
|---|------------------|------------------|-----------------------|
| | 2013 | 2012 | U.S. Dollars (Note 1) |
| | | | 2013 |
| ASSETS | | | |
| CURRENT ASSETS: | | | |
| Cash and cash equivalents (Note 12) | ¥ 34,307 | ¥ 21,838 | \$ 1,364,968 |
| Short-term investments (Note 3) | 150 | 269 | 1,596 |
| Receivables (Note 12): | | | |
| Trade notes | 3,584 | 3,383 | 38,128 |
| Trade accounts | 37,507 | 32,674 | 399,011 |
| Associated companies | 165 | 164 | 1,755 |
| Other | 261 | 221 | 2,776 |
| Allowance for doubtful accounts | (523) | (351) | (5,564) |
| Investments in lease (Notes 11 and 12) | 3,263 | 2,577 | 34,713 |
| Inventories (Note 4) | 25,941 | 21,843 | 275,968 |
| Deferred tax assets (Note 10) | 6,030 | 5,130 | 64,149 |
| Prepaid expenses and other current assets | 3,727 | 2,412 | 39,649 |
| Total current assets | 114,412 | 90,160 | 1,217,149 |
| PROPERTY, PLANT AND EQUIPMENT: | | | |
| Land | 10,023 | 8,894 | 106,628 |
| Buildings and structures | 31,216 | 28,518 | 332,085 |
| Machinery and equipment | 8,314 | 7,330 | 88,447 |
| Furniture and fixtures | 33,855 | 27,828 | 360,159 |
| Lease assets | 2,821 | 4,442 | 30,011 |
| Construction in progress | 822 | 1,125 | 8,744 |
| Total | 87,051 | 78,137 | 926,074 |
| Accumulated depreciation | (41,572) | (38,297) | (442,255) |
| Net property, plant and equipment | 45,479 | 39,840 | 483,819 |
| INVESTMENTS AND OTHER ASSETS: | | | |
| Investment securities (Notes 3 and 12) | 3,620 | 3,183 | 38,511 |
| Investments in associated companies | 415 | 76 | 4,415 |
| Goodwill (Note 5) | 1,790 | 2,194 | 19,042 |
| Software | 4,655 | 4,447 | 49,521 |
| Deferred tax assets (Note 10) | 125 | 88 | 1,330 |
| Other assets | 2,515 | 2,297 | 26,756 |
| Total investments and other assets | 13,120 | 12,285 | 139,575 |
| TOTAL | ¥ 173,011 | ¥ 142,285 | \$ 1,840,543 |

See notes to consolidated financial statements.

| March 31, 2013 | Millions of Yen | | Thousands of |
|--|------------------|------------------|-----------------------|
| | 2013 | 2012 | U.S. Dollars (Note 1) |
| | | | 2013 |
| LIABILITIES AND EQUITY | | | |
| CURRENT LIABILITIES: | | | |
| Current portion of long-term debt (Note 6) | ¥ 3 | ¥ 5 | \$ 32 |
| Current portion of long-term lease obligations (Note 12) | 54 | 252 | 574 |
| Payables (Note 12): | | | |
| Trade notes | 1,728 | 2,023 | 18,383 |
| Trade accounts | 12,872 | 9,978 | 136,936 |
| Associated companies | 258 | 165 | 2,745 |
| Construction and other | 4,358 | 4,490 | 46,362 |
| Income taxes payable (Note 12) | 3,983 | 2,776 | 42,372 |
| Accrued expenses | 9,908 | 8,289 | 105,404 |
| Deferred tax liabilities (Note 10) | 7 | 1 | 75 |
| Other current liabilities | 12,253 | 6,749 | 130,351 |
| Total current liabilities | 45,424 | 34,728 | 483,234 |
| LONG-TERM LIABILITIES: | | | |
| Long-term debt (Note 6) | 1 | 5 | 11 |
| Long-term lease obligations (Note 12) | 245 | 257 | 2,606 |
| Liability for retirement benefits (Note 7) | 1,908 | 1,424 | 20,298 |
| Deferred tax liabilities (Note 10) | 3,075 | 1,760 | 32,713 |
| Other long-term liabilities | 3,204 | 1,608 | 34,085 |
| Total long-term liabilities | 8,433 | 5,054 | 89,713 |
| COMMITMENTS AND CONTINGENT LIABILITIES (Notes 11 and 13) | | | |
| EQUITY (Notes 8, 9, 15 and 17): | | | |
| Common stock, authorized, 299,344,000 shares; issued, 103,399,416 shares in 2013, and 103,027,016 shares in 2012 | 9,712 | 9,187 | 103,319 |
| Capital surplus | 14,652 | 14,127 | 155,872 |
| Stock acquisition rights | 353 | 546 | 3,756 |
| Retained earnings | 93,947 | 83,485 | 999,436 |
| Treasury stock - at cost: 218,696 shares in 2013, and 217,764 shares in 2012 | (260) | (256) | (2,766) |
| Accumulated other comprehensive income: | | | |
| Unrealized gain on available-for-sale securities | 709 | 427 | 7,543 |
| Deferred loss on derivatives under hedge accounting | | (0) | |
| Foreign currency translation adjustments | 41 | (5,136) | 436 |
| Total | 119,154 | 102,380 | 1,267,596 |
| Minority interests | 0 | 123 | 0 |
| Total equity | 119,154 | 102,503 | 1,267,596 |
| TOTAL | ¥ 173,011 | ¥ 142,285 | \$ 1,840,543 |

Consolidated Statement of Income

Sysmex Corporation and Subsidiaries

| Year Ended March 31, 2013 | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|---|-----------------|-----------|---------------------------------------|
| | 2013 | 2012 | 2013 |
| NET SALES | ¥ 145,578 | ¥ 134,744 | \$ 1,548,702 |
| COST OF SALES | 56,582 | 51,652 | 601,936 |
| Gross profit | 88,996 | 83,092 | 946,766 |
| SELLING, GENERAL AND ADMINISTRATIVE EXPENSES | 67,191 | 63,886 | 714,798 |
| Operating income | 21,805 | 19,206 | 231,968 |
| OTHER INCOME (EXPENSES): | | | |
| Interest and dividend income | 179 | 196 | 1,905 |
| Interest expense | (59) | (96) | (628) |
| Foreign exchange gain (loss)-net | 815 | (403) | 8,670 |
| Other-net | (121) | 56 | (1,287) |
| Other income (expenses)-net | 814 | (247) | 8,660 |
| INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS | 22,619 | 18,959 | 240,628 |
| INCOME TAXES (Note 10): | | | |
| Current | 8,184 | 6,891 | 87,064 |
| Deferred | 254 | 38 | 2,702 |
| Total income taxes | 8,438 | 6,929 | 89,766 |
| NET INCOME BEFORE MINORITY INTERESTS | 14,181 | 12,030 | 150,862 |
| MINORITY INTERESTS IN NET INCOME | 15 | 23 | 160 |
| NET INCOME | ¥ 14,166 | ¥ 12,007 | \$ 150,702 |

| PER SHARE OF COMMON STOCK (Notes 2.w and 15): | Yen | | U.S. Dollars |
|---|----------|----------|--------------|
| | 2013 | 2012 | 2013 |
| Basic net income | ¥ 137.58 | ¥ 116.85 | \$ 1.46 |
| Diluted net income | 137.06 | 116.63 | 1.46 |
| Cash dividends applicable to the year | 40.00 | 34.00 | 0.43 |

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Sysmex Corporation and Subsidiaries

| Year Ended March 31, 2013 | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|---|-----------------|----------|---------------------------------------|
| | 2013 | 2012 | 2013 |
| NET INCOME BEFORE MINORITY INTERESTS | ¥ 14,181 | ¥ 12,030 | \$ 150,862 |
| OTHER COMPREHENSIVE INCOME (LOSS) (Note 14): | | | |
| Unrealized gain on available-for-sale securities | 282 | 241 | 3,000 |
| Deferred gain on derivatives under hedge accounting | 0 | 14 | 0 |
| Foreign currency translation adjustments | 5,190 | (1,064) | 55,213 |
| Total other comprehensive income (loss) | 5,472 | (809) | 58,213 |
| COMPREHENSIVE INCOME | ¥ 19,653 | ¥ 11,221 | \$ 209,075 |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO : | | | |
| Owners of the parent | ¥ 19,625 | ¥ 11,197 | \$ 208,777 |
| Minority interests | 28 | 24 | 298 |

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Sysmex Corporation and Subsidiaries

Millions of Yen

| Year Ended March 31, 2013 | Number of Shares of Common Stock Outstanding | Common Stock | Capital Surplus | Stock Acquisition Rights | Retained Earnings | Treasury Stock | Accumulated Other Comprehensive Income | | | Total | Minority Interests | Total Equity |
|----------------------------------|--|--------------|-----------------|--------------------------|-------------------|----------------|--|--|--|-----------|--------------------|--------------|
| | | | | | | | Unrealized Gain on Available-for-Sale Securities | Deferred Gain (Loss) on Derivatives under Hedge Accounting | Foreign Currency Translation Adjustments | | | |
| BALANCE, APRIL 1, 2011 | 51,353,500 | ¥ 9,042 | ¥ 13,981 | ¥ 600 | ¥ 74,662 | ¥ (252) | ¥ 186 | ¥ (14) | ¥ (4,071) | ¥ 94,134 | ¥ 99 | ¥ 94,233 |
| Net income | | | | | 12,007 | | | | | 12,007 | | 12,007 |
| Cash dividends, ¥47.00 per share | | | | | (3,184) | | | | | (3,184) | | (3,184) |
| Purchase of treasury stock | (1,356) | | | | | (4) | | | | (4) | | (4) |
| Disposal of treasury stock | 208 | | 1 | | | 0 | | | | 1 | | 1 |
| Stock splits (Note 8) | 51,353,500 | | | | | | | | | | | |
| Exercise of warrants | 103,400 | 145 | 145 | | | | | | | 290 | | 290 |
| Net change in the year | | | | (54) | | | 241 | 14 | (1,065) | (864) | 24 | (840) |
| BALANCE, MARCH 31, 2012 | 102,809,252 | 9,187 | 14,127 | 546 | 83,485 | (256) | 427 | (0) | (5,136) | 102,380 | 123 | 102,503 |
| Net income | | | | | 14,166 | | | | | 14,166 | | 14,166 |
| Cash dividends, ¥36.00 per share | | | | | (3,704) | | | | | (3,704) | | (3,704) |
| Purchase of treasury stock | (932) | | | | | (4) | | | | (4) | | (4) |
| Disposal of treasury stock | | | | | | | | | | | | |
| Exercise of warrants | 372,400 | 525 | 525 | | | | | | | 1,050 | | 1,050 |
| Net change in the year | | | | (193) | | | 282 | 0 | 5,177 | 5,266 | (123) | 5,143 |
| BALANCE, MARCH 31, 2013 | 103,180,720 | ¥ 9,712 | ¥ 14,652 | ¥ 353 | ¥ 93,947 | ¥ (260) | ¥ 709 | | ¥ 41 | ¥ 119,154 | ¥ 0 | ¥ 119,154 |

Thousands of U.S. Dollars (Note 1)

| Year Ended March 31, 2013 | Common Stock | Capital Surplus | Stock Acquisition Rights | Retained Earnings | Treasury Stock | Accumulated Other Comprehensive Income | | | Total | Minority Interests | Total Equity |
|----------------------------------|--------------|-----------------|--------------------------|-------------------|----------------|--|--|--|--------------|--------------------|--------------|
| | | | | | | Unrealized Gain on Available-for-Sale Securities | Deferred Gain (Loss) on Derivatives under Hedge Accounting | Foreign Currency Translation Adjustments | | | |
| BALANCE, MARCH 31, 2012 | \$ 97,734 | \$ 150,287 | \$ 5,809 | \$ 888,138 | \$ (2,723) | \$ 4,543 | \$ (0) | \$ (54,638) | \$ 1,089,150 | \$ 1,309 | \$ 1,090,459 |
| Net income | | | | 150,702 | | | | | 150,702 | | 150,702 |
| Cash dividends, \$0.38 per share | | | | (39,404) | | | | | (39,404) | | (39,404) |
| Purchase of treasury stock | | | | | (43) | | | | (43) | | (43) |
| Disposal of treasury stock | | | | | | | | | | | |
| Exercise of warrants | 5,585 | 5,585 | | | | | | | 11,170 | | 11,170 |
| Net change in the year | | | (2,053) | | | 3,000 | 0 | 55,074 | 56,021 | (1,309) | 54,712 |
| BALANCE, MARCH 31, 2013 | \$ 103,319 | \$ 155,872 | \$ 3,756 | \$ 999,436 | \$ (2,766) | \$ 7,543 | | \$ 436 | \$ 1,267,596 | \$ 0 | \$ 1,267,596 |

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Sysmex Corporation and Subsidiaries

| Year Ended March 31, 2013 | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|--|-----------------|-----------------|------------------------------------|
| | 2013 | 2012 | 2013 |
| OPERATING ACTIVITIES: | | | |
| Income before income taxes and minority interests | ¥ 22,619 | ¥ 18,959 | \$ 240,628 |
| Adjustments for: | | | |
| Income taxes - paid | (7,253) | (6,702) | (77,160) |
| Depreciation and amortization | 8,812 | 8,022 | 93,745 |
| Loss on disposal of property, plant and equipment | 339 | 177 | 3,606 |
| Changes in assets and liabilities: | | | |
| Increase in notes and accounts receivable | (2,425) | (4,755) | (25,798) |
| Increase in inventories | (2,818) | (2,140) | (29,979) |
| Increase in notes and accounts payable | 2,432 | 596 | 25,872 |
| Increase in liability for retirement benefits | 453 | 526 | 4,819 |
| Other-net | 3,647 | 2,376 | 38,798 |
| Net cash provided by operating activities | 25,806 | 17,059 | 274,531 |
| INVESTING ACTIVITIES: | | | |
| Purchases of property, plant and equipment | (9,608) | (6,732) | (102,213) |
| Purchases of software and other assets | (2,203) | (1,707) | (23,436) |
| Acquisitions, net of cash acquired | (357) | | (3,798) |
| Purchase of business | | (1,901) | |
| Other-net | (356) | (32) | (3,787) |
| Net cash used in investing activities | (12,524) | (10,372) | (133,234) |
| FINANCING ACTIVITIES: | | | |
| Decrease in short-term bank loans - net | | (283) | |
| Repayments of long-term debt | (6) | (6) | (64) |
| Payments of lease obligations | (269) | (577) | (2,862) |
| Exercise of warrants | 866 | 240 | 9,213 |
| Dividends paid | (3,704) | (3,184) | (39,404) |
| Other-net | (4) | (4) | (43) |
| Net cash used in financing activities | (3,117) | (3,814) | (33,160) |
| FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS | 2,304 | 49 | 24,512 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 12,469 | 2,922 | 132,649 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 21,838 | 18,916 | 232,319 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | ¥ 34,307 | ¥ 21,838 | \$ 364,968 |
| ADDITIONAL CASH FLOW INFORMATION - Interest paid | ¥ 42 | ¥ 50 | \$ 447 |

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Sysmex Corporation and Subsidiaries
Year Ended March 31, 2013

1. BASIS OF PRESENTATION OF 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 accordance 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.

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 2012 consolidated financial statements to conform to the classifications used in 2013.

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 ¥94 to \$1, the approximate rate of exchange at March 31, 2013. 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, 2013 include the accounts of the Company and 42 (45 in 2012) 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.

Investments in associated companies are 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 also 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 that 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. However 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, except for, the following items which 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 research and development (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; and 5) exclusion of minority interests from net income, if contained in net income.

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 to 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 of America 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: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; (c) expensing capitalized development costs of R&D; (d) cancellation of the fair value model accounting for property, plant, and equipment and investment properties and incorporation of the cost model accounting; and (e) exclusion of minority interests from net income, if contained in net income.

d. Business Combination—In October 2003, the Business Accounting Council 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 allowed 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 previous accounting standard required R&D costs to be charged to income as incurred. Under the revised standard, in-process R&D costs acquired in the business combination are 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. The revised standard was applicable to business combinations undertaken on or after April 1, 2011.

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: (1) 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; (2) held-to-maturity debt securities, for which there is the positive intent and ability to hold to maturity are reported at amortized cost; and (3) 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.

Nonmarketable 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 11 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 is 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. 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's directors 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 since then. The liability for directors' retirement benefits is the amount provided in proportion to the term that present directors had been in place before June 24, 2005.

m. Asset Retirement Obligations—In March 2008, the ASBJ published 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 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 adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

n. 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 nonemployees 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.

o. Research and Development—R&D costs are charged to income as incurred. Such costs were ¥12,119 million (\$128,926 thousand) and ¥11,904 million for the years ended March 31, 2013 and 2012, respectively.

p. 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. 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 be capitalized by recognizing 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.

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

r. 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, 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 is deemed to 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.

s. Income Taxes—The provision for income taxes is computed based on the pretax income included in the consolidated statement 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.

t. 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 statement of income to the extent that they are not hedged by forward exchange contracts.

u. 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 are 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.

v. 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: (1) 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 statement of income and (2) 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.

w. 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 statement of income are dividends applicable to the respective years including dividends to be paid after the end of the year, which is not retroactively adjusted for stock splits.

x. 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 following revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions in which case the entity shall comply with the specific transitional provisions.

(2) Changes in Presentation

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.

y. New Accounting Pronouncements—

Accounting Standard for Retirement Benefits—On May 17, 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and followed by partial amendments from time to time through 2009.

Major changes are as follows:

(a) **Treatment in the balance sheet**

Under the current requirements, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are not recognized in the balance sheet, and the difference between retirement benefit obligations and plan assets (hereinafter, "deficit or surplus"), adjusted by such unrecognized amounts, is recognized as a liability or asset.

Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss shall be recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and any resulting deficit or surplus shall be recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(b) **Treatment in the statement of income and the statement of comprehensive income**

The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts would be recognized in profit or loss over a certain period no longer than the expected average remaining working lives of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have not yet been recognized in profit or loss shall be included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments.

(c) **Amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases**

The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases.

This accounting standard and the guidance for (a) and (b) above are effective for the end of annual periods beginning on or after April 1, 2013, and for (c) above are effective for the beginning of annual periods beginning on or after April 1, 2014, or for the beginning of annual periods beginning on or after April 1, 2015, subject to certain disclosure in March 2015, both with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Company expects to apply the revised accounting standard for (a) and (b) above from the end of the annual period beginning on April 1, 2013, and for (c) above from the beginning of the annual period beginning on April 1, 2014. The revised accounting standard may have a significant impact to the Company's consolidated financial statements. The Company is in the process of measuring the effects of applying the revised accounting standard in future applicable periods.

3. SHORT-TERM INVESTMENTS AND INVESTMENT SECURITIES

Short-term investments and investment securities as of March 31, 2013 and 2012, consisted of the following:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|-----------------|---------|---------------------------|
| | 2013 | 2012 | 2013 |
| Current: | | | |
| Time deposits other than cash equivalents | ¥ 23 | ¥ 24 | \$ 245 |
| Investment trust | 127 | 245 | 1,351 |
| Total | ¥ 150 | ¥ 269 | \$ 1,596 |
| Non-current: | | | |
| Marketable equity securities | ¥ 2,677 | ¥ 2,239 | \$ 28,479 |
| Unquoted equity securities | 943 | 944 | 10,032 |
| Total | ¥ 3,620 | ¥ 3,183 | \$ 38,511 |

The costs and aggregate fair values of investment securities as of March 31, 2013 and 2012, were as follows:

| | Millions of Yen | | | |
|--|------------------|-------------------|-------|------------|
| | 2013 | | | Fair Value |
| Cost | Unrealized Gains | Unrealized Losses | | |
| Available-for-sale - Equity securities | ¥ 1,567 | ¥ 1,110 | ¥ (0) | ¥ 2,677 |

| | Millions of Yen | | | |
|--|------------------|-------------------|--------|------------|
| | 2012 | | | Fair Value |
| Cost | Unrealized Gains | Unrealized Losses | | |
| Available-for-sale - Equity securities | ¥ 1,567 | ¥ 683 | ¥ (11) | ¥ 2,239 |

| | Thousands of U.S. Dollars | | | |
|--|---------------------------|-------------------|--------|------------|
| | 2013 | | | Fair Value |
| Cost | Unrealized Gains | Unrealized Losses | | |
| Available-for-sale - Equity securities | \$ 16,670 | \$ 11,809 | \$ (0) | \$ 28,479 |

4. INVENTORIES

Inventories as of March 31, 2013 and 2012, consisted of the following:

| | Millions of Yen | | Thousands of U.S. Dollars |
|-----------------------------------|-----------------|----------|---------------------------|
| | 2013 | 2012 | 2013 |
| Finished products and merchandise | ¥ 20,317 | ¥ 16,534 | \$ 216,138 |
| Work in process | 1,473 | 1,402 | 15,670 |
| Raw materials | 3,599 | 3,368 | 38,287 |
| Supplies | 552 | 539 | 5,873 |
| Total | ¥ 25,941 | ¥ 21,843 | \$ 275,968 |

5. GOODWILL

Goodwill as of March 31, 2013 and 2012, consisted of the following:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|-----------------|---------|---------------------------|
| | 2013 | 2012 | 2013 |
| Goodwill on purchase of a specific business | ¥ 879 | ¥ 1,165 | \$ 9,351 |
| Consolidation goodwill | 911 | 1,029 | 9,691 |
| Total | ¥ 1,790 | ¥ 2,194 | \$ 19,042 |

Goodwill on purchase of a specific business and consolidation goodwill are amortized using straight-line method over five years.

6. LONG-TERM DEBT

Long-term debt as of March 31, 2013 and 2012, consisted of the following:

| | Millions of Yen | | Thousands of U.S. Dollars |
|--|-----------------|------|---------------------------|
| | 2013 | 2012 | 2013 |
| Loans from banks, due through 2016, with interest ranging from 0.02% to 0.05% for 2013 (from 0.02% to 0.05% for 2012)- | | | |
| Unsecured | ¥ 4 | ¥ 10 | \$ 43 |
| Total | 4 | 10 | 43 |
| Less current portion | (3) | (5) | (32) |
| Long-term debt, less current portion | ¥ 1 | ¥ 5 | \$ 11 |

Annual maturities of long-term debt as of March 31, 2013, were as follows:

| Year Ending March 31 | Millions of Yen | Thousands of U.S. Dollars |
|----------------------|-----------------|---------------------------|
| 2014 | ¥ 3 | \$ 32 |
| 2015 | 1 | 11 |
| 2016 | 0 | 0 |
| Total | ¥ 4 | \$ 43 |

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 as of March 31, 2013 and 2012, consisted of the following:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---------------------------------|-----------------|----------|---------------------------|
| | 2013 | 2012 | 2013 |
| Projected benefit obligation | ¥ 11,373 | ¥ 10,177 | \$ 120,990 |
| Fair value of plan assets | (9,746) | (7,984) | (103,681) |
| Unrecognized prior service cost | (22) | (28) | (234) |
| Unrecognized actuarial loss | 143 | (901) | 1,521 |
| Net liability | ¥ 1,748 | ¥ 1,264 | \$ 18,596 |

The components of net periodic retirement benefit costs for the years ended March 31, 2013 and 2012, are as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---------------------------------------|-----------------|---------|---------------------------|
| | 2013 | 2012 | 2013 |
| Service cost | ¥ 1,270 | ¥ 1,195 | \$ 13,511 |
| Interest cost | 196 | 185 | 2,085 |
| Expected return on plan assets | (239) | (227) | (2,543) |
| Amortization of prior service cost | 6 | 3 | 64 |
| Recognized actuarial loss | 564 | 509 | 6,000 |
| Net periodic retirement benefit costs | ¥ 1,797 | ¥ 1,665 | \$ 19,117 |

Assumptions used for the years ended March 31, 2013 and 2012, are set forth as follows:

| | 2013 | 2012 |
|---|---------|---------|
| Discount rate | 1.5% | 2.0% |
| Expected rate of return on plan assets | 3.0% | 3.0% |
| Amortization period of prior service cost | 5 years | 5 years |
| Recognition period of actuarial gain/loss | 5 years | 5 years |

In addition, the Company and certain subsidiaries participate in contributory multiemployer pension plans covering substantially all of their employees. Under these plans, the amount of pension assets and benefit obligations were approximately ¥9,533 million (\$101,415 thousand) and ¥11,561 million (\$122,989 thousand) at March 31, 2012, the most recent valuation date.

The Company also has recorded a liability for an unfunded retirement benefit plan covering all of its directors in the amount of ¥160 million (\$1,702 thousand) and ¥160 million as of March 31, 2013 and 2012, respectively.

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 an Audit & Supervisory Board, 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 (noncash assets) to shareholders subject to a certain limitation and additional requirements.

9. STOCK OPTION

The stock options outstanding as of March 31, 2013, are as follows:

| Stock Option | Persons Granted | Number of Options Granted (Shares) | Date of Grant | Exercise Price | Exercise Period |
|-------------------|--|------------------------------------|---------------|-----------------------|-------------------------------------|
| 2007 Stock Option | 9 directors 152 employees 18 directors of subsidiaries 42 employees of subsidiaries | 1,466,400 | July 30, 2007 | ¥ 2,325 (\$ 24.73) | From July 30, 2009 to July 29, 2015 |

The number of options granted and price information in the above table are retroactively adjusted for stock splits.

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 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.

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.

The stock option activity is as follows:

| For the year ended March 31, 2012 | 2007 Stock Option (Shares) |
|---|------------------------------------|
| Non-vested | |
| March 31, 2011 - Outstanding | |
| Granted | |
| Canceled | |
| Vested | |
| March 31, 2012 - Outstanding | |
| Vested | |
| March 31, 2011 - Outstanding | 1,221,000 |
| Vested | |
| Exercised | (103,400) |
| Canceled | (6,000) |
| March 31, 2012 - Outstanding | 1,111,600 |
| For the year ended March 31, 2013 | 2007 Stock Option (Shares) |
| Non-vested | |
| March 31, 2012 - Outstanding | |
| Granted | |
| Canceled | |
| Vested | |
| March 31, 2013 - Outstanding | |
| Vested | |
| March 31, 2012 - Outstanding | 1,111,600 |
| Vested | |
| Exercised | (372,400) |
| Canceled | (21,000) |
| March 31, 2013 - Outstanding | 718,200 |
| Exercise price | ¥ 2,325 |
| Average stock price at exercise | ¥ 3,770 |
| 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 38.0% and 40.6% for the years ended March 31, 2013 and 2012, respectively. 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, 2013 and 2012, are as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|-----------------|---------|---------------------------|
| | 2013 | 2012 | 2013 |
| Deferred tax assets (current): | | | |
| Unrealized intercompany profits | ¥ 2,609 | ¥ 2,072 | \$ 27,755 |
| Inventories | 517 | 489 | 5,500 |
| Accrued bonuses | 1,091 | 1,067 | 11,606 |
| Accrued enterprise tax | 299 | 163 | 3,181 |
| Other | 1,519 | 1,341 | 16,160 |
| Total | 6,035 | 5,132 | 64,202 |
| Deferred tax assets (non-current): | | | |
| Depreciation | 73 | 69 | 777 |
| Liability for retirement benefits | 576 | 420 | 6,128 |
| Software | 792 | 746 | 8,426 |
| Investment securities | 287 | 287 | 3,053 |
| Other | 1,208 | 1,187 | 12,850 |
| Less valuation allowance | (213) | (228) | (2,266) |
| Total | 2,723 | 2,481 | 28,968 |
| Deferred tax liabilities (current) | | | |
| | 12 | 3 | 128 |
| Deferred tax liabilities (non-current): | | | |
| Net unrealized gain on available-for-sale securities | 375 | 239 | 3,989 |
| Revaluation of land for consolidation | 400 | 400 | 4,255 |
| Investment loss for subsidiaries capital reduction by corporation tax law | 377 | 377 | 4,011 |
| Undistributed earnings of foreign subsidiaries | 3,351 | 2,356 | 35,649 |
| Other | 1,170 | 781 | 12,447 |
| Total | 5,673 | 4,153 | 60,351 |
| Net deferred tax assets | ¥ 3,073 | ¥ 3,457 | \$ 32,691 |
| A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the year ended March 31, 2012, is as follows: | | | |
| | | | 2012 |
| Normal effective statutory tax rate | | | 40.6% |
| Expenses not deductible for income tax purposes | | | 1.3 |
| Per capita levy | | | 0.3 |
| Foreign tax credit | | | (0.8) |
| R&D tax credit | | | (3.3) |
| Amortization of goodwill | | | 1.5 |
| Effect of tax rate reduction | | | 0.8 |
| Tax effect on undistributed earnings of foreign subsidiaries | | | 2.0 |
| Different tax rates applied to foreign subsidiaries | | | (6.7) |
| Other - net | | | 0.8 |
| Actual effective tax rate | | | 36.5% |

Since the actual effective tax rate at March 31, 2013, differed from the normal effective statutory tax rate by less than 5%, disclosure of details is omitted.

11. LEASES

(Lessee)

The Group leases certain furniture, fixtures and other assets.

The minimum rental commitments under noncancelable operating leases are as follows:

| | Millions of Yen | Thousands of U.S. Dollars |
|---------------------|-----------------|---------------------------|
| | 2013 | 2013 |
| Due within one year | ¥ 929 | \$ 9,883 |
| Due after one year | 5,873 | 62,479 |
| Total | ¥ 6,802 | \$ 72,362 |

(Lessor)

The net investments in lease are summarized as follows:

| | Millions of Yen | Thousands of U.S. Dollars |
|---------------------------|-----------------|---------------------------|
| | 2013 | 2012 |
| Gross lease receivables | ¥ 3,267 | ¥ 2,692 |
| Estimated residual values | 564 | 397 |
| Unearned interest income | (568) | (512) |
| Investments in lease | ¥ 3,263 | ¥ 2,577 |
| | | \$ 34,713 |

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 |
|----------------------|-----------------|---------------------------|
| 2014 | ¥ 1,016 | \$ 10,809 |
| 2015 | 871 | 9,266 |
| 2016 | 687 | 7,308 |
| 2017 | 456 | 4,851 |
| 2018 | 195 | 2,074 |
| 2019 and thereafter | 42 | 447 |
| Total | ¥ 3,267 | \$ 34,755 |

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

| | Millions of Yen | Thousands of U.S. Dollars |
|---------------------|-----------------|---------------------------|
| | 2013 | 2013 |
| Due within one year | ¥ 4 | \$ 42 |
| Due after one year | 6 | 64 |
| Total | ¥ 10 | \$ 106 |

12. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(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 investments in lease, 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 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 ten 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, "DERIVATIVES" 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 at an early stage. The credit risk regarding subsidiaries is also managed in the same manner. With respect to financial investments, the Group manages its exposure to credit risk by prohibiting its funding to high credit rated bonds in accordance with 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 their 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 prices in active markets. If a 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, 2013 and 2012, are as follows. Note that financial instruments whose fair value cannot be reliably determined are not included (see (b)).

| March 31, 2013 | Millions of Yen | | |
|--|-----------------|------------|----------------------|
| | Carrying Amount | Fair Value | Unrealized Gain/Loss |
| Cash and cash equivalents | ¥ 34,307 | ¥ 34,307 | |
| Receivables: | | | |
| Trade notes | 3,584 | | |
| Trade accounts | 37,507 | | |
| Associated companies | 165 | | |
| Allowance for doubtful accounts ^(*) | (523) | | |
| Receivables - net | 40,733 | 40,732 | ¥ (1) |
| Investments in lease | 3,263 | 3,240 | (23) |
| Investment securities - | | | |
| Available-for-sale securities | 2,677 | 2,677 | |
| Total | ¥ 80,980 | ¥ 80,956 | ¥ (24) |
| Payables: | | | |
| Trade notes | ¥ 1,728 | ¥ 1,728 | |
| Trade accounts | 12,872 | 12,872 | |
| Associated companies | 258 | 258 | |
| Lease obligations | 299 | 300 | ¥ 1 |
| Income taxes payable | 3,983 | 3,983 | |
| Total | ¥ 19,140 | ¥ 19,141 | ¥ 1 |
| Derivatives ^(*) | ¥ (151) | ¥ (151) | |

| March 31, 2012 | Millions of Yen | | |
|--|-----------------|------------|----------------------|
| | Carrying Amount | Fair Value | Unrealized Gain/Loss |
| Cash and cash equivalents | ¥ 21,838 | ¥ 21,838 | |
| Receivables: | | | |
| Trade notes | 3,383 | | |
| Trade accounts | 32,674 | | |
| Associated companies | 164 | | |
| Allowance for doubtful accounts ^(*) | (344) | | |
| Receivables - net | 35,877 | 35,876 | ¥ (1) |
| Investments in lease | 2,577 | 2,489 | (88) |
| Investment securities - | | | |
| Available-for-sale securities | 2,239 | 2,239 | |
| Total | ¥ 62,531 | ¥ 62,442 | ¥ (89) |
| Payables: | | | |
| Trade notes | ¥ 2,023 | ¥ 2,023 | |
| Trade accounts | 9,978 | 9,978 | |
| Associated companies | 165 | 165 | |
| Lease obligations | 509 | 506 | ¥ (3) |
| Income taxes payable | 2,776 | 2,776 | |
| Total | ¥ 15,451 | ¥ 15,448 | ¥ (3) |
| Derivatives ^(*) | ¥ (238) | ¥ (238) | |

| March 31, 2013 | Thousands of U.S. Dollars | | |
|--|---------------------------|------------|----------------------|
| | Carrying Amount | Fair Value | Unrealized Gain/Loss |
| Cash and cash equivalents | \$ 364,968 | \$ 364,968 | |
| Receivables: | | | |
| Trade notes | 38,128 | | |
| Trade accounts | 399,011 | | |
| Associated companies | 1,755 | | |
| Allowance for doubtful accounts ^(*) | (5,564) | | |
| Receivables - net | 433,330 | 433,319 | \$ (11) |
| Investments in lease | 34,713 | 34,468 | (245) |
| Investment securities - | | | |
| Available-for-sale securities | 28,479 | 28,479 | |
| Total | \$ 861,490 | \$ 861,234 | \$ (256) |
| Payables: | | | |
| Trade notes | \$ 18,383 | \$ 18,383 | |
| Trade accounts | 136,936 | 136,936 | |
| Associated companies | 2,745 | 2,745 | |
| Lease obligations | 3,180 | 3,191 | \$ 11 |
| Income taxes payable | 42,372 | 42,372 | |
| Total | \$ 203,616 | \$ 203,627 | \$ 11 |
| Derivatives ^(*) | \$ (1,606) | \$ (1,606) | |

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, are 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 the remaining terms and credit risks.

Investment securities

The fair values of equity securities are determined by securities exchange prices. 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 principal discounted by the interest rate which would be used if a new lease transaction occurred.

Derivatives

Fair value information for derivatives is included in Note 13, "DERIVATIVES."

(b) Carrying amount of financial instruments whose fair value cannot be reliably determined

| | Millions of Yen | | Thousands of U.S. Dollars |
|--|-----------------|---------|---------------------------|
| | 2013 | 2012 | 2013 |
| Investments in equity instruments that do not have a quoted market price in an active market | ¥ 1,358 | ¥ 1,021 | \$ 14,447 |

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

| March 31, 2013 | Millions of Yen | | | |
|---------------------------|-------------------------|---------------------------------------|--|---------------------|
| | 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 | ¥ 34,307 | | | |
| Receivables: | | | | |
| Trade notes | 3,584 | | | |
| Trade accounts | 37,211 | ¥ 296 | | |
| Associated companies | 165 | | | |
| Investments in lease | 881 | 2,356 | ¥ 26 | |
| Total | ¥ 76,148 | ¥ 2,652 | ¥ 26 | |

| March 31, 2012 | Millions of Yen | | | |
|---------------------------|-------------------------|---------------------------------------|--|---------------------|
| | 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 | ¥ 21,838 | | | |
| Receivables: | | | | |
| Trade notes | 3,383 | | | |
| Trade accounts | 32,425 | ¥ 249 | | |
| Associated companies | 164 | | | |
| Investments in lease | 579 | 1,962 | ¥ 36 | |
| Total | ¥ 58,389 | ¥ 2,211 | ¥ 36 | |

| March 31, 2013 | Thousands of U.S. Dollars | | | |
|---------------------------|---------------------------|---------------------------------------|--|---------------------|
| | 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 | \$ 364,968 | | | |
| Receivables: | | | | |
| Trade notes | 38,128 | | | |
| Trade accounts | 395,862 | \$ 3,149 | | |
| Associated companies | 1,755 | | | |
| Investments in lease | 9,372 | 25,064 | \$ 277 | |
| Total | \$ 810,085 | \$ 28,213 | \$ 277 | |

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 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

| March 31, 2013 | Millions of Yen | | | |
|-------------------------------------|-----------------|------------------------------------|------------|----------------------|
| | Contract Amount | Contract Amount Due after One Year | Fair Value | Unrealized Gain/Loss |
| Foreign currency forward contracts: | | | | |
| Selling U.S. dollars | ¥ 5,524 | | ¥ (160) | ¥ (160) |
| Selling euro | 310 | | 9 | 9 |

| March 31, 2012 | Millions of Yen | | | |
|-------------------------------------|-----------------|------------------------------------|------------|----------------------|
| | Contract Amount | Contract Amount Due after One Year | Fair Value | Unrealized Gain/Loss |
| Foreign currency forward contracts: | | | | |
| Selling U.S. dollars | ¥ 4,700 | | ¥ (184) | ¥ (184) |
| Selling euro | 1,044 | | (54) | (54) |

| March 31, 2013 | Thousands of U.S. Dollars | | | |
|-------------------------------------|---------------------------|------------------------------------|------------|----------------------|
| | Contract Amount | Contract Amount Due after One Year | Fair Value | Unrealized Gain/Loss |
| Foreign currency forward contracts: | | | | |
| Selling U.S.dollars | \$ 58,766 | | \$ (1,702) | \$ (1,702) |
| Selling euro | 3,298 | | 96 | 96 |

Derivative transactions to which hedge accounting is applied

| March 31, 2012 | Millions of Yen | | | |
|--------------------------------------|-----------------|-----------------|------------------------------------|------------|
| | Hedged Item | Contract Amount | Contract Amount Due after One Year | Fair Value |
| Foreign currency forward contracts - | | | | |
| Selling euro | Receivables | ¥ 55 | | ¥ (0) |

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

The components of other comprehensive income for the years ended March 31, 2013 and 2012, were as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|-----------------|-----------|---------------------------|
| | 2013 | 2012 | 2013 |
| Unrealized gain on available-for-sale securities: | | | |
| Gains arising during the year | ¥ 438 | ¥ 349 | \$ 4,660 |
| Reclassification adjustments to profit or loss | | | |
| Amount before income tax effect | 438 | 349 | 4,660 |
| Income tax effect | (156) | (108) | (1,660) |
| Total | ¥ 282 | ¥ 241 | \$ 3,000 |
| Deferred gain (loss) on derivatives under hedge accounting: | | | |
| Gains arising during the year | ¥ (16) | ¥ 3 | \$ (170) |
| Reclassification adjustments to profit or loss | 16 | 20 | 170 |
| Amount before income tax effect | 0 | 23 | 0 |
| Income tax effect | (0) | (9) | (0) |
| Total | ¥ 0 | ¥ 14 | \$ 0 |
| Foreign currency translation adjustments: | | | |
| Adjustments arising during the year | ¥ 5,190 | ¥ (1,092) | \$ 55,213 |
| Reclassification adjustments to profit or loss | | 28 | |
| Total | ¥ 5,190 | ¥ (1,064) | \$ 55,213 |
| Total other comprehensive income (loss) | ¥ 5,472 | ¥ (809) | \$ 58,213 |

15. NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2013 and 2012, is as follows:

| | Millions of Yen | Thousands of U.S. Dollars | Yen | U.S. Dollars |
|---|-----------------|---------------------------|----------|--------------|
| | Net Income | Weighted-Average Shares | EPS | |
| For the year ended March 31, 2013: | | | | |
| Basic EPS | | | | |
| Net income available to common shareholders | ¥ 14,166 | 102,964 | ¥ 137.58 | \$ 1.46 |
| Effect of dilutive securities | | | | |
| Stock options | | 391 | | |
| Diluted EPS | | | | |
| Net income for computation | ¥ 14,166 | 103,355 | ¥ 137.06 | \$ 1.46 |
| For the year ended March 31, 2012: | | | | |
| Basic EPS | | | | |
| Net income available to common shareholders | ¥ 12,007 | 102,758 | ¥ 116.85 | |
| Effect of dilutive securities | | | | |
| Stock options | | 191 | | |
| Diluted EPS | | | | |
| Net income for computation | ¥ 12,007 | 102,949 | ¥ 116.63 | |

16. RELATED PARTY DISCLOSURES

Transactions of the Company with related parties for the year ended March 31, 2013, were as follows:

| | Millions of Yen | Thousands of U.S. Dollars |
|---------------------------|-----------------|---------------------------|
| | 2013 | 2013 |
| Officers of the Company - | | |
| Exercise of stock options | ¥ 216 | \$ 2,298 |

17. SUBSEQUENT EVENTS

Appropriations of Retained Earnings

The following appropriation of retained earnings at March 31, 2013, was approved at the shareholders' meeting of the Company held on June 21, 2013:

| | Millions of Yen | Thousands of U.S. Dollars |
|---|-----------------|---------------------------|
| | 2013 | 2013 |
| Year-end cash dividends, ¥23 (\$0.24) per share | ¥ 2,373 | \$ 25,245 |

18. SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures" and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," 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.

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 four 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 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 and other items is as follows:

| | Millions of Yen | | | | | | | Reconciliations | Consolidated |
|---|--------------------|----------|----------|--------------|---------|-----------|------------|-----------------|--------------|
| | 2013 | | | | | | | | |
| | Reportable Segment | | | | | Total | | | |
| Japan | Americas | Europe | China | Asia Pacific | | | | | |
| Sales: | | | | | | | | | |
| Sales to external customers | ¥ 42,971 | ¥ 29,703 | ¥ 39,436 | ¥ 24,425 | ¥ 9,043 | ¥ 145,578 | | ¥ 145,578 | |
| Intersegment sales or transfers | 45,197 | 2 | 483 | 6 | 167 | 45,855 | ¥ (45,855) | | |
| Total | ¥ 88,168 | ¥ 29,705 | ¥ 39,919 | ¥ 24,431 | ¥ 9,210 | ¥ 191,433 | ¥ (45,855) | ¥ 145,578 | |
| Segment profit | ¥ 11,939 | ¥ 2,129 | ¥ 5,799 | ¥ 2,384 | ¥ 1,056 | ¥ 23,307 | ¥ (1,502) | ¥ 21,805 | |
| Segment assets | 99,946 | 25,471 | 35,255 | 19,063 | 8,502 | 188,237 | (15,226) | 173,011 | |
| Other: | | | | | | | | | |
| Depreciation | 4,464 | 1,257 | 2,349 | 203 | 539 | 8,812 | (867) | 7,945 | |
| Amortization of goodwill | 280 | | 580 | | 7 | 867 | | 867 | |
| Investment of associates accounted for using equity method | 415 | | | | | 415 | | 415 | |
| Increase in property, plant and equipment and intangible assets | 6,086 | 1,957 | 2,634 | 328 | 1,138 | 12,143 | (994) | 11,149 | |

| | Millions of Yen | | | | | | | Reconciliations | Consolidated |
|---|--------------------|----------|----------|--------------|---------|-----------|------------|-----------------|--------------|
| | 2012 | | | | | | | | |
| | Reportable Segment | | | | | Total | | | |
| Japan | Americas | Europe | China | Asia Pacific | | | | | |
| Sales: | | | | | | | | | |
| Sales to external customers | ¥ 43,690 | ¥ 26,855 | ¥ 37,032 | ¥ 19,299 | ¥ 7,868 | ¥ 134,744 | | ¥ 134,744 | |
| Intersegment sales or transfers | 39,094 | 2 | 453 | 5 | 131 | 39,685 | ¥ (39,685) | | |
| Total | ¥ 82,784 | ¥ 26,857 | ¥ 37,485 | ¥ 19,304 | ¥ 7,999 | ¥ 174,429 | ¥ (39,685) | ¥ 134,744 | |
| Segment profit | ¥ 8,683 | ¥ 2,872 | ¥ 5,379 | ¥ 2,370 | ¥ 330 | ¥ 19,634 | ¥ (428) | ¥ 19,206 | |
| Segment assets | 90,699 | 18,173 | 28,364 | 11,860 | 5,772 | 154,868 | (12,583) | 142,285 | |
| Other: | | | | | | | | | |
| Depreciation | 3,926 | 1,075 | 2,229 | 137 | 363 | 7,730 | (699) | 7,031 | |
| Amortization of goodwill | 454 | | 530 | | 7 | 991 | | 991 | |
| Investment of associates accounted for using equity method | 76 | | | | | 76 | | 76 | |
| Increase in property, plant and equipment and intangible assets | 4,796 | 1,261 | 3,178 | 828 | 476 | 10,539 | (923) | 9,616 | |

| | Thousands of U.S. Dollars | | | | | | | Reconciliations | Consolidated |
|---|---------------------------|------------|------------|--------------|-----------|--------------|-------------|-----------------|--------------|
| | 2013 | | | | | | | | |
| | Reportable Segment | | | | | Total | | | |
| Japan | Americas | Europe | China | Asia Pacific | | | | | |
| Sales: | | | | | | | | | |
| Sales to external customers | \$ 457,138 | \$ 315,989 | \$ 419,532 | \$ 259,841 | \$ 96,202 | \$ 1,548,702 | | \$ 1,548,702 | |
| Intersegment sales or transfers | 480,819 | 21 | 5,138 | 64 | 1,777 | 487,819 | \$(487,819) | | |
| Total | \$ 937,957 | \$ 316,010 | \$ 424,670 | \$ 259,905 | \$ 97,979 | \$ 2,036,521 | \$(487,819) | \$ 1,548,702 | |
| Segment profit | \$ 127,011 | \$ 22,649 | \$ 61,691 | \$ 25,362 | \$ 11,234 | \$ 247,947 | \$(15,979) | \$ 231,968 | |
| Segment assets | 1,063,255 | 270,968 | 375,054 | 202,798 | 90,447 | 2,002,522 | (161,979) | 1,840,543 | |
| Other: | | | | | | | | | |
| Depreciation | 47,489 | 13,372 | 24,989 | 2,160 | 5,734 | 93,744 | (9,222) | 84,522 | |
| Amortization of goodwill | 2,979 | | 6,170 | | 74 | 9,223 | | 9,223 | |
| Investment of associates accounted for using equity method | 4,415 | | | | | 4,415 | | 4,415 | |
| Increase in property, plant and equipment and intangible assets | 64,745 | 20,819 | 28,021 | 3,489 | 12,106 | 129,180 | (10,574) | 118,606 | |

Note: Reconciliations principally consist of intersegment transfers and unallocated corporate assets at ¥3,105 million (\$33,032 thousand) and ¥2,692 million for 2013 and 2012, respectively. The unallocated corporate assets primarily composed of funds such as marketable equity securities.

Consolidated Financial Statements

4. Information about products and services

| | Millions of Yen | | | | |
|-----------------------------|-----------------|----------|---------------------|----------|-----------|
| | 2013 | | | | |
| | Instrument | Reagent | Maintenance Service | Others | Total |
| Sales to external customers | ¥ 47,867 | ¥ 66,505 | ¥ 14,130 | ¥ 17,076 | ¥ 145,578 |

| | Millions of Yen | | | | |
|-----------------------------|-----------------|----------|---------------------|----------|-----------|
| | 2012 | | | | |
| | Instrument | Reagent | Maintenance Service | Others | Total |
| Sales to external customers | ¥ 46,142 | ¥ 59,906 | ¥ 12,823 | ¥ 15,873 | ¥ 134,744 |

| | Thousands of U.S. Dollars | | | | |
|-----------------------------|---------------------------|------------|---------------------|------------|--------------|
| | 2013 | | | | |
| | Instrument | Reagent | Maintenance Service | Others | Total |
| Sales to external customers | \$ 509,223 | \$ 707,500 | \$ 150,319 | \$ 181,660 | \$ 1,548,702 |

5. Information about geographical areas

(1) Sales

| Millions of Yen | | | | |
|-----------------|----------|----------|----------|-----------|
| 2013 | | | | |
| Japan | America | China | Other | Total |
| ¥ 40,190 | ¥ 25,229 | ¥ 24,430 | ¥ 55,729 | ¥ 145,578 |

| Millions of Yen | | | | |
|-----------------|----------|----------|----------|-----------|
| 2012 | | | | |
| Japan | America | China | Other | Total |
| ¥ 39,735 | ¥ 24,046 | ¥ 19,299 | ¥ 51,664 | ¥ 134,744 |

| Thousands of U.S. Dollars | | | | |
|---------------------------|------------|------------|------------|--------------|
| 2013 | | | | |
| Japan | America | China | Other | Total |
| \$ 427,553 | \$ 268,394 | \$ 259,893 | \$ 592,862 | \$ 1,548,702 |

(2) Property, plant and equipment

| Millions of Yen | | | |
|-----------------|---------|---------|----------|
| 2013 | | | |
| Japan | America | Other | Total |
| ¥ 30,786 | ¥ 4,720 | ¥ 9,973 | ¥ 45,479 |

| Millions of Yen | | | |
|-----------------|---------|---------|----------|
| 2012 | | | |
| Japan | America | Other | Total |
| ¥ 29,317 | ¥ 2,375 | ¥ 8,148 | ¥ 39,840 |

| Thousands of U.S. Dollars | | | |
|---------------------------|-----------|------------|------------|
| 2013 | | | |
| Japan | America | Other | Total |
| \$ 327,511 | \$ 50,213 | \$ 106,095 | \$ 483,819 |

Note: 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 | | | | | | |
|----------------------------|-----------------|----------|--------|-------|--------------|------------------------|---------|
| | 2013 | | | | | | |
| | Japan | Americas | Europe | China | Asia Pacific | Eliminations/Corporate | Total |
| Goodwill at March 31, 2013 | ¥ 841 | | ¥ 944 | | | ¥ 5 | ¥ 1,790 |

| | Millions of Yen | | | | | | |
|----------------------------|-----------------|----------|---------|-------|--------------|------------------------|---------|
| | 2012 | | | | | | |
| | Japan | Americas | Europe | China | Asia Pacific | Eliminations/Corporate | Total |
| Goodwill at March 31, 2012 | ¥ 1,121 | | ¥ 1,061 | | | ¥ 12 | ¥ 2,194 |

| | Thousands of U.S. Dollars | | | | | | |
|----------------------------|---------------------------|----------|-----------|-------|--------------|------------------------|-----------|
| | 2013 | | | | | | |
| | Japan | Americas | Europe | China | Asia Pacific | Eliminations/Corporate | Total |
| Goodwill at March 31, 2013 | \$ 8,947 | | \$ 10,042 | | | \$ 53 | \$ 19,042 |



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Sysmex Corporation:

We have audited the accompanying consolidated balance sheet of Sysmex Corporation and its subsidiaries as of March 31, 2013, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 its subsidiaries as of March 31, 2013, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

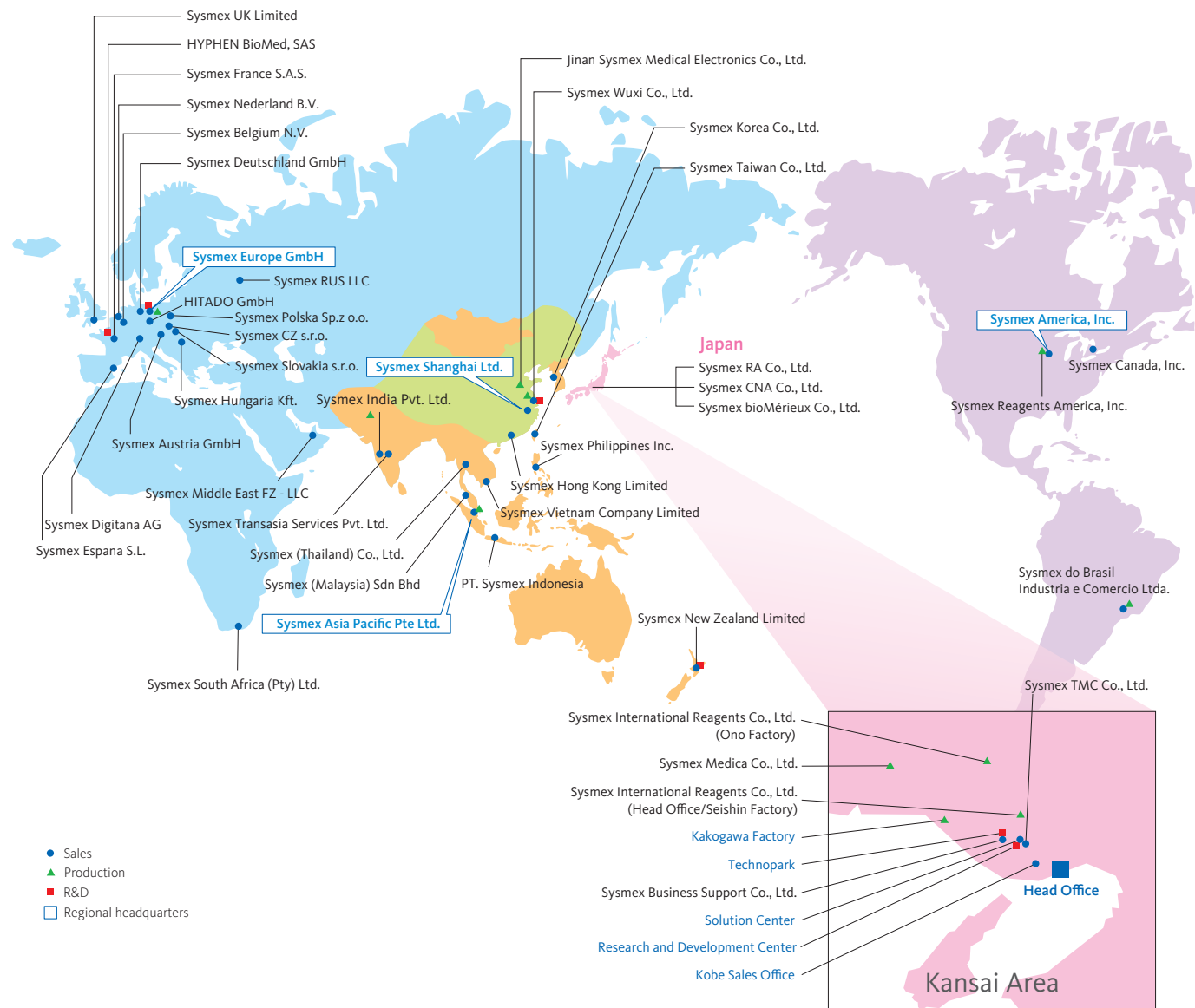
Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of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

Deloitte Touche Tohmatsu LLC

June 14, 2013

Member of
Deloitte Touche Tohmatsu Limited

Global 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, Hyogo 651-2271 | TEL: (+81) 78-991-1911 | FAX: (+81) 78-991-1917 | | |
| Solution Center | 1-3-2 Murotani, Nishi-ku, Kobe, Hyogo 651-2241 | TEL: (+81) 78-992-5860 | FAX: (+81) 78-992-5868 | | |
| Research and Development Center | 1-1-2 Murotani, Nishi-ku, Kobe, Hyogo 651-2241 | TEL: (+81) 78-991-2212 | FAX: (+81) 78-992-1082 | | |
| Kakogawa Factory | 314-2 Kitano, Noguchicho, Kakogawa, Hyogo 675-0011 | TEL: (+81) 79-424-1171 | FAX: (+81) 79-424-6814 | | |
| Protein Development Center | 1548 Ooaza Shimookudomi, Sayama, Saitama 350-1332 | TEL: (+81) 4-2954-2171 | FAX: (+81) 4-2954-2172 | | |
| Sendai Branch | Kita Kanto Branch | Tokyo Branch | Nagoya Branch | Osaka Branch | Hiroshima Branch |
| Fukuoka Branch | Sapporo Sales Office | Morioka Sales Office | Nagano Sales Office | Niigata Sales Office | Chiba Sales Office |
| Shizuoka Sales Office | Kanazawa Sales Office | Kyoto Sales Office | Kobe Sales Office | Takamatsu Sales Office | Okayama Sales Office |
| Kagoshima Sales Office | Metropolitan Area Service Center | | | | |

| Associated Foundation | | | |
|---|---|------------------------|------------------------|
| Nakatani Foundation for Advancement of Measuring Technologies in Biomedical Engineering | 1-2-2 Ohsaki, Shinagawa-ku, Tokyo 141-0032, Japan | TEL: (+81) 3-5719-2125 | FAX: (+81) 3-5719-2135 |

(As of May 31, 2013)

| | Corporate name | Established | Equity ownership by Group | Location | TEL |
|---|---|----------------------|---|--|--|
| Japan | Sysmex Corporation | 1968 | — | 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 Business Support Co., Ltd. | 2013 | 100% | 4-4-4 Takatsukadai, Nishi-ku, Kobe, Hyogo 651-2271, Japan | TEL: (+81) 78-992-5826 |
| | 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% | 577 Aptakisic Road, Lincolnshire, IL 60069, U.S.A. |
| 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 |
| EMEA* | 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 France S.A.S. | 2000 | 100% | 22, avenue des Nations, Paris Nord II-B.P. 51414 Villepinte, 95944 ROISSY-CDG Cedex, France | TEL: (+33) 1-48-170190 |
| | HYPHEN BioMed, SAS | 2010 | 100% | 155 Rue d'Eragry-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 Nederland B.V. | 2009 | 100% | Ecustraet 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 | 100% | 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, III kerulet, Becsi ut 271, 1037 Budapest, Hungary | TEL: (+36) 1-210-96-70 |
| | 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% | Trencianska 47 821 09 Bratislava, Slovakia | TEL: (+421) 2-6453-2881-2 |
| | Sysmex RUS LLC | 2011 | 100% | 1 Magistralny tupik, 11, Bld. 10, Office 1020 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 Lujiuzui Ring Road, Shanghai, 200120, China |
| 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 7/21, Bandar Sunway, 46150 Petaling Jaya, Selangor, Malaysia | TEL: (+60) 3-56371788 |
| | Sysmex (Thailand) Co., Ltd. | 1999 | 100% | 12 Floor, Tonson Tower, 900 Ploenchit Road, Lumpini, Pathumwan, Bangkok 11330, 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 Indonesia | 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: (+63) 2-621-2460 |
| | Sysmex Taiwan Co., Ltd. | 2000 | 100% | Song Jiang Road 318 13F-3, Zhong Shan District, Taipei, Taiwan | TEL: (+886) 2-2542-2339 |
| | Sysmex Korea Co., Ltd. | 2013 | 100% | 66 Umyeon-dong, Seocho-gu, Seoul, 137-900, Korea | TEL: (+82) 2-3498-5359 |
| Sysmex New Zealand Limited | 2001 | 100% | 382-386 Manukau Road, Epsom, Auckland 1344, New Zealand | TEL: (+64) 9-630-3554 | |

* The name of this region was changed from "Europe" to "EMEA" in April 2013.

Brief History of the Company

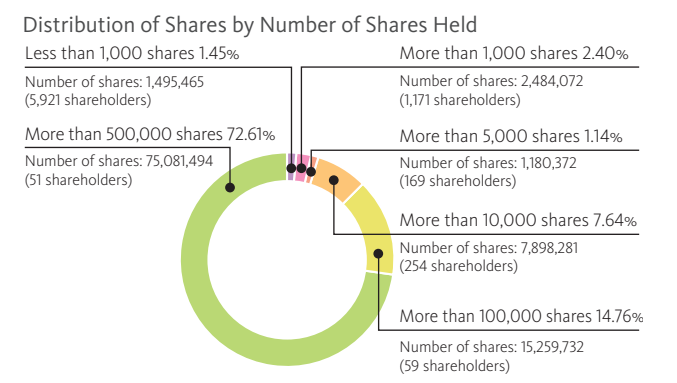
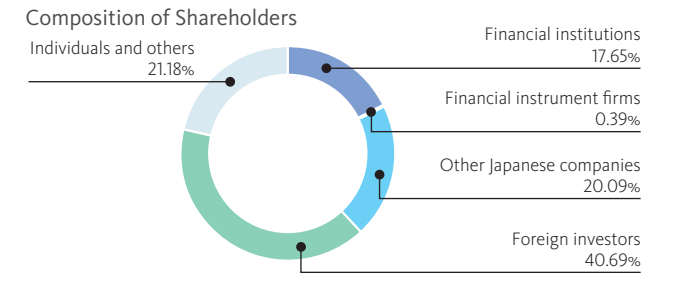
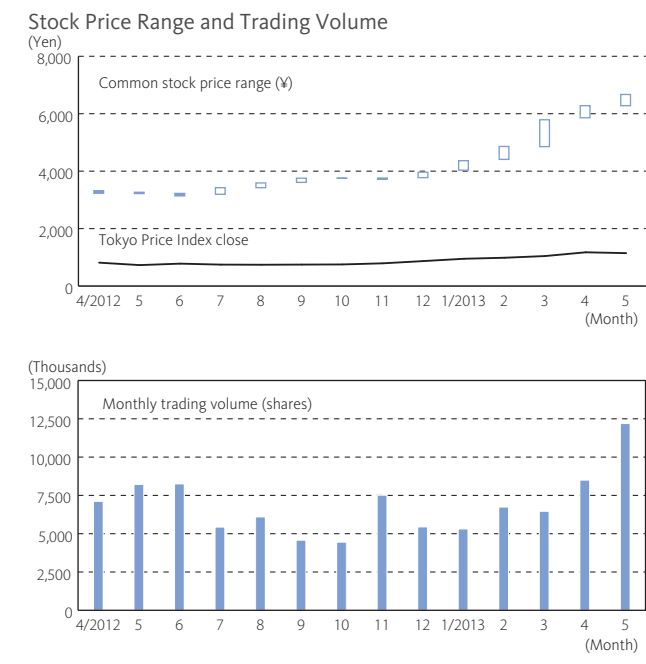
● Management ● R&D ● Production ● Marketing
(See page 28 for a history of our instrument development.)

- **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 subsidiary 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 around the world)
- **Oct. 1979** Established a US subsidiary, now Sysmex America.
- **Oct. 1980** Established a European subsidiary, 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 subsidiary, 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 subsidiary, 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.
- **Dec. 1998** Established the Brazilian subsidiary, Sysmex do Brasil Industria e Comercio Ltda.
- **Jan. 2000** Founded a Shanghai subsidiary, 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.
- **Mar. 2002** Established the Indonesian subsidiary, PT. Sysmex Indonesia.
- **Apr. 2002** Consolidated Sysmex International Reagents as a wholly owned subsidiary 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 subsidiaries 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.
- **Jun. 2004** Established the R&D bases at the Business Support Center for Biomedical Research Activities (BMA) on Port Island in Kobe.
- **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** Carried out a two-for-one stock split.
- **Jan. 2006** Released the XS Series, the world's smallest automated hematology analyzers, which require only minute quantities of blood.
- **Apr. 2007** CNA became a wholly-owned subsidiary through a stock-for-stock exchange.
- **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 subsidiary, 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.
- **Jun. 2008** Established the Dubai subsidiary 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.
- **Apr. 2009** Established the Netherlands subsidiary Sysmex Nederland B.V.
- **Apr. 2009** Established the Belgian subsidiary Sysmex Belgium N.V.
- **Dec. 2009** Opened a reagent development base in China.
- **Jan. 2010** Established an overseas subsidiary 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 subsidiary, Sysmex Vietnam.
- **July 2010** Launched joint business with IDEXX, leader in pet diagnostics.
- **Sep. 2010** Established the Philippines subsidiary Sysmex Philippines Inc.
- **Jan. 2011** Established the Russian subsidiary 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.
- **Oct. 2011** Converted company in Taiwan to wholly owned subsidiary and reinforced sales and support services.
- **Jan. 2012** Began offering laboratory testing service for research involving the risk of recurrence of early-stage breast cancer.
- **Apr. 2012** Upgraded and made additions to the new wing of Ono Factory, expanding our Ono reagent production facility to 1.5 times its previous level.
- **Apr. 2012** Renewed successful alliance in the hematology business with Roche, extending distribution, sales and services agreement for another 10 years.
- **Oct. 2012** Established protein production center to strengthen protein production service business.
- **Apr. 2013** Established the Korean subsidiary, Sysmex Korea Co., Ltd.

Corporate Overview/Stock Information (As of March 31, 2013)

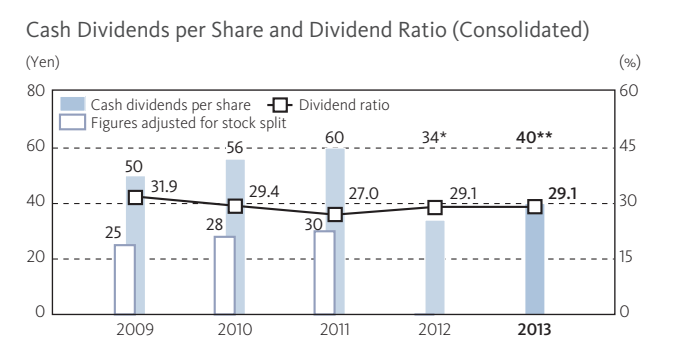
Sysmex Corporation
Established February 20, 1968
Number of Employees 5,594 (consolidated basis)
 2,158 (non-consolidated basis)
 (Including part-time employees)
Fiscal Year April 1—March 31
Shareholders' Meeting In June
Number of Shares Authorized 299,344,000 shares
Number of Shares Issued 103,399,416 shares
Paid-in Capital ¥9,712 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 LLC
Rating A+ (Rating and Investment Information, Inc. (R&I))
Indexes MSCI Standard Index
 Russell/Nomura Japan Equity Indexes
 FTSE Japan Index
 DSI (Daiwa Stock Indices)
 S&P Japan 500
 Dow Jones Sustainability Indexes



Principal Shareholders

| Shareholders | Number of shares held (Thousands) | Percentage of shareholding |
|---|-----------------------------------|----------------------------|
| Japan Trustee Services Bank, Ltd. | 8,960 | 8.67 |
| The Kobe Yamabuki Foundation | 6,000 | 5.80 |
| Nakatani Foundation for Advancement of Measuring Technologies in Biomedical Engineering | 5,915 | 5.72 |
| Nakatani Kosan, Ltd. | 5,148 | 4.98 |
| The Master Trust Bank of Japan, Ltd. | 3,893 | 3.77 |
| JPMorgan Chase Bank 380055 (Standing proxy: Mizuho Corporate Bank. Custody & Proxy Dept.) | 3,652 | 3.53 |
| Kazuko Ietsugu | 3,062 | 2.96 |
| Taeko Wada | 3,062 | 2.96 |
| State Street Bank and Trust Company (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch) | 2,511 | 2.43 |
| Kenji Itani | 2,500 | 2.42 |



* Two-for-one stock split conducted on April 2011.
 ** Including special dividends of ¥4 commemorating the 45th 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.