

Summary of Consolidated Financial Results for the Nine months Ended December 31, 2009

February 2, 2010

Listed company name : Sysmex Corporation
 Code : 6869
 Listed stock exchanges : Tokyo Stock Exchange
 Osaka Securities Exchange
 URL : <http://www.sysmex.co.jp>
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(Unit: Millions of Yen)

1. Results for the nine months ended December 31, 2009

(1) Operating results

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

	Net Sales		Operating income		Ordinary income		Net income	
Nine months ended Dec. 31, 2009	83,162	3.1%	11,132	10.3%	11,081	40.5%	6,741	46.2%
Nine months ended Dec. 31, 2008	80,636	—	10,088	—	7,886	—	4,611	—

	Net income per share (Yen)	Diluted net income per share (Yen)
Nine months ended Dec. 31, 2009	131.75	131.57
Nine months ended Dec. 31, 2008	90.20	90.03

(2) Financial condition

	Total assets	Net assets	Equity Ratio	Net assets per share (Yen)
As of Dec. 31, 2009	120,248	84,476	69.6%	1,634.10
As of Mar. 31, 2009	118,521	79,850	66.8%	1,548.19

Note:

Equity capital: 83,687 million yen as of December 31, 2009; 79,182 million yen as of March 31, 2009

2. Dividends (The year ended March 31, 2009 and the year ending March 31, 2010)

	Dividend per share				
	First quarter (Yen)	Second quarter (Yen)	Third quarter (Yen)	Year-end (Yen)	Annual (Yen)
Year ended Mar. 31, 2009	—	24.00	—	26.00	50.00
Year ending Mar. 31, 2010	—	25.00	—		
Year ending Mar. 31, 2010 (Forecast)				25.00	50.00

Note:

Revision of dividends forecast for this period: No

3. Business forecast for the year ending March 31, 2010

(% 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, 2010	117,000	4.6%	15,000	(0.9%)	15,000	15.5%	9,200	14.8%	179.75

Note:

Revision of business forecast for this period: No

4. Other information

- (1) Changes in significant subsidiaries: No
- (2) Application of simplified accounting method and special accounting policy for quarterly financial reporting: Yes
- (3) Changes in accounting procedures
 - 1) Changes based on revisions of accounting standard: Yes
 - 2) Other changes: No
- (4) Number of shares outstanding (Ordinary shares)
 - 1) Number of shares outstanding at the end of each fiscal period (including treasury stock):
51,312,208 shares as of Dec. 31, 2009; 51,243,508 shares as of Mar. 31, 2009
 - 2) Number of treasury stock at the end of each fiscal period:
99,035 shares as of Dec. 31, 2009; 97,981 shares as of Mar. 31, 2009
 - 3) Average number of outstanding stock for each period (cumulative):
51,172,229 shares nine months ended Dec. 31, 2009; 51,127,848 shares nine months ended Dec. 31, 2008

※ Note

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 nine months of the fiscal year ending March 31, 2010 (April 1 to December 31, 2009), while job opportunities remained scarce, the Japanese economy began to show a trend toward recovery in its business results thanks to the economic stimulus measures taken by the governments of the world's nations in response to the economic crisis that has lingered since the year before last. The U.S. and European economies witnessed a deteriorating labor market, but business sentiments are improving as the economic stimulus has filtered down to consumer spending and exports have picked up. The Chinese economy has already been on the recovery track, primarily owing to economic stimulus measures including public works and monetary relaxation, thus assuming greater prominence as a locomotive force in the global economy.

On the healthcare front, in Japan, the management of medical institutions is still experiencing difficulties. The Japanese financial conditions are deteriorating, mergers and closures of hospitals and/or their departments still remain possible, and the supplementary budget to provide financial assistance for the restoration of community medicine has been partially frozen. Under the new government, however, it is expected that the conventional policy to reduce healthcare costs will be changed and the new government has announced its intention to reconstruct community medicine and systems for providing various healthcare services, including emergency medical services, obstetrics, and pediatrics departments. In advanced countries in Europe and North America, efforts are being made to reduce healthcare costs and reform medical systems. In the U.S., both houses have passed bills on a medical system designed to provide health insurance coverage to all citizens, and efforts are underway to work out a unified bill. In China, medical system reform is being conducted with the aim of building 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 Netherlands, Belgium, and Luxemburg. They have become our wholly owned subsidiaries, enabling us to further strengthen our sales activities through the direct provision of solutions to various challenges confronting medical institutions. In Germany, the single largest market in the region, we signed a share transfer agreement with the HITADO Group in November 2009, and made it our wholly owned subsidiary in January 2010. Boasting a broad customer base that covers specialized clinics and physicians as well as large hospitals, HITADO focuses on products for rapid tests such as glucose monitoring, all being conducted "near-patient." Accordingly, this January we commenced new initiatives in the POCT market through their sales system and network by making use of telemarketing and other approaches.

In the Japanese market, the market environment remained difficult. However, continued efforts to advance the provision of solutions led to growth in 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 25,392 million yen (up 4.8% from the same period of the previous fiscal year).

In overseas markets, we promoted the development of direct sales and support structures and proceeded to provide solutions. As a result, sales generally remained favorable on a local currency basis due to boosted sales of diagnostic reagents. Accordingly, despite the erosion of revenues due to the appreciation of the yen against key currencies, the Group's overseas sales were 57,769 million yen (up 2.4% from the same period of the previous fiscal year). Meanwhile, the overseas sales ratio was 69.5% (down 0.5 percentage points from the same period of the previous fiscal year).

Our consolidated performance for this fiscal period exhibited net sales of 83,162 million yen (up 3.1% from the same period of the previous fiscal year), operating income of 11,132 million yen (up 10.3%), ordinary income of 11,081 million yen (up 40.5%), and net income of 6,741 million yen (up 46.2%).

*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.

Performance by geographical segment

(1) Japan

In the hematology field, which is our main business domain, sales of diagnostic reagents increased, and due to the spread of the new influenza virus, sales of our influenza detection kit POCTEM also increased. We thus posted net sales of 26,650 million yen (up 4.2% from the same period of the previous fiscal year).

We posted an operating income of 2,228 million yen (down 44.9% from the same period of the previous fiscal year), due to a large decline in exports to group companies owing to the appreciation of the yen.

(2) Americas

In the U.S., because of our focus on the expansion of direct sales territories and support networks, along with the spread of our solutions which meet customer demands, our sales grew on a local currency basis. However, due to a sales decrease by economic recession in Latin America and the negative impact caused by the appreciation of the yen, we posted net sales of 16,590 million yen (down 4.6% from the same period of the previous fiscal year) in the Americas as a whole.

Operating income was 1,875 million yen (up 66.4% from the same period of the previous fiscal year), due to cost reductions.

(3) Europe

The change to the direct sales and support structure through the acquisition of sales subsidiaries helped to increase sales in the Netherlands, Belgium, and Luxemburg. We also achieved sales expansion in the Middle East, France, and United Kingdom. Accordingly, the hematology business fared particularly well on a local currency basis. Despite the negative impact caused by the appreciation of the yen, we posted net sales of 26,927 million yen (up 0.6% from the same period of the previous fiscal year).

Operating income was 3,873 million yen (up 2.8% from the same period of the previous fiscal year) due to sales growth.

(4) China

Despite the negative impact caused by the appreciation of the yen, we recorded net sales of 8,719 million yen (up 27.7% from the same period of the previous fiscal year) thanks to a substantial increase in sales of high-end hematology analyzer models and diagnostic reagents.

Operating income was 2,163 million yen (up 159.0% from the same period of the previous fiscal year), due to cost reductions and the decrease in selling, general and administrative expenses, in addition to sales growth.

(5) Asia Pacific

Business continued to fare well in Southeast Asia and other markets, with sales of diagnostic reagents substantially increasing on a local currency basis. Accordingly, we recorded net sales of 4,274 million yen (up 4.7% from the same period of the previous fiscal year), with the appreciation of the yen having had a negative impact.

Operating income was 747 million yen (up 45.9% from the same period of the previous fiscal year), due to cost reductions, in addition to sales growth.

2, Balance sheet and cash flow

(1) Total assets, total liabilities, and equity

Total assets increased by 1,726 million yen to 120,248 million yen from the end of the previous fiscal year, mainly due to a 3,261 million yen increase in current assets as cash and deposits and merchandise and finished goods increased while notes and accounts receivable-trade decreased.

Liabilities decreased by 2,898 million yen to 35,771 million yen, partly due to a decrease in notes and accounts payable-trade and short-term loans payable.

Total net assets increased by 4,625 million yen to 84,476 million yen from the end of the previous fiscal year, primarily due to a 4,132 million yen increase in retained earnings.

The equity ratio was 69.6%, an increase of 2.8 percentage points from 66.8% at the end of the previous fiscal year.

(2) Cash flows

The balance of cash and cash equivalents (hereinafter, "Cash") at the end of this fiscal period increased by 3,785 million yen compared with that at the end of the previous fiscal year to 13,195 million yen.

The following are major cash flow movements by business activity and related factors.

(Operating cash flow)

Cash flow from operating activities was 13,560 million yen, an increase of 6,098 million yen from the same period of the previous fiscal year, mainly due to income before income taxes of 10,627 million yen (3,296 million yen more than the figure for the same period of the previous fiscal year), a 4,203 million yen decrease in notes and accounts receivable-trade (2,797 million yen more than the figure for the same period of the previous fiscal year), a 2,033 million yen decrease in notes and accounts payable-trade (a 2,384 million yen increase for the same period of the previous fiscal year), and income taxes paid of 2,830 million yen (2,215 million yen less than the figure for the same period of the previous fiscal year).

(Investing cash flow)

Cash outflow as a result of investing activities was 4,177 million yen, a decrease of 5,457 million yen from the same period of the previous fiscal year, mainly due to a decrease of 5,191 million yen to 2,786 million yen in purchase of property, plant and equipment.

(Financing cash flow)

Cash outflow as a result of financing activities was 5,422 million yen (6,310 million yen gained for the same period of the previous fiscal year). This was mainly due to a net decrease in short-term loans payable of 1,726 million yen (a net increase of 10,725 million yen for the same period of the previous fiscal year).

3. Consolidated financial forecast

During this fiscal quarter, we experienced both sales and profit increases in comparison with the same quarter of the previous fiscal year. Since we expect our performance during the remaining fiscal year to be in line with our original guidelines, we will maintain our full-year financial forecasts, which were released on November 5, 2009.

The forecasts above were made based on information currently available on the day of this release. Actual results may therefore differ materially from those described above due to various unforeseen factors and possible events in the future.

Consolidated Balance Sheets

(Unit: Millions of Yen)

	As of Dec. 31, 2009	As of Mar. 31, 2009
Items	Amount	Amount
(Assets)		
I Current assets		
Cash and deposits	13,203	9,458
Notes and accounts receivable-trade	29,289	32,101
Short-term investment securities	133	104
Merchandise and finished goods	15,309	13,331
Work in process	1,421	1,252
Raw materials and supplies	3,640	3,757
Others	8,309	8,146
Allowance for doubtful accounts	(424)	(530)
Total current assets	70,883	67,622
II Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	15,938	16,476
Others	19,948	20,135
Total Property, plant and equipment	35,886	36,612
Intangible assets		
Goodwill	1,490	1,097
Others	4,555	4,174
Total Intangible assets	6,046	5,272
Total Investments and other assets	7,431	9,014
Total Noncurrent assets	49,365	50,899
Total assets	120,248	118,521
(Liabilities)		
I Current liabilities		
Notes and accounts payable-trade	10,265	11,075
Short-term loans payable	4,426	6,149
Income taxes payable	1,702	948
Provision for bonuses	1,601	2,506
Provision for directors' bonuses	109	140
Provision for product warranties	122	150
Others	13,007	12,473
Total current liabilities	31,235	33,444
II Noncurrent liabilities		
Long-term loans payable	3	5
Provision for retirement benefits	679	224
Provision for directors' retirement benefits	160	196
Others	3,693	4,799
Total Noncurrent liabilities	4,535	5,226
Total liabilities	35,771	38,670
(Net assets)		
I Shareholders' equity		
Capital stock	8,751	8,685
Capital surplus	13,690	13,623
Retained earnings	63,253	59,120
Treasury stock	(200)	(196)
Total shareholders' equity	85,494	81,233
II Valuation and translation adjustments		
Valuation difference on available-for-sale securities	265	(44)
Deferred gains or losses on hedges	(8)	-
Foreign currency translation adjustment	(2,063)	(2,006)
Total valuation and translation adjustments	(1,806)	(2,050)
III Subscription rights to shares	685	577
IV Minority interests	103	89
Total net assets	84,476	79,850
Total liabilities and net assets	120,248	118,521

(Note) fractions of one million yen are rounded off

Consolidated Statements of Income

(Unit: Millions of Yen)

Items	Nine months ended Dec. 31, 2008	Nine months ended Dec. 31, 2009
	Amount	Amount
I Net sales	80,636	83,162
II Cost of sales	27,783	29,514
Gross profit	52,853	53,648
III Selling, general and administrative expenses	42,764	42,515
Operating income	10,088	11,132
IV Non-operating income		
Interest income	109	80
Dividends income	47	46
Income from investment real estate	288	288
Others	305	229
Total non-operating income	751	645
V Non-operating expenses		
Interest expenses	318	186
Equity in losses of affiliates	30	45
Maintenance cost of investment real estate	120	121
Foreign exchange losses	2,420	266
Others	63	75
Total non-operating expenses	2,953	696
Ordinary income	7,886	11,081
VI Extraordinary profits		
Gain on sales of noncurrent assets	133	48
Reversal of allowance for doubtful accounts	23	9
Others	-	4
Total extraordinary profits	156	61
VII Extraordinary loss		
Loss on valuation of investment securities	15	436
Loss on sales and retirement of noncurrent assets	354	77
Loss on valuation of inventories	341	-
Others	0	0
Total extraordinary loss	712	514
Income before income taxes and minority interest	7,330	10,627
Income taxes-current	3,522	3,860
Income taxes-deferred	(800)	12
Total income taxes	2,722	3,873
Minority interest	(2)	12
Net income	4,611	6,741

(Note) fractions of one million yen are rounded off

Consolidated Statements of Cash Flows

(Unit: Millions of Yen)

Items	Nine months ended Dec. 31, 2008	Nine months ended Dec. 31, 2009
I Net cash provided by (used in) operating activities		
Income before income taxes	7,330	10,627
Depreciation and amortization	5,551	5,149
Decrease (increase) in notes and accounts receivable-trade	1,406	4,203
Decrease (increase) in inventories	(3,958)	(1,620)
Increase (decrease) in notes and accounts payable-trade	2,384	(2,033)
Others	(53)	124
Subtotal	12,660	16,450
Interest and dividends received	140	110
Interest expenses paid	(294)	(171)
Income taxes paid	(5,045)	(2,830)
Net cash provided by (used in) operating activities	7,461	13,560
II Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	(7,977)	(2,786)
Purchase of intangible assets	(986)	(1,622)
Others	(670)	231
Net cash provided by (used in) investment activities	(9,634)	(4,177)
III Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	10,725	(1,726)
Repayment of long-term loans payable	(44)	(49)
Cash dividends paid	(2,658)	(2,609)
Others	(1,712)	(1,037)
Net cash provided by (used in) financing activities	6,310	(5,422)
IV Effect of exchange rate change on cash and cash equivalents	(1,473)	(175)
V Net increase (decrease) in cash and cash equivalents	2,663	3,785
VI Cash and cash equivalents at beginning of term	9,679	9,410
VII Cash and cash equivalents at end of term	12,342	13,195

(Note) fractions of one million yen are rounded off

Segment Information

1. Information about operations by geographic area

Nine months ended December 31, 2008

(Unit: Millions of Yen)

	Japan	Americas	Europe	China	Asia Pacific	Total	Eliminations/ Corporate	Consolidated
Sales and Operating income								
Sales								
Net Sales to outside customers	25,587	17,381	26,758	6,828	4,081	80,636	-	80,636
Inter-area transfer	24,621	1	383	4	139	25,149	(25,149)	-
Total net sales	50,208	17,382	27,141	6,833	4,220	105,786	(25,149)	80,636
Operating expenses	46,164	16,255	23,373	5,997	3,709	95,500	(24,952)	70,548
Operating income	4,043	1,127	3,767	835	511	10,286	(197)	10,088

Nine months ended December 31, 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	26,650	16,590	26,927	8,719	4,274	83,162	-	83,162
Inter-area transfer	21,428	7	373	3	120	21,933	(21,933)	-
Total net sales	48,079	16,597	27,301	8,722	4,395	105,095	(21,933)	83,162
Operating expenses	45,850	14,722	23,427	6,559	3,648	94,206	(22,176)	72,030
Operating income	2,228	1,875	3,873	2,163	747	10,888	243	11,132

2. Net Sales to Foreign Customers

Nine months ended December 31, 2008

(Unit: Millions of Yen)

	Americas	Europe	China	Asia Pacific	Total
Net Sales to Foreign Customers	17,417	26,814	6,828	5,352	56,413
Consolidated Sales	-	-	-	-	80,636
The rate of net sales to foreign customers to consolidated sales	21.6%	33.3%	8.5%	6.6%	70.0%

Nine months ended December 31, 2009

(Unit: Millions of Yen)

	Americas	Europe	China	Asia Pacific	Total
Net Sales to Foreign Customers	16,694	26,961	8,719	5,395	57,769
Consolidated Sales	-	-	-	-	83,162
The rate of net sales to foreign customers to consolidated sales	20.1%	32.4%	10.5%	6.5%	69.5%