

Summary of Consolidated Financial Results for the three months Ended June 30, 2010

August 3, 2010

Listed company name : Sysmex Corporation
 Code : 6869
 Listed stock exchanges : Tokyo Stock Exchange
 Osaka Securities Exchange
 URL : <http://www.sysmex.co.jp>
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 Scheduled date for filing of quarterly report : August 12, 2010
 Preparation of supplementary material for quarterly earnings : Yes
 Holding of quarterly earnings announcement : No

(Unit: Millions of Yen)

1. Results for the three months ended June 30, 2010

(1) Operating results

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

	Net Sales		Operating income		Ordinary income		Net income	
Three months ended Jun. 30, 2010	27,894	11.6%	3,375	107.1%	3,004	69.4%	1,770	57.7%
Three months ended Jun. 30, 2009	24,990	(4.5%)	1,629	(19.0%)	1,773	(36.0%)	1,122	(20.2%)

	Net income per share (Yen)	Diluted net income per share (Yen)
Three months ended Jun. 30, 2010	34.52	34.43
Three months ended Jun. 30, 2009	21.95	21.92

(2) Financial condition

	Total assets	Net assets	Equity Ratio	Net assets per share (Yen)
As of Jun. 30, 2010	115,923	84,959	72.6%	1,640.85
As of Mar. 31, 2010	120,702	87,136	71.5%	1,684.90

Note:

Equity capital: 84,201 million yen as of June 30, 2010; 86,357 million yen as of March 31, 2010

2. Dividends (The year ended March 31, 2010 and the year ending March 31, 2011)

	Dividend per share				
	First quarter (Yen)	Second quarter (Yen)	Third quarter (Yen)	Year-end (Yen)	Annual (Yen)
Year ended Mar. 31, 2010	—	25.00	—	31.00	56.00
Year ending Mar. 31, 2011	—				
Year ending Mar. 31, 2011 (Forecast)		28.00	—	28.00	56.00

Note:

Revision of dividends forecast for this period: No

3. Business forecast for the year ending March 31, 2011

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

	Net Sales		Operating income		Ordinary income		Net income		Net income per share (Yen)
Six months ending Sep. 30, 2010	60,000	7.6%	7,500	5.1%	7,500	6.7%	4,500	4.2%	87.72
Year ending Mar. 31, 2011	125,000	7.6%	17,000	8.2%	17,200	9.1%	10,800	10.6%	210.49

Note:

Revision of business forecast for this period: No

4. Other information

- (1) Changes in significant subsidiaries: No
- (2) Application of simplified accounting method and special accounting policy for quarterly financial reporting: Yes
- (3) Changes in accounting procedures
 - 1) Changes based on revisions of accounting standard: Yes
 - 2) Other changes: Yes
- (4) Number of shares outstanding (Ordinary shares)
 - 1) Number of shares outstanding at the end of each fiscal period (including treasury stock):
51,415,808 shares as of June. 30, 2010; 51,353,708 shares as of Mar. 31, 2010
 - 2) Number of treasury stock at the end of each fiscal period:
100,289 shares as of June. 30, 2010; 99,726 shares as of Mar. 31, 2010
 - 3) Average number of outstanding stock for each period (cumulative):
51,288,639 shares three months ended June. 30, 2010; 51,156,522 shares three months ended June. 30, 2009

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

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

【Financial performance】

1. Performance analysis

During the first quarter ended June 30, 2010, the Japanese economy was characterized by an increase in exports, supported by economic expansion in emerging markets, centered on China, and was in a recovery phase, triggered by government economic stimulus measures. Internal demand and other signs of autonomous recovery were also apparent. However, the European debt crisis and credit uncertainty caused the yen to continue appreciating against the euro and the currencies of emerging-market and resource-rich countries.

Personal consumption and capital expenditure levels recovered in Europe and the United States, and the employment situation entered a recovery phase. In Europe, meanwhile, financial austerity measures stemming from the sovereign debt crisis caused economic activity to slow. In China, the global economic recovery prompted a rise in exports and an expansion in internal demand, resulting in robust ongoing economic growth.

On the healthcare front, in Japan the management of medical institutions continued to present difficulties, such as deteriorating financial conditions, hospital mergers and the combination or closure of some of their departments. On the positive side, however, in 2010 medical remuneration was revised upward for the first time in 10 years, and certain changes in the conventional government policy of seeking to curtail medical expenditure became evident, as the new government's plans to reconstruct community medicine and the systems for providing various healthcare services, including emergency medical services, obstetrics and pediatrics departments, began materializing. In advanced countries in Europe and North America, efforts are underway to reduce healthcare costs and reform medical systems. The U.S. government has passed a medical reform bill that aims to reduce the number of people without medical insurance, and implementation has begun. In China, medical system reform that is underway aims to build infrastructures that provide uniform medical services in cities and farming villages throughout the country.

Net Sales by Destination

(First Quarters Ended June 30)	2009		2010		Year-on-Year Increase (%)
	Amount (Millions of Yen)	Percentage of Total (%)	Amount (Millions of Yen)	Percentage of Total (%)	
Japan	6,775	27.1	7,126	25.6	105.2
Americas	5,512	22.1	6,444	23.1	116.9
Europe	9,066	36.3	8,472	30.4	93.4
China	2,110	8.4	3,970	14.2	188.1
Asia Pacific	1,526	6.1	1,881	6.7	123.2
Overseas subtotal	18,215	72.9	20,768	74.4	114.0
Total	24,990	100.0	27,894	100.0	111.6

In Japan, the market environment remained difficult. However, our ongoing efforts to promote solutions led to solid sales in hematology and other fields, as well as the acquisition of a major order. This offset a decrease in sales of our influenza detection kit, POCTEM, following the spread of the new influenza virus in the preceding term. As a result, we posted first-quarter net sales of ¥7,126 million, up 5.2%, compared with the first quarter of the previous fiscal year.

In overseas markets, we made steady progress in the development of sales and support structures and the provision of solutions. As a result, sales moved steadily upward on a local currency basis due to increased sales of diagnostic reagents. Consequently, despite major yen appreciation against the euro and the slowdown in economic expansion stemming from the European debt crisis, the Group's overseas sales were ¥20,768 million, up 14.0% year on year. The overseas sales ratio was 74.4%, up 1.5 percentage point from the same period of the previous fiscal year.

As a result, during the first quarter the Group recorded consolidated net sales of ¥27,894 million, up 11.6%. Operating income grew 107.1%, to ¥3,375 million; ordinary income rose 69.4%, to ¥3,004 million; and net income expanded 57.7%, to ¥1,770 million.

Performance by segment

(1) Japan

Performance remained robust in the hematology field, our main business domain, and our perseverance in presenting solutions to customers paid off in the form of large orders. We therefore posted net sales of ¥7,695 million, up 6.5% from the first quarter of the preceding fiscal year.

Despite the negative effects on income of yen appreciation, we posted operating income of ¥425 million, compared with an operating loss of ¥470 million in the first quarter of the previous year. This improvement was the result of an increase in export sales to Group companies, as well as a change in the method of recording the royalty income, including it in net sales rather than in non-operating income.

(2) Americas

In the United States, sales grew as a result of our focus on developing direct sales and support networks, as well as our success in promoting solutions that meet customer needs, which earned us an order from a prominent commercial lab. Latin America, which had been hard hit by the economic recession, also staged a recovery. As a result, despite the negative effects of yen appreciation, sales in the Americas grew 15.1%, to ¥6,328 million. This rise prompted a 160.2% increase in operating income, to ¥685 million.

(3) Europe

In addition to expanding our direct sales and support structure, we stepped up our efforts in the POCT* market through the HITADO Group, which we made a wholly owned subsidiary in the preceding fiscal year. Despite these efforts, substantial yen appreciation against the euro and the slowdown in economic growth resulting from the sovereign debt crisis resulted in a 6.4% decrease in sales in the region, to ¥8,470 million. Owing to a decline in the cost of sales ratio, operating income, however, grew 1.5%, to ¥1,212 million.

*POCT: Point of care testing. Testing that may be performed rapidly, easily and accurately anywhere, such as the patient's bedside or practitioners' offices, and in emergency situations.

(4) China

In China, sales surged 88.1%, to ¥3,970 million. Behind these solid results were substantially higher sales of instruments and diagnostic reagents in the hematology, hemostasis and urinalysis fields. Owing to higher sales and efforts to curtail selling, general and administrative expenses, operating income rose 91.6%, to ¥926 million.

(5) Asia Pacific

Favorable sales growth continued in Indonesia, and sales of system products were favorable in Australia. Consequently sales increased substantially, centered on diagnostic instruments. Sales in the region amounted to ¥1,429 million, up 28.7%, and operating income of ¥194 million, a 15.6% rise.

2. Financial conditions analysis

(1) Assets, liabilities and net assets

As of June 30, 2010, total assets amounted to ¥115,923 million, down ¥4,779 million from March 31, 2010. Major reasons for this decrease was an ¥2,909 million decrease in trade notes and accounts receivable and a ¥1,211 million decline in property, plant and equipment.

At the same time, total liabilities dropped ¥2,601 million, to ¥30,964 million. Although short-term loans payable rose ¥ 2,420 million, trade notes and accounts payable fell ¥ 1,449 million, income taxes payable declined ¥ 1,053 million, and provision for bonuses was down ¥ 1,514 million

Total net assets came to ¥ 84,959 million at the end of the quarter, down ¥ 2,177 million from fiscal year-end, mainly because the foreign currency translation adjustment fell ¥ 2,446 million. The equity ratio as of June 30, 2010, was 72.6%, up 1.1 percentage points from March 31, 2010.

(2) Cash flows

As of June 30, 2010, cash and cash equivalents amounted to ¥13,663 million, down ¥148 million from March 31, 2010. Cash flows from various activities are described in more detail below.

(Operating cash flow)

Net cash provided by operating activities was ¥1,345 million, up ¥314 million year on year. Income before income taxes provided ¥2,823 million, ¥962 million more than in the first quarter of the preceding fiscal year, and a decrease in trade notes and accounts receivable provided ¥1,463 million, ¥1,594 million less year on year, although a decrease in trade notes and accounts payable used ¥1,256 million, ¥1,210 million less than in the previous year.

(Investing cash flow)

Net cash used in investing activities was ¥1,657 million, ¥690 million more than in the first quarter of the preceding fiscal year. The main use of cash was the purchase of property, plant and equipment, which used ¥1,274 million, a ¥482 million year-on-year increase.

(Financing cash flow)

Net cash provided by financing activities came to ¥711 million, down ¥1,122 million. The primary reason was a ¥2,460 million net increase in short-term loans payable, which provided ¥1,114 million less than in the same quarter of the previous fiscal year.

3. Consolidated financial forecast

Although the Group felt the negative effects of yen appreciation, sales and income both expanded, compared with the first quarter of the previous year. Also, we are enjoying solid overseas sales growth on a local currency basis. Although exchange rate movements and the economic slowdown resulting from Europe's sovereign debt crisis are causes for uncertainty, we expect our performance to progress as planned. Consequently, we maintain unchanged the first-half and full-year consolidated performance forecasts we announced on May 10, 2010.

Consolidated Balance Sheets

(Unit: Millions of Yen)

Items	As of June. 30, 2010	As of Mar. 31, 2010
	Amount	Amount
(Assets)		
I Current assets		
Cash and deposits	13,690	13,835
Notes and accounts receivable-trade	27,597	30,507
Short-term investment securities	148	134
Merchandise and finished goods	13,167	13,988
Work in process	1,530	1,264
Raw materials and supplies	3,353	3,524
Others	8,593	7,999
Allowance for doubtful accounts	(350)	(384)
Total current assets	67,732	70,870
II Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	15,652	15,827
Others	19,149	20,185
Total Property, plant and equipment	34,801	36,013
Intangible assets		
Goodwill	1,581	1,741
Others	4,327	4,476
Total Intangible assets	5,908	6,218
Total Investments and other assets	7,480	7,599
Total Noncurrent assets	48,191	49,832
Total assets	115,923	120,702
(Liabilities)		
I Current liabilities		
Notes and accounts payable-trade	8,783	10,233
Short-term loans payable	2,437	16
Income taxes payable	1,393	2,447
Provision for bonuses	1,422	2,936
Provision for directors' bonuses	43	190
Provision for product warranties	130	149
Others	12,758	13,613
Total current liabilities	26,969	29,587
II Noncurrent liabilities		
Long-term loans payable	2	3
Provision for retirement benefits	707	639
Provision for directors' retirement benefits	160	160
Others	3,124	3,175
Total Noncurrent liabilities	3,994	3,978
Total liabilities	30,964	33,565
(Net assets)		
I Shareholders' equity		
Capital stock	8,912	8,824
Capital surplus	13,851	13,763
Retained earnings	66,457	66,276
Treasury stock	(207)	(204)
Total shareholders' equity	89,013	88,660
II Valuation and translation adjustments		
Valuation difference on available-for-sale securities	188	270
Deferred gains or losses on derivatives under hedge accounting	6	(13)
Foreign currency translation adjustment	(5,007)	(2,560)
Total valuation and translation adjustments	(4,812)	(2,303)
III Subscription rights to shares	648	666
IV Minority interests	109	112
Total net assets	84,959	87,136
Total liabilities and net assets	115,923	120,702

(Note) fractions of one million yen are rounded off

Consolidated Statements of Income

(Unit: Millions of Yen)

Items	Three months ended June. 30, 2009	Three months ended June. 30, 2010
	Amount	Amount
I Net sales	24,990	27,894
II Cost of sales	9,109	9,778
Gross profit	15,881	18,116
III Selling, general and administrative expenses	14,251	14,740
Operating income	1,629	3,375
IV Non-operating income		
Interest income	34	26
Dividends income	19	21
Income from investment real estate	96	94
Foreign exchange gains	93	-
Others	52	44
Total non-operating income	295	187
V Non-operating expenses		
Interest expenses	68	29
Equity in losses of affiliates	15	15
Maintenance cost of investment real estate	37	34
Foreign exchange losses	-	467
Others	30	11
Total non-operating expenses	151	558
Ordinary income	1,773	3,004
VI Extraordinary profits		
Gain on sales of noncurrent assets	8	1
Reversal of allowance for doubtful accounts	87	8
Total extraordinary profits	96	9
VII Extraordinary loss		
Loss on sales and retirement of noncurrent assets	9	4
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	187
Others	-	0
Total extraordinary loss	9	191
Income before income taxes and minority interest	1,860	2,823
Income taxes-current	590	1,059
Income taxes-deferred	149	(10)
Total income taxes	739	1,048
Income before minority interests	-	1,774
Minority interest	(2)	3
Net income	1,122	1,770

(Note) fractions of one million yen are rounded off

Consolidated Statements of Cash Flows

(Unit: Millions of Yen)

Items	Three months ended June. 30, 2009	Three months ended June. 30, 2010
I Net cash provided by (used in) operating activities		
Income before income taxes	1,860	2,823
Depreciation and amortization	1,596	1,823
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	187
Decrease (increase) in notes and accounts receivable-trade	3,058	1,463
Decrease (increase) in inventories	(1,117)	(246)
Increase (decrease) in notes and accounts payable-trade	(2,466)	(1,256)
Others	(685)	(1,511)
Subtotal	2,245	3,283
Interest and dividends received	45	42
Interest expenses paid	(63)	(28)
Income taxes paid	(1,196)	(1,952)
Net cash provided by (used in) operating activities	1,030	1,345
II Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	(791)	(1,274)
Purchase of intangible assets	(418)	(322)
Others	242	(60)
Net cash provided by (used in) investment activities	(967)	(1,657)
III Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	3,574	2,460
Repayment of long-term loans payable	(28)	(3)
Cash dividends paid	(1,329)	(1,588)
Others	(382)	(156)
Net cash provided by (used in) financing activities	1,833	711
IV Effect of exchange rate change on cash and cash equivalents	58	(547)
V Net increase (decrease) in cash and cash equivalents	1,955	(148)
VI Cash and cash equivalents at beginning of term	9,410	13,812
VII Cash and cash equivalents at end of term	11,365	13,663

(Note) fractions of one million yen are rounded off

Segment Information

1. Information about operations by geographic area

Three months ended June 30, 2009

(Unit: Millions of Yen)

	Japan	Americas	Europe	China	Asia Pacific	Total	Eliminations/ Corporate	Consolidated
Sales and Operating income								
Sales								
Net Sales to outside customers	7,226	5,495	9,046	2,110	1,110	24,990	-	24,990
Inter-area transfer	6,102	0	153	1	25	6,283	(6,283)	-
Total net sales	13,329	5,496	9,200	2,111	1,135	31,274	(6,283)	24,990
Operating expenses	13,800	5,232	8,005	1,628	967	29,634	(6,273)	23,360
Operating income	(470)	263	1,195	483	168	1,639	(10)	1,629

2. Net Sales to Foreign Customers

Three months ended June 30, 2009

(Unit: Millions of Yen)

	Americas	Europe	China	Asia Pacific	Total
Net Sales to Foreign Customers	5,512	9,066	2,110	1,526	18,215
Consolidated Sales	-	-	-	-	24,990
The rate of net sales to foreign customers to consolidated sales	22.1%	36.3%	8.4%	6.1%	72.9%

(Additional information)

From the three months ended June 30, 2010, the Group applies the "Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related information"(ASBJ Statement No.17 of March 27, 2009) and "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information"(ASBJ Statement No.20 of March 21, 2009) .

Information on sales and income by geographic segment reported

Three months ended June 30, 2010

(Unit: Millions of Yen)

	Japan	Americas	Europe	China	Asia Pacific	Total	Adjustment	Consolidated
Sales and Operating income								
Sales								
Net Sales to outside customers	7,695	6,328	8,470	3,970	1,429	27,894	-	27,894
Inter-area transfer	7,471	0	69	1	36	7,580	(7,580)	-
Total net sales	15,166	6,328	8,540	3,972	1,465	35,474	(7,580)	27,894
Operating income	425	685	1,212	926	194	3,445	(69)	3,375