



Anticipating Change, Responding with Agility

Profile

Sysmex Corporation (“the Company”) got its start in 1968 as TOA Medical Electronics Co., Ltd., a specialist manufacturer of **instruments and reagents for the hematology market**. Over the ensuing 40 years, the Company expanded its R&D and production functions and evolved into a global, **comprehensive supplier in the diagnostics field**. Extending its operations beyond **hematology**, the Company’s operations now span the **hemostasis, immunochemistry, clinical chemistry, urinalysis** and other segments. To symbolize this ongoing transformation, Sysmex unveiled a completely redesigned corporate logo in October 2008.

Sysmex has developed integrated systems encompassing everything from R&D to production, sales and after-sales support. The Company applies a high degree of specialization and a strong technological orientation in its pursuit of uncompromising excellence in product development and manufacturing. Sysmex has earned a top-class reputation with medical institutions around the world for technological excellence paired with the ability to propose solutions that precisely meet customer needs. The Company has established a particularly strong global leadership position in its core segment of hematology, in which it holds the **highest market share worldwide**.



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.

To provide products and services that satisfy the diverse needs of markets around the world, Sysmex maintains a global network of business facilities spanning **45 locations** in **27 countries**. Through this sales and support network, the Company supplies **products and services to customers in more than 160 countries**. To grow further, Sysmex aims to develop its business on a global basis, as well as by developing proprietary technologies and aggressively pursuing opportunities to expand its operations through alliances, mergers and acquisitions.

The Company is striving to enhance corporate value by leveraging its extensive business infrastructure to **advance beyond diagnosis and treatment**, encompassing the broader healthcare spectrum that includes disease prevention and health maintenance. Sysmex is moving into new R&D fields, including **hematology diseases, immune diseases, infectious diseases, cancer and diabetes**. Through these endeavors, the Company will continue to provide high-value-added products and services that help to improve the quality of life (QOL) of people everywhere.



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July 2010

Dear Sysmex,

I recently began following your company's developments, and I have been impressed by your stable and continuous growth this year in spite of the global economic recession. I am writing this letter in hopes that you can help me understand some of the reasons behind this expansion, as well as your future developments.

Point the stakeholder to these places in the report.

1. I am curious about your basic strategies.
 2. What are your growth strategies in different markets?
 3. What are Sysmex's business domains?
 4. Please explain your technology advantages.
 5. How do customers rate Sysmex?
 6. What risk factors do you face?
 7. How do you develop human resources?
 8. What are your environmental conservation activities?
 9. Please outline your initiatives involving intellectual property.
- Thank you in advance for helping me to gain a better understanding of Sysmex.
I look forward to following your future developments.

Sincerely,

A Committed Stakeholder

Special Feature
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11-Year Growth and Highlights

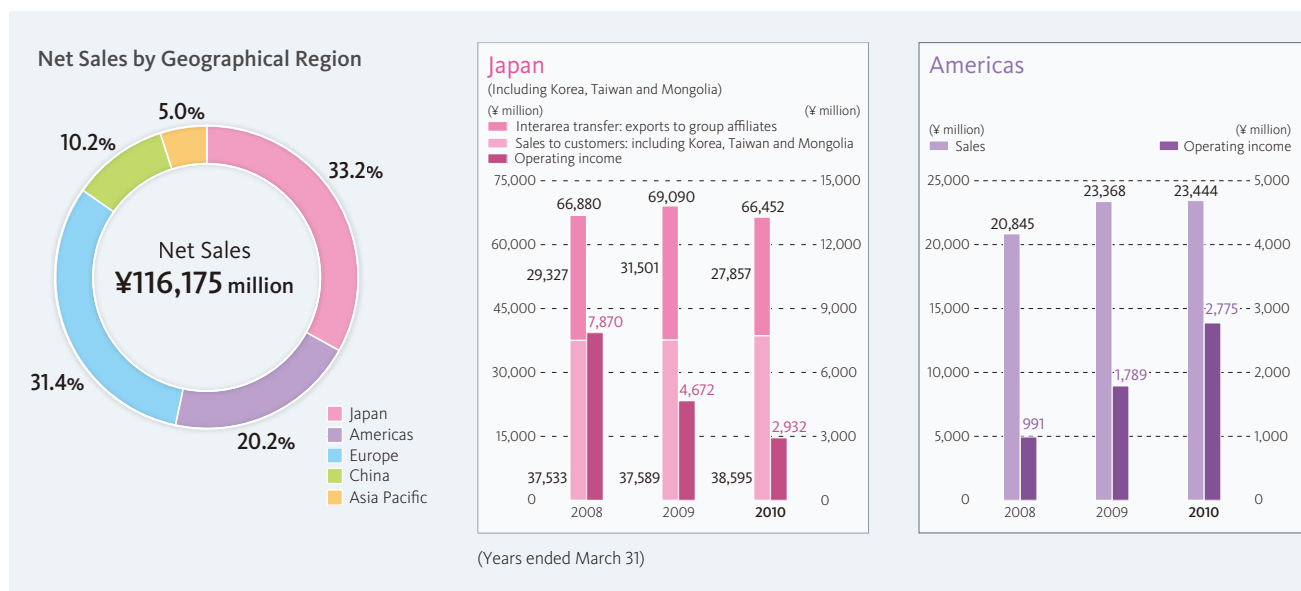
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11-Year Growth and Highlights

For the years ended March 31,	2000	2001	2002	2003	2004	2005	2006
For the year:							
Net sales	¥ 37,244	¥ 38,817	¥ 47,532	¥ 57,253	¥ 65,970	¥ 76,935	¥ 87,888
Operating income	3,618	2,975	3,417	5,299	6,615	9,104	10,724
Net income	1,838	1,363	1,308	3,125	3,157	5,731	7,423
Net increase (decrease) in cash and cash equivalents	5,818	(2,562)	1,842	1,071	3,465	(3,261)	(499)
Cash and cash equivalents, end of year	9,901	7,338	9,181	10,253	13,718	10,458	9,416
Capital expenditure	3,018	2,098	2,455	2,317	2,451	2,729	5,638
Depreciation	2,316	2,541	2,810	3,107	3,203	3,296	3,592
R&D expenditure	3,155	3,527	4,130	4,969	5,549	6,509	8,184
At year-end:							
Total assets	49,967	55,219	66,502	66,449	71,983	77,660	87,447
Shareholders' equity	33,596	34,103	35,577	43,325	51,096	56,149	62,647
Interest-bearing liabilities	5,810	11,020	11,606	10,893	4,175	657	695
Per share data:							
Shareholders' equity (yen)	¥ 1,606.8	¥ 1,631.0	¥ 1,701.5	¥ 1,879.5	¥ 2,042.7	¥ 2,244.9	¥ 1,251.8
Net income (basic) (yen)	87.9	65.2	62.6	132.2	132.9	225.1	145.5*
Net income (diluted) (yen)	87.7	60.8	58.4	121.8	123.1	224.0	143.8*
Cash dividends applicable to the year (yen)	22.0	22.0	22.0	25.0	30.0	40.0	36.0*
Dividend ratio (%)	25.0	33.7	35.2	18.9	22.6	17.8	17.9*
*Two-for-one stock split in Nov. 2005							
Other data:							
Shareholders' equity ratio (%)	67.2	61.8	53.5	65.2	71.0	72.3	71.6
Return on equity (ROE) (%)	5.6	4.0	3.8	7.9	6.7	10.7	12.5
Return on assets (ROA) (%)	4.0	2.6	2.1	4.7	4.6	7.7	9.0
Price-earnings ratio (times)	36.7	42.6	35.6	15.9	20.3	27.2	35.3
Price-book value ratio (times)	2.0	1.7	1.3	1.1	1.3	2.7	4.1
Number of employees	1,809	1,985	2,530	2,639	2,907	3,115	3,334
*Including part-time employees							

Notes:

- U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥93 = U.S. \$1, the approximate rate of exchange on March 31, 2010.
- Per share data: Certain retroactive adjustments of previously reported per share information have been made to conform with the current method from the year ended March 31, 2003.
- ROA = Net Income/Total Assets (Yearly Average)×100



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

2007	2008	2009	2010	2010
¥ 101,041	¥ 110,724	¥ 111,843	¥ 116,175	\$ 1,249,194
12,715	15,033	15,134	15,709	168,914
9,008	9,132	8,014	9,765	105,000
3,299	(3,044)	(269)	4,403	47,344
12,715	9,679	9,410	13,813	148,527
4,546	8,244	9,340	4,540	48,817
3,959	3,924	7,189	7,034	75,634
9,026	9,221	10,771	11,238	120,839
101,225	109,027	118,522	120,702	1,297,871
71,344	78,753	79,183	86,358	928,581
669	1,081	10,344	2,565	27,581
			(yen)	(U.S. dollars)
¥ 1,411.0	¥ 1,541.0	¥ 1,548.2	¥ 1,684.9	\$ 18,117.2
179.6	178.9	156.7	190.8	2.05
178.0	178.3	156.5	190.5	2.05
36.0	48.0	50.0	56.0	0.60
20.0	26.8	31.9	29.4	
70.5	72.2	66.8	71.5	
13.4	12.2	10.1	11.8	
9.5	8.7	7.0	8.2	
23.8	20.1	20.0	28.7	
3.0	2.3	2.0	3.3	
3,580	3,916	4,148	4,578	

We will seek to anticipate upcoming market changes as we make a new start on various themes.

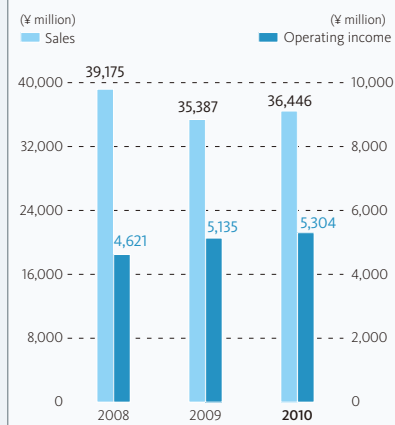
Working toward Ongoing Growth and Further Profitability Increases

Sales and Earnings Forecast for the Fiscal Year Ending March 31, 2011

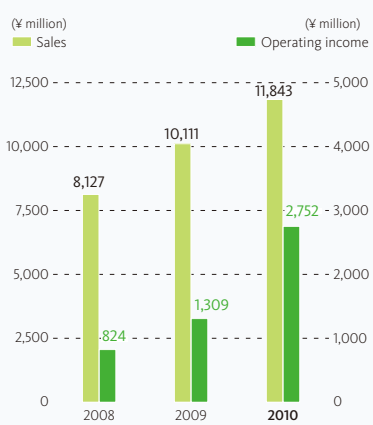
	2011
Net sales	¥125.0 billion
Operating income	¥17.0 billion
Net income	¥10.8 billion
Operating margin	13.6%
Net income margin	8.6%

Assumed exchange rates: US\$1.00 = ¥90; €1.00 = ¥125

Europe

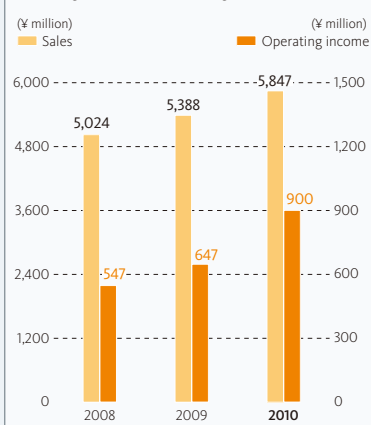



China



Asia Pacific

(Excluding Korea, Taiwan and Mongolia)



A large window with a view of a modern building and a body of water. The window is made of multiple panes with dark frames. The view outside shows a modern building with a curved facade and a body of water in the foreground. The sky is bright and clear.

With technological breakthroughs occurring on a daily basis and emerging countries growing at breakneck speeds, markets are in a constant state of flux. The healthcare reforms underway in various countries throughout the world are transforming the markets in which Sysmex operates, and that change is accelerating. By anticipating and responding with deftness and agility to the changes that surround it, Sysmex aims to ensure continued growth in the second decade of the 21st century.

To Our Stakeholders

During the fiscal year ending March 31, 2011, we aim to make steady progress in line with our core strategies. We are positioning the second decade of the 21st century as an opportunity to make a new start on various themes, as we strive to anticipate upcoming changes in the market.

Throughout the fiscal year that ended March 31, 2010, Sysmex's sales reflected the impact of the yen's appreciation against other major currencies. Nevertheless, we posted a 3.9% increase in net sales, to ¥116,175 million—a new historic high. Overseas performance was particularly robust, with sales and income rising in all overseas regions. Sales of reagents made a strong contribution to operating income, which expanded 3.8% year on year, to ¥15,709 million. Net income surged 21.8%, to ¥9,765 million. Although at the beginning of the fiscal year we had forecast dividends of ¥50 per share (per-share interim and year-end dividends of ¥25 each), we raised the annual payout to ¥56 per share, ¥6 above the previous year's level. This was the eighth consecutive year in which we raised dividends, and our consolidated payout ratio came to 29.4%.

Continued Market Growth and Healthcare System Reforms

Overall economic conditions throughout the fiscal year ended March 31, 2010, were challenging. The worldwide economic recession caused demand to shrink, resulting in economic downturns in various countries and steep yen appreciation. From the end of 2009, mounting fears of sovereign bankruptcy, centered on Europe, have clouded the economic horizon.

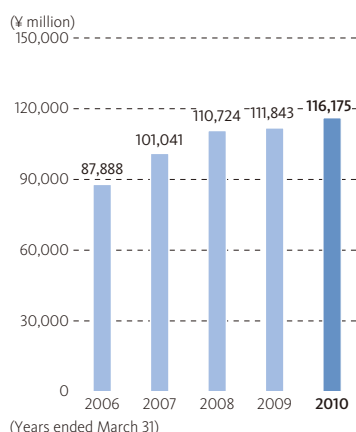
Graying populations in Japan and advanced countries in Europe and the Americas are generating new demand on

the healthcare front, owing to the rising need for preventive medicine. In emerging markets, growing populations and expanding healthcare infrastructures are prompting rapid improvements in healthcare levels. Against this backdrop, testing demand is increasing steadily, as diagnostics play an extremely important role in preventive medicine and primary care. Therefore, as many industries are feeling the ripple effects of the downturn, the healthcare industry in general—and the diagnostics sector in particular—emerged from the recession relatively unscathed.

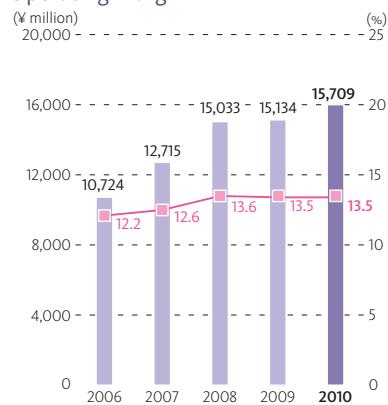
At the moment, healthcare reforms underway throughout the world are pushing the industry toward a major turning point. In Japan, the management of medical institutions continued to present difficulties, such as deteriorating financial conditions, hospital mergers and the combination or closure of some of their departments. On the positive side, however, in 2010 medical remuneration was revised upward for the first time in 10 years.

Meanwhile, advanced countries in Europe and the Americas are curtailing medical spending and pursuing reforms in their healthcare systems. The United States has passed a healthcare reform bill designed to reduce the number of people without medical insurance. 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.

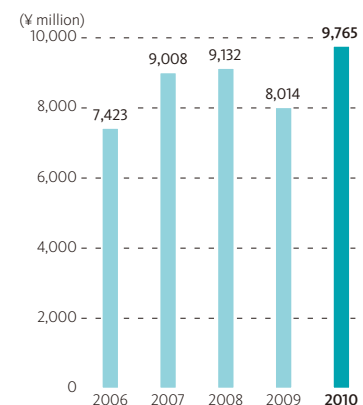
Net Sales

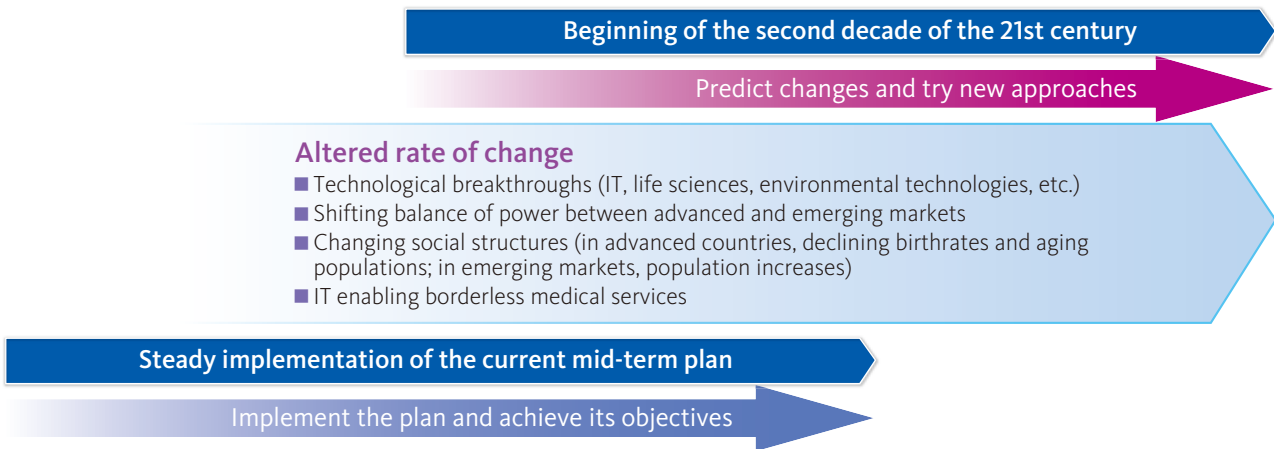


Operating Income
Operating Margin



Net Income





Initiatives to Reach Our Targets for the Fiscal Year Ended March 31, 2010

Under these circumstances, Sysmex pursued initiatives to address changes in the business environment from several angles, from R&D to production, sales and after-sales support. In Japan, we expanded our range of diagnostic reagents for the HISCL-2000i, our fully automated immunoassay analyzer, thereby reinforcing our business strength in the immunochemistry market. The spread of a new strain of influenza prompted a surge in demand for our simplified test kits; we responded by ramping up production capacity. As a result, we were able to respond to the demand created by this outbreak, and sales expanded for our influenza testing kit, POCTEM. Boosted by this factor, sales in Japan edged up 2.8% year on year, to ¥36,821 million.

Overseas, we converted two local distributors in the Benelux region (Belgium, the Netherlands and Luxemburg) to subsidiaries, enabling us to further strengthen our sales activities through the direct provision of solutions to various challenges confronting medical institutions. In Germany, Europe's single largest market, we converted to a subsidiary the HITADO Group. Boasting a broad customer base that covers clinics and specialized physicians as well as large hospitals, HITADO focuses on products for rapid tests such as glucose monitoring, all being conducted "near-patient." Accordingly, we commenced new initiatives in the POCT* market through their sales system and network by utilizing telemarketing and other approaches. We also established a new subsidiary, Sysmex Espana S.L., to reinforce the sales structure of our expanding life science business in the Spanish market, which is moving forward in the intraoperative diagnosis of sentinel lymph node breast cancer metastasis. In Vietnam, which is achieving some of the highest rates of market growth in all of Asia, we established a subsidiary to continue enhancing our

sales and support system in the country.

In overseas markets, we made steady progress in the provision of solutions that meet clients' needs, and sales of diagnostic reagents increased, helping to push up sales in various countries on a local currency basis. Despite the effects of yen appreciation against other major currencies, the Sysmex Group recorded overseas sales of ¥79,354 million, up 4.4% from the preceding fiscal year. The overseas sales ratio was 68.3%, up 0.3 percentage point from the same period of the previous fiscal year.

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

Our Positioning for the Year Ending March 31, 2011

Sysmex continues to reinforce its operations in line with three core strategies: "Global Niche No. 1," "Focus on Asia" and "Focus on Life Science." During the year ending March 31, 2011, we aim to continue making steady headway on these strategies. Positioning the second decade of the 21st century as the start of a new stage in the Company's history, we will seek to anticipate upcoming changes in the market as we strive to make a new start on various themes.

On behalf of the Sysmex Board of Directors, I thank our shareholders for your ongoing support, our customers for your loyalty and our employees for your dedication. We look forward to sharing our future progress with you.

July 2010

Hisashi Ietsugu
President and CEO

An Interview with the President and CEO

Aiming for growth in the second decade of the 21st century, we will progress on a number of themes, while anticipating change in a business environment that is growing more complex and uncertain.

Q What are your thoughts on the various changes taking place in Sysmex's operating environment?

A Amid a global economy still reeling from the effects of recession, the healthcare industry remains robust, and the forecast calls for further market expansion.

The rapid graying of populations in Japan and other advanced countries is pushing up healthcare-related demand. As efforts to stem rises in healthcare costs evolve as a major issue, we are seeing a significant shift in focus in the healthcare arena from treatment to prevention, and the importance of diagnostics is growing accordingly. Companies from other industries are moving into the healthcare sector, and we can expect the market to be invigorated by the emergence and fusion of new technologies and business models. Meanwhile, in emerging markets we look forward to expansion, as economic growth encourages these countries to strengthen their healthcare infrastructures. The rapid progress in building foundations for medical services that is underway in China, India, Eastern Europe, the Middle East, Russia and Africa will spawn new demand.

These stable increases in healthcare needs are also altering industry characteristics. Among recent changes in the business environment, one point of particular importance is the reform of various countries' medical insurance systems. Assuming that the health insurance reform bill recently passed in the United States actually goes into effect, new coverage will be provided for some 32 million people. We



External Environment

Market environment

Advanced countries:

Graying populations, greater demand for advanced medical care

- **United States:** Healthcare reform bill passed
Number of tests expected to increase as coverage extended to more people, medical expenses (testing fees) possibly curbed
- **Japan:** Medical remuneration scheme revised
(fiscal year ended March 31, 2011)

Emerging markets:

Increasing populations, development of medical infrastructures

- **China:** Healthcare system expanding

Industry realignment

Pharmaceutical industry:

- M&As among leading players
- Cross-border M&As between Japanese and overseas companies
- Indian players acquiring Japanese generics manufacturers

IVD industry:

- Beckman Coulter's acquisition of Olympus's IVD business
- Stago's acquisition of Trinity's hemostasis business
- Global majors acquiring Chinese IVD players

Respond as an agile company

- ▶ Ensure growth during the second decade of the 21st century by predicting changes in the business environment and responding with agility.
- ▶ Invest in anticipation of changes in the external environment (business foundation, R&D, M&A and alliances).

can expect an increase in demand for testing, which is one of the initial healthcare processes. Given the scale of the U.S. market, this potential demand expansion is a breath of fresh air for Sysmex.

China is also pushing forward a robust expansion of its healthcare system. For example, in 2009 the National People's Congress called for the addition of more than 9,000 medical institutions during the three years from 2009, earmarking CNY 850 billion in new healthcare infrastructure spending during the period.

Such expansion represents a major opportunity for Sysmex. Overall, healthcare is a growth industry, and I am confident that the pace of growth will accelerate. That being said, I recognize that gaining a stronger presence in this market in the face of stiff competition will require us to accurately predict changes in the operating environment and to act quickly and strategically.

Q Please describe some of Sysmex's initiatives during the fiscal year ended March 31, 2010.

A To achieve ongoing growth and raise profitability further, we are pursuing three core strategies—Global Niche No. 1, Focus on Asia and Focus on Life Science—based on the mid-term management plan we announced in May 2009. Targeting sustained growth in our mainstay hematology segment, as well as in non-hematology*

fields, we succeeded in raising sales substantially in China and other parts of Asia. Particularly in China, higher levels of healthcare are prompting an increase in demand to upgrade from instruments that can analyze three types of white blood cell to those capable of analyzing five types. We established a subsidiary in Vietnam, which is undergoing remarkable market expansion, to reinforce our sales structure in the country. This move should enable us to respond more expeditiously to future demand increases. In the United States, we have received orders from commercial labs and integrated healthcare networks (IHNs). We also commenced direct sales in Europe's Benelux region, which we expect to accelerate our growth in that market.

Pushing forward with efforts to commercialize our operations in the life science category, we are building the foundations for future growth in the cancer and diabetes fields. In this area, we are steadily increasing our installed base of breast cancer lymph-node metastasis rapid detection systems, which are being sold in Europe and Japan. Within Europe, Spain is particularly advanced in sentinel lymph-node histopathological diagnosis for breast cancer screening. To drive growth in this area, Sysmex established a subsidiary in Spain to reinforce direct sales and after-sales support activities for its life science products.

R&D activity at Technopark, the center that we completed in 2008, is helping us to develop new technologies centered on the disease management concept, and we are pursuing a host of R&D themes in this regard. One such theme involves joint R&D with Oncolys BioPharma, Inc. With this company,

Key Strategies for Future Growth

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Key Strategies for Future Growth

Sysmex has developed a new technology for detecting living tumor cells freely suspended in blood, known as “circulating tumor cells,” or CTCs, by using a virus that replicates and emits fluorescence in tumor cells. By accurately detecting circulating tumor cells, we expect this method to contribute to the development of new diagnostic methods.

In overseas development bases, we opened the Diagnostic Reagent Development Center in China and expanded the R&D Center Europe. These moves are designed to raise Sysmex’s standing as a technology-oriented company.

* “Non-hematology” refers to *in vitro* diagnostics fields, excluding hematology but including hemostasis, immunochemistry, urinalysis, clinical chemistry and others.

Q As you move into the second year of the mid-term management plan, please outline some of the major issues you face as you work steadily to achieve the plan’s objectives.

A It is clear that the fiscal year ending March 31, 2011, which kicks off the second decade of the 21st century, will play an extremely important role in determining Sysmex’s future growth. Sysmex must react more quickly than ever before to keep ahead of accelerating change in the business environment. In keeping with its growth, Sysmex needs to achieve a structural shift toward operations on a Group scale.

First, we need to redouble our capacity for growth in the core IVD business. In addition to making steady progress in the development of new technologies and products, we will develop our operations in line with a strategy tailored to address the specific characteristics of the hematology market. We will also endeavor to expand our operations in non-

hematology fields. In emerging countries, and particularly in rapidly expanding Asian markets, we will concentrate on the high-speed deployment of our “Focus on Asia” strategy. Of the top 10 companies in the IVD sector, Sysmex is the only one that hails from Asia. We will leverage this unique status, as well as the strengths cultivated as a comprehensive supplier in Japan, to extend operations into other countries while tailoring our business to match individual countries’ characteristics. We continue to boost our presence in the Chinese market, which is experiencing major market growth at present. We will also reinforce our sales strategies in other Asian countries, including India, Indonesia and Vietnam.

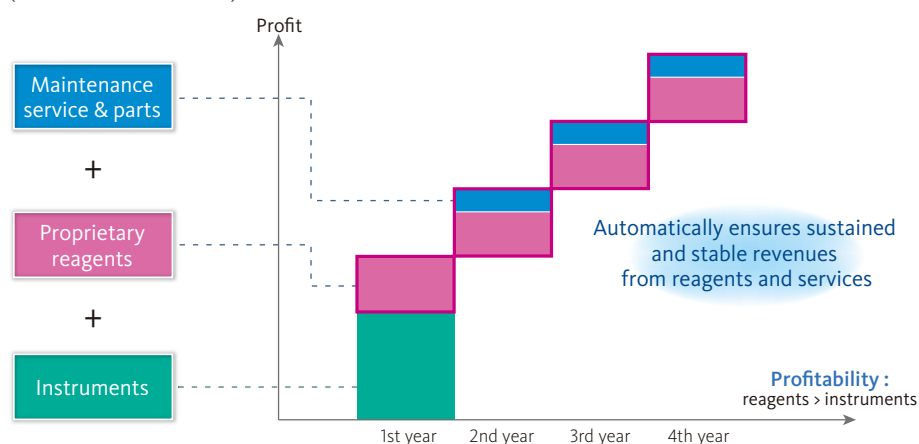
Next, to establish our base in the life science business, we will launch products that employ the OSNA method, which is a rapid gene amplification technique that does not require the purification of genes (mRNA) that have been taken from a living organism, thereby commercializing this technology. We are also pushing ahead with efforts to strengthen our R&D activities at each stage. Finally, we will promote change within our corporate culture. Specifically, we will put into practice our new corporate philosophy, the Sysmex Way, accelerate HR development, revise the personnel system and reinforce the HR departmental function.

The mid-term management plan that we announced in May 2009 calls for net sales of at least ¥140 billion by the fiscal year ending March 31, 2012, the final year of the plan. For the period of the mid-term management plan, we assume exchange rates of US\$1.00 = ¥95 and €1.00 = ¥125. At the moment, the yen is trading at higher levels than the plan’s targets assume*, but by redoubling efforts to raise the quality of our management I believe we will continue making steady progress in our core operations.

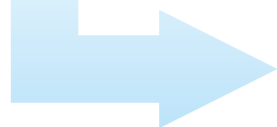
* Our forecast for the fiscal year ending March 31, 2011, assumes exchange rates of US\$1.00 = ¥90 and €1.00 = ¥125.



Business Model
(Institutional sales model)



Creates a base for generating stable earnings



Q What do you see as being Sysmex's core competencies?

A Sysmex is achieving steady growth that centers on overseas markets, despite such adverse factors as a worldwide economic recession and sharp exchange rate fluctuations. The Sysmex brand is enjoying a growing presence in advanced countries and emerging markets alike, and its market share is expanding. Furthermore, we are making steady progress in the fields we are targeting in the non-hematology and life science sectors.

Sysmex's area of business, the healthcare industry, is relatively impervious to changes in economic conditions. Within this environment, our stable business model is one key reason for our strength. The hematology business accounts

for approximately 60% of the Company's consolidated net sales. In addition to instruments, sales include the proprietary reagents that are needed after their initial sale. We also provide maintenance and other after-sales services, sustaining strong ongoing customer relationships. Moreover, our role in our customers' businesses grows in line with the number of Sysmex instruments installed at their facilities. These points are the essence of our stable business model. Furthermore, our products are achieving critical mass in specific markets, and we are making rapid progress in introducing our products in advanced countries and emerging markets alike.

Second, our products derive their strength from a solid organizational structure. In our instrument, reagent and software segments, we conduct joint research and develop technologies to enhance the capabilities, usability and functionality of our products. In addition, Japan enjoys a strong

Key Strategies for Future Growth

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Key Strategies for Future Growth

reputation for the quality of its precision instruments. That “made in Japan” cachet, which extends to our instruments, helps us to earn trust from customers throughout the world. We offer a full lineup of products, ranging from downstream to upstream markets, and robotics technologies and network functionality contribute to testing efficiency. Through our service network, we provide customers with after-sales services such as remote maintenance and daily quality control, as well as academic support. The Company receives high marks for these high-value-added services that it has created from a customer-first orientation. For Sysmex, this integrated system constitutes a solid competitive advantage that other companies cannot easily mimic.

We will leverage these core competencies to create new testing technologies in the hematology, non-hematology and life science fields. Having already set the stage for such development, we are now in a position to make up-front investments in other areas that will drive future growth, such as laying our foundations for business in emerging markets. The strength of a company’s management foresight is clearly reflected in its ability to read future market directions accurately and implement measures with flawless timing. I see this as an area in which Sysmex still has ample room for improvement.



What closing message would you like to leave with stakeholders?



I aim to earn the Company the trust of our stakeholders by truly enacting our corporate philosophy, the “Sysmex Way.” Returning profits to shareholders is one of our most important management objectives. Of course, we must strike a balance between this goal and putting aside ample funds for the aggressive investment that is needed to ensure high levels of stable growth.

I also believe that ensuring ongoing growth is one of the most important ways in which we can fulfill our corporate social responsibility. To this end, we have established as the long-term vision of becoming “A Unique & Global Healthcare Testing Company.” As we contribute to the creation of a bountiful and healthy society, we also enhance our corporate value and meet the expectations of our shareholders and other investors.

As we move into the second decade of the 21st century, we have already begun addressing the challenges of transforming ourselves in preparation for the next stage of growth. As we progress to this next phase, I ask for the ongoing support of our investors.



Special Feature: Growth Model of an Agile Company



July 2010

Dear Stakeholders

Thank you very much for your letter, and for your interest in Sysmex. In response to your first question, one reason we have been able to continue growing steadily is that we do our best to remain sensitive to societal changes and market fluctuations. We then make every effort to respond to the customer needs that result from these changes.

Addressing your numbered questions, I have made a few notes indicating specific areas of our most recent annual report that you may find helpful. You should find the Special Feature section particularly useful in understanding our core strategies, as well as those in specific markets. This section also describes market conditions in advanced countries and emerging markets and outlines our growth model.

Thank you for your questions. Please rest assured that we will do our very best to remain agile in our operations as we maximize what we consider our distinctive ability to anticipate changes in the markets, and respond quickly to ensure ongoing growth.

Sincerely,

sysmex

www.sysmex.com
Sysmex Corporation
1-5-1 Wakoinohama Kaigandori, Chuo-ku, Kobe 651-0071, Japan
Tel. +81 78 265-0500 Fax. +81 78 265-0524

Sysmex's Global Strategy

From the time of its establishment, Sysmex has followed a steady growth trajectory, and the Group now provides products and services to people in more than 160 countries throughout the world. As well as an ongoing focus on such advanced countries as Japan, the United States, Germany and the United Kingdom, Sysmex believes that the BRICs and other emerging markets represent important opportunities. Accordingly, we follow three core strategies as we develop business in these regions, taking specific market characteristics into account.

1. I am curious about your basic strategies.

Three Core Strategies



Global Niche No. 1

- In addition to hematology, we aim to be the global No. 1 company in hemostasis and urinalysis.
- The Company will leverage its leading position and take the initiative in developing business that seizes the new opportunities being brought about by expansion in emerging markets, as well as technical innovation and changing healthcare needs in advanced countries.



Focus on Asia

- From our position as a global company in the *in vitro* diagnostics arena with bases in Asia, we plan to become the leading company in Asia, including Japan, in this segment.
- In addition to hematology, we have in place a full lineup of instruments and reagents in non-hematology* fields, and we are reinforcing our after-sales support services. Through these moves, we plan to enhance our position in Japan, China and the rest of the Asia-Pacific region.

* "Non-hematology" refers to *in vitro* diagnostics fields, excluding hematology but including hemostasis, immunochemistry, urinalysis, clinical chemistry and others.



Focus on the Life Sciences

- Based on the concept of disease management,* we will develop new testing technologies targeting cancer, diabetes and other diseases, as we work to develop our business in the life sciences.
- By developing and popularizing high-value diagnostics, we aim to increase patients' quality of life, standardize healthcare and contribute to the development of personalized medicine.

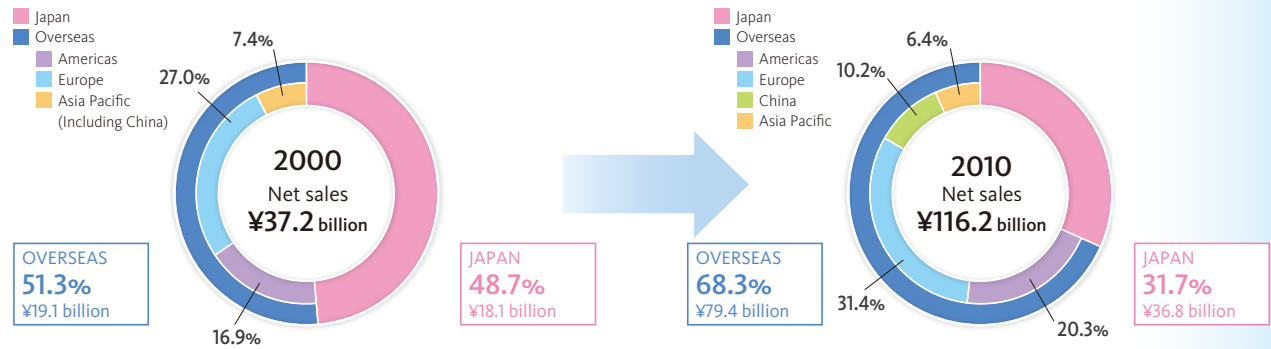
* For Sysmex, disease management is the concept of preventing the outbreak of disease and keeping disease from recurring or worsening by providing patients with optimum healthcare.

2. What are your growth strategies in different markets?

The societies of Japan and other advanced countries are aging rapidly. As the populations of these countries also tend to be highly health-conscious, in the healthcare industry there is a marked shift from treatment to prevention, and the focus on diagnosis (testing) and demand for new testing technologies is growing accordingly. In emerging markets, meanwhile, growing populations and economic growth are encouraging the development of healthcare infrastructures, prompting rapid growth in these markets. Particularly in the field of hematology, we believe there is ample room for growth by increasing market share in Europe and North America. Given our global No. 1 position in this category, we also believe that market expansion in emerging markets throughout Asia, Central and South America, Eastern Europe and Russia offers promising growth opportunities.

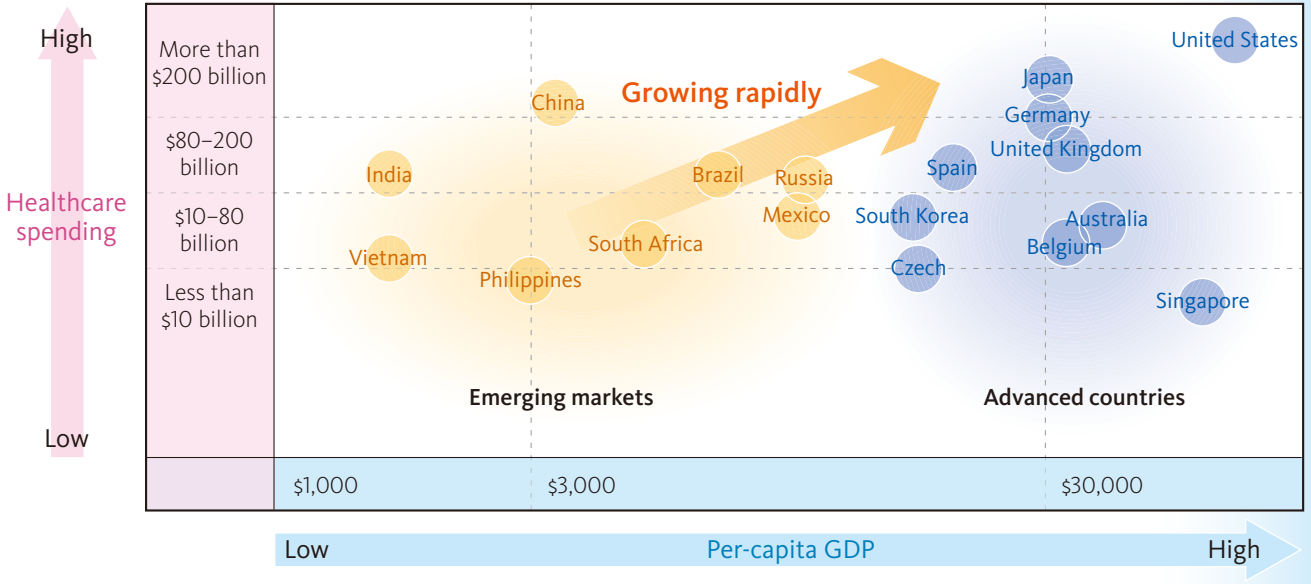
Systemex currently derives approximately 70% of its net sales from regions outside Japan. This high percentage reflects the mindset that we have sustained since our time of establishment, as we worked to develop business that was closely attuned to the needs of markets throughout the world. We were one of the first Japanese companies in the healthcare sector to embark on a course of global business development, which began bearing fruit in the 1990s. The results of our technical innovation to meet the market needs of customers in Japan and other advanced countries have evolved into a strong foundation for our business.

Net Sales by Destination
(Years ended March 31)



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.

Market Segment



Sysmex's Growth Model in Advanced Countries

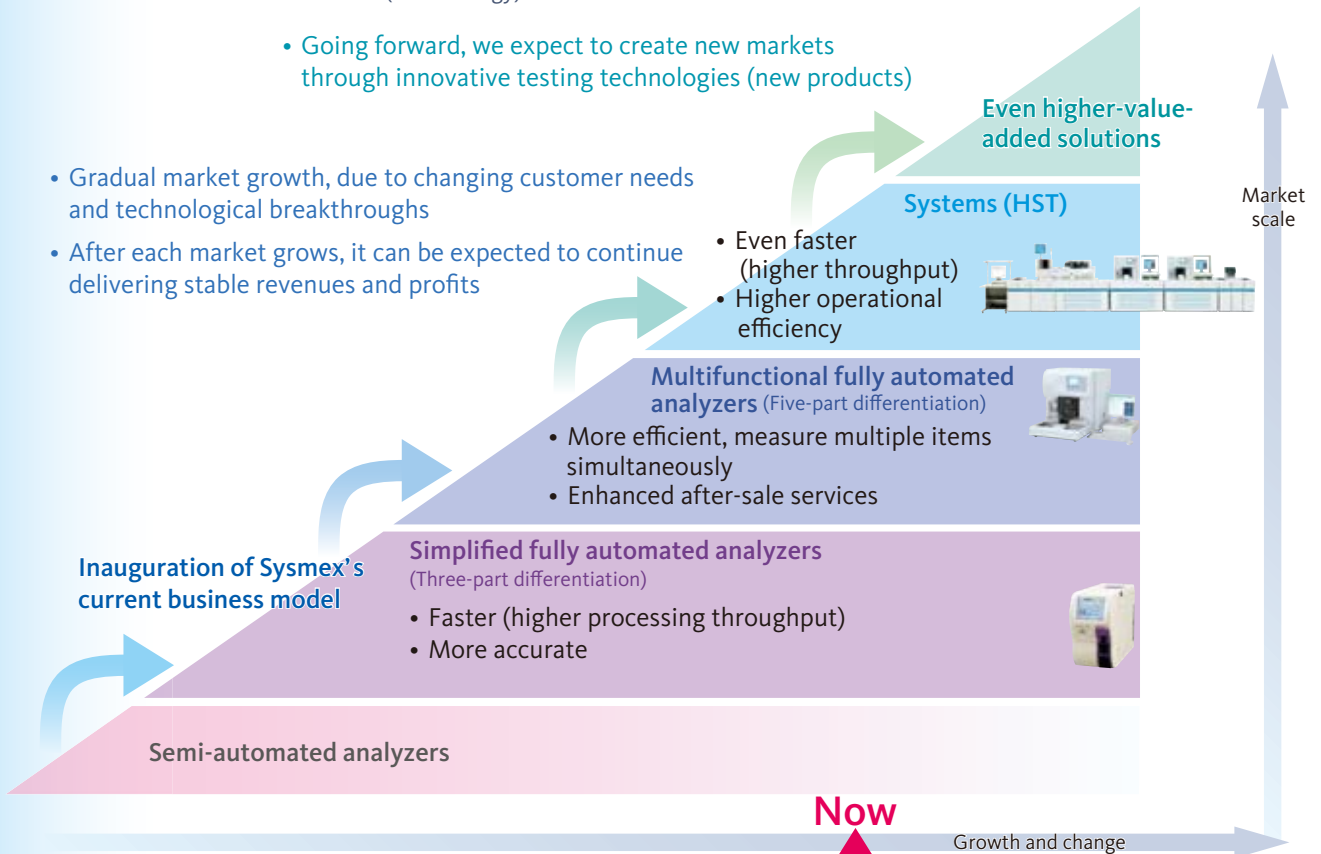
By rapidly responding to increasingly sophisticated and diverse customer needs through technical innovation, we seek to hone our foresight in creating new markets.

Since its development of Japan's first hematology analyzer in the 1960s, Sysmex has worked to meet customer needs by following a path of technical innovation. Hematology analyzers developed in Japan at the time required preprocessing—specimens had to be diluted prior to testing—so they were called “semi-automated analyzers.” Even so, this development marked a major improvement from the mainstream hematology testing process at the time—a human counting blood cells while peering into a microscope.

Once semi-automated analyzers had become commonplace, demand for fully automated analyzers began to emerge. We met these market needs by developing and introducing a simplified, fully automated hematology analyzer that separated white blood cells into three categories.* This launch marked the inauguration of Sysmex's current business model: first sell the instruments and then continue to generate sales by providing proprietary reagents on an ongoing basis.

To further meet customer needs for instruments with higher throughput and lower power consumption, we created instruments that were faster (enabling higher testing volume) and capable of multiple simultaneous measurements. We developed a multifunctional, fully automated hematology analyzer capable of measuring all five categories of white blood cell, and we now offer the world's fastest analyzer, which can process 150 specimens per hour. We also augmented the varieties of reagents and consumables that work with this instrument to enable additional functions. Our systems are also available in many configurations; we provide customers with a choice of multiple instruments to suit the needs of their individual testing

Growth Model in Advanced Countries (Hematology)



labs. In addition to hematology, we are aggressively developing business in such non-hematology fields as hemostasis and urinalysis, and we are extending our business offerings in services, finance and other areas.

The Group has grown gradually through technical innovation designed to meet the increasingly sophisticated needs of customers in the hematology and other testing markets in advanced countries, such as Japan. Our operating environment is evolving as advanced populations age and the primary focus of healthcare shifts from treatment to prevention. Accordingly, we forecast major changes in the function of testing and the role Sysmex plays in the market.

* Divided simply into three types, white blood cells are either lymphocytes, neutrophils or others.

Sysmex is breaking new ground in the life science fields of cancer and diabetes, designing a new role for itself in step with advances in healthcare.

Since its establishment of the Central Research Laboratories in 2000, Sysmex has pursued research in the life sciences. Our goal has been to create new types of testing, particularly in the areas of cancer and diabetes. In 2008, we opened the doors to Technopark, an expanded central research facility for the Sysmex Group. This new R&D center was designed as a place for preeminent researchers from throughout the world to gather and provide an environment to facilitate the generation of creative ideas and the accumulation of leading-edge technical information. We also intended for Technopark to accelerate research related to disease, ecology and life science technologies, ultimately leading to high-value testing and diagnosis.

One of our successes has been the development of a system for rapid detection of breast cancer lymph node metastasis. First introduced in Europe in 2006, the system's availability is now increasing steadily in Spain and other European countries. In 2008, Japan's Ministry of Health, Labour and Welfare approved the system for coverage under the national insurance system. Going forward, we will introduce the system in the United States and other major countries throughout the world. We are also working to extend its application to other types of cancer, including colon and stomach cancer (see page 32 for technical details). Furthermore, as a technology-oriented company we are moving ahead with R&D involving cervical cancer screening technology, post-prandial hyperglycemia monitoring technology and technology for detecting living tumor cells suspended in blood (CTC detection technology).



By extending its application of technologies such as these, Sysmex is convinced that there is no limit to its potential for creating new testing applications, thereby continuing to fulfill its role as a leading health-care company. At the same time, however, technological innovation in the markets of advanced countries is moving forward at a breathtaking pace. To establish a dominant competitive position under these circumstances, we believe it will be essential to forge alliances and take part in M&A activities involving synergistic technologies and complementary products, as well as to reinforce our sales networks. We will work to remain flexible in our thinking and nimble in our developments as we grow into our new role.

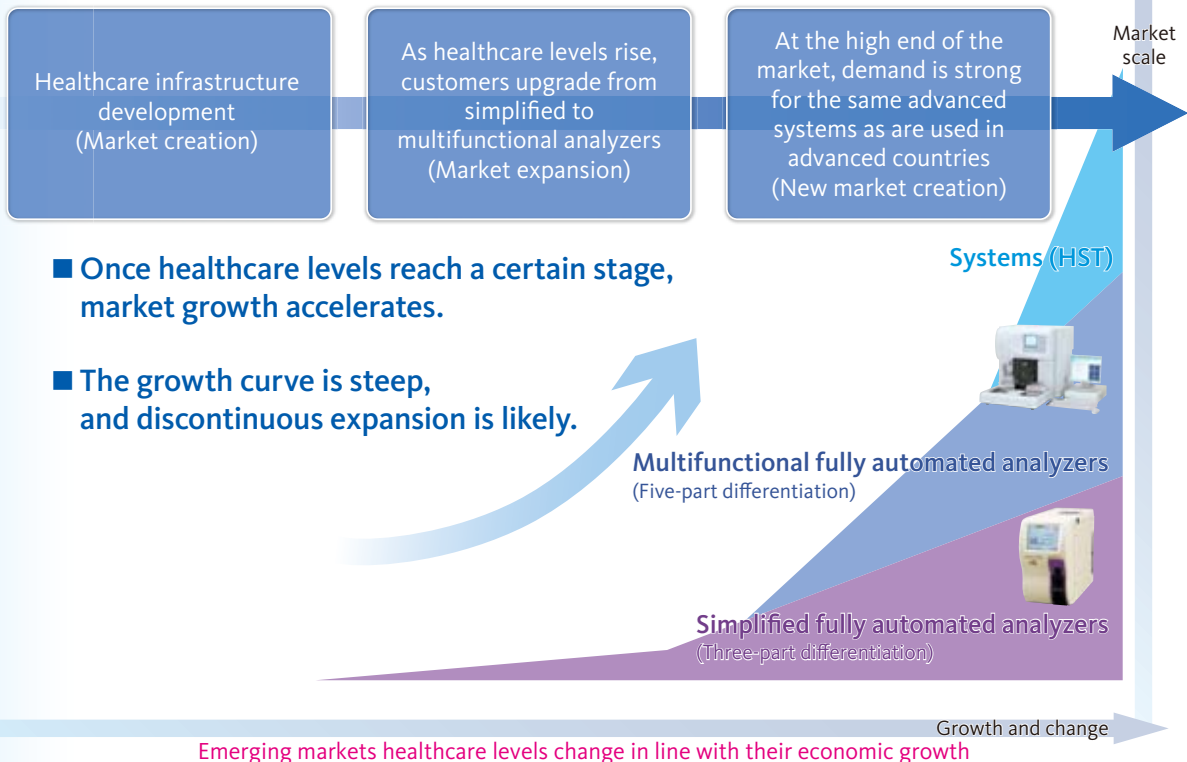
Sysmex's Growth Model in Emerging Markets

We are ensuring smooth product introduction by tailoring our expansion of sales and support to match regional characteristics.

In emerging countries, rates of growth differ by country, and in some cases healthcare levels vary even within the same country. For instance, the markets of China's coastal areas have different characteristics from its inland markets. Also, compared to advanced countries, the scale of markets in emerging markets is significantly increasing, particularly for *in vitro* diagnostics. Therefore, whereas in advanced countries technical innovation tends to gradually push the level of market sophistication ever higher, many emerging

Growth Model in Emerging Markets (Hematology)

- Countries with rapidly expanding economies, such as the BRIC nations, may experience simultaneous growth in each of these market segments.





markets are growing in a complex manner that spans low-end to high-end demand. For example, the development of China's healthcare infrastructure is driving an expansion of the hematology market itself. At the same time, the rising level of healthcare is prompting demand for upgrades—from analyzers capable of detecting three types of white blood cell to instruments that measure five. Sysmex must quickly respond to such market needs that vary by country.

Responding to regional characteristics in each country enables Sysmex to leverage the experience and expertise it has built up in these markets through indirect sales via strong distributors. In addition to some 160 local distributors in China, Central and South America, Russia and other areas, we have extended our sales systems through a major global pharmaceutical manufacturer.

We also conduct numerous scientific seminars in different parts of the world, including emerging markets. Through these seminars, we update doctors, laboratory technicians and other healthcare professionals about breaking news in the field of hematology, which helps to raise the level of healthcare in these regions. We have held such scientific seminars in Japan since 1978. We have also held such seminars in China since 1998, and this year marked our 12th large-scale seminar in the country. We also hold small-scale seminars throughout China; to date, we have hosted more than 200. As we continue our scientific educational activities, we will work to raise the quality of testing around the world, as well as to enhance awareness of the Sysmex brand.

Sysmex is sustaining the pioneering spirit of an agile company by anticipating change and by designing growth strategies for the future.

In the early 1990s, while other companies were concentrating on advanced markets, Sysmex was creating sales facilities in Asia. In 1995, we established a reagent production joint venture in China, which is now experiencing rapid growth. At that time, restrictions on such operations were strict, but we persevered in setting up a local reagent factory, believing that the Chinese market had great potential, a decision that proved to be insightful. Building our business around a model of local production of reagents for local consumption has enabled us to remain cost competitive in the face of rising demand, and we have now built a second factory there.

In 2009, we took our operations in China a step further by establishing the Diagnostic Reagent Development Center in preparation for our planned entry into the immunochemistry market. As the incidence of hepatitis is high in China, expectations for early detection and treatment are increasing. Through this new center, we aim to expedite the development of diagnostic reagents that will meet Chinese market needs.

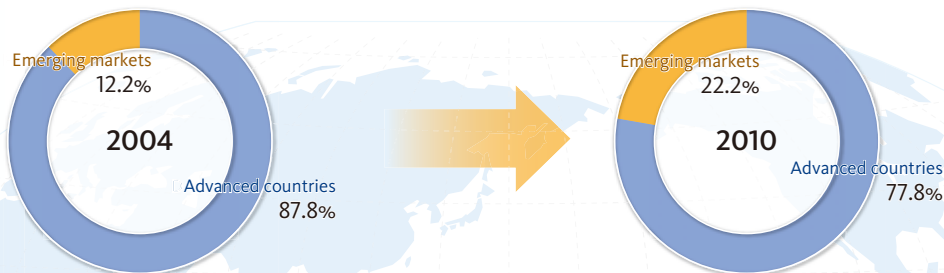
In 2010, we established Sysmex Vietnam Company Limited to build a sales and support system to interact directly with customers. This effort is helping to solidify the base from which to expand our operations in Vietnam, which has one of the highest levels of economic growth in Asia and is making advances in its healthcare environment.

We are also taking proactive steps to develop business in emerging markets outside of Asia, including Eastern Europe, Russia, the Middle East, Brazil and Africa, and these regions account for a percentage of sales that rises steadily each year. Through this development, Sysmex is striving to form the foundations for its growth strategy for the next 10 years and beyond.

Sales Trends (Our Presence in Emerging Markets)

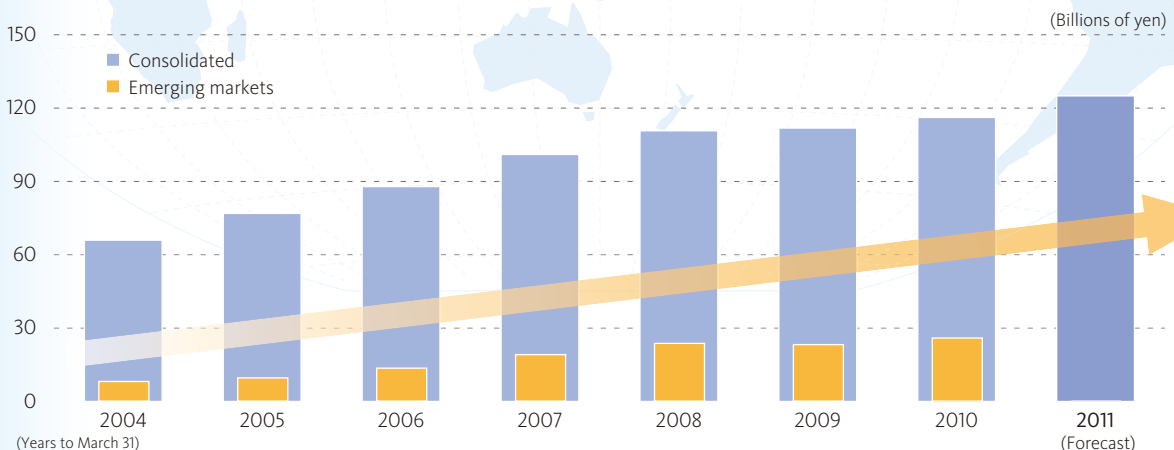
■ Percentage of Net Sales

(Years ended March)



Emerging markets: Countries in Latin America, Eastern Europe, Russia, Middle East, Africa, China, Southeast Asia and South Asia
Advanced countries: Those not indicated above

■ Net Sales



Business Activities

Sysmex provides the instruments and reagents needed for hematology, hemostasis and other tests to customers around the world.



Sysmex at a Glance

3. What are Sysmex's business domains?

Business Segments

24 Business Activities

Sysmex derives approximately 94% 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% 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.

Sysmex also operates in the IT field, providing testing information systems to meet demand for network systems to manage medical data. There are synergies between this business and the field of diagnostics. The Company also provides such products as influenza testing kits for point-of-care (POC) use by general practitioners and clinics.

Applying the specialized particle analysis technologies it has cultivated in the diagnostics field, Sysmex is also expanding into other business categories such as industrial and sports applications.

	(¥ million)				
	2006	2007	2008	2009	2010
● Diagnostics	81,750	93,581	103,801	106,316	109,353
● Hematology	52,118	60,216	68,414	71,216	72,295
● Hemostasis	12,150	14,145	13,834	13,970	14,599
● Immunochemistry	4,061	3,400	2,866	2,639	2,426
● Clinical chemistry	3,008	2,760	2,667	2,479	3,374
● Urinalysis	5,142	6,295	7,509	8,154	8,233
● POC testing	3,444	3,823	3,995	2,793	3,584
● Others	1,825	2,938	4,513	5,062	4,839
● IT	3,812	4,807	4,399	3,145	2,870
● New business	2,325	2,652	2,522	2,381	3,951

Product Segments

Sysmex enjoys a unique revenue structure. On one hand, we conduct a stock type of business in which we sell the instruments needed for *in vitro* diagnostics, offer the specific reagents needed for long-term testing and provide support and maintenance services. Reagents deliver higher gross profit margins than instruments, while instrument sales drive increased reagent usage. Therefore, this segment should generate stable earnings growth.

Sales of reagents and the provision of maintenance and other services currently account for approximately 69% of net sales. Industrywide, sales are trending upward, with instrument sales focused on the second and fourth quarters of the fiscal year.

	(¥ million)				
	2006	2007	2008	2009	2010
● Instruments	30,790	37,847	38,958	38,202	35,940
● Reagents	39,141	42,038	47,297	48,966	53,471
● Maintenance services	6,773	8,127	9,668	9,684	11,500
● Others	11,182	13,027	14,800	14,989	15,262

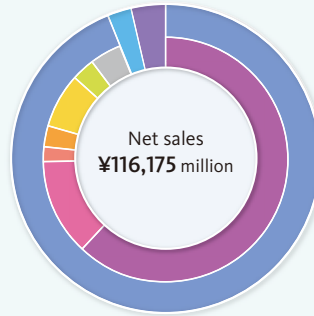
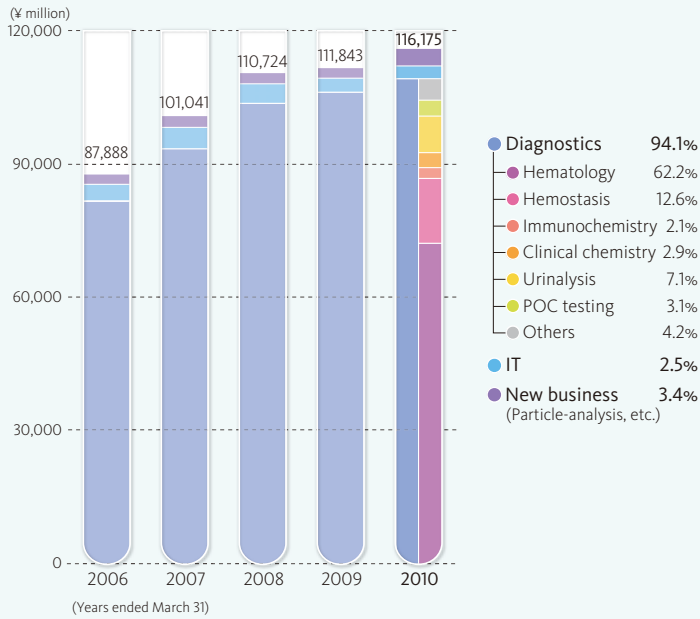
Regional Segments by Destination

Sysmex supplies products and services to customers in more than 160 countries. Net sales* are well balanced among three key regions—Japan, Europe and the Americas. We are also accelerating business development in China, which is experiencing remarkably strong economic growth, and the Asia Pacific region, which is expected to enjoy future market growth. These growing markets constitute a steadily increasing percentage of consolidated net sales.

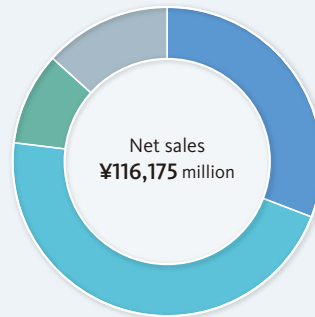
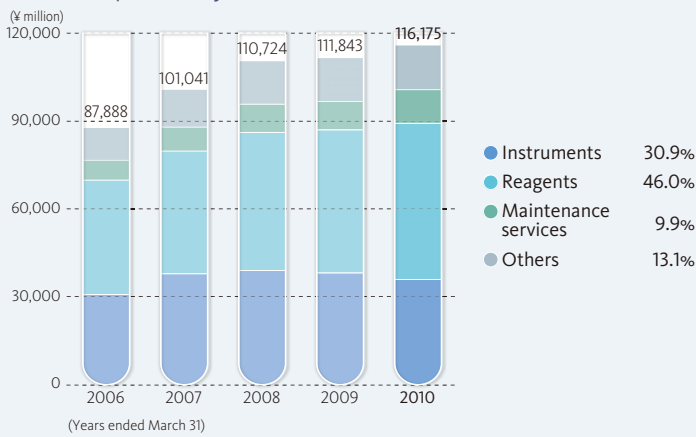
* Net sales by destination is defined as the sales amount recorded by Group companies to customers in a particular region. However, net sales by geographical region refers to the sales amount made by a Group company in a particular location.

	(¥ million)				
	2006	2007	2008	2009	2010
● Japan	35,418	37,873	35,961	35,828	36,821
● Americas	15,762	19,227	20,908	23,414	23,622
● Europe	25,438	31,658	39,235	35,454	36,495
● China	6,411	6,848	8,128	10,111	11,843
● Asia Pacific	4,857	5,432	6,492	7,036	7,394

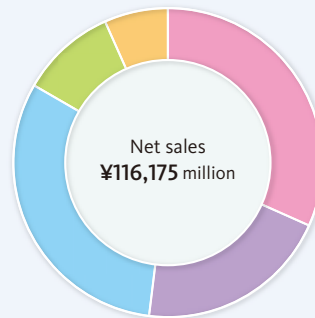
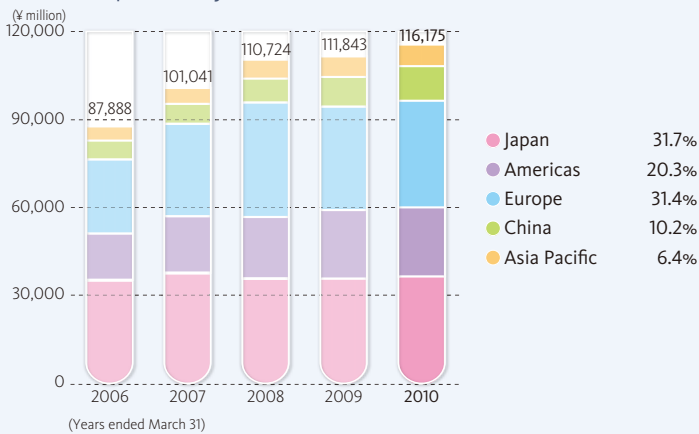
Sales Composition by Business



Sales Composition by Product



Sales Composition by Destination



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 \$1,800 million. Furthermore, the market is dominated by only three major suppliers: Sysmex, Beckman Coulter and Abbott.

Hemostasis

Hemostasis involves testing for coagulation, an important function of the blood. By testing specimens of blood plasma, it is possible to diagnose hemophilia and thrombosis and to examine hepatic (liver) function.

As a rule, hemostasis tests can be performed using general-purpose reagents, rather than specific reagents. However, analysis data varies slightly depending on the reagents used, and the need for precise control has caused sales of specific reagents to represent a high share of the market.

Sysmex estimates that the global hemostasis segment generates annual sales of \$1,000 million. 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, we now enjoy the leading share of the global market for coagulation analyzers.

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 \$8,200 million, and the market is expected to expand.

We aim to expand sales in Japan of the HISCL-2000i, a fully automated immunoassay analyzer that enables highly sensitive, high-speed assays, as well as our lineup of related reagents, to boost our share of the immunochemistry testing market.

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.

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 \$4,300 million. In Japan, we have a high share of the market for quality control serum used with various general-purpose reagents.

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. Urinalysis is an important screening tool that typically yields clues for diagnosing a number of diseases.

Sysmex estimates that the global urinalysis market accounts for sales of \$380 million, including \$130 million from urine sediment analysis. 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.

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.

New Business

Scientific Measurement and Healthcare

In the scientific measurement segment, we are developing industrial applications for particle analysis technology that we originally developed for our mainstay hematology business. This technology is used in many industrial processes, including research and quality control of copier toner and ceramic particles.

In the healthcare segment, peripheral artery monitoring devices that can measure hemoglobin levels without blood sampling are used at fitness centers and various other sites. Sysmex also sells support software for health management and childcare services.

Testing Essential to the Realization of a Healthy Society

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.

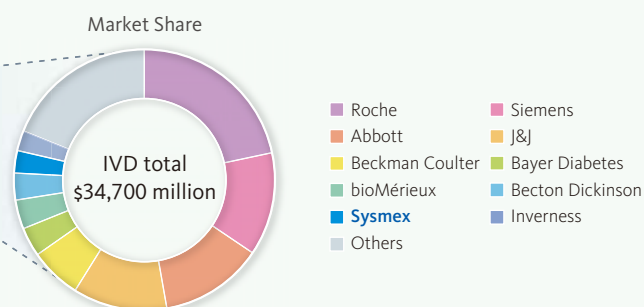
The global *in vitro* diagnostics market is worth some \$34,700 million. Sysmex provides a wide variety of products and support services, ranging from individual instruments and reagents for *in vitro* diagnostics to full laboratory information systems.

Sysmex now ranks ninth in the world in the *in vitro* diagnostics field. We also command the leading share of the global hematology segment.

Diagnostics Market and Sysmex's Position

Segment	Market size (\$ million)
IVD total	\$ 34,700
Hematology	1,800
Hemostasis	1,000
Immunochemistry	8,200
Clinical chemistry	4,300
Urinalysis	380
(Urine sediment)	130
Diabetes	8,400
Others	10,620

(Sysmex estimates)



The Shift to Preventive Medicine and Rising Levels of Basic Healthcare

As the societies of Japan and other advanced countries age, countries are implementing healthcare reforms centered on preventive healthcare to extend the healthy lifespan of their populations in a bid to rein in rising healthcare costs. At the same time, an increasing number of governments in emerging markets are mounting efforts to raise their levels of basic healthcare.

A healthcare reform bill passed in the United States in March 2010 will greatly reduce the number of uninsured in the country, raising the percentage of people with medical insurance from around 80% at present to more than 90%. Meanwhile, healthcare reforms in China that commenced in 2009 involve an investment of CNY 850 billion in public healthcare services over a three-year period.

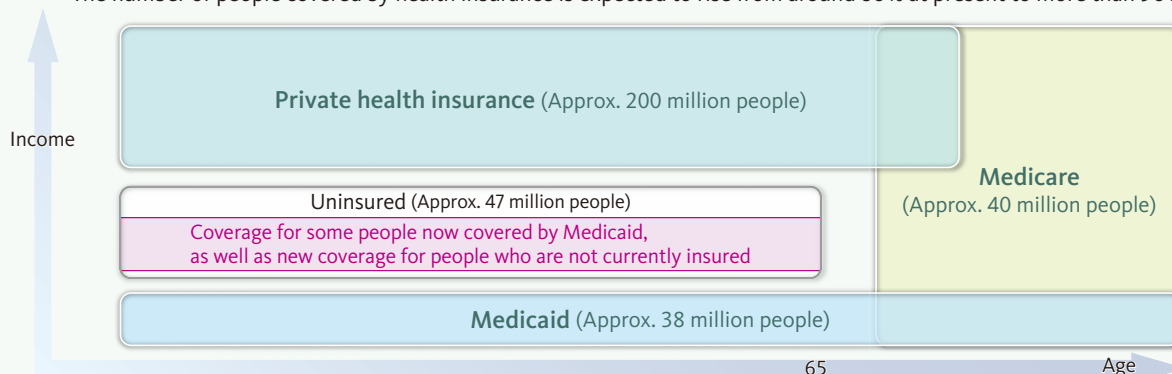
In April 2008, Japan introduced a new system of specific health checks and specific healthcare education, aimed at insured

individuals aged between 40 and 74 years, with the goal of preventing and improving metabolic syndrome (a collection of metabolic risk factors for cardiovascular disease and diabetes). The focus on metabolic syndrome involves gaining a picture of visceral fat accumulation before any disease onset and is aimed at preventing lifestyle-related diseases—such as diabetes, hypertension and lipid abnormalities—that account for 30% of national healthcare spending. Overall, testing is playing an increasingly important role in healthcare, which is undergoing changes on a global basis.

Sysmex is cultivating new testing technologies that combine *in vitro* diagnostics and the life sciences, driving progress in preventive healthcare and responding to an increasing emphasis on improving patient quality of life (QOL). Through testing products, we aim to contribute to healthcare quality and efficiency.

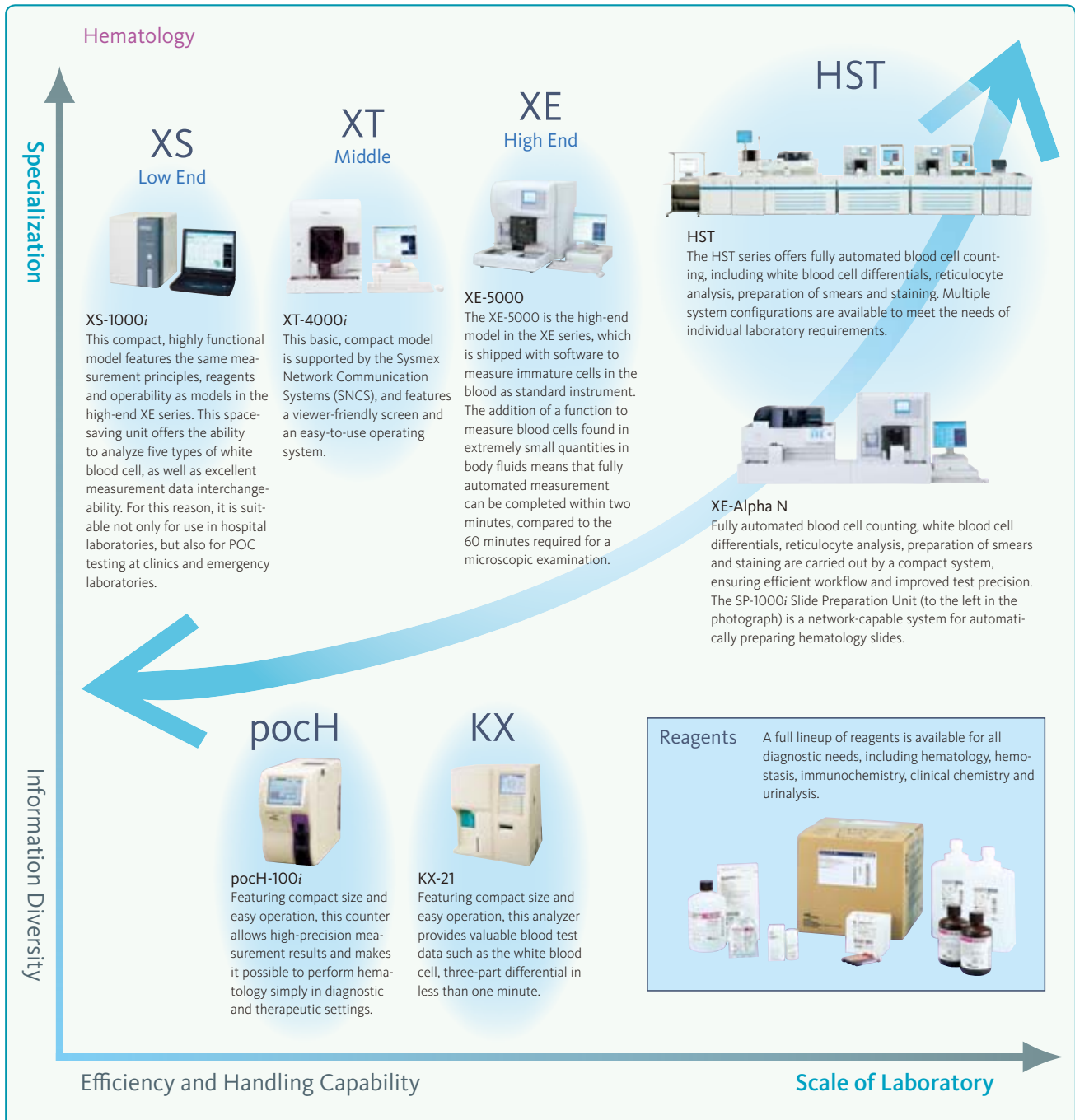
U.S. Health Insurance System

The number of people covered by health insurance is expected to rise from around 80% at present to more than 90%



Major Products

▶ Diagnostics



Hemostasis



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.



CA-500 Series
These compact, fully automated analyzers offer advantages of the CA series such as high precision and ease of use. Operation is simple, making these analyzers ideal for emergency laboratories and for use at small and mid-size institutions that test infrequently.



CA-7000
The top of the CA series product line makes possible ultra-fast throughput of 500 tests/hour possible (for simultaneous measurement of PT/APTT). The Secure Reagent System (SRS) allows control of reagent names, lot numbers, and expiry dates through automatic barcode reading.

Immunochemistry



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. The model is designed for use by medium-sized hospitals. In a bid to establish our presence in the immunochemistry market, Sysmex released reagents for infectious diseases such as hepatitis B, hepatitis C and HIV, and those for the detection of thyroid hormone markers. With the aim of expanding our offering of measurement items, our R&D team is working on the development of reagents for detection of diseases and coagulation molecular markers. In order to expedite the development of these reagents, we are also working closely with our partner companies.

Note: Only available in Japan.

Urinalysis



UF-1000i

The UF-1000i offers fully automated, high precision, quantitative analysis of urine sediment using Sysmex's proprietary technology utilizing flow cytometry, further improving the reliability of urinalysis.

POC Testing



POCTEM S Series

The POCTEM S Series is a rapid influenza diagnostic kit that employs the immunochromatography method. Samples extracted from the body are dropped on test paper that can simultaneously determine the presence of Influenza A and B.

Note: Only available in Japan.

Life Sciences



RD-100i

This gene amplification detector, which extracts and amplifies genes in lymphatic tissues in order to detect lymph-node metastasis, is the first commercial offering for clinical use from the Company's life science line. The detection system, which consists of a proprietary reagent (LYNOAMP BC) and analyzer (RD-100i) licensed by the Ministry of Health, Labour and Welfare for manufacture and sale, represents the first Japanese technology of this type to automate metastasis determination and to be covered under national health insurance.

LYNOAMP BC

IT



CNA-Net

CNA-Net is a laboratory-information system provided by Sysmex subsidiary Sysmex CNA. The system consists of independently operable subsystems for clinical chemistry, hematology, urinalysis and immunology testing. When used as an independent system, CNA-Net is configured to encompass all processes from examination reception to routine testing and test results reporting.

Note: Only available in Japan.

New Business (Particle Analysis, etc.)



FPIA-3000

The FPIA-3000 is a highly advanced particle measuring analyzer that incorporates a CCD camera. The analyzer not only measures particle size distribution, but it also provides a great deal of information on particle size and shape and makes it possible to evaluate particulate matter that was previously difficult to analyze.



SD-2000

Through a combination of the electric resistance method and sheath flow technology, particle distribution is obtained without complex correction and analysis and the sizes and numbers of particles are determined more accurately.



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.

Note: Only available in Japan.



PROWELL

PROWELL is a software package for use with a quick health-check service offered at healthcare corners in drugstores and other outlets in Japan. The service allows individuals to perform simple checks on their state of health by entering some basic body measurements and answering questions on lifestyle and dietary habits.

Note: Only available in Japan.

Introduction to Sysmex Technology

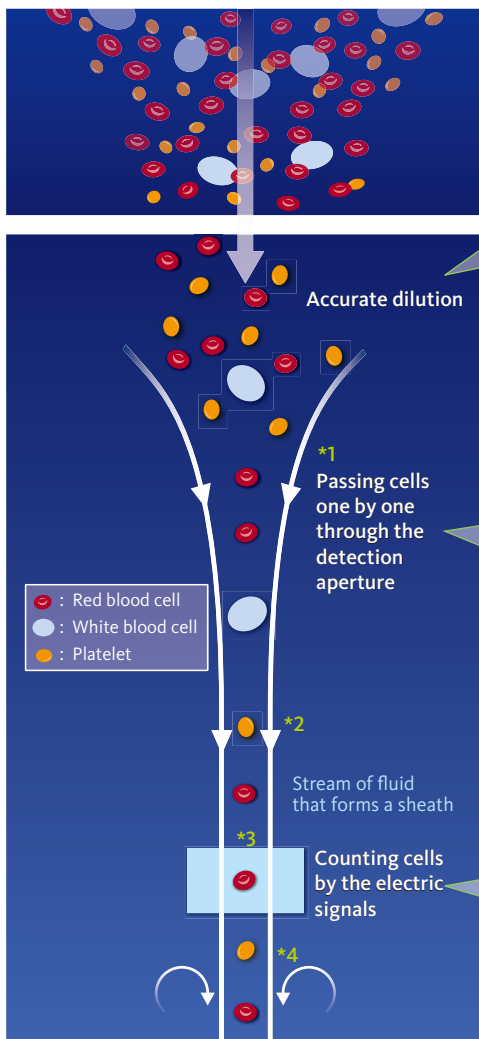
4. Please explain your technology advantages.

Depending on blood cell type, anywhere from several thousand to several million blood cells—red blood cells, white blood cells and platelets—exist per microliter 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—sheath flow DC detection and flow cytometry—to achieve precise measurements at the microliter level.

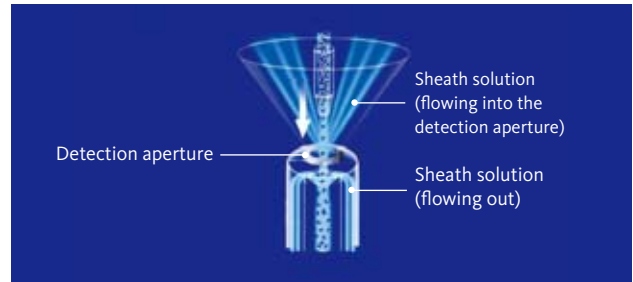
Basic Principles Underpinning Sysmex's Hematology: Sheath Flow DC Detection

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. Sheath flow DC detection is the basic method for measuring the number of blood cells and distinguishing their types by size. Broadly speaking, the method comprises three processes.

Three Processes in Counting Red Blood Cells

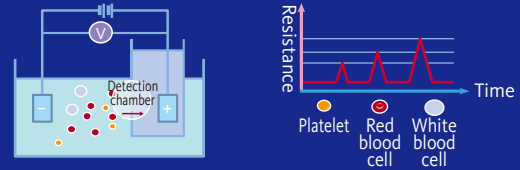


Detection Chamber



Detection Method

As a constant electric current is passed through a solution, this method measures the changes in electrical resistance that occur when blood cells pass through detection aperture.



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.

Capturing More Information: Flow Cytometry

Laboratory tests must be reliable to be useful in diagnosis and treatment, and the medical community needs access to measurement results that add value. Sysmex is addressing these needs through a sustained program of technological innovation. Accordingly, we are progressing from the present method of counting blood cells to using flow cytometry to analyze their internal contents.

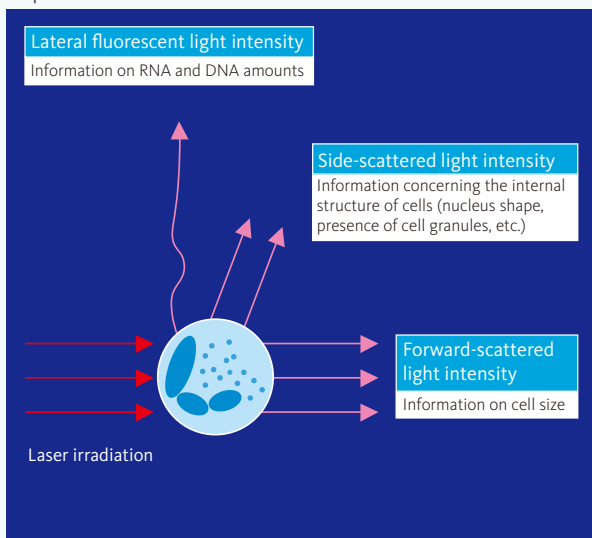
With flow cytometry, the target cells are stained with a special reagent and then irradiated using a laser diode to capture information on cell size and internal structure. This method enables detection of the five different types*⁵ of white blood cell, as well as of any abnormal cells. Flow cytometry provides clinically important information, as the distribution of the five types of white blood cells differs according to the disease present.

*⁵: Each of the five types of white blood cell—neutrophil, lymphocyte, monocyte, eosinophil and basophil—has a different shape and function.

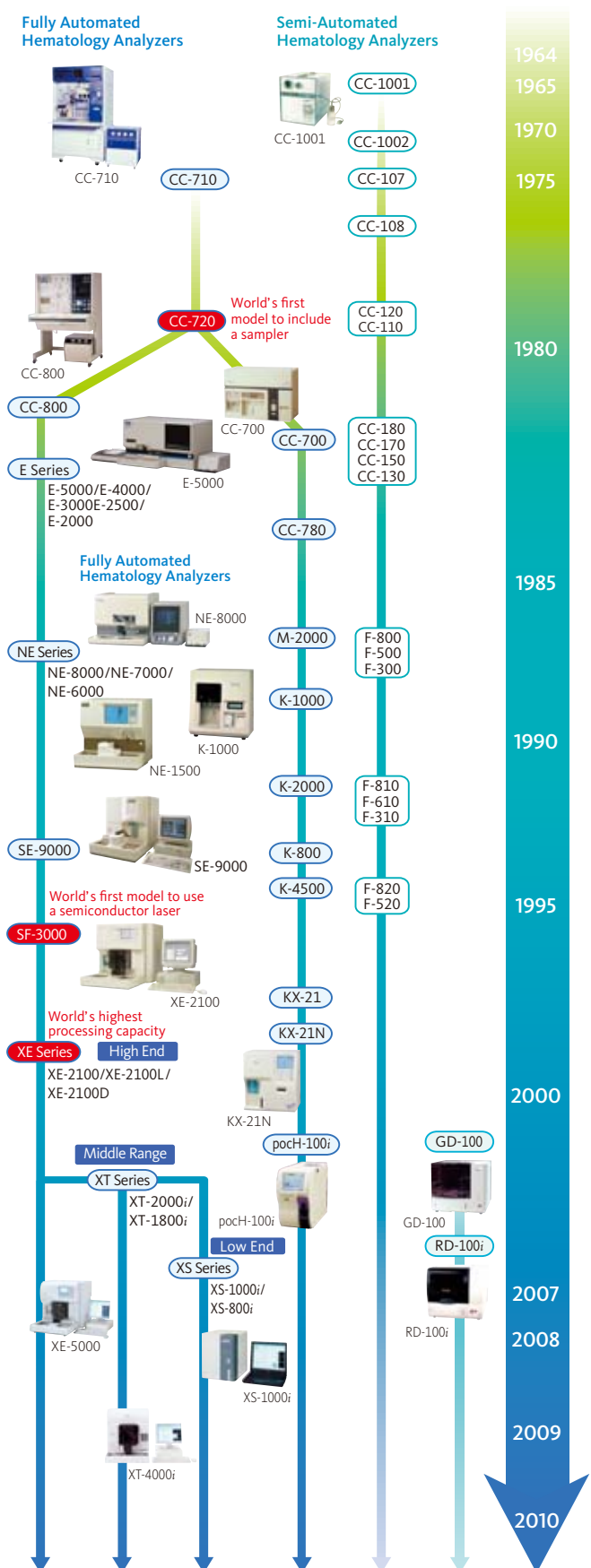
Flow Cytometry

With flow cytometry, the number of red blood cells and platelets are first shrunk through the action of a surfactant. The target white blood cells are nucleic-acid stained and irradiated with forward-scattered light, side-scattered light and side-fluorescence using a laser diode. The light signals are then analyzed to categorize the blood cells.

Captured Information



Development of Instruments



Our first product in the life science field, a rapid breast cancer lymph-node metastasis detection system, employs One-Step Nucleic Acid Amplification (OSNA) method technology.

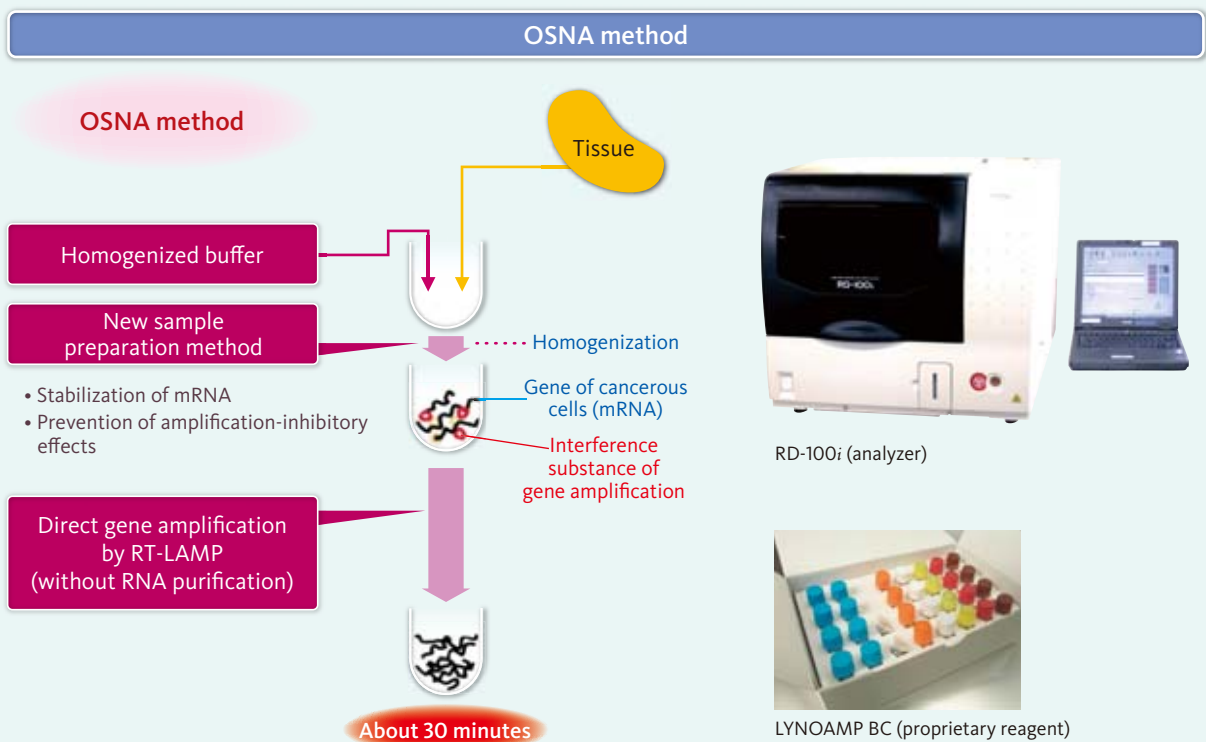
Minimizing the extent of dissection in breast cancer treatment is generally considered desirable in terms of the patient's quality of life (QOL). At present, pathology labs offer a provisional diagnosis of the sentinel lymph node, where metastasized cancer cells first reach, intra-operatively and then conduct post-operative confirmatory studies to determine the extent of resection, as well as the post-surgical therapeutic principle. Intra-operative diagnosis of cancer metastasis requires highly skilled and experienced surgeons. Sysmex's gene amplification detector, the RD-100i, enables

the detection of breast cancer metastases in the sentinel lymph node in approximately 30 minutes, thus facilitating intra-operative diagnosis to reduce the need for further surgery.* This detection consequently decreases the burden on patients and reduces overall case costs. We are now conducting R&D in an effort to extend the system's application to other types of cancer, such as stomach and colon cancer.

* If metastasis is detected post-operatively with conventional testing methods, additional surgical intervention or another treatment is required.

The OSNA Method

The OSNA method is a rapid gene amplification technique that does not require the purification of genes (mRNA) that have been taken from a living organism. The method can be used for time-restricted intra-operative diagnosis of the lymph node, detecting cancer cells with a high degree of accuracy.



Functional Structure

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, peace of mind and trust.

Sysmex is a comprehensive supplier of the instruments, reagents and software necessary for diagnostic testing. With operations at 45 locations in 27 countries, Sysmex provides products and services to customers in more than 160 countries. By integrating R&D, production, sales and after-sales support, we work to improve the reliability of diagnostic and medical-treatment testing, thereby ensuring increased customer satisfaction and trust.

Through its extensive sales and support network, Sysmex actively communicates with customers around the world to understand customer needs and discuss the future of testing. We apply the ideas and information that emerge through this communication toward the selection of new research themes and the development of new products, services and solutions, as we work to build trust and deliver peace of mind to customers.

Global Supply Chain

Research and Development

Japan

- Technopark
- R&D Center



Sysmex maintains a trilateral R&D structure centered in Japan and with facilities in North America and Europe, and the Company actively collaborates with universities and research institutions throughout the world. In 2008, the new Technopark was completed as a symbol of the "Creation of 'knowledge' and its inheritance" concept. Technopark serves as the Company's core R&D site used to accelerate research into new diagnostic technologies and develop high-value-added products.

Software Development

Japan

- Sysmex CNA

Overseas

- Sysmex Belgium IT (Belgium)
- Sysmex Infosystems China (China)
- Sysmex New Zealand (NZ)

Production (Instruments)

Japan

- Kakogawa Factory

- Sysmex Medica
- Sysmex RA

The Kakogawa Factory, which produces all Sysmex instruments shipped worldwide, provides a stable supply of high-quality products that meet the strict regulatory requirements for medical devices around the world. Sysmex products enjoy an excellent reputation with customers. We have introduced quality and process management systems to ensure quality in all processes from the testing and assembly of components to product testing and shipment.



Production (Reagents)

Japan

- Sysmex International Reagents (two factories)

Overseas

- Sysmex Reagents America (US)
- Sysmex do Brasil Industria Comercio (Brazil)
- Sysmex Europe (Germany)
- Jinan Sysmex Medical Electronics (China)
- Sysmex Wuxi (China)
- Sysmex Asia Pacific (Singapore)
- Sysmex India (India)

Sysmex emphasizes local raw material procurement and product manufacturing, as this approach allows stable product supply and competitive pricing. At present, the Company operates nine reagent factories in seven countries. In 2007, Sysmex completed construction of a reagent plant in the United States that has doubled production capacity in that country. In addition, in 2008 the Company brought on-stream a reagent plant in India to capitalize on rapid market growth there, and it is currently working to achieve production stability and raise production efficiency at that facility.



Logistics

- Japan ● Sysmex Logistics
- Overseas ● Sysmex Logistics UK (UK)



- : Regional headquarters
- - -> : R&D network
- ★ : Instrument production
- : Instrument supply
- : Reagent production
- ◎ : Reagent supply

Sales and Support

Japan

- Solution Center
- Seven branches, 12 sales offices
- Metropolitan Area Service Center

- Sysmex TMC
- Sysmex bioMérieux



Americas

- Sysmex America (US)
- Sysmex Canada (Canada)
- Sysmex do Brasil Industria Comercio (Brazil)

Europe

- Sysmex Europe (Germany)
- Sysmex France (France)
- Sysmex Middle East (U.A.E.)
- Sysmex South Africa (South Africa)

China

- Sysmex Shanghai (Shanghai)
- Sysmex Hong Kong (Hong Kong)

Asia Pacific

- Sysmex Asia Pacific (Singapore)
- Sysmex India (India)

and others

In addition to a direct sales and support network, the use of alliances has enabled Sysmex to build a global sales and support system tailored to meet local characteristics. In 2008, Sysmex established a company in Dubai to provide these services, which it followed in 2009 with a company in the Benelux region. In 2010, we converted to a wholly owned subsidiary the German HITADO Group, which sells and services point of care testing (POCT) products, marking our full-fledged entry into the POCT market. To capitalize on the ongoing changes in healthcare infrastructure in Asia, we formed a subsidiary in rapidly growing Vietnam. Also, we established a sales and customer service base in Spain, with the aim of expanding operations in our new life science business segment. In addition to the rapidly emerging markets of Brazil, Russia, India and China (BRICs), we plan to step up sales activities in other areas that are expected to experience high levels of market growth, including Central and South America, Eastern Europe and Africa.



Worldwide customers

- : Sysmex Corporation
- : Affiliated companies

Research and Development

Through its focus on improving test quality, Sysmex has established core technologies, developed a range of “industry-first” laboratory test technologies, and is now actively engaging in life science R&D.

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Functional Structure

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. In 2008, construction

was completed on Technopark. This facility consolidates the Company’s R&D activities, facilitates the sharing of knowledge and expertise, and fosters collaboration to generate synergies.

At Technopark, the creation and fusion of new technologies will be facilitated by interaction between researchers and engineers with expertise in electronics, mechanics, biology, chemistry, software and other areas. Sysmex will also build systems for the integrated management of R&D and intellectual property as part of its efforts to develop revolutionary new technologies and unique products that will generate new markets.

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.



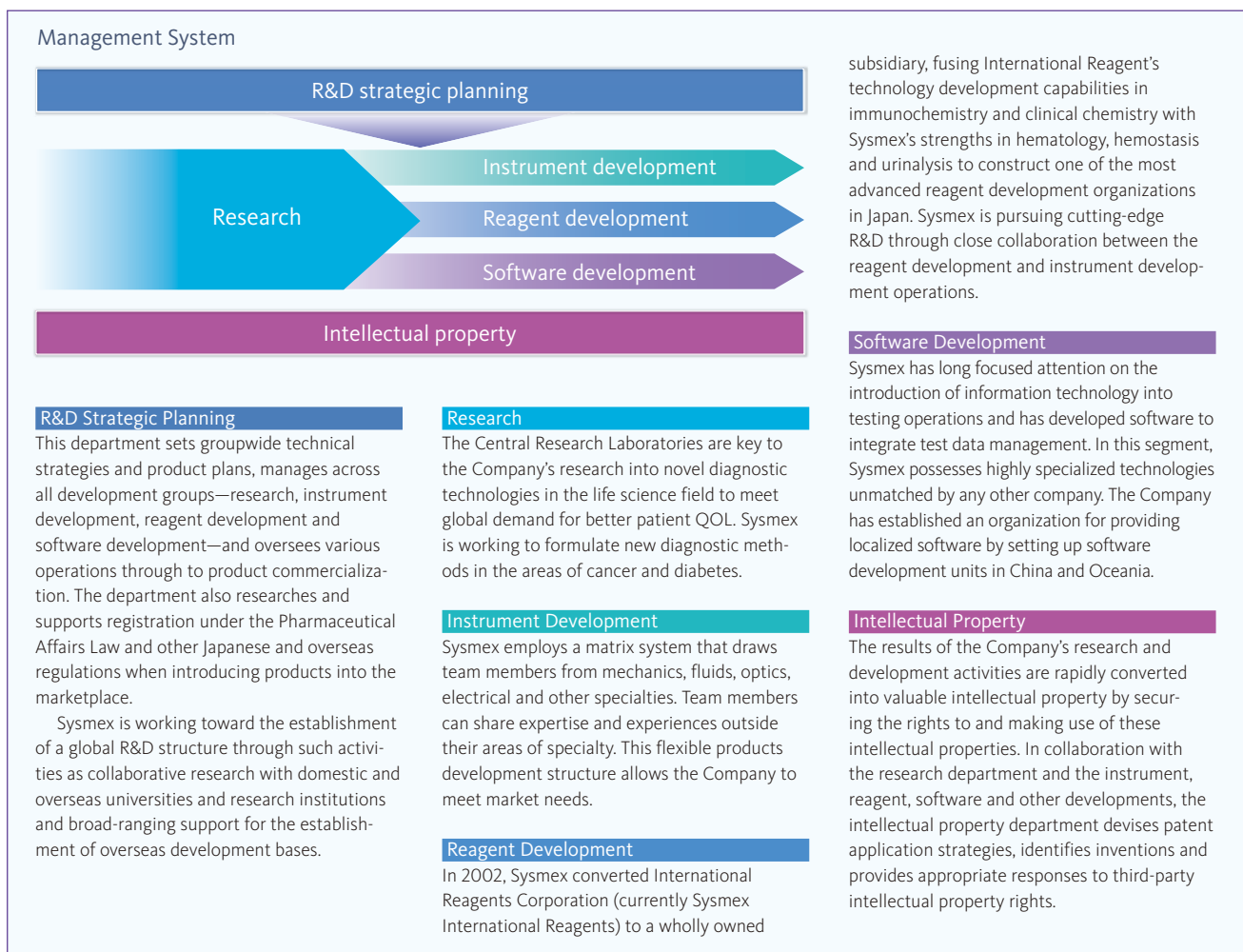
Technopark, Focused on the Creation of “Knowledge” and Its Inheritance

In 2008, Sysmex unveiled the new Technopark as the transformation of the core R&D facility formerly known as Techno Center. The Technopark will be used to accelerate research into disease and biology and produce further developments in life science technologies. The Technopark will provide an R&D environment where talented researchers and engineers can exchange information and freely generate innovative ideas. By enhancing its technology developments for instruments, reagent and software, and enhancing their integration with the life sciences, Technopark also aims to realize higher-value diagnostics. It will also support further collaboration between research facilities in Japan and overseas, as well as the BMA

Laboratory, R&D Center Europe and Diagnostic Reagent Development Center in China.

At this central R&D facility, the Company will also step up its development of instrument, reagent and software technologies, which it aims to combine with life science technologies to develop value-added laboratory and diagnostic tests in an aggressive bid to cultivate, plan and develop new business opportunities.

We will continue to benefit from the “knowledge assets” we have built up to date. We will also continue to accumulate knowledge in multiple fields throughout the world and combine this expertise creatively to engender advanced new technologies.



Functional Structure

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 generate new markets.



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. The Laboratory is researching methods to predict anti-cancer efficacy and developing protein chips that can simultaneously measure protein activity and expression.



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.



Sysmex Asano Laboratory

The Sysmex Asano Laboratory is a research base founded within the Kobe Translational Research Informatics Center (TRI) to pursue joint research with the cell therapy research group of the Foundation for Biomedical Research and Innovation (FBRI). Under the direction of Dr. Shigetaka Asano, Professor Emeritus, University of Tokyo, Sysmex aims to develop new diagnostic technologies through joint research at the laboratory on the efficacy of cell therapy and improved safety profiles.

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 Establishes New 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.

In China, demand for the early detection and treatment of hepatitis is strong, as the country has a high incidence of this disease. We will employ this new development center to expedite the development of reagents that meet the specific demands of this growing market. Our first initiative will be the development of immunochemistry reagents, such as hepatitis markers and cancer markers.



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 160 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. Another R&D focus, which aims to quickly launch new products into mass production, is on transforming the engineering chain, including raw materials purchasing and through concurrent engineering.

Instruments Manufactured in Japan to Deliver High Quality

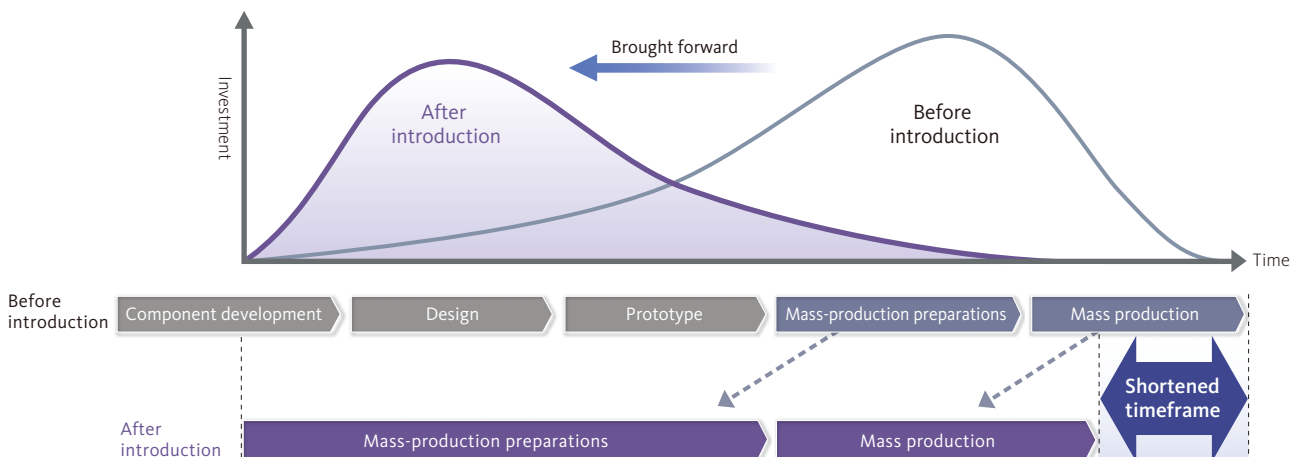
All Sysmex instruments are manufactured in Japan. The Company uses cutting-edge production and quality control technologies because of the sophisticated and specialized technologies that are required, delivering high-quality products with high added value. To provide support for sophisticated and complex production processes, the Kakogawa Factory has created an information system dubbed Quality Information Control & Keep System 21, or Quick21. This system enables “digital *monozukuri*” by using 3D CAD design data to achieve 3D animation and automation of work processes (see the column on page 41).

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. Sysmex has substantially cut production lead times, cost of sales and inventories at these two plants to increase global cost competitiveness. The Company pursues production that capitalizes on the characteristics of each plant. The Ono Factory is used for the mass production of reagents using automated facilities, whereas the Seishin Factory is used for the production of bulk biological reagents requiring advanced, specialized knowledge. Sysmex seeks to strengthen and expand its global production system by actively transferring expertise developed at these plants to overseas reagent production bases.

Sysmex is also expanding its overseas production bases to meet growing overseas demand and improve its ability to compete. The Company currently has seven production facilities in six 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.

Effect of Introducing Concurrent Engineering



Kakogawa Factory (Instrument Production, 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 a wide range of products to markets around the world and employs flexible production systems.



Seishin Factory (Reagent Production, Japan)

(Sysmex International Reagents)

The Seishin Factory is mainly responsible for the production of bulk biological reagents and draws on wide-ranging production technologies to produce a line of more than 1,000 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.



Ono Factory (Reagent Production, Japan)

(Sysmex International Reagents)

The Ono Factory is dedicated to the high-volume production of about 400 reagents, centered on products for the hematology segment. 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.



Neumünster Factory (Reagent Production, Germany)

(Sysmex Europe)

Additions to this plant were completed in April 2007, approximately doubling its reagent production capacity. This expansion responds to increased reagent demand in line with the growing installed base of instruments in Europe. The Company aims to reorganize and expand its business base to allow a more stable supply of diagnostic reagents and reduce cost of sales.



Baddi Factory (Reagent Production, India) (Sysmex India)

This reagent factory in an industrial park in the state of Himachal Pradesh will help ensure a steady reagent supply to the Indian market, which is expected to grow.

Chicago Factory (Reagent Production, United States)

(Sysmex Reagents America)

In response to rising demand and to reinforce cost competitiveness, Sysmex has built more facilities at the site of its regional headquarters, Sysmex America, Inc.



Wuxi Factory (Reagent Production, China)

(Sysmex Wuxi)

Sysmex became the first non-Chinese company to receive local pharmaceutical manufacturing approval. The Company became able to manufacture products needed in hemostasis, clinical chemistry and sophisticated biotechnology applications.



Reconfiguring Systems to Make Them More Efficient

Systemex factories promote upstream purchasing and are strengthening its unified development and production structure to move forward mass production. We are improving our global supply chain management systems by reorganizing logistics locations and reconfiguring supply flow.

For instrument and reagent manufacturing, Systemex promotes upstream purchasing and is strengthening the Company's unified development and production structure to enable early-stage mass production. Systemex 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, Systemex 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.

For overseas reagent production, Systemex has set up reagent factories in Germany, the United States, Brazil, China, Singapore and India to enable the stable and speedy supply of reagents to global markets.

Monozukuri Goes Digital, Shortening Production Times

The Kakogawa Factory uses Quick21, a production support system that Systemex developed in-house to support factory associates, manage processes and assist quality management.

In 2006, we began using 3D CAD design data to make work processes more visual, helping to shorten the time associates 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.

Furthermore, we use our IT and networking 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.



Sales and After-Sales Support

Sysmex focuses on regional business needs in its R&D, production, sales and after-sales support in 45 locations around the world. Sysmex has an excellent reputation with customers for its global after-sales support system.

Throughout its history, Sysmex has always set its sights on overseas markets and adapted its business activities to the requirements of markets in diverse geographical regions. Today the Company engages in R&D, production, sales and after-sales activities at 45 locations around the world and supplies products to customers in more than 160 countries.

In line with the core strategy of Global Niche No. 1, Sysmex has established its position as the market leader in the hematology segment in Japan, Europe, China and the Asia Pacific region, as well as capturing the top share of the global market. The Company is building on its current

position by reorganizing business structures and working to expand market share in the United States, the world's largest market. Customer satisfaction survey results demonstrate that Sysmex has earned a solid reputation with its customers for the processing capacity and quality of its products, which reduces down time, as well as for the added value provided by its after-sales, online and other support services.

Building on the foundations of its hematology business, Sysmex is working aggressively to establish itself as a solutions provider in the diagnostics field.

5. How do customers rate Sysmex?

42 Functional Structure

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

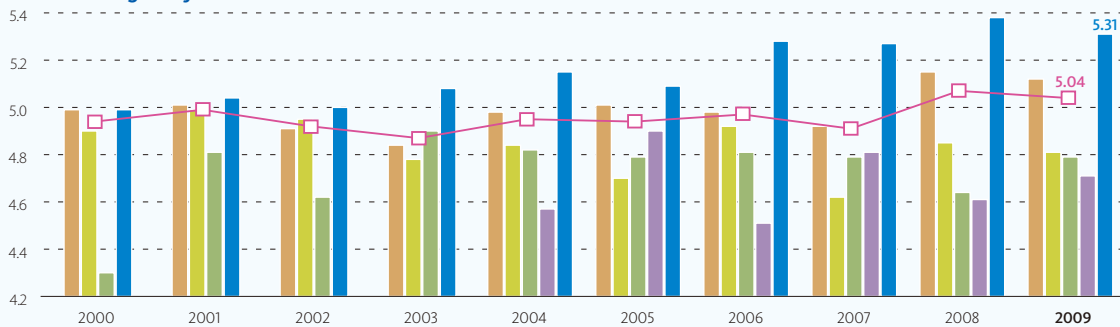
• Survey of Customer Satisfaction

A survey of customer satisfaction published in 2009 has shown that Sysmex is ranked No. 1 in the United States for instrument performance meeting expectations.

Instrument Performance Meets Customer Expectations

■ Sysmex ■ Competitor 1 ■ Competitor 2 ■ Competitor 3 ■ Competitor 4 □ Industry Avg.
 1=Very Poor 2=Poor 3=Fair 4=Good 5=Very Good 6=Excellent

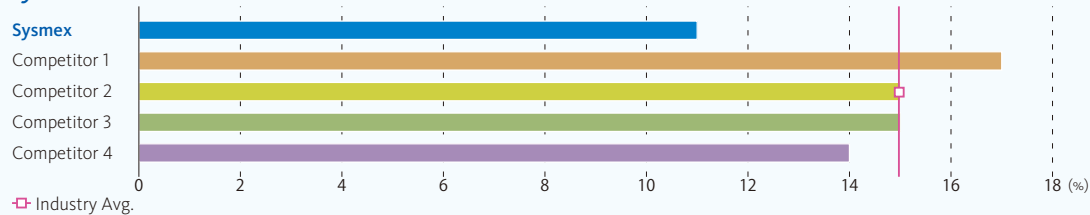
Sysmex Rated Highest for the Past 10 Years



Percentage of Call-Backs for Same Problem in 30 Days

1.5x 1.4x 1.4x 1.3x Likelihood of competitors vs. Sysmex

Sysmex Rated the Best!



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.



Building Regional Sales and After-Sales Support Networks

System operates a network of seven branches and 12 sales offices in Japan and has established a sales and support structure second to none in the diagnostics market. The Company provides multifaceted solutions for test efficiency and cost cutting, involving after-sales support that takes full advantage of this extensive network. It now provides such high-value-added sales and after-sales support around the world, having built support networks tailored to the various local 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. System has established a rapid support system by stepping up cooperation between the Customer Support Center and System offices and sales offices across Japan. The Company has further enhanced after-sales support by consolidating the customer after-sales support function in the Solutions Center, which opened in 2005, and opened a service center in the Tokyo metropolitan area in 2006.

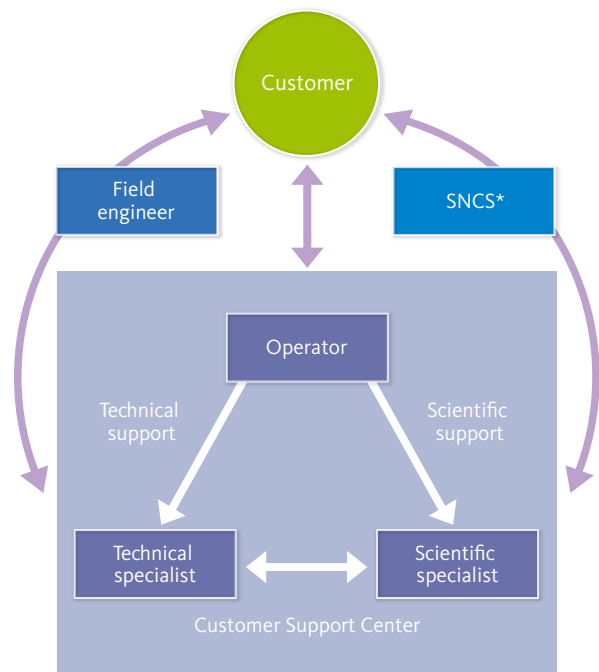
* Service for customers who have maintenance contracts

Online Maintenance of Customer Instruments

System 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 System to respond rapidly to customer requests.

After-Sales Support System



*SNCS: A service that connects customer products with customer support center terminals through a web interface to provide online support and online quality control.

The company is rolling out on a global scale the Sysmex 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 launched the SNCS in the United States in 2006 and is steadily expanding the installed base.

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. Sysmex now runs seminars and other activities in Thailand, Indonesia and India and holds symposiums in Europe and North America.

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 from anywhere in Japan. Using the system's list viewing function, customers can see at a glance the status of equipment at multiple facilities across Group medical institutions.

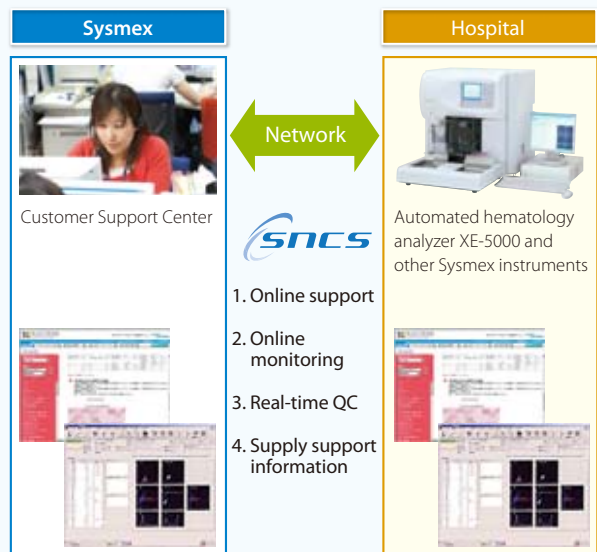
Online Support

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. Remote diagnosis and image-sharing systems help to accurately pinpoint failure locations so that we can quickly provide necessary parts, to shorten down time.

Web Information Service

We communicate with customers via a specialized e-mail application. Our web information service also offers case studies of illnesses, literature lists and technical information.

Sysmex Network Communication Systems



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.

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.

Management Organization

Sysmex has adopted the corporate auditor system. The current management organization consists of eight directors (seven of whom are executive officers), four corporate auditors (including two external auditors), and 14 executive officers. The Company adopted the executive officer system and established the Nominating Committee and the Compensation Committee in April 2005 in order to increase the speed of decision making in the conduct of business and respond quickly to changes in the business environment.

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

The Board of Directors consists of eight directors. 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 president 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 president and executive officers. The committee meets once a month, in principle, serving as a consultative body to the president to deliberate on important matters concerning the Group's business.

The Group Management Reporting Committee consists of the president and executive officers, directors of overseas regional headquarters and division managers. The committee meets once every three months, 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, 2010, the Board of Directors met 15 times, the Global Strategic Committee 12 times, the Steering Committee 17 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 external auditors. The corporate auditors

attend the Board of Directors and Steering Committee meetings and maintain systems for appropriately supervising the conduct of business on the part of the directors. 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 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.



Directors



Front row, from left: Hisashi Ietsugu, Kenichi Yukimoto

Back row, from left: Kazuya Obe, Yukio Nakajima, Masayoshi Hayashi, Shigenori Ohigashi, Koji Tamura, Mitsuru Watanabe

Hisashi Ietsugu

President and CEO

Kenichi Yukimoto

Member of the Managing Board and Executive Officer
Senior Managing Director
CSR Promotion

Masayoshi Hayashi

Member of the Managing Board and Executive Officer
Managing Director
Business Management (Japan), Sales & Marketing, Scientific Affairs,
Customer Support

Shigenori Ohigashi

Member of the Managing Board and Executive Officer
Managing Director
Quality & Environmental Management, SCM,
Manufacturing Management, Instrument Production

Yukio Nakajima

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

Koji Tamura

Member of the Managing Board and Executive Officer
Managing Director
IVD Business Development, Life Science Business Development,
Scientific Instrumentation Business

Kazuya Obe

Member of the Managing Board and Executive Officer
International Business Management

Mitsuru Watanabe

Member of the Managing Board and Executive Officer
R&D Strategic Planning, Intellectual Property, Central Research Laboratories,
Diagnostics System Development, Diagnostic Reagent Development,
Life Science Business Development

Basic Policy on Internal Control Systems and Their State of Development

Systems for Ensuring That the Execution of Duties by Directors 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 will maintain 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 shall implement and strengthen compliance in the corporate group under the control of a compliance officer and compliance committee. The Company shall rigorously ensure compliance through education and training for directors and employees, promote 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 conduct audits of the compliance structure by means of the Internal Audit Office.

Systems for the Retention and Management of Information Relating to the Execution of Duties by Directors

The Company shall appropriately retain and manage information relating to the execution of duties by directors 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 shall comply with risk management regulations established by the Risk Management Committee for the integrated management of risk throughout the Company. The Company shall endeavor 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 Directors Execute Their Duties Efficiently

The Company has positioned the Board of Directors 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 shall ensure the efficient execution of business in accordance with the organization regulations, scope of authority regulations, and approval procedure. The Company shall establish mid-term plans and annual management plans, periodically confirm the progress made with those plans, and take any necessary measures.

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

The Company shall ensure compliance in accordance with the compliance code applied to all the directors and employees of companies in the Group. In conformance with regulations established with respect to risk management, the Company shall maintain groupwide risk management systems based on those regulations. The Internal Audit Office shall conduct groupwide internal audits.

With regard to the management of affiliated companies, the Company shall respect the autonomy of the management of affiliated companies and ensure the appropriateness of business activities throughout the corporate group by such means as periodic reporting on the details of the business of affiliated companies 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 shall provide full-time staff to assist the Board of Auditors. In such case, the directors shall 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 director 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 director is responsible for promptly reporting that fact to the Board of Auditors.

The corporate auditors shall attend Board of Directors and other important meetings, read important documents such as approval requests, and request explanations from directors and employees as necessary.

Basic Policy on and Status of Systems for Excluding Antisocial Forces

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

Corporate Auditors



From left: Haruyoshi Kobayashi, Hiromu Fujioka, Toshiyuki Miyauchi, Isamu Inamasu

Haruyoshi Kobayashi
Standing Corporate Auditor

Toshiyuki Miyauchi
Standing Corporate Auditor

Hiromu Fujioka
Corporate Auditor

Isamu Inamasu
Corporate Auditor

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.

* The campanula is also commonly known as the bellflower for the shape of its blossoms. Systemex's Campanula Lines are so named to evoke an awareness that all employees have the ability to "ring a bell" on actions that are or could be considered non-compliant.

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,*1 issues that have arisen,*2 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 Board of Directors or the president. Any issues that arise are reported to the president, 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.

*1: Decisions that have been made include decisions on mergers or stock swaps as stipulated in the Rules on Timely Disclosure of Corporate Information from the Tokyo Stock Exchange.

*2: Issues that have arisen include changes in major shareholders or lawsuit filings as stipulated in the Rules on Timely Disclosure of Corporate Information from the Tokyo Stock Exchange.

Executive Officers



From left: Takashi Goda, Michiaki Ishida, Katsuo Uhara, Takuji Nishino, Masami Kitagawa, Yukio Hamaguchi, Kaoru Asano

Takuji Nishino

Executive Officer
Executive Vice President of Intellectual Property

Katsuo Uhara

Executive Officer
Executive Vice President of SCM

Masami Kitagawa

Executive Officer
President of Sysmex International Reagents Co., Ltd.

Michiaki Ishida

Executive Officer
Executive Vice President of Manufacturing Management

Yukio Hamaguchi

Executive Officer
Executive Vice President of Diagnostic Reagent Development

Takashi Goda

Executive Officer
Executive Vice President of Business Management (Japan)
President of Sysmex TMC Co., Ltd.

Kaoru Asano

Executive Officer
Executive Vice President of Central Research Laboratories

6. What risk factors do you face?

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 67.5% in the fiscal year ended March 31, 2008, to 68.0% in the fiscal year ended March 31, 2009, and 68.3% in the fiscal year ended March 31, 2010.

As of the start of the fiscal year ending March 31, 2011, the Company assumes forex rates of US\$1.00 = ¥90 and €1.00 = ¥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 mainstay diagnostics business could be indirectly 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, and 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 2010, fees increased for the first time in 10 years, but Systemex expects 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 160 countries and has internal systems in place to ensure the stable supply of these products to customers. The raw materials used in these products are sourced from about 300 Japanese companies and 50 overseas companies. The Company might experience difficulties with procurement if, for example, business operations were suspended at suppliers or the supply of raw materials was interrupted. The stable supply of products could also become problematic if Systemex products were affected by environmental regulations.

For these reasons, Systemex is improving communication with suppliers, sharing information with suppliers and affiliates, and building a global supply network for reagents. The Company endeavors to respond to environmental regulations that may affect products by initiating full-time projects to make products compliant and by responding to the demands of each regulation in order of priority.

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.

Sysmex Value

Founded in Kobe more than 40 years ago, Sysmex 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.



The Sysmex Group is conducting a number of activities to entrench its new corporate philosophy, the Sysmex Way. Through “VQ Sessions,” we conduct activities designed to make the Company attractive to various stakeholders. As one aspect of these activities, we work to promote communications on a global level to unleash Sysmex’s new potential.

In striving to make the Company attractive to a variety of stakeholders, we believe it is important for each employee to understand the ideas behind our corporate philosophy, consider these concepts carefully in light of their everyday activities and discuss their meaning, as they steadily put these ideas into practice. Sysmex considers the fiscal year ended March 31, 2009, to have been a turning point in the creation of corporate value, when we made a qualitative shift.

One program that we introduced to encourage communications on a global level and introduce activities that would create new value for stakeholders was the “VQ Session.” A VQ Session involves all employees Groupwide. True to the meaning behind the acronym—a quest for value—a VQ Session provides the framework for employees to consider and debate actions that can be taken to make Sysmex attractive to stakeholders, and then to put theory into practice.

In 2008, we invited associates to contribute their ideas for putting into practice our corporate philosophy, the “Sysmex

Way.” We receive some 3,700 responses from Group members worldwide. Associates asked and answered questions about these ideas, distilling them into well-considered suggestions. These ideas were then put into actions to be realized by the time of the VQ Session in the fiscal year ended March 31, 2010.

Certain social contribution activities were conducted under the theme “Bring a Smile to Children on Earth.” As one of these activities, people from Sysmex headquarters visited a junior high school in Kobe to teach a class. As specialists on the blood and health, they taught students about such subjects as “functions of the blood” and “the importance of staying healthy.” The courses then touched on advanced technologies. When describing one promising new technology, associates explained about ASTRIM, our analyzer that measures bloodstream hemoglobin without taking samples, and students were invited to measure the hemoglobin levels of their own blood. Lecture feedback was extremely positive.

VQ Session

VQ, short for “value quest,” epitomizes our search for Sysmex-appropriate value that will put the Sysmex Way into action and launch us toward our next stage of operations.



Socially Responsible Activities

We are committed to activities that ensure our attractiveness to stakeholders. As a healthcare specialist, we aim for a healthy and prosperous society.

7. How do you develop human resources?

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Sysmex Value

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

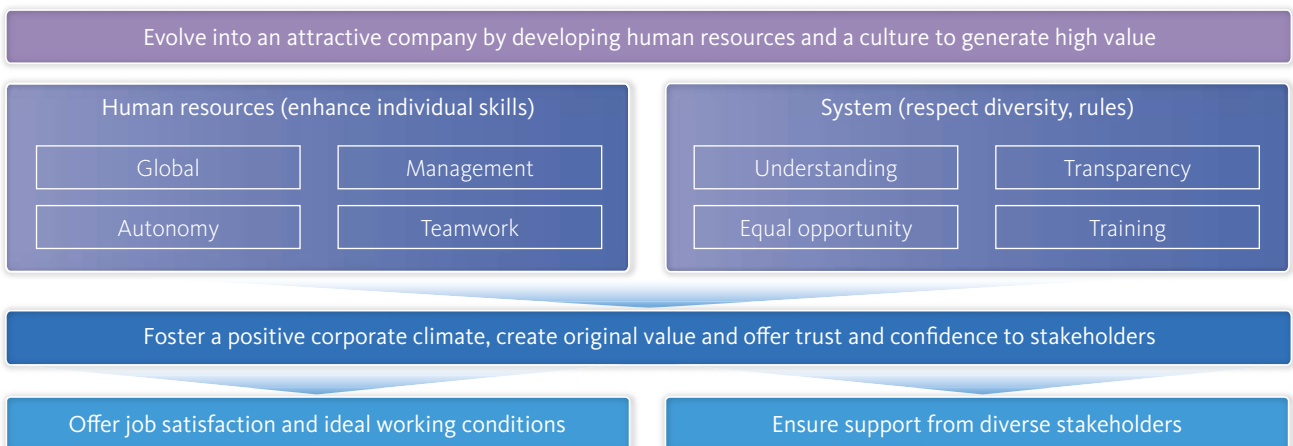
Sysmex fosters a corporate culture where employees can feel a sense of fulfillment in their work, based on mutual agreement and common understanding.

Sysmex believes that recruiting, retaining and developing human resources is among the most fundamental of management tasks. The Company fosters a fulfilling corporate culture that draws out and maximizes the strengths of individual employees so that employees can make the most of their abilities and feel a sense of fulfillment in their work. Currently, around 50% of Sysmex employees are stationed at companies overseas. As it becomes more global, the Company will attract an even greater range of personalities. Sysmex believes that diversity and globalization go hand in hand and

that management's responsibility is to nurture individual strengths and incorporate them into the overall organization. Sysmex will continue to cultivate a corporate culture where employees are fulfilled in their work, based on a sense of mutual agreement and common understanding among all Group employees.

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 April 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. In 2006, the Company established a re-employment system for retirees aimed at individuals who have passed retirement age but still want to work and would like to continue to be engaged in fulfilling work at Sysmex. The objective is to provide a working environment that can utilize the expertise and experience of these employees. To raise employee skill levels, the Company also runs companywide staff development programs, including training aimed at specific employee tiers and global training.

Evolve as an Attractive Company



Social Contributions

Systemex is involved in healthcare, with its headquarters in Kobe but conducting operations and making social contributions on a global scale.

Systemex contributes to the advancement of medical care and supports local communities in a manner befitting a global healthcare testing company.

Since 1984, Systemex has provided assistance for research into electronic measuring technology through the Nakatani Foundation of Electronic Measuring Technology Advancement. 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, Systemex and others. So far, the foundation has provided support for 273 research projects.

Systemex 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. Systemex

also participates in the Kobe Medical Industry Development Project, which is promoted by the city of Kobe. These funds were used to open the Systemex Asano Laboratory in January 2007. Under the direction of Professor Shigetaka Asano, a leading hematology expert, the laboratory aims to create new diagnostic technologies for effective cell therapy.

Systemex looks to make global contributions to healthcare. We have opened the Systemex African Service Center in Cotonou, Benin, as a technical support base covering Western Africa. As well as acting as a local service center, the Systemex African Service Center works to improve skill levels in developing countries through technology transfers to local technicians. The Company also supports improvements in medical device maintenance and management skills by providing technical assistance to the Japan International Cooperation Agency (JICA), which runs programs to provide technical training for researchers from emerging markets.

In December 2005, the Company established the Systemex Women's Track & Field Team, welcoming Coach Nobuyuki Fujita, who has trained numerous athletes representing Japan, and Athens Olympic Games gold medalist Mizuki Noguchi. The team supports the training of young athletes who aim to become world-class competitors.

Donating Hematology Analyzers to Assist the Fight against HIV/AIDS

Preventing the spread of HIV/AIDS is mentioned in the Millennium Development Goals* as one of the most urgent issues that must be taken on by the whole world. However, the numbers of both HIV carriers and patients are on the rise. As of 2007, the number of HIV carriers reached 33.2 million worldwide. The situation is particularly serious in southern Africa, where more than 60% of the world's HIV carriers are concentrated and AIDS is the number one cause of death.

To help prevent the spread of HIV/AIDS, Systemex began its drive to market and donate hematology analyzers and reagents to medical institutions in developing countries in Africa and other regions where healthcare infrastructures have yet to be developed, so that they can monitor the virus in HIV carriers.

For example, Systemex offers an HIV testing method that uses the pocH-100i, a compact, easy-to-operate hematology analyzer, so that clinics in local cities and small hospitals can also perform the test. In addition to marketing the product, we donate it via NPOs. So far, hospitals in six African countries, including South Africa, Botswana and Benin, have received them. Additionally, to ensure that such testing instruments can be used continually after installation, we offer the necessary reagents, maintenance and other services free of charge for several years. In cooperation with the Japan International Cooperation Agency (JICA), we extended these donations to Senegal in 2008.

* The Millennium Development Goals: In accordance with the Millennium Declaration, which was adopted by leaders from 189 nations at the U.N. Millennium Summit of September 2000, eight goals that the global community urgently needs to address in the 21st century were decided upon, including "eradicating extreme poverty and hunger," "combating HIV/AIDS, malaria and other diseases," "reducing childhood mortality" and "improving maternal health."



8. What are your environmental conservation activities?

Environmental Conservation

Our activities aim to fulfill social responsibilities for environmental conservation and act in harmony with the global environment.

Sysmex considers its social responsibility toward environmental conservation a management priority. In line with the Sysmex environmental policy, Sysmex aims to protect the environment in the course of product development, production and customer support and conducts a variety of other activities at its operating sites to reduce its environmental impact and achieve harmony with the global environment.

Sysmex has formulated long-term environmental objectives in recognition of the important responsibility it faces to conserve the environment in light of increasingly severe environmental issues such as global warming, resource depletion and disruption of ecosystems. The Sysmex Group has always been a strong believer in corporate efforts to preserve the local environment and has been proactive in its conservation efforts. As part of this ongoing commitment, in May 2009, the Company reviewed the existing Environmental Policy with an eye toward reducing the environmental impact of each stage of its product life cycle, from product design, production and sales to use and 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. These targets call for the Group to conserve energy and resources and reduce waste by promoting eco-friendly service models (such as SNCS,* its proprietary network-based support service), developing eco-friendly products and raising the efficiency of its business activities.

Through its conservation efforts, Sysmex aims to enhance its overall corporate value. In addition to striving to meet its corporate responsibilities and achieve harmony with the global environment, these initiatives are designed to reinforce the value of the Sysmex brand.

* Sysmex Network Communication Systems (SNCS): Service that connects the customer environment (product) with the customer support center network via SNCS server, automatically analyzes quality control data and operating conditions and provides support over the network.

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

Long-Term Environmental Objectives (Excerpted)

Item*1	Long-Term Environmental Objectives (Year Ending March 31, 2021)	Main Measures
Global warming countermeasures	Reduce the power consumption of diagnostic instruments by 25% (in comparison with conventional models)	Implement eco-friendly designing (save power at the time of operation and standby, and achieve miniaturization)
	Reduce greenhouse gas emissions at business offices by 50% (per unit of consolidated sales*2)	Upgrade to high-efficiency equipment (air conditioners and lighting) at all offices
Effective use of resources and waste reduction	Reduce materials for containers and packaging for products and packing for transportation by 15% (per unit of Sysmex Corporation's parent-only sales)	Reduce the amount of usage of packing materials by introducing simplified packing, and introducing designing for miniaturization
		Improve the efficiency of transportation
Effective use of water resources	Reduce water usage at business offices by 30% (per unit of consolidated sales)	Reduce water consumption by installing high-efficiency equipment (water purifiers, air conditioners) and improving production processes
Others	Promote life cycle assessment*3	Establish life cycle assessment methods Implement and operate life cycle assessment

*1 Divisions in charge differ by item.

*2 Unit of sales: Value derived by dividing the total target reduction volume by net sales

*3 Life cycle assessment: Method of evaluating environmental impact by measuring resource consumption and waste during all product-related processes, including production, use and disposal

relations department is located within the corporate business planning division, which reports directly to the president. 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.

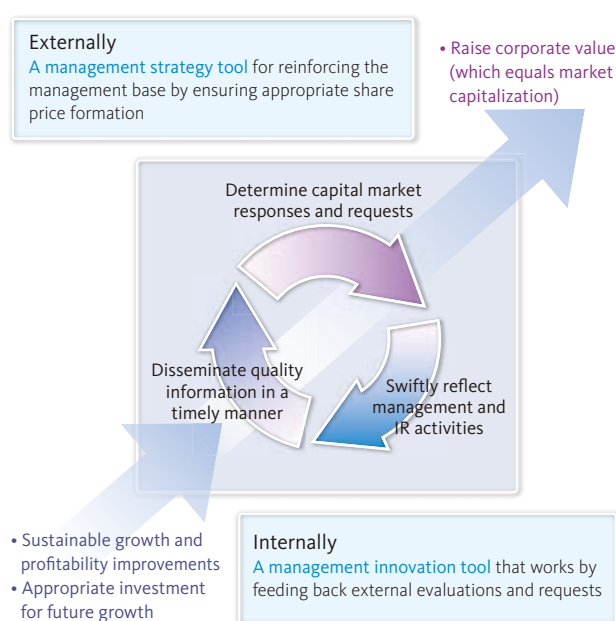
One focus of the Company's communications with shareholders and other investors is to explain a complex business in a straightforward manner. In addition to briefing analysts and institutional investors about operating results, the investor relations department provides technical briefings on areas such as the life sciences and hosts tours to research and manufacturing facilities. Overseas, the department holds investor relations meetings, attends conferences held by securities 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 prepares corporate brochures and shareholder reports, as well as extensive web content, all with the aim of introducing the Company's business in an easily understandable way.

The Company has earned the Japan Investor Relations Association's Award for Excellence in Corporate IR. Sysmex has also received the Award for Excellence in Internet Investor Relations, sponsored by Daiwa Investor Relations, and the

Company's website was designated as an Excellent Corporate Website according to the survey ranking listed company websites run by Nikko Investor Relations.

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.

Position of Sysmex IR Activities



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.

Intellectual Property Activities

9. Please outline your initiatives involving intellectual property.

Creating an environment that encourages intellectual creativity and ensuring a competitive edge to support stable growth

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Sysmex Value

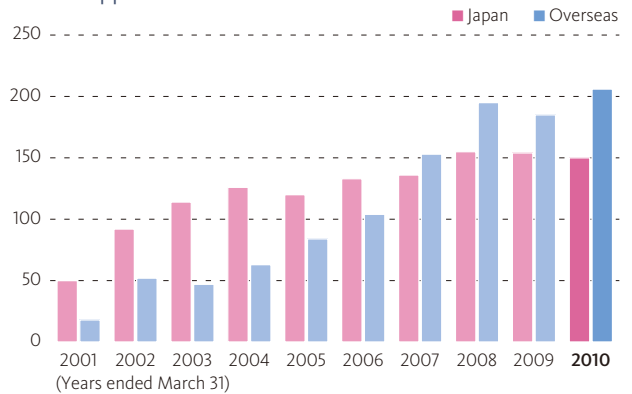
In line with its expanding business domains and global development, Sysmex has established basic principles to share with employees its fundamental thoughts on intellectual property activities and do its utmost to strengthen the Group through these activities. The Company's basic policy on specific intellectual property activities is to liaise with R&D divisions, uncover intellectual property opportunities and survey the intellectual property rights of third parties. Each year, we formulate global filing strategies, on which we base our patent filings in the United States, Europe, China and other parts of the world. In addition to an expanded intellectual property liaison function (which supports everything from idea generation to conversion to intellectual property and the utilization of these assets), Sysmex works aggressively to foster an internal understanding of intellectual assets as it aims to convert R&D successes quickly into valuable intellectual property.

Sysmex holds approximately 950 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.

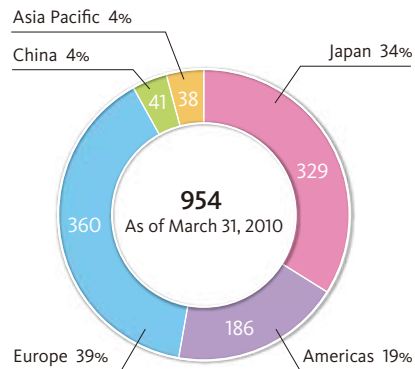
In recent years, counterfeit Sysmex reagents have been discovered in China, Indonesia, Malaysia and other countries. As we cannot guarantee the diagnostic reliability of these knock-offs, we have cautioned consumers by placing advertisements in local newspapers. We have also mounted extensive efforts to elicit the cooperation of these countries' governments in addressing the problem.

As 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



Basic Concept for Intellectual Property Activities

Basic Principles of Intellectual Property Activities

The goal of Sysmex's intellectual property activities is to secure flexibility in R&D and business development and contribute to the management of the Group's business.

Basic Policy on Intellectual Property

Sysmex ensures global competitive advantage and sustains stable growth by maintaining an environment that supports employee intellectual creation activities, by actively securing and utilizing rights to valuable intellectual property created in the activities of all Group companies, and by respecting the intellectual property of third parties.

Financial Section

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11-Year Consolidated Financial Data

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Financial Section

For the years ended March 31,	2000	2001	2002	2003
For the year:				
Net sales	¥ 37,244	¥ 38,817	¥ 47,532	¥ 57,253
Operating income	3,618	2,975	3,417	5,299
Net income	1,838	1,363	1,308	3,125
Net increase (decrease) in cash and cash equivalents	5,818	(2,562)	1,842	1,071
Cash and cash equivalents, end of year	9,901	7,338	9,181	10,253
Capital expenditure	3,018	2,098	2,455	2,317
Depreciation	2,316	2,541	2,810	3,107
R&D expenditure	3,155	3,527	4,130	4,969
At year-end:				
Total assets	49,967	55,219	66,502	66,449
Shareholders' equity	33,596	34,103	35,577	43,325
Interest-bearing liabilities	5,810	11,020	11,606	10,893
Per share data:				
Shareholders' equity (yen)	¥ 1,606.8	¥ 1,631.0	¥ 1,701.5	¥ 1,879.5
Net income (basic) (yen)	87.9	65.2	62.6	132.2
Net income (diluted) (yen)	87.7	60.8	58.4	121.8
Cash dividends applicable to the year (yen)	22.0	22.0	22.0	25.0
Dividend ratio (%)	25.0	33.7	35.2	18.9
*Two-for-one stock split in Nov. 2005				
Other data:				
Shareholders' equity ratio (%)	67.2	61.8	53.5	65.2
Return on equity (ROE) (%)	5.6	4.0	3.8	7.9
Return on assets (ROA) (%)	4.0	2.6	2.1	4.7
Price-earnings ratio (times)	36.7	42.6	35.6	15.9
Price-book value ratio (times)	2.0	1.7	1.3	1.1
Number of employees	1,809	1,985	2,530	2,639
*Including part-time employees				

Notes:

1. U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥93 = U.S. \$1, the approximate rate of exchange on March 31, 2010.
2. Per share data: Certain retroactive adjustments of previously reported per share information have been made to conform with the current method from the year ended March 31, 2003.
3. ROA = Net Income/Total Assets (Yearly Average)×100

						(Millions of yen)	(Thousands of U.S. dollars)
2004	2005	2006	2007	2008	2009	2010	2010
¥ 65,970	¥ 76,935	¥ 87,888	¥ 101,041	¥ 110,724	¥ 111,843	¥ 116,175	\$ 1,249,194
6,615	9,104	10,724	12,715	15,033	15,134	15,709	168,914
3,157	5,731	7,423	9,008	9,132	8,014	9,765	105,000
3,465	(3,261)	(499)	3,299	(3,044)	(269)	4,403	47,344
13,718	10,458	9,416	12,715	9,679	9,410	13,813	148,527
2,451	2,729	5,638	4,546	8,244	9,340	4,540	48,817
3,203	3,296	3,592	3,959	3,924	7,189	7,034	75,634
5,549	6,509	8,184	9,026	9,221	10,771	11,238	120,839
71,983	77,660	87,447	101,225	109,027	118,522	120,702	1,297,871
51,096	56,149	62,647	71,344	78,753	79,183	86,358	928,581
4,175	657	695	669	1,081	10,344	2,565	27,581
						(yen)	(U.S. dollars)
¥ 2,042.7	¥ 2,244.9	¥ 1,251.8	¥ 1,411.0	¥ 1,541.0	¥ 1,548.2	¥ 1,684.9	\$ 18,117.2
132.9	225.1	145.5*	179.6	178.9	156.7	190.8	2.05
123.1	224.0	143.8*	178.0	178.3	156.5	190.5	2.05
30.0	40.0	36.0*	36.0	48.0	50.0	56.0	0.60
22.6	17.8	17.9*	20.0	26.8	31.9	29.4	
71.0	72.3	71.6	70.5	72.2	66.8	71.5	
6.7	10.7	12.5	13.4	12.2	10.1	11.8	
4.6	7.7	9.0	9.5	8.7	7.0	8.2	
20.3	27.2	35.3	23.8	20.1	20.0	28.7	
1.3	2.7	4.1	3.0	2.3	2.0	3.3	
2,907	3,115	3,334	3,580	3,916	4,148	4,587	

upward for the first time in 10 years, and certain changes in the conventional government policy of seeking to curtail medical expenditure grew 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 United States government has passed a medical reform bill that aims to reduce the number of people without medical insurance. 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.

Under these circumstances, in Japan we expanded the range of our diagnostic reagents for HISCL-2000i, our fully automated immunoassay analyzer, thereby reinforcing our business strength in the immunochemistry market. In anticipation of the rapid growth in demand for influenza detection kits following the seasonal outbreak, we ramped up our production capacity by automating production lines. Overseas, we acquired two local sales subsidiaries responsible for businesses in the Benelux area (Belgium, the Netherlands and Luxemburg), and converted the companies to subsidiaries. These companies will enable us to further strengthen our sales activities through the direct provision of solutions to various challenges confronting medical institutions. In Germany, the single largest European market, we converted the HITADO Group to a subsidiary. Boasting a broad customer base that covers clinics and specialized physicians as well as large hospitals, HITADO focuses on products for rapid tests such as glucose monitoring, all being conducted "near-patient." Accordingly, we commenced new initiatives in the point-of-care testing (POCT*) market through their sales system and network by making use of telemarketing and other approaches. We also established a new subsidiary, Sysmex Espana S.L., to reinforce the sales structure of our expanding life science business in the Spanish market, which is moving forward in the intraoperative diagnosis of sentinel lymph node breast cancer metastasis.

During the fiscal year ended March 31, 2010, consolidated net sales increased 3.9%, to ¥116,175 million. Operating income grew 3.8%, to ¥15,709 million, and net income amounted to ¥9,765 million, a 21.8% jump. The equity ratio rose to 71.5%, from 66.8% in the preceding fiscal year, owing to an increase in total equity. Return on assets, or ROA (net income to total

assets), improved from 7.0% to 8.2%, but the asset turnover ratio slipped to 0.97, from 0.98 in the previous term. Return on equity, meanwhile, grew from 10.1% to 11.8%.

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

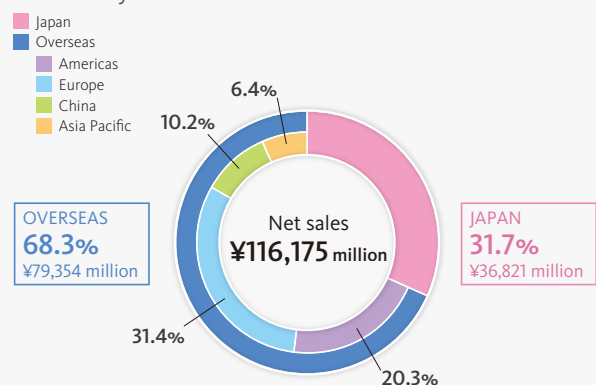
Net Sales by Destination*

Looking at net sales by destination, in Japan the market environment remained difficult. However, our ongoing efforts to promote solutions led to higher reagent sales as the number of installations of hematology and other analyzers increased. Furthermore, due to the spread of the new influenza virus, sales of our influenza detection kit, POCTEM, increased. As a result, we posted net sales of ¥36,821 million, up 2.8% from the previous fiscal year. In overseas markets, we made steady progress in the development of direct sales and support structures and the provision of solutions that meet clients' needs. As a result, sales moved steadily upward on a local currency basis due to increased sales of diagnostic reagents. Consequently, the Group's overseas sales were ¥79,354 million, up 4.4% from the preceding fiscal year. The overseas sales ratio was 68.3%, up 0.3 percentage point from the same period of the previous fiscal year.

Breaking down overseas net sales by destination, sales in the Americas were up 0.9%, to ¥23,622 million; sales in Europe dropped 2.9%, to ¥36,495 million; sales in China were up 17.1%, to ¥11,843 million; and sales in the Asia-Pacific region were up 5.1%, to ¥7,394 million.

* 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.

Net Sales by Destination



Net Sales by Geographical Region

Japan

In the hematology field, our main business domain, sales of diagnostic reagents increased, and sales of our influenza detection kit grew, owing to the spread of the new influenza virus. We therefore posted net sales of ¥38,595 million, up 2.7% from the preceding fiscal year. Operating income, however, fell 37.2%, to ¥2,932 million, as yen appreciation caused a decline in export sales to Group companies.

Americas

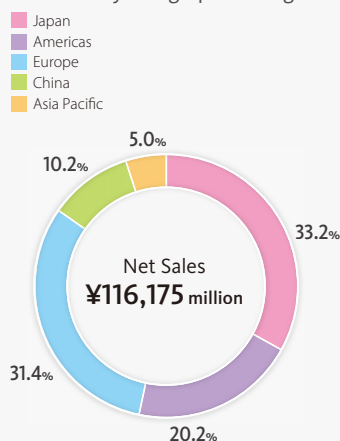
In the United States, sales grew on a local currency basis as the result of our focus on expanding direct sales territories and support networks, as well as our success in promoting solutions that meet customer needs. As a result, despite the

decrease in sales in Latin America as a result of economic recession and the effects of yen appreciation, sales in the Americas grew 0.3%, to ¥23,444 million. Owing to cost reductions, operating income increased 55.1%, to ¥2,775 million.

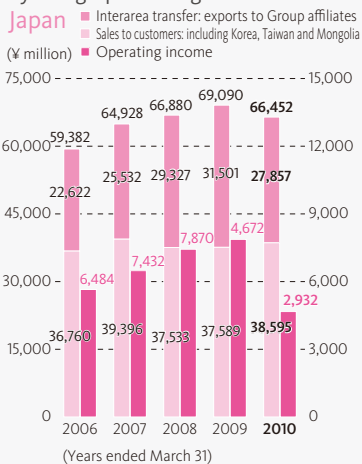
Europe

Our shift to a direct sales and support structure through the acquisition of sales subsidiaries helped boost sales in the Benelux area, and we achieved sales increases in France, the United Kingdom and Others. Accordingly, the hematology business fared particularly well on a local currency basis. Despite the negative effect of yen appreciation on earnings, we posted net sales for the region of ¥36,446 million, up 3.0% from the previous fiscal year. Bolstered by higher earnings, operating income grew 3.3%, to ¥5,304 million.

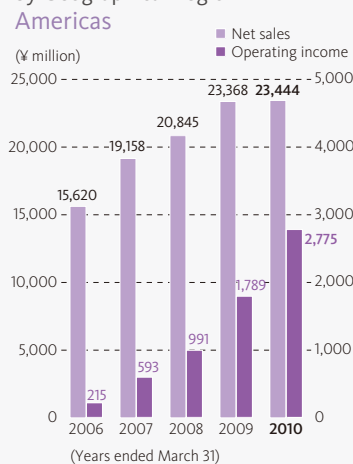
Net Sales by Geographical Region



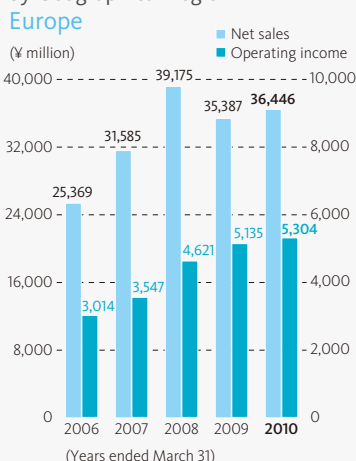
Sales and Operating Income by Geographical Region



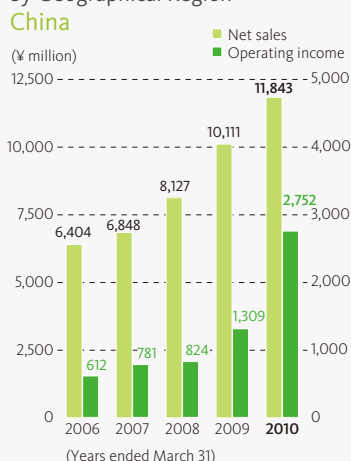
Sales and Operating Income by Geographical Region



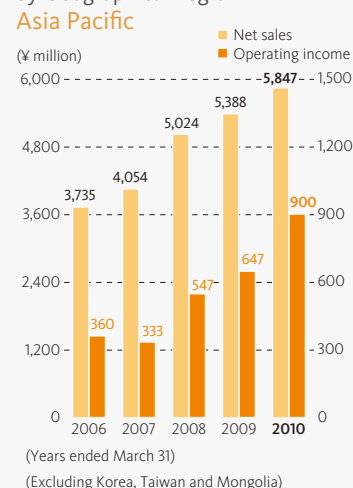
Sales and Operating Income by Geographical Region



Sales and Operating Income by Geographical Region



Sales and Operating Income by Geographical Region



China

Despite the negative effects of yen appreciation, in China we recorded net sales of ¥11,843 million, up 17.1% from the previous fiscal year, thanks to a substantial increase in sales of high-end hematology analyzers and diagnostic reagents. We achieved an increase in operating income to ¥2,752 million (up 110.3% compared with the preceding term) as a result of the sales increase, cost reductions and lower SG&A expenses.

Asia Pacific

Sales were strong in Southeast Asia and other markets. On a local currency basis, growth in sales of diagnostic reagents was particularly robust, and despite the negative effects of yen appreciation sales in this region grew 8.5%, to ¥5,847 million. The combination of cost reductions and sales growth raised operating income 39.1%, to ¥900 million.

Profits and Losses

Net Sales

In Japan, the market environment remained difficult during the year. However, our ongoing efforts to promote solutions led to higher reagent sales as the number of installations of hematology and other analyzers increased. In overseas markets, on the other hand, we made steady progress in the development of direct sales and support structures and the provision of solutions that meet clients' needs. As a result, sales moved steadily upward in all overseas markets on a local currency basis due to increased sales of diagnostic reagents.

Overall, consolidated net sales expanded 3.9%, to ¥116,175 million.

Yen appreciation continued throughout the fiscal year, with the average exchange rate against the U.S. dollar rising ¥7.67, from ¥100.52 to ¥92.85. This shift had a ¥1,819 million negative impact on sales. Likewise, the yen appreciated ¥12.35 against the euro, with the average for the year moving from ¥143.50 against the euro to ¥131.15. This yen appreciation in comparison to the euro had a ¥2,686 million negative effect on sales. The appreciation of the yen against other currencies had a negative impact on sales of ¥7,071 million.

Cost of Sales and SG&A Expenses

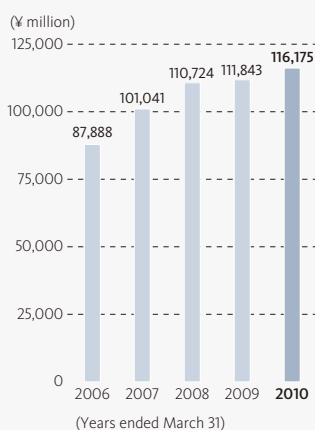
Cost of sales increased 4.0%, to 42,480 million, causing the cost of sales ratio to edge up 0.1 percentage point, to 36.6%.

SG&A expenses rose 3.8%, to ¥57,986 million, stemming from the Company's efforts to reinforce its sales structure in Europe. These activities included the conversion of two local distributors to subsidiaries. Accordingly, the ratio of SG&A expenses to net sales decreased 0.1 percentage point, to 49.9%.

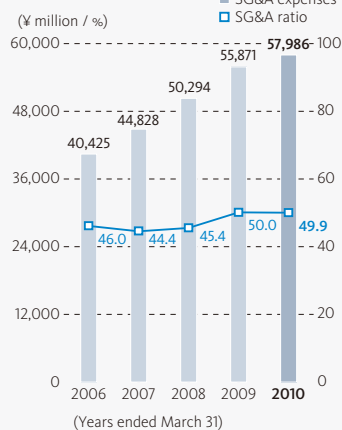
R&D Expenditure

To enhance its product portfolio, during the year Sysmex developed new products and aggressively pursued R&D in the life sciences, a field targeted to future growth. Such moves pushed up R&D expenditure 4.3%, to ¥11,238 million. R&D expenditure as a percentage of net sales rose 0.1 percentage point, to 9.7%.

Net Sales

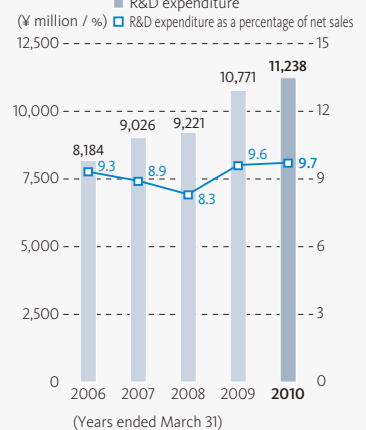


SG&A Expenses
SG&A Ratio



R&D Expenditure

R&D Expenditure as a Percentage of Net Sales



Income

Bolstered by higher sales, operating income increased 3.8% year on year, to ¥15,709 million, and the operating margin remained essentially unchanged, at 13.5%. The foreign exchange situation, meanwhile, had a ¥4,176 million negative impact on operating income, compared with the preceding fiscal year.

Net income expanded 21.8% from the preceding term, to ¥9,765 million, after taking into account a ¥376 million write-down of marketable and investment securities and a 29.1% increase in total income taxes, to ¥5,558 million.

Dividend Policy

As our earning power increases, 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. In terms of returns to shareholders, we intend to provide a stable dividend on a continuous basis and aim for a consolidated payout 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 on 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 Board of Directors meeting. In accordance with this policy and in light of business performance during the year under review, we announced dividends for the year of

¥56 per share, which includes an interim dividend of ¥25. As a result, the consolidated payout ratio for the year under review was 29.4%, up for the eighth consecutive fiscal year.

Going forward, Sysmex will continue to effectively invest its internal reserves in the implementation of strongly 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

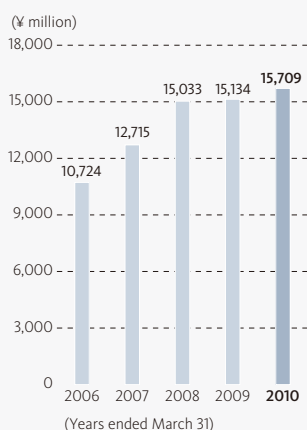
The Company raises working capital as necessary through short-term bank loans and other means. Consolidated subsidiaries obtain bank loans as necessary to secure working capital, but in October 2003, the Company introduced a cash management system to increase efficiency by unifying financing and capital 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.

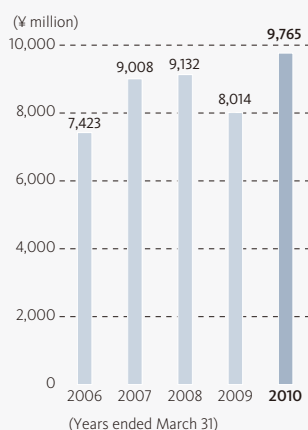
Assets, Liabilities and Equity

As of March 31, 2010, total assets amounted to ¥120,702 million, up ¥2,180 million from the end of the previous fiscal

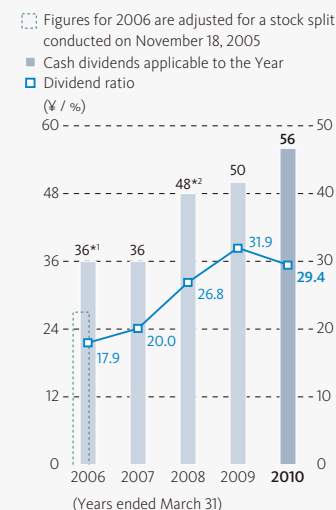
Operating Income



Net Income



Cash Dividends Applicable to the Year Dividend Ratio



*1: Two-for-one stock split in Nov. 2005

*2: Including special dividends of ¥8 commemorating the 40th anniversary of the Company's founding.

year. Major factors included a ¥4,403 million rise in cash and cash equivalents and a ¥1,624 decrease in trade notes and accounts receivable.

Meanwhile, total liabilities were down ¥5,105 million, to ¥33,566 million. The main contributor to this decline was a ¥6,083 million reduction in short-term bank loans.

Total equity came to ¥87,136 million at year-end, up ¥7,285 million. The principal reason for this rise was an ¥7,156 million increase in retained earnings. The equity ratio as of March 31, 2010, was 71.5%, up 4.7 percentage points from a year earlier.

Capital Expenditure and Depreciation

Capital expenditure (investment in property, plant and equipment, including construction in progress) was down 51.4% year on year, to ¥4,540 million. The main reason for the decrease was the absence during the year under review of the previous term's ¥5,045 million expenditure for the construction of Technopark, Sysmex's new R&D facility.

Depreciation and amortization decreased 2.2%, to ¥7,034 million.

Cash Flows

As of March 31, 2010, cash and cash equivalents amounted to ¥13,813 million, up ¥4,403 million from a year earlier. Cash flows from various activities are described in more detail below.

Cash Flows from Operating Activities

Net cash provided by operating activities was ¥21,230 million, up ¥8,036 million. The major source of cash was ¥15,355 million in income before income taxes and minority interests, which was ¥3,008 million higher than during the preceding fiscal year. The Group posted a ¥2,686 million decrease in notes and accounts receivable, compared with a ¥2,335 million increase during the previous fiscal year.

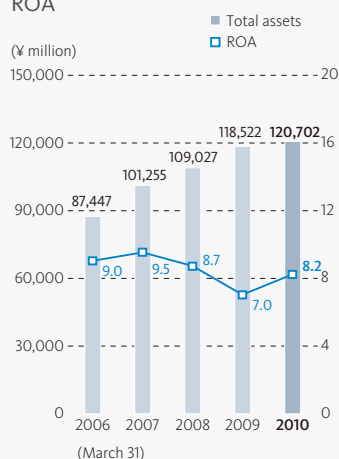
Cash Flows from Investing Activities

Net cash used in investing activities came to ¥6,603 million, ¥6,942 million less than during the preceding year. The main use of cash was purchases of property, plant and equipment, which used ¥4,461 million, ¥4,932 million less than in the previous year.

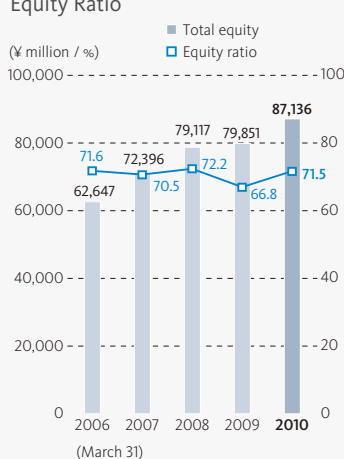
Cash Flows from Financing Activities

Net cash used in financing activities amounted to ¥10,091 million, compared with ¥723 million provided by these activities the previous year. The main use of cash was the net decrease in short-term bank loans of ¥6,142 million, whereas a net increase in these loans provided ¥5,871 million in the preceding term.

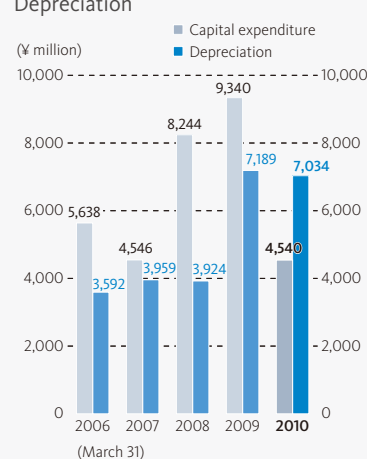
Total Assets
ROA



Total Equity
Equity Ratio



Capital Expenditure
Depreciation



Consolidated Balance Sheets

Sysmex Corporation and Subsidiaries

March 31, 2010 and 2009	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents (Note 12)	¥ 13,813	¥ 9,410	\$ 148,527
Short-term investments (Note 3)	157	153	1,688
Receivables (Note 12):			
Trade notes	3,048	2,960	32,774
Trade accounts	27,245	28,957	292,957
Associated company	218	186	2,344
Other	278	183	2,989
Allowance for doubtful accounts	(384)	(531)	(4,129)
Investments in lease (Notes 11 and 12)	1,254	622	13,484
Inventories (Note 4)	18,777	18,342	201,903
Deferred tax assets (Note 10)	4,657	4,601	50,076
Prepaid expenses and other current assets	1,807	2,739	19,430
Total current assets	70,870	67,622	762,043
PROPERTY, PLANT AND EQUIPMENT:			
Land	7,898	7,896	84,925
Buildings and structures	25,595	25,508	275,215
Machinery and equipment	6,094	6,043	65,527
Furniture and fixtures	22,769	18,412	244,828
Lease assets	6,372	7,570	68,516
Construction in progress	274	279	2,946
Total	69,002	65,707	741,957
Accumulated depreciation	(32,988)	(29,094)	(354,710)
Net property, plant and equipment	36,014	36,613	387,247
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 3 and 12)	3,151	2,998	33,882
Investment in associated company	198	258	2,129
Goodwill	1,742	1,098	18,731
Software	4,237	3,928	45,559
Deposits	1,126	1,122	12,108
Investment in real estate (Note 5)	2,103	2,117	22,613
Deferred tax assets (Note 10)	115	220	1,237
Other assets	1,146	2,546	12,322
Total investments and other assets	13,818	14,287	148,581
TOTAL	¥ 120,702	¥ 118,522	\$ 1,297,871

See notes to consolidated financial statements.

March 31, 2010 and 2009	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Short-term bank loans (Note 6)	¥ 11	¥ 6,094	\$ 118
Current portion of long-term debt (Note 6)	6	55	65
Current portion of long-term lease obligations (Notes 11 and 12)	1,223	1,521	13,151
Payables (Note 12):			
Trade notes	1,495	1,576	16,075
Trade accounts	8,566	9,281	92,108
Associated company	176	202	1,892
Construction and other	2,736	2,524	29,419
Income taxes payable (Note 12)	2,447	948	26,312
Accrued expenses	7,205	6,431	77,473
Deferred tax liabilities (Note 10)	4	3	43
Other current liabilities	5,719	4,810	61,495
Total current liabilities	29,588	33,445	318,151
LONG-TERM LIABILITIES:			
Long-term debt (Note 6)	4	5	43
Long-term lease obligations (Notes 11 and 12)	806	2,150	8,667
Liability for retirement benefits (Note 7)	799	422	8,591
Guarantee deposits received	1,041	1,048	11,193
Deferred tax liabilities (Note 10)	681	550	7,323
Other long-term liabilities	647	1,051	6,957
Total long-term liabilities	3,978	5,226	42,774
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 11 and 13)			
EQUITY (Notes 8, 9 and 15):			
Common stock, 149,672,000 shares authorized, 51,353,708 shares issued in 2010 and 51,243,508 shares issued in 2009	8,825	8,685	94,892
Capital surplus	13,764	13,624	148,000
Stock acquisition rights	666	578	7,161
Retained earnings	66,277	59,121	712,656
Unrealized gain (loss) on available-for-sale securities	271	(45)	2,914
Deferred gain (loss) on derivatives under hedge accounting	(14)		(150)
Foreign currency translation adjustments	(2,560)	(2,006)	(27,527)
Treasury stock - at cost: 99,726 shares in 2010 and 97,981 shares in 2009	(205)	(196)	(2,204)
Total	87,024	79,761	935,742
Minority interests	112	90	1,204
Total equity	87,136	79,851	936,946
TOTAL	¥ 120,702	¥ 118,522	\$ 1,297,871

Consolidated Statements of Income

Sysmex Corporation and Subsidiaries

Years Ended March 31, 2010 and 2009	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
NET SALES	¥ 116,175	¥ 111,843	\$ 1,249,194
COST OF SALES	42,480	40,838	456,774
Gross profit	73,695	71,005	792,420
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	57,986	55,871	623,506
Operating income	15,709	15,134	168,914
OTHER INCOME (EXPENSES):			
Interest and dividend income	159	195	1,710
Interest expense	(214)	(428)	(2,301)
Foreign exchange loss - net	(253)	(2,228)	(2,720)
Other - net	(46)	(326)	(495)
Other income (expenses) - net	(354)	(2,787)	(3,806)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	15,355	12,347	165,108
INCOME TAXES (Note 10):			
Current	5,647	4,071	60,721
Deferred	(89)	234	(957)
Total income taxes	5,558	4,305	59,764
MINORITY INTERESTS IN NET INCOME	32	28	344
NET INCOME	¥ 9,765	¥ 8,014	\$ 105,000
Years Ended March 31, 2010 and 2009	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Notes 2.v and 14):			
Basic net income	¥ 190.75	¥ 156.72	\$ 2.05
Diluted net income	190.51	156.46	2.05
Cash dividends applicable to the year	56.00	50.00	0.60

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

Sysmex Corporation and Subsidiaries

Years Ended March 31, 2010 and 2009	Millions of Yen											
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Unrealized Gain on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2008	51,107,217	¥ 8,651	¥ 13,589	¥ 236	¥ 55,737	¥ 351		¥ 611	¥ (185)	¥ 78,990	¥ 127	¥ 79,117
Adjustment of retained earnings due to an adoption of PITF No. 18 (Note 2.b)					(1,972)					(1,972)		(1,972)
Net income					8,014					8,014		8,014
Cash dividends, ¥52.00 per share					(2,658)					(2,658)		(2,658)
Purchase of treasury stock	(3,015)								(13)	(13)		(13)
Disposal of treasury stock	925		1						2	3		3
Exercise of warrants	40,400	34	34							68		68
Net change in the year				342		(396)		(2,617)		(2,671)	(37)	(2,708)
BALANCE, MARCH 31, 2009	51,145,527	8,685	13,624	578	59,121	(45)		(2,006)	(196)	79,761	90	79,851
Net income					9,765					9,765		9,765
Cash dividends, ¥51.00 per share					(2,609)					(2,609)		(2,609)
Purchase of treasury stock	(1,840)								(9)	(9)		(9)
Disposal of treasury stock	95											
Exercise of warrants	110,200	140	140							280		280
Net change in the year				88		316	¥ (14)	(554)		(164)	22	(142)
BALANCE, MARCH 31, 2010	51,253,982	¥ 8,825	¥ 13,764	¥ 666	¥ 66,277	¥ 271	¥ (14)	¥ (2,560)	¥ (205)	¥ 87,024	¥ 112	¥ 87,136

Years Ended March 31, 2010	Thousands of U.S. Dollars (Note 1)										
	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Unrealized Gain on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2009	\$ 93,387	\$ 146,495	\$ 6,215	\$ 635,710	\$ (484)		\$ (21,570)	\$ (2,108)	\$ 857,645	\$ 968	\$ 858,613
Net income				105,000					105,000		105,000
Cash dividends, \$0.55 per share				(28,054)					(28,054)		(28,054)
Purchase of treasury stock								(96)	(96)		(96)
Disposal of treasury stock											
Exercise of warrants	1,505	1,505							3,010		3,010
Net change in the year			946		3,398	\$ (150)	(5,957)		(1,763)	236	(1,527)
BALANCE, MARCH 31, 2010	\$ 94,892	\$ 148,000	\$ 7,161	\$ 712,656	\$ 2,914	\$ (150)	\$ (27,527)	\$ (2,204)	\$ 935,742	\$ 1,204	\$ 936,946

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Sysmex Corporation and Subsidiaries

Years Ended March 31, 2010 and 2009	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 15,355	¥ 12,347	\$ 165,108
Adjustments for:			
Income taxes - paid	(3,839)	(5,437)	(41,280)
Depreciation and amortization	7,633	7,691	82,075
Write-down of marketable and investment securities	376	15	4,043
Loss on disposal of property, plant and equipment	160	387	1,720
Changes in assets and liabilities:			
(Increase) decrease in notes and accounts receivable	2,686	(2,335)	28,882
Increase in inventories	(94)	(1,701)	(1,011)
Increase (decrease) in notes and accounts payable	(2,073)	2,376	(22,290)
Increase (decrease) in liability for retirement benefits, net of provision	308	(153)	3,312
Other - net	718	4	7,720
Net cash provided by operating activities	21,230	13,194	228,279
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(4,461)	(9,393)	(47,968)
Purchases of software and other assets	(1,963)	(1,583)	(21,108)
Acquisitions, net of cash acquired	(355)	(73)	(3,817)
Other - net	176	(2,496)	1,893
Net cash used in investing activities	(6,603)	(13,545)	(71,000)
FINANCING ACTIVITIES:			
Increase (decrease) in short-term bank loans - net	(6,142)	5,871	(66,043)
Repayments of long-term debt	(55)	(56)	(591)
Payments of lease obligations	(1,537)	(2,543)	(16,527)
Exercise of warrants	256	68	2,753
Dividends paid	(2,609)	(2,658)	(28,054)
Other - net	(4)	41	(43)
Net cash provided by (used in) financing activities	(10,091)	723	(108,505)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS			
	(133)	(641)	(1,430)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,403	(269)	47,344
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	9,410	9,679	101,183
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 13,813	¥ 9,410	\$ 148,527
ADDITIONAL CASH FLOW INFORMATION - Interest paid	¥ 211	¥ 423	\$ 2,269

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Sysmex Corporation and Subsidiaries

1. BASIS OF PRESENTING 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 conformity 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 2009 financial statements to conform to the classifications used in 2010.

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 ¥93 to \$1, the approximate rate of exchange at March 31, 2010. 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, 2010 and 2009 include the accounts of the Company and 43 (37 in 2009) 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.

Investment in an associated company is 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 are 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 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: (1) 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, (2) 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, (3) however, the following items 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 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; 5) recording the prior years' effects of changes in accounting policies in the income statement where retrospective adjustments to financial statements have been incorporated; and 6) exclusion of minority interests from net income, if contained. PITF No. 18 was effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted.

The Company applied this accounting standard effective April 1, 2008. In addition, the Company adjusted the beginning balance of retained earnings at April 1, 2008 as if this accounting standard had been retrospectively applied.

c. Business Combination—In October 2003, the Business Accounting Council (the "BAC") issued a Statement of Opinion, "Accounting for Business Combinations", and on December 27, 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". These new accounting pronouncements were effective for fiscal years beginning on or after April 1, 2006.

The accounting standard for business combinations allows 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.

d. 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.

e. Marketable and Investment Securities—Marketable and investment securities are classified and accounted for, depending on management's intent, as follows: i) 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, ii) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are reported at amortized cost and iii) 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.

Non-marketable 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.

f. 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.

g. 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.

h. 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, and from 5 to 12 years for machinery and equipment.

Equipment held for lease is depreciated by the straight-line method over the respective lease periods.

i. 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 would be 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.

j. 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 of the software 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.

k. Investment in Real Estate—Investment in real estate mainly consists of a beneficial interest in a trust. Depreciation of investment in real estate is computed according to property, plant and equipment. Accumulated depreciation of the investment in real estate were ¥259 million (\$2,785 thousand) and ¥227 million as of March 31, 2010 and 2009, respectively.

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 and certain subsidiaries' directors and corporate auditors 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 in June 24, 2005. No additional provisions have been recorded for retirement benefits to be paid to the Company's directors and corporate auditors since then. The liability for director and corporate auditor retirement benefits is the amount provided in proportion to the term that present directors and corporate auditors had been in place before June 24, 2005.

"Partial Amendments to Accounting Standard for Retirement Benefits (Part3)" (ASBJ Statement No. 19, issued on July 31, 2008) become effective from the fiscal year beginning on and after April 1, 2009. Accordingly, the company applied them from this fiscal year. This Accounting method has no impact on the consolidated financial statements for the fiscal year ended March 31, 2010.

m. Stock Option—The 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 non-employees 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.

The Company has applied the accounting standard for stock options to those granted on and after May 1, 2006.

n. Research and Development—Research and development costs are charged to income as incurred. Such costs were ¥11,238 million (\$120,839 thousand) and ¥10,771 million for the years ended March 31, 2010 and 2009, respectively.

o. 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 issued in June 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

(1) Finance Leases as Lessee

Under the previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize 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 be accounted for as operating lease transactions.

(2) Finance Leases as Lessor

Under the previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee were to be treated as sales. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if sold" information is disclosed in the note to the lessor's financial statements. The revised accounting standard requires that all finance leases that deem to transfer ownership of

the leased property to the lessee should be recognized as lease receivables, and all finance leases that deem not to transfer ownership of the leased property to the lessee should be recognized as investments in lease.

The Company applied the revised accounting standard effective April 1, 2008.

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

q. 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 the previous Japanese GAAP, either the completed-contract method or the percentage-of-completion method was permitted to account for construction contracts. Under this new accounting standard, the 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 can 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. This standard is applicable to construction contracts and software development contracts and effective for fiscal years beginning on or after April 1, 2009. The Company applied the new accounting standard effective April 1, 2009. The effect of this change has slight impact on the consolidated financial statements for the year ended March 31, 2010.

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

s. 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 statements of income to the extent that they are not hedged by forward exchange contracts.

t. Foreign Currency Financial Statements—The balance sheet accounts of the consolidated 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 were shown as "Foreign currency translation adjustments" in a separate component of equity.

Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate.

u. 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: a) 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 statements of income and b) 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.

v. 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 statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

w. New Accounting Pronouncements

Business Combinations—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 current accounting standard for business combinations allows companies to apply the pooling of interests method of accounting when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. The revised standard requires to account for such business combination by the purchase method and the pooling of interests method of accounting is no longer allowed.
- (2) The current accounting standard accounts for the research and development costs to be charged to income as incurred. Under the revised standard, an in-process research and development (IPR&D) acquired by the business combination is capitalized as an intangible asset.
- (3) The current accounting standard accounts for a bargain purchase gain (negative goodwill) to be systematically amortized within 20 years. Under the revised standard, the acquirer recognizes a bargain purchase gain in profit or loss on the acquisition date after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed with a review of such procedures used.

This standard is applicable to business combinations undertaken on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or after April 1, 2009.

Unification of Accounting Policies Applied to Foreign Associated Companies for the Equity Method—The current accounting standard requires to unify accounting policies within the consolidation group. However, the current guidance allows to apply the equity method for the financial statements of its foreign associated company which have been prepared in accordance with generally accepted accounting principles in their respective jurisdictions without unification of accounting policies.

In December 2008, the ASBJ issued ASBJ Statement No. 16 (Revised 2008), “Revised Accounting Standard for Equity Method of Accounting for Investments”. The new standard requires adjustments to be made to conform 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 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: 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 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; 5) recording the prior years’ effects of changes in accounting policies in the income statement where retrospective adjustments to the financial statements have been incorporated; and 6) exclusion of minority interests from net income, if contained.

This standard is applicable to equity method of accounting for investments effective on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or after April 1, 2009.

Asset Retirement Obligations—In March 2008, the ASBJ published a new accounting standard for asset retirement obligations, 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 the 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 increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard is effective for fiscal years beginning on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or before March 31, 2010.

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 with revision of accounting standards, a new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.
- (2) Changes in Presentations

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.

This accounting standard and the guidance are applicable to accounting changes and corrections of prior period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

Segment Information Disclosures—In March 2008, the ASBJ revised ASBJ Statement No. 17 “Accounting Standard for Segment Information Disclosures” and issued ASBJ Guidance No. 20 “Guidance on Accounting Standard for Segment Information Disclosures”. Under the standard and guidance, 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. This accounting standard and the guidance are applicable to segment information disclosures for the fiscal years beginning on or after April 1, 2010.

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3. SHORT-TERM INVESTMENTS AND INVESTMENT SECURITIES

Short-term investments and investment securities as of March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Current:			
Time deposits other than cash equivalents	¥ 22	¥ 48	\$ 236
Investment trust	135	105	1,452
Total	¥ 157	¥ 153	\$ 1,688
Non-current:			
Marketable equity securities	¥ 2,045	¥ 1,831	\$ 21,989
Debt securities	500	500	5,376
Investment trust and other	1	2	11
Unquoted equity securities	605	665	6,506
Total	¥ 3,151	¥ 2,998	\$ 33,882

The costs and aggregate fair values of investment securities at March 31, 2010 and 2009 were as follows:

	Millions of Yen			
	2010			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	¥ 1,578	¥ 478	¥ (11)	¥ 2,045
Investment trust and other	1			1
Total	¥ 1,579	¥ 478	¥ (11)	¥ 2,046

	Millions of Yen			
	2009			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	¥ 1,896	¥ 326	¥ (391)	¥ 1,831
Investment trust and other	2			2
Total	¥ 1,898	¥ 326	¥ (391)	¥ 1,833

	Thousands of U.S. Dollars			
	2010			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	\$ 16,967	\$ 5,140	\$ (118)	\$ 21,989
Investment trust and other	1			11
Total	\$ 16,978	\$ 5,140	\$ (118)	\$ 22,000

Available-for-sale securities and held-to-maturity securities whose fair value is not readily determinable as of March 31, 2009 were as follows. The similar information for 2010 is disclosed in Note 12.

	Carrying Amount
	Millions of Yen
March 31, 2009	
Available-for-sale - Equity securities	¥ 665
Held-to-maturity - Debt securities	500
Total	¥ 1,165

Commercial paper was classified as cash equivalents.

4. INVENTORIES

Inventories at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Finished products	¥ 7,397	¥ 7,120	\$ 79,538
Merchandise	6,591	6,211	70,871
Work in process	1,265	1,253	13,602
Raw materials	3,142	3,381	33,785
Supplies	382	377	4,107
Total	¥ 18,777	¥ 18,342	\$ 201,903

5. INVESTMENT PROPERTY

In November 2008, the ASBJ issued ASBJ Statement No. 20 "Accounting Standard for Investment Property and Related Disclosures" and issued ASBJ Guidance No. 23 "Guidance on Accounting Standard for Investment Property and Related Disclosures". This accounting standard and the guidance are applicable to investment property and related disclosures at the end of the fiscal years ending on or after March 31, 2010. The Company applied the new accounting standard and guidance effective March 31, 2010.

The Company holds an investment property in Kobe as a beneficiary of a real estate investment trust. Rental income, net of operating expenses, for this investment property was ¥224 million (\$2,409 thousand) for the fiscal year ended March 31, 2010.

The carrying amounts, changes in such balances and market prices of such properties are as follows.

	Millions of Yen			Fair Value
	Carrying Amount	Increase/Decrease	March 31, 2010	March 31, 2010
April 1, 2009	¥ 2,117	¥ (14)	¥ 2,103	¥ 3,026

	Thousands of U.S. Dollars			Fair Value
	Carrying Amount	Increase/Decrease	March 31, 2010	March 31, 2010
April 1, 2009	\$ 22,763	\$ (150)	\$ 22,613	\$ 32,538

Notes: 1) Carrying amount recognized in balance sheet is net of accumulated depreciation. 2) Increase during the fiscal year ended March 31, 2010 primarily represents the appropriation of trust income to principle of certain properties of ¥11 million (\$118 thousand), and decrease primarily represents the recognition of depreciation of ¥32 million (\$344 thousand). 3) Fair value of land as of March 31, 2010 is measured by the Group in accordance with its Appraisal Standard that reflects market value. Carrying amount is applied to fair value of depreciable properties such as buildings.

6. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans were principally represented by bank overdrafts.

Weighted average per annum interest rates of short-term bank loans at March 31, 2010 and 2009 were 12.8% and 1.1%, respectively.

Long-term debt at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Loans from banks, due through 2016, with interest ranging from 2.3% to 3.5% for 2010 (from 3.5% to 9.7% for 2009):			
Unsecured	¥ 10	¥ 60	\$ 108
Total	10	60	108
Less current portion	(6)	(55)	(65)
Long-term debt, less current portion	¥ 4	¥ 5	\$ 43

At March 31, 2010, annual maturities of long-term debt were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2011	¥ 6	\$ 65
2012	4	43
Total	¥ 10	\$ 108

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 at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Projected benefit obligation	¥ 9,094	¥ 8,560	\$ 97,785
Fair value of plan assets	(7,225)	(5,868)	(77,688)
Prepaid pension cost		4	
Unrecognized actuarial loss	(1,230)	(2,471)	(13,226)
Net liability	¥ 639	¥ 225	\$ 6,871

The components of net periodic retirement benefit costs for the years ended March 31, 2010 and 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Service cost	¥ 1,073	¥ 1,032	\$ 11,538
Interest cost	165	157	1,774
Expected return on plan assets	(174)	(207)	(1,871)
Recognized actuarial (gain) loss	489	47	5,258
Net periodic retirement benefit costs	¥ 1,553	¥ 1,029	\$ 16,699

Assumptions used for the years ended March 31, 2010 and 2009 are set forth as follows:

	2010	2009
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	3.0%	3.0%
Recognition period of actuarial gain/loss	5 years	5 years

In addition, the Company and certain subsidiaries participate in contributory multi-employer pension plans covering substantially all of their employees. Under these plans, the amount of pension assets and benefit obligation were approximately ¥6,575 million (\$70,699 thousand) and ¥8,198 million (\$88,151 thousand) at March 31, 2009, the most recent valuation date.

9. STOCK OPTION

The stock options outstanding as of March 31, 2010 are as follows:

Stock Option	Persons Granted	Number of Options Granted (Shares)	Date of Grant	Exercise Price	Exercise Period
2004 Stock Option	11 directors 170 employees 9 directors of subsidiaries 3 employees of subsidiaries	1,043,400	2004.7.01	¥ 1,685 (\$ 18.12)	From July 1, 2006 to June 30, 2010
2007 Stock Option	9 directors 152 employees 18 directors of subsidiaries 42 employees of subsidiaries	733,200	2007.7.30	¥ 4,650 (\$ 50.00)	From July 30, 2009 to July 29, 2015

The Company also has recorded a liability for an unfunded retirement benefit plan covering all of its directors and corporate auditors in the amount of ¥160 million (\$1,720 thousand), and ¥197 million as of March 31, 2010 and 2009, respectively. Payment of retirement benefits to directors and corporate auditors is subject to approval at the shareholders' meeting.

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 the Board of Corporate Auditors, 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 (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

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 total of 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 now 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.

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The stock option activity is as follows:

For the year ended March 31, 2009	2004 Stock Option	2007 Stock Option
	(Shares)	(Shares)
Non-vested		
March 31, 2008 - Outstanding		727,200
Granted		
Canceled		(17,500)
Vested		
March 31, 2009 - Outstanding		709,700
Vested		
March 31, 2008 - Outstanding	191,000	
Vested		
Exercised	(40,400)	
Canceled	(13,000)	
March 31, 2009 - Outstanding	137,600	
<hr/>		
For the year ended March 31, 2010	2004 Stock Option	2007 Stock Option
	(Shares)	(Shares)
Non-vested		
March 31, 2009 - Outstanding		709,700
Granted		
Canceled		(4,000)
Vested		(705,700)
March 31, 2010 - Outstanding		
Vested		
March 31, 2009 - Outstanding	137,600	
Vested		705,700
Exercised	(86,400)	(23,800)
Canceled		(4,200)
March 31, 2010 - Outstanding	51,200	677,700
Exercise price	¥ 1,685	¥ 4,650
Average stock price at exercise	¥ 4,190	¥ 4,190
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 40.6% for the years ended March 31, 2010 and 2009. 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, 2010 and 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Deferred tax assets (Current):			
Unrealized intercompany profits	¥ 1,908	¥ 1,763	\$ 20,516
Inventories	401	318	4,312
Accrued bonuses	881	793	9,473
Accrued enterprise tax	188	45	2,021
Other	1,287	1,691	13,839
Less valuation allowance	(7)	(6)	(75)
Total	¥ 4,658	¥ 4,604	\$ 50,086
Deferred tax assets (Non-current):			
Depreciation	¥ 91	¥ 104	\$ 979
Liability for retirement benefits	242	117	2,602
Tax loss carryforwards	67	144	720
Software	886	505	9,527
Investment securities	245	369	2,634
Other	1,110	953	11,936
Less valuation allowance	(323)	(384)	(3,473)
Total	¥ 2,318	¥ 1,808	\$ 24,925
Deferred tax liabilities (Current)	¥ 5	¥ 6	\$ 54
Deferred tax liabilities (Non-current):			
Net unrealized gain on available-for-sale securities	¥ 189	¥ 12	\$ 2,032
Revaluation of land for consolidation	457	457	4,914
Investment loss for subsidiaries capital reduction by corporation tax law	431	431	4,634
Other	1,807	1,238	19,430
Total	¥ 2,884	¥ 2,138	\$ 31,010
Net deferred tax assets	¥ 4,087	¥ 4,268	\$ 43,947

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2010 and 2009 is as follows:

	2010	2009
Normal effective statutory tax rate	40.6%	40.6%
Expenses not deductible for income tax purposes	1.7	3.2
Per capita levy	0.3	0.8
Foreign tax credit	(1.9)	(4.5)
Tax effect on elimination of dividends from foreign subsidiaries	3.9	6.7
Research and development tax credit	(4.0)	(2.7)
Tax effect on undistributed earnings of foreign subsidiaries	4.6	(3.4)
Different tax rates applied to foreign subsidiaries	(9.9)	(8.6)
Change in valuation allowance	(0.2)	1.0
Other - net	1.1	1.8
Actual effective tax rate	36.2%	34.9%

Certain subsidiaries have tax loss carryforwards available to offset future taxable income as of March 31, 2010 of approximately ¥192 million (\$2,065 thousand). These tax loss carryforwards, if not utilized, will expire mainly in 2011.

11. LEASES

(Lessee)

Lease obligations at March 31, 2010 consisted of the following:

	Millions of Yen	Thousands of U.S. Dollars
Lease obligations	¥ 2,029	\$ 21,818
Less current portion	(1,223)	(13,151)
Lease obligations, less current portion	¥ 806	\$ 8,667

The future minimum payments required at March 31, 2010 were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2011	¥ 1,223	\$ 13,151
2012	517	5,559
2013	259	2,785
2014	19	205
2015	11	118
2016 and thereafter		
Total	¥ 2,029	\$ 21,818

The minimum rental commitments under noncancelable operating leases at March 31, 2010 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due within one year	¥ 431	\$ 4,634
Due after one year	1,294	13,914
Total	¥ 1,725	\$ 18,548

(Lessor)

The net investment in lease are summarized as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2010	2010
Gross lease receivables	¥ 1,353	\$ 14,548
Estimated residual values	196	2,108
Unearned interest income	(295)	(3,172)
Investments in lease, current	¥ 1,254	\$ 13,484

Maturities of investment in lease for finance leases that deem not 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
2011	¥ 324	\$ 3,484
2012	319	3,430
2013	316	3,398
2014	267	2,871
2015	120	1,290
2016 and thereafter	7	75
Total	¥ 1,353	\$ 14,548

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

	Millions of Yen	Thousands of U.S. Dollars
	2010	2010
Due within one year	¥ 363	\$ 3,903
Due after one year	103	1,108
Total	¥ 466	\$ 5,011

12. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

On March 10, 2008, the ASBJ revised ASBJ Statement No. 10 "Accounting Standard for Financial Instruments" and issued ASBJ Guidance No. 19 "Guidance on Accounting Standard for Financial Instruments and Related Disclosures". This accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010 with early adoption permitted from the beginning of the fiscal years ending before March 31, 2010. The Group applied the revised accounting standard and the new guidance effective March 31, 2010.

(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 lease investment assets 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 held-to-maturity securities and 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 five 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 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 in early stage. The credit risk regarding subsidiaries is also managed in the same manner. With respect to held-to-maturity financial investment, the Group manages its exposure to credit risk by prohibiting its funding to high credit rating 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 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 transaction according to conditions in 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 maturity dates. The Group manages its liquidity risk by holding adequate volumes of liquid assets in view of business income and 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.

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(4) Fair values of financial instruments

Fair values of financial instruments are based on quoted price in active markets. If 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, 2010, are as follows. Note that financial instruments whose fair value cannot be reliably determined are not included (See (b)).

March 31, 2010	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	¥ 13,813	¥ 13,813	
Receivables:			
Trade notes	3,048		
Trade accounts	27,245		
Associated company	218		
Allowance for doubtful accounts ^(*)	(384)		
Receivables - net	30,127	30,125	¥ (2)
Investments in lease	1,254	1,198	(56)
Investment securities:			
Held-to-maturity securities	500	507	7
Available-for-sale securities	2,045	2,045	
Total	¥ 47,739	¥ 47,688	¥ (51)
Payables:			
Trade notes	¥ 1,495	¥ 1,495	
Trade accounts	8,566	8,566	
Associated company	176	176	
Lease obligations	2,029	2,057	¥ 28
Income taxes payable	2,447	2,447	
Total	¥ 14,713	¥ 14,741	¥ 28
Derivatives ^(**)	¥ 12	¥ 12	

March 31, 2010	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	\$ 148,527	\$ 148,527	
Receivables:			
Trade notes	32,774		
Trade accounts	292,957		
Associated company	2,344		
Allowance for doubtful accounts ^(*)	(4,129)		
Receivables - net	323,946	323,925	\$ (21)
Investments in lease	13,484	12,882	(602)
Investment securities:			
Held-to-maturity securities	5,376	5,452	76
Available-for-sale securities	21,989	21,989	
Total	\$ 513,322	\$ 512,775	\$ (547)
Payables:			
Trade notes	\$ 16,075	\$ 16,075	
Trade accounts	92,108	92,108	
Associated company	1,892	1,892	
Lease obligations	21,818	22,118	\$ 300
Income taxes payable	26,312	26,312	
Total	\$ 158,205	\$ 158,505	\$ 300
Derivatives ^(**)	\$ 129	\$ 129	

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 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 remaining term and credit risks.

Investment securities

The fair values of equity securities are determined by securities exchange prices. With respect to other securities, the values which the correspondent financial institutions present are adopted for the fair values. Please see Note 3 "SHORT-TERM INVESTMENT AND INVESTMENT SECURITIES" for securities categorized by purposes.

Liabilities

Payables and Income tax payable

The carrying values are adopted for payables and income tax 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 principle discounted by the interest rate which would be used if a new lease transaction occurred.

Derivatives

The information of the fair value for derivatives is included in Note 13 "DERIVATIVES".

(b) Financial instruments whose fair value cannot be reliably determined

March 31, 2010	Carrying Amount	
	Millions of Yen	Thousands of U.S. Dollars
Investments in equity instruments that do not have a quoted market price in an active market	¥ 804	\$ 8,645

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 and securities with contractual maturities

March 31, 2010	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	¥ 13,813			
Receivables:				
Trade notes	3,048			
Trade accounts	26,878	¥ 367		
Associated company	218			
Investments in lease	222	1,027	¥ 5	
Investment securities:				
Held-to-maturity securities			500	
Total	¥ 44,179	¥ 1,394	¥ 505	

March 31, 2010	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	\$ 148,527			
Receivables:				
Trade notes	32,774			
Trade accounts	289,011	\$ 3,946		
Associated company	2,344			
Investments in lease	2,387	11,043	\$ 54	
Investment securities:				
Held-to-maturity securities			5,376	
Total	\$ 475,043	\$ 14,989	\$ 5,430	

(6) Please see Note 11 "LEASES" for future payments of lease obligations.

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 to 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.

As noted in Note 12, the Group applied ASBJ Statement No. 10 "Accounting Standard for Financial Instruments" and ASBJ Guidance No. 19 "Guidance on Accounting Standard for Financial Instruments and Related Disclosures". The accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010; therefore, the required information is disclosed only for 2010.

Derivative transactions to which hedge accounting is not applied at March 31, 2010

March 31, 2010	Millions of Yen			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain/Loss
Foreign currency forward contracts:				
Selling U.S.\$	¥ 1,765		¥ (48)	¥ (48)
Selling Euro	2,144		83	83

March 31, 2010	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.\$	\$ 18,978		\$ (516)	\$ (516)
Selling Euro	23,054		892	892

Derivative transactions to which hedge accounting is applied at March 31, 2010

At March 31, 2010	Millions of Yen			
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:				
Selling U.S.\$	Receivables	¥ 454		¥ (11)
Selling Euro	Receivables	798		(12)

At March 31, 2010	Thousands of U.S. Dollars			
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:				
Selling U.S.\$	Receivables	\$ 4,882		\$ (118)
Selling Euro	Receivables	8,581		(129)

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. NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2010 and 2009 is as follows:

	Millions of Yen	Thousands of U.S. Dollars	Yen	Dollars
	Net Income	Weighted Average Shares	EPS	
For the year ended March 31, 2010:				
Basic EPS				
Net income available to common shareholders	¥ 9,765	51,189,418	¥ 190.75	\$ 2.05
Effect of Dilutive Securities				
Stock options		65,227		
Diluted EPS				
Net income for computation	¥ 9,765	51,254,645	¥ 190.51	\$ 2.05
For the year ended March 31, 2009:				
Basic EPS				
Net income available to common shareholders	¥ 8,014	51,132,256	¥ 156.72	
Effect of Dilutive Securities				
Stock options		87,456		
Diluted EPS				
Net income for computation	¥ 8,014	51,219,712	¥ 156.46	

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15. SUBSEQUENT EVENTS

a. Appropriations of Retained Earnings

The following appropriation of retained earnings at March 31, 2010 was approved at the shareholders' general meeting of the Company held on June 25, 2010:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥31 (\$0.33) per share	¥ 1,589	\$ 17,086

16. SEGMENT INFORMATION

a. Industry Segments

The Group's main operations are to manufacture and sell laboratory testing instruments and reagents used by clinical laboratories around the world. Under Japanese accounting regulations, the Group is not required to disclose industry segment information because its main industry segment represented more than 90% of its operations.

b. Geographical Segments

The geographical segments of the Group for the years ended March 31, 2010 and 2009 are summarized as follows:

	Millions of Yen							
	2010							
	Japan	Americas	Europe	China	Asia Pacific	Total	Eliminations/ Corporate	Consolidated
Sales to customers	¥ 38,595	¥ 23,444	¥ 36,446	¥ 11,843	¥ 5,847	¥ 116,175		¥ 116,175
Interarea transfer	27,857	7	480	5	159	28,508	¥ (28,508)	
Total sales	66,452	23,451	36,926	11,848	6,006	144,683	(28,508)	116,175
Operating expenses	63,520	20,676	31,622	9,096	5,106	130,020	(29,554)	100,466
Operating income	¥ 2,932	¥ 2,775	¥ 5,304	¥ 2,752	¥ 900	¥ 14,663	¥ 1,046	¥ 15,709
Total assets	¥ 77,834	¥ 14,930	¥ 25,405	¥ 8,385	¥ 4,813	¥ 131,367	¥ (10,665)	¥ 120,702

	Millions of Yen							
	2009							
	Japan	Americas	Europe	China	Asia Pacific	Total	Eliminations/ Corporate	Consolidated
Sales to customers	¥ 37,589	¥ 23,368	¥ 35,387	¥ 10,111	¥ 5,388	¥ 111,843		¥ 111,843
Interarea transfer	31,501	2	521	9	184	32,217	¥ (32,217)	
Total sales	69,090	23,370	35,908	10,120	5,572	144,060	(32,217)	111,843
Operating expenses	64,418	21,581	30,773	8,811	4,925	130,508	(33,799)	96,709
Operating income	¥ 4,672	¥ 1,789	¥ 5,135	¥ 1,309	¥ 647	¥ 13,552	¥ 1,582	¥ 15,134
Total assets	¥ 80,339	¥ 14,860	¥ 24,790	¥ 7,601	¥ 3,810	¥ 131,400	¥ (12,878)	¥ 118,522

	Thousands of U.S. Dollars							
	2010							
	Japan	Americas	Europe	China	Asia Pacific	Total	Eliminations/ Corporate	Consolidated
Sales to customers	\$ 415,000	\$ 252,086	\$ 391,893	\$ 127,344	\$ 62,871	\$ 1,249,194		\$ 1,249,194
Interarea transfer	299,538	75	5,161	54	1,710	306,538	\$ (306,538)	
Total sales	714,538	252,161	397,054	127,398	64,581	1,555,732	(306,538)	1,249,194
Operating expenses	683,011	222,323	340,022	97,806	54,903	1,398,065	(317,785)	1,080,280
Operating income	\$ 31,527	\$ 29,838	\$ 57,032	\$ 29,592	\$ 9,678	\$ 157,667	\$ 11,247	\$ 168,914
Total assets	\$ 836,925	\$ 160,537	\$ 273,172	\$ 90,161	\$ 51,753	\$ 1,412,548	\$ (114,677)	\$ 1,297,871

c. Sales to Foreign Customers

Sales to foreign customers for the years ended March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
	Americas	¥ 23,622	¥ 23,414
Europe	36,495	35,454	392,419
China	11,843	10,111	127,344
Asia Pacific	7,394	7,036	79,506
Total	¥ 79,354	¥ 76,015	\$ 853,269

Independent Auditors' Report

Deloitte.

Deloitte Touche Tohmatsu LLC
Meijiyasudaseimei Kobe Building
8-3-5, Isogami-dori, Chuo-ku
Kobe 651-0086
Japan

Tel: +81 (78) 221 8161
Fax: +81 (78) 221 8225
www.deloitte.com/jp

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Sysmex Corporation:

We have audited the accompanying consolidated balance sheets of Sysmex Corporation (the "Company") and subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of income, changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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 subsidiaries as of March 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

As discussed in Note 2.b to the consolidated financial statements, the Company applied the new accounting standard for the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements, effective April 1, 2008.

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

Deloitte Touche Tohmatsu LLC

June 16, 2010

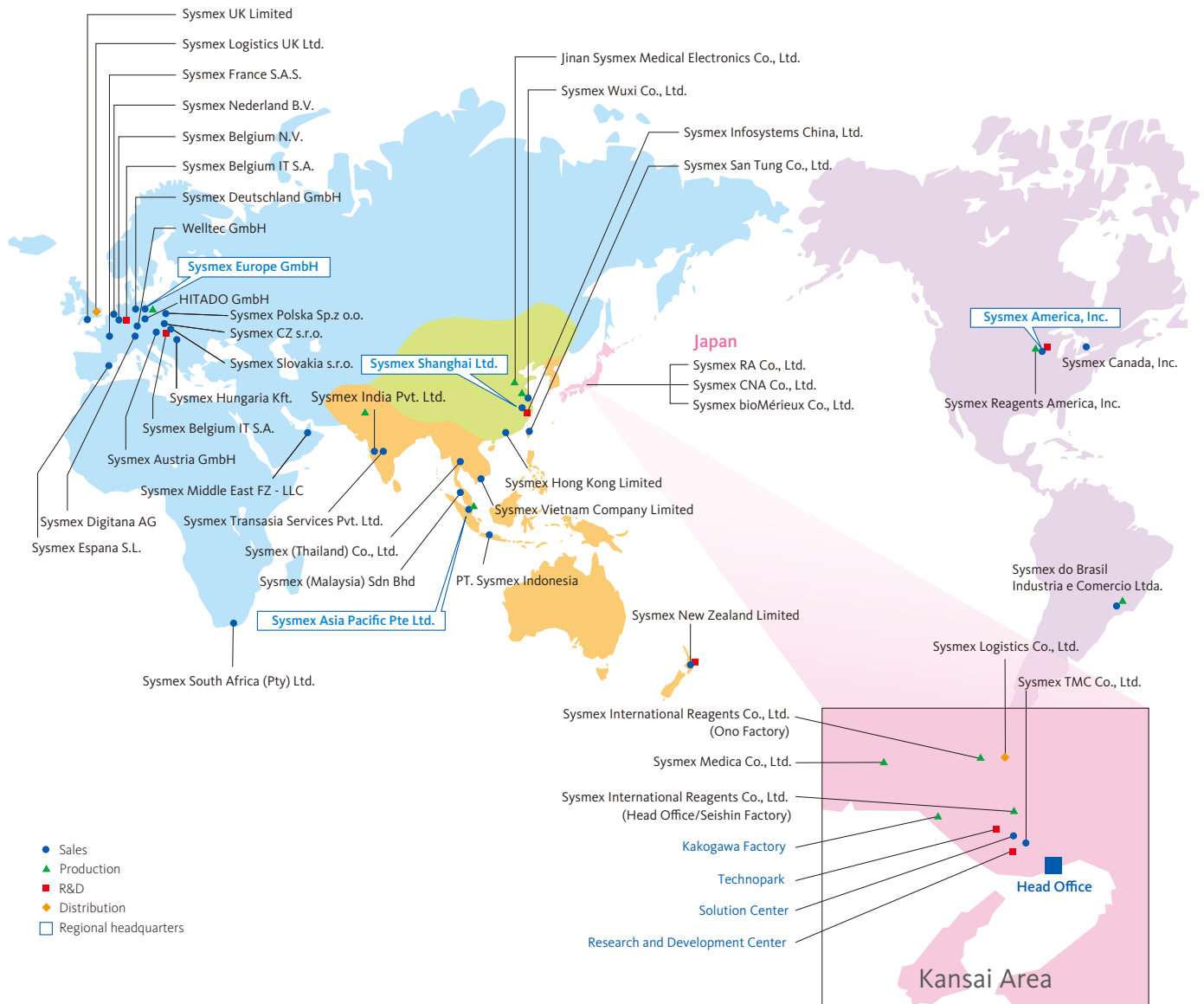
Member of
Deloitte Touche Tohmatsu

Corporate Information

Network

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Corporate Information



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 651-2271	TEL: (+81) 78-991-1911	FAX: (+81) 78-991-1917
Solution Center	1-3-2 Murotani, Nishi-ku, Kobe 651-2241	TEL: (+81) 78-992-5860	FAX: (+81) 78-992-5868
Research and Development Center	1-1-2 Murotani, Nishi-ku, Kobe 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
Sendai Branch	4-6-1 Chuo, Aoba-ku, Sendai 980-6024	TEL: (+81) 22-722-1710	FAX: (+81) 22-265-1661
Kita Kanto Branch	4-261-1 Kishiki-cho, Oomiya-ku, Saitama 330-0843	TEL: (+81) 48-600-3888	FAX: (+81) 48-601-2272
Tokyo Branch	1-2-2 Ohsaki, Shinagawa-ku, Tokyo 141-0032	TEL: (+81) 3-5434-8550	FAX: (+81) 3-5434-8551
Nagoya Branch	1-603 Kamiyashiro, Meito-ku, Nagoya 465-0025	TEL: (+81) 52-775-8101	FAX: (+81) 52-775-5217
Osaka Branch	17-1 Enoki-cho, Suita, Osaka 564-0063	TEL: (+81) 6-6337-8300	FAX: (+81) 6-6337-8200
Hiroshima Branch	3-17 Fukuro-machi, Naka-ku, Hiroshima 730-0036	TEL: (+81) 82-248-9070	FAX: (+81) 82-248-9075
Fukuoka Branch	4-9-24 Hakata Eki Minami, Hakata-ku, Fukuoka 812-0016	TEL: (+81) 92-411-4314	FAX: (+81) 92-474-3862
Sapporo Sales Office	13-1 Kita Nijo Nishi, Chuo-ku, Sapporo 060-0002	TEL: (+81) 11-281-6116	FAX: (+81) 11-281-6136
Morioka Sales Office	1-7-25 Chuodori, Morioka City, Iwate 020-0021	TEL: (+81) 19-654-3331	FAX: (+81) 19-623-6429
Nagano Sales Office	2-5-26 Fukashi, Matsumoto City, Nagano 390-0815	TEL: (+81) 263-31-8180	FAX: (+81) 263-31-8191
Niigata Sales Office	1-20-5 Sasaguchi, Chuo-ku, Niigata City, Niigata 950-0911	TEL: (+81) 25-243-6266	FAX: (+81) 25-241-4452
Chiba Sales Office	1-3 Nakase, Mihama-ku, Chiba 261-8501	TEL: (+81) 43-297-2701	FAX: (+81) 43-297-2707
Shizuoka Sales Office	2-5-11 Takamatsu, Suruga-ku, Shizuoka City, Shizuoka 422-8034	TEL: (+81) 54-237-4815	FAX: (+81) 54-237-8148
Kanazawa Sales Office	2-11-1 Ekinishi Honmachi, Kanazawa City, Ishikawa 920-0025	TEL: (+81) 76-221-9363	FAX: (+81) 76-262-5615
Kyoto Sales Office	3-1 Mibu Kayo Gosho-cho, Nakagyo-ku, Kyoto 604-8811	TEL: (+81) 75-801-3196	FAX: (+81) 75-841-8445
Kobe Sales Office	4-1-2 Kumoidori, Chuo-ku, Kobe 651-0096	TEL: (+81) 78-251-5331	FAX: (+81) 78-251-5505
Takamatsu Sales Office	1-6-6 Bancho, Takamatsu City, Kagawa 760-0017	TEL: (+81) 87-823-5801	FAX: (+81) 87-823-5834
Okayama Sales Office	3-10 Togyia-cho, Kita-ku, Okayama 700-0826	TEL: (+81) 86-224-2605	FAX: (+81) 86-222-6814
Kagoshima Sales Office	2-9-13 Komatsubara, Kagoshima City, Kagoshima 891-0114	TEL: (+81) 99-267-1344	FAX: (+81) 99-267-1338
Metropolitan Area Service Center	2-16-2 Minami-kamata, Ota-ku, Tokyo 144-0035	TEL: (+81) 3-5711-8301	FAX: (+81) 3-5711-8302

(As of April 1, 2010)

	Corporate name	Established	Equity ownership by Group	Location	TEL
Japan	Systemex Corporation		1-5-1 Wakinoama-Kaigandori, Chuo-ku, Kobe, Hyogo 651-0073, Japan		TEL: (+81) 78-265-0500
	Systemex International Reagents Co., Ltd.	1969	100.00%	Head Office/Seishin Factory 4-3-2 Takatsukadai, Nishi-ku, Kobe, Hyogo 651-2271, Japan Ono Factory 17 Takumidai, Ono, Hyogo 675-1322, Japan	TEL: (+81) 78-991-2211 TEL: (+81) 794-62-7001
	Systemex RA Co., Ltd.	1978	100.00%	1850-3 Hirookanomura, Shiojiri, Nagano 399-0702, Japan	TEL: (+81) 263-54-2251
	Systemex Medica Co., Ltd.	1978	100.00%	323-3 Miyaoki, Yumesaki-cho, Himeji, Hyogo 671-2121, Japan	TEL: (+81) 79-335-2080
	Systemex TMC Co., Ltd.	1992	100.00%	1-3-2 Murotani, Nishi-ku, Kobe, Hyogo 651-2241, Japan	TEL: (+81) 78-992-5883
	Systemex CNA Co., Ltd.	1996	100.00%	2-3-7 Hakata Eki Mae, Hakata-ku, Fukuoka 812-0011, Japan	TEL: (+81) 92-476-1121
	Systemex Logistics Co., Ltd.	1997	100.00%	17 Takumidai, Ono, Hyogo 675-1322, Japan	TEL: (+81) 794-64-2326
	Systemex bioMérieux Co., Ltd.	2008	34.00%	1-2-2 Ohsaki, Shinagawa-ku, Tokyo 141-0032, Japan	TEL: (+81) 3-6834-2666
Americas	Systemex America, Inc.	2003	100.00%	1 Nelson C. White Parkway, Mundelein, IL 60060, U.S.A.	TEL: (+1) 847-996-4500
	Systemex Reagents America, Inc.	1993	100.00%	2 Nelson C. White Parkway, Mundelein, IL 60060, U.S.A.	TEL: (+1) 847-367-2800
	Systemex Canada, Inc.	2007	100.00%	5045 Orbitor Drive Building 9, Suite 401 Mississauga, ON L4W 4Y4, Canada	TEL: (+1) 905-366-7900
	Systemex do Brasil Industria e Comercio Ltda.	1998	100.00%	Rua Joaquim Nabuco, 615-Bairro Cidade Jardim-Sao Jose dos Pinhais-Parana- Brasil-CEP 83040-210	TEL: (+55) 41-2104-1314
Europe	Systemex Europe GmbH	1980	100.00%	Bornbarch 1, 22848 Norderstedt, Germany	TEL: (+49) 40-527260
	Systemex Deutschland GmbH	1995	100.00%	Bornbarch 1, 22848 Norderstedt, Germany	TEL: (+49) 40-5341020
	Welltec GmbH	2002	76.60%	Rheingastrasse 190-196, 65203 Wiesbaden, Germany	TEL: (+49) 6119-628-823
	HITADO GmbH	2010	100.00%	Dreihausen 2, D-59519 Moehnesee, Germany	TEL: (+49) 2924-9705-0
	Systemex UK Limited	1991	100.00%	Systemex House, Garamonde Drive, Wymbush, Milton Keynes, MK8 8 DF, U.K.	TEL: (+44) 870-902-9210
	Systemex Logistics UK Ltd.	2003	100.00%	Unit 4 IO Centre, Fingle Drive, Stonebridge, Milton Keynes, MK13 0AT, Buckinghamshire, U.K.	TEL: (+44) 870-902-9230
	Systemex France S.A.S.	2000	100.00%	Paris Nord II, 22, avenue des Nations, B.P. 50414 Villepinte, 95944 ROISSY-CDG Cedex, France	TEL: (+33) 1-48-170190
	Systemex Espana S.L.	2010	100.00%	Frederic Mompou, 4-B Planta 2 08960 - Sant Just Desvern, España	TEL: (+34) 934-236-231
	Systemex Belgium IT S.A.	1997	100.00%	Rue Pres Champs 25B, 4671 Barchon, Belgium	TEL: (+32) 4-387-9393
	Systemex Belgium N.V.	2009	100.00%	Park Rozendal, Building A Terhulpesteenweg 6a 1560 Hoeilaart, Belgium	TEL: (+32) 2-769-7474
	Systemex Nederland B.V.	2009	100.00%	Ecustraet 11, 4879 NP Etten Leur, The Netherlands	TEL: (+31) 76-508-6000
	Systemex Polska Sp.z o.o.	2005	100.00%	Kopernik Office Building, III Al. Jerozolimskie 176, 02-486 Warszawa, Poland	TEL: (+48) 22-57284-00
	Systemex Digitana AG	2006	80.00%	Tödistrasse, 50, 8810 Horgen, Switzerland	TEL: (+41) 44-718-38-38
	Systemex Austria GmbH	2007	100.00%	Odoakergasse 34-36 A-1160 Wien, Austria	TEL: (+43) 1-4861631
	Systemex Hungaria Kft.	2007	100.00%	Forum Offices Obuda Irodahaz 1037 Budapest, 3 kerulet Becsi ut 271, Hungary	TEL: (+36) 1-3143076
	Systemex CZ s.r.o.	2007	100.00%	Elgartova 4/683 61400 Brno Czech Republic	TEL: (+420) 548-216-855
	Systemex Slovakia s.r.o.	2007	100.00%	Galvaniho 15/A 821 04 Bratislava, Slovakia	TEL: (+421) 2-6453-2881-2
Systemex Middle East FZ-LLC	2008	100.00%	Dubai Healthcare City, City Pharmacy Building C/P 72, Office 201, P.O. Box 505119, Dubai, U.A.E.	TEL: (+971) 4-4370515	
Systemex South Africa (Pty) Ltd.	2006	100.00%	Fernridge Office Park, Block 2; 5 Hunter Avenue; Ferndale; Randburg 2194 RSA	TEL: (+27) 11-3299480	
China	Systemex Shanghai Ltd.	2000	100.00%	9th Floor, Azia Center, 1233 Lujiazui Ring Road, Shanghai, 200120, China	TEL: (+86) 21-6888-2626
	Systemex Infosystems China, Ltd.	2000	100.00%	9th Floor, Azia Center, 1233 Lujiazui Ring Road, Shanghai, 200120, China	TEL: (+86) 21-6888-2606
	Jinan Systemex Medical Electronics Co., Ltd.	1995	100.00%	7493 Airport Road, Yaoqiang Town, Licheng District, Jinan City, Shandong Province, China; PC. 250107	TEL: (+86) 531-8873-4440
	Systemex Hong Kong Limited	1999	100.00%	Rm. 1509, 15/ F., Tower 1, Silvercord, 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong	TEL: (+852) 2543-5123
	Systemex Wuxi Co., Ltd.	2003	100.00%	#8-9, No. 93, Science Technology Stand-up Park, New District, Wuxi, Jiangsu, 214028, China	TEL: (+86) 510-8534-5837
Asia Pacific	Systemex Asia Pacific Pte Ltd.	1998	100.00%	9 Tampines Grande #06-16 to #06-22 528735, Singapore	TEL: (+65) 6221-3629
	Systemex (Malaysia) Sdn Bhd	1998	100.00%	No.11A&15, Jalan PJS 7/12, Bandar Sunway, 46150 Petaling Jaya, Selangor, Malaysia	TEL: (+60) 3-56371788
	Systemex (Thailand) Co., Ltd.	1999	100.00%	14 Soi Ramkhamhaeng 43/1, Ramkhamhaeng Road, Wangthonglang, Bangkok 10310, Thailand	TEL: (+66) 2539-1127
	PT. Systemex Indonesia	2002	100.00%	Menara Hijau, Suite 1005 Jl. MT. Haryono Kav. 33, Jakarta, 12770 Indonesia	TEL: (+62) 21-7986005
	Systemex Vietnam Company Limited	2010	100.00%	8th floor, 106 Nguyen Van Troi, Phu Nhuan District, Ho Chi Minh City, Vietnam	TEL: (+84) 8-39979400
	Systemex Transasia Services Pvt. Ltd.	2009	51.00%	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
	Systemex India Pvt. Ltd.	1998	100.00%	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
	Systemex San Tung Co., Ltd.	2000	51.00%	1 ST Fl., 11, Lane 6, Sec. 1, Hangchow S. Rd., Taipei, Taiwan R.O.C.	TEL: (+886) 2-2341-9290
Systemex New Zealand Limited	2001	100.00%	382-386 Manukau Road, Epsom, Auckland 1344, New Zealand	TEL: (+64) 9-630-3554	

Brief History of the Company

● Management ● R&D ● Production ● Marketing

- 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 affiliate 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 31 times)
- Oct. 1979 Established a US affiliate, now Sysmex America.
- Oct. 1980 Established a European affiliate 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 affiliate, 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 stocks on the 2nd 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 stocks on the 2nd Section of the Tokyo Stock Exchange.
- Oct. 1996 Hisashi Ietsugu becomes president.
- Feb. 1998 Established a Singaporean affiliate 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.
- Feb. 1999 Launch of the automated hematology analyzer developed for the 21st century.
- Jan. 2000 Founded a Shanghai affiliate Sysmex Shanghai.
- Mar. 2000 Promoted to the 1st Section of the Tokyo Stock Exchange and the Osaka Securities Exchange.
- Mar. 2000 Opened Central Research Laboratories in the Techno Center.
- Apr. 2002 Consolidated Sysmex International Reagents as a wholly owned affiliate through a share exchange.
- Apr. 2003 Sysmex and Toshiba announce development of minimal-invasive blood glucose self-measurement technology that does not require blood sampling.
- Jun. 2003 Consolidation of two local affiliates 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.
- Apr. 2004 Acquired 50.8% of the shares in CNA, a medical data systems enterprise, and consolidated as an affiliate.
- Jun. 2004 Established the R&D bases at the Business Support Center for Biomedical Research Activities (BMA) on Port Island Second Stage, off shore from Kobe.
- Dec. 2004 Receipt of the Japan Investor Relations Association's IR Award for Excellence for 2004.
- 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 A stock split.
- Jan. 2006 Released the XS Series, the world's smallest automated hematology analyzers, which require only minute quantities of blood.
- Apr. 2006 Introduction in Europe of the RD-100i gene amplification detector for detecting breast cancer lymph-node metastasis.
- Nov. 2006 The Japan Investor Relations Association awards the Fiscal 2006 IR Excellence Company Prize to Sysmex.
- 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 affiliate 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.
- Apr. 2008 Awarded MAFF manufacturing and marketing approval for a rapid and easy test kit to detect influenza infection in chickens.
- Jun. 2008 Adoption of Sysmex products as standard instruments by the Mongolian Ministry of Health.
- Jun. 2008 Acquisition of approval from the MHLW for manufacture and sale of gene amplification reagent as an *in vitro* diagnostic pharmaceutical.
- Jun. 2008 Established the Dubai's 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 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.
- Feb. 2009 Launched sales of the XT-4000i, a new model in its XT series of hematology analyzers.
- 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.
- Dec. 2009 Realized a full-scale entry into the POCT market in Germany.
- 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.
- Jun. 2010 Launched joint business with IDEXX, leader in pet diagnostics.

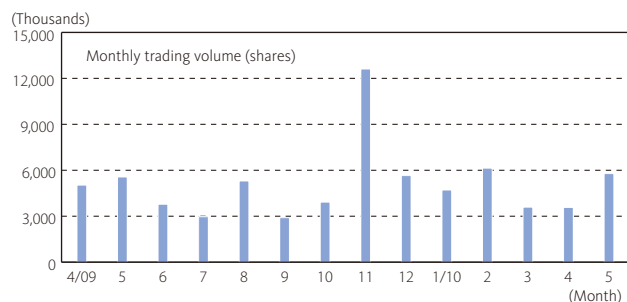
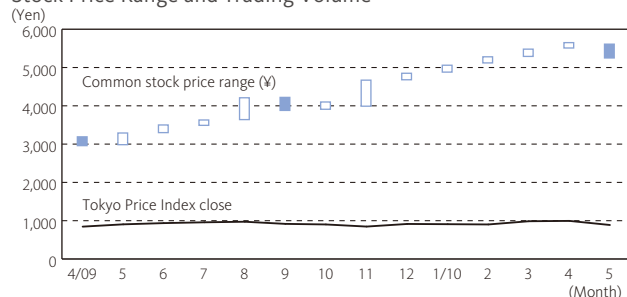
Corporate Overview/Stock Information (As of March 31, 2010)

Systemx Corporation

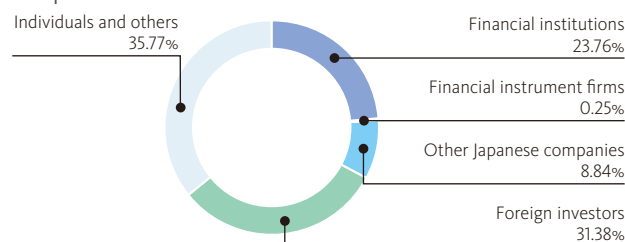
Established	February 20, 1968
Number of Employees	4,578 (consolidated basis) 1,951 (non-consolidated basis) *Including part-time employees
Fiscal Year	April 1—March 31
Shareholders' Meeting	In June
Number of Shares Authorized	149,672,000 shares
Number of Shares Issued	51,353,708 shares
Paid-in Capital	¥8,824 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
Rating	A (Rating and Investment Information, Inc. (R&I))
Indexes	MSCI Standard Index Russell/Nomura Japan Equity Indexes FTSE Japan Index NOMURA400 DSI (Daiwa Stock Indices) S&P Japan 500



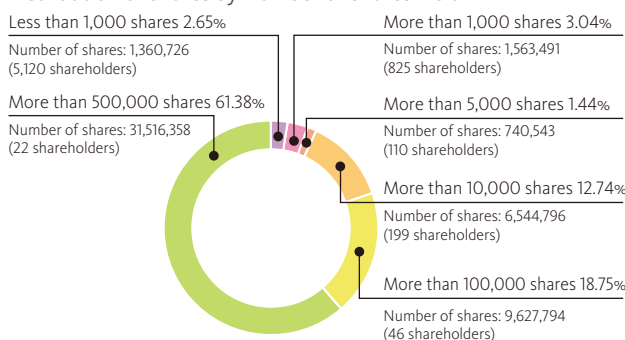
Stock Price Range and Trading Volume



Composition of Shareholders



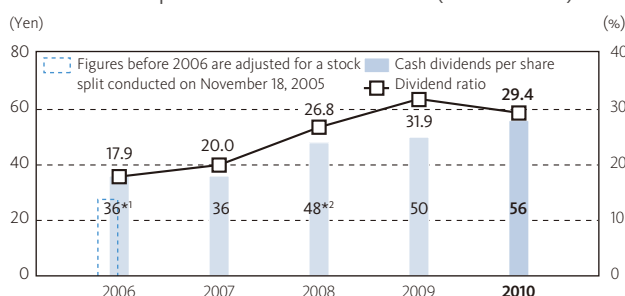
Distribution of Shares by Number of Shares Held



Principal Shareholders

Shareholders	Number of shares held (Thousands)	Percentage of shareholding
Japan Trustee Services Bank, Ltd.	4,811	9.37
Tadako Nakatani	4,003	7.80
Tadashi Nakatani	2,995	5.83
The Master Trust Bank of Japan, Ltd.	2,677	5.21
Nakatani Kosan, Ltd.	2,574	5.01
THE CHASE MANHATTAN BANK, N. A. LONDON SECS LENDING OMNIBUS ACCOUNT (Standing proxy; Mizuho Corporate Bank. Custody & Proxy Dept.)	1,700	3.31
National Mutual Insurance Federation of Agricultural Cooperatives (Standing proxy: The Master Trust Bank of Japan, Ltd.)	1,610	3.14
Kazuko Ietsugu	1,531	2.98
Taeko Wada	1,531	2.98
Kenji Itani	1,250	2.43

Cash Dividends per Share and Dividend Ratio (Consolidated)



*1: The shares of shareholders were split two for one on November 18, 2005.

*2: Including special dividends of ¥8 commemorating the 40th 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.



Sysmex Corporation
1-5-1 Wakinohama-Kaigandori,
Chuo-ku, Kobe 651-0073, Japan
www.sysmex.co.jp



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