



We Believe the Possibilities.



Profile



40th Anniversary

Sysmex Corporation ("the Company") got its start in 1968 as TOA Medical Electronics Co., Ltd., a specialist manufacturer of instruments and reagents in the hematology market. The Company then expanded its R&D and production functions and developed a more global business. 2008 marks the 40th anniversary since Sysmex was founded. As a global, comprehensive supplier in the diagnostics field, the Company has now expanded its business beyond the hematology segment to incorporate hemostasis, immunochemistry, clinical chemistry and urinalysis. In pursuit of further development, a new corporate logo was introduced in October 2008.

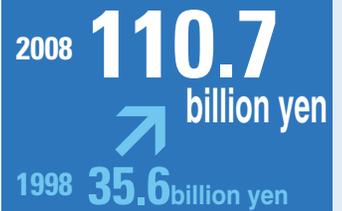
Sysmex has developed integrated systems encompassing everything from R&D to production, sales and after-sales support. The Company applies a high degree of specialization and a strong technological orientation in the uncompromising pursuit of excellence in product development and manufacturing. Sysmex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

To provide products and services that satisfy the diverse market needs of different regions around the world, Sysmex maintains a global network of business facilities spanning 38 locations in 23 countries. Through this sales and support network, the Company supplies products and services to customers in more than 150 countries.

Sysmex is targeting further growth by developing its business on a global basis, as well as through focused efforts to develop new proprietary technologies and operational expansion through the aggressive pursuit of alliances and M&A activities.

The Company currently seeks to leverage its extensive business infrastructure to increase corporate value by expanding its business domain beyond diagnosis and treatment to encompass the broader healthcare field that includes disease prevention and health maintenance. Sysmex is moving into new R&D fields, including hematology disease, immunological disease, infectious diseases, diabetes and cancer. The Company will continue to provide high-value-added products and services that contribute to improving the quality of life (QOL) for people everywhere.

Net Sales



Operating Income



Overseas Sales Ratio



Number of Employees

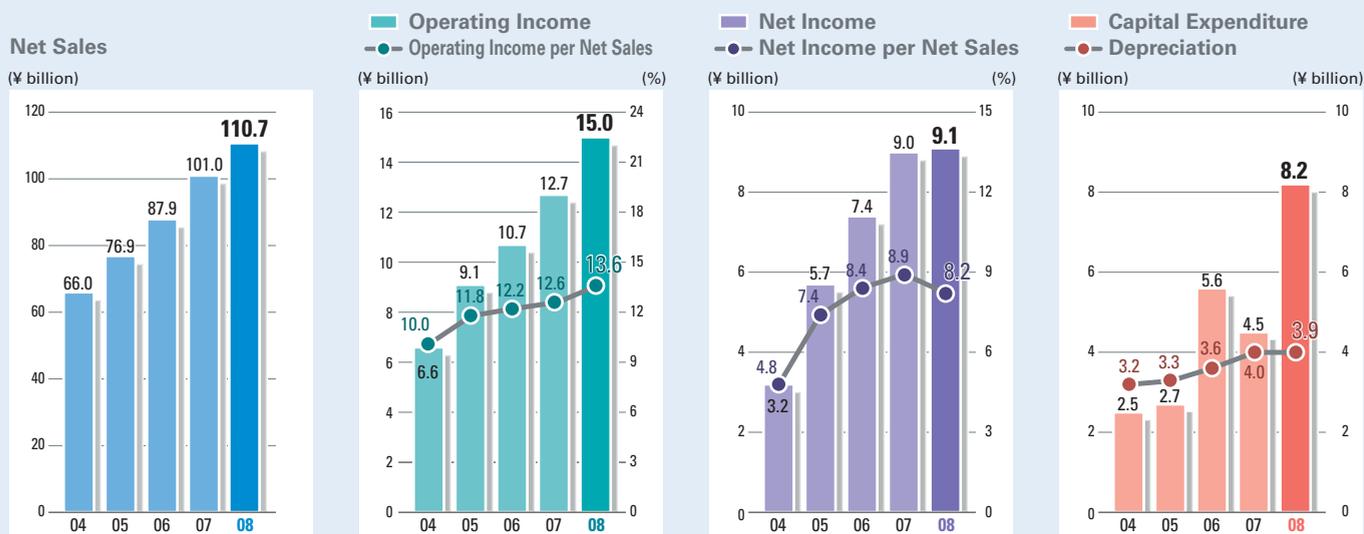


11-Year Consolidated Financial Data

	1998	1999	2000	2001	2002
For the years ended March 31					
For the year:					
Net Sales	¥ 35,576	¥ 38,337	¥ 37,244	¥ 38,817	¥ 47,532
Operating Income	3,178	3,400	3,618	2,975	3,417
Net Income	1,555	913	1,838	1,363	1,308
Net Increase (Decrease) in Cash and Cash Equivalents			5,818	(2,562)	1,842
Cash and Cash Equivalents, End of Year		4,083	9,901	7,338	9,181
Capital Expenditure	2,890	2,140	3,018	2,098	2,455
Depreciation	2,310	2,359	2,316	2,541	2,810
R&D Expenditure	2,992	2,813	3,155	3,527	4,130
At year-end:					
Total Assets	43,172	42,513	49,967	55,219	66,502
Shareholders' Equity	31,283	31,680	33,596	34,103	35,577
Interest-bearing Liabilities	981	1,328	5,810	11,020	11,606
Per share data:					
Shareholders' Equity (Yen)	¥ 1,496.1	¥ 1,515.1	¥ 1,606.8	¥ 1,631.0	¥ 1,701.5
Net Income (basic) (Yen)	74.4	43.7	87.9	65.2	62.6
Net Income (diluted) (Yen)			87.7	60.8	58.4
Cash Dividends Applicable to the Year (Yen)	20.0	22.0	22.0	22.0	22.0
Dividends Ratio (%)	26.9	50.3	25.0	33.7	35.2
Other data:					
Shareholders' Equity Ratio (%)	72.5	74.5	67.2	61.8	53.5
Return on Equity (ROE) (%)	5.1	2.9	5.6	4.0	3.8
Return on Assets (ROA) (%)	3.6	2.1	4.0	2.6	2.1
Price-Earnings Ratio (times)	15.2	42.1	36.7	42.6	35.6
Price-Book Value Ratio (times)	0.8	1.2	2.0	1.7	1.3
Number of Employees	1,587	1,757	1,809	1,985	2,530

* Including part-time employees

Notes: 1. U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥100 = U.S. \$1, the approximate rate of exchange on March 31, 2008.
 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 2004.
 (See Note 2(u). Per Share Information on page 78 of the Notes to Consolidated Financial Statements).
 3. ROA = Net Income/Total Assets (Yearly Average) x100



2003

2004

2005

2006

2007

2008

2008

(Millions of Yen)

(Thousands of U.S. Dollars)

¥ 57,253	¥ 65,970	¥ 76,935	¥ 87,888	¥ 101,041	¥ 110,724	\$ 1,107,240
5,299	6,615	9,104	10,724	12,715	15,033	150,330
3,125	3,157	5,731	7,423	9,008	9,132	91,320
1,071	3,465	(3,261)	(499)	3,299	(3,044)	(30,440)
10,253	13,718	10,458	9,416	12,715	9,679	96,790
2,317	2,451	2,729	5,638	4,546	8,244	82,440
3,107	3,203	3,296	3,592	3,959	3,924	39,240
4,969	5,549	6,509	8,184	9,026	9,221	92,210

66,449	71,983	77,660	87,447	101,225	109,027	\$ 1,090,270
43,325	51,096	56,149	62,647	71,344	78,753	787,530
10,893	4,175	657	695	669	1,081	10,810

(Yen)

(U.S. Dollars)

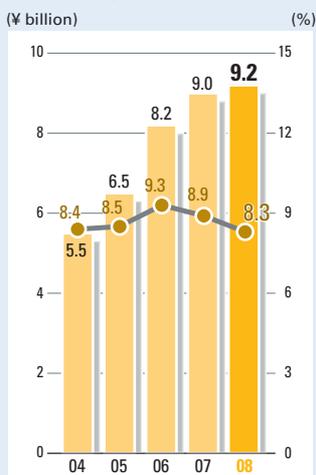
¥ 1,879.5	¥ 2,042.7	¥ 2,244.9	¥ 1,251.8	¥ 1,411.0	¥ 1,541.0	\$ 15.41
132.2	132.9	225.1	145.5*	179.6	178.9	1.79
121.8	123.1	224.0	143.8*	178.0	178.3	1.78
25.0	30.0	40.0	36.0*	36.0	48.0	0.48
18.9	22.6	17.8	17.9*	20.0	26.8	

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

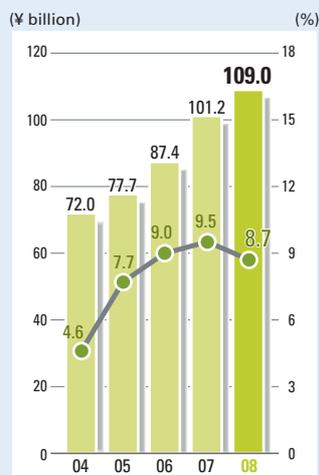
65.2	71.0	72.3	71.6	70.5	72.2
7.9	6.7	10.7	12.5	13.4	12.2
4.7	4.6	7.7	9.0	9.5	8.7
15.9	20.3	27.2	35.3	23.8	20.1
1.1	1.3	2.7	4.1	3.0	2.3
2,639	2,907	3,115	3,334	3,580	3,916

31, 2003.

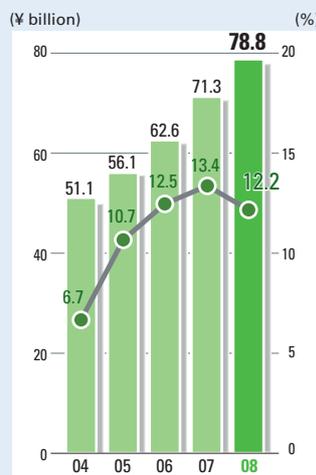
■ R&D Expenditure
● R&D Expenditure as % of Net Sales



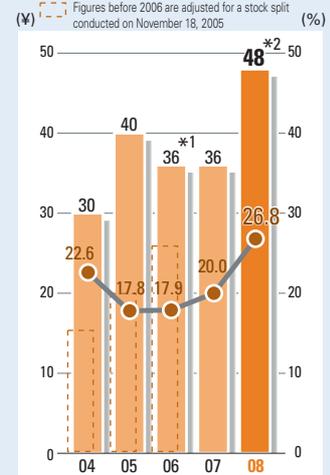
■ Total Assets
● ROA



■ Shareholders' Equity
● ROE

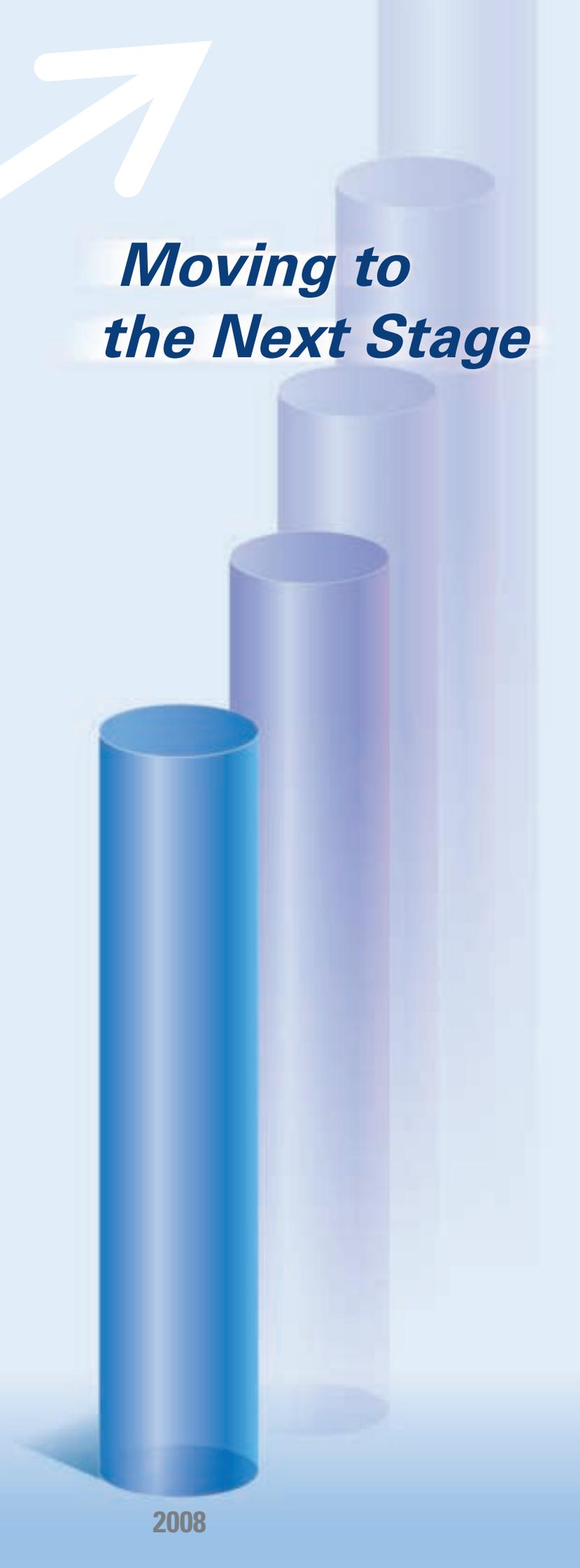


■ Cash Dividends Applicable to the Year
● Dividends Ratio



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

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



Moving to the Next Stage

2008

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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 Our Stakeholders

2008 was a watershed year for Sysmex. Our sales and operating income were all-time highs, propelling us toward the targets set out in our mid-term plan. And guided by our new corporate philosophy, the "Sysmex Way," we are determined to raise our corporate value even further.



Sysmex achieved record-breaking results in 2008. Sales increased 9.6% year on year to ¥110,724 million, operating income rose 18.2% to ¥15,033 million, and net income was up 1.4% at ¥9,132 million. 2008 was the first year of the Company's new mid-term plan and our performance has set the stage for the future.

The Japanese economy in 2008 continued to expand gradually in the first half, supported by buoyant exports and capital expenditures. The second half, though, saw both the Japanese and US economies slow, because of rising crude oil and materials prices, combined with yen appreciation and slumping share prices triggered by the US subprime loan problem. Meanwhile, European economies remained steady on the back of strong capital expenditures and growing personal consumption, while Asian economies continued growing strongly overall, especially in China and India.

In the medical arena, healthcare reforms for curbing spending made the Japanese market as difficult as ever. However, we expect to see new demand generated by measures to prevent lifestyle-related diseases. One recent move in April 2008 was the introduction of specific health checkups and specific health education measures, as part of the major shift in healthcare focus from treatment to prevention. Healthcare reforms designed to curb spending are also being implemented in the US and advanced countries in Europe. On the other hand, China, other Asian countries and Middle East nations are still putting in place healthcare systems as they grow economically.

We are working to expand our diagnostics product portfolio to respond to these marketplace dynamics. For instance, we are launching new products to support improved test result quality and efficiency. Two products we have high hopes for here are the XE-5000, an automated hematology analyzer and the HISCL-2000i automated immunoassay analyzer. Enhancing global alliances is another aspect of our strategy and we have taken several strategic moves in this regard. We have renewed our overseas sales and support agreement with Swiss company Roche Diagnostics; we have agreed to a sales and support contract for our urinalysis analyzer with bioMérieux, a French market leader in microbiology testing; and we have initiated business collaboration with IDEXX Laboratories, the US market leader in animal health testing. We have also accelerated overseas business development. This has included turning local distributors into subsidiaries in Austria, Hungary, the Czech Republic and Slovakia, and establishing a local affiliate in Canada, in order to expand our sales and support network in non-Asian markets.

Turning to sales in Japan, we have actively proposed solutions to customers in the face of difficult operating conditions, but we experienced delays in launching new products in the hemostasis and immunochemistry segments, and sales of our influenza test reagents declined. As a result, Japanese sales fell 5.0% year on year to ¥35,961 million. Overseas, we made integrated proposals to reference laboratories and group facilities such as integrated health networks (IHNs) in the Americas, and expanded sales in Central and South American markets. We expanded direct sales and support networks in Europe and increased our dealings with emerging markets in the Middle East and Africa. In this way, we have grown our market share and sales coverage in these regions. In other developments, we bolstered our sales and support structures in China and the Asia Pacific region, by upgrading a base in Thailand and in other ways. As a result, overseas sales rose 18.4% year on year to ¥74,763 million and accounted for 67.5% of total sales, up 5.0 percentage points. Consolidated net sales rose 9.6% to ¥110,724 million.

On the profit front, higher SG&A expenses from the expanded sales and support networks overseas were offset by improved cost ratios and higher revenues, resulting in an 18.2% year-on-year rise in operating income to ¥15,033 million. Net income rose 1.4% to ¥9,132 million despite the impact of foreign exchange losses. The full-year dividend per share totaled ¥48, comprising a ¥40 dividend that was forecast at the beginning of the year and an ¥8 commemorative dividend payment for the Company's 40th anniversary.

Our operating environment is undergoing dramatic change, which has prompted us to redefine our basic corporate policy originally formulated when the Company was founded. This culminated in us unveiling a new corporate philosophy, "Sysmex Way," in April 2007. Moving forward, we will work to ensure that every individual employee understands the "Sysmex Way," and can practice it. The key question employees must ask is what they must do to ensure all stakeholders have trust in Sysmex.

We hope that our actions will be worthy of your continued support.

Hisashi Ietsugu
President and CEO



Strategy and Management

We aim to maximize the overall corporate value of the Group through management robustness, better transparency and improved management speed and efficiency.

The street where the office of Sysmex America is located, although officially called Nelson C White Parkway, is familiarly known by its nickname of "Sysmex Way".



An Interview with the President



Sysmex will accelerate growth by implementing three core strategies and anticipating qualitative changes in the healthcare testing field.

Q How do you rate Sysmex's efforts and performance in 2008?

A We achieved record-breaking sales and operating income for the 8th and 6th consecutive years, respectively. Sales were given a fillip by a further increase in the proportion of overseas sales. In 2008, overseas sales made up 67.5% of total net sales, an increase of 5 percentage points. Contrasting with a sales decline in Japan because of delayed product launches, overseas sales rose 18.4% year on year. Hematology sales rose in the US, the world's largest market. Significantly, though, we recorded the largest sales growth in Europe because of growth in emerging countries and the move to a more direct sales structure through, for example, the establishment of new local affiliates. We also achieved particularly high growth rates in China and the Asia-Pacific region. This strong growth overseas offset the sales decline in Japan, resulting in overall sales growth across the Group.

Looking at earnings, operating income rose 18.2% year on year. The increased sales generated higher gross income, but SG&A expenses also rose, partly due to the establishment of local affiliates as we move to a more direct sales structure. We also re-

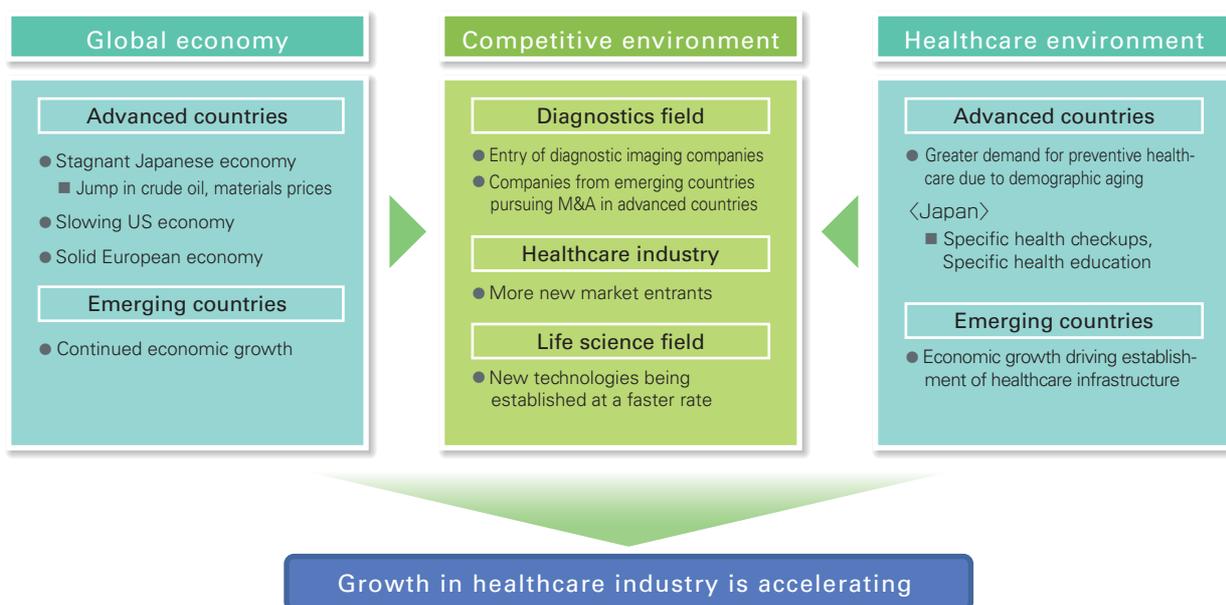
corded extraordinary losses on write-downs brought about by yen appreciation versus the dollar at the end of the term.

In terms of our efforts in 2008, we actively developed more direct sales structures in overseas markets and improved our sales and support structures. We introduced direct sales structures in Canada and in four Central European countries—Austria, Hungary, the Czech Republic and Slovakia. In April 2008, we also started direct sales in France and expanded our sales coverage into the Middle East.

We successfully launched the XE-5000 automated hematology analyzer in our core business segment. We have received very positive feedback from overseas customers for the analyzers' ability to measure immature cells in blood. We experienced delays this term in launching some new products in the hemostasis and immunochemistry segments, but expect a good earnings contribution in the future.

There were major developments in terms of alliances during the past year. Our alliance efforts resulted in an extension to the contract on hematology analyzer sales and support with Roche Diagnostics, as well as the new inclusion of urinalysis analyzer sales and support. We also signed a contract with bioMérieux for sales and support of our urinalysis analyzer; bioMérieux will also market our urinalysis

External environment



products in the microbiology testing market. We have invested in bioMérieux's Japanese affiliate and will provide sales and support on contract for bioMérieux's microbiology products in Japan, thereby expanding our product line-up. In the animal diagnostic testing market, we signed a basic agreement on future collaboration with IDEXX Laboratories, a world leader in this field.

Q What is your view on the healthcare industry in which Sysmex operates?

A Healthcare is one of the 21st century's growth industries and we expect the market to grow even further. In advanced countries like Japan, healthcare demand is growing as the population ages. In an environment where one of the major challenges is curbing rising healthcare spending, we believe that diagnostics will rapidly grow in importance as the focus of healthcare in advanced countries shifts from treatment to prevention. Japan intro-

duced specific health checkups and specific health education measures in April 2008 and we expect this to generate new demand for preventive healthcare. At the same time, in emerging countries, healthcare systems are being put into place as these countries' economies grow, so we expect market growth in these regions, too. Countries in the Middle East and Africa as well as Russia are also developing basic healthcare infrastructure, generating new demand. Healthcare needs are therefore definitely expanding.

The diagnostics industry is undergoing restructuring, with diagnostic imaging companies in the *in vivo* diagnostics field moving into the *in vitro* diagnostics field and companies from emerging countries pursuing M&A in advanced countries. In the life science field, new technologies are being established, mainly by bioventures.

Clearly, healthcare is a growth industry and we are confident that this growth will accelerate further. Given the intense competition in this industry, however, we are well aware of the need to anticipate market changes promptly and rapidly decide on our next strategic steps.

Q What are your strategies for further growth in light of this operating environment?

A Sysmex has three key strengths that have driven our growth thus far. First, we recognized early on the need to take a global view of the healthcare business. As well as actively building alliances, we have developed our own sales and support network to provide products and services directly to customers. Today, overseas sales account for as much as 67.5% of total sales and they are driving Group earnings.

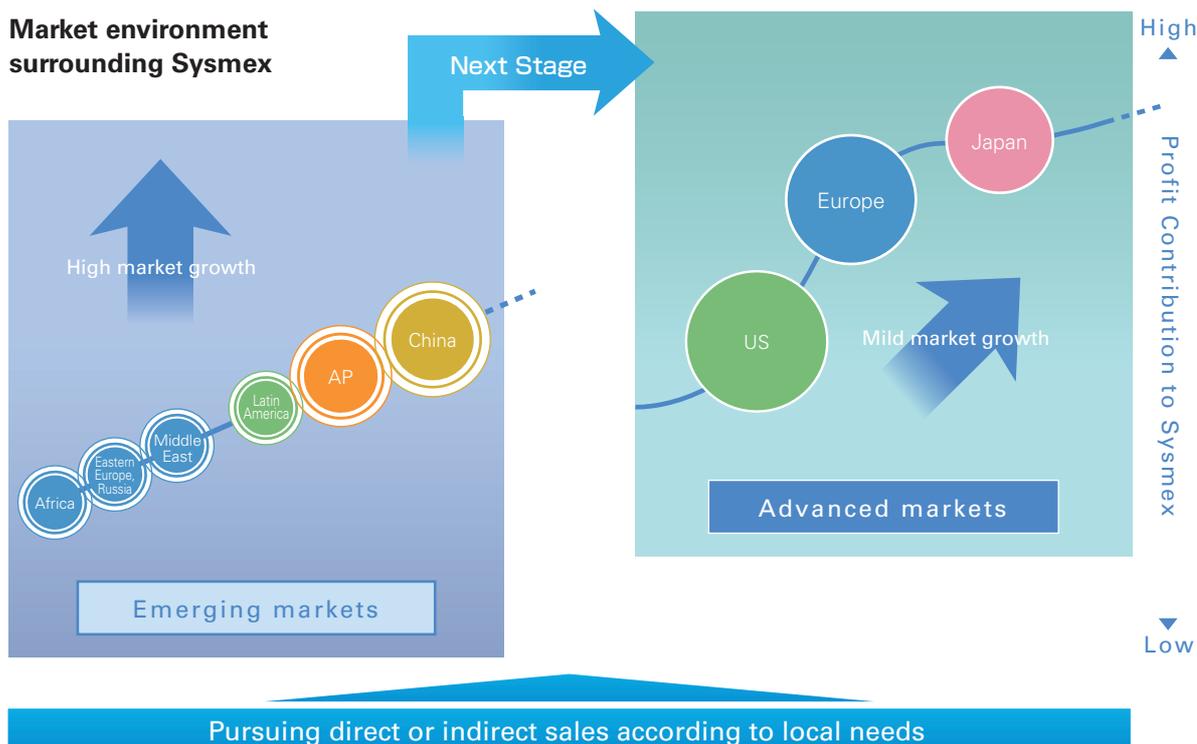
Second, we pioneered a solutions business. In advanced countries, healthcare reforms are targeting rising healthcare costs, meaning medical institutions must rationalize operations and become more efficient. Against this backdrop, we are focusing on delivering solutions to solve customers' various problems, suggesting ways to improve the efficiency and quality of laboratory testing. We have built an excellent reputation with medical institutions worldwide and are steadily generating results in this field.

Third, we are a full-service diagnostics manufacturer who researches, develops, manufactures and sells

instruments, reagents and software. The hematology business is unusual in that, once a customer has purchased instruments, they then continue to use our proprietary reagents for their instruments. We also provide maintenance and repair services. Therefore, as the number of instruments sold rises, we record more sales of our proprietary reagents and repair services, thereby generating a stable source of revenue. We have expanded our business scope further to include hemostasis, clinical chemistry and other segments and we are now working on building a new market in the life sciences.

In order to leverage these strengths and achieve further growth, we have defined three core strategies in our mid-term plan that ends in 2010: these strategies are "Global Niche No.1," "Focus on Asia" and "Focus on Life Sciences." We are targeting sales of ¥140 billion and operating income of ¥20 billion under this plan.

For the Global Niche No.1 strategy, we secured the global hematology market leader position in 2007, but we now want to become the market leader in all regions, including the US, so that we become the true global leader in hematology. In terms of the second strategy, as countries in Asia build up their healthcare systems, we are developing a sales and support



structure to meet the unique needs in this region and leveraging our strengths as a diagnostics solutions provider. Regarding the life science strategy, we will accelerate R&D to develop new testing technologies in the life science field. One of the central players here will be the Techno Park that was completed in 2008.

Q The Company will mark its 40th anniversary in 2008. What are the key themes in this milestone year?

A In the diagnostics field, we are stepping up global business development in line with a strategy that aims to respond to regional characteristics. In advanced countries undergoing healthcare reforms, we are working to strengthen our solutions business. In emerging countries experiencing rapid market growth, we are boosting our sales and support structures based on regional characteristics and responding to customer needs.

In the life science field, Sysmex obtained approval from the Ministry of Health, Labour and Welfare in June 2008 to manufacture and sell in Japan a reagent for a rapid diagnosis system for detection of breast cancer lymph node metastasis as an *in vitro* diagnostic product. Looking ahead, we will launch as soon as possible and disseminate this rapid diagnosis system, using both the reagent and the specialized analyzer RD-100i, to test for breast cancer metastasis in lymph nodes. We will also make use of this system in the metastatic diagnosis of stomach cancer, colon cancer and other diseases. Having positioned the life sciences as a second driver of Sysmex growth, we are moving to implement viable businesses in this area.

In April 2007, we unveiled a new Group corporate philosophy called the "Sysmex Way," in order to update our original basic business policy that has guided the Company since its founding in line with the changing times. The "Sysmex Way" is guiding us at this time when Sysmex can contribute to society in a real sense precisely because we are growing as a company and are taking a wider view of things. We have examined how to disseminate the contents of the "Sysmex Way" to all Group employees throughout the world. We are committed to steadily putting the "Sysmex Way" into practice from 2008. Furthermore, we completed the Techno Park in 2008. This new R&D base is designed to generate organic growth in Sysmex's contribution to the advance-



ment of disease management. It will allow us to strengthen our foundations as an R&D-driven company developing world-class, innovative technologies.

Q Do you have a closing message for stakeholders?

A Our new corporate philosophy –the "Sysmex Way"– will keep us focused on ensuring that we are a company that our stakeholders trust. One of our priority management objectives is returning profits to shareholders. In this regard, we are targeting a consolidated dividend payout ratio of 20%. At the same time, we will ensure that we continue to make investments that will maintain growth at high levels. In other words, we are adopting a balanced approach to the use of internal reserves.

I think a company must continuously grow as well as fulfill its social responsibilities. To do this, Sysmex is committed to increasing corporate value and meeting shareholder and investor expectations by contributing to a healthy and prosperous society in line with its long-term vision of being "A Unique & Global Healthcare Testing Company."

As we celebrate the Company's 40th anniversary, we have embarked on a program of new initiatives to take Sysmex to the next stage of growth. I ask that you have faith in these initiatives and continue to support our endeavors.

Special Feature 1: Progress Under the Mid-Term Plan

Sysmex has created as its long-term vision the goal of becoming "A Unique & Global Healthcare Testing Company" with consolidated net sales exceeding ¥200 billion.
In 2010, we are aiming for net sales of ¥140 billion and operating income of ¥20 billion. We will promote three core strategies.



Long-term Vision

A Unique & Global Healthcare Testing Company

Mid-term Targets for 2010

(the year ending March 31, 2010)

Net Sales	140 billion yen
Operating Income	20 billion yen
Operating Margin	14.3%
ROE	13.6%
FCF	10.4 billion yen

Approximate rate of exchange: US\$1=¥115, €1=¥150

(Announced on May 2007)

Supporting
Prevention,
Early detection,
Definitive diagnoses

Forge new
markets

Diagnostic
support

Focus on
Life Sciences

Focus on Asia

Global Niche
No. 1

Global Niche No. 1

This strategy involves building strengths that competitors cannot duplicate in niche markets, with the aim of becoming the global market leader. We aim to attain the top position in all regions, thereby becoming the true leader in the hematology field.

The global diagnostics market where Sysmex operates is worth just over ¥3 trillion and is expected to continue growing at around 8% per annum through 2010. We are a comprehensive supplier of diagnostics and achieved the market leader position in the hematology segment in 2007. We are now working to grow our market share further and cement our global position as market leader.

The Sysmex brand has penetrated the US market since the introduction of a direct sales and support structure in July 2003. In 2008, we recorded strong sales to integrated health networks*¹ (IHNs) and blood centers and achieved real results from solutions and proposals on improving efficiency with the Sysmex Network Communication Systems*² (SNCS) for reference laboratories. We have established a new affiliate in Canada and have expanded sales in Central and South American markets.

In Europe, we have built a good reputation as the hematology market leader in this region. In 2008, we made our affiliates in Austria, Hungary, the Czech Republic and Slovakia as part of our efforts to expand our direct sales and support network. We also set up a new direct sales

and support network in France and worked to strengthen our operations in high-growth, emerging markets such as the Middle East and Africa.

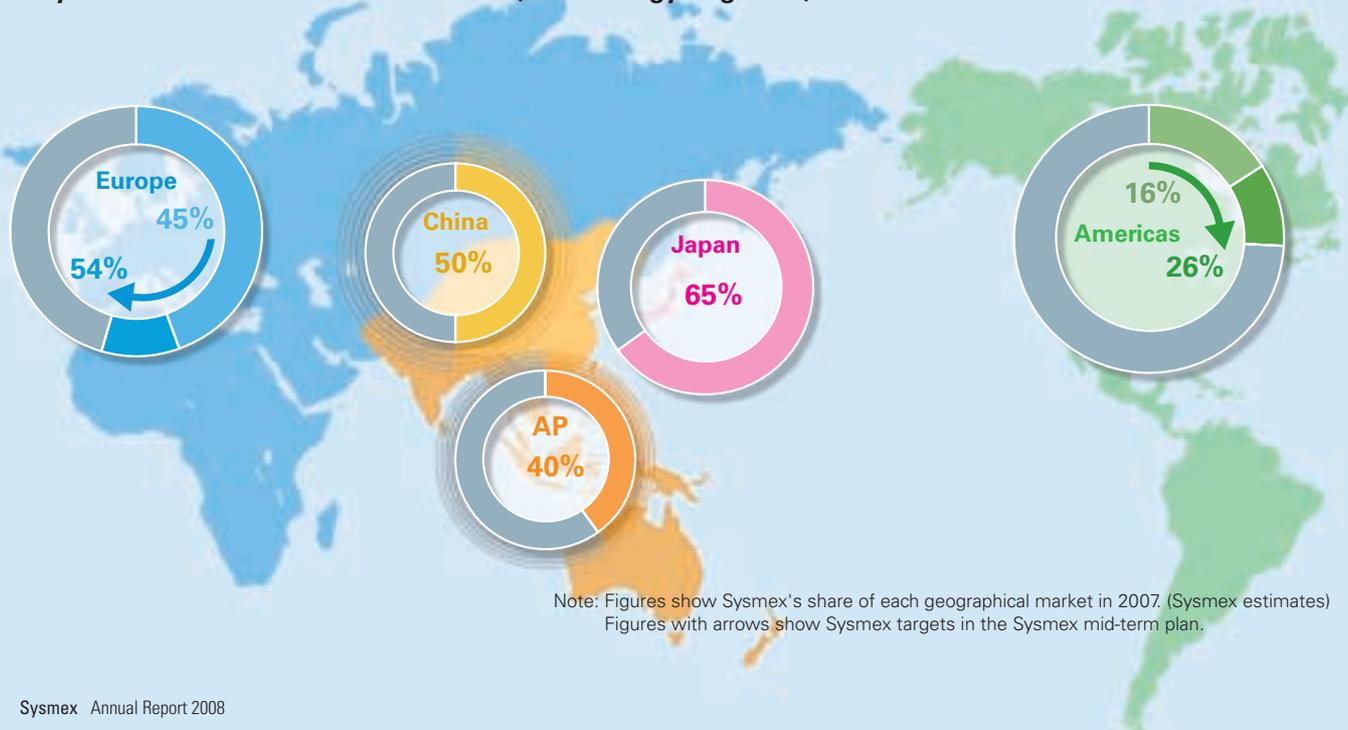
We have already captured the market leader position in Japan and we are now working to cement our position and gain the global market leader position not only in hematology, but also in hemostasis and urinalysis. In 2008, our solutions business won a number of new contracts with major institutions. We aim to build up hemostasis sales in Asia and expand our urinalysis business beyond urinary sediment tests*³ where we have already captured the top share of the global market.

*1: Integrated health networks (IHNs): Integrated health business entities in the US. An organization of multiple hospitals formed to provide the healthcare services needed for the local population across a large medical district.

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

*3: Urinary sediment test: Investigates the presence of various solid substances in urine, including red blood cells, white blood cells and bacteria.

Sysmex's Share of the Global Market (Hematology Segment)



Note: Figures show Sysmex's share of each geographical market in 2007. (Sysmex estimates)
Figures with arrows show Sysmex targets in the Sysmex mid-term plan.

Focus on Asia

We aim to leverage the competitive advantage gained from being among the first to enter and build a business base in the rapidly expanding markets of the Asian region to become the leading comprehensive supplier in Asia in the diagnostics field.

We aim to be the leading comprehensive supplier in Asia. The Japanese share many similar cultural characteristics with other Asians and there are few barriers with regard to understanding of business practices or communication. We have made the most of this advantage over major western companies in our business development activities, being quick to build business foundations in China and engaging in full-scale business development in Asia.

In China, where the economy is growing strongly, we are developing business in almost all segments of the diagnostics field. We have already captured the regional market leader position in the hematology and hemostasis segments. Healthcare (diagnostic) systems are rapidly becoming more sophisticated and efficient in China's urban areas, but a healthcare infrastructure is still being put into place in rural areas under the direction of the government. In order to be able to meet the needs of these different areas, we are building a finely tuned sales and support network and are expanding our product portfolio. We achieved solid results in 2008 by focusing on hemostasis instrument sales and sales of integrated proposals to major institutions that emphasize test quality. In April

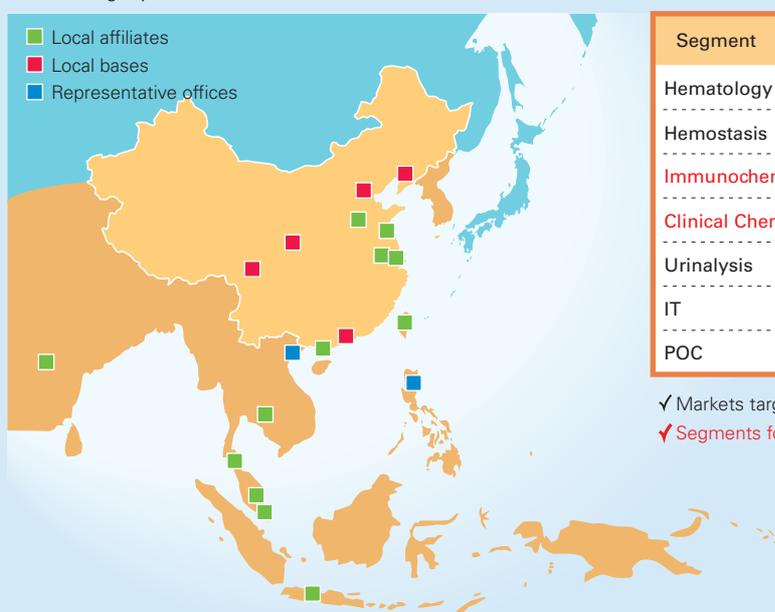
2007, at our Wuxi Factory, our second reagent production site in China, we were the first non-Chinese company in the industry to be awarded medical product manufacturing approval. This approval means that we can manufacture immunochemistry, clinical chemistry and other types of reagents. It will ensure a reliable supply of reagents and improve our cost competitiveness.

Like China, the Asia-Pacific region is characterized by healthcare environments in different areas with diverse customer needs. We are therefore tailoring Sysmex product launches to meet local needs and are focusing on hematology instruments in particular. In India, where we forecast rising demand for reagents, we completed construction of a reagent production site at Baddi in June 2007 and have started full-scale manufacturing operations.

Business conditions remain adverse in Japan. We are expanding our scheme to tailor sales to meet customer needs and are working on solutions to improve test efficiency and quality as a comprehensive supplier that can provide a full package of solutions from instruments to reagents, sales and after-sales support.

Sysmex's Operations in Asia

* Excluding Japan



Segments Covered by Region

Segment	Japan	China	AP	Americas	Europe
Hematology	✓	✓	✓	✓	✓
Hemostasis	✓	✓	✓	✓	✓
Immunochemistry	✓	✓	✓	—	—
Clinical Chemistry	✓	✓	✓	—	—
Urinalysis	✓	✓	✓	✓	✓
IT	✓	✓	✓	✓	✓
POC	✓	—	—	—	—

✓ Markets targeted by Sysmex.

✓ Segments focused on in the Sysmex mid-term plan.

Focus on Life Sciences

Our goal is to create new test technologies by combining our diagnostics technologies with life science technologies.

The healthcare environment is undergoing a transformation, with progress in gene sequencing technologies, increasing demand for health and longevity, and a shift in focus from treatment to prevention by the healthcare authorities. Laboratory tests are of growing importance, as they play a role in disease diagnosis, act as a barometer of patient health, and can provide vital information when deciding treatment options using an evidence-based medicine (EBM) approach or when monitoring a course of treatment. At Sysmex, we are working to generate new value-added test technologies by combining our diagnostics technologies with life science technologies.

In 2000, we established our Central Research Laboratories at the Techno Center as a site for life science R&D to investigate new test technologies using bioinformatics and other cutting-edge technology platforms. In 2008, we completed work to expand the Techno Center into the Techno Park that will be used to create new test technologies in the life science field based on the concept of "knowledge creation and succession."

This boost to our R&D base will allow us to develop new test technologies in the life science field, with a particular focus on cancer and chronic disease. Research themes currently include predicting cancer reoccurrence, predicting anticancer effects, screening for cervi-

cal cancer, and minimally invasive glucose measurement.

The entire Group including overseas affiliates is working towards establishing viable businesses in the life science field. In Europe, Sysmex took the lead in launching a rapid diagnosis system for detection of breast cancer lymph node metastasis. We obtained approval from Japan's Ministry of Health, Labour and Welfare to manufacture and sell in Japan a reagent for this diagnosis system, thereby achieving the first automated diagnosis jointly using this reagent and specialized analytical instrument. Looking ahead, we will launch this system early in Japan and promote its dissemination. We will also make use of this technology in the metastatic diagnosis of stomach cancer, colon cancer and other disease, working to win market recognition for acclaim from customers and aiming for insurance applications.

We have formed an alliance on clinical development and sales with US DNA chip manufacturer Affymetrix, the largest in the world. We have also developed a new *in vitro* cancer diagnosis technology using a special virus in collaboration with Oncolys BioPharma.

Moving forward, we will step up our efforts to commercialize these technologies as a second driver of further growth at Sysmex.

Life Science Research Themes

Cancer

■ Rapid diagnostic test for lymph node metastasis

A diagnostic technology that uses a proprietary OSNA*1 method to test for cancer cell metastasis in lymph nodes in only 30 minutes.



RD-100i

■ Cervical cancer screening

Identification of cancer cells by analyzing a cell sample using a Sysmex flow cytometer.

■ Technologies to predict cancer reoccurrence, anticancer effects

Predicting the risk of cancer reoccurrence or the effectiveness of an anticancer agent based on the cell cycle (the mechanism by which cancer cells proliferate).



Protein chip

■ Joint research and clinical development with US company Affymetrix

Joint R&D with Affymetrix to create novel diagnostic technologies in oncology and other fields.



DNA chip

Diabetes

■ Minimally invasive glucose measurement

Measuring interstitial fluid*2 glucose levels using a highly sensitive sensor and almost pain-free sampling of interstitial fluid instead of collecting a blood sample.



■ Diabetes simulation technology

Computer simulation of the diabetes condition to support treatment tailored to the individual patient.



* 1: OSNA (one-step gene amplification) method: A rapid gene amplification technology developed by Sysmex that does not involve a purification step to isolate genes from tissue samples.

* 2: Interstitial fluid: Fluid that permeates from the blood capillaries found below the skin surface and fills the spaces between cells.

Geographical Sales Activities

Sysmex is using the combined strengths of all Group companies in its global business development to generate sales tailored to regional needs and achieve its targets.

2008 Results and Future Business Targets

In 2009, we expect net sales of ¥118,000 million (up 6.6% year-on-year), operating income of ¥16,000 million (up 6.4% year-on-year) and net income of ¥9,600 million (up 5.1% year-on-year). Our calculations assume full-year average foreign exchange rates of US\$1/¥100 and €1/¥157.

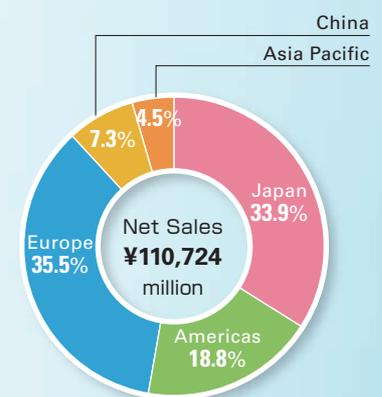
	2008 Results	2009 Business Targets
Net Sales	110,724	118,000
Operating Income	15,033	16,000
Net Income	9,132	9,600

(¥ million)

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

Note: Results of geographical sales activities are also described in Management's Discussion and Analysis on pages 63-70.

Sales Composition by Geographical Region*

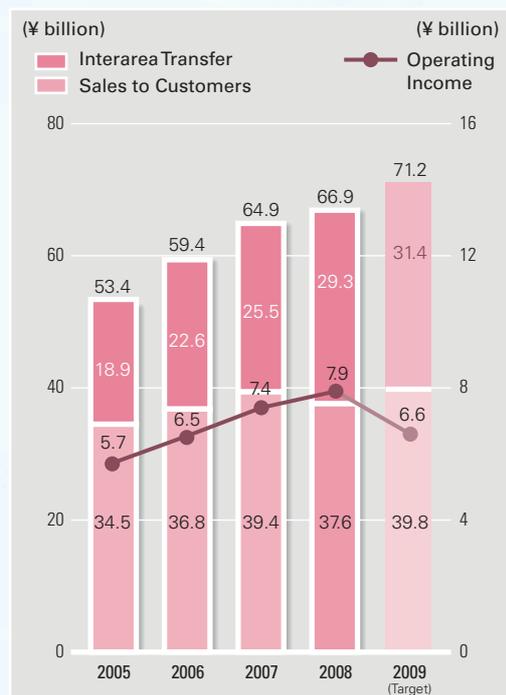


Geographical Segments

Japan

In 2008, Sysmex recorded growth in both net sales and operating income on the back of rising export sales to overseas Group affiliates. Net sales decreased 4.7% year on year to ¥37,553 million, while operating income rose 5.9% year on year to ¥7,870 million. The Company pitched solutions proposals and won some major contracts at university hospitals and other institutions. Despite this, sales in Japan were lower than the previous fiscal year because of weak sales of influenza test reagents and delays in launching new products in the segments of hemostasis and immunochemistry.

In 2009, the Company will expand its product portfolio by providing sales and support on contract for bioMérieux's *in vitro* diagnostic products in Japan. Sysmex will fully promote new products in the hemostasis and immunochemistry segments and improve its proposals for solutions that leverage Company strengths.

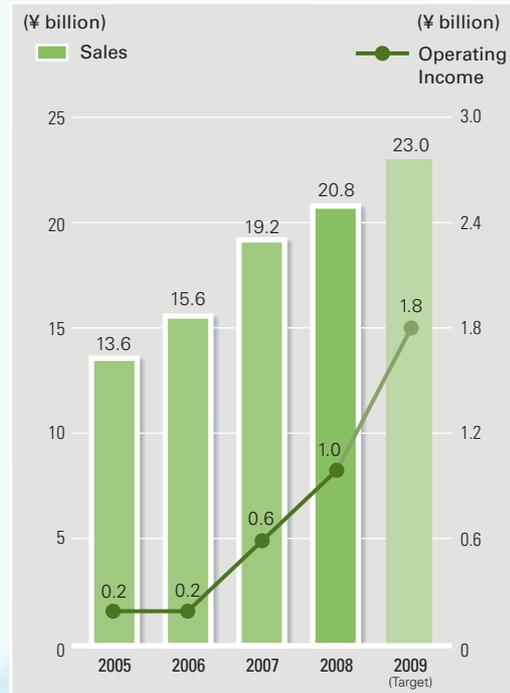


* Sales and Operating Income in Japan include those to Korea, Taiwan and internal Group affiliates.

Americas

In 2008, a higher proportion of sales was made through direct sales and support, so cost ratios improved and Sysmex recorded a significant increase in operating income as well as sales. Net sales increased 8.8% year on year to ¥20,845 million and operating income climbed 67.1% year on year to ¥991 million. In North America, the Company's excellent reputation in the market drove strong hematology sales to integrated health networks (IHNs) and blood centers. Sysmex also launched blood imaging analyzers for major commercial laboratories. The Company also achieved solid results from its proposals on improving efficiency through the use of the Sysmex Network Communication Systems (SNCS) launched in 2006, with over 1,000 product units already installed. Sysmex also reported strong results in the hematology segment in Central and South America.

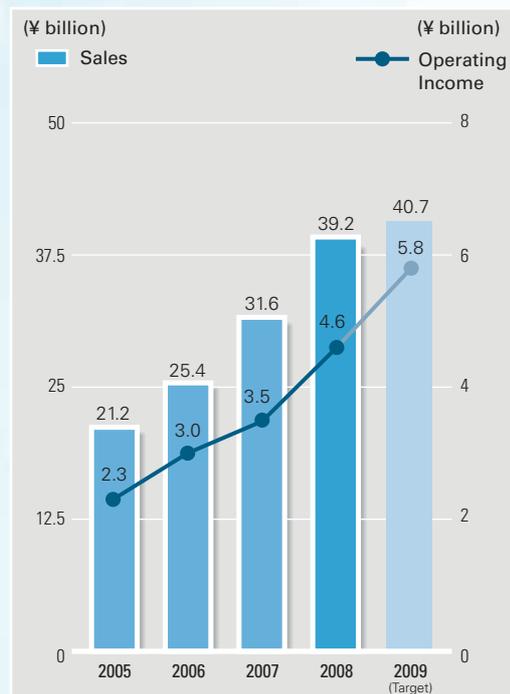
In 2009, the Company plans to strengthen sales activities at IHNs and achieve full market penetration with its new automated hematology analyzer, the XE-5000. Sysmex will also start direct sales and support in Canada via the affiliate established in October 2007 and will strengthen sales of integrated proposals across North America.



Europe

In 2008, net sales and operating income rose by more than 20% year on year on the back of expansion of the direct sales and support network and substantial growth in emerging markets. Net sales increased 24.0% year on year to ¥39,175 million and operating income rose 30.3% year on year to ¥4,621 million. Growth tailed off in Germany and the UK because of healthcare reforms, but Sysmex recorded strong sales in Central Europe, including the Czech Republic, Austria, Hungary and Slovakia, as well as in Switzerland where a direct sales and support structure was implemented. The market responded well to the new automated hematology analyzer, the XE-5000. Hematology sales progressed significantly in emerging markets in the Middle East and Africa, in line with market growth.

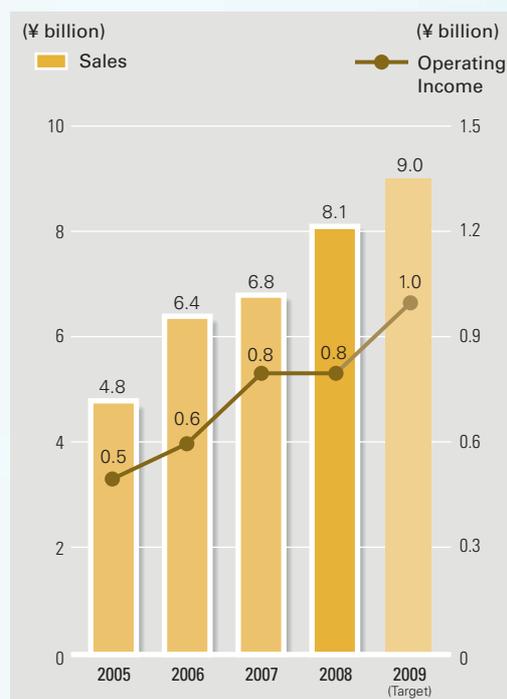
In 2009, Sysmex will continue to build up sales based on integrated proposals and will start providing direct sales and support in France. The Company will work to expand sales of its urinalysis analyzer through the sales and support contract signed with bioMérieux in 2008. Sysmex will also work to grow the markets in the Middle East, Africa, Eastern Europe, Russia and other emerging regions. The Company is pursuing a direct sales and support structure in the Middle East where growth is particularly marked.



China

In 2008, Sysmex recorded net sales and operating income growth on the back of strong sales to medium-sized and large medical facilities, after the easing of curbs on medical institution purchasing during the healthcare industry's "clean-up campaign" to eradicate corruption. Net sales increased 18.7% year on year to ¥8,127 million and operating income rose 5.5% year on year to ¥824 million. Rising demand for high-quality healthcare in urban areas has driven growth in the number of hematology analyzer upgrade projects. Hemostasis, urinalysis and clinical chemistry sales were strong, but Sysmex won fewer competitive tenders for low-end hematology analyzers, losing out to Chinese manufacturers on the basis of price.

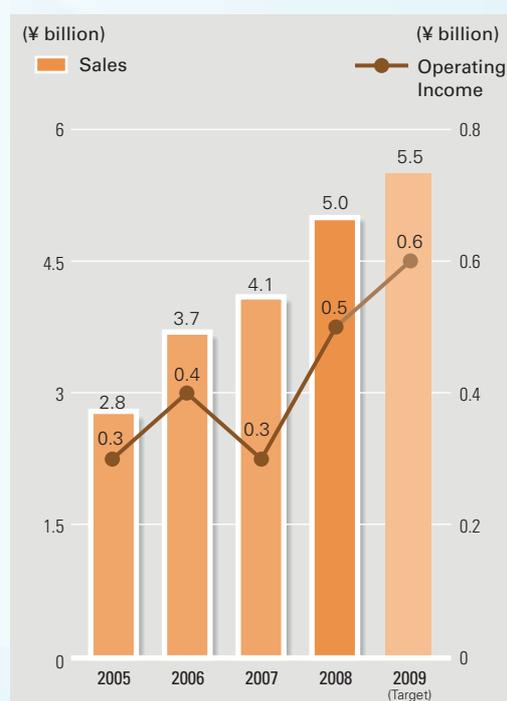
Sysmex expects the Chinese market to grow further in 2009 as healthcare infrastructure is put into place. The Company will launch new hemostasis products and expand its clinical chemistry portfolio. It will also continue to build up its proposals of solutions to medium-sized or large medical facilities.



Asia Pacific

In 2008, Sysmex recorded growth in both net sales and operating income on the back of market growth and improved sales and support structures. Net sales increased 23.9% year on year to ¥5,024 million and operating income climbed 64.3% year on year to ¥547 million. In the hematology segment, the Company won a major project with the Malaysian Government and recorded strong sales of integrated hematology systems in the Philippines and Oceania. The Indian affiliate established in 2006 achieved sales growth for low-end hematology analyzers and other instruments in this segment.

In 2009, Sysmex will strengthen hematology and hemostasis sales and expand its product portfolio. The Company will also start full-scale reagent manufacturing at the Baddi Factory in India, which was completed in 2007, in a bid to improve cost competitiveness and prepare for further growth in demand. In the Asia-Pacific region where healthcare infrastructure differs widely in different regions, Sysmex will launch products tailored to local needs with a particular focus on hematology instruments and will continue to propose solutions to potential customers.



* Sales in Asia Pacific exclude Korea and Taiwan.

Corporate Governance

Sysmex Corporation regards the strengthening of corporate governance as an important management objective. The Company is maximizing corporate value throughout the Sysmex Group by increasing the soundness, transparency, speed and efficiency of its management.

Description of Management Organization

Sysmex has adopted the corporate auditor system. The current management organization consists of 9 directors (8 of them are executive officers), 4 corporate auditors (including 2 external auditors), and 16 executive officers. The Company adopted the executive officer system 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, Supervision and Other Functions

The Board Meeting consists of 9 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 managing officers. As a rule, the Committee meets once a month to deliberate on the Group's management direction and important strategic issues.

The Steering Committee consists of the president, managing officers, and executive officers. The Committee meets once a month, in principle, as a consultative body to the president to deliberate on important matters concerning the Group's business.

The Operating Committee consists of managers of divisions. The Committee meets once a month to find solutions to cross-functional problems.

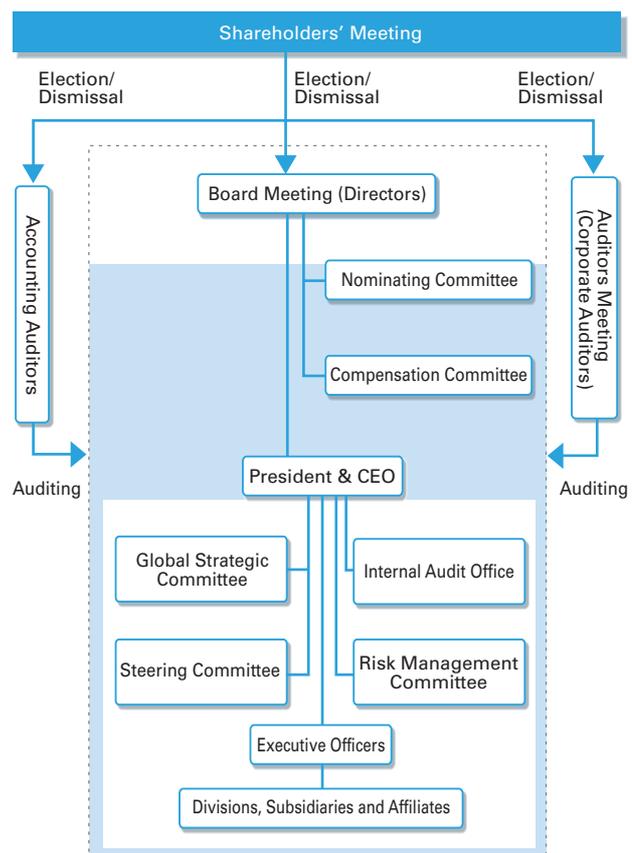
In 2008, the Board met 16 times, the Global Strategic Committee met 7 times, the Steering Committee met 17 times, and the Operating Committee met 15 times to address matters relating to management strategy and important issues facing the Group.

The Internal Audit Office, which consists of 5 employees, confirms and evaluates internal controls, the state of management, and the execution of business from the perspective of the sound development of the Group, issues reports based on the results of its activities, promotes appropriate execution of business through improvements, advice, and proposals, and conducts internal audits to contribute to the

sound management of the Group.

The Auditors Meeting consists of 4 corporate auditors, 2 of whom are external auditors. The corporate auditors attend the Board Meeting and the Steering Committee and maintain systems for appropriately supervising the conduct of business on the part of the directors. The Auditors Meeting will continue to enhance management soundness by engaging in appropriate supervision of the execution of business as stipulated by law. The Auditors Meeting works closely with the accounting auditors on the audit plans report (annual) and the audit results reports (each mid-term and final settlement of accounts) and exchanges information and opinions with the accounting auditors as necessary.

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 with several law offices and maintains a structure to solicit and obtain advice on important matters as necessary.





Directors

Hisashi Ietsugu

President and CEO

Kenichi Yukimoto

Director and Senior Managing Officer,
Assistant to the President

Mitsuo Waka

Director and Managing Officer, Administration and
CSR Promotion

Tameo Iwasaki

Director and Managing Officer, Life Science Business
Development (primary in charge), R&D Strategic Planning,
Intellectual Property, Central Research Laboratories,
Diagnostic System Development,
Diagnostic Reagent Development

Masayoshi Hayashi

Director and Managing Officer, Sales & Marketing,
Customer Support, Scientific Affairs

Tadashi Nakatani

Director and Executive Officer, New Business Development

Shigenori Ohigashi

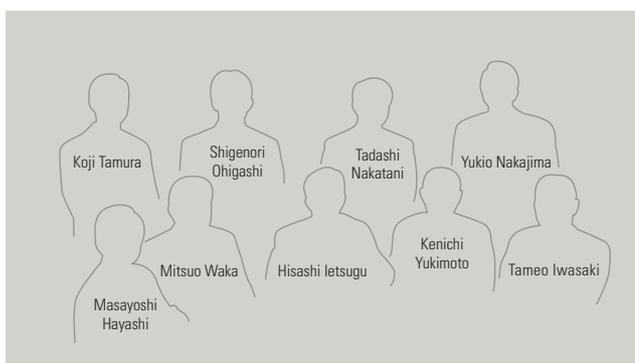
Director and Executive Officer, Quality & Environmental
Management, SCM, Manufacturing

Yukio Nakajima

Director and Executive Officer, Corporate Business Planning,
Corporate Executive Office

Koji Tamura

Director and Executive Officer, IVD Business Development,
International Business Management



Basic Policy on Internal Control Systems and Their State of Development

1. Systems for ensuring that the execution of duties by directors and employees is compliant with the law and 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.

2. 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.

3. 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.

4. Systems to ensure that directors execute their duties efficiently

The Company has positioned the Board Meeting 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.

5. 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 Group-wide risk management systems based on those regulations. The Internal Audit Office shall conduct Group-wide 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.

6. 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 Auditors Meeting. In such case, the directors shall discuss with the corporate auditors in advance matters such as the transfer of such support staff.

7. Systems for reporting to the corporate auditors and systems for ensuring effective and efficient auditing by the corporate auditors

When the directors have discovered a violation of the law or the Articles of Incorporation or a material fact that poses risk of causing significant damage to the Company, they shall promptly report such material fact to the Auditors Meeting.

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



Corporate Auditors

Haruyoshi Kobayashi

Corporate Auditor
(standing)

Hiromu Fujioka

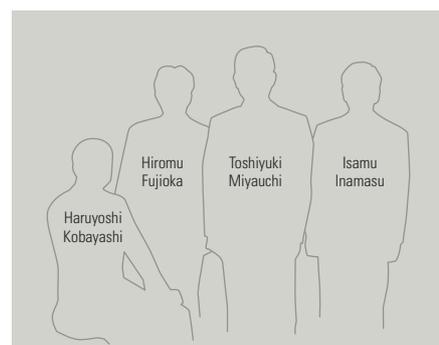
Corporate Auditor
(external)

Toshiyuki Miyauchi

Corporate Auditor
(standing)

Isamu Inamasu

Corporate Auditor
(external)



Auditor Activities

The Company has 4 auditors, of which 2 are external auditors. The auditors attend regular meetings of the Board Meeting and Steering Committee, which are held once a month, to observe whether directors are performing their duties correctly. The auditors also liaise closely with accounting auditors, sharing information and opinions on the annual financial audit plans. The auditors also ensure the audit process is efficient by collaborating with staff from the Internal Audit Office on key business sites and offices.

External Auditor Activities

External auditors attend the Board Meeting and the Auditors Meeting, receive reports from standing auditors and deliberate these reports with the standing auditors, participate in audits of the execution of business by directors, receive audit plans and audit reports from the accounting auditor and deliberate these reports with the accounting auditor. In addition to participating in meetings (the Auditors Meeting, the Board Meeting and the Steering Committee, if necessary), external auditors obtain necessary information by accessing various databases. No specific staff is assigned to assist these auditors, but the Internal Audit Office, an auditing office, provides support.

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 group-wide 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 group-wide 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 a contact with a male or female manager or contacts with external law firm 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.

Risk Management

Systemex has raised the bar on risk management by promoting these activities from a divisional level to a company-wide 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 group-wide QMS, Systemex is pursuing ISO certification centered on the quality assurance department. The Company has introduced quality training in order 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.

Turning to information disclosure, Systemex reports information in accordance with the timely disclosure regulations that stock exchanges have established for this purpose. Managerial divisions create documents on decisions*¹ that have been made, issues*² that have arisen, 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 decisions by the Board Meeting or the President. Any issues that arise are reported to the President, following deliberation by the Steering Committee, before being promptly disclosed publicly.

To ensure that Systemex continues to earn the trust of a wide range of stakeholders, the Company will reinforce its procedures for risk and quality management.

*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

Takuji Nishino

Executive Officer,
Vice President of
Intellectual Property

Katsuo Uhara

Executive Officer,
Vice President of SCM

Masami Kitagawa

Executive Officer,
Vice President of Sales & Marketing

Michiaki Ishida

Executive Officer,
Vice President of Administration

Kazuya Obe

Executive Officer,
Chairman & CEO, Sysmex America, Inc.

Mitsuru Watanabe

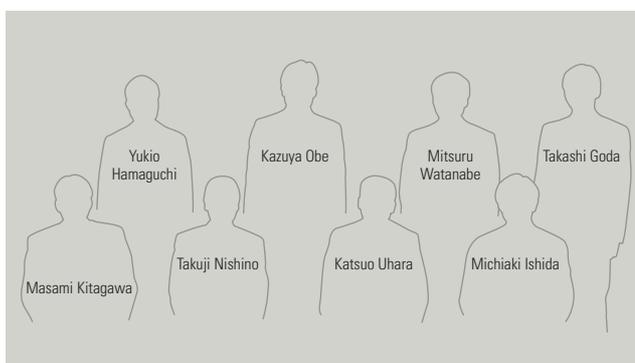
Executive Officer,
Life Science Business Development (deputy in charge),
Vice President of R&D Strategic Planning

Yukio Hamaguchi

Executive Officer,
Vice President of
Diagnostic Reagent Development

Takashi Goda

Executive Officer,
Vice President of Sales &
Marketing East/Japan



Operating Risks

1. Overseas Sales

Sysmex sells to overseas customers through its overseas affiliates and distributors. For this reason, Sysmex 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 sales contributed by overseas sales is rising each year, from 59.7% in 2006, to 62.5% in 2007 and 67.5% in 2008.

As of the start of 2009, the Company assumes forex rates of US\$1/¥100 and €/¥157.

2. 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 better quality of life (QOL), and other changes in the healthcare environment, healthcare system reform continues to be implemented for the purpose of optimizing healthcare costs and efficiently providing high-quality healthcare services.

The Company's mainstay diagnostics business could be indirectly affected* by such healthcare system reforms.

In an environment of ongoing healthcare cost optimization measures and of demands for greater efficiency in hospital management, more advanced medical care and new clinical testing procedures, Sysmex will boost 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, IT and after-sales support.

*The Japanese medical fee system is amended every other year. In 2009, fees covering diagnostic tests should be almost unchanged overall compared with previous years, so Sysmex 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 are not directly reflected in Company earnings.

3. Product Quality

The instruments and reagents supplied by Sysmex must be extremely reliable, so the Company has put into place a comprehensive quality management system to ensure product quality. However, Sysmex earnings could be affected if problems happened to arise with product quality.

To avoid this, Sysmex 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. Sysmex 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.

4. Stable Product Supply

Sysmex markets its products to customers in over 150 countries worldwide 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 about 50 overseas companies. The Company may experience difficulties with procurement if, for example, business operations are suspended at suppliers or the supply of raw materials is interrupted. The stable supply of products may also become problematic if Sysmex products are affected by environmental regulations.

For these reasons, Sysmex is improving communication with suppliers, sharing information with both suppliers and affiliates, and building a global supply network for reagents. The Company works 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.



5. Measures to Counter Risks Associated With the Use of Information Systems

Sysmex uses information technology to perform decision-making procedures, such as transmitting information, supporting our core businesses and completing approval documents, via the Company's internal network.

The Company has therefore put countermeasures in place to minimize the operational impact from network or information system disruption, computer viruses, or unauthorized external access to information systems. Sysmex has created 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 devices.



The electronic-wave darkroom is used to test the influence of electromagnetic waves on instruments. The darkroom's special walls shut out all electronic waves from the outside.

Business Activities

Sysmex provides the instruments and reagents needed for diagnostic analysis of samples of blood, hemostasis diagnostics and other tests to customers around the world.

Each individual "ruby pellet" is precisely polished for use in the detection chamber of a hematology analyzer.



Sysmex at a Glance

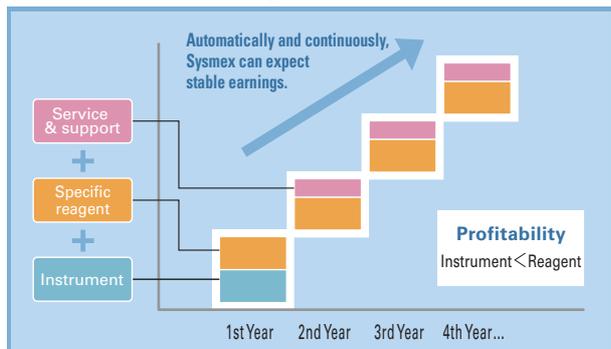
Business Segments

Sysmex derives approximately 90% 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, the Company's main field of business is hematology, which involves measuring the number and type of red and white blood cells and so on. This business accounts for around 60% 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. The Company also provides such products as influenza testing kits for point-of-care (POC) use by general practitioners and clinics.

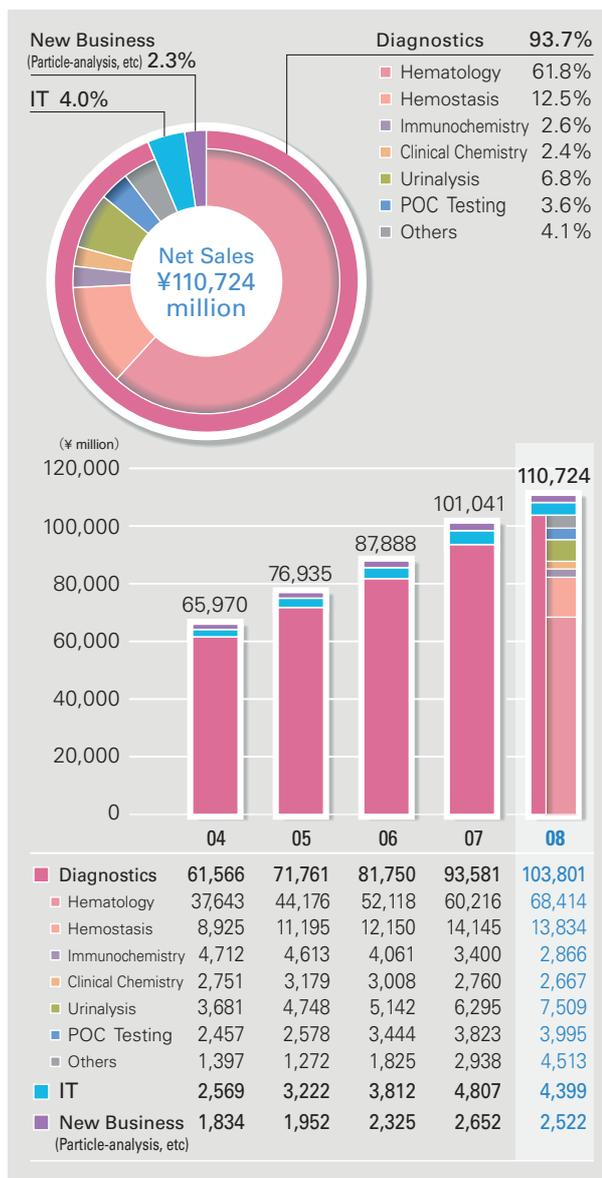
Sysmex also operates in the IT field, providing testing information systems to meet demand from the introduction of network systems to manage medical data. There are synergies between this business and the field of diagnostics.

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.

Profit Model of Hematology



Sales Composition by Business



Breakdown of Diagnostics

Hematology

Hematology tests are a type of screening test that measures the number of red blood cells or white blood cells and so on in order to determine whether a more detailed examination is necessary.

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.

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 hepatitis virus and so on or to investigate cancer markers.

Clinical Chemistry

Clinical chemistry tests involve chemical tests for enzymes, sugars, and proteins in blood serum or plasma in order to determine the body's nutritional status, liver and kidney function, or whether the subject has conditions such as hyperlipidemia and arteriosclerosis.

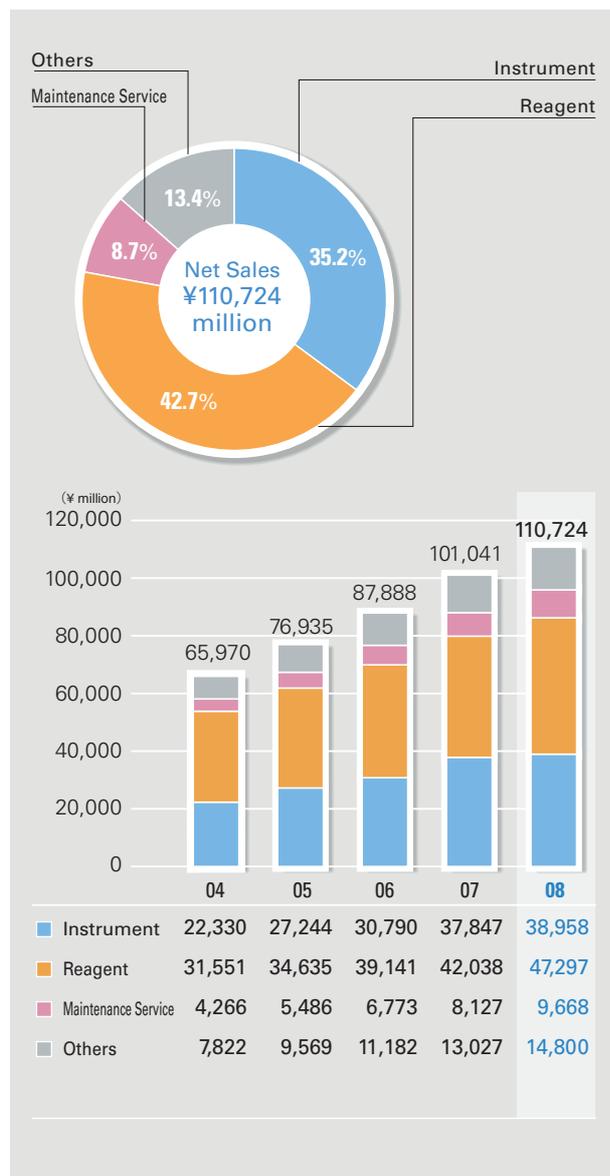
Urinalysis

Urinalysis entails testing for the presence of sugar, protein, or blood cells in the urine and can be broadly divided into two types: qualitative urinalysis and quantitative urinalysis. Urinalysis is an important screening tool that typically yields clues useful in the diagnosis of various diseases.

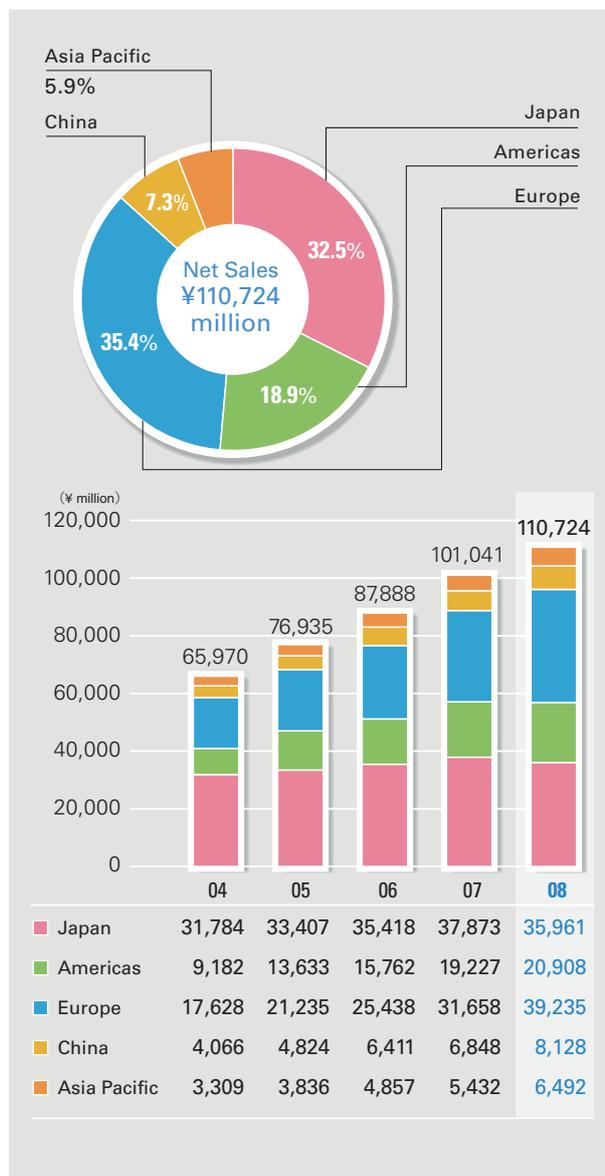
POC Testing

POC is an abbreviation for point-of-care. POC testing can be carried out immediately in operating rooms, intensive care units, clinics or at the patient's bedside, rather than in central laboratories, making possible rapid diagnosis and treatment.

Sales Composition by Products



Sales Composition by Destination



Product Segments

The main feature of the Company's earnings structure is that Sysmex conducts a stock type of business in which it sells the instruments needed for *in vitro* diagnostics, offers the specific reagents needed for long-term testing, and provides 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 services and others currently account for approximately 60% of net sales.

One characteristic of this industry is that instrument sales tend to rise in the second and fourth quarters of the fiscal year.

Regional Segments by Destination

Sysmex supplies products and services to customers in more than 150 countries. Net sales* are well balanced among three key regions—Japan, Europe and North America. The Company is also accelerating business development in China and the Asia Pacific and is generating steady sales growth in these rapidly expanding markets.

* 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.

Business Domains

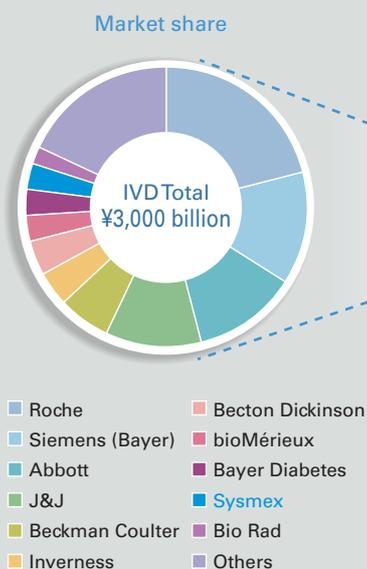
Testing Essential to the Realization of a Healthy Society

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 involves the examination of blood, urine or cell samples taken from the body and *in vivo* tests that involve direct examination of the body using X-rays, electrocardiograms (ECGs), or brain waves. The global *in vitro* diag-

nostics market is worth some ¥3,000 billion (excluding emerging countries) and is projected to expand at an annual rate of 8.0% over the next 5 years. 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 10th in the world in the *in vitro* diagnostics field. The Company now commands the leading share of the global hematology segment.

Diagnostics Market and Sysmex's Position



Segment	Market Size (Billions of JPY)	Growth Rate
IVD Total	¥3,000	8%
Hematology	180	4%
Hemostasis	120	9%
Immunochemistry	700	8%
Clinical Chemistry	750	3%
Diabetes	700	10%
Others	550	—

(Sysmex estimates)

The Shift to an Aging Society and Preventive Medicine

As the societies of Japan and other advanced countries age, countries are implementing healthcare reforms to extend the healthy lifespan of their populations in a bid to rein in rising healthcare costs. This has brought about a worldwide shift toward preventive healthcare.

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. As such, clinical testing is expected to play an increasingly important role.

As well as such progress in preventive healthcare, there is an increasing emphasis on improving patient quality of life (QOL). Sysmex is fostering new testing technologies that combine *in vitro* diagnostics and the life sciences. Through testing products, the Company aims to contribute to improved healthcare quality and efficiency.

Diagnosics

■ Hematology

Hematology tests are performed using an instrument and specific reagents, so demand for the reagents is continuous.

The size of the global hematology segment is ¥180 billion (Sysmex estimates). Three major global suppliers dominate the market in terms of market share: Sysmex, Beckman Coulter, and Abbott.

■ Hemostasis

As a rule, hemostasis tests can be performed using general-purpose reagents, rather than specific reagents. The size of the global hemostasis segment is ¥120 billion (Sysmex estimates). Since 1995, Sysmex has maintained a distribution agreement with Siemens (previously called Dade Behring), the global leader in hemostasis reagents. Sysmex has the leading share of the global market for coagulation analyzers.

■ Immunochemistry

Manufacturers of analyzers apply their own measurement principles and specific reagents are used depending on the principles used. The need for immunochemistry and its importance are increasing, owing to worldwide outbreaks of HIV and other infectious diseases. The size of the global immunochemistry market is ¥700 billion (Sysmex estimates), and the market is expected to expand in the coming years.

■ Clinical Chemistry

Like hematology, clinical chemistry is commonly performed around the world not only at times of illness, but also in routine health checkups, and the total number of examinations is extremely high.

The size of the global clinical chemistry market is ¥750 billion (Sysmex estimate). Sysmex has a high market share in Japan for the quality control serum used with various types of general-purpose reagents.

■ Urinalysis

Sysmex introduced the world's first urine formed sediment analysis system—the UF series—that uses the flow cytometry method, which contributes greatly to the automation of diagnostic routines and greater efficiency when combined with qualitative urinalysis. Sysmex's UF series enjoys an excellent reputation with customers and has the leading share of the global market for urine sediment analysis.

■ POC Testing

Sysmex has operated in the Japanese point-of-care (POC) market for many years and is expanding its line-up of POC products for testing in the clinical setting. The Company now markets rapid detection kits to assist in influenza diagnoses and easy-to-use devices to measure intravesical urine volume.

IT

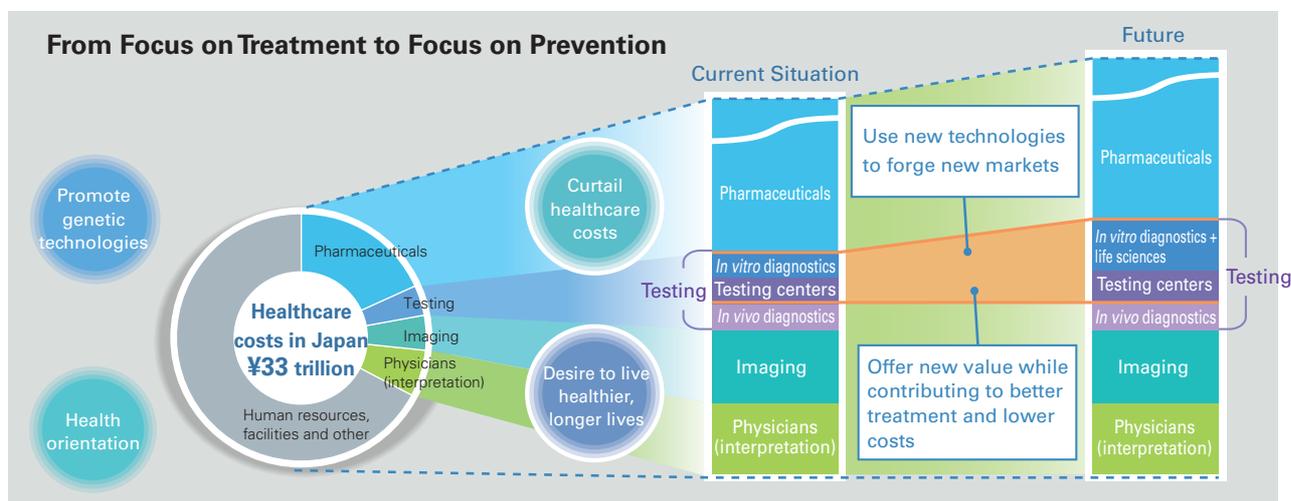
■ Laboratory Information Systems

Advances in IT have generated demand in the healthcare industry for IT-driven medical information networks, which contribute to more effective diagnoses by collecting and analyzing data from clinical tests and consolidating this information into a convenient database. In the future, Sysmex will continue to make use of IT to promote the establishment of local healthcare networks made up of hospitals and clinics and develop remote medical care capabilities.

New Business

■ Particle-analysis and Healthcare

The particle-analysis segment is a new business area for Sysmex. The Company is developing industrial applications for its particle-analysis technology that was originally developed for the 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.



Major Products

■ Diagnostics

Specialization

Information Diversity

Hematology

XS Low End



XS-1000i
This compact, highly functional models share the same measurement principle, reagents, and operability as the high-end XE Series. These compact analyzers offer the ability to analyze 5 types of white blood cells, as well as excellent measurement data interchangeability. For this reason, they are suitable not only for use in hospital laboratories, but also for POC testing at clinics and emergency laboratories.

XT Middle



XT-2000i
This basic, compact model is supported by the Sysmex Network Communication Systems (SNCS), and features a viewer-friendly screen and an easy-to-use operating system.

XE High End



XE-5000
The high-end XE series is standardly equipped with software for the measurement of immature cells in the blood. The addition of a function to measure blood cells found in extremely small quantities in body fluids means the fully automated measurement can be completed within 2 minutes, compared to the 60 minutes required with a microscopic examination.

SYSTEM



HST
The HST series offers fully automated blood cell counting, including white blood cell differentials, reticulocyte analysis, preparation of smears and staining. Multiple system configurations are available to meet the needs of individual laboratory requirements.

POCH



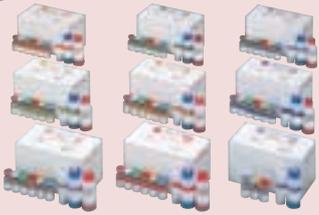
poch-100i
Featuring compact size and easy operation, this counter allows high-precision measurement results and makes it possible to perform hematology simply in diagnostic and therapeutic settings.

KX



KX-21
Featuring compact size and easy operation, this analyzer provides valuable blood test data such as the white blood cell, three-part differential in less than one minute.

Reagents



A full lineup of reagents is available for all diagnostic needs, including hematology, hemostasis, immunology, clinical chemistry and urinalysis.

Efficiency and Handling Capability

Scale of Laboratory

Hemostasis



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.



CS-2000i

The CS-2000i analyzer employs a 4th method, agglutination, in addition to the 3 fundamental measurement methods—the coagulation, chromogenic substrate and turbidimetric immunoassay methods. Integrating all these testing methods into a single station raises processing performance.



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



PAMIA-40i
The PAMIA-40i uses Sysmex's independently developed whole-blood measurement technology. As preparation time needed to separate blood serum is unnecessary, infectious disease tests that previously required 30 minutes are possible in only 15 minutes.



HISCL-2000i
This model applies the chemiluminescence enzyme immunoassay (CLEIA) methodology in combination with the technologies developed for the Sysmex PAMIA series 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.
*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.

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.

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.

LAFIA
This system files blood images together with patients' demographic information. Network compliant, the system allows access to the image database from anywhere in the hospital through a network.

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.



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

Sysmex provides high-value-added products that satisfy customer needs through the Company's own sales and services organizations that have been developed globally.

Providing high-value-added products, and improving the efficiency and standardizing of laboratory testing

Sysmex has always put the customer first and worked to improve and add value to its products. As a result, the Company enjoys an excellent reputation with its customers worldwide, which is driving the current growth in market share.

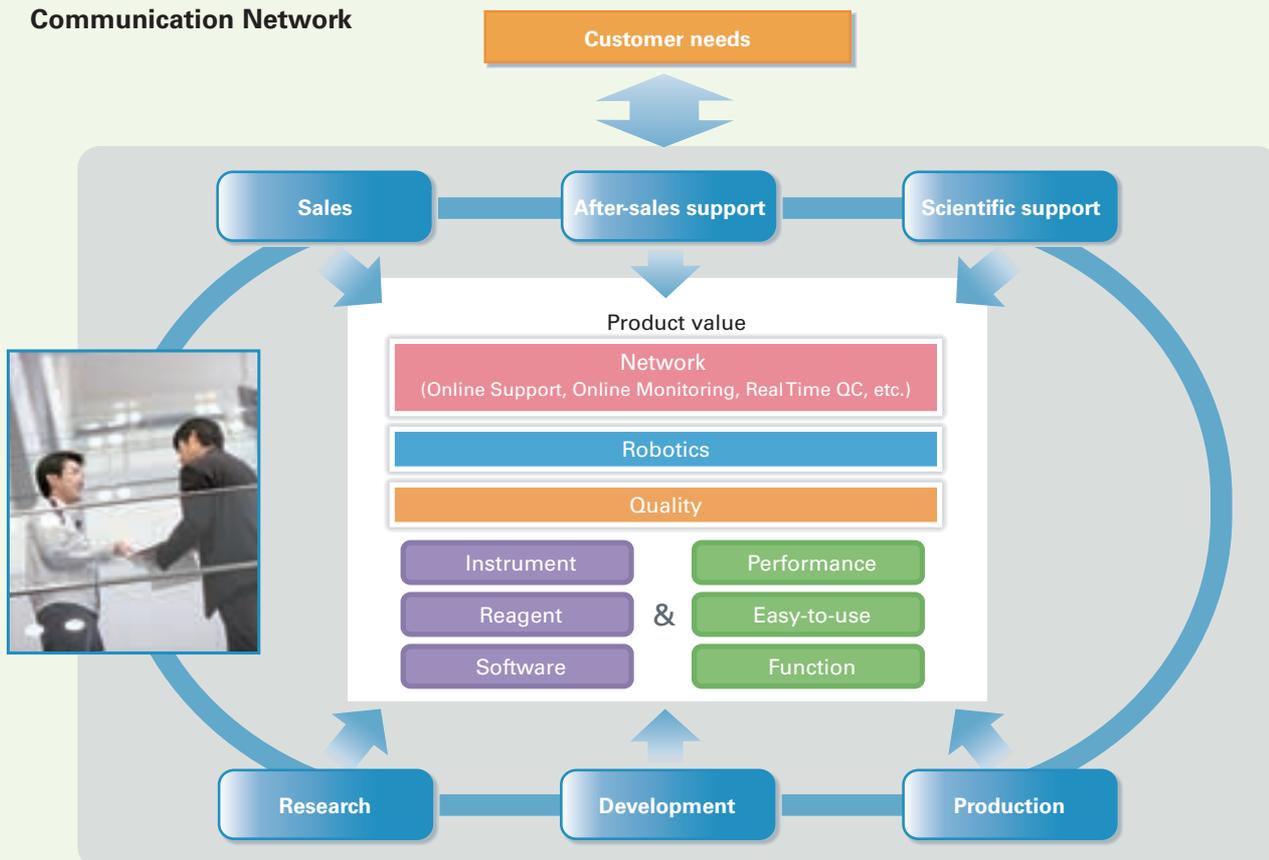
Laboratory tests for healthcare purposes must provide accurate results, so instruments must be of a guaranteed quality. The Company considers quality to be of utmost importance, and conducts its own development and manufacture of multi-function, easy-to-use and high-performance instruments with minimal defects, as well as reagents that are indispensable for making measurements. Currently, instruments are manufactured under rigorous quality-control procedures at the Kakogawa Factory and two Japanese factories have been positioned



as mother factories for reagent production. The experience and expertise accumulated at these factories is being used to develop reagent production bases overseas and to ensure a stable global supply of reagents of a standardized high quality.

Sysmex products are capable of high-speed processing, and the application of robotics-based transfer systems and software contribute to greater efficiency and standardization of laboratory testing.

Communication Network





Communicating with customers to create new value

As an R&D-driven comprehensive manufacturer, Sysmex is building an organization to provide a full range of services, encompassing research and development, production, sales and after-sales support. The Company uses this organization to communicate with customers around the world. This communication allows Sysmex to feed back its customers' new challenges and ideas into

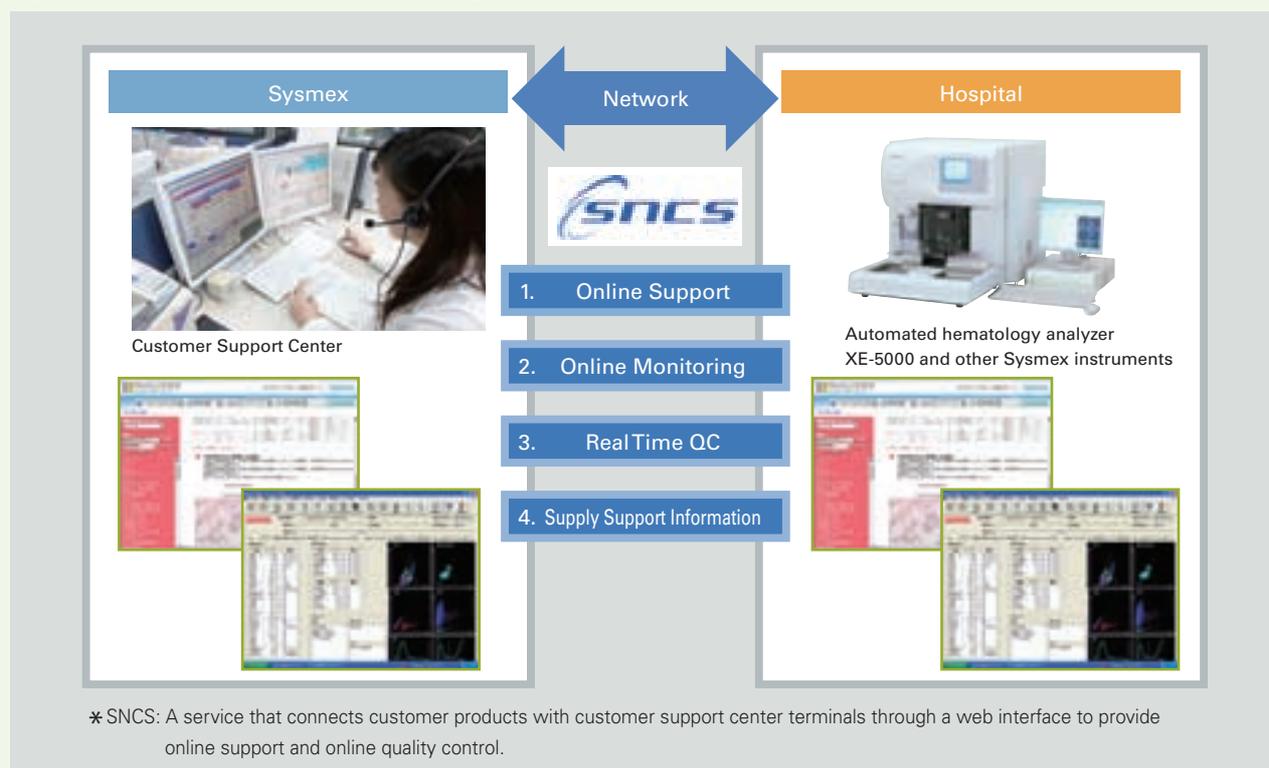
Sysmex's integrated hematology system mainly comprises hematology analyzers, instruments for making smear samples* and the Laboratory Information System. In accordance with the order information, the test sample is automatically transferred to the various instrument, thereby contributing to the increased efficiency and speed of laboratory operations.

* This is a test sample which is smeared on a glass slide and then stained to create the sample to be put under a microscope.

its R&D, sales and after-sales support, and thereby generate new value-added solutions that match customer needs. This comprehensive value-chain cycle is one of Sysmex's strengths, and is only possible because the Company has built an integrated organization.

Sysmex is currently developing a global system called Sysmex Network Communication Systems (SNCS). This IT-driven network support service provides automated monitoring and quality control (QC) for customers in real time. Customer use of this value-added service is spreading, particularly in geographically large countries like the US and China.

Sysmex Network Communication Systems



The Company has also been establishing Customer Support Centers in Japan, the US, Germany, Singapore and China, and is able to rapidly respond to customer enquiries. A survey of customer satisfaction in the US (see below) has shown that Sysmex enjoys an excellent reputation not only for product quality, but also for this type of daily after-sales support and scientific support. When customers select instruments, the levels of quality and after-sales support are important factors. The Sysmex

brand continues to be increasingly trusted not only in Japan and Europe, but also in the US, where competition is intense, and other advanced countries, and in newly emerging countries where growth is expected. The Company has a steadily increasing presence in markets where instruments are being selected. Looking ahead, the Company will respond to customer needs throughout the world to create new added value and make further use of Sysmex's strengths.

Customer Assessment in the United States (carried out by MD Buyline) – Hematology segment –

■ Survey of customer satisfaction

A survey of customer satisfaction published in April 2008 has shown that Sysmex is ranked No.1 in the US. Sysmex is highly regarded by customers for the performance levels and reliability of its hematology instrument, and also for the quality and speed of its services.

April 2008

	Instrument Performance	Instrument Reliability	Installation / Implementation*	Applications Training	Service Response Time	Service Repair Quality	Composite
Sysmex	9.3 ✓	9.4 ✓	9.2 ✓	9.4 ✓	8.6 ✓	9.3 ✓	9.2 ✓
Beckman Coulter	8.6	8.5	9.1	8.8	8.2	8.6	8.6
Abbott	7.8	8.1	8.4	8.1	8.1	8.4	8.2
Siemens	8.4	7.3	8.8	8.5	8.4	8.3	8.3

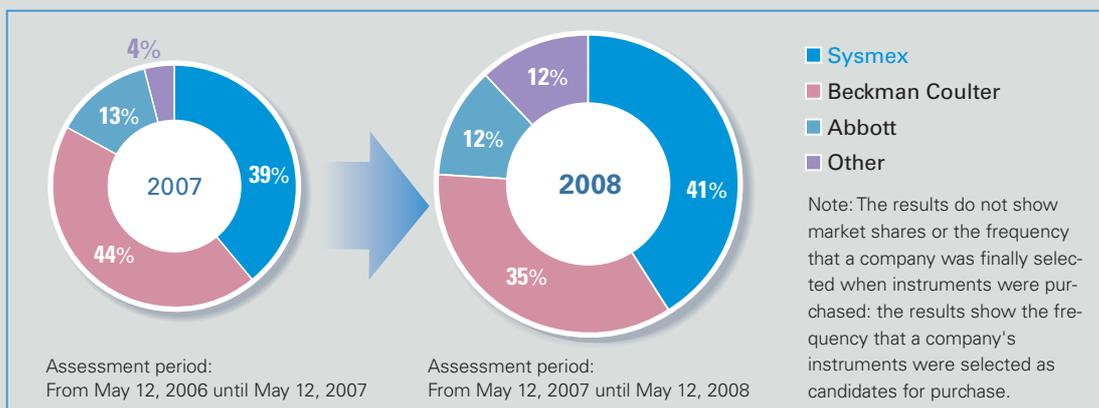
✓ Best results in each assessment category

* Installation / Implementation: Assessments covering stages from installation of instrument to operation.

"MD BUYLINE MARKET OUTLOOK"
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■ Assessment of instrument selection

It revealed that the frequency of Sysmex's hematology instrument being selected as a purchase candidate by customers has been steadily increasing at the final stages of selection after Sysmex's instruments have been evaluated highly.

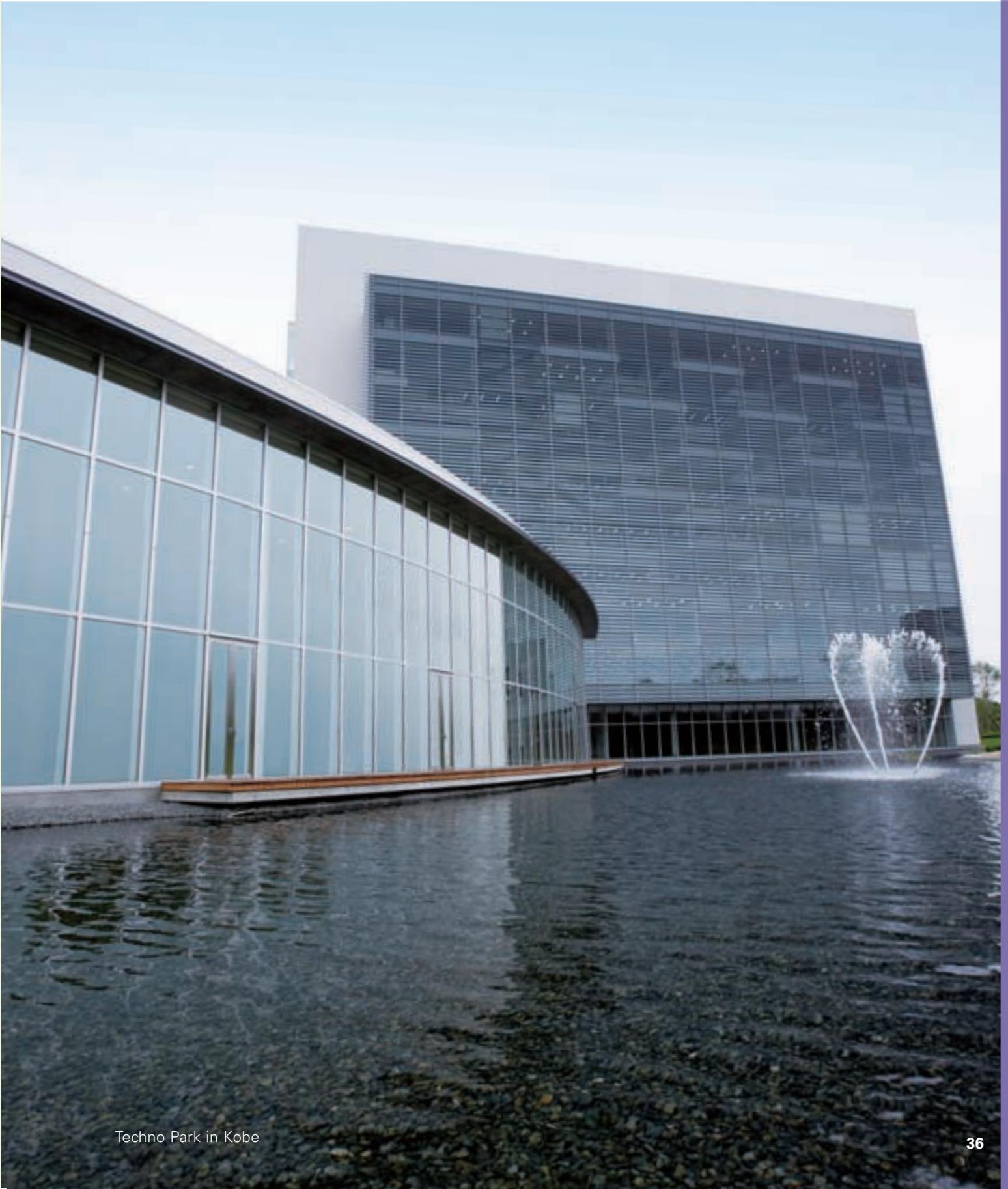


"What a Difference a Year Makes" By Dennis Matricardi, MD Buyline Clinical Analyst, 2008.5.15
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MD Buyline is a leading US assessment and consultancy company located in Dallas that mainly supports decision making by health-care-related institutions (hospitals, testing laboratories, etc.) regarding the purchase and installation of instrument.

Function Structures

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

By integrating R&D, production, sales and after-sales support, Sysmex works to build greater customer satisfaction, peace of mind and trust.

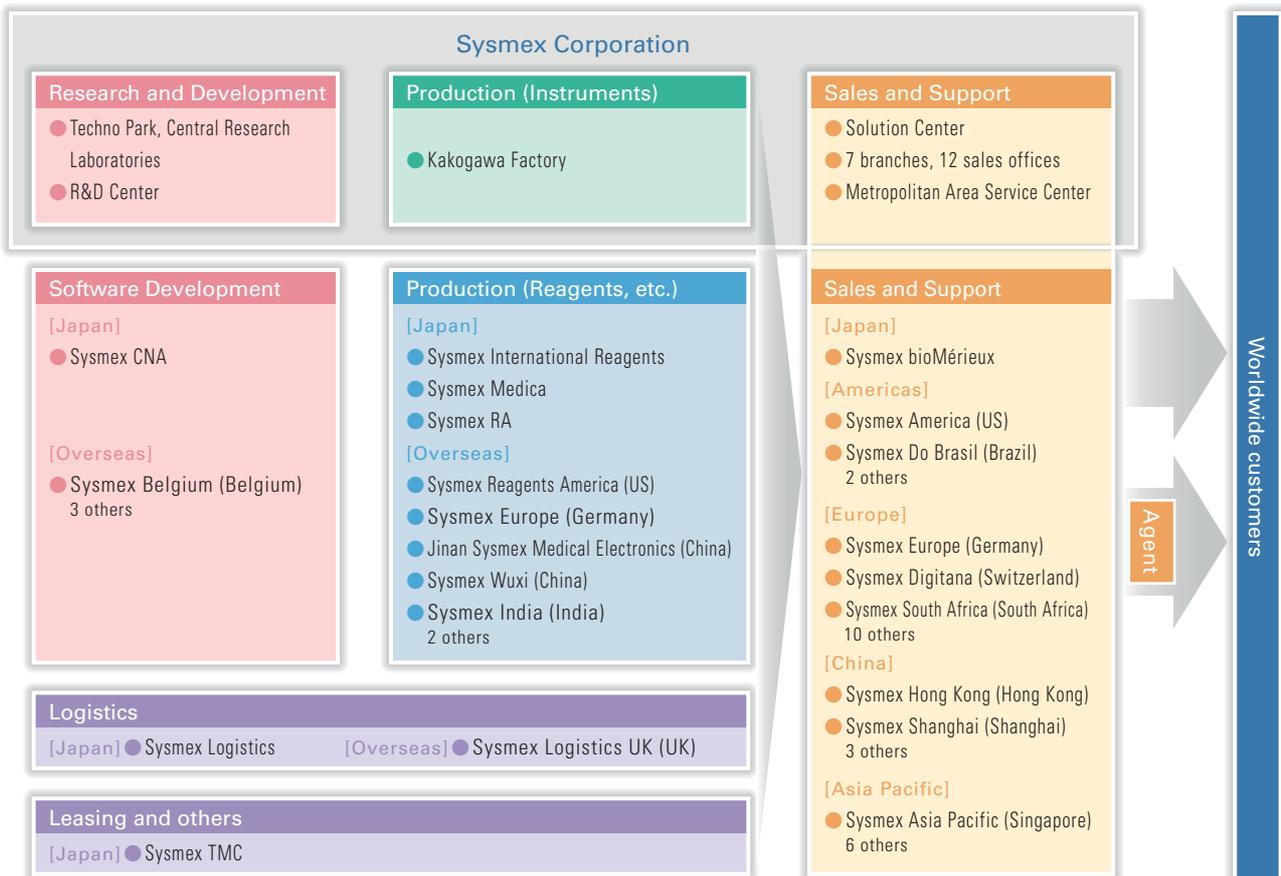
Sysmex is a comprehensive supplier of the instruments, reagents and software necessary for diagnostic testing. With operations at 38 locations in 23 countries, Sysmex provides products and services to customers in more than 150 countries. By integrating R&D, production, sales and after-sales support, Sysmex works to improve the reliability of diagnostic and medical-treatment testing, thereby ensuring increased customer satisfaction and trust.

Using the Company's extensive sales and support network, Sysmex actively communicates with customers around the world to understand customer

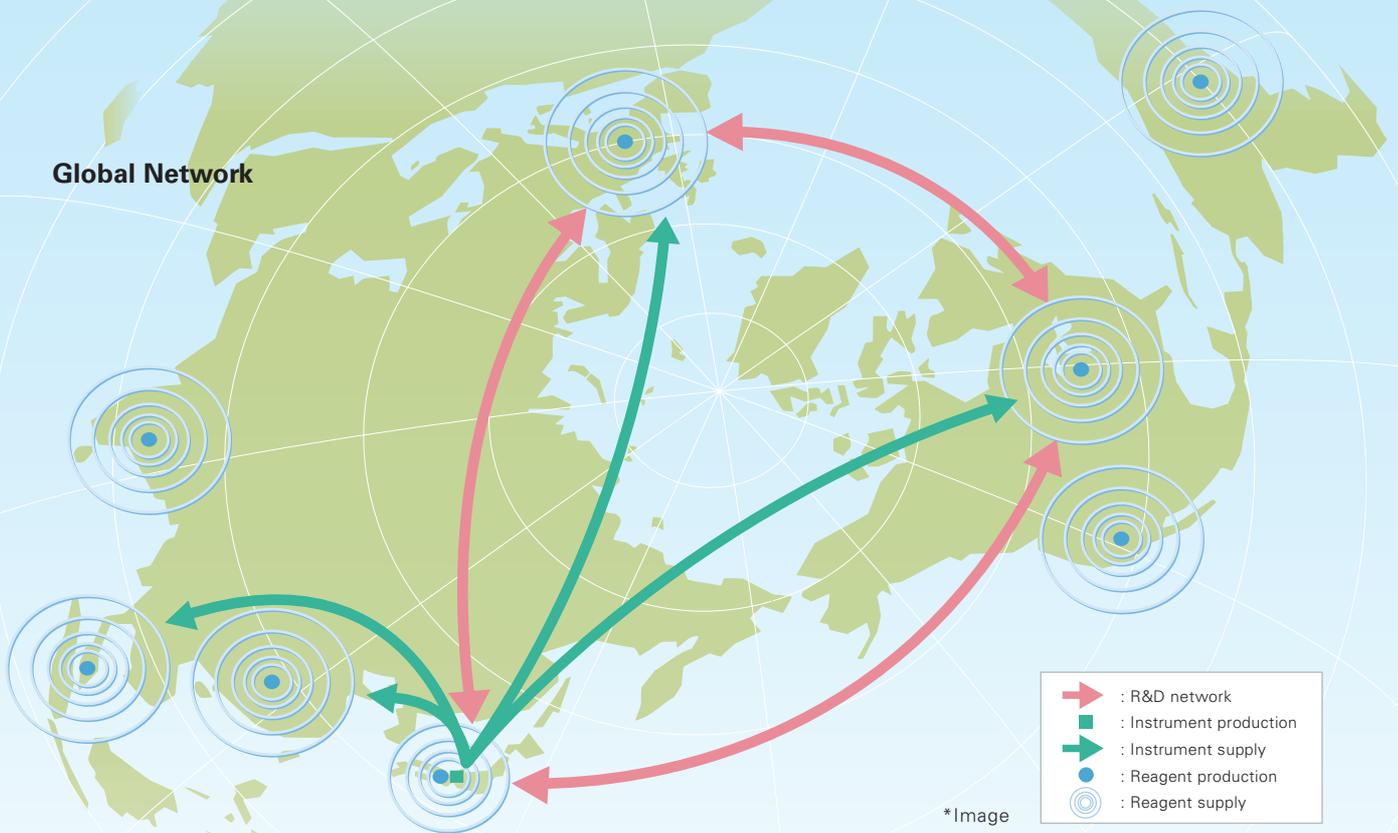
needs and discuss the future of testing. Sysmex applies the ideas and information that emerge through this communication toward the selection of new research themes and the development of new products, services and solutions, as the Company works to build trust and deliver peace of mind to customers.

Sysmex manufactures reliable instruments in Japan under rigorous quality control procedures for customers around the world. The Company ensures the stable supply of reagents through local raw material procurement and production.

Global Supply Chain



Global Network



Research and Development



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

Instrument Production



The Kakogawa Factory, which produces all the 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. The Company ensures quality in all the processes involved in production, from staff training to the testing and assembly of components, product tests, and shipment.

Reagent Production



Sysmex emphasizes local raw material procurement and product manufacturing, as this approach allows stable product supply and competitive pricing. At present, the Company operates 9 reagent factories in 7 countries. In 2007, Sysmex completed construction of a reagent plant in the US that has doubled production capacity. The Company also brought a reagent plant on-stream in India to capitalize on rapid market growth there.

Sales and Support



The use of alliances in the Company's global sales and support network has allowed Sysmex to build sales and support systems tailored to meet local characteristics. The Company established a Canadian affiliate in 2007 and began providing direct sales and support services in France in April 2008. Sysmex already operates independent networks in the emerging countries of Brazil, Russia, India and China (BRICs) and is working 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.

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.

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.

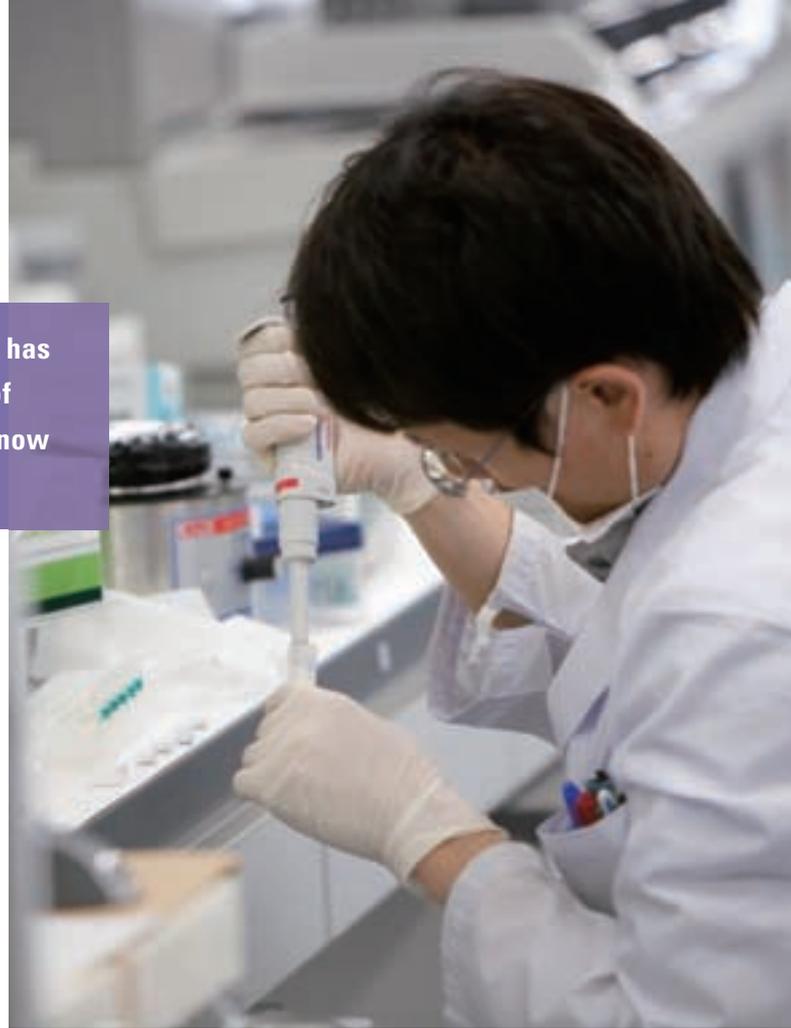
Sysmex is working to develop products that bring efficiency to the increasingly complicated diagnostic testing environment, for example by applying robotics technologies to blood analyzers. Another goal is to contribute to increased efficiency and lower costs not only in the testing laboratory, but also throughout the entire hospital for customers ranging from large medical institutions to small clinics.

Sysmex is now applying its technologies beyond diagnostics. One example is noninvasive measurement technologies. Sysmex has led the way in the development of technology for measuring blood hemoglobin concentrations without drawing blood, a technology expected to be applied in sports medicine and in medical checkups for children and pregnant women. The Company is also actively applying technologies in various industrial segments, for instance the fusion of particle measurement technologies and image-processing technologies.

Building a technology base as an R&D-driven company

Sysmex considers R&D to be one of the most important functions and the source of company growth. Each year, the Company invests approximately 10% of net sales in R&D to keep its technologies at the leading edge. In 2008, the central R&D facility, the Techno Center was reborn as the new Techno Park to consolidate the R&D activities, facilitate the sharing of knowledge and expertise, and foster collaboration to generate synergies.

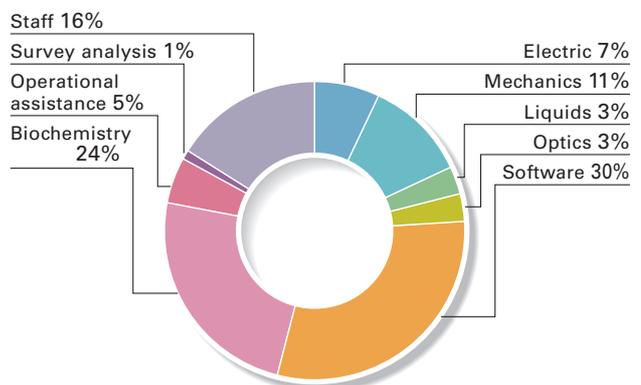
At the Techno Park, the creation and fusion of new technologies will be facilitated by interaction between researchers and engineers with expertise in electronics, mechanics, fluids, optics, software, biochemistry, and other areas. Sysmex will also build systems for the integrated management of research, development, and intellectual property as part of the Company's efforts to develop revolutionary new technologies and unique



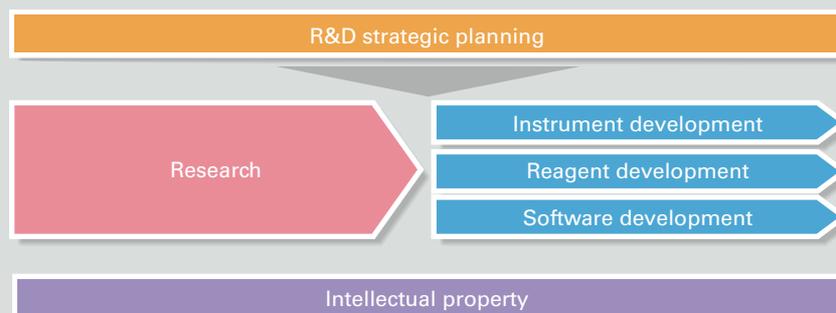
products that will generate new markets.

Sysmex has extended its business domains beyond hematology to cover such laboratory test fields as hemostasis, immunochemistry, clinical chemistry and urinalysis. The Company is now working to broaden its R&D activities even further to create new diagnostic technologies for disease management including hematology disease, immunological diseases, infectious diseases, diabetes and cancer.

R&D Personnel Structure



Management System



■ R&D strategic planning

This department sets group-wide technical strategies and product plans, manages across all development groups—research, instrument development, reagent development and software development — and oversees various operations through to product commercialization. The department also researches and supports registration under the Pharmaceutical Affairs Law and other Japanese and overseas regulations when introducing products into the marketplace.

Sysmex is working toward the establishment of a global R&D structure through such activities as collaborative research with domestic and overseas universities and research institutions and broad-ranging support for the establishment of overseas development bases.

■ Research

The Central Research Laboratories are key to the Company's research into novel diagnostic technologies in the life science field to meet global demand for better patient QOL. Sysmex is currently working to formulate new diagnostic methods in the areas of cancer and diabetes. One research theme is the development of a genetic testing system to rapidly detect cancer metastasis in the lymph nodes that involves the use of proprietary soluble reagents and one-step nucleic acid amplification (OSNA).

At the Business Support Center for Biomedical Research Activities (BMA) in Kobe, Sysmex researchers are working on the development of protein chips based on protein analysis technology and also on predicting the effect of anti-cancer drugs. These efforts are all part of the Company's focus on developing novel cancer diagnostic technologies.

■ Instrument development

Sysmex employs a matrix system that draws team members from mechanics, fluids, optics, electricians, and other specialties. Team members can share expertise and experiences outside their areas of specialty. This flexible development structure allows the Company to meet market needs.

■ Reagent development

In 2002, Sysmex made International Reagents Corporation (currently Sysmex International Reagents) a wholly owned subsidiary, fusing International Reagent's technology development capabilities in immunochemistry and clinical chemistry with Sysmex's strengths in hematology and hemostasis to construct one of the most advanced reagent development organizations in Japan. Sysmex is pursuing cutting-edge R&D through close collaboration between the reagent development and instrument development operations.

■ Software development

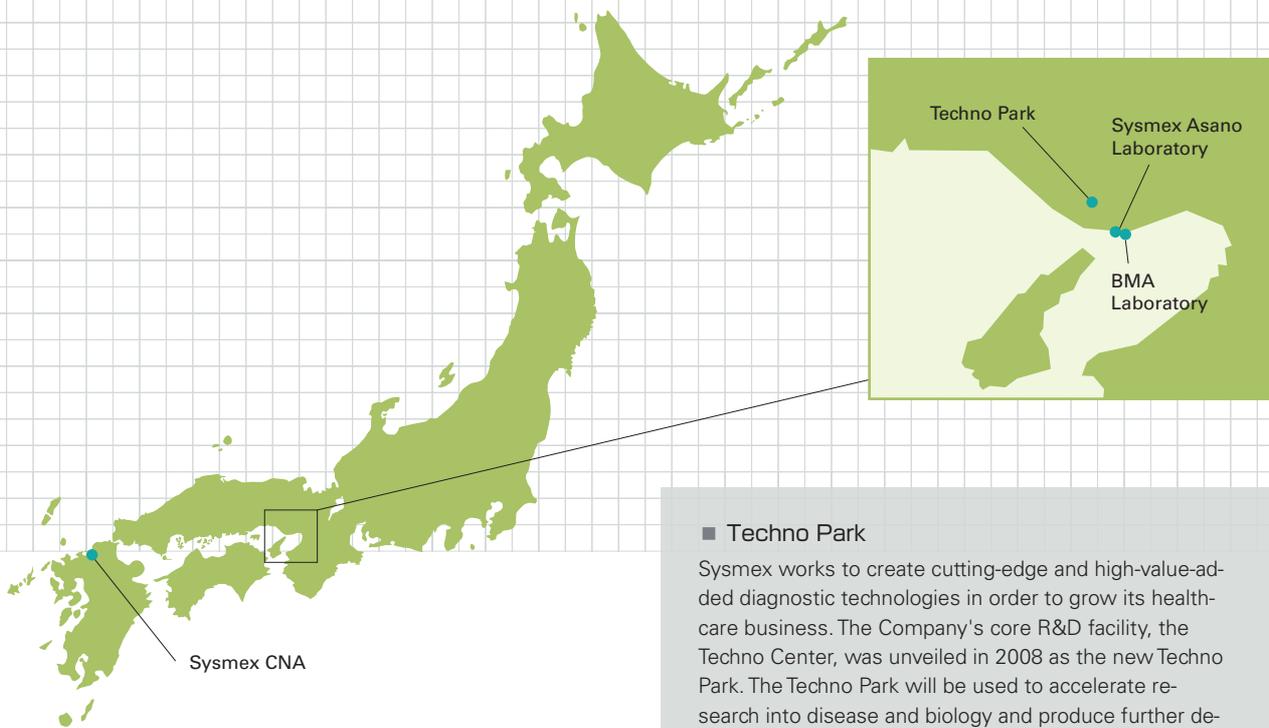
An essential consideration in diagnostics is a mechanism for accurately and rapidly providing test data to physicians. Sysmex has long focused attention on the introduction of information technology into testing operations and has developed software to integrate test data management. In this segment, Sysmex possesses highly specialized technologies unmatched by any other company. The Company has established an organization for providing localized software by setting up software development units in China and Oceania.

■ Intellectual property

The results from the Company's development activities are rapidly converted into valuable intellectual property by securing the rights to and making use of these intellectual properties. In collaboration with the research department and the instrument, reagent, software, and other developments, the intellectual property department devises patent application strategies, identifies inventions, and provides appropriate responses to third-party intellectual property rights. It also actively raises awareness of intellectual property issues and supports Sysmex in maintaining its globally competitive edge by enabling the Company to freely develop its business.

R&D Facilities

Sysmex creates high-value-added diagnostic technologies and develops instruments and reagents mainly at the core Techno Park facility. By enhancing links with research centers in Japan and overseas, Sysmex works to develop innovative technologies that will generate new markets.



■ 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. At present, the company is responding to innovations in the field of IT by developing products that will enable it to offer total solutions for medical institutions.



■ Techno Park

Sysmex works to create cutting-edge and high-value-added diagnostic technologies in order to grow its healthcare business. The Company's core R&D facility, the Techno Center, was unveiled in 2008 as the new Techno Park. The Techno Park will be used to accelerate research into disease and biology and produce further developments in life science technologies. The Company will also step up its development of instrument, reagent, and software technologies and will combine these with life science technologies in a bid to develop value-added laboratory and diagnostic tests. The Techno Park will provide an R&D environment where talented researchers and engineers can exchange information and freely generate innovative ideas. It will also support further collaboration between research facilities in Japan and overseas, as well as the BMA Laboratory and R&D Center Europe. The main research focus is currently cancer and diabetes with the goal of achieving novel laboratory tests and diagnostic technologies that contribute to better patient QOL.



Techno Park in Kobe



■ 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 for which few cases exist in Japan. This Center will forge stronger links with European research institutions with which Sysmex is conducting joint development and accelerate the devel-

opment of blood analysis system elements and the commercialization of other research themes. By propelling research and clinical evaluation efforts, the Center will move Sysmex toward the creation of high-value tests for disease management.



■ 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 anticancer efficacy and the development of protein chips that can simultaneously measure protein activity and expression. The facility is expected to serve as Sysmex's point of contact for collaboration with industry, academia, and government agencies.



■ 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 (Professor, Waseda University; President, Japan Society of Hematology; Technical Advisor, FBRI), Sysmex aims to develop new diagnostic technologies through joint research at the laboratory on the efficacy of cell therapy and improved safety profiles.

Hematology tests are indispensable tests for investigating the number of blood cells that are responsible for oxygen transport or hemostasis. Blood cells comprise red blood cells, white blood cells and platelets. Blood cells can be present in numbers ranging between several thousand and as many as several million cells per μL ¹⁾, depending on the type. Sysmex employs two basic technologies—sheath flow DC detection and flow cytometry—in order to achieve precise measurements at the μL 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. Although small, these blood cells are different. Platelets are the smallest blood cells at around $2\ \mu\text{m}$ ²⁾ in diameter, while white blood cells are the largest at around $15\ \mu\text{m}$ in diameter. The sheath flow DC detection method is the basic method for measuring the number of these blood cells, distinguishing the different types of blood cell by size. Broadly speaking, the method comprises three different processes.

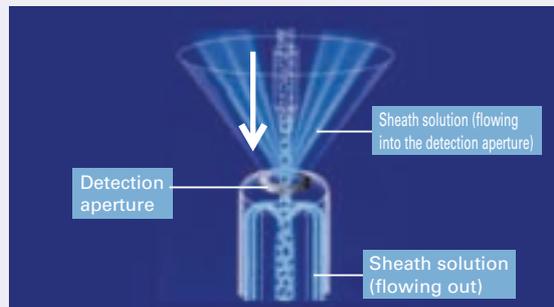
1) $1\ \mu\text{L}$ is about 1/200 the size of a drop of water dripping from a conventional tap.

2) $1\ \mu\text{m}$ is 1/1,000 of a millimeter. The thickness of a thread of a spider's web is about $7\ \mu\text{m}$.

1 Accurate dilution

The blood must first be diluted a certain number of times to allow accurate measurement of the number or size of blood cells. This process reduces the number of blood cells existing in a certain volume of blood and minimizes errors caused by blood cells piling up on top of each other. Accurate blood dilution requires the accurate measurement of the quantity of blood and of the solution (reagent). This process requires micro-level accuracy in the design of the measuring chamber, and uses apparatus that minimize degradation or abrasion of the material.

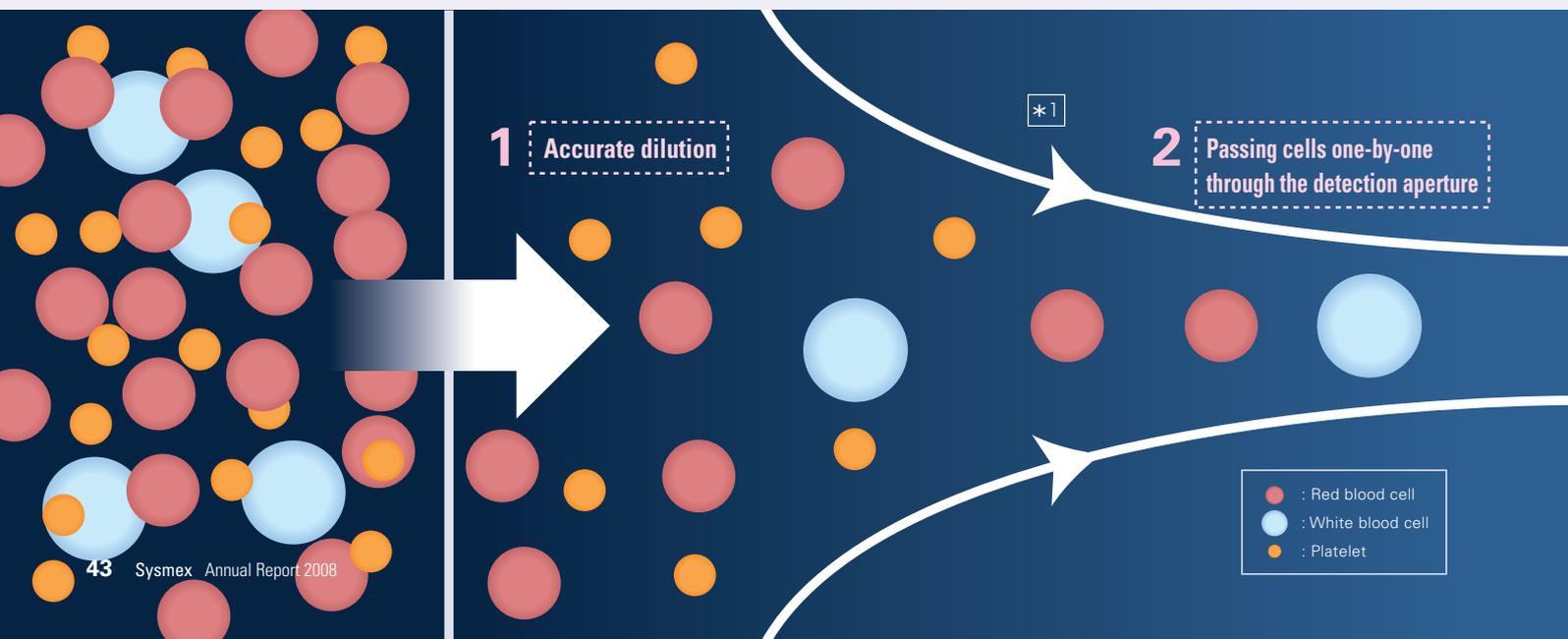
Detection chamber



2 Passing cells one-by-one through the detection aperture

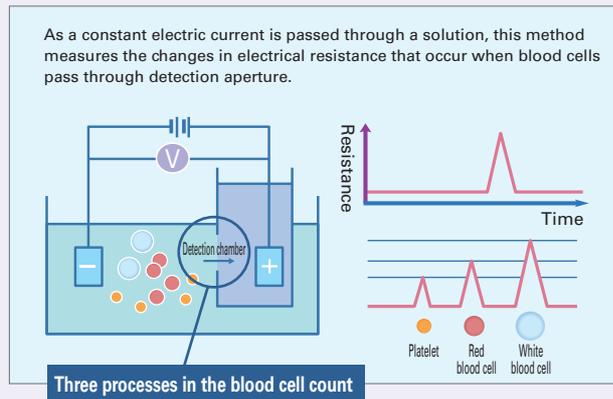
The measured sample (the solution that diluted the blood) contains numerous blood cells, regardless of how accurately it has been diluted. The method devised to allow the cells to be counted accurately involves lining up the cells in a row prior to counting. A stream of fluid^{*1} that forms a sheath around the flowing blood cells is generated to cause the blood cells to line up in a row. The blood cells flow along the stream^{*2} heading towards the detection aperture which measures the number of blood cells. The blood cells are made to pass through the center^{*3} of the detection aperture. To prevent the blood cells from flowing back into the aperture after they have passed through it, the stream^{*4} eliminates the blood cells from the system in a one-way flow.

Three processes in the blood cell count



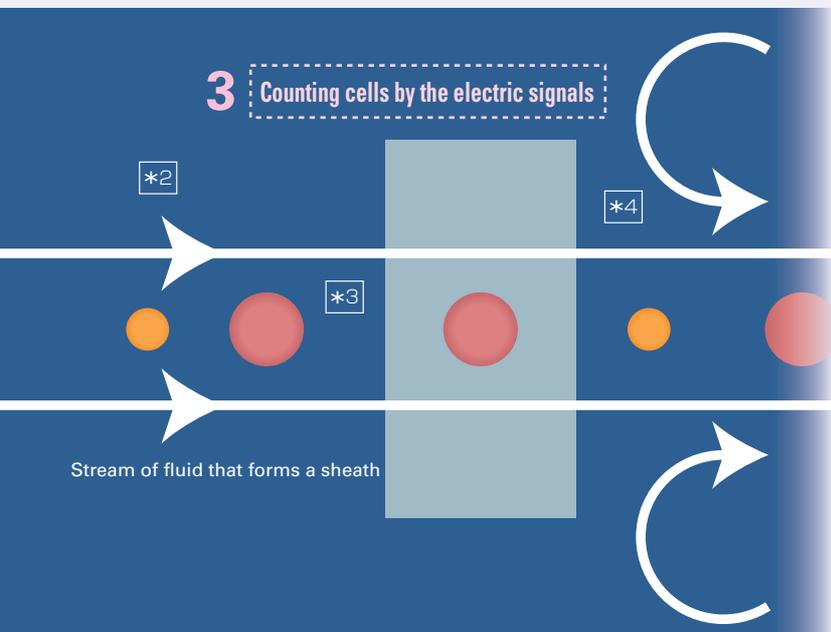


Detection Method



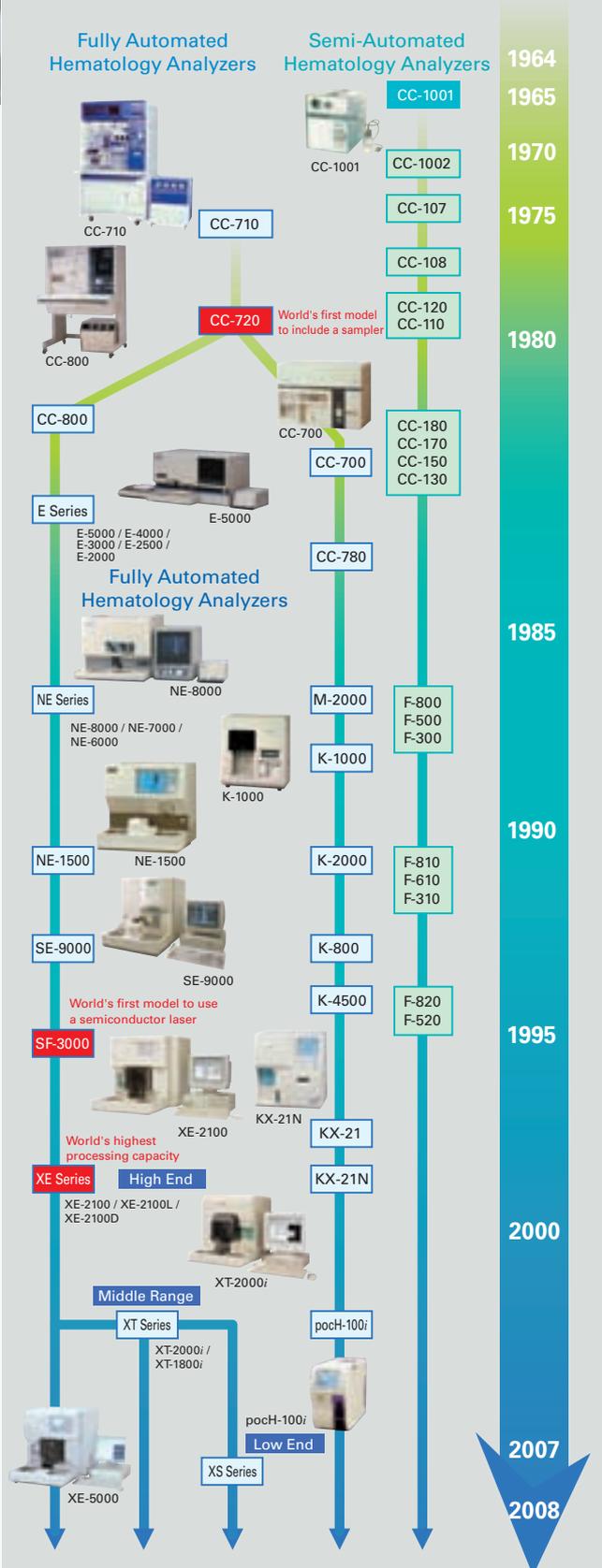
3 Counting cells by the electric signals

Blood cells are substances that do not allow electric currents to pass through easily. When blood cells pass through the detection aperture in a test sample through which an electric current is passed, they cause an electric resistance. The number of blood cells can be counted by counting the number of times the electric resistance is generated. Larger blood cells passing through the detection aperture produce greater sizes of electric resistance, so the differences in the electric resistances allows the system to determine the different types of blood cell present.



The sampling valve is an important component that is essential for accurately determining blood quantities. Sysmex manufactures these sampling valves itself, applying rigorous quality inspections to each one.

Development of Hematology Instruments



Hematology technology enabling the capture of greater amounts of information: Flow Cytometry

Laboratory tests must be reliable for them to be of use in diagnosis and treatment. The medical community needs access to measurement results that can add value. Sysmex is addressing these needs through a sustained program of technological innovation. The Company is currently using flow cytometry to develop its hematology devices from cell count instruments to devices that can analyze the internal contents of blood cells.

With flow cytometry, the target blood cells are

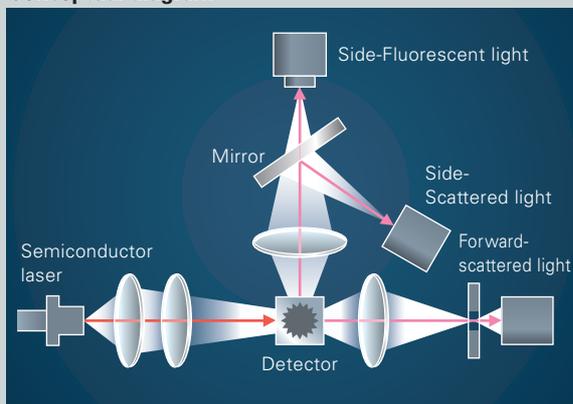
stained using a special reagent, and then these cells are irradiated using a laser diode to capture information on cell size and internal cell structures. This allows the measurement of five different types³⁾ of white blood cell and the detection of any abnormal cells. The use of flow cytometry provides clinically important information, as the distribution of the five types of white blood cells differs according to the disease present.

3) 5 types of white blood cells: neutrophils, lymphocytes, monocytes, eosinophils and basophils, each possessing different forms and functions.

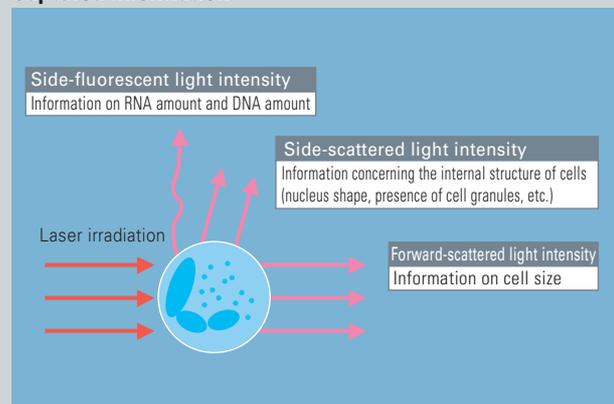
Flow Cytometry

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.

Conceptual diagram



Captured information



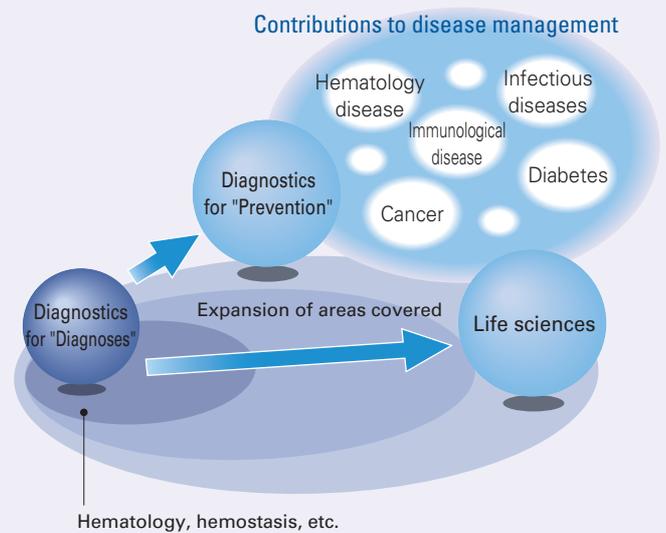
Leveraging technological synergies between instruments, reagents and IT as a solutions provider in the diagnostics field

Some 40 years have passed since Sysmex started to develop Japan's first hematology instrument. During this period, the Company has solved a variety of technological challenges and accumulated wide-ranging technologies and experience. As a result, the Company has been creating and devising the technologies and ideas that are its strengths, and focusing on the development of high-value-added products. In particular, Sysmex was able to systematize its diagnostic testing and evolve into a unique solutions provider in the diagnostics field, in which the Company continues to be highly acclaimed. Sysmex will offer solutions to its customers not only by continuing to develop high-value-added products but also by leveraging its strengths derived from being a comprehensive manufacturer that is involved in everything from research and development to sales and after-sales support.

Providing high-value testing that enables the optimum treatment to be selected for each individual patient

As a solutions provider in the diagnostics field, Sysmex is now not only involved in the hematology segment but has expanded its business to incorporate hemostasis, immunochemistry, clinical chemistry and urinalysis. The uses of testing, which plays an important role in improving medical treatment, have been changing from the area of treatment support to the

Future R&D Directions



Add our own value in basic technology and create new testing technologies

area of disease prevention. Sysmex is actively implementing initiatives in the life science business which is strongly expected to contribute to preventive treatments. Based on a concept of "disease management," which entails providing high-value testing that enables the optimum treatment to be selected for each individual patient, Sysmex is currently working on the creation of new testing technologies targeting such illnesses as hematology disease, immunological disease, infectious diseases and cancer.



Purchasing, Production and Logistics



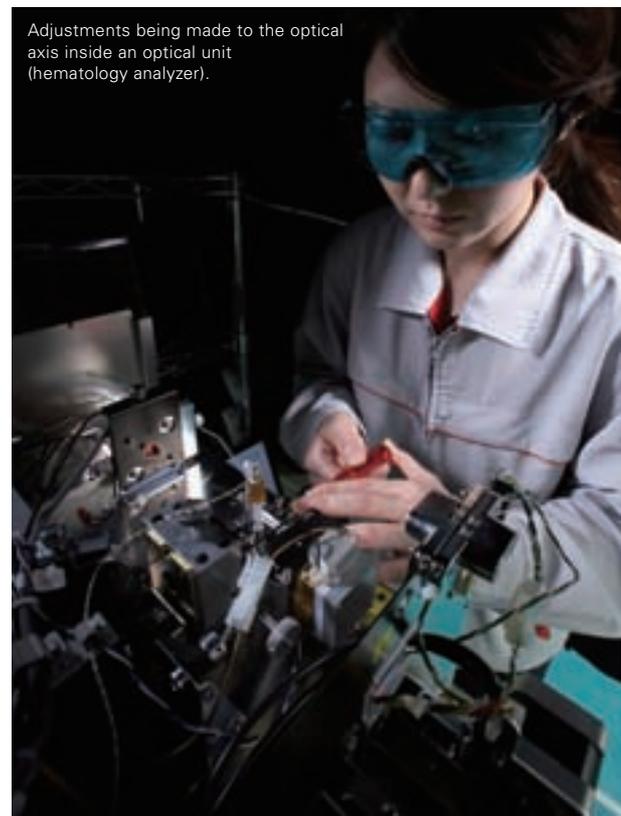
Rigorous quality control and global supply chain management systems allow Sysmex to swiftly provide a stable supply of products of consistently high quality to customers in more than 150 countries.

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. For reagent production, the Company has rigorous quality control procedures in place and achieves sustained and stable product supply. The 2 factories at the Japanese subsidiary Sysmex International Reagents are the core production facilities for reagents and have production technology and quality control systems in place. The Company is also providing technical guidance to its overseas production bases as it works to develop high-quality and efficient production facilities around the world.

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, result-

ing in a system that consistently delivers high-quality products to customers worldwide. The core Kakogawa Factory employs proprietary manufacturing management and process control systems in all stages of the production process, from raw material receipt to product assembly and final delivery. The Company also works to shorten lead times through the use of cell production and improve production efficiencies by



Adjustments being made to the optical axis inside an optical unit (hematology analyzer).

forecasting global demand.

Global reagent manufacturing to ensure stable product supplies

Revising its engineering chain, Sysmex now conducts upstream purchasing and concurrent engineering at the R&D stage, accelerating the mass production of new products. The Company employs information technology in its electronic purchasing the web-based system Sysmex Trade Mission (STM), process control and quality control systems to ensure the stable supply of high-quality products. Sysmex is also expanding its overseas production bases to meet growing overseas demand and improve its ability to compete. The Company currently has 9 production facilities in 7 countries.

The 2 core facilities are the Ono Factory and Seishin Factory of the subsidiary Sysmex International Reagents. Sysmex has substantially cut production lead times, cost of sales, and inventory at these 2 plants to increase global cost competitiveness. Sysmex is upgrading the production facilities of the Ono Factory, a facilities-driven plant, and accumulating production technology expertise at the Seishin Factory, a knowledge-driven plant. 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. The Seishin Factory is used for the production of bulk biological reagents requiring advanced, specialized knowledge. Sysmex



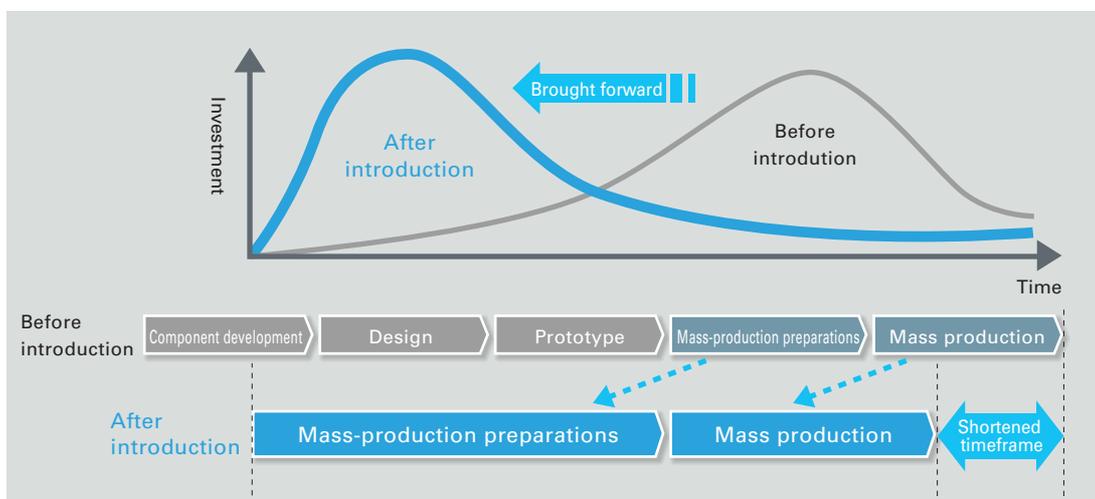
seeks to strengthen and expand its global production system by actively transferring expertise developed at these plants to overseas reagent production bases.

Focus on quality control systems and environmental protection

Sysmex emphasizes quality control systems and environmental protection and is working to address these issues across the Sysmex Group. The Kakogawa Factory, Ono Factory and Seishin Factory engage in rigorous quality control (QC) based on the Quality Management System (QMS), a quality control standard applicable to medical instruments and pharmaceuticals, the ISO 9001 international quality control standard, and the ISO 13485 international quality assurance standard for medical devices.

The Kakogawa Factory, the Ono Factory and Seishin Factory of Sysmex International Reagents, Sysmex Medica, Sysmex RA and the factories in Europe and Brazil have obtained certification for the ISO 14001 international standard for environmental management systems.

Effect of Introducing Concurrent Engineering



Production Facilities

Sysmex factories promote upstream purchasing and are strengthening the Company's unified development and production structure to move forward mass production.

The Company is improving its global supply chain management systems by reorganizing logistics locations and reconfiguring supply flow.

For instrument and reagent manufacturing, Sysmex promotes upstream purchasing and is strengthening the Company's unified development and production structure to enable early-stage mass production. Sysmex Trade Mission (STM), an electronic purchasing system that automates complex ordering activities, helps reduce procurement costs and strengthen group-wide production management. The system enables alliances with numerous suppliers that bring down the Company's procurement costs while maintaining high quality levels, and allows suppliers to make proposals that play to their strengths.

For the logistics function that is responsible for delivering final products to customers, Sysmex is improving its global supply chain management (SCM) system by reorganizing domestic logistics locations and reconfiguring supply flow overseas. In the US, the Company reorganized its reagent supply system in 2005, 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.



To reinforce management of global logistics and procurement, Sysmex has consolidated all functions into the Solutions Center. In the future, the Company will reinforce its IT-based logistics management system to allow the group-wide sharing of inventory and order information.

■ Kakogawa Factory (instrument production)

The Kakogawa Factory is a production base for diagnostic instruments that uses quality control systems to produce highly reliable instruments based on the Quality Management System (QMS), ISO 9001 and other 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. Sysmex is forging liaisons in the production technology functions of subsidiaries in Japan that manufacture instruments.



■ Ono Factory (reagent production)

The Ono Factory is one of the principle facilities at Sysmex International Reagents. The plant 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 or manual operations for each process from raw materials supply to final inspection.



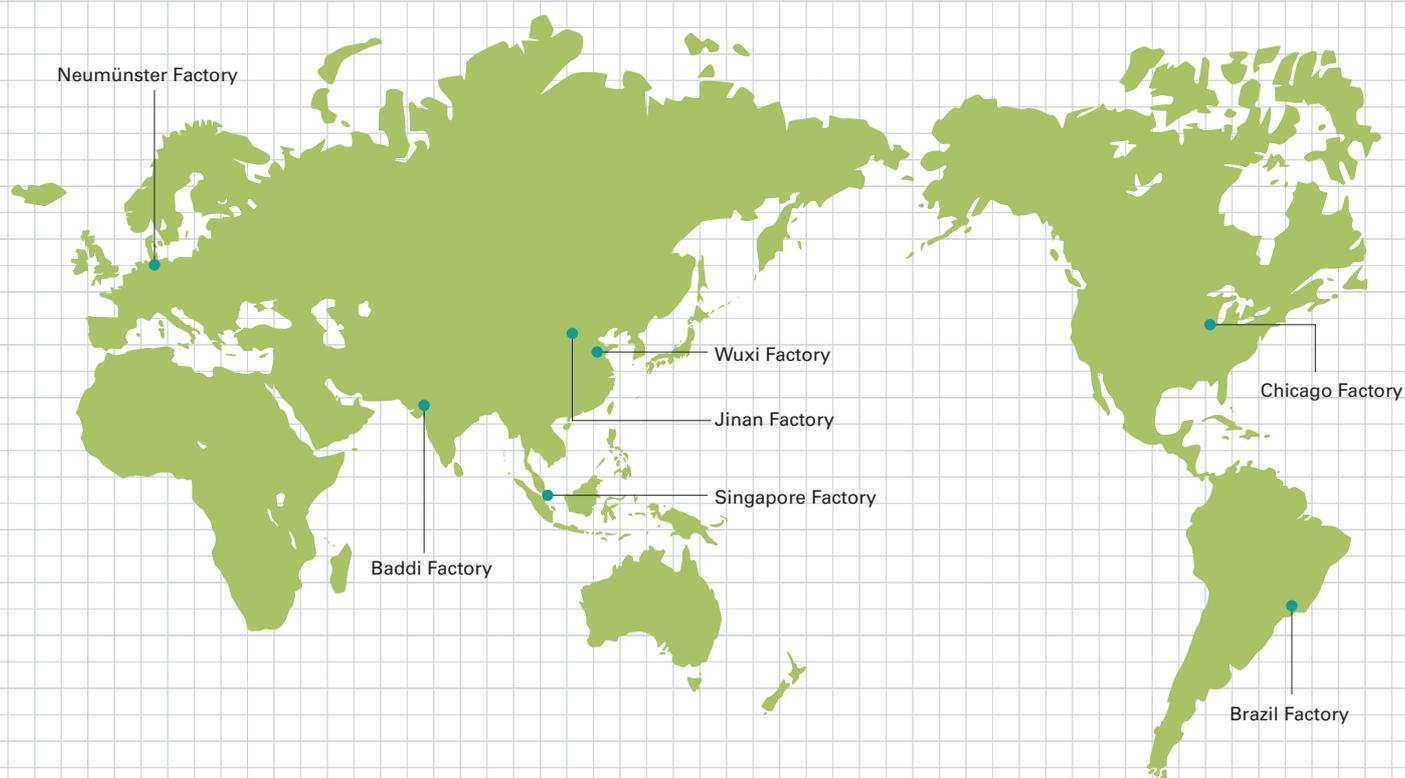
■ Seishin Factory (reagent production)

The Seishin Factory is the other principle facility at Sysmex International Reagents. This plant 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 high-mix, low-volume manufacturing.



Overseas Reagent Production Bases

Sysmex has set up reagent factories in Germany, the US, Brazil, China, Singapore and India to enable the stable and speedy supply of reagents to global markets.



■ Neumünster Factory (Germany)

Additions to this plant were completed in April 2007, approximately doubling the reagent production capacity. This expansion is aimed at responding 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 (India)

The construction of this reagent plant in an industrial park in the Indian state of Himachal Pradesh was completed in June 2007. The presence of a reagent production base in India should allow Sysmex to improve cost competitiveness and increase market share.



■ Chicago Factory (US)

In response to rising demand and to reinforce cost competitiveness, Sysmex has built more facilities at the site of its regional headquarters, Sysmex America. This strengthening of reagent supply capacity will build trust and deliver peace of mind to our customers.



■ Wuxi Factory (China)

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



Sales and After-Sales Support



Sysmex focuses on regional business needs in its R&D, production, sales and after-sales support in 38 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 38 locations around the world and supplies products to customers in more than 150 countries.

In line with the core strategy of becoming the leader in global niche markets, Sysmex has established its position as the market leader in the hematology segment in Japan, Europe, China, and the Asia Pacific, 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 US, the world's largest market.

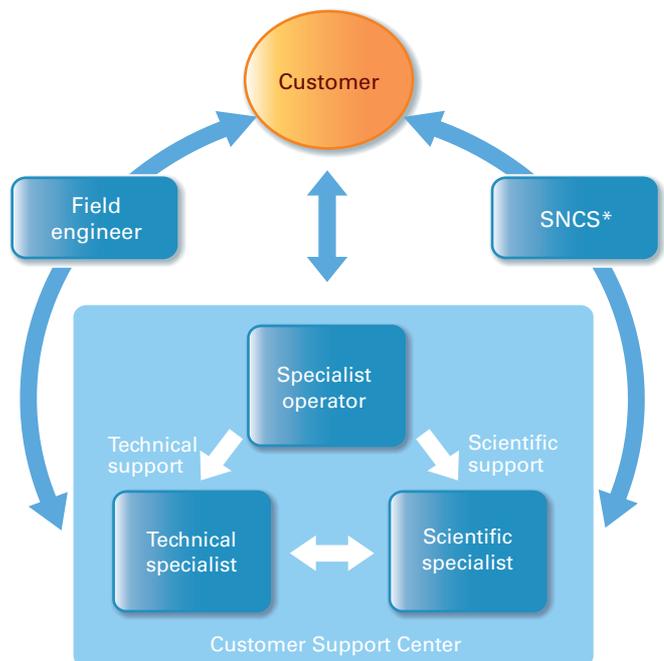
Building on the foundations of its hematology business, Sysmex is working aggressively to establish itself as a solutions provider in the diagnostics field.

Building regional sales and after-sales support networks

Sysmex operates a network of 7 offices 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.

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.



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. Sysmex has established a rapid support system by stepping up cooperation between the Customer Support Center and Sysmex 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 opening a service center in the Tokyo metropolitan area in 2006.

* Service for customers who have maintenance contracts.

Online maintenance of customer instruments

The Sysmex Network Communication Systems (SNCS) is 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. Sysmex is now building on this success in Japan to roll out the system globally. The Company launched the SNCS in the US in 2006 and is steadily expanding the installed base.

Improving customer support by linking call centers and service engineers

Sysmex is developing systems to enable a rapid response to customer requests. The Company already has call centers in Japan, the US, China, Germany and Singapore, and can dispatch service engineers to customer premises as necessary. In the US, where customer support functions must cover extensive areas, close collaboration between call centers and service engineers allows Sysmex to respond rapidly to customer requests. This support system is now being used in China, marking Sysmex out from the competition.

Sponsoring scientific seminars for advancement of healthcare

Sysmex sponsors hematology seminars around the world to provide physicians and laboratory technologists with information on the latest trends in hematology. The Company started running annual seminars in Japan in 1978 and then 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.





Systemex Value

Systemex has marked the 40th anniversary of the Company's founding in Kobe. Currently, Systemex has commenced the transformation of moving to a new stage in order to fulfill its social responsibilities as a company that contributes to bringing about a comfortable and healthy society.

Kobe is well-known as a port city surrounded by nature, especially the sea and mountains.



Socially Responsible Activities



As a company involved in healthcare, Sysmex considers its corporate responsibility to conduct 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.

Commemorative photograph taken after presentation of the "Sysmex Way", the new corporate philosophy. (Sysmex America)

Developing Human Resources

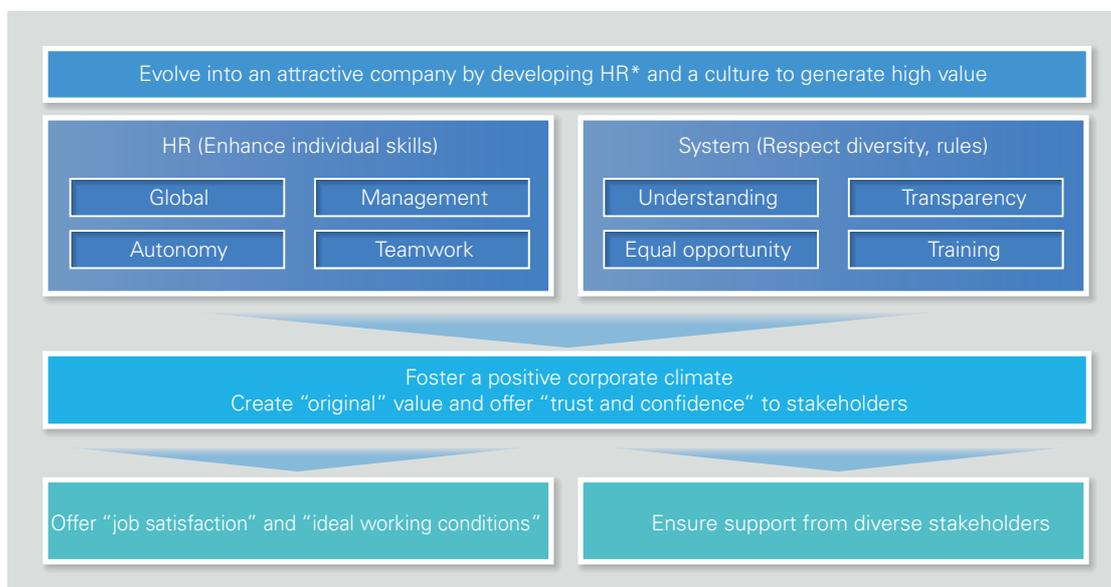
Sysmex fosters a corporate culture where employees can feel a sense of fulfillment in their work, based on mutual agreement and common understanding.

Sysmex believes that recruiting, retaining, and developing human resources is one of the most fundamental of management tasks. The Company fosters a fulfilling corporate culture that draws out and maximizes the strengths of individual employees such that employees can make the most of their abilities and feel a sense of fulfillment in their work. Currently, around 40% of Sysmex employees are stationed at companies overseas. As it becomes more global, the Company will attract an even greater range of personali-

ties. 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 efforts to develop a positive working environment, in 2005 Sysmex introduced flexi-time systems to enable employees to adjust their work hours for child-care 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 2006, the Company established a re-employment system for retirees

Attractive Company



*HR: Human Resources

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. The Company also runs company-wide staff development programs, including training aimed at specific employee tiers as well as global training, in a bid to raise employee skill levels.

Under the newly redefined corporate philosophy termed the "Sysmex Way," by dealing in products that have characteristics in keeping with the Sysmex brand, the Company strives to deliver creative value and assure peace of mind, which is linked with stakeholder satisfaction.

Social Contributions

Sysmex is involved in healthcare, with roots in Kobe but conducting operations and making social contributions on a global scale

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

Since 1984, Sysmex 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 quality of life (QOL) for the Japanese people. The late Mr. Taro Nakatani, the Company's founder and first President, established the Nakatani Foundation using funds contributed by himself, Sysmex and others. The Foundation has provided support for 243 research projects as of 2008.

Since 2004, Sysmex has provided 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. Sysmex also participates in the Kobe Medical Industry Development Project, which is promoted by the city of Kobe, and in 2006 the Company committed support to the Foundation for Biomedical Research and Innovation. These funds were used to open the Sysmex 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.

Valuing its interaction with local communities, Sysmex has opened its Kakogawa Factory, an instrument manufacturing facility, for a local junior high school internship course. Participating since 1998 in this junior high school work-study program called "Try-Yaru Week," Sysmex

supports a weeklong student internship program each year in early June.

Sysmex looks to make global contributions to healthcare. In collaboration with local distributors, the Company has opened the Sysmex African Service Center in Cotonou, Benin, as a technical support base covering Western Africa. As well as acting as a local service center, the Sysmex 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 countries.

In December 2005, the Company established the Sysmex 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.

Through its involvement in such healthcare, local community and sporting activities, Sysmex works to raise its brand value by fulfilling its social responsibilities and thereby raising overall corporate value.

Environmental Conservation

Activities to fulfill social responsibilities for environmental conservation and act in harmony with the global environment

Sysmex recognizes its social responsibility toward environmental conservation as an item of 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 the burden the Company places on the environment and achieve harmony with the global environment.

In 2006, Sysmex reviewed its environmental management system and improved the systems in place to drive such activities forward. Sysmex has also acquired certification under the international ISO 14001 standard for environmental management systems at 11 principal business sites in Japan and overseas. In addition, the Company is formulating a group-wide system to promote environmental activities, including an annual environmental audit. The Company has put in place green procurement standards and works with suppliers to promote the sourcing of raw materials in ways that have a low environmental impact. Following the implementation of the RoHS directive (which restricts the use of certain hazardous substances in electrical and electronic instruments) by the European Union

(EU) in 2006, Sysmex is successively ensuring that its parts and components covered by the directive come into compliance ahead of the application of the directive to medical devices scheduled for 2012. The Company is running training programs for personnel responsible for product development and procurement to ensure the rigorous implementation of procedures to meet the RoHS directive requirements. Sysmex has also established in-house standards on environmentally hazardous substances for product design and is using these standards in decisions on the inclusion of RoHS-compliant parts.

Sysmex is working to make products more energy efficient. In the past, the drive to increase the functionality and size of hematology analyzers resulted in greater energy consumption, but the Company now focuses on energy-saving designs in its product development such that Sysmex products are the most energy-efficient in this industry. Moreover, in a bid to reduce resource usage, the Company is working to make its products more compact and lightweight and in 2006 completely eliminated the use of foamed plastic and timber packaging materials, switching instead to materials that can be recycled.

In a bid to eliminate waste and use resources effectively, Sysmex has launched zero-emissions initiatives at its factories and promotes waste separation and recycling. The Company's offices in Japan have adopted the Ministry of the Environment's "Cool-Biz" proposal, a program to reduce CO₂ emissions by maintaining appropriate office temperatures.

Through conservation efforts that seek to achieve harmony with the global environment, Sysmex endeavors to meet its social responsibilities toward environmental conservation, raise its brand value, and enhance overall corporate value.

Intellectual Property Activities

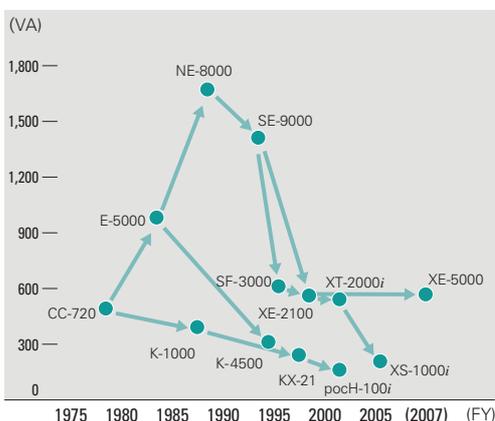
Creating an environment that encourages intellectual creation and ensuring a competitive edge to support stable growth

In line with its expanding business domains and global development, Sysmex has established the Basic Principles of Intellectual Property Activities. The Company's goals in creating these principles were to share fundamental thoughts on intellectual property activities and maximize group strengths. The Company's policy on specific intellectual property activities is to liaise with R&D divisions, formulate filing strategies, uncover latent intellectual property opportunities, and survey the intellectual property rights of third parties. Through proactive intellectual property education activities as well as an expanded intellectual property liaison function (which supports everything from idea generation to intellectual property management and use), Sysmex seeks to quickly convert R&D successes into valuable intellectual property.

The Company has in place a remuneration system that includes bonuses based on patent performance. This system is targeted at patents that contribute to Sysmex business and is designed to enhance incentives for inventors.

As an R&D-driven company, Sysmex will continue to support the knowledge-building activities of its employees, expand its management of intellectual property, secure its position in global competition, and strive to achieve stable growth.

Comparison of Hematology Analyzer Power Consumption



Note: CC-720, E-5000 etc. refer to the product brand names; arrows show special product performance and measurement principles.

Sysmex's Views on Intellectual Property Activities

Basic Principles

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

Basic Policy

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

Investor Relations Activities

Maintaining excellent communications with shareholders and other investors through quality investor relations

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 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.

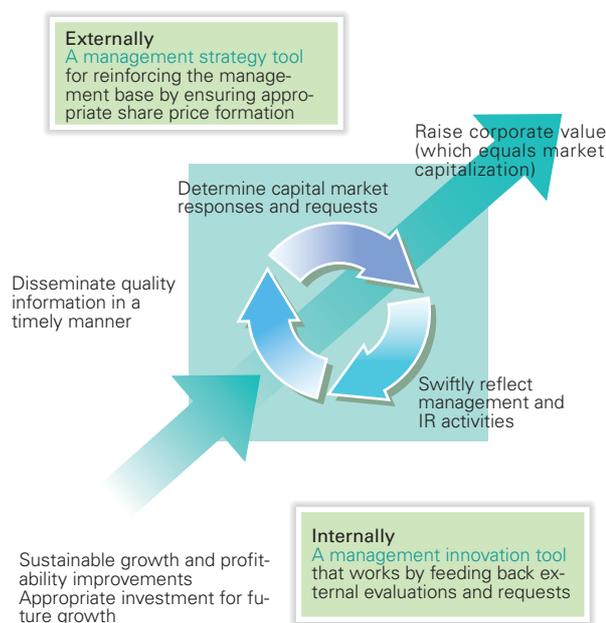
One focus of the Company's communications with shareholders and other investors is to explain a difficult-to-understand business in an easily understandable manner. In addition to briefing analysts and institutional investors about operating results, the investor relations department provides technical 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 product 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.

In 2006, the Company received 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, visions of the future, and management strategies, in a fair, prompt, accurate and easy-to-understand manner, in an attempt 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, in order to assist shareholders and other investors in better understanding the Company.

3. Methods of Information Disclosure

Sysmex releases corporate information required under the Timely Disclosure Rules via the TD-net, operated by the Tokyo Stock Exchange. The Company posts information disclosed through the TD-net on its website as swiftly 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 significantly deviate from the projections during the quiet period, the Company will release the appropriate information.

Special Feature 2: Business Challenges Over the Past 40 Years

Systemex started operating in 1968 to sell hematology analyzers manufactured by TOA Electric Co., Ltd. (now TOA Corporation). Systemex has faced up to various business challenges over its 40-year history.



Mr. Taro Nakatani (right), the founder, sets out in 1959 to study overseas markets.

The Company's Founding

Overcoming the First Business Challenge

"The time will come when healthy people undergo testing and look after themselves." In the late 1950s, Japan established its national health system and previously unheard of general checkups became commonplace. TOA Electric had already established itself as the leading manufacturer of megaphones and was looking to develop another core business. Therefore, TOA Electric studied the US and decided to get involved in medical electronic devices, the market for which was growing rapidly in the US. In the hematology segment, US-made products completely dominated the market and the detection methods used in these hematology analyzers were protected by well-crafted, wide-ranging global patents belonging to the US manufacturers. The barriers to market entry were extremely high such that business development would prove challenging.

"How can we get around these patents and commercialize our own products?" Overcoming countless problems, 3 young researchers worked tirelessly on product development, finally succeeding in producing the first automated hematology analyzer to be produced by a Japanese manufacturer in 1963.

Stepping Stones to Further Growth

The healthcare industry is one in which trust and reliability are always needed. Although major US companies had long track records in this business, TOA Electric's products got off to a rather fortunate start within Japan with the Company's reputation for relatively steady product delivery. TOA Electric's customers had high hopes for this company that was battling in a completely unknown field of business. Customers also reported their actual experience of using TOA Electric products and made suggestions for future im-

provements, which was an extremely important factor in subsequent product development.

The Company had always looked beyond simple business development in Japan with the intention of moving into overseas markets. The Company demonstrated their products in Europe and also aggressively participated in exhibitions around the world to quickly start developing opportunities for overseas business development.

Having come this far, in 1968 TOA Electric established TOA Medical Electronics (now Systemex Corporation) as the sales company to market TOA products in Japan instead of using distributors. TOA Medical Electronics started with 8 employees and built a sales network. In 1972, the medical electronic device division of TOA Electric was merged into TOA Medical Electronics such that the latter company became a full-service manufacturer with integrated development, production, and sales functions.

In 1978, 10 years after the Company was founded, the Systemex brand was launched to replace the TOA brand used thus far.



Members of TOA Electric at the time of its founding.

Overseas Development

Building a Business Base and Organization in Europe and the US

As the domestic business achieved steady earnings growth, the Company made the long-planned move into overseas markets by building overseas sales bases through the establishment of affiliates in the US in 1979 and Germany in 1980.

The Company established the UK affiliate, now Sysmex UK in 1991, embarking on the provision of direct sales and services through a local affiliate with the goal of achieving further growth. Sysmex UK got off to a good start and has steadily grown earnings. The success of this direct sales and service structure

in the UK marked a significant turning point for the Company's overseas strategy.

Also at this time, demands started to be made for the reduction of healthcare costs by means of increased efficiency in testing throughout the entire healthcare industry. Sysmex promoted company-wide projects to tackle this and in 1990 became the first company in the world to sell an integrated hematology system that fully automated the entire process from the counting of blood cells, classifying white blood cells, through preparation of smear samples. This resulted in the Company's products being used in large institutions such as major hospitals and commercial laboratories, and became a significant turning point in sales strategy, moving from the existing single-product sales of instruments to sales of integrated hematology systems that matched customer needs.



SYSMEX AMERICA



Integrated hematology system

The Company's Founding

● 1963

Successfully developed and commercialized Automated Hematology Analyzer "CC-1001" the first blood cell counter in Japan.



● 1975 Oct.

Launch of the first fully Automated Hematology Analyzer developed in Japan.



CC-710

● 1968 Feb.

TOA ELECTRIC founded TOA MEDICAL ELECTRONICS as the affiliate for sales of its medical electronics devices and instrument.

● 1978 Feb.

Launch of the Sysmex brand to mark the 10th anniversary of founding.



● 1973 May

Established the Kakogawa Factory in Japan.



● 1978 May

Started hematology seminar in Japan.(now held 31 times)

Overseas Development

● 1979 Oct.

Established a US affiliate, now SYSMEX AMERICA.

● 1980 Oct.

Established a European affiliate SYSMEX EUROPE.



● 1984 Oct.

Launch of the automated coagulation analyzer marks entry into the hemostasis segment.



CA-100

● 1987 Mar.

Launch of the immunochemistry analyzer, which utilized an original immunoassay method, marks entry into the immunochemistry segment.



PAMIA-10

● 1990 Aug.

Launch of an integrated hematology system that fully automated the entire process from the counting of blood cells through preparation of smear samples.

● 1991 Feb.

Opened the Ono Factory in Japan and transferred the reagent production division.

● 1991 May

Established the UK affiliate, now SYSMEX UK.

● 1993 Jul.

Completed the Neumünster Factory, the base for reagent production in Europe.



Dramatic Advances

● 1995 Mar.

Signed an agreement with DADE INTERNATIONAL a US based company (now Siemens) for collaboration in selling coagulation product lines.

● 1995 Jun.

Established a joint venture, now JINAN SYSMEX MEDICAL ELECTRONICS in China.

● 1995 Nov.

Listed stocks on the 2nd Section of the Osaka Securities Exchange.

● 1995 Nov.

Launch of the world's first analyzer of tangible constituents of urine that fully automated inspections of urinary sediments.



UF-100

Dramatic Advances

Opening up Global Markets Through Global Alliances

The formation of global alliances has been one factor behind Sysmex's dramatic advance into global markets. In the past, Sysmex had developed cutting-edge technologies in the segments of hematology and hemostasis. Then, in 1995 Sysmex proceeded to form an operational alliance with US company Dade International (now Siemens) that made full use of both companies' strengths in the segment of hemostasis. This alliance with the hemostasis market leader made both companies' brands the global leaders in hemostasis. Sysmex then began to be viewed as a global diagnostics company.

This success is prompting Sysmex to accelerate its global alliance program. In 1998, Sysmex signed a sales contract in the segment of hematology with Swiss company Roche, which owns numerous healthcare companies around the world. The move accelerated the global development of Sysmex's hematology business. Sysmex and Roche have since expanded this agreement into a long-term global alliance, covering everything from cooperation on product sales to joint development of new products, to leverage both companies' strengths in further business development.

Sysmex has since responded to regional characteristics by developing overseas business by providing overlapping sales and after sales support, both indirectly through an agent and directly. In 2003, the Company also formed a direct sales and support structure in the US, the world's largest market, leading to further growth in market share.

Sysmex has also worked on developing its business in the rapidly growing Asian market. In 1995, Sysmex established affiliate Jinan Sysmex Medical Electronics as a reagent production base to strengthen the business structure in China, a market of enormous hidden potential. Sysmex established affiliate Sysmex Singapore in Singapore in 1998 and Sysmex Shanghai in Shanghai in 2000. The Company has since established sales and service bases in various other countries. Today, Sysmex boasts the top market share in Asia in the hematology business.



JINAN SYSMEX MEDICAL ELECTRONICS

● Management ● R&D ● Production ● Marketing

<p>● 1996 Jul. Listed stocks on the 2nd Section of the Tokyo Stock Exchange.</p> 	<p>● 1998 Feb. Established a Singaporean affiliate now SYSMEX ASIA PACIFIC.</p>	<p>● 2000 Jan. Founded a Shanghai affiliate SYSMEX SHANGHAI.</p>	<p>● 2003 Jun. Consolidation of two local affiliates in the US to establish SYSMEX AMERICA. Rebuilding of the sales and support structure in the US.</p>	<p>● 2004 Apr. Acquired 50.8% of the shares in CNA, a medical data systems enterprise, and consolidated as an affiliate.</p>
<p>● 1996 Oct. Mr. Hisashi Ietsugu becomes president.</p>  <p>(Former President Hashimoto is on the left.)</p>	<p>● 1998 May Signed a basic agreement with F. HOFFMANN-LA ROCHE of Switzerland for global collaboration in marketing and joint R&D.</p>	<p>● 2000 Mar. Promoted to the 1st Section of the Tokyo Stock Exchange and the Osaka Securities Exchange.</p>	<p>● 2004 Jan. 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.</p> 	<p>● 2004 Jun. Established the R&D bases at the Business Support Center for Biomedical Research Activities (BMA) on Port Island Second Stage, off shore from Kobe.</p>
	<p>● 1998 Oct. Change of company name to SYSMEX CORPORATION to mark the 30th anniversary of founding.</p>	<p>● 2000 Mar. Opened Central Research Laboratories in the Techno Center.</p> 	<p>● 2004 Jan. Development of the world's first multi-protein analysis chip capable of simultaneous measurement of activities and amounts of up to 20 proteins.</p>	<p>● 2004 Dec. Receipt of the Japan Investor Relations Association's IR Award for Excellence for 2004.</p> 
	<p>● 1999 Feb. Launch of the automated hematology analyzer developed for the 21st century.</p>  <p>XE-2100</p>	<p>● 2002 Apr. Consolidated SYSMEX INTERNATIONAL REAGENTS as a wholly owned affiliate through a share exchange.</p>		
		<p>● 2003 Apr. SYSMEX and TOSHIBA announce development of minimal-invasive blood glucose self-measurement technology that does not require blood sampling.</p>		

"Sysmex Way"

The New Corporate Philosophy to Drive Further Change



Moving to the Next Stage

Promoting and Applying the Sysmex Way

Through its active engagement in research and development, Sysmex has developed its hematology business and expanded its operations to encompass hemostasis, immunochemistry, urinalysis and clinical chemistry, as well as the field of life sciences that is expected to act as the next driver of further growth.

Having faced up to various business challenges over the past 40 years, Sysmex is now moving to the next stage.

Sysmex has achieved steady growth by continuous-

ly facing up to its business challenges, such that sales reached the ¥100 billion mark in 2007. At the same time, the Company's operating environment has undergone substantial change, Company stakeholders are now global in scope, and the demands and responsibilities faced by the Company have become increasingly diverse and sophisticated.

Sysmex looks to fulfill the trust of all its stakeholders by creating new value as the Company moves beyond the watershed mark of ¥100 billion in sales. It does not intend to carry on along the same trajectory as before. In April 2007, the Company defined the new corporate philosophy of the "Sysmex Way," based on the basic management policy that has carefully

Moving to the Next Stage

● Management ● R&D ● Production ● Marketing

● 2005 Jan.

Sysmex develops technology to diagnose the risk of post-operative recurrence of early-stage cancer.

● 2005 Apr.

Introduction of the executive officer system as a means of strengthening corporate governance.

● 2005 May

Establishment of the Solution Center in Nishi-ku, Kobe and concentration of the marketing planning, customer support and scientific support functions.



● 2005 Nov.

A stock split.

● 2006 Jan.

Released the XS Series, the world's smallest automated hematology analyzers, which require only minute quantities of blood.



● 2006 Apr.

Introduction in Europe of the RD-100i gene amplification detector for detecting breast cancer lymph-node metastasis.

● 2006 Nov.

The Japan Investor Relations Association awards the Fiscal 2006 IR Excellence Company Prize to Sysmex.



● 2007 Apr.

Established a Group Corporate Philosophy, the "Sysmex Way".

● 2007 Apr.

Announced preparations for establishing a business presence in Austria, Slovakia, Hungary and the Czech Republic.



SYSMEX CESKA REPUBLIKA

● 2007 Jun.

Formed a global partnership with bioMérieux for urinary screening in microbiology.

● 2007 Oct.

Established the US affiliate SYSMEX CANADA.

● 2007 Dec.

Started supplying hematology analyzers to animal test laboratories operated by animal diagnostics major IDEXX Laboratories.

● 2008 Jan.

Formed a commercial joint venture with bioMérieux for the Japanese *in vitro* diagnostics market.



● 2008 Apr.

Started direct sales and support services in France.



SYSMEX FRANCE

● 2008 Apr.

Awarded MAFF manufacturing and marketing approval for a rapid and easy test kit to detect influenza infection in chickens.

● 2008 Jun.

Adoption of Sysmex products as standard instruments by the Mongolian Ministry of Health.

● 2008 Jun.

Acquisition of approval from the MHLW for manufacture and sale of gene amplification reagent as an *in vitro* diagnostic pharmaceutical.



RD-100i

guided the Company since its founding, but redefined to suit the changes of the times.

Looking ahead, to put the Sysmex Way into practice, every Sysmex employee needs to have a company grasp of the concept and value of this corporate philosophy, and to keep in mind during their daily work the question of what is demanded of Sysmex from now on to enjoy the trust of all stakeholders. Employees should engage in ongoing discussions about this while steadily applying the principles to their business. To achieve this, the Company has produced a Concept Book that summarizes why a new corporate philosophy is necessary, what the Sysmex Way is, and how it should be implemented. The Concept Book has been distributed to all Sysmex employees. It has been produced in 8 different languages, to enable the approximately 4,000 Sysmex Group employees to share in this philosophy.

Once the Sysmex Way had been defined, President Ietsugu personally traveled some 60,000 km in 18 separate trips to visit countries around the world and hold briefing meetings on the Sysmex Way for all group employees. The Company then held Sysmex Way workshops in each division attended by personnel managers and representatives from every division and every company in Japan and overseas to ensure the full-scale promotion of the Sysmex Way around the world.



2008 marks the 40th year since the company was founded. Sysmex has designated this as the year when the Sysmex Way will be put into practice. Accordingly, all Group employees will work toward creating new corporate value by engaging in ongoing discussions about what is demanded of Sysmex from now on to enjoy the trust of all stakeholders.

Corporate Philosophy

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.

Aiming for Further Transformation—Techno Park

2008, the 40th anniversary of the founding of Sysmex, marks a turning point in the creation of new testing technologies, as well as the year when the Sysmex Way will be put into practice. This turning point is symbolized by the Techno Park, which will provide an environment for generating synergies by enabling R&D consolidation, knowledge sharing and collaboration.

The Techno Park has been designed according to the concept of "Knowledge creation and succession." The Park will be used to accelerate research into disease and the body and develop new testing technologies for the promising life sciences field, now that the focus of healthcare is switching from treatment to prevention. The Company aims to make further advances in its instrument, reagent, and software technologies and to contribute to disease management and improve patient quality of life (QOL) through the development of novel testing and diagnostic methodologies that combine various technologies.

Having come this far in facing various business challenges, Sysmex will transform itself further going forward to move to the next stage.

Management's Discussion and Analysis

Financial Policy



Sysmex website



Financial data (English/Japanese)
Posted in "IR Library" on the Sysmex website



Periodic briefings on business results

Sysmex regards increasing market capitalization with the objective of maximizing corporate value as an important management task and pays sufficient attention to stable cash flow generation.

Sysmex believes that to increase market capitalization, it is important to share that management objective with all stakeholders, including shareholders, users, business partners, local communities, and employees, while sustaining medium- to long-term growth. To that end, Sysmex practices transparent management to communicate with stakeholders on Sysmex's current situation and the direction it should pursue. These measures include enhancing timely disclosure, the website, business reports, financial data, periodic briefings on business results, visits to institutional investors and briefings for individual investors.

Sustaining medium- to long-term growth requires a level of R&D investment sufficient to prevail in global competition. We must consistently create new technologies and products and stimulate the growth of our critical mass to absorb the increases in SG&A expenses that come with scale expansion. In recent years, our sales growth in overseas markets has been striking. Sysmex has succeeded in increasing sales by about ¥10 billion each year through the integration with Sysmex International Reagents and Sysmex CNA. Sysmex is aggressively making forward-looking investments not only in the hematology and other diagnostic segments, the current key business domain, but also in new forms of medical testing in the life science field.

Sysmex pays attention not only to business scale, but also to asset and capital efficiency and liability and capital soundness. The Company obtains an A (single A flat) issuer rating from Rating & Investment Information, Inc. (R&I) and reviews and renews this rating each year. Having a high rating reduces the cost of raising funds in the capital markets and helps build trust among our shareholders and with the world at large. To enhance its rating in the upcoming years, Sysmex will construct a flexible and more robust financial base, paying attention to expanding business scale while considering the balance between sales and income, and assets, liabilities and shareholders' equity. Specifically, the Company regards asset turnover, return on assets (ROA)* and return on equity (ROE) as important management indicators and aims to maintain a balance between scale and efficiency by ensuring the optimal combination of sales and income and of assets, liabilities and shareholders' equity.

*ROA = Net Income/Total Assets (Yearly Average) × 100

Rating Information

(As of May 31, 2008)

Rating Institution	Rating
Rating & Investment Information Inc. (R&I)	A

Rating Symbols and Definitions:
Rating A: The credit quality is high.
It is also accompanied by some excellent factors.

Results of Operations

During the first half of the fiscal year under review, the Japanese economy continued its gradual expansion on the back of strong exports and capital investment. In the second half, however, the economy appeared to slow due to further yen appreciation and slumping share prices brought about by the subprime loan problem in the US, as well as a jump in crude oil and raw materials prices. The US economy clearly decelerated as personal consumption stagnated and the housing market froze. The European economy remained steady due to strong

capital investment and increased personal consumption. High levels of overall economic growth continued in Asia, particularly in China and India.

In the medical arena, the operating environment in Japan remained problematic because of healthcare reforms developed to limit healthcare spending. However, Sysmex anticipates new demand from the major shift in the focus of clinical practice from treatment to prevention. Japan is now trying to improve preventive care for lifestyle-related and other conditions, for example through the April 2008 start of specific health checkups and specific health education measures aimed at the early detection of metabolic syndrome (visceral obesity). Reforms are also being implemented to reduce rising healthcare spending in the US and advanced countries in Europe, but healthcare infrastructure is still being built up in China and other Asian countries in line with the economic growth in this region.

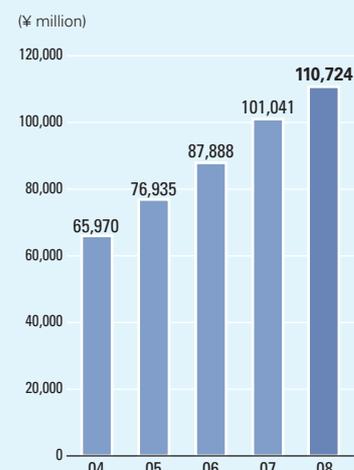
Sysmex addressed the challenges presented by this business climate by strengthening global alliances. We renewed our overseas sales and support agreement with Swiss company Roche Diagnostics and revised the countries and products covered by this agreement, agreed a sales and support contract with microbiology testing major bioMérieux of France on urinalysis analyzers, and collaborated with IDEXX Laboratories, the US market leader in animal health testing. In order to improve our sales and support network overseas, we made our local affiliates in Austria, Hungary, the Czech Republic and Slovakia, established a local affiliate in Canada, and worked to speed up our business development overseas.

Sales efforts in Japan focused on proposing IT-driven solutions, in light of the difficult market conditions. However, delays in launching new immunochemistry and hemostasis products and lower sales of our influenza test reagents meant net sales by destination for Japan fell 5.0% year on year to ¥35,961 million.

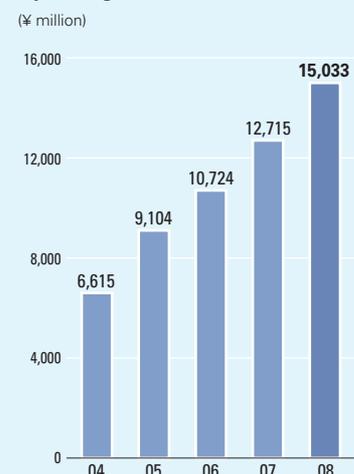
Overseas sales efforts focused on integrated proposals to major reference laboratories and group facilities such as integrated health networks (IHNs) in the Americas and growing sales in Central and South American markets. We expanded our direct sales and support networks in Europe and boosted our business in the Middle East, Africa and other emerging markets. In China and the Asia Pacific region, we reorganized our sales and support structures and focused on solutions-driven sales. As a result of these efforts and yen depreciation, net sales by destination for overseas grew by 18.4% year on year to ¥74,763 million, accounting for 67.5% of the total (up 5.0 percentage points over the previous term).

As a result, consolidated net sales for 2008 increased 9.6% year on year to ¥110,724 million, operating income rose 18.2% year on year to ¥15,033 million, and net income rose 1.4% year on year to ¥9,132 million. The shareholders' equity ratio rose from 70.5% the previous term to 72.2% due to an increase in net assets. Return on assets (ROA) fell from 9.5% to 8.7%, asset turnover fell from 1.07 times to 1.05 times, and return on equity (ROE) fell from 13.4% to 12.2%.

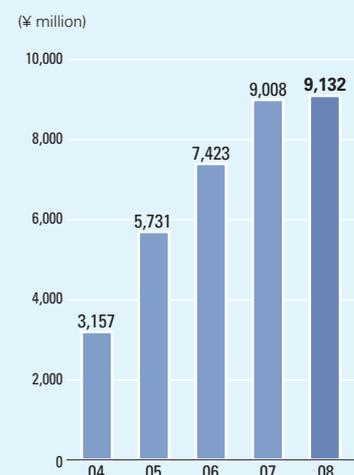
Net Sales



Operating Income



Net Income



Note: For details about progress under the mid-term plan, refer to pages 12-15.

The fiscal year under review is the first year of the 20th mid-term plan started in April 2007 and covering the period from 2008 to 2010. The core strategies of "Global Niche No. 1," "Focus on Asia" and "Focus on Life Sciences" defined in the plan were implemented as described below.

1. Global Niche No. 1

In order to cement our position as the hematology market leader, we stepped up our sales efforts in the Americas by recruiting more staff in our sales and marketing divisions. We successfully pitched integrated proposals to major reference laboratories and group facilities such as integrated health networks (IHNs)*, thereby growing sales and increasing the Sysmex presence in this market. In Europe, we acquired our sales affiliates in Switzerland and 4 Central European countries to expand the coverage of our direct sales network. We also improved our sales activities in the emerging markets of the Middle East and Africa.

* Integrated health networks (IHNs): Integrated health business entities in the US. An organization of multiple hospitals formed to provide the healthcare services needed for the local population across a large medical district.

2. Focus on Asia

The Chinese economy is growing rapidly and we have achieved steady sales growth on the back of strong sales of solutions to major facilities that prioritize test quality. In other Asian regions, we won major contracts in Malaysia and Indonesia and achieved substantial sales growth. In contrast in Japan, we continued to focus on solutions-driven proposals but delays in new product launches meant sales fell overall.

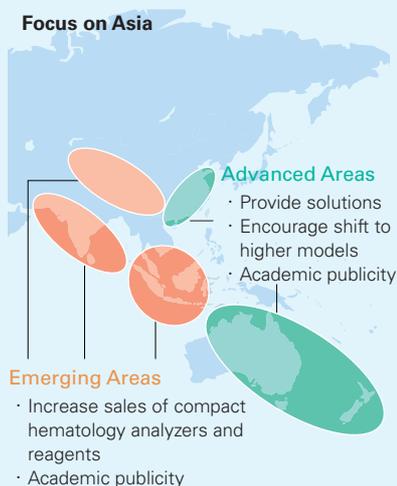
3. Focus on Life Sciences

We are working to establish new tests for use in disease management that can provide optimal healthcare tailored to the individual patient, as part of our efforts to support improved patient quality of life (QOL) and greater healthy life expectancy. In June 2008, Sysmex obtained approval from the Ministry of Health, Labour and Welfare to manufacture and sell in Japan a reagent for a rapid diagnosis system for detection of breast cancer lymph node metastasis as an *in vitro* diagnostic product. Looking ahead, we will launch as soon as possible and disseminate this rapid diagnostic system, using both the reagent and the specialized analyzer RD-100i, to test for breast cancer metastasis into the lymph nodes. We will also make use of this system in the metastatic diagnosis of stomach cancer, colon cancer and other diseases.

Sysmex has engaged in activities based on regional strategies adapted to the characteristics of each geographical region as described below.

Japan

Healthcare system reforms are currently being implemented to reduce rises in medical costs stemming from the rapidly declining birthrate and the aging of the population. Lower medical fees are driving the streamlining of hospital management and efforts to increase operating efficiency. Our sales efforts have



Sales and Operating Income in Japan include those to Korea, Taiwan and internal Group affiliates.

focused on proposing total solutions involving the utilization of clinical testing information systems and support for ISO certification to bolster efficiency in hospital operations. We worked to enhance sales and after-sales support structures and, as a comprehensive supplier, engaged in sales activities directed at a broad base of customers to promote sales of a number of products in segments other than hematology.

During the year, we recorded growth in both net sales and operating income on the back of rising export sales to overseas Group affiliates. Net sales decreased 4.7% year on year to ¥37,553 million, while operating income rose 5.9% year on year to ¥7,870 million. In Japan, the Company pitched solutions proposals and won some major contracts at university hospitals and other institutions. Despite this, sales in Japan were lower than the previous fiscal year because of weak sales of influenza test reagents and delays in launching new products in the segments of hemostasis and immunochemistry.

Americas

The US market accounts for about 40% of global diagnostics demand and is divided into the hospital market (mainly IHNs) and the commercial laboratory market. Currently, Sysmex holds the number two share of the US market and we are working to raise our ranking.

During the year, a higher proportion of sales was made through direct sales and support services, so cost ratios improved and Sysmex recorded a significant increase in operating income as well as sales. Net sales increased 8.8% year on year to ¥20,845 million and operating income climbed 67.1% year on year to ¥991 million. In North America, the Company's excellent reputation in the market drove strong hematology sales to integrated health networks (IHNs) and blood centers. Sysmex also launched blood imaging analyzers for major commercial laboratories. The Company also achieved solid results from its proposals on improving efficiency through the use of the Sysmex Network Communication Systems (SNCS) launched in 2006, with over 1,000 product units already installed. Sysmex also reported strong results in the hematology segment in Central and South America.

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

Europe

Advanced countries are emphasizing cost reductions and greater efficiency, driven by reforms to reduce the rise in healthcare spending brought about by demographic aging. In contrast, emerging countries in Eastern Europe, Russia and Africa are expanding as they establish healthcare infrastructure. In advanced countries, Sysmex is employing clinical information systems to extend its sales based on integrated proposals and expand into small and medium-sized hospitals, as well as moving into smaller markets. In emerging markets, we are reinforcing our sales and support networks by establishing our own bases and stepping up sales promotion efforts through distributors.

During the year, net sales and operating income rose by more than 20% year on year on the back of expansion of the direct sales and support network,

Sysmex Objectives: Americas

Approach to the Commercial and Reference Lab Market

- Augment integrated hematology system
- Increasing sales of compact hematology analyzers to satellite laboratories



Approach to the Hospital, Blood Center, POL Market

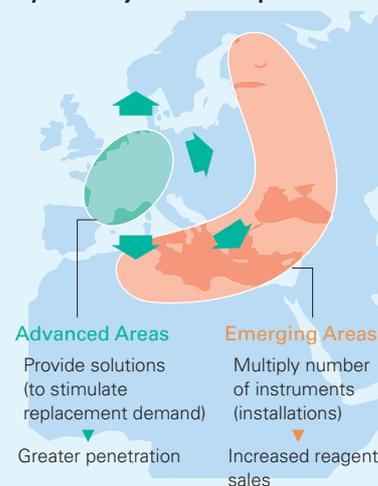
- Strengthen sales promotion based on integrated proposals
- Drive promotion of hemostasis/urinalysis systems
- Enhance the partnership with distributors (POL)*

*POL: Physicians Office Laboratories

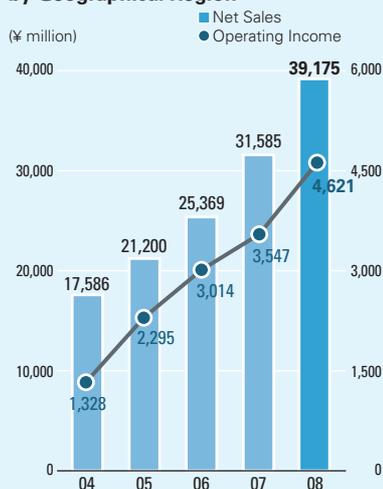
Americas Sales and Operating Income by Geographical Region



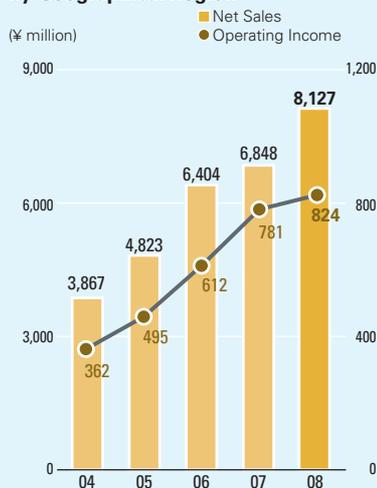
Sysmex Objectives : Europe



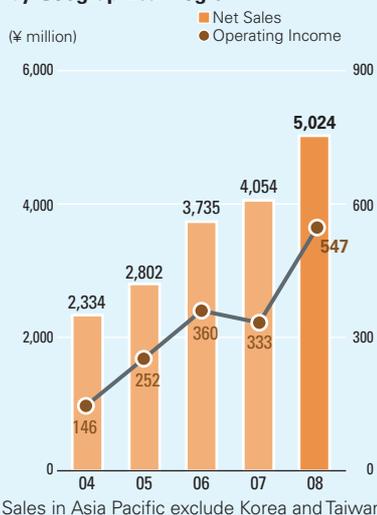
Europe
Sales and Operating Income
by Geographical Region



China
Sales and Operating Income
by Geographical Region



Asia Pacific
Sales and Operating Income
by Geographical Region



substantial growth in emerging markets and the benefits of the high euro. Net sales increased 24.0% year on year to ¥39,175 million and operating income rose 30.3% year on year to ¥4,621 million. Growth tailed off in Germany and the UK because of healthcare reforms, but Sysmex recorded strong sales in Central Europe, including the Czech Republic, Austria, Hungary and Slovakia, as well as in Switzerland where a direct sales and support system was implemented. The market responded well to the new automated hematology analyzer, the XE-5000. Hematology sales progressed significantly in emerging markets in the Middle East and Africa, in line with market growth.

China

The government is leading a move, fueled by economic growth, to establish and develop healthcare infrastructure, primarily in rural areas. In urban areas, the focus has shifted from establishing infrastructure to the provision of advanced medical care. Sysmex is promoting sales of compact hematology analyzers in rural areas and encouraging replacement purchases of high-performance instruments in urban areas. Nowadays, we are highly rated by customers as the regional market share leader in the hematology segment. By leveraging the Sysmex brand, we are expanding into areas outside hematology, such as hemostasis, urinalysis and clinical chemistry.

During the year, we recorded net sales and operating income growth on the back of strong sales to medium-sized and large medical facilities, after the easing of curbs on medical institution purchasing during the healthcare industry's "clean-up campaign" to eradicate corruption. Net sales increased 18.7% year on year to ¥8,127 million and operating income rose 5.5% year on year to ¥824 million. Rising demand for high-quality healthcare in urban areas has driven growth in the number of hematology analyzer upgrade projects. Hemostasis, urinalysis and clinical chemistry sales were strong, but Sysmex won fewer competitive tenders for low-end hematology analyzers, losing out to Chinese manufacturers on the basis of price.

Asia Pacific

The Asia-Pacific region can be broadly divided into two markets: an advanced segment that includes Australia, New Zealand, and Singapore and an emerging segment including India and Indonesia where the government-led establishment and development of medical care infrastructure is driving market expansion. India, which is attracting worldwide attention along with the other emerging BRICs members, is regarded as an especially promising market that will develop in accordance with rapid economic growth.

During the year, we recorded growth in both net sales and operating income on the back of market growth and improved sales and support service structures. Net sales increased 23.9% year on year to ¥5,024 million and operating income climbed 64.3% year on year to ¥547 million. In the hematology segment, the Company won a major project with the Malaysian Government and recorded strong sales of integrated hematology systems in the Philippines and Oceania. The Indian affiliate established in 2006 achieved sales growth for compact hematology analyzers and other instruments in this segment.

Net Sales

During the year, sales in Japan fell year on year because of delayed product launches, but we grew hematology sales in the US, expanded our direct sales network in Europe (Switzerland, Central Europe), and grew sales in emerging regions (Middle East, Africa). Consequently, net sales grew ¥9,683 million, or 9.6% year on year, to ¥110,724 million. Sales by destination for Japan fell ¥1,912 million, or 5.0%, to ¥35,961 million, while sales by destination for overseas jumped ¥11,595 million, or 18.4%, to ¥74,763 million. As a result, the contribution of overseas sales to total sales was 67.5%, up from 62.5% in the previous term.

By geographical region, sales in Japan were ¥37,553 million (down ¥1,843 million or 4.7%), sales in the Americas were ¥20,845 million (up ¥1,687 million or 8.8%), sales in Europe were ¥39,175 million (up ¥7,590 million or 24.0%), sales in China were ¥8,127 million (up ¥1,279 million or 18.7%), and sales in the Asia Pacific region were ¥5,024 million (up ¥970 million or 23.9%).

With regard to the effect on sales of exchange rates, the yen appreciated ¥2.74 against the US dollar, from an average of ¥117.02 the previous term to ¥114.28 in the year ended March 31, 2008, having a ¥487 million negative impact on net sales. The yen depreciated ¥11.44 against the euro, from ¥150.09 to ¥161.53, raising net sales ¥2,181 million. The total positive impact of exchange rates on net sales was ¥2,438 million.

Cost of Sales and SG&A Expenses

The cost of sales increased ¥1,899 million, or 4.4% year on year, to ¥45,397 million in line with the rise in sales made. The cost of sales ratio fell 2.0 percentage points to 41.0% due to a change in the depreciation method used and a lower cost of goods sold ratio because of the cost of sales improvements.

SG&A expenses grew ¥5,466 million, or 12.2%, to ¥50,294 million, pushed up by expenditures to reinforce our sales networks in the Americas and acquire sales affiliates in Europe. SG&A expenses as a ratio of sales rose 1.0 percentage point, from 44.4% to 45.4%.

Profit and Loss

Operating income increased ¥2,318 million, or 18.2% year on year, to ¥15,033 million, as the net sales increase offset the rise in SG&A expenses, and the ratio of operating income to sales improved 1.0 percentage point, from 12.6% to 13.6%. Foreign exchange contributed ¥1,829 million more to profit than during the previous term. Net income grew ¥124 million, or 1.4%, to ¥9,132 million.

R&D Expenditure

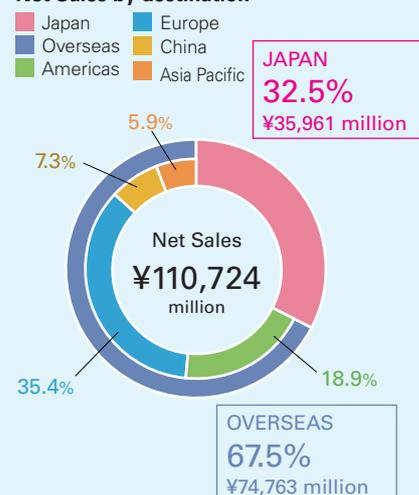
Systemex aims to develop new products to extend its portfolio and is investing aggressively in R&D in life science and other fields offering potential growth. Total R&D expenditure for the year was ¥9,221 million, up ¥195 million. However, owing to net sales growth this expenditure decreased as a percentage of gross, falling from 8.9% in the previous fiscal year to 8.3%.

Dividend Policy

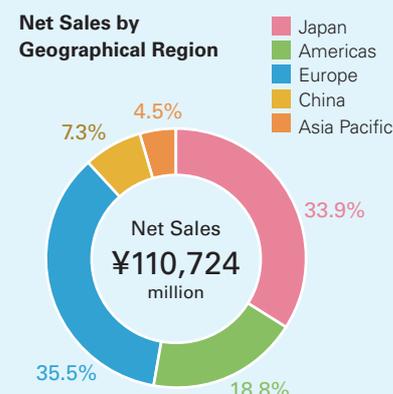
To continue growing at a high and steady rate, Systemex must strike an appropriate

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



SG&A Expenses and SG&A Ratio



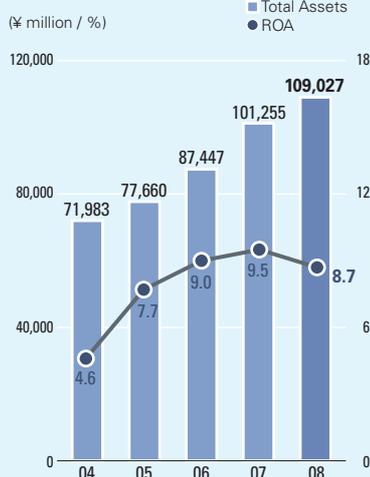
Net Income per Share



Cash Dividends Applicable to the Year Dividends Ratio



Total Assets ROA



balance between investing aggressively and returning profits to shareholders as profitability increases. We are working toward this balance. Our basic policy on returning profits to shareholders is to ensure a regular level of stable dividends, with these distributions backed up by successful business performance. In general, we aim for a 20% payout ratio on a consolidated basis.

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 Meeting.

In accordance with this policy and in light of business performance during the year under review, we announced dividends for the year of ¥48 per share, which includes an interim dividend of ¥20 and a dividend of ¥8 commemorating the 40th anniversary of the founding of the Company. As a result, the consolidated payout ratio for the year under review was 26.8%.

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.

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. In October 2003, the Company introduced a cash management system (CMS) 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 expenditures and R&D activities primarily from cash provided by operating activities.

Assets, Liabilities and Shareholders' Equity

On March 31, 2008, current assets were ¥802 million higher than one year earlier, as the total of trade notes and trade accounts grew ¥1,284 million and inventories expanded ¥1,778 million, despite a decrease in cash and cash equivalents of ¥3,036 million. Property, plant and equipment increased ¥5,302 million mainly due to construction of the Techno Park, a new R&D complex for Sysmex. Goodwill increased ¥1,056 million due to a stock swap with a subsidiary in Japan and the purchase of a sales company in Central Europe, and software increased ¥1,040 million. As a result, total assets came to ¥109,027 million, up ¥7,802 million from one year earlier.

Total of current liabilities and long-term liabilities rose ¥1,081 million from the previous term, to ¥29,910 million, primarily due to increases of ¥512 million in trade notes and accounts payable, ¥807 million in accrued expenses and ¥313 million in deferred tax liabilities.

Net assets grew ¥6,721 million from March 31, 2007, to ¥79,117 million, mainly

because capital surplus and retained earnings increased ¥1,858 million and ¥6,942 million, respectively. These increases were offset by decreases in foreign currency translation adjustments and minority interests of ¥1,064 million and ¥925 million, respectively.

The equity ratio rose 1.7 percentage points, from 70.5% to 72.2%.

Capital Expenditures and Depreciation

Capital expenditures increased ¥3,698 million, or 81.3%, to ¥8,244 million. The main factor behind this rise was the construction of the Techno Park, a new R&D complex for Sysmex. Depreciation decreased ¥35 million, or 0.9%, to ¥3,924 million.

Cash Flows

During the year, net cash provided by operating activities expanded, and net cash used in investing activities and net cash used in financing activities increased. Consequently, cash and cash equivalents came to ¥9,679 million on March 31, 2008, down ¥3,036 million from one year earlier, in comparison with the ¥3,299 million increase during the previous term. The main factors causing these cash flows are as follows: Note that an increase in cash and cash equivalents of ¥8 million is not included in cash flows because the fiscal year-end dates of some consolidated subsidiaries have been changed.

Cash Flows from Operating Activities

Net cash provided by operating activities was ¥11,635 million, up ¥1,550 million year on year. The principal reasons for the change were a ¥156 million increase in income before income taxes and minority interests, to ¥13,924 million, a ¥1,930 million decline in notes and accounts receivable, to ¥2,462 million, a ¥1,620 million increase in inventories, to ¥1,917 million, and a ¥778 million increase in notes and accounts payable, to ¥1,469 million.

Cash Flows from Investing Activities

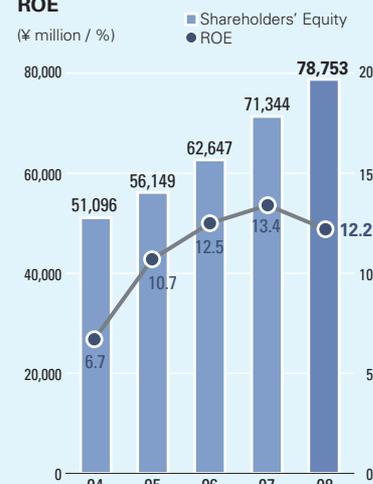
Cash used in investing activities was ¥12,883 million, up ¥6,253 million from the preceding term. The chief reasons for this change were a ¥3,637 million increase in purchases of property, plant and equipment, to ¥8,265 million, a ¥973 million increase in purchases of software and other assets, to ¥2,460 million, and a ¥782 million increase in the net purchase of shares in subsidiaries, to ¥1,315 million.

Cash Flows from Financing Activities

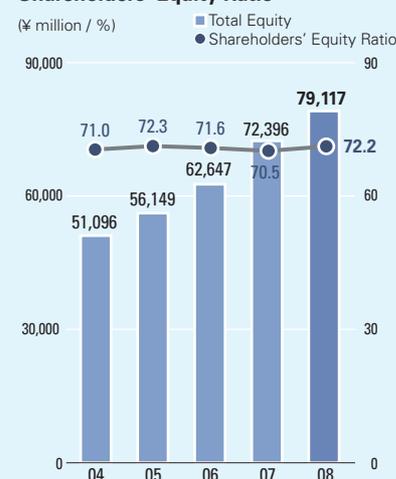
Cash used in financing activities was ¥1,316 million, an increase of ¥858 million. Principal factors were a ¥491 million net increase in short-term bank loans, compared with a ¥118 million net decrease in the previous year, ¥299 million received from the issuance of shares in line with the exercise of warrants, down ¥795 million, and ¥2,032 million in cash dividends paid, up ¥428 million.

Note: For details about "Operating Risks" refer to page 25.

Shareholders' Equity ROE



Total Equity Shareholders' Equity Ratio



Capital Expenditure Depreciation



Consolidated Financial Statements

Consolidated Balance Sheets

Sysmex Corporation and Subsidiaries

March 31, 2008 and 2007	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	¥ 9,679	¥ 12,715	\$ 96,790
Short-term investments (Notes 3 and 12)	87	121	870
Receivables:			
Trade notes	3,102	3,511	31,020
Trade accounts	29,864	28,171	298,640
Associated company		229	
Other	194	231	1,940
Allowance for doubtful accounts	(500)	(508)	(5,000)
Inventories (Note 4)	18,341	16,563	183,410
Deferred tax assets (Note 9)	4,493	3,668	44,930
Prepaid expenses and other current assets	1,663	1,420	16,630
Total current assets	66,923	66,121	669,230
PROPERTY, PLANT AND EQUIPMENT:			
Land	7,909	7,871	79,090
Buildings and structures	18,670	17,146	186,700
Machinery and equipment	7,646	6,271	76,460
Furniture and fixtures	15,958	14,976	159,580
Construction in progress	4,604	1,669	46,040
Total	54,787	47,933	547,870
Accumulated depreciation	(25,705)	(24,153)	(257,050)
Net property, plant and equipment	29,082	23,780	290,820
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 3)	3,078	2,997	30,780
Investment in associated company		7	
Goodwill	1,532	476	15,320
Software	4,092	3,052	40,920
Deposits	1,106	1,166	11,060
Investment in real estate	2,125	2,136	21,250
Deferred tax assets (Note 9)	256	115	2,560
Other assets	833	1,375	8,330
Total investments and other assets	13,022	11,324	130,220
TOTAL	¥ 109,027	¥ 101,225	\$ 1,090,270

See notes to consolidated financial statements.

March 31, 2008 and 2007	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Short-term bank loans (Note 5)	¥ 490	¥ 12	\$ 4,900
Current portion of long-term debt (Note 5)	56	68	560
Payables:			
Trade notes	1,302	1,768	13,020
Trade accounts	9,942	8,964	99,420
Construction and other	2,888	3,023	28,880
Income taxes payable	2,062	3,244	20,620
Accrued expenses	6,169	5,362	61,690
Deferred tax liabilities (Note 9)	3	3	30
Other current liabilities	3,329	3,190	33,290
Total current liabilities	26,241	25,634	262,410
LONG-TERM LIABILITIES:			
Long-term debt (Note 5)	14	82	140
Liability for retirement benefits (Note 6)	602	408	6,020
Guarantee deposits received	1,021	1,008	10,210
Deferred tax liabilities (Note 9)	1,701	1,388	17,010
Other long-term liabilities	331	309	3,310
Total long-term liabilities	3,669	3,195	36,690
CONTINGENT LIABILITIES (Note 12)			
EQUITY (Notes 7 and 14):			
Common stock, 149,672,000 shares authorized, 51,203,108 shares issued in 2008 and 50,654,596 shares issued in 2007	8,651	8,501	86,510
Capital surplus	13,589	11,731	135,890
Stock acquisition rights	236		2,360
Retained earnings	55,737	48,795	557,370
Unrealized gain on available-for-sale securities	351	806	3,510
Foreign currency translation adjustments	611	1,675	6,110
Treasury stock - at cost: 95,891 shares in 2008 and 91,217 shares in 2007	(185)	(164)	(1,850)
Total	78,990	71,344	789,900
Minority interests	127	1,052	1,270
Total equity	79,117	72,396	791,170
TOTAL	¥ 109,027	¥ 101,225	\$ 1,090,270

See notes to consolidated financial statements.

Consolidated Statements of Income

Systemex Corporation and Subsidiaries

Years Ended March 31, 2008 and 2007	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
NET SALES	¥ 110,724	¥ 101,041	\$ 1,107,240
COST OF SALES	45,397	43,498	453,970
GROSS PROFIT	65,327	57,543	653,270
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	50,294	44,828	502,940
OPERATING INCOME	15,033	12,715	150,330
OTHER INCOME (EXPENSES):			
Interest and dividend income	226	149	2,260
Interest expense	(34)	(27)	(340)
Foreign exchange gain (loss) - net	(1,049)	374	(10,490)
Other - net	(252)	557	(2,520)
Other income (expenses) - net	(1,109)	1,053	(11,090)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	13,924	13,768	139,240
INCOME TAXES (Note 9):			
Current	5,246	5,139	52,460
Deferred	(429)	(424)	(4,290)
Total income taxes	4,817	4,715	48,170
MINORITY INTERESTS IN NET INCOME	25	(45)	250
NET INCOME	¥ 9,132	¥ 9,008	\$ 91,320

Years Ended March 31, 2008 and 2007	Yen		U.S. Dollars
	2008	2007	2008
PER SHARE OF COMMON STOCK (Notes 2.u and 13):			
Basic net income	¥ 178.94	¥ 179.63	\$ 1.79
Diluted net income	178.33	177.97	1.78
Cash dividends applicable to the year	48.00	36.00	0.48

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

Sysmex Corporation and Subsidiaries

Years Ended March 31, 2008 and 2007	Millions of Yen										
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Unrealized Gain on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2006	49,917,036	¥7,955	¥11,185		¥41,550	¥1,235	¥873	¥(151)	¥62,647		¥62,647
Reclassified balance as of March 31, 2006 (Note 2.m)										¥861	861
Net income					9,008				9,008		9,008
Cash dividends, ¥32.00 per share					(1,603)				(1,603)		(1,603)
Bonuses to directors					(160)				(160)		(160)
Repurchase of treasury stock	(2,685)							(13)	(13)		(13)
Disposal of treasury stock	28		0					0	0		0
Exercise of warrants	649,000	546	546						1,092		1,092
Net change in the year						(429)	802		373	191	564
BALANCE, MARCH 31, 2007	50,563,379	8,501	11,731		48,795	806	1,675	(164)	71,344	1,052	72,396
Net income					9,132				9,132		9,132
Cash dividends, ¥40.00 per share					(2,032)				(2,032)		(2,032)
Repurchase of treasury stock	(4,849)							(21)	(21)		(21)
Disposal of treasury stock	175		1						1		1
Issuance of new shares for stock-for-stock transaction (Note 2.b)	370,912		1,707						1,707		1,707
Exercise of warrants	177,600	150	150						300		300
Decrease in retained earnings due to fiscal year-end change for subsidiary					(158)				(158)		(158)
Net change in the year				¥236		(455)	(1,064)		(1,283)	(925)	(2,208)
BALANCE, MARCH 31, 2008	51,107,217	¥8,651	¥13,589	¥236	¥55,737	¥351	¥611	¥(185)	¥78,990	¥127	¥79,117

Year Ended March 31, 2008	Thousands of U.S. Dollars (Note 1)										
	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Unrealized Gain on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity	
BALANCE, MARCH 31, 2007	\$85,010	\$117,310		\$487,950	\$8,060	\$16,750	\$(1,640)	\$713,440	\$10,520	\$723,960	
Net income				91,320				91,320		91,320	
Cash dividends, \$0.40 per share				(20,320)				(20,320)		(20,320)	
Repurchase of treasury stock							(210)	(210)		(210)	
Disposal of treasury stock			10					10		10	
Issuance of new shares for stock-for-stock transaction (Note 2.b)			17,070					17,070		17,070	
Exercise of warrants	1,500	1,500						3,000		3,000	
Decrease in retained earnings due to fiscal year-end change for subsidiary				(1,580)				(1,580)		(1,580)	
Net change in the year			\$2,360		(4,550)	(10,640)		(12,830)	(9,250)	(22,080)	
BALANCE, MARCH 31, 2008	\$86,510	\$135,890	\$2,360	\$557,370	\$3,510	\$6,110	\$(1,850)	\$789,900	\$1,270	\$791,170	

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Systemex Corporation and Subsidiaries

Years Ended March 31, 2008 and 2007	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 13,924	¥ 13,768	\$ 139,240
Adjustments for:			
Income taxes - paid	(6,415)	(4,660)	(64,150)
Depreciation and amortization	4,438	4,016	44,380
Write-down of marketable and investment securities	146	39	1,460
Loss on disposal of property, plant and equipment	174	142	1,740
Changes in assets and liabilities:			
Increase in notes and accounts receivable	(2,462)	(4,392)	(24,620)
Increase in inventories	(1,917)	(297)	(19,170)
Increase in notes and accounts payable	1,469	691	14,690
(Increase) decrease in liability for retirement benefits, net of provision	612	(510)	6,120
Other - net	1,666	1,288	16,660
Net cash provided by operating activities	11,635	10,085	116,350
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(8,265)	(4,628)	(82,650)
Purchases of software and other assets	(2,460)	(1,487)	(24,600)
Purchases of investment securities	(994)		(9,940)
Acquisitions, net of cash acquired	(1,315)	(533)	(13,150)
Other - net	151	18	1,510
Net cash used in investing activities	(12,883)	(6,630)	(128,830)
FINANCING ACTIVITIES:			
Increase (decrease) in short-term bank loans - net	491	(118)	4,910
Repayments of long-term debt	(66)	(65)	(660)
Exercise of warrants	299	1,094	2,990
Dividends paid	(2,032)	(1,604)	(20,320)
Other - net	(8)	235	(80)
Net cash used in financing activities	(1,316)	(458)	(13,160)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS			
	(480)	302	(4,800)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,044)	3,299	(30,440)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	12,715	9,416	127,150
DECREASE IN CASH AND CASH EQUIVALENTS DUE TO FISCAL YEAR-END CHANGE FOR SUBSIDIARY	8		80
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 9,679	¥ 12,715	\$ 96,790
ADDITIONAL CASH FLOW INFORMATION - Interest paid	¥ 19	¥ 28	\$ 190

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 Law (formerly, the Japanese Securities and Exchange Law) 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 2007 financial statements to conform to the classifications used in 2008.

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 ¥100 to \$1, the approximate rate of exchange at March 31, 2008. 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, 2008 include the accounts of the Company and 37 (32 in 2007) 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 is carried at cost less accumulated amortization, which is calculated by the straight-line method over 5 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. 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 Accounting Standards Board of Japan (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.

The Company has acquired the entire shares of CNA Co., Ltd., (hereinafter CNA) on April 1, 2007 and accounted for the acquisition by the purchase method of accounting. The Company has newly issued 370,912 common shares to the shareholders of CNA except for the Company. As a result, Capital surplus of the Company was increased by ¥1,707 million (\$17,070 thousand) by the new issue of shares. The related goodwill is systematically amortized over 5 years.

c. 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.

d. 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.

e. 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.

f. Inventories - Inventories are stated at cost determined by the average cost method 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.

g. Property, Plant and Equipment - Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment is computed by the straight-line method, at rates based on the estimated useful lives of the assets. Effective April 1, 2007, the Company and its domestic subsidiaries adopted the straight-line method of depreciation for the assets which had previously been depreciated by the declining-balance method. This change was made for more appropriate periodical allocation of cost and unification of depreciation method among the Group. The effect of this treatment was to decrease depreciation by ¥660 million (\$6,600 thousand) and to increase income before income taxes and minority interests by ¥622 million (\$6,220 thousand) for the year ended March 31, 2008.

Property, plant and equipment of the Company and its domestic subsidiaries had been depreciated up to 95% of acquisition cost with 5% of residual value carried until previous fiscal years. However, such 5% portion of property, plant and equipment is systematically amortized over 5 years starting in the following year in which the carrying value of property, plant and equipment reaches 5% of the acquisition cost in accordance with the revised Japanese corporate tax law. The effect of this treatment was to increase depreciation by ¥82 million (\$820 thousand) and to decrease income before income taxes and minority interests by ¥76 million (\$760 thousand) for the year ended March 31, 2008.

The range of useful lives is from 31 to 50 years for buildings and structures, and from 7 to 12 years for machinery and equipment.

h. 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.

i. 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.

j. 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 was ¥192 million (\$1,920 thousand) and ¥159 million as of March 31, 2008 and 2007, respectively.

k. 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.

l. 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.

m. Presentation of Equity - On December 9, 2005, the ASBJ published a new accounting standard for presentation of equity. Under this accounting standard, certain items which were previously presented as liabilities or assets, as the case may be, are now presented as components of equity. Such items include stock acquisition rights, minority interests, and any deferred gain or loss on derivatives accounted for under hedge accounting. This standard was effective for fiscal years ending on or after May 1, 2006. The balances of such items as of March 31, 2006 were reclassified as separate components of equity as of April 1, 2006 in the consolidated statement of changes in equity.

n. Research and Development - Research and development costs are charged to income as incurred. Such costs were ¥9,221 million (\$92,210 thousand) and ¥9,026 million for the years ended March 31, 2008 and 2007, respectively.

o. Leases - Under Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements. All other leases are accounted for as operating leases.

Finance leases of certain overseas subsidiaries are accounted for as capital leases.

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

q. 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.

Certain overseas subsidiaries provide for deferred income taxes relating to temporary differences in accordance with accounting principles generally accepted in each country.

r. 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.

s. 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.

t. 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.

u. 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.

v. New Accounting Pronouncements

Measurement of Inventories - Under Japanese GAAP, inventories are currently measured either by the cost method, or at the lower of cost or market. On July 5, 2006, the ASBJ issued ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories," which is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted. This standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate. The standard also requires that inventories held for trading purposes be measured at the market price.

Lease Accounting - On March 30, 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the existing accounting standard for lease transactions issued on June 17, 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.

(Lessee)

Under the existing accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, however, other finance leases are 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 shall be capitalized recognizing lease assets and lease obligations in the balance sheet.

(Lessor)

Under the existing accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, however, other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" 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 shall be recognized as lease receivables, and all finance leases that deem not to transfer ownership of the leased property to the lessee shall be recognized as investments in lease.

Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements -

Under Japanese GAAP, a company currently can use the financial statements of its foreign subsidiaries which have been prepared in accordance with generally accepted accounting principles in their respective jurisdictions for its consolidation process unless they are clearly unreasonable. On May 17, 2006, 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". The new standard 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 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) Actuarial gains and losses of defined benefit plans recognized outside profit or loss
- (3) Capitalization of intangible assets arising from development phases
- (4) Fair value measurement of investment properties, and the revaluation model for property, plant and equipment, and intangible assets
- (5) Retrospective application when accounting policies are changed
- (6) Accounting for net income attributable to a minority interest

The new task force is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted.

3. SHORT-TERM INVESTMENTS AND INVESTMENT SECURITIES

Short-term investments and investment securities as of March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Current:			
Time deposits other than cash equivalents	¥ 15	¥ 79	\$ 150
Investment trust	72	42	720
Total	¥ 87	¥ 121	\$ 870
Non-current:			
Marketable equity securities	¥2,439	¥2,341	\$24,390
Investment trust and other	4	6	40
Unquoted equity securities	635	650	6,350
Total	¥3,078	¥2,997	\$30,780

The carrying amounts and aggregate fair values of investment securities at March 31, 2008 and 2007 were as follows:

	Millions of Yen			
	2008			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	¥1,837	¥1,011	¥(409)	¥2,439
Investment trust and other	4			4
Total	¥1,841	¥1,011	¥(409)	¥2,443

	Millions of Yen			
	2007			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	¥974	¥1,419	¥(52)	¥2,341
Investment trust and other	6			6
Total	¥980	¥1,419	¥(52)	¥2,347

	Thousands of U.S. Dollars			
	2008			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	\$18,370	\$10,110	\$(4,090)	\$24,390
Investment trust and other	40			40
Total	\$18,410	\$10,110	\$(4,090)	\$24,430

Available-for-sale securities whose fair value is not readily determinable as of March 31, 2008 and 2007 were as follows:

	Carrying Amount		
	Millions of Yen	2007	Thousands of U.S. Dollars
	2008		2008
Available-for-sale — Equity securities	¥635	¥650	\$6,350

Commercial paper was classified as cash equivalents.

Proceeds from sales of investment securities for the year ended March 31, 2007 were ¥304 million. Gross realized gains, computed on the moving average cost basis, for the year ended March 31, 2007 were ¥117 million.

4. INVENTORIES

Inventories at March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Finished products	¥ 4,971	¥ 4,259	\$ 49,710
Merchandise	8,033	7,207	80,330
Work in process	1,489	1,325	14,890
Raw materials	3,379	3,290	33,790
Supplies	469	482	4,690
Total	¥18,341	¥16,563	\$183,410

5. 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, 2008 and 2007 were 5.0% and 5.0%, respectively.

Long-term debt at March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Loans from banks, due through 2009, with interest ranging from 2.2% to 9.7% for 2008 (from 2.2% to 9.7% for 2007):			
Collateralized			¥3
Unsecured	¥70	147	\$700
Total	70	150	700
Less current portion	(56)	(68)	(560)
Long-term debt, less current portion	¥14	¥82	\$140

At March 31, 2008, annual maturities of long-term debt were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2009	¥56	\$560
2010	14	140
Total	¥70	\$700

6. 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, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Projected benefit obligation	¥8,192	¥7,791	\$81,920
Fair value of plan assets	(6,993)	(8,916)	(69,930)
Unrecognized actuarial gain (loss)	(844)	802	(8,440)
Prepaid benefit cost		466	
Net liability	¥355	¥143	\$3,550

The components of net periodic retirement benefit costs for the years ended March 31, 2008 and 2007 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Service cost	¥1,005	¥959	\$10,050
Interest cost	151	142	1,510
Expected return on plan assets	(265)	(231)	(2,650)
Recognized actuarial (gain) loss	(197)	29	(1,970)
Net periodic retirement benefit costs	¥694	¥899	\$6,940

Assumptions used for the years ended March 31, 2008 and 2007 are set forth as follows:

	2008	2007
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 ¥7,607 million (\$76,070 thousand) and ¥7,691 million (\$76,910 thousand) at March 31, 2007, the most recent valuation date.

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 ¥247 million (\$2,470 thousands), and ¥265 million as of March 31, 2008 and 2007, respectively. Payment of retirement benefits to directors and corporate auditors is subject to approval at the shareholders' meeting.

7. EQUITY

Since May 1, 2006, Japanese companies have been subject to the Corporate Law of Japan (the "Corporate Law"), which reformed and replaced the Commercial Code of Japan. The significant provisions in the Corporate Law that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Corporate Law, 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.

8. STOCK OPTION

The stock options outstanding as of March 31, 2008 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 (\$16.85)	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 (\$46.50)	From July 30, 2009 to July 29, 2015

The Corporate Law 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 Corporate Law 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 Corporate Law 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 Corporate Law, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Corporate Law 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 Corporate Law 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 Corporate Law, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity.

The Corporate Law 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.

The stock option activity is as follows:

For the year ended March 31, 2007	2004 Stock Option	2007 Stock Option
	(Shares)	(Shares)
Non-vested		
March 31, 2006 - Outstanding	1,033,000	
Granted		
Canceled	(13,400)	
Vested	(1,019,600)	
March 31, 2007 - Outstanding		
Vested		
March 31, 2006 - Outstanding		
Vested	1,019,600	
Exercised	(649,000)	
Canceled		
March 31, 2007 - Outstanding	370,600	
<hr/>		
For the year ended March 31, 2008	2004 Stock Option	2007 Stock Option
	(Shares)	(Shares)
Non-vested		
March 31, 2007 - Outstanding		
Granted		733,200
Canceled		(6,000)
Vested		
March 31, 2008 - Outstanding		727,200
Vested		
March 31, 2007 - Outstanding	370,600	
Vested		
Exercised	(177,600)	
Canceled	(2,000)	
March 31, 2008 - Outstanding	191,000	
Exercise price	¥1,685	¥4,650
	(\$16.85)	(\$46.50)
Average stock price at exercise	¥4,420	
	(\$44.20)	
Fair value price at grant date		¥98,325
		(\$983.25)

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%

9. 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, 2008 and 2007. 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, 2008 and 2007 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Deferred tax assets (Current):			
Unrealized intercompany profits	¥ 1,965	¥ 1,712	\$ 19,650
Inventories	151	219	1,510
Accrued bonuses	829	818	8,290
Accrued enterprise tax	189	194	1,890
Tax loss carryforwards	67	74	670
Other	1,313	1,385	13,130
Less valuation allowance	(8)	(719)	(80)
Total	¥ 4,506	¥ 3,683	\$ 45,060
Deferred tax assets (Non-current):			
Depreciation	¥ 120	¥ 122	\$ 1,200
Liability for retirement benefits	187	139	1,870
Tax loss carryforwards	203	465	2,030
Software	542	460	5,420
Investment securities	284	241	2,840
Other	103	138	1,030
Less valuation allowance	(127)	(523)	(1,270)
Total	¥ 1,312	¥ 1,042	\$ 13,120
Deferred tax liabilities (Current):			
Deferred tax liabilities (Non-current):			
Net unrealized gain on available-for-sale securities	¥ 245	¥ 556	\$ 2,450
Revaluation of land for consolidation	457	457	4,570
Investment loss for subsidiaries capital reduction by corporation tax law	430	384	4,300
Other	1,625	918	16,250
Total	¥ 2,757	¥ 2,315	\$ 27,570
Net deferred tax assets	¥ 3,045	¥ 2,392	\$ 30,450

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, 2008 and 2007 is as follows:

	2008	2007
Normal effective statutory tax rate	40.6%	40.6%
Expenses not deductible for income tax purposes	2.5	1.4
Per capita levy	0.7	0.9
Research and development tax credit	(3.3)	(3.4)
Change in valuation allowance	(6.5)	(2.2)
Other - net	0.6	(3.0)
Actual effective tax rate	34.6%	34.3%

Certain subsidiaries have tax loss carryforwards available to offset future taxable income as of March 31, 2008 of approximately ¥525 million (\$5,250 thousand). These tax loss carryforwards, if not utilized, will expire mainly in 2025.

10. LEASES

(Lessee)

Total lease payments under finance leases that do not transfer ownership of the leased property to the lessee were ¥1,714 million (\$17,140 thousand) and ¥1,538 million for the years ended March 31, 2008 and 2007, respectively.

Pro forma information of leased property under finance leases that do not transfer ownership of the leased property to the

lessee on an "as if capitalized" basis for the years ended March 31, 2008 and 2007, was as follows:

	Machinery and Equipment		
	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Acquisition cost	¥7,279	¥6,216	\$72,790
Accumulated depreciation	3,605	2,700	36,050
Net leased property	¥3,674	¥3,516	\$36,740

Obligations under finance leases (including imputed interest expense):

	Machinery and Equipment		
	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Due within one year	¥1,489	¥1,436	\$14,890
Due after one year	2,191	2,088	21,910
Total	¥3,680	¥3,524	\$36,800

Depreciation expense and interest expense under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
	Depreciation expense	¥1,707	¥1,528
Interest expense	4	7	40

Depreciation expense and interest expense, which are not reflected in the accompanying statements of income, are computed by the straight-line method and the interest method, respectively.

The minimum rental commitments under noncancelable operating leases at March 31, 2008 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due within one year	¥1,267	\$12,670
Due after one year	3,898	38,980
Total	¥5,165	\$51,650

(Lessor)

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

	Millions of Yen	Thousands of U.S. Dollars
	2008	2008
Due within one year	¥ 359	\$ 3,590
Due after one year	809	8,090
Total	¥1,168	\$11,680

11. 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.

The contract or notional amounts of derivatives which are shown in the following table do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risk.

The fair value of the Group's derivative financial instruments at March 31, 2008 is as follows:

	Millions of Yen			Thousands of U.S. Dollars		
	Contract Amount	Fair Value	Unrealized Gain/Loss	Contract Amount	Fair Value	Unrealized Gain/Loss
Foreign currency forward contracts:						
Selling:						
US dollars	¥ 734	¥ 699	¥35	\$7,340	\$6,990	\$ 350
Euro	1,802	1,808	(6)	18,020	18,080	(60)
Total	¥2,536	¥2,507	¥29	\$25,360	\$25,070	\$ 290

Note: Amounts for forward exchange contracts in the column entitled Fair Value represent the notional amount of the contracts at March 31 forward currency rates.

12. CONTINGENT LIABILITIES

At March 31, 2008, the Group had the following contingent liabilities:

	Millions of Yen	Thousands of U.S. Dollars
Guarantees for bank loans of former employees	¥1	\$10

The carrying amounts of assets pledged as collateral for the above contingent liabilities at March 31, 2008, was as follows:

	Millions of Yen	Thousands of U.S. Dollars
Time deposits	¥3	\$30

13. NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2008 and 2007 is as follows:

	Millions of Yen	Thousands of Shares	Yen	Dollars
	Net Income	Weighted Average Shares	EPS	
For the year ended March 31, 2008:				
Basic EPS				
Net income available to common shareholders	¥9,132	51,032,859	¥178.94	\$1.79
Effect of Dilutive Securities				
Stock options		175,854		
Diluted EPS				
Net income for computation	¥9,132	51,208,713	¥178.33	\$1.78

For the year ended March 31, 2007:

Basic EPS				
Net income available to common shareholders	¥9,008	50,147,478	¥179.63	
Effect of Dilutive Securities				
Stock options	(0)	467,026		
Diluted EPS				
Net income for computation	¥9,008	50,614,504	¥177.97	

14. SUBSEQUENT EVENTS

a. Appropriations of Retained Earnings

The following appropriation of retained earnings at March 31, 2008 was approved at the shareholders' general meeting of the Company held on June 20, 2008:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥28.00 (\$0.28) per share	¥1,431	\$14,310

15. 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, 2008 and 2007 are summarized as follows:

Millions of Yen								
2008								
	Japan	Americas	Europe	China	Asia Pacific	Total	Eliminations/ Corporate	Consoli- dated
Sales to customers	¥ 37,553	¥ 20,845	¥ 39,175	¥ 8,127	¥ 5,024	¥ 110,724		¥ 110,724
Interarea transfer	29,327	166	411	14	255	30,173	¥ (30,173)	
Total sales	66,880	21,011	39,586	8,141	5,279	140,897	(30,173)	110,724
Operating expenses	59,010	20,020	34,965	7,317	4,732	126,044	(30,353)	95,691
Operating income	¥ 7,870	¥ 991	¥ 4,621	¥ 824	¥ 547	¥ 14,853	¥ 180	¥ 15,033
Total assets	¥ 80,426	¥ 10,453	¥ 23,598	¥ 5,819	¥ 3,800	¥ 124,096	¥ (15,069)	¥ 109,027

Millions of Yen								
2007								
	Japan	Americas	Europe	China	Asia Pacific	Total	Eliminations/ Corporate	Consoli- dated
Sales to customers	¥ 39,396	¥ 19,158	¥ 31,585	¥ 6,848	¥ 4,054	¥ 101,041		¥ 101,041
Interarea transfer	25,532	216	428	14	148	26,338	¥ (26,338)	
Total sales	64,928	19,374	32,013	6,862	4,202	127,379	(26,338)	101,041
Operating expenses	57,496	18,781	28,466	6,081	3,869	114,693	(26,367)	88,326
Operating income	¥ 7,432	¥ 593	¥ 3,547	¥ 781	¥ 333	¥ 12,686	¥ 29	¥ 12,715
Total assets	¥ 77,132	¥ 10,299	¥ 19,102	¥ 5,544	¥ 3,543	¥ 115,620	¥ (14,395)	¥ 101,225

Thousands of U.S. Dollars								
2008								
	Japan	Americas	Europe	China	Asia Pacific	Total	Eliminations/ Corporate	Consoli- dated
Sales to customers	\$ 375,530	\$ 208,450	\$ 391,750	\$ 81,270	\$ 50,240	\$ 1,107,240		\$ 1,107,240
Interarea transfer	293,270	1,660	4,110	140	2,550	301,730	\$ (301,730)	
Total sales	668,800	210,110	395,860	81,410	52,790	1,408,970	(301,730)	1,107,240
Operating expenses	590,100	200,200	349,650	73,170	47,320	1,260,440	(303,530)	956,910
Operating income	\$ 78,700	\$ 9,910	\$ 46,210	\$ 8,240	\$ 5,470	\$ 148,530	\$ 1,800	\$ 150,330
Total assets	\$ 804,260	\$ 104,530	\$ 235,980	\$ 58,190	\$ 38,000	\$ 1,240,960	\$ (150,690)	\$ 1,090,270

Note: As discussed in Note 2.g, effective April 1, 2007, the Company and its domestic subsidiaries changed their method of depreciation from the declining-balance method to the straight-line method. The effect of this change was to increase operating income of Japan by ¥536 million (\$5,360 thousand) for the year ended March 31, 2008.

c. Sales to Foreign Customers

Sales to foreign customers for the years ended March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Americas	¥ 20,908	¥ 19,227	\$ 209,080
Europe	39,235	31,660	392,350
China	8,128	6,849	81,280
Asia Pacific	6,492	5,432	64,920
Total	¥ 74,763	¥ 63,168	\$ 747,630

Independent Auditors' Report

Deloitte.

Deloitte Touche Tohmatsu
Yodoyabashi Mitsui Building
4-1-1, Imabashi, Chuo-ku
Osaka-shi, Osaka 541-0042
Japan

Tel: +81 6 4560 6000
Fax: +81 6 4560 6001
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 and subsidiaries as of March 31, 2008 and 2007, 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, 2008 and 2007, 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.g, effective April 1, 2007, the Company and its domestic subsidiaries changed the method of depreciation for property, plant and equipment from the declining-balance method to the straight-line method.

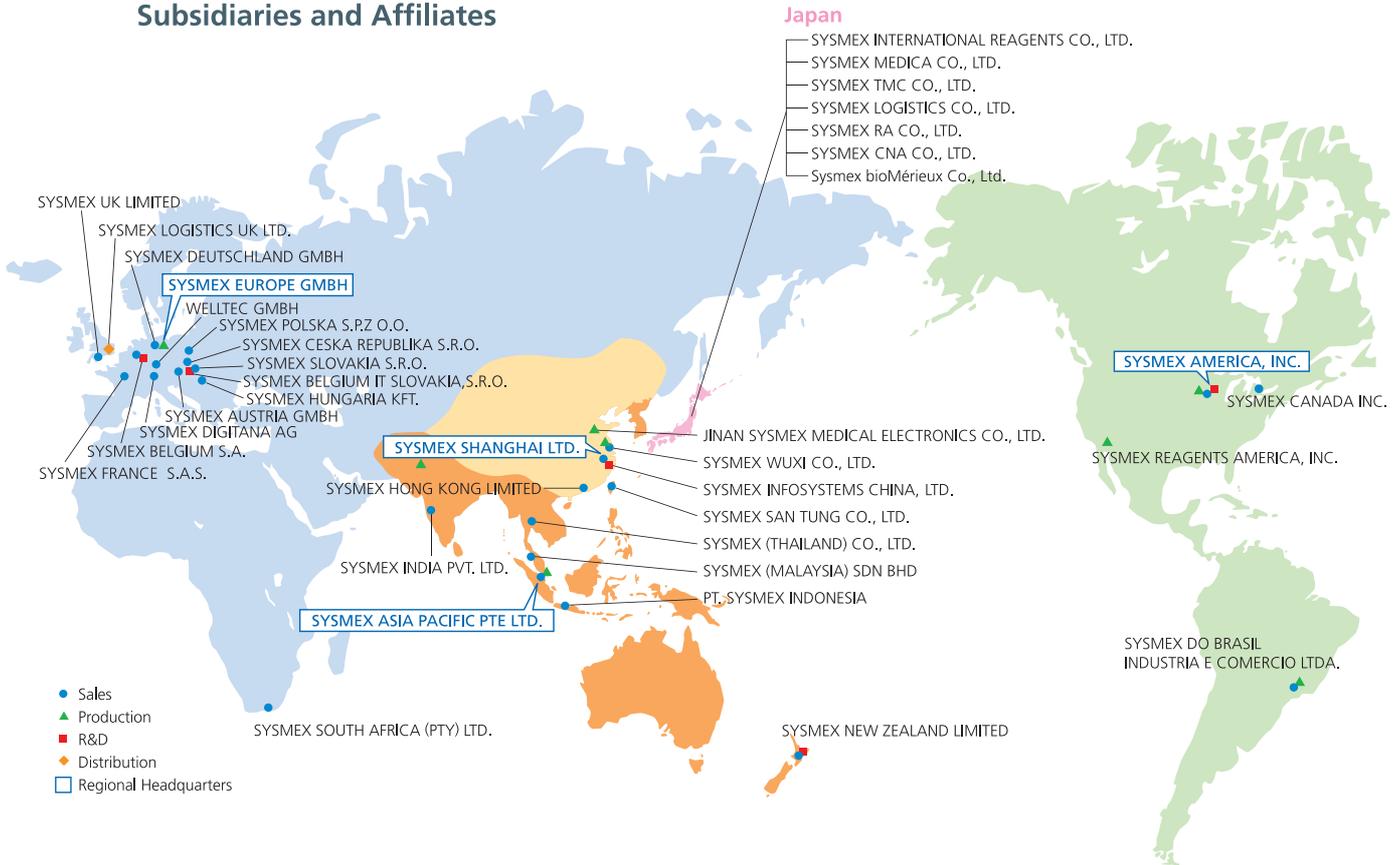
Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

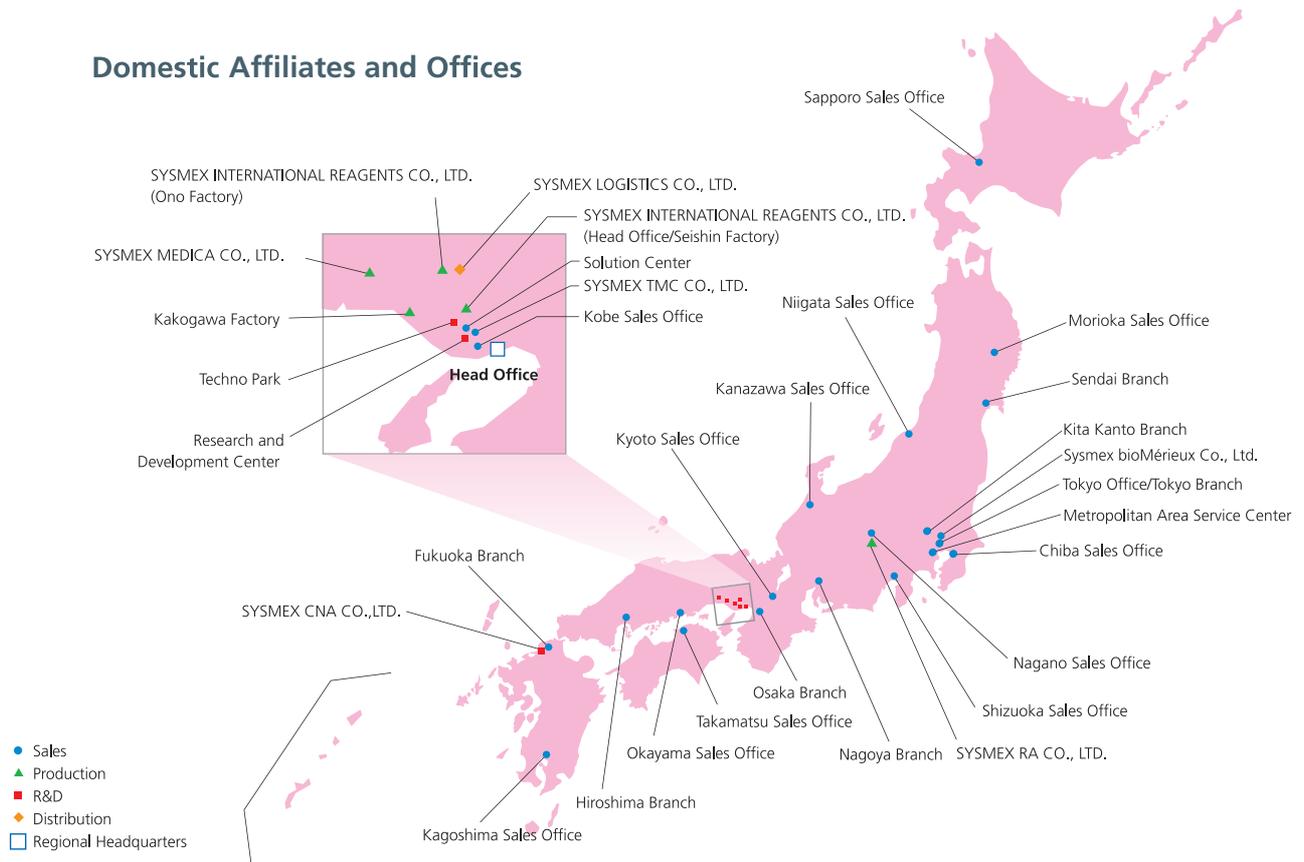
June 20, 2008

Member of
Deloitte Touche Tohmatsu

Subsidiaries and Affiliates



Domestic Affiliates and Offices



(As of June 30, 2008)

Japan

SYSMEX CORPORATION	1-5-1 Wakinohama-Kaigandori, Chuo-ku, Kobe, Hyogo 651-0073, Japan	TEL: (+81)78-265-0500	FAX: (+81)78-265-0524
SYSMEX INTERNATIONAL REAGENTS CO., LTD.	Head Office/ Seishin Factory 4-3-2 Takatsukadai, Nishi-ku, Kobe, Hyogo 651-2271, Japan	TEL: (+81)78-991-2211	FAX: (+81)78-991-1311
	Ono Factory 17 Takumidai, Ono, Hyogo 675-1322, Japan	TEL: (+81)794-62-7001	FAX: (+81)794-62-7005
SYSMEX MEDICA CO., LTD.	323-3 Miyaoki, Yumesaki-cho, Himeji, Hyogo 671-2121, Japan	TEL: (+81)79-335-2080	FAX: (+81)79-337-2806
SYSMEX TMC CO., LTD.	1-3-2 Murotani, Nishi-ku, Kobe, Hyogo 651-2241, Japan	TEL: (+81)78-992-5883	FAX: (+81)78-992-5884
SYSMEX LOGISTICS CO., LTD.	17 Takumidai, Ono, Hyogo 675-1322, Japan	TEL: (+81)794-64-2326	FAX: (+81)794-64-2310
SYSMEX RA CO., LTD.	1850-3 Hirookanomura, Shiojiri, Nagano 399-0702, Japan	TEL: (+81)263-54-2251	FAX: (+81)263-54-2254
SYSMEX CNA CO., LTD.	2-3-7 Hakata Eki Mae, Hakata-ku, Fukuoka 812-0011, Japan	TEL: (+81)92-476-1121	FAX: (+81)92-476-1131
Sysmex bioMérieux Co., Ltd.	2-12-28 Kita-aoyama, Minato-ku, Tokyo 107-0061, Japan	TEL: (+81)3-5411-8711	FAX: (+81)3-5411-8710

Americas

SYSMEX AMERICA, INC.	1 Nelson C. White Parkway, Mundelein, IL 60060, U.S.A.	TEL: (+1)847-996-4500	FAX: (+1)847-996-4505
SYSMEX REAGENTS AMERICA, INC.	10716 Reagan Street, Los Alamitos, CA 90720, U.S.A.	TEL: (+1)562-799-4001	FAX: (+1)562-799-9702
SYSMEX DO BRASIL INDUSTRIA E COMERCIO LTDA.	Rua Joaquim Nabuco, 615 - Bairro Cidade Jardim - Sao Jose dos Pinhais -Parana - Brasil - CEP 83040-210	TEL: (+55)41-2104-1314	FAX: (+55)41-2104-1300
SYSMEX CANADA INC.	2425 Matheson Boulevard East - 8th floor Mississauga, Ontario, L4W5K4, Canada	TEL: (+1)905-361-2791	FAX: (+1)905-361-2651

Europe

SYSMEX EUROPE GMBH	Bornbarch 1, 22848 Norderstedt, Germany	TEL: (+49)40-527260	FAX: (+49)40-52726100
SYSMEX DEUTSCHLAND GMBH	Bornbarch 1, 22848 Norderstedt, Germany	TEL: (+49)40-5341020	FAX: (+49)40-5232302
WELLTEC GMBH	Rheingastrasse 190-196, 65203 Wiesbaden, Germany	TEL: (+49)6119-628-823	FAX: (+49)6119-628-824
SYSMEX UK LIMITED	Sysmex House, Garamonde Drive, Wybush, Milton Keynes, MK8 8 DF, U.K.	TEL: (+44)0870-902-9210	FAX: (+44)0870-902-9211
SYSMEX LOGISTICS UK LTD.	Unit 4 IO Centre, Fingle Drive, Stonebridge, Milton Keynes, MK13 0AT, Buckinghamshire, U.K.	TEL: (+44)0870-902-9230	FAX: (+44)0870-902-9231
SYSMEX BELGIUM S.A.	Rue Pres Champs 25B, 4671 Barchon, Belgium	TEL: (+32)4-387-9393	FAX: (+32)4-387-9394
SYSMEX FRANCE S.A.S.	Paris Nord II, 22, avenue des Nations, B.P. 50414 Villepinte, 95944 ROISSY-CDG Cedex, France	TEL: (+33)1-48-170190	FAX: (+33)1-48-632350
SYSMEX BELGIUM IT SLOVAKIA, S.R.O.	Drobneho 27, 841-01 Bratislava, Slovakia	TEL: (+42)126-453-3201	FAX: (+42)126-428-1651
SYSMEX POLSKA S.P.Z O.O.	Kopernik Office Building, Al. Jerozolimskie 176, 02-486 Warszawa, Poland	TEL: (+48)22-57284-00	FAX: (+48)22-57284-10
SYSMEX SOUTH AFRICA (PTY) LTD.	Fernridge Office Park, Block 2; 5 Hunter Avenue; Ferndale; Randburg 2194 RSA	TEL: (+27)11-3299480	FAX: (+27)11-7899276
SYSMEX DIGITANA AG	Tödistrasse, 50, 8810 Horgen, Switzerland	TEL: (+41)44-718-38-38	FAX: (+41)44-718-38-39
SYSMEX AUSTRIA GMBH	Odoakgasse 34-36 A-1160 Wien, Austria	TEL: (+43)1-4861631	FAX: (+43)1-4861631-25
SYSMEX SLOVAKIA S.R.O.	Chrobakova 29, 84101 Bratislava, Slovakia	TEL: (+42)12-64532881	FAX: (+42)12-64281651
SYSMEX HUNGARIA KFT.	Villam U.2, 1089 Budapest, Hungary	TEL: (+36)1-3143076	FAX: (+36)1-3133223
SYSMEX CIESKA REPUBLIKA S.R.O.	Dykova C.P. 2230, C.O.2, 63600 Brno, Czech	TEL: (+420)5-48216855	FAX: (+420)5-48216343

China

SYSMEX SHANGHAI LTD.	9th Floor, Azia Center, 1233 Lujiazui Ring Road, Shanghai, 200120, China	TEL: (+86)21-6888-2626	FAX: (+86)21-6888-2625
JINAN SYSMEX MEDICAL ELECTRONICS CO., LTD.	7493 Airport Road, Yaoqiang Town, Licheng District, Jinan City, Shandong Province, China; PC. 250107	TEL: (+86)531-8873-4440	FAX: (+86)531-8873-4442
SYSMEX HONG KONG LIMITED	Rm. 1509, 15/F, Tower 1, Silvercord, 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong	TEL: (+852)2543-5123	FAX: (+852)2543-5181
SYSMEX INFOSYSTEMS CHINA, LTD.	9th Floor, Azia Center, 1233 Lujiazui Ring Road, Shanghai, 200120, China	TEL: (+86)21-6888-2606	FAX: (+86)21-6888-2605
SYSMEX WUXI CO., LTD.	#8-9, No. 93, Science Technology Stand-up Park, Wuxi National Hi-Tech. District Development Zone, Wuxi City, Jiangsu Province, 214028, China	TEL: (+86)510-8534-5837	FAX: (+86)510-8534-3896

Asia Pacific

SYSMEX ASIA PACIFIC PTE LTD.	2 Woodlands Sector 1, #01-06 Woodlands Spectrum, Singapore 738068	TEL: (+65)6221-3629	FAX: (+65)6221-3687
SYSMEX (MALAYSIA) SDN BHD	No.11A&15, Jalan PJS 7/12, Bandar Sunway, 46150 Petaling Jaya, Selangor, Malaysia	TEL: (+60)3-56371788	FAX: (+60)3-56371688
SYSMEX INDIA PVT. LTD.	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	FAX: (+91)22-2836-5068
SYSMEX (THAILAND) CO., LTD.	14 Soi Ramkamhaeng 43/1, Ramkamhaeng Road, Wangthonglang, Bangkok 10310, Thailand	TEL: (+66)02-2539-1127	FAX: (+66)02-2539-1750
SYSMEX SAN TUNG CO., LTD.	1 ST FL., 11, Lane 6, Sec. 1, Hangchow S. Rd., Taipei, Taiwan R.O.C.	TEL: (+886)2-2341-9290	FAX: (+886)2-2341-9275
SYSMEX NEW ZEALAND LIMITED	382-386 Manukau Road, Epsom, Auckland 1344, New Zealand	TEL: (+64)9-630-3554	FAX: (+64)9-630-8135
PT. SYSMEX INDONESIA	Menara Hijau, Suite 1005 Jl. MT. Haryono Kav. 33, South Jakarta, 12770 Indonesia	TEL: (+62)21-7986005	FAX: (+62)21-7986007

Domestic Offices

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
Solution Center	1-3-2 Murotani, Nishi-ku, Kobe 651-2241	TEL: (+81) 78-992-5860	FAX: (+81) 78-992-5868
Techno Park	4-4-4 Takatsukadai, Nishi-ku, Kobe 651-2271	TEL: (+81) 78-991-1911	FAX: (+81) 78-991-1917
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) 54-237-4148
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 Goshō-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 Togiya-cho, 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

Consolidated Affiliates (As of March 31, 2008)

	Corporate name	Location	Main Business	Established	Paid-in Capital	Equity Ownership by Group	
Japan	SYSMEX INTERNATIONAL REAGENTS CO., LTD.	Japan	Manufacture and sales of in vitro diagnostic reagents	Dec. 1969	JPY 300,000,000	100.0%	
	SYSMEX MEDICA CO., LTD.	Japan	Manufacture of disposable products; Assembly of important parts for in vitro diagnostic systems	Mar. 1978	JPY 20,000,000	100.0%	
	SYSMEX TMC CO., LTD.	Japan	Leasing of in vitro diagnostic systems and office instrument	Jul. 1992	JPY 20,000,000	100.0%	
	SYSMEX LOGISTICS CO., LTD.	Japan	Distribution and stock of in vitro diagnostic systems and reagents	Dec. 1997	JPY 50,000,000	100.0%	
	SYSMEX RA CO., LTD.	Japan	Development, manufacture and sales of industrial measuring and testing instrument	Mar. 1978	JPY 70,955,000	96.4%	
	SYSMEX CNA CO., LTD.*	Japan	Development and sales of software for diagnostic information systems	Feb. 1996	JPY 80,000,000	100.0%	
	Sysmex bioMérieux Co., Ltd.*	Japan	Sales and marketing of bioMérieux products	Apr. 2008	JPY 480,000,000	34.0%	
Americas	SYSMEX AMERICA, INC.	U.S.A.	Sales of in vitro diagnostic systems and reagents	Jun. 2003	USD 22,000,000	100.0%	
	SYSMEX REAGENTS AMERICA, INC.	U.S.A.	Manufacture and sales of reagents for in vitro diagnostic systems	Dec. 1993	USD 1,500,000	100.0%	
	SYSMEX DO BRASIL INDUSTRIA E COMERCIO LTDA.	Brazil	Manufacture and sales of reagents for in vitro diagnostic systems	Dec. 1998	USD 1,001,700	100.0%	
	SYSMEX CANADA INC.	Canada	Sales of in vitro diagnostic systems and reagents	Oct. 2007	CAD 2,000,000	100.0%	
Europe	SYSMEX EUROPE GMBH	Germany	Customer and sales support for in vitro diagnostic systems and reagents; Manufacture and sales of reagents for in vitro diagnostic systems	Oct. 1980	EUR 820,000	100.0%	
	SYSMEX DEUTSCHLAND GMBH	Germany	Sales of in vitro diagnostic systems and reagents	Mar. 1995	EUR 2,050,000	100.0%	
	WELLTEC GMBH	Germany	Inspection and provision of information on foodstuffs and health for general consumers	Mar. 2002	EUR 25,000	75.2%	
	SYSMEX UK LIMITED	U.K.	Sales of in vitro diagnostic systems and reagents	May 1991	GBP 400,000	100.0%	
	SYSMEX LOGISTICS UK LTD.	U.K.	Distribution and stock of in vitro diagnostic systems and reagents	Dec. 2003	GBP 200,000	100.0%	
	SYSMEX BELGIUM S.A.	Belgium	Development and sales of software for diagnostic information systems	Sep. 1997	EUR 62,000	100.0%	
	SYSMEX FRANCE S.A.S.	France	Sales of software for diagnostic information systems; Customer and sales support for in vitro diagnostic systems and reagents	Feb. 2000	EUR 2,457,500	100.0%	
	SYSMEX BELGIUM IT SLOVAKIA, S.R.O.	Slovakia	Development and support of software for diagnostic information systems	Mar. 2001	SKK 250,000	100.0%	
	SYSMEX POLSKA S.P.Z O. O.	Poland	Customer and sales support for in vitro diagnostic systems and reagents	May 2005	PLN 2,000,000	100.0%	
	SYSMEX SOUTH AFRICA (PTY) LTD.	South Africa	Customer and sales support	Apr. 2006	ZAR 2,220,000	100.0%	
	SYSMEX DIGITANA AG	Switzerland	Sales of in vitro diagnostic systems and reagents	Sep. 2006	CHF 50,000	80.0%	
	SYSMEX AUSTRIA GMBH	Austria	Sales of in vitro diagnostic systems and reagents	Sep. 2007	EUR 35,000	100.0%	
	SYSMEX SLOVAKIA S.R.O.	Slovakia	Sales of in vitro diagnostic systems and reagents	Sep. 2007	SKK 200,000	100.0%	
	SYSMEX HUNGARIA KFT.	Hungary	Sales of in vitro diagnostic systems and reagents	Oct. 2007	HUF 3,000,000	100.0%	
	SYSMEX CESKA REPUBLIKA S.R.O.	Czech	Sales of in vitro diagnostic systems and reagents	Oct. 2007	CZK 200,000	100.0%	
	China	SYSMEX SHANGHAI LTD.	China	Sales of in vitro diagnostic systems and reagents	Jan. 2000	USD 1,000,000	100.0%
		JINAN SYSMEX MEDICAL ELECTRONICS CO., LTD.	China	Manufacture and sales of reagents for in vitro diagnostic systems	Jun. 1995	USD 1,800,000	100.0%
SYSMEX HONG KONG LIMITED		China	Sales of in vitro diagnostic systems and reagents	Dec. 1999	HKD 500,000	100.0%	
SYSMEX INFOSYSTEMS CHINA, LTD.		China	Development and sales of software for diagnostic information systems	Jul. 2000	USD 200,000	100.0%	
SYSMEX WUXI CO., LTD.		China	Development, manufacture and sales of reagents for in vitro diagnostic systems	Aug. 2003	USD 3,400,000	100.0%	
Asia Pacific	SYSMEX ASIA PACIFIC PTE LTD.	Singapore	Customer and sales support for in vitro diagnostic systems and reagents	Feb. 1998	SGD 3,500,000	100.0%	
	SYSMEX (MALAYSIA) SDN BHD	Malaysia	Sales of in vitro diagnostic systems and reagents	Apr. 1998	MYR 300,000	100.0%	
	SYSMEX INDIA PVT. LTD.	India	Manufacture and sales of in vitro diagnostic systems and reagents	Jul. 1998	INR 118,000,000	75.0%	
	SYSMEX (THAILAND) CO., LTD.	Thailand	Sales of in vitro diagnostic systems and reagents	May 1999	THB 18,000,000	100.0%	
	SYSMEX SANTUNG CO., LTD.	Taiwan	Sales of in vitro diagnostic systems and reagents	May 2000	NTD 5,000,000	51.0%	
	SYSMEX NEW ZEALAND LIMITED	New Zealand	Development and sales of software for diagnostic information systems	Oct. 2001	NZD 795,000	100.0%	
	PT. SYSMEX INDONESIA	Indonesia	Sales of in vitro diagnostic systems and reagents	Mar. 2002	USD 350,000	100.0%	

* As of April 1, 2008

Corporate Overview / Stock Information (As of March 31, 2008)

SYSMEX CORPORATION

Established February 20, 1968
 Number of Employees 3,916 (consolidated basis)
 1,774 (non-consolidated basis)
 * Including part-time employees

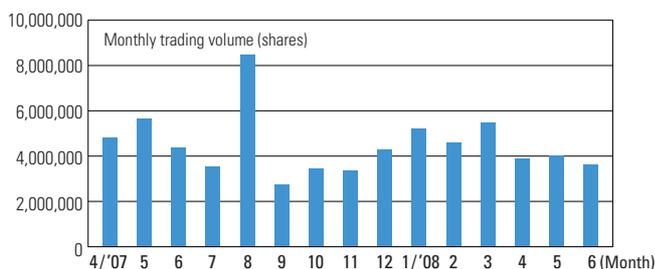
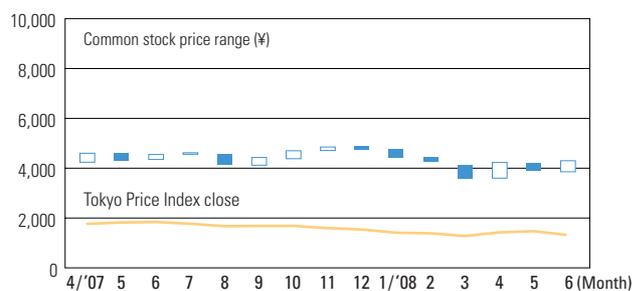
Fiscal Year April 1 - March 31
 Shareholders' Meeting In June
 Number of Shares Authorized 149,672,000 shares
 Number of Shares Issued 51,203,108 shares
 Paid-in Capital ¥8,651 million
 Stock Listings Tokyo Stock Exchange, First Section
 Osaka Securities Exchange, First Section

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

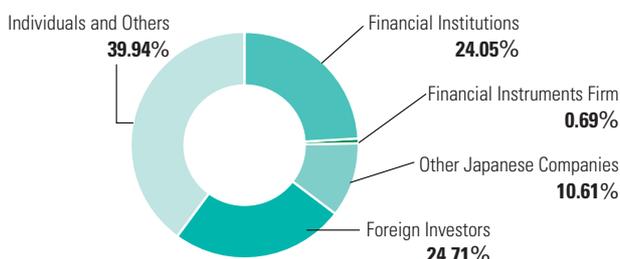
Ticker Code 6869
 Transfer Agent Mitsubishi UFJ Trust
 and Banking Corporation
 Independent Auditor Deloitte Touche Tohmatsu
 Rating A (Rating and Investment
 Information, Inc (R&I))
 Indexes Russell / Nomura Japan Equity
 Indexes
 FTSE Japan Index
 NOMURA400
 DSI (Daiwa Stock Indices)
 S&P Japan 500



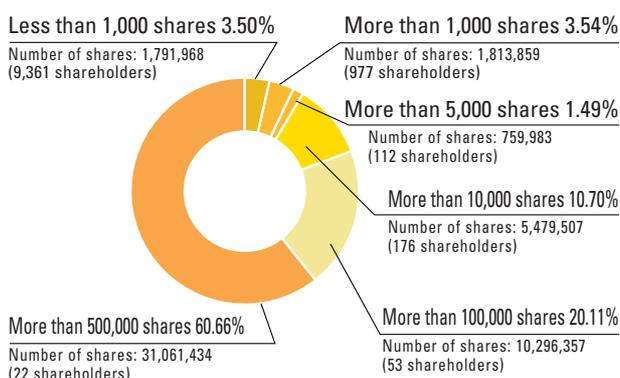
Stock Price Range & Trading Volume



Composition of Shareholders



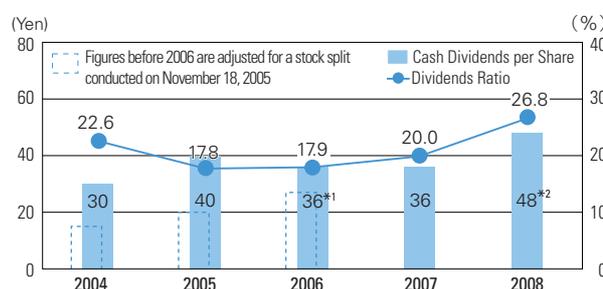
Distribution of Shares by Number of Shares Held



Principal Shareholders

Shareholders	Number of shares held (thousands)	Percentage of shareholding
Tadako Nakatani	4,003	7.82
Japan Trustee Services Bank, Ltd. (Trust account)	3,550	6.93
Tadashi Nakatani	2,994	5.85
Nakatani Kosan, Ltd.	2,574	5.03
The Master Trust Bank of Japan, Ltd. (Trust account)	2,265	4.43
National Mutual Insurance Federation of Agricultural Cooperatives	1,640	3.20
Kazuko Ietsugu	1,531	2.99
Taeko Wada	1,531	2.99
THE CHASE MANHATTAN BANK, N. A. LONDON SECS LENDING OMNIBUS ACCOUNT	1,372	2.68
Kenji Itani	1,231	2.41

Cash Dividends per Share & Dividends Ratio (Consolidated)



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

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

Policy of dividend

We have been indicating a policy of stockholders' equity to balance both investment for sustainable growth and contribution toward shareholders. Upon this policy we raise strategy to keep dividend payout ratio as approximately 20% on consolidated financial performance.

Sysmex Corporation

1-5-1 Wakinohama-Kaigandori, Chuo-ku, Kobe 651-0073, Japan

www.sysmex.co.jp



This report is printed on environmentally friendly paper and soy ink in a waterless printing process.