Summary of Consolidated Financial Results for the Nine months Ended December 31, 2011

February 3, 2012

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, Corporate Business Administration
Phone	:	078(265)-0500
Scheduled date for filing of quarterly report	:	February 10, 2012
Scheduled date for dividend payment		-
Preparation of supplementary material for quarterly earnings	:	Yes
Holding of quarterly earnings announcement	:	Yes

(Unit: Millions of Yen)

1. Results for the nine months ended December 31, 2011

(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, 2011	96,913	8.0%	13,654	1.5%	13,226	2.6%	8,584	6.9%
Nine months ended Dec. 31, 2010	89,712	7.9%	13,449	20.8%	12,894	16.4%	8,031	19.1%

	Net income per share (Yen)	Diluted net income per share (Yen)
Nine months ended Dec. 31, 2011	83.55	83.39
Nine months ended Dec. 31, 2010	78.25	78.10

Note:

Comprehensive income: 4,900 million yen(3.7%) for the nine months ended Dec. 31, 2011; 4,723 million yen(−%) for Dec. 31, 2010.

(2) Financial condition

	Total assets	Net assets	Equity Ratio	Net assets per share (Yen)
As of Dec. 31, 2011	130,945	96,099	72.9%	928.58
As of Mar. 31, 2011	130,059	94,232	71.9%	910.68

Note:

Equity capital: 95,433 million yen as of Dec. 31, 2011; 93,533 million yen as of March 31, 2011

2. Dividends (The year ended March 31, 2011 and the year ending March 31, 2012)

	Dividend per share				
	First quarter (Yen)	Second quarter (Yen)	Third quarter (Yen)	Year-end (Yen)	Annual (Yen)
Year ended Mar. 31, 2011	—	28.00	—	32.00	60.00
Year ending Mar. 31, 2012	—	15.00			
Year ending Mar. 31, 2012 (Forecast)			—	15.00	30.00

Note:

Revision of dividends forecast for this period: No

3. Business forecast for the year ending March 31, 2012

(% 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, 2012	134,000	7.5%	18,500	1.2%	18,000	0.1%	11,500	0.8%	111.92

Note:

Revision of business forecast for this period: No

4. Other information

(1) Changes in significant consolidated subsidiaries(which resulted in changes in scope of consolidation): No

(2) Application of special accounting policy for quarterly financial reporting: No

(3) Changes in accounting policies, accounting estimates and restatement of corrections

1) Changes in accounting policies resulting from the revision of the accounting standards and other regulations: Yes

2) Other changes in accounting policies: No

3) Changes in accounting estimates: No

4) Restatement of corrections: No

(4) Number of shares outstanding (Ordinary shares)

1) Number of shares outstanding at the end of each fiscal period (including treasury stock):
102,991,216 shares as of Dec. 31, 2011; 102,923,616 shares as of Mar. 31, 2011

2) Number of treasury stock at the end of each fiscal period:
217,716 shares as of Dec. 31, 2011; 216,616 shares as of Mar. 31, 2011

3) Average number of outstanding stock for each period (cumulative):
102,747,164 shares nine months ended Dec. 31, 2011; 102,634,498 shares nine months ended Dec. 31, 2010

*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 nine months of the fiscal year ending March 31, 2012, although economic activity showed signs of recovering from the effects of the Great East Japan Earthquake, such as supply chain interruptions and electric power shortages, the impact of such factors as flooding in Thailand, rising raw materials prices and historically high rates of ongoing yen appreciation shrouded the future in uncertainty. In Europe and the United States, the economic outlook appears likely to worsen, owing to such factors as the European debt crisis, unrest in the Middle East and Africa and rising gasoline prices—causing customer confidence to fall. In emerging markets, meanwhile, overall economic expansion remains firm, despite uncertainties stemming from decelerating economic growth in China and rising consumer prices.

On the healthcare front, earnings and profits at medical institutions in Japan are beginning to improve, prompted by the restructuring of public hospitals and revisions in medical remuneration. In advanced countries in Europe and North America, efforts are underway to reduce healthcare costs and reform medical systems. In the United States, dispute continues about a medical reform bill that aims to reduce the number of people without medical insurance. In China, medical system reform that is underway, including to the medical insurance system, aims to build infrastructures that provide uniform medical services in cities and farming villages throughout the country.

Against this backdrop, in its mainstay hematology field the Sysmex Group launched the new top-end XN-Series of multiparameter automated hematology analyzers. The series is designed for sale across all regions, and sales will commence by country, as approved. Also, our Company in Taiwan—which we converted to a wholly owned subsidiary in the preceding fiscal year, commenced sales and support operations in cooperation with local distributors in October 2011.

Net Sales by Destination

		2011 3Q		2012 3Q		YoY
		Amount (Millions of Yen)	Percentage of Total (%)	Amount (Millions of Yen)	Percentage of Total (%)	(Previous period = 100%)
Japan		26,666	29.7	27,249	28.1	102.2
	Americas	19,231	21.4	20,925	21.6	108.8
	Europe	25,767	28.7	27,694	28.6	107.5
	China	11,363	12.7	14,376	14.8	126.5
	Asia Pacific	6,683	7.5	6,666	6.9	99.7
Overseas subtotal		63,046	70.3	69,663	71.9	110.5
Total		89,712	100.0	96,913	100.0	108.0

In Japan, management improvements accompanying healthcare reforms resulted in steady capital investment by large-scale healthcare institutions. This situation and our ongoing efforts to promote solutions led to solid sales, as well as strong performance in terms of receiving major orders. As a result, we posted sales of ¥27,249 million, up 2.2% from the same period 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 ¥69,663 million, up 10.5% year on year. The overseas sales ratio was 71.9%, up 1.6 percentage points from the same period of the previous fiscal year.

Income was up year on year, despite the impact of substantial yen appreciation against the U.S. dollar.

As a result, during the first nine months the Group recorded consolidated net sales of ¥96,913 million, up 8.0%. Operating income rose 1.5%, to ¥13,654 million, ordinary income grew 2.6%, to ¥13,226 million, and net income increased 6.9%, to ¥8,584 million.

Performance by segment

(1) Japan

Sales remained robust in the hematology field, our main business domain, as well as in the hemostasis, urinalysis and laboratory information systems, owing to our perseverance in presenting solutions to customers paid off in the form of large orders. These factors contributed to a 2.9% rise in sales compared with the corresponding period of the preceding fiscal year, to ¥30,029 million.

Despite the negative effects on income of yen appreciation, we posted operating income of ¥6,406 million, up 20.5% year on year. This rise was the result of robust domestic sales and an increase in export sales to Group companies, including the impact of a revision in intragroup transaction prices.

(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 generated strong sales to integrated healthcare networks (IHNs) and the U.S. Veterans Integrated Service Network (VISN). In addition, economic recovery in Central and South America led to robust sales, centering on bids. Despite the negative effects of yen appreciation, sales in the Americas rose 7.5%, to ¥19,736 million.

The impact of higher sales overcame the effects of yen appreciation, the higher cost of sales resulting from a revision in intragroup transaction prices and an increase in selling, general and administrative expenses stemming from efforts to reinforce our sales and support operations. Consequently, operating income rose 2.8%, to ¥2,260 million.

(3) Europe

In addition to enhancing our direct sales and support activities, we continued in our efforts to propose solutions, resulting in robust sales centered in the hematology field. As a result, sales in Europe were up 7.1% year on year, to ¥27,519 million.

The effects of higher sales compensated for an increase in selling, general and administrative expenses to enhance our sales and support structure, prompting operating income to rise 9.4%, to ¥3,897 million.

(4) China

In China, sales surged 26.5%, to ¥14,376 million. Behind these solid results were substantially higher sales of instruments and diagnostic reagents in the hematology, hemostasis and urinalysis fields, as well as increased sales of instruments in the clinical chemistry field.

Operating income fell 10.4%, to ¥1,950 million, owing to higher cost of sales resulting from a revision in intragroup transaction prices, combined with the effects of yen appreciation.

(5) Asia Pacific

Sales were up sharply in India, centering on the hematology field. For the region, sales were up 3.1% year on year, to ¥5,250 million, the low rate of increase reflecting comparison with a temporary spike stemming from large-scale orders in the preceding fiscal year.

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 78.1%, to ¥131 million.

2. Financial conditions analysis

(1) Assets, liabilities and net assets

As of December 31, 2011, total assets amounted to ¥130,945 million, up ¥886 million from the end of the previous fiscal year. Major factors included a ¥3,010 million increase in merchandise and finished goods, although investments and other assets declined ¥2,425 million.

Meanwhile, total liabilities were down ¥981 million, to ¥34,846 million. The main contributors to this decrease included the provision for bonuses, which was down ¥1,169 million.

Total net assets came to ¥96,099 million at the end of the first half, up ¥1,867 million. The principal reason for this rise was a ¥5,399 million increase in retained earnings, while foreign currency translation adjustments fell ¥3,652 million. The equity ratio as of December 31, 2011, was 72.9%, up 1.0 percentage point from the 71.9% recorded at the end of the previous fiscal year.

(2) Cash flows

As of December 31, 2011, cash and cash equivalents amounted to ¥17,791 million, down ¥1,124 million from March 31, 2011. Cash flows from various activities are described in more detail below.

(Operating cash flow)

Net cash provided by operating activities was ¥9,955 million, down ¥1,043 million. As principal factors, income before income taxes provided ¥13,183 million, ¥542 million more than during the first nine months of the preceding year, and depreciation and amortization provided ¥5,260 million, up ¥184 million. An increase in inventories used ¥4,403 million, ¥2,666 million more than in the first nine months of the preceding year, and income taxes paid used ¥5,644 million, ¥893 million more than in the first nine months of the preceding fiscal year.

(Investing cash flow)

Net cash used in investing activities was ¥7,754 million, ¥1,599 million more than in the first nine months of the preceding fiscal year. The main use of cash was purchases of property, plant and equipment, which used ¥4,777 million, ¥796 million more than in the first nine months of the previous year. In addition, expenditures for the transfer of business used ¥1,900 million.

(Financing cash flow)

Net cash used in financing activities amounted to ¥2,701 million, ¥465 million less than was used in these activities in the first nine months of the previous year. In this category, cash dividends paid used ¥3,184 million (up ¥158 million from the first nine months of the previous year), a net increase in short-term loans payable provided ¥807 million, ¥363 million more than in the first nine months of the preceding fiscal year. Also, in the “other” category, the repayment of lease obligations used ¥474 million (¥357 million less than in the first nine months of the preceding year).

3. Consolidated financial forecast

Our forecast for the full fiscal year ending March 31, 2012, remains unchanged from the figures announced on November 7, 2011.

The forecasts above are based on information available as of the date of this release. Actual results may differ materially from these forecasts due to unforeseen factors and future events.

Consolidated Balance Sheets

(Unit: Millions of Yen)

Items	As of Mar. 31, 2011 Amount	As of Dec. 31, 2011 Amount
(Assets)		
I Current assets		
Cash and deposits	18,950	17,326
Notes and accounts receivable-trade	32,063	31,504
Short-term investment securities	178	684
Merchandise and finished goods	14,329	17,340
Work in process	1,733	1,699
Raw materials and supplies	3,748	4,036
Others	9,299	9,695
Allowance for doubtful accounts	(370)	(350)
Total current assets	79,931	81,935
II Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	15,232	15,459
Others	20,999	21,741
Total Property, plant and equipment	36,231	37,201
Intangible assets		
Goodwill	1,830	2,390
Others	4,816	4,594
Total Intangible assets	6,646	6,985
Total Investments and other assets	7,250	4,824
Total Noncurrent assets	50,128	49,010
Total assets	130,059	130,945
(Liabilities)		
I Current liabilities		
Notes and accounts payable-trade	11,574	12,232
Short-term loans payable	310	1,002
Income taxes payable	2,728	1,612
Provision for bonuses	3,277	2,107
Provision for directors' bonuses	207	184
Provision for product warranties	128	110
Others	12,764	13,322
Total current liabilities	30,992	30,573
II Noncurrent liabilities		
Long-term loans payable	11	5
Provision for retirement benefits	751	1,116
Provision for directors' retirement benefits	160	160
Others	3,910	2,990
Total Noncurrent liabilities	4,834	4,272
Total liabilities	35,827	34,846
(Net assets)		
I Shareholders' equity		
Capital stock	9,041	9,136
Capital surplus	13,981	14,076
Retained earnings	74,662	80,061
Treasury stock	(252)	(255)
Total shareholders' equity	97,433	103,020
II Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	185	135
Deferred gains or losses on hedges	(13)	1
Foreign currency translation adjustment	(4,071)	(7,723)
Total accumulated other comprehensive income	(3,899)	(7,586)
III Subscription rights to shares	600	564
IV Minority interests	98	102
Total net assets	94,232	96,099
Total liabilities and net assets	130,059	130,945

(Note) fractions of one million yen are rounded off

Consolidated Statements of Income

(Unit: Millions of Yen)

Items	Nine months ended Dec. 31, 2010 Amount	Nine months ended Dec. 31, 2011 Amount
Ⅰ Net sales	89,712	96,913
Ⅱ Cost of sales	31,975	35,782
Gross profit	57,737	61,130
Ⅲ Selling, general and administrative expenses	44,287	47,475
Operating income	13,449	13,654
Ⅳ Non-operating income		
Interest income	89	105
Dividends income	48	48
Income from investment real estate	295	211
Income from business collaboration agreement	214	-
Others	254	210
Total non-operating income	902	576
Ⅴ Non-operating expenses		
Interest expenses	78	76
Equity in losses of affiliates	45	45
Maintenance cost of investment real estate	112	49
Foreign exchange losses	1,033	751
Others	187	80
Total non-operating expenses	1,457	1,004
Ordinary income	12,894	13,226
Ⅵ Extraordinary profits		
Gain on sales of noncurrent assets	4	12
Reversal of allowance for doubtful accounts	12	-
Others	3	3
Total extraordinary profits	20	16
Ⅶ Extraordinary loss		
Loss on valuation of investment securities	38	-
Loss on sales and retirement of noncurrent assets	47	49
Loss on adjustment for changes of accounting standard for asset retirement obligations	187	-
Others	0	9
Total extraordinary loss	273	58
Income before income taxes and minority interest	12,640	13,183
Income taxes-current	4,643	4,780
Income taxes-deferred	(48)	(194)
Total income taxes	4,594	4,586
Income before minority interests	8,046	8,597
Minority interest	15	13
Net income	8,031	8,584

(Note) fractions of one million yen are rounded off

Consolidated Statements of Comprehensive Income

(Unit: Millions of Yen)

Items	Nine months ended Dec. 31, 2010	Nine months ended Dec. 31, 2011
Income before minority interests	8,046	8,597
Other comprehensive income		
Valuation difference on available-for-sale securities	(107)	(49)
Deferred gains or losses on hedges	31	15
Foreign currency translation adjustment	(3,247)	(3,661)
Total other comprehensive income	(3,322)	(3,696)
Comprehensive income	4,723	4,900
Comprehensive income attributable to owners of the parent	4,711	4,897
Comprehensive income attributable to minority interests	12	3

(Note) fractions of one million yen are rounded off

Consolidated Statements of Cash Flows

(Unit: Millions of Yen)

Items	Nine months ended Dec. 31, 2010	Nine months ended Dec. 31, 2011
Ⅰ Net cash provided by (used in) operating activities		
Income before income taxes	12,640	13,183
Depreciation and amortization	5,076	5,260
Loss on adjustment for changes of accounting standard for asset retirement obligations	187	-
Decrease (increase) in notes and accounts receivable-trade	(897)	(1,426)
Decrease (increase) in inventories	(1,737)	(4,403)
Increase (decrease) in notes and accounts payable-trade	701	834
Others	(262)	2,050
Subtotal	15,709	15,499
Interest and dividends received	111	139
Interest expenses paid	(70)	(39)
Income taxes paid	(4,750)	(5,644)
Net cash provided by (used in) operating activities	10,999	9,955
Ⅱ Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	(3,981)	(4,777)
Purchase of intangible assets	(1,141)	(1,172)
Payments for transfer of business	-	(1,900)
Others	(1,032)	96
Net cash provided by (used in) investment activities	(6,154)	(7,754)
Ⅲ Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	443	807
Repayment of long-term loans payable	(7)	(4)
Cash dividends paid	(3,026)	(3,184)
Others	(577)	(319)
Net cash provided by (used in) financing activities	(3,167)	(2,701)
Ⅳ Effect of exchange rate change on cash and cash equivalents	(997)	(623)
Ⅴ Net increase (decrease) in cash and cash equivalents	679	(1,124)
Ⅵ Cash and cash equivalents at beginning of term	13,812	18,915
Ⅶ Cash and cash equivalents at end of term	14,491	17,791

(Note) fractions of one million yen are rounded off

Segment Information

1. Information on sales and income by geographic segment reported

Nine months ended December 31, 2010

(Unit: Millions of Yen)

	Japan	Americas	Europe	China	Asia Pacific	Total	Reconciliations	Consolidated
Sales and Operating income								
Sales								
Net Sales to outside customers	29,188	18,364	25,704	11,363	5,092	89,712	-	89,712
Inter-area transfer	25,787	1	196	4	134	26,124	(26,124)	-
Total net sales	54,975	18,366	25,900	11,368	5,226	115,836	(26,124)	89,712
Operating income	5,316	2,198	3,564	2,176	602	13,858	(408)	13,449

Note: Reconciliations principally consist of intersegment transfers.

Nine months ended December 31, 2011

(Unit: Millions of Yen)

	Japan	Americas	Europe	China	Asia Pacific	Total	Reconciliations	Consolidated
Sales and Operating income								
Sales								
Net Sales to outside customers	30,029	19,736	27,519	14,376	5,250	96,913	-	96,913
Inter-area transfer	29,743	1	338	4	94	30,182	(30,182)	-
Total net sales	59,772	19,738	27,858	14,380	5,345	127,095	(30,182)	96,913
Operating income	6,406	2,260	3,897	1,950	131	14,646	(992)	13,654

Note: Reconciliations principally consist of intersegment transfers.