

Summary of Consolidated Financial Results for the six months Ended September 30, 2010

November 4, 2010

Listed company name : Sysmex Corporation
 Code : 6869
 Listed stock exchanges : Tokyo Stock Exchange
 Osaka Securities Exchange
 URL : <http://www.sysmex.co.jp>
 Company representative : Hisashi Ietsugu, President and CEO
 Contact : Yukitoshi Kamao, Executive Vice President,
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 Scheduled date for filling of quarterly report : November 12, 2010
 Scheduled date for dividend payment : December 3, 2010
 Preparation of supplementary material for quarterly earnings : Yes
 Holding of quarterly earnings announcement : Yes

(Unit: Millions of Yen)

1. Results for the six months ended September 30, 2010

(1) Operating results

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

	Net Sales		Operating income		Ordinary income		Net income	
Six months ended Sep. 30, 2010	60,063	7.8%	9,556	33.9%	8,964	27.6%	5,501	27.4%
Six months ended Sep. 30, 2009	55,743	(1.3%)	7,138	3.0%	7,026	3.4%	4,317	22.4%

	Net income per share (Yen)	Diluted net income per share (Yen)
Six months ended Sep. 30, 2010	107.23	107.01
Six months ended Sep. 30, 2009	84.39	84.28

(2) Financial condition

	Total assets	Net assets	Equity Ratio	Net assets per share (Yen)
As of Sep. 30, 2010	120,073	89,013	73.5%	1,719.56
As of Mar. 31, 2010	120,702	87,136	71.5%	1,684.90

Note:

Equity capital: 88,262 million yen as of September 30, 2010; 86,357 million yen as of March 31, 2010

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

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

Note:

Revision of dividends forecast for this period: No

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

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

	Net Sales		Operating income		Ordinary income		Net income		Net income per share (Yen)
Year ending Mar. 31, 2011	123,000	5.9%	17,500	11.4%	16,800	6.5%	10,800	10.6%	210.45

Note:

Revision of business forecast for this period: Yes

4. Other information

- (1) Changes in significant subsidiaries: No
- (2) Application of simplified accounting method and special accounting policy for quarterly financial reporting: Yes
- (3) Changes in accounting procedures
 - 1) Changes based on revisions of accounting standard: Yes
 - 2) Other changes: Yes
- (4) Number of shares outstanding (Ordinary shares)
 - 1) Number of shares outstanding at the end of each fiscal period (including treasury stock):
51,429,608 shares as of Sep. 30, 2010; 51,353,708 shares as of Mar. 31, 2010
 - 2) Number of treasury stock at the end of each fiscal period:
100,733 shares as of Sep. 30, 2010; 99,726 shares as of Mar. 31, 2010
 - 3) Average number of outstanding stock for each period (cumulative):
51,306,728 shares six months ended Sep. 30, 2010; 51,161,343 shares six months ended Sep. 30, 2009

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

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

[Financial Performance]

1. Performance analysis

During the first six months of the fiscal year ending March 31, 2011 (April 1 to September 30, 2010), the Japanese economy was characterized by an increase in exports, supported by economic expansion in emerging markets, centered on China. And the economy was in a recovery phase, triggered by government economic stimulus measures. However, the period was marked by a growing sense of uncertainty, prompted by such factors as rapid appreciation of the yen against other currencies, the ongoing scarcity of job opportunities and progressive deflation. These factors, coupled with the European debt crisis and decelerating economic activity in the United States, make it difficult to remain positive about the global economic outlook.

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

Amid these conditions, the Sysmex Group extended its product lineup for China and other parts of Asia by signing agreements with JEOL Ltd. and Furuno Electric Co., Ltd., to sell automated clinical chemistry analyzers in these regions. To expand our operations in the market for pet diagnostics, we began providing automated hematology analyzers for animals on an OEM basis to IDEXX Laboratories, Inc. (HQ: United States), a leading provider of diagnostics for pets and other animals, and started expanding our global operations by leveraging IDEXX Laboratories' networks. In addition, the Group commenced work on expanding a reagent production facility in Jinan, China, to meet rapid demand growth in the country.

Net Sales by Destination

First Six Months Ended September 30	2009		2010		Percentage of Previous Year's Figure (%)
	Amount (Millions of Yen)	Percentage of Total (%)	Amount (Millions of Yen)	Percentage of Total (%)	
Japan	17,656	31.7	18,351	30.5	103.9
Americas	11,397	20.4	12,815	21.3	112.4
Europe	17,749	31.8	16,911	28.2	95.3
China	5,382	9.7	7,790	13.0	144.8
Asia Pacific	3,557	6.4	4,194	7.0	117.9
Overseas subtotal	38,086	68.3	41,712	69.5	109.5
Total	55,743	100.0	60,063	100.0	107.8

In Japan, our ongoing efforts to promote solutions led to solid sales in hematology and other fields, as well as the acquisition of a major order. This offset a decrease in sales of our influenza detection kit, POCTEM, following the spread of the new influenza virus in the preceding term. As a result, we posted first-half net sales of ¥18,351 million, up 3.9%, compared with the first half of the previous fiscal year.

In overseas markets, we made steady progress in the strengthening of sales and support structures and the provision of solutions. As a result, sales moved steadily upward on a local currency basis due to increased sales of instruments and diagnostic reagents. Consequently, despite major yen appreciation the Group's overseas sales were ¥41,712 million, up 9.5% year on year. The overseas sales ratio was 69.5%, up 1.2 percentage points from the same period of the previous fiscal year.

As a result, during the first half the Group recorded consolidated net sales of ¥60,063 million, up 7.8%. Operating income grew 33.9%, to ¥9,556 million; ordinary income rose 27.6%, to ¥8,964 million; and net income expanded 27.4%, to ¥5,501 million.

Performance by segment

(1) Japan

Performance remained robust in the hematology field, our main business domain, and our perseverance in presenting solutions to customers paid off in the form of large orders. We therefore posted net sales of ¥19,747 million, up 6.6% from the first half of the preceding fiscal year.

Despite the negative effects on income of yen appreciation, we posted operating income of ¥3,717 million, up 140.6% from the first half of the previous year. This rise was the result of higher gross profit, stemming from an improved cost ratio, progress in reducing costs and an increase in export sales to Group companies, including the impact of a revision in intragroup transaction prices. Also contributing to the increase was a change in the method of recording the royalty income, including it in net sales rather than in non-operating income.

(2) Americas

In the United States, sales grew as a result of our focus on developing direct sales and support networks, as well as our success in promoting solutions that meet customer needs, which earned us orders from integrated health networks (IHNs) and prominent commercial labs. Latin America, which had been hard hit by the economic recession, also staged a recovery. As a result, despite the negative effects of yen appreciation, sales in the Americas grew 9.1%, to ¥12,400 million.

Compensating for the higher cost of sales resulting from a revision in intragroup transaction prices and an increase in selling, general and administrative expenses, the rise in sales prompted a 25.5% increase in operating income, to ¥1,465 million.

(3) Europe

In addition to expanding our direct sales and support structure, the HITADO Group, which we made a wholly owned subsidiary in the preceding fiscal year to stepped up our efforts in the POCT* market, contributed to sales. Although sales were robust on a local-currency basis, centered on the hematology field, substantial yen appreciation against the euro resulted in a 4.7% decrease in sales in the region, to ¥16,896 million.

Operating income fell 1.1%, to ¥2,588 million, owing largely the impact of yen appreciation.

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

(4) China

In China, sales surged 44.8%, to ¥7,790 million. Behind these solid results were substantially higher sales in the hematology, hemostasis and urinalysis fields.

Owing to higher sales, which compensated for the higher cost of sales resulting from a revision in intragroup transaction prices, operating income rose 14.5%, to ¥1,446 million.

(5) Asia Pacific

Favorable sales growth continued in India and Indonesia, and a major new order bolstered sales of system products in Australia. Consequently, sales increased substantially, centered on the hematology field. Sales in the region amounted to ¥3,228 million, up 17.8%.

Owing to the higher cost of sales resulting from a revision in intragroup transaction prices and an increase in selling, general and administrative expenses, operating income fell 21.8%, to ¥416 million.

2. Financial conditions analysis

(1) Assets, liabilities and net assets

As of September 30, 2010, total assets amounted to ¥120,073 million, down ¥629 million from March 31, 2010. While cash and deposits increased ¥2,423 million, major reasons for this decrease included ¥1,397 million lower trade notes and accounts receivable and a ¥1,646 million decline in noncurrent assets.

At the same time, total liabilities dropped ¥2,506 million, to ¥31,059 million. Factors included a ¥248 million decline in trade notes and accounts payable, and a ¥385 million lower provision for bonuses. Also, accrued expenses, a current liability, decreased ¥890 million.

Total net assets came to ¥89,013 million at the end of the first half, up ¥1,877 million from March 31, 2010. Principal factors were retained earnings, which rose ¥3,912 million, and the foreign currency translation adjustment, which declined ¥2,151 million. The equity ratio as of September 30, 2010, was 73.5%, up 2.0 percentage points from March 31, 2010.

(2) Cash flows

As of September 30, cash and cash equivalents amounted to ¥16,227 million, up ¥2,414 million from March 31, 2010.

Cash flows from various activities are described in more detail below.

(Operating cash flow)

Net cash provided by operating activities was ¥8,193 million, down ¥2,446 million year on year. Income before income taxes provided ¥8,710 million, ¥1,658 million more than in the first half of the preceding fiscal year, but the decrease in trade notes and accounts receivable provided ¥123 million, ¥4,984 million less year on year. A decrease in trade notes and accounts payable used ¥72 million, ¥2,774 million less than in the previous year, and income taxes paid used ¥3,156 million, ¥1,677 million more than in the first half of the preceding fiscal year.

(Investing cash flow)

Net cash used in investing activities was ¥3,389 million, ¥884 million more than in the first half of the preceding fiscal year. The main use of cash was the purchase of property, plant and equipment, which used ¥2,380 million, a ¥630 million year-on-year increase.

(Financing cash flow)

Net cash used in financing activities came to ¥1,584 million, down ¥2,064 million. Primary reasons were a ¥376 million net increase in short-term loans payable, which provided ¥1,514 million less than in the same period of the previous fiscal year, and cash dividends paid of ¥1,588 million, which used ¥259 million more than in the first half of the preceding year.

3. Consolidated financial forecast

Looking at our financial forecast for the full fiscal year ending March 31, 2011, yen appreciation against the euro and the U.S. dollar now appears likely to be substantially higher than we had previously expected. Consequently, we now expect sales to fall below our earlier forecast. On the profit front, however, we now anticipate higher operating income than previous forecast, thanks to decreased cost of sales and reduced selling, general and administrative expenses. Meanwhile, as foreign exchange losses will reduce our non-operating balance, we believe ordinary income will be lower than previously projected. We have revised the figures in our consolidated financial forecast for the full year accordingly.

For the third quarter onward, we revise our exchange rate assumptions to US\$1=¥80 and €1 = ¥110, compared with our initial assumptions of US\$1=¥90 and €1 = ¥125

Consolidated Balance Sheets

(Unit: Millions of Yen)

Items	As of September. 30, 2010	As of Mar. 31, 2010
	Amount	Amount
(Assets)		
I Current assets		
Cash and deposits	16,258	13,835
Notes and accounts receivable-trade	29,109	30,507
Short-term investment securities	186	134
Merchandise and finished goods	12,892	13,988
Work in process	1,485	1,264
Raw materials and supplies	3,487	3,524
Others	8,858	7,999
Allowance for doubtful accounts	(392)	(384)
Total current assets	71,886	70,870
II Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	15,487	15,827
Others	19,587	20,185
Total Property, plant and equipment	35,075	36,013
Intangible assets		
Goodwill	1,433	1,741
Others	4,416	4,476
Total Intangible assets	5,849	6,218
Total Investments and other assets	7,261	7,599
Total Noncurrent assets	48,186	49,832
Total assets	120,073	120,702
(Liabilities)		
I Current liabilities		
Notes and accounts payable-trade	9,984	10,233
Short-term loans payable	388	16
Income taxes payable	2,683	2,447
Provision for bonuses	2,551	2,936
Provision for directors' bonuses	109	190
Provision for product warranties	135	149
Others	11,143	13,613
Total current liabilities	26,995	29,587
II Noncurrent liabilities		
Long-term loans payable	2	3
Provision for retirement benefits	794	639
Provision for directors' retirement benefits	160	160
Others	3,106	3,175
Total Noncurrent liabilities	4,063	3,978
Total liabilities	31,059	33,565
(Net assets)		
I Shareholders' equity		
Capital stock	8,951	8,824
Capital surplus	13,890	13,763
Retained earnings	70,189	66,276
Treasury stock	(209)	(204)
Total shareholders' equity	92,820	88,660
II Valuation and translation adjustments		
Valuation difference on available-for-sale securities	159	270
Deferred gains or losses on derivatives under hedge accounting	(5)	(13)
Foreign currency translation adjustment	(4,711)	(2,560)
Total valuation and translation adjustments	(4,557)	(2,303)
III Subscription rights to shares	631	666
IV Minority interests	119	112
Total net assets	89,013	87,136
Total liabilities and net assets	120,073	120,702

(Note) fractions of one million yen are rounded off

Consolidated Statements of Income

(Unit: Millions of Yen)

Items	Six months ended September. 30, 2009	Six months ended September. 30, 2010
	Amount	Amount
I Net sales	55,743	60,063
II Cost of sales	20,145	21,034
Gross profit	35,598	39,028
III Selling, general and administrative expenses	28,459	29,472
Operating income	7,138	9,556
IV Non-operating income		
Interest income	57	59
Dividends income	26	28
Income from investment real estate	193	191
Others	218	138
Total non-operating income	495	418
V Non-operating expenses		
Interest expenses	128	54
Equity in losses of affiliates	30	30
Maintenance cost of investment real estate	81	71
Foreign exchange losses	301	703
Others	66	151
Total non-operating expenses	607	1,010
Ordinary income	7,026	8,964
VI Extraordinary profits		
Gain on sales of noncurrent assets	47	2
Reversal of allowance for doubtful accounts	2	7
Others	1	3
Total extraordinary profits	51	13
VII Extraordinary loss		
Loss on valuation of investment securities	-	39
Loss on sales and retirement of noncurrent assets	25	40
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	187
Total extraordinary loss	25	267
Income before income taxes and minority interest	7,051	8,710
Income taxes-current	3,272	3,504
Income taxes-deferred	(544)	(306)
Total income taxes	2,727	3,197
Income before minority interests	-	5,512
Minority interest	6	11
Net income	4,317	5,501

(Note) fractions of one million yen are rounded off

Consolidated Statements of Cash Flows

(Unit: Millions of Yen)

Items	Six months ended September. 30, 2009	Six months ended September. 30, 2010
I Net cash provided by (used in) operating activities		
Income before income taxes	7,051	8,710
Depreciation and amortization	3,309	3,483
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	187
Decrease (increase) in notes and accounts receivable-trade	5,108	123
Decrease (increase) in inventories	(249)	253
Increase (decrease) in notes and accounts payable-trade	(2,846)	(72)
Others	(203)	(1,357)
Subtotal	12,170	11,329
Interest and dividends received	73	72
Interest expenses paid	(126)	(52)
Income taxes paid	(1,478)	(3,156)
Net cash provided by (used in) operating activities	10,640	8,193
II Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	(1,749)	(2,380)
Purchase of intangible assets	(1,107)	(837)
Others	352	(171)
Net cash provided by (used in) investment activities	(2,504)	(3,389)
III Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(1,514)	376
Repayment of long-term loans payable	(42)	(6)
Cash dividends paid	(1,329)	(1,588)
Others	(762)	(366)
Net cash provided by (used in) financing activities	(3,648)	(1,584)
IV Effect of exchange rate change on cash and cash equivalents	(378)	(805)
V Net increase (decrease) in cash and cash equivalents	4,108	2,414
VI Cash and cash equivalents at beginning of term	9,410	13,812
VII Cash and cash equivalents at end of term	13,519	16,227

(Note) fractions of one million yen are rounded off

Segment Information

1. Information about operations by geographic area

Six months ended September 30, 2009

(Unit: Millions of Yen)

	Japan	Americas	Europe	China	Asia Pacific	Total	Eliminations/ Corporate	Consolidated
Sales and Operating income								
Sales								
Net Sales to outside customers	18,531	11,363	17,725	5,382	2,740	55,743	-	55,743
Inter-area transfer	13,750	1	269	2	71	14,095	(14,095)	-
Total net sales	32,281	11,364	17,995	5,385	2,811	69,838	(14,095)	55,743
Operating expenses	30,737	10,197	15,377	4,121	2,279	62,712	(14,107)	48,604
Operating income	1,544	1,167	2,618	1,263	532	7,126	12	7,138

2. Net Sales to Foreign Customers

Six months ended September 30, 2009

(Unit: Millions of Yen)

	Americas	Europe	China	Asia Pacific	Total
Net Sales to Foreign Customers	11,397	17,749	5,382	3,557	38,086
Consolidated Sales	-	-	-	-	55,743
The rate of net sales to foreign customers to consolidated sales	20.4%	31.8%	9.7%	6.4%	68.3%

(Additional information)

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

Information on sales and income by geographic segment reported

Six months ended September 30, 2010

(Unit: Millions of Yen)

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