sysmex

Annual Report 2009

For the year ended March 31, 2009

Profile

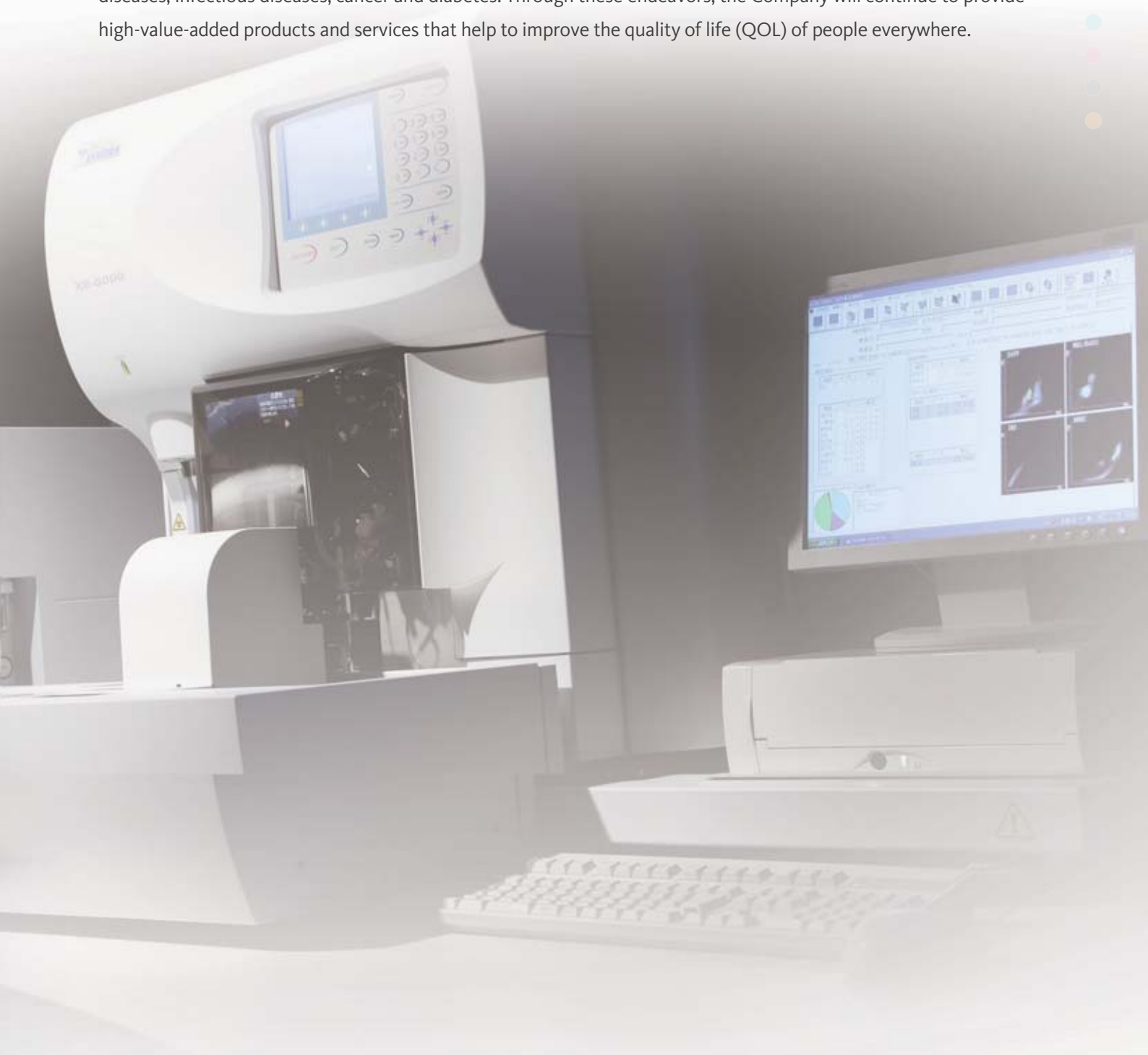
Sysmex Corporation ("the Company") got its start in 1968 as TOA Medical Electronics Co., Ltd., a specialist manufacturer of instruments and reagents for the hematology market. Over the ensuing 40 years, the Company expanded its R&D and production functions and evolved into a global, comprehensive supplier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

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

Forward-Looking Statements
Statements in this annual report, other than those of historical fact, are forward-looking statements about the future performance of Sysmex that are based on management's assumptions and beliefs in light of information currently available, and involve both known and unknown risks and uncertainties. Actual events and results may differ materially from those anticipated in these statements.

To provide products and services that satisfy the diverse needs of markets around the world, Sysmex maintains a global network of business facilities spanning 42 locations in 26 countries. Through this sales and support network, the Company supplies products and services to customers in more than 150 countries. To grow further, Sysmex aims to develop its business on a global basis, as well as by developing proprietary technologies and aggressively pursuing opportunities to expand its operations through alliances, mergers and acquisitions.

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



Making the Next Leap Forward

During the year, the world economy experienced a general downturn.
Nevertheless, **robust growth** continued in the healthcare industry—
Sysmex's business domain.

Net sales and operating income reached **record levels**.
We also **raised dividends** for the seventh consecutive fiscal year.

In May 2009, we announced a new three-year mid-term management plan.
The plan targets **ongoing growth** and **further profitability increases**,
Reaching net sales of ¥140 billion and operating income of ¥18.5 billion and
Launching us to the **next stage of growth**.

For further information about
the ***New Mid-Term Management Plan***,
please see **page 12**

Contents

Introducing Our New Corporate Logo

Shaping the Advancement of Healthcare

This new corporate logo embodies the next phase of Sysmex's development. The logo creates a brand identity that expresses the "Sysmex Way," the corporate philosophy, as well as the Company's long-term vision, the outlook of its employees, and stakeholder expectations.

For further information, please see **page 50**

Key Strategies for Future Growth

To Our Stakeholders

The fiscal year that ended March 31, 2009 and marked the 40th anniversary of our founding was a banner year for Sysmex. It was punctuated with several turning points. We unveiled a completely redesigned corporate logo, celebrated the grand opening of Technopark—our new R&D facility, and enjoyed robust growth in overseas markets. Our new mid-term management plan, which goes into effect in the fiscal year ending March 31, 2010, aims for ongoing growth and further profitability increases.

Consolidated net sales grew 1.0% during the fiscal year that ended March 31, 2009, to ¥111,843 million, and operating income rose 0.7%, to ¥15,134 million, representing historic highs in each category. Net income, however, dropped 12.2%, to ¥8,014 million, owing to the exchange rate effects of rapid yen appreciation.

In overall economic terms, the fiscal year that ended March 31, 2009, was challenging. The global financial crisis suppressed demand, causing economic activity to decelerate around the world. This situation, exacerbated by rapid yen appreciation, created a bleak economic scenario. In the second half of the year, Asian countries suffered the incidental effects of the economic doldrums that affected Europe and the United States, their chief export markets.

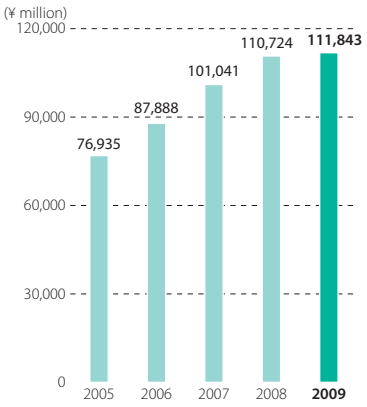
On the healthcare front, the average age of the populations in advanced countries, including Japan, Europe and the United States, continued to increase, and preventive healthcare continued to expand. Meanwhile, emerging countries continued to build their healthcare infrastructures. This strong underlying demand for testing enabled the *in vitro* diagnostics industry to come through the year's economic turmoil relatively unscathed.

Under these circumstances, Sysmex took the 40th anniversary of its founding as an opportunity to create a new corporate logo that expresses the spirit of challenge and transformation that the Company is undergoing as it moves onto a new stage of operations. In line with the concept of "creation of 'knowledge' and its inheritance," we also opened Technopark, a facility that approximately doubled our research and development space. We also developed our operations overseas. To reinforce our sales and service networks in overseas markets, we converted a joint venture reagent manufacturing and sales company in India to a wholly owned subsidiary. In Dubai, the United Arab Emirates, we established a company to provide sales and service support. We also enhanced our relationships with alliance partners. We joined bioMerieux of France, a leader in microbiology analysis, to provide products and customer service in Japan. We extended our sales and service agreement with Siemens Healthcare Diagnostics of the United States, which holds the No. 1 share of the market for hemostasis reagents, in the mutual provision of hemostasis products. On the R&D front, we introduced a rapid detection system for breast cancer lymph-node metastasis. We received approval to manufacture and sell, as well as national insurance system approval to use, this system—the first automated testing system in Japan for lymph-node metastasis.

Despite ongoing difficulties in the Japanese market environment, we continued concentrating our sales efforts on proposing solutions to meet customers' needs, focusing specifically on core hospitals. Nevertheless, sales in Japan dropped 0.4% during the year, to ¥35,828 million.

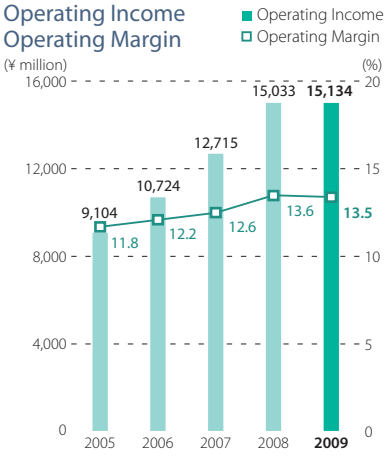
Overseas sales, however, continued to expand. In the Americas, we sustained strong ongoing growth by reinforcing our direct sales and service network in the United States and Canada. In Central and South America, we generated sales through bid proposals and continued to expand system sales. In Europe, we converted our French sales and service system to a direct operation. We also moved forward with the creation of a sales and service network in the Middle East. In China and the Asia-Pacific region, we created a sales and service network and made progress in system sales. Buoyed by these efforts on a local-currency basis, sales expanded with the Americas and China delivering approximately 30% year-on-year growth. Despite the negative effects of substantial yen appreciation, overseas sales grew 1.7%, to ¥76,015 million,

Net Sales

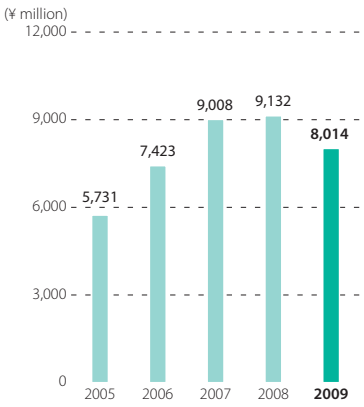


(Years ended March 31)

Operating Income
Operating Margin



Net Income



and accounted for 68.0% of total sales, up 0.5 percentage point from the preceding term.

On the profit front, efforts to reinforce our R&D structure and enhance our direct sales and service network drove up selling, general and administrative expenses. The impact of higher sales and an improved gross profit margin raised operating income 0.7%, to ¥15,134 million. However, the Company posted foreign exchange losses, owing to rapid yen appreciation, which caused net income to drop 12.2%, to ¥8,014 million.

At the beginning of the year, we had forecast annual per share dividend payments of ¥48 (an interim dividend of ¥24 and a year-end dividend of ¥24). However, the Company resolved to raise this amount ¥2, resulting in annual dividend payments of ¥50 per share, for the 7th consecutive year of dividend increases.

Sysmex has formulated a new mid-term management plan. Designed to guide the Company through the fiscal year ending March 31, 2012, the plan targets ongoing growth and further profitability increases. The long-term vision behind the plan is to become "A Unique & Global Healthcare Testing Company." Through three core strategies—Global Niche No. 1, Focus on Asia and Focus on Life Sciences—the plan sets net sales of ¥140 billion and operating income of ¥18.5 billion as targets for its final year. These objectives represent annual average growth in net sales of 10%, and a 20% annual average increase in operating income over the two-year period beginning April 1, 2010.

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

Hisashi Ietsugu
President and CEO

An Interview with the President and CEO

As a leader in the field of healthcare testing, Sysmex will pursue further transformations following its 40th anniversary.

Q How do you view the changes in Sysmex's operating environment?

A Although the global economy is in decline, the healthcare industry should remain relatively firm, and I expect the market to expand further. The average age of populations in Japan and other advanced countries continues to rise rapidly, causing healthcare-related demand to increase. In these countries, curbing healthcare expenditures is becoming a major issue, fostering a focal shift from treatment to prevention, and demand for testing is growing rapidly as a result.

Meanwhile, economic growth in emerging countries is encouraging their formation of healthcare infrastructures, and we expect these markets to grow, as well. China, India, Eastern Europe, Russia, the Middle East and Africa are making progress on their healthcare frameworks, which should in turn engender further demand. For these reasons, healthcare needs are growing steadily.

Diagnostics imaging companies are making inroads in the *in vitro* diagnostics segment, as the field undergoes ongoing restructuring. In the life science domain, venture and other companies are establishing new technologies.

For these reasons, I believe that healthcare is a growth industry, and I am convinced that the rate of change is increasing. The fact that we have made our presence known in this very competitive playing field is due in part to our ability to anticipate change. I believe we need to strategically accelerate our operations to extend this lead.

Q You have announced a new mid-term management plan to guide the Company through the fiscal year ending March 31, 2012. How would you evaluate the results of the previous mid-term plan?

A Although exchange rates fluctuated significantly, we continued to steadily expand our operations in overseas markets. North America is the world's largest market in our business, and in 2003 we took advantage of the opportunity to begin direct sales and service in the United States. The business infrastructure we created there has earned us high praise from our customers. We also steadily expanded our global scope of activity by establishing bases

External Environment

Sharp forex fluctuations	Continued curb on medical expenses	Industry realignment
• The yen grew strong against key currencies	• Medical institutions seeking higher operational efficiency • Greater demand for testing parameters with high medical value	• M&As among competitors in the diagnostics sector

Healthcare market remained brisk amid global recession

- Advanced countries: Graying populations, greater demand for advanced medical care
- Emerging countries: Increasing populations, development of medical infrastructures
- Increased investment in medical / healthcare services as part of economic packages

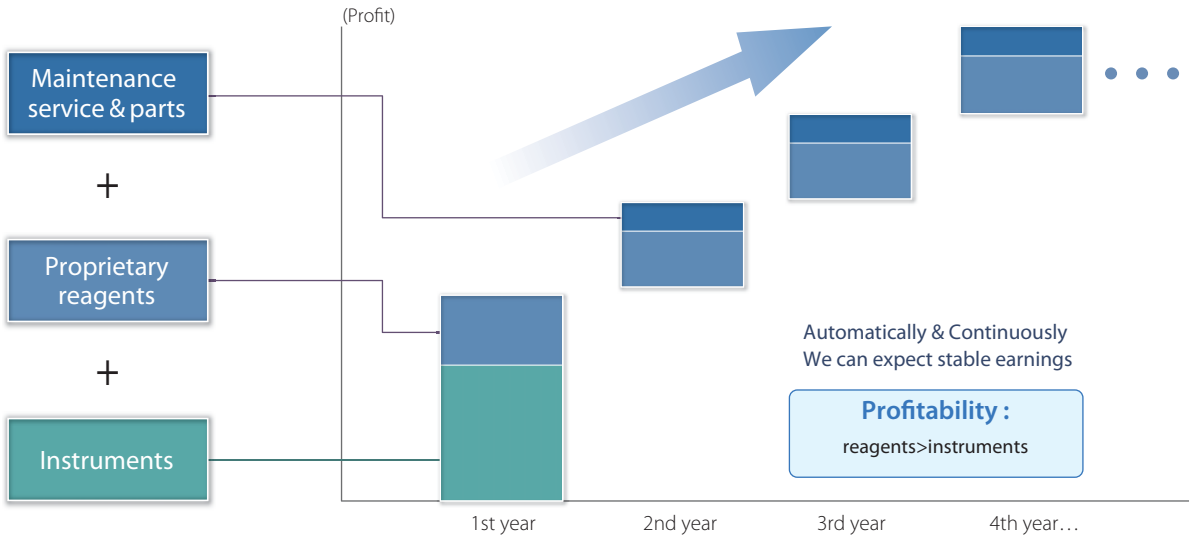


in France, Canada, the Middle East and India. Although the Japanese operating environment remains difficult, we introduced new products in the immunochemistry and hemostasis fields. In the life science field, we also introduced a rapid detection system for breast cancer lymph-node metastasis and received approval of its insurance points by Japan's Ministry of Health, Labour and Welfare. We expect this product to be a major driver of future growth in this market. The Company's core business in the field of hematology provides the base for such investment and a source of steady revenue and profits. In the hematology segment, which accounts for 64% of consolidated net sales, we operate a distinctive and robust business, wherein instrument sales lead automatically to a steady revenue stream from sales of specific reagents. We also we provide maintenance and support services, and as the installed base of our instruments increases, these revenues grow accordingly.

Furthermore, the fiscal year that ended March 31, 2009 was the 40th anniversary of our establishment. During that milestone year, we introduced a number of developments to springboard ourselves onto the next stage of development. Through the expansion of Techno Center, our previous R&D base, and in line with the concept of "creation of 'knowledge' and its inheritance," we opened Technopark. We also created

Basic Stable Profit Model

With instruments, reagents, service and support under a single umbrella, stable earnings are expected.



a new corporate logo to embody the spirit of challenge and will to transform that we bring to the next stage of our development. In these ways, the year represented a major turning point in Sysmex's history. With these pieces in place, I am convinced that we are ready for our next leap forward.

Q As you move past your 40th anniversary, what are some issues of priority focus for the Company?

A We have created a mid-term plan to guide the Company through the fiscal year ending March 31, 2012, and this plan targets ongoing growth and further profitability increases. To achieve the long-term vision that we established in 2007 of becoming "A Unique & Global Healthcare Testing Company," the plan retains three core strategies: Global Niche No. 1, Focus on Asia and Focus on Life Sciences. The five key objectives that we have set for the next three years are (1) sustaining growth in the hematology field, (2) accelerating the growth of non-hematology* fields in *in vitro* diagnostics, (3) accelerating the commercialization of Life Science Business, (4) strengthening R&D and (5) strengthening the corporate structure.

In addition to accelerating growth in the Company's core fields of business in hematology and non-hematology, we will build a base for future operations in the life sciences in fields such as cancer diagnosis and diabetes.

As a technology-oriented company, we will take advantage of Technopark to promote the evolution of new technologies to help achieve objectives that are in line with our concept of disease management, as well as accelerating our R&D another notch. We also will enhance our business management and pursue environmentally conscious initiatives as we expand our scale of business in the global arena.

Our new mid-term plan calls for us to achieve consolidated net sales of ¥140 billion and operating income of ¥18.5 billion by the fiscal year ending March 31, 2012. Over the two-year period beginning April 1, 2010, this amounts to an average increase in consolidated net sales of 10% per year and an average annual increase of 20% in operating income. Our plan assumes exchange rates of US$1.00=¥95, €1.00=¥125. By comparison, in the fiscal year that ended March 31, 2009, we experienced exchange rates of US$1.00=¥100.5 and €1.00=¥143.5. Owing to extremely high yen appreciation, we expect operating income to decrease during the fiscal year ending March 31, 2010. However, as our business continues to grow steadily, we are convinced that by enhancing the quality of our management, we will succeed in meeting the targets of our mid-term management plan.

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

Q Do you have any important thoughts on corporate management that you could share with us?

A This fits in with my philosophy about work in general, but I am convinced that "Where there's a will, there's a way." Instead of talking yourself out of a job by saying you "can't do it," it is essential to channel your energies into figuring out how you can achieve what needs to be done. In other words, first set the goal, and then determine the route. If you take this approach, knowledge will definitely accrue. As we work to expand our business, it is important not to become complacent with our current situation, but to bend flexibly with the winds of change, sometimes taking a half-step backward for each step forward. This approach led us to establish bases in the BRICs and other emerging countries at an early date.

I also believe that recruiting and training excellent personnel is one our most important management issues. Every person has strengths and weaknesses, advantages and disadvantages. What is important is to create an environment that will nurture an employee's advantages to maximize his or her strengths. This is a manager's most important role.

As globalization continues, more people with unique characteristics will join Sysmex. I believe that fostering globalization means embracing diversity. I am convinced that gathering people with diverse strengths to Sysmex will be the source of our future growth.

Q Do you have any message you would like to leave with stakeholders?

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

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

Having moved past the landmark of our 40th anniversary, we have already begun addressing the challenges of transforming ourselves in preparation for the next stage of growth. As we progress to this next phase, I ask for the ongoing support of our investors.

Special Feature: New Mid-Term Management Plan

(Fiscal Years Ending March 31, 2010–2012)

Working Toward Ongoing Growth and

Sysmex has formulated a new mid-term management plan to lead the Company through the fiscal year ending March 31, 2012, while achieving ongoing growth and further profitability increases. Based on our long-term vision of becoming "A Unique & Global Healthcare Testing Company," the plan aims to accelerate our business development based on three core strategies—Global Niche No. 1, Focus on Asia and Focus on Life Sciences. By working steadily to achieve the five key objectives that we have set for the next three years, we aim to achieve net sales of ¥140 billion and operating income of ¥18.5 billion in the final year of the plan.

(Our plan assumes exchange rates of US$1.00=¥95, €1.00=¥125.)

Long-Term Strategy

Long-Term Vision

A Unique & Global Healthcare Testing Company

Long-Term Management Target

Consolidated net sales of ¥200 billion or more

Three Core Strategies

We will solidify our global No. 1 position in the niche markets of hematology, hemostasis and urinalysis, making our advantage unassailable. Leveraging our global No. 1 share in the hematology field, we will exploit our first-mover advantage as we enter growing markets in emerging regions and respond to the technological innovation and changing medical needs of advanced countries. We believe that this strategy plays an important role in accelerating the growth of the Sysmex Group ("the Group").

Of the 10 global leaders in *in vitro* diagnostics, we are the only company that originated in Asia, and we have the advantage of having already built a business infrastructure in China and the Asia-Pacific region. In addition to hematology, we have in place a full lineup of instrument and reagents in the fields of immunochemistry and clinical chemistry. We will enhance these and expand our service and support network to reinforce our position in Japan, China and the Asia-Pacific region. Deploying our sales and service network in emerging countries within Asia, we will expand our product portfolio to include fields in addition to hematology.

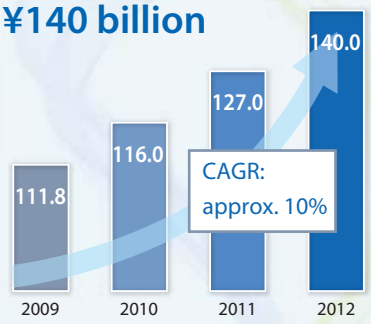
Based on the concept of disease management, we will pursue research and product commercialization in such fields as cancer diagnosis and diabetes, as well as promoting a market awareness of new testing technologies as we strive to turn life science into a business that will accelerate the Group's future growth.

Mid-Term Management Targets

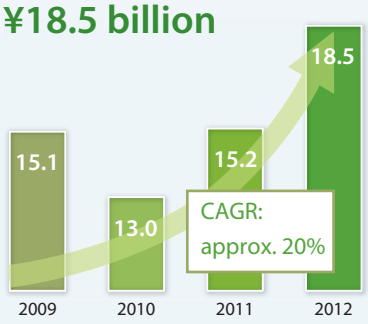
Further Profitability Increases

Targets of Mid-Term Plan

Net sales:
¥140 billion



Operating income:
¥18.5 billion



Exchange rates for 2009: US$1.00 = ¥100.5; €1.00 = ¥143.5
Assumed exchange rates: US$1.00 = ¥95; €1.00 = ¥125

Our new mid-term plan calls for us to achieve consolidated net sales of ¥140 billion and operating income of ¥18.5 billion by the fiscal year ending March 31, 2012. Over the two-year period beginning April 1, 2010, this amounts to an average increase in consolidated net sales of 10% per year and an average annual increase of 20% in operating income. Our plan assumes exchange rates of US1.00=¥95, €1.00=¥125. By comparison, in the fiscal year ended March 31, 2009, we experienced exchange rates of US$1.00=¥100.5 and €1.00=¥143.5. Owing to extremely high yen appreciation, we expect operating income to decrease during the fiscal year ending March 31, 2010. However, as our business continues to grow steadily we are convinced that by enhancing the quality of our management we will succeed in meeting the targets of our mid-term management plan.

Operating margin: 13.2%

ROE: 12.0%

Free cash flow: ¥8.4 billion

Investment Plan

(¥ billion)

Fiscal years ending March 31	2010	2011	2012
Capital expenditure	¥ 6.0	¥ 6.0	¥ 6.5
Depreciation and amortization	7.5	7.5	7.5
R&D expenditure	10.8	12.0	13.0

Sysmex's ongoing three core strategies for accelerating its business development remain rooted in its long-term vision. More specifically, our mid-term management plan spells out five key objectives to be achieved during the next three years. We believe that by moving steadily toward these objectives, we will achieve ongoing growth and further profitability increases.

Five Key Objectives

1. Sustaining Growth in the Hematology Field
2. Accelerating the Growth of Non-Hematology Fields in *in vitro* Diagnostics
3. Accelerating Commercialization of the Life Science Business
4. Strengthening R&D
5. Strengthening the Corporate Structure

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

1. Sustaining Growth in the Hematology Field

- Further expanding our market share in North America
- Sustaining growth in Europe (advanced countries)
- Increasing sales in emerging countries

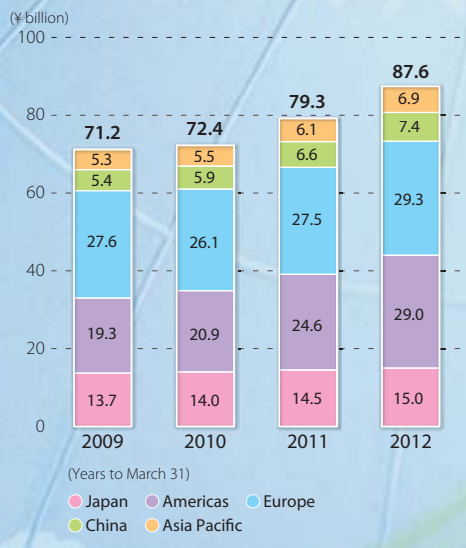
The average age of the populations of Japan and other advanced countries continues to increase. These demographics are fostering an enhanced individual awareness of health and shifting the locus of growth in the healthcare arena from treatment to prevention. The importance of diagnostics (testing) is growing accordingly. We anticipate market growth in emerging countries, as well as population growth and economic advances prompt improvements in the healthcare infrastructure. In this business environment, we expect demand for healthcare to grow at an even faster rate in the future. These considerations suggest that the field of hematology still has ample room for growth, particularly in Europe—where business continues to grow; North America—where we anticipate increases in our market share; and in emerging countries throughout Asia and Central and South America. Propelled by expanding markets in these regions, we expect to solidify our global No. 1 position even further.

Focusing on business in advanced countries, in July 2003 we realigned our operations in the United States by introducing a direct sales and support structure. Our market share and customer satisfaction levels have risen as a result. Future activities will focus on regularly proposing solutions to integrated health networks (IHNs*) and commercial laboratories. We began direct sales and service in Canada in 2008, and now the Sysmex brand is steadily penetrating this market. In Europe, we have built a combined direct/indirect sales and service structure to fit the characteristics of each sub-region. This system is functioning effectively there, earning us the top share of regional hematology markets and high praise from our customers.

We are responding to demand for high-quality testing in newly emerging countries (Asian countries, Central and South America, Eastern Europe, Russia, the Middle East and Africa), where we anticipate market growth over the medium to long term. We are stepping up our marketing to facilities that are introducing new instrument and promoting high-end equipment and system upgrades. We are also proposing some of the solutions that we have created for use in advanced countries. As these examples demonstrate, rather than simply competing on the basis of price, we are working to provide value-added solutions and enhance the prestige of the Sysmex brand.

* Integrated health networks (IHNs) are integrated health business entities in the United States. An IHN is an organization of multiple hospitals formed to provide the healthcare services needed for the local population across a large medical district.

Hematology segment
Targeted sales by destination



2. Accelerating the Growth of Non-Hematology Fields in *in vitro* Diagnostics

- Consolidating our status as a comprehensive supplier in Asia, including Japan
- Extending our global reach in the hemostasis and urinalysis fields

Using hematology as a pillar for growth, we are building awareness of the Sysmex brand in the *in vitro* diagnostics arena outside the area of hematology.

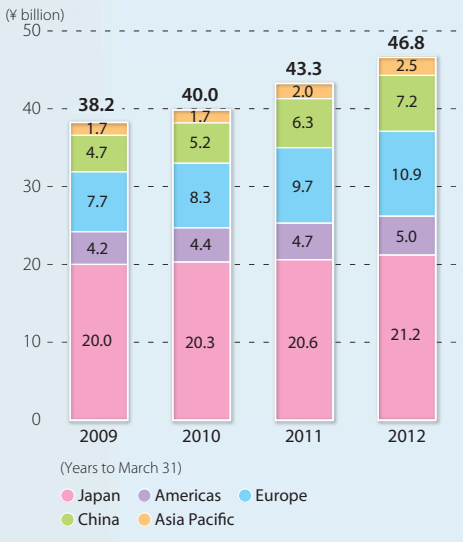
In the field of hemostasis, have forged a global alliance with Siemens. This agreement is designed to leverage synergies between the two companies by using Siemens reagents and Sysmex instruments, fortifying our leading share of the global market.

Our core strategy to Focus on Asia prioritizes non-hematology fields. In the rapidly growing Chinese market, we are developing business in nearly every category within *in vitro* diagnostics, and we have already secured the top market share in hemostasis. We are making steady progress in the field of urinalysis, and have begun to cultivate the immunochemistry and clinical chemistry markets. To ensure a stable and secure reagent production and to raise cost competitiveness, we plan to expand the number of product categories manufactured by our Wuxi Factory, our second reagent plant in China, to include reagents used in clinical chemistry and other fields.

Healthcare environments vary widely by area in the Asia-Pacific region, running the gamut from emerging market to advanced country infrastructures. Emerging countries are generating particularly steady healthcare demand increases, as these countries build up their healthcare infrastructures. Through initiatives such as redoubling our marketing efforts and helping organizations obtain ISO certification, Sysmex is taking unique, and essential, steps to add value.

In Japan, which is broadly considered to have a difficult market environment, we are expanding our offerings of sales schemes that are tailored to customer needs. As an integrated supplier of instrument, reagents, service and support, we propose solutions intended to raise testing efficiency and quality. In the field of immunochemistry, we are steadily increasing the reagent categories we offer. In addition to augmenting our in-house offerings of hemostasis reagents, we are expanding our portfolio in the areas of clinical chemistry and microbiology testing and taking advantage of our top-class sales and service network to propose solutions in this market.

Non-hematology segment
Targeted sales by destination



3. Accelerating Commercialization of the Life Science Business

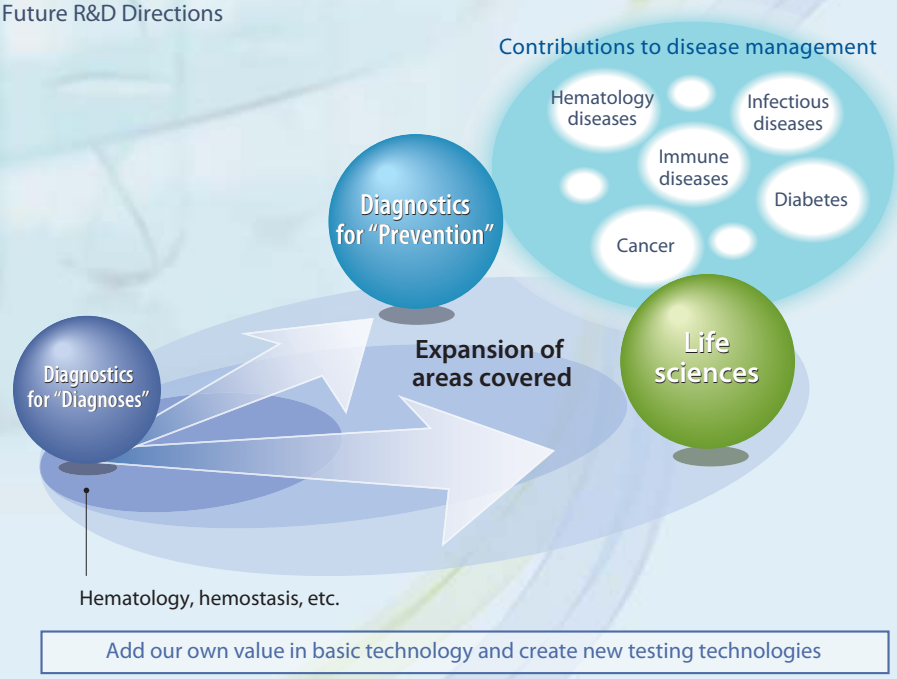
Recent breakthroughs in technologies for testing genes and proteins are turning previously unattainable healthcare possibilities into feasible options. Meanwhile, rising healthcare costs have become an important social issue, particularly in advanced countries—a situation that encourages a focal shift in healthcare policies from treatment to prevention. Sysmex's concept of disease management is well positioned for this market focus. We believe in providing healthcare tailored for individual patients, doing our utmost to keep diseases from occurring in the first place, and when they do occur, preventing them from growing worse.

At present, we are taking an approach toward such illnesses as cancer and diabetes that combines the technical expertise we have cultivated through *in vitro* diagnostics with evolving life science technologies. Through this initiative, we aim to promote the development of valuable new testing technologies. Including its overseas affiliates, Sysmex is taking a groupwide approach toward converting life science into a viable business.

Europe was the initial launch market for our first product in the life science category, a lymph node metastasis detection system for breast cancer. In June 2008, Sysmex obtained approval from Japan's Ministry of Health, Labour and Welfare to manufacture and sell in Japan a reagent for this system as an diagnostic product, followed by ministry approval of its insurance points in November. As the testing method constitutes a new testing technology, the clinical trial and evaluation process will require some time. Meanwhile, we are accumulative further expertise, gaining hands-on experience with medical equipment and earning recognition from the clinical community. In the future, we will work toward product launches in the United States and other major world markets. We also hope to use this technology in the metastatic diagnosis of colon, stomach and other types of cancer. The Company is also stepping up its R&D efforts with a view toward epoch-making breakthroughs in screening for cervical cancer and diabetes-related developments. We have also formed an alliance on clinical development and sales with Affymetrix (U.S.), the world's largest manufacturer of DNA chips, and we are progressing toward business development.

Moving forward, we will continue cultivating the market and expanding our product portfolio, as we work to turn life science technologies into commercial successes. Ultimately, we aim for life science to become a driver of future growth, accelerating the Company's overall growth.

Future R&D Directions



4. Strengthening R&D

In addition to its vital role in healthcare standardization and quality improvement, testing is helping healthcare make the shift from supporting treatment to disease prevention. Based on the 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, clinically effective testing technologies targeting hematology diseases, immune diseases, infectious diseases, cancer and other illnesses.

Fiscal 2009 marked the grand opening of Technopark, representing the expansion of Sysmex's R&D facilities. Technopark integrates Sysmex's research and science with its development and engineering, giving it a suitably prominent role for a technology-oriented company such as Sysmex.

The new configuration allows us to refigure our product flow, from R&D through to commercialization. We will take advantage of the facility to foster increased collaboration between healthcare and R&D institutions, and to speed our own R&D.

5. Strengthening the Corporate Structure

The race for corporate survival grows increasingly competitive. To reinforce our corporate structure, we are promoting initiatives to lower costs and raise efficiencies.

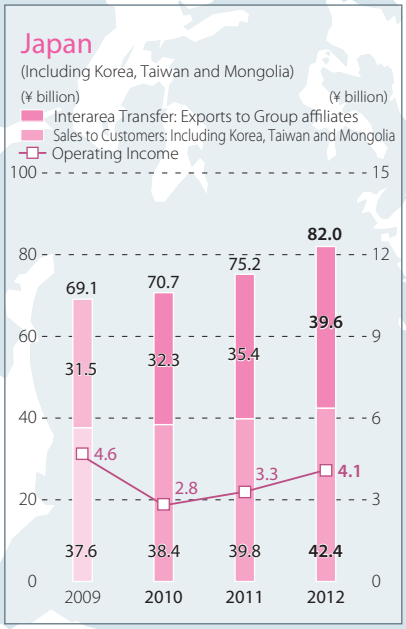
From an environmental standpoint, we are working to reduce the environmental footprint of our products, by using fewer resources in manufacturing and making products more lightweight. These initiatives also help lower production and logistics costs.

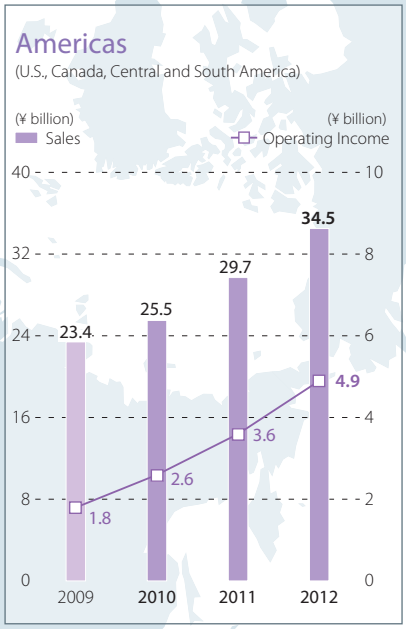
As Sysmex continues to expand globally, the Group is strengthening its business management. To this end, we share management information through a global enterprise resource planning (ERP) system. We are also promoting higher supply chain efficiency and augmenting our risk management system in line with our expanding scale of operations.

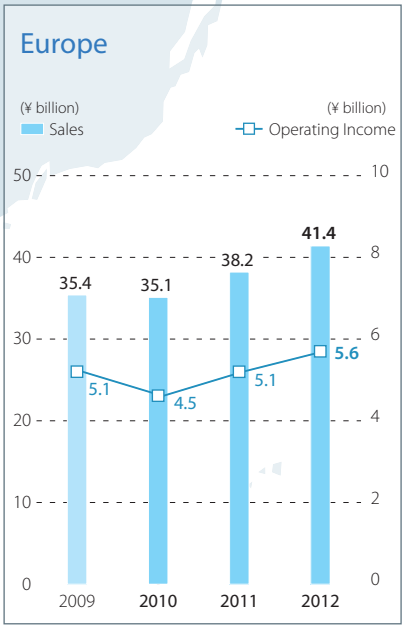
We are also in the process of reconfiguring our human resource system, making human resource training a major focus. As a result, we aim to develop globally proficient leaders of change who can skillfully guide the Company into the future.

Net Sales and Operating Income by Geographical Region

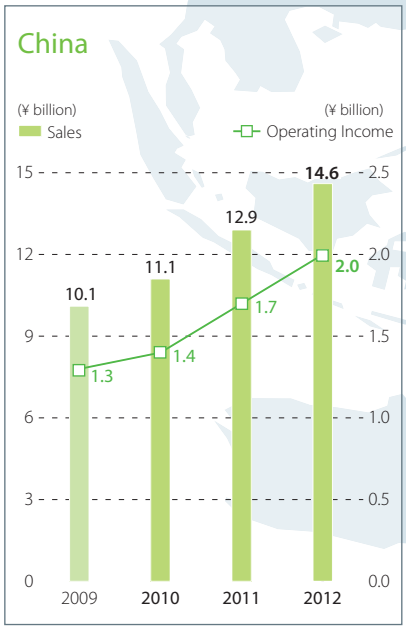
Sysmex is using the combined strengths of all Group companies in its global business development to generate sales tailored to regional needs.

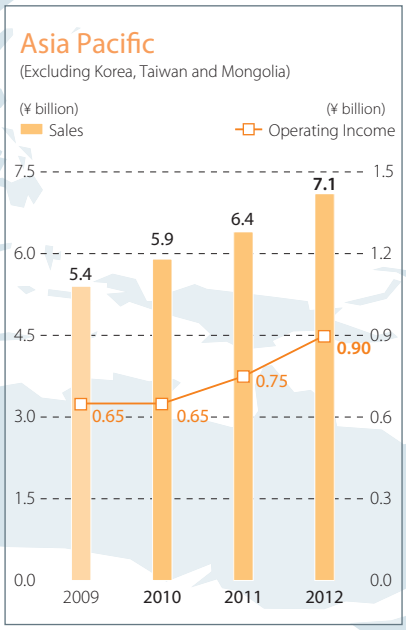






(Years ended March 31)





Note: 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.

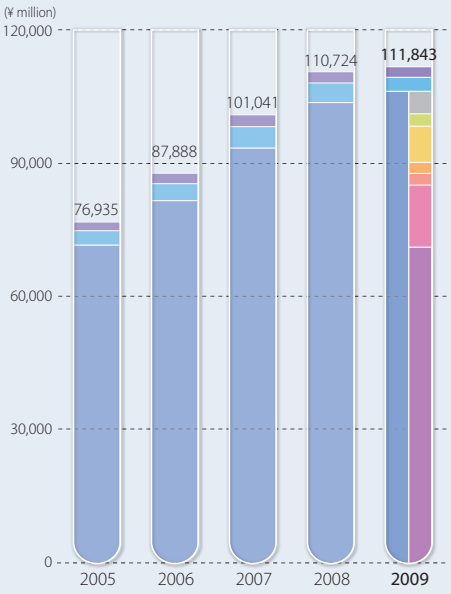
Business Activities

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

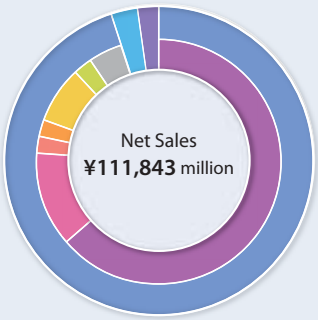
Sysmex at a Glance

Business Segments

Sales Composition by Business

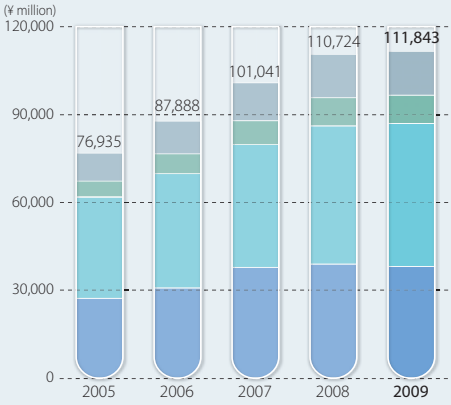


Diagnostics	95.1%
Hematology	63.7%
Hemostasis	12.5%
Immunochemistry	2.4%
Clinical Chemistry	2.2%
Urinalysis	7.3%
POC Testing	2.5%
Others	4.5%
IT	2.8%
New Business (Particle-analysis, etc)	2.1%



Product Segments

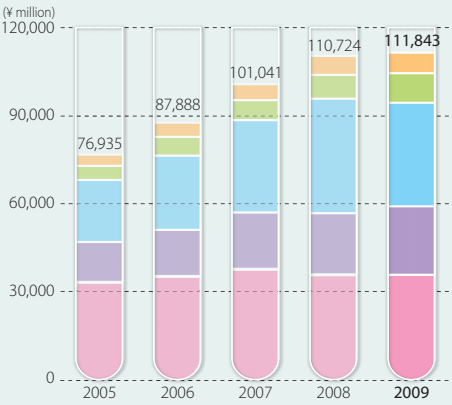
Sales Composition by Product



Instruments	34.1%
Reagents	43.8%
Maintenance services	8.7%
Others	13.4%

Regional Segments by Destination

Sales Composition by Destination



Japan	32.0%
Americas	20.9%
Europe	31.7%
China	9.1%
Asia Pacific	6.3%

(¥ million)

	2005	2006	2007	2008	2009
Diagnostics	71,761	81,750	93,581	103,801	**106,316**
Hematology	44,176	52,118	60,216	68,414	71,216
Hemostasis	11,195	12,150	14,145	13,834	13,970
Immunochemistry	4,613	4,061	3,400	2,866	2,639
Clinical Chemistry	3,179	3,008	2,760	2,667	2,479
Urinalysis	4,748	5,142	6,295	7,509	8,154
POC Testing	2,578	3,444	3,823	3,995	2,793
Others	1,272	1,825	2,938	4,513	5,062
IT	3,222	3,812	4,807	4,399	**3,145**
New Business	1,952	2,325	2,652	2,522	**2,381**

Sysmex derives approximately 95% of its revenues from the diagnostics field in the business of testing samples of human body fluids, such as blood and urine, with hospital and commercial laboratories as its principal customers. More specifically, our main field of business is hematology, which involves measuring the number and type of red, white and other blood cells. This business accounts for around 65% of net sales. Hematology uses specific reagents, and the sale of hematology instruments leads to an automatic and sustainable source of revenue through the sales of reagents.

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

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

(¥ million)

	2005	2006	2007	2008	2009
Instruments	27,244	30,790	37,847	38,958	**38,202**
Reagents	34,635	39,141	42,038	47,297	**48,966**
Maintenance services	5,486	6,773	8,127	9,668	**9,684**
Others	9,569	11,182	13,027	14,800	**14,989**

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

Sales of reagents and the provision of maintenance and other services currently account for approximately 65% of net sales. Industrywide, sales are trending upward, with instrument sales focused on the second and fourth quarters of the fiscal year.

(¥ million)

	2005	2006	2007	2008	2009
Japan	33,407	35,418	37,873	35,961	**35,828**
Americas	13,633	15,762	19,227	20,908	**23,414**
Europe	21,235	25,438	31,658	39,235	**35,454**
China	4,824	6,411	6,848	8,128	**10,111**
Asia Pacific	3,836	4,857	5,432	6,492	**7,036**

Sysmex supplies products and services to customers in more than 150 countries. Net sales* are well balanced among three key regions—Japan, Europe and Americas. We are also accelerating business development in China and the Asia Pacific region, and these rapidly growing markets constitute a steadily increasing percentage of consolidated net sales.

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

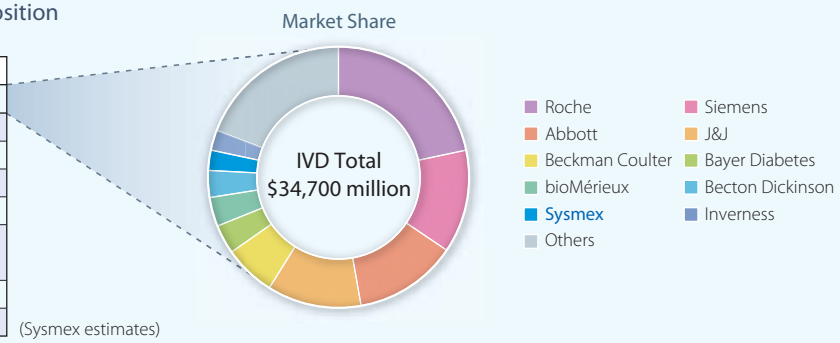
Testing Essential to the Realization of a Healthy Society

Clinical testing, used in medical diagnosis and treatment or in monitoring the effects of drug administration, is essential to the realization of a healthy society. Clinical testing can be broadly divided into two categories: *in vitro* diagnostics (IVD) that involve the examination of blood, urine or cell samples taken from the body and *in vitro* tests that involve direct examination using X-rays, electrocardiograms (ECGs) or brain waves. The global *in vitro* diagnostics market is worth some $34,700 million. Sysmex provides a wide variety of products and support services, ranging from individual instruments and reagents for *in vitro* diagnostics to full laboratory information systems.

Sysmex now ranks 9th in the world in the *in vitro* diagnostics field. We also command the leading share of the global hematology segment.

Diagnostics Market and Sysmex' s Position

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



(Sysmex estimates)

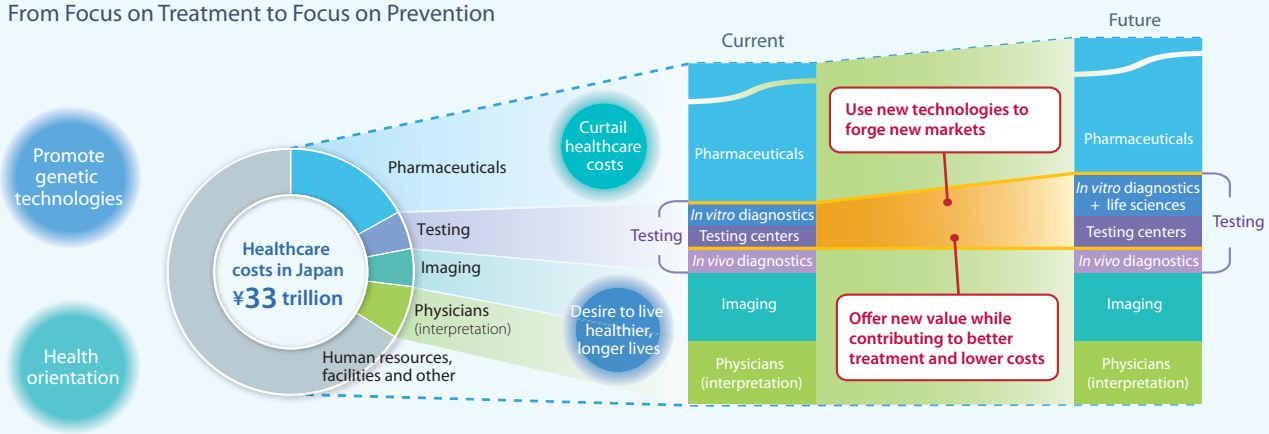
The Shift to an Aging Society and Preventive Medicine

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 in Japan and the rest of the world.

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

From Focus on Treatment to Focus on Prevention



Diagnostics

Hematology

Hematology tests are a type of screening that count red, white or other blood cells to determine whether a more detailed examination is necessary. In addition to instruments, these tests require specific reagents, which constitutes an ongoing demand. Sysmex estimates that the global hematology market accounts for annual sales of ¥1,800 million. Furthermore, the market is dominated by only three major suppliers: Sysmex, Beckman Coulter and Abbott.

Hemostasis

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

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

Sysmex estimates that the global hemostasis segment generates annual sales of $1,000 million. In 1995, we concluded a distribution agreement with Siemens (previously, Dade Behring Inc.), forging a synergistic relationship that reinforced our respective strengths in the hematology segment. As a result, we now enjoy the leading share of the global market for coagulation analyzers.

Immunochemistry

Immunochemistry tests are performed on blood serum, the supernatant fluid isolated after blood separation. Antigen-antibody reactions are used to test for the presence of HIV and hepatitis and to look for cancer markers.

Manufacturers of analyzers apply their own measurement principles, and specific reagents depend on the principles used. Sysmex estimates annual sales in the global immunochemistry market at $8,200 million, and the market is expected to expand.

In October 2007, we launched the HISCL-2000*i*, a fully automated immunoassay analyzer that enables highly sensitive, high-speed assays. The model's market popularity has grown, and we have expanded our lineup of related reagents, boosting our share of the immunochemistry testing market.

Clinical Chemistry

Clinical chemistry involves examining the enzymes, sugars and proteins in blood serum and plasma to determine the nutritional status, liver and kidney functions, and testing for contraction of conditions such as hyperlipidemia and arteriosclerosis.

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

Sysmex estimates that the global clinical chemistry market accounts for sales of $4,300 million. In Japan, we have a high share of the market for quality control serum used with various general-purpose reagents.

Urinalysis

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

Sysmex estimates that the global urinalysis market accounts for sales of $380 million, including $130 million from urine sediment analysis. We introduced the world's first urine formed sediment analysis system—the UF series—that uses the flow cytometry method. This series enjoys an excellent reputation with customers and has the leading share of the global market for urine sediment analysis.

POC Testing

POC is an abbreviation for point-of-care. POC testing can be carried out on the spot in operating rooms, intensive care units, clinics or at the patient's bedside, rather than in central laboratories, making possible rapid diagnosis and treatment. Currently, Sysmex markets rapid detection kits to assist in influenza diagnoses and easy-to-use devices to measure intravesical urine volume.

IT

Laboratory Information Systems

Advances in information technology have generated demand in the healthcare industry for IT-driven medical information networks. Such networks contribute to effective diagnoses by collecting and analyzing test data and consolidating this information into a convenient database. Sysmex plans to accelerate its IT deployment to expand business with hospitals, clinics and remote medical care capabilities.

New Business

Particle Analysis and Healthcare

The particle-analysis segment is a new business area for Sysmex. We are developing industrial applications for particle-analysis technology that we originally developed for our mainstay hematology business. This technology is used in many industrial processes, including research and quality control of copier toner and ceramic particles.

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

Major Products

Diagnostics

Hematology

Specialization

Information Diversity

Efficiency and Handling Capability

Scale of Laboratory

XS
Low End

XS-1000*i*

This compact, highly functional model features the same measurement principles, reagents and operability as models in the high-end XE series. This space-saving unit offers the ability to analyze five types of white blood cell, as well as excellent measurement data interchangeability. For this reason, it is suitable not only for use in hospital laboratories, but also for POC testing at clinics and emergency laboratories.

XT
Middle

XT-4000*i*

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

HST

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.

XE-Alpha N

Fully automated blood cell counting, white blood cell differentials, reticulocyte analysis, preparation of smears and staining are carried out by a compact system, ensuring efficient workflow and improved test precision. The SP-1000*i* Slide Preparation Unit (to the left in the photograph) is a network-capable system for automatically preparing hematology slides.

pocH

pocH-100*i*

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, immunochemistry, clinical chemistry and urinalysis.

Hemostasis

CS-2000*i*

The CS-2000*i* 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-500 Series

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

CA-7000

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

Immunochemistry

HISCL-2000*i*

This model applies the chemiluminescence enzyme immunoassay (CLEIA) methodology to produce a highly sensitive, rapid immunochemistry test system that can be used with reduced specimen quantities. The model is designed for use by medium-sized hospitals. In a bid to establish our presence in the immunochemistry market, Sysmex released reagents for infectious diseases such as hepatitis B, hepatitis C, and HIV, and those for the detection of thyroid hormone markers. With the aim of expanding our offering of measurement items, our R&D team is working on the development of reagents for detection of diseases and coagulation molecular markers. In order to expedite the development of these reagents, we are also working closely with our partner companies.

Note: Only available in Japan.

Urinalysis

UF-1000*i*

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

POC Testing

POCTEM S Series

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

Note: Only available in Japan.

Life Sciences

RD-100*i*

LYNOAMP BC

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

IT

CNA-Net

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

Note: Only available in Japan.

New Business (Particle Analysis, etc.)

FPIA-3000

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

SD-2000

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

ASTRIM SU

This non-invasive blood vessel monitor measures hemoglobin concentrations and blood-vessel width through near-infrared spectroscopic images simply by placing a finger on the detector. There is no need for blood sampling.

Note: Only available in Japan.

PROWELL

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

Note: Only available in Japan.

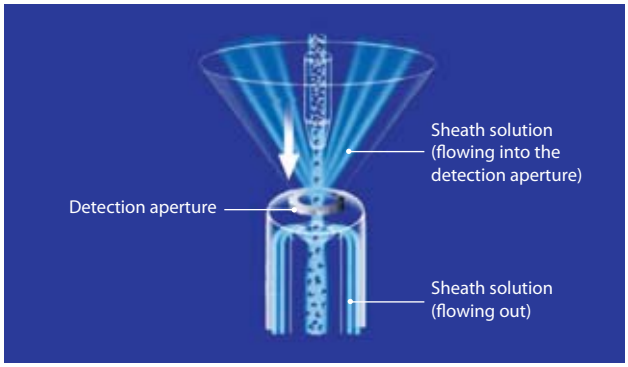
Introduction to Hematology Technology

Depending on blood cell type, anywhere from several thousand to several million blood cells—red blood cells, white blood cells and platelets—exist per microliter of blood. Hematology tests are essential for determining the number of blood cells that are responsible for oxygen transport, or hemostasis. Sysmex employs two basic technologies—sheath flow DC detection and flow cytometry—to achieve precise measurements at the microliter level.

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

Blood cells can be broadly divided into three categories: red blood cells, white blood cells and platelets. Platelets are the smallest in diameter, at around 2 micrometers, while white blood cells are the largest, at around 15 micrometers. Sheath flow DC detection is the basic method for measuring the number of blood cells and distinguishing their types by size. Broadly speaking, the method comprises three processes.

Detection chamber



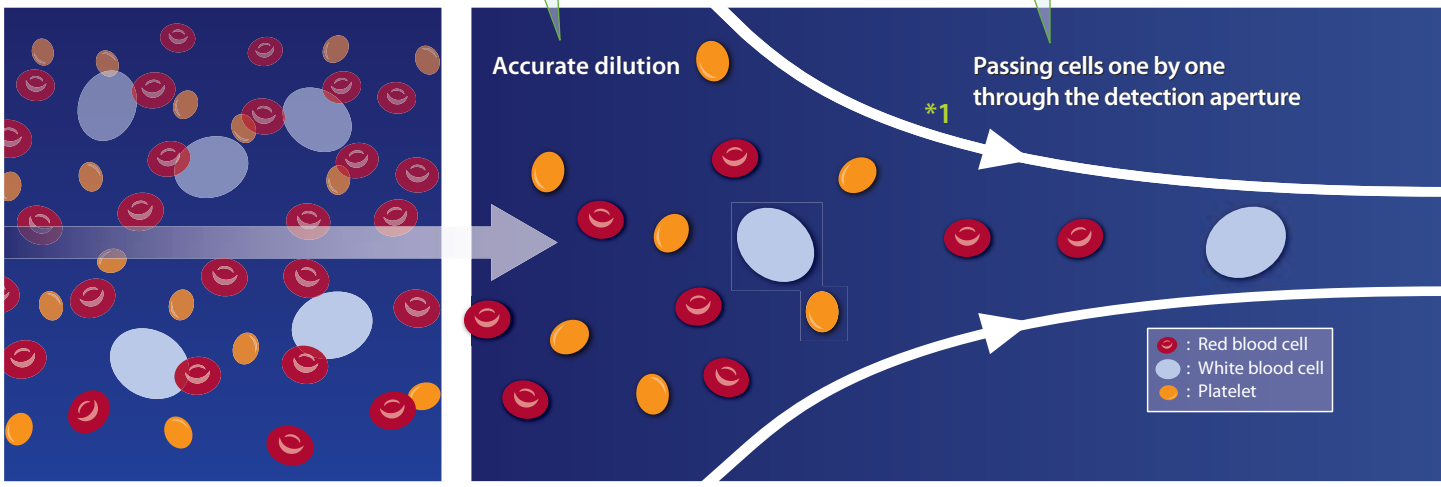
Accurate Dilution

Blood must first be diluted a certain amount to allow accurate measurement of the number and size of cells. This process reduces the number of cells per volume of blood and minimizes errors caused by blood cells piling up on top of each other. Accurate dilution requires meticulous measurement of the quantity of blood and of the solution, or reagent. This process requires micro-level precision in the design of the measuring chamber and uses an apparatus that minimizes degradation and abrasion.

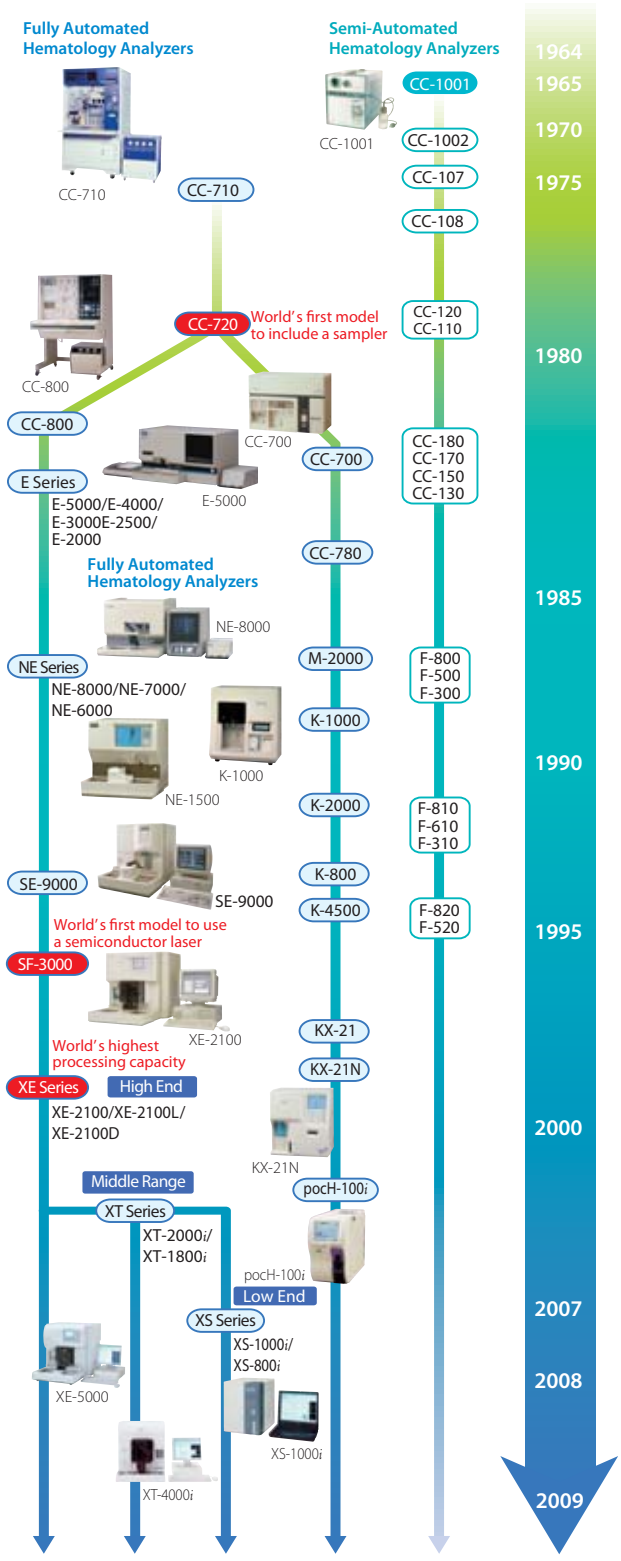
Individual Passage through the Detection Aperture

Regardless of how accurately it has been diluted, a measured sample (the diluted blood solution) will contain a large number of cells. Lining up the cells in a row beforehand simplifies the process of counting them, so a stream of fluid*1 that forms a sheath around the flowing blood cells is generated to align the cells. The cells flow along the stream*2 toward the detection aperture, where cells are counted, and pass through its center.*3 Unidirectional flow prevents the stream*4 of blood cells from flowing backward through the aperture once they have passed through it.

Three Processes in Counting Red Blood Cells

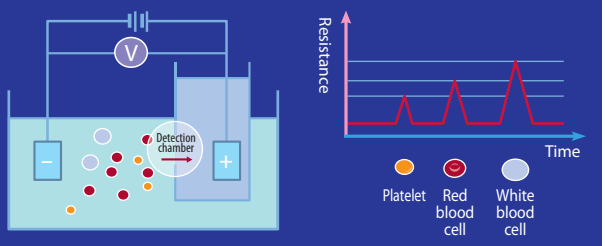


Development of Hematology Instruments



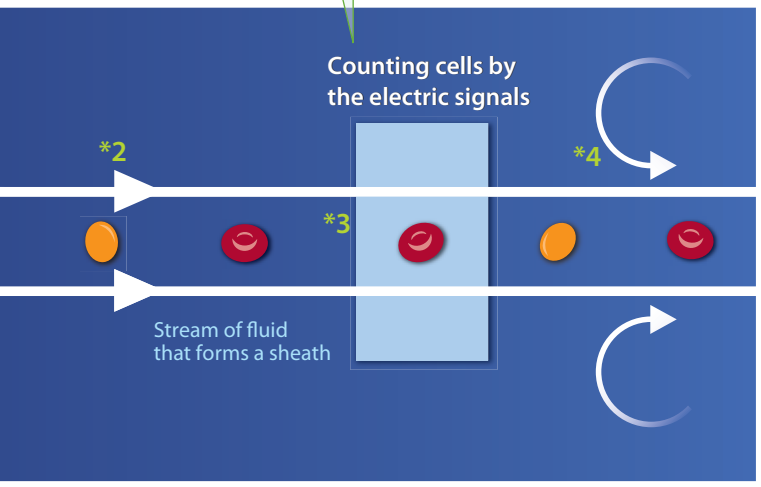
Detection Method

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



Counting Cells by Electric Signal

Blood cells do not transmit electric current easily, so cells in the test sample cause resistance in a current applied across the detection aperture through which they must pass. Therefore, blood cells can be counted by measuring the number of times an electric resistance is generated. Larger blood cells produce greater resistances, allowing the system to distinguish cells by type.



Capturing more information: Flow Cytometry

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

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

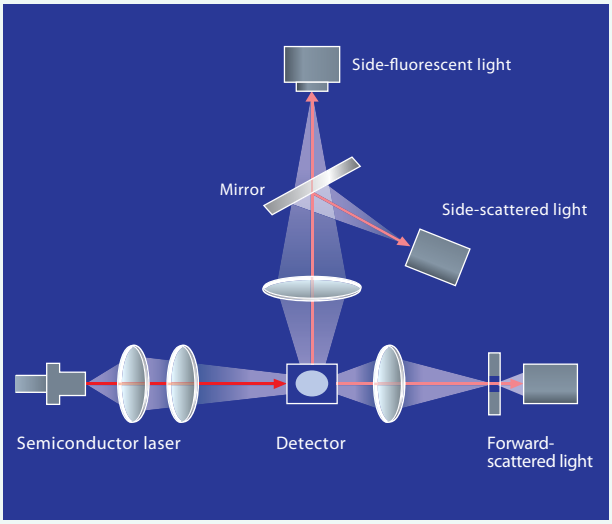
*5: Each of the five types of white blood cell—neutrophil, lymphocyte, monocyte, eosinophil and basophil—has a different shape and function.

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

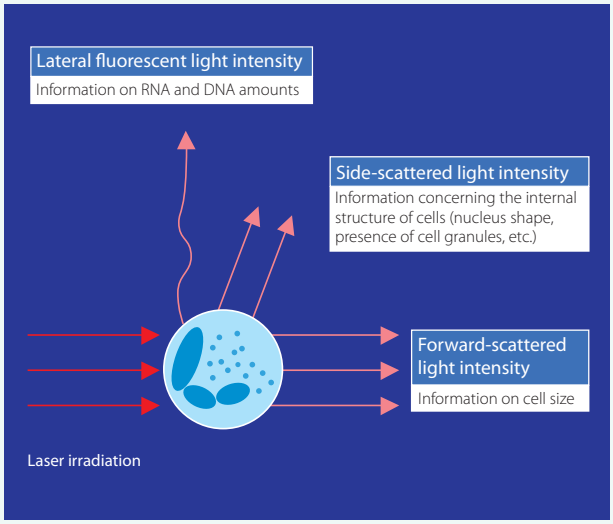
Flow Cytometry

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



Functional Structure

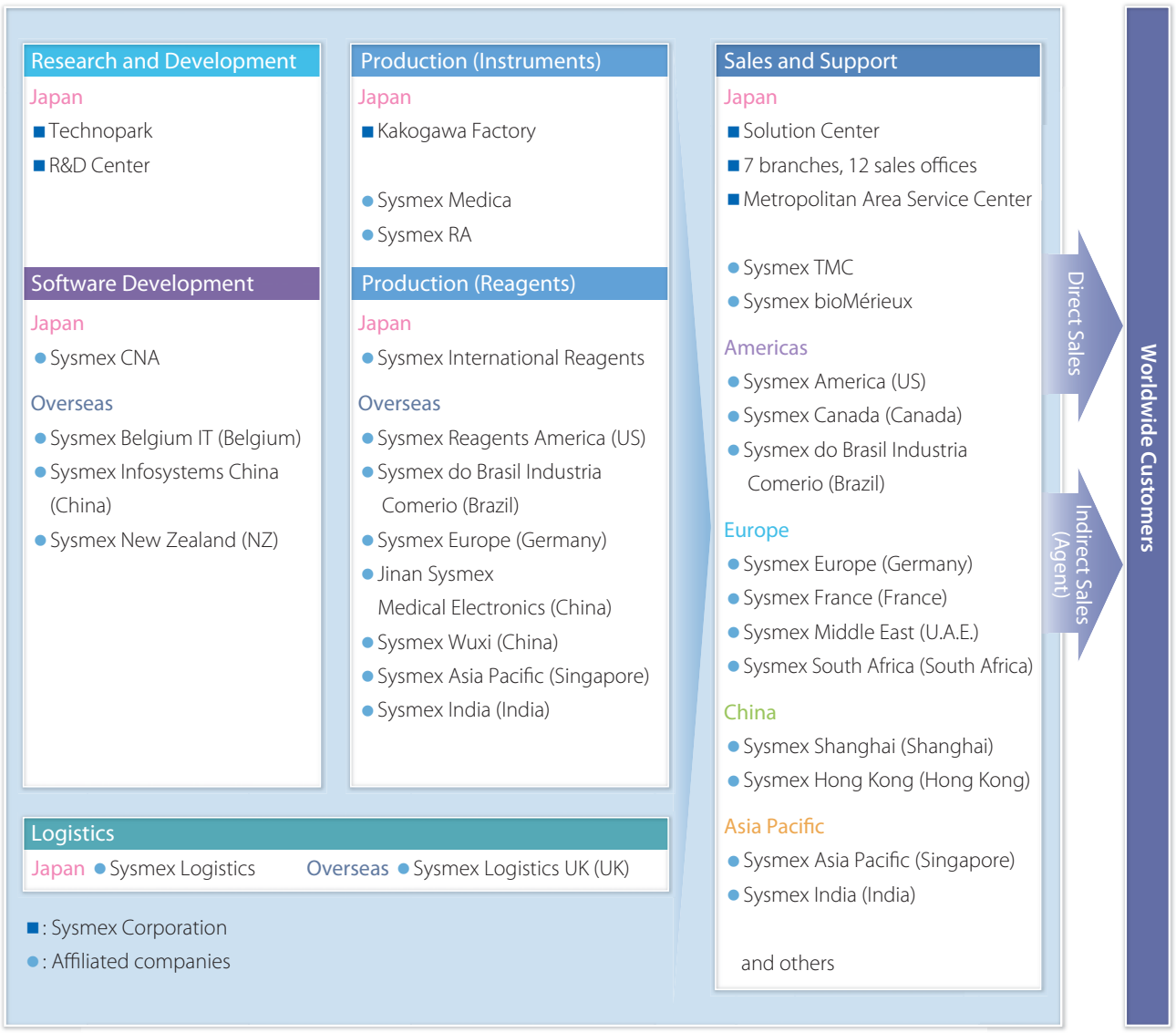
As a comprehensive diagnostics supplier, Sysmex has built an integrated business encompassing R&D, production, sales and after-sales support to provide products and services to healthcare facilities around the world.

Perspective

Throughout its R&D, production, sales and after-sales support processes, Sysmex works to build customer satisfaction, peace of mind and trust.

Sysmex is a comprehensive supplier of the instruments, reagents and software necessary for diagnostic testing. With operations at 42 locations in 26 countries, Sysmex provides products and services to customers in more than 150 countries. By integrating R&D, production, sales and after-sales support, We work to improve the reliability of diagnostic and medical-treatment testing, thereby ensuring increased customer satisfaction and trust.

Global Supply Chain

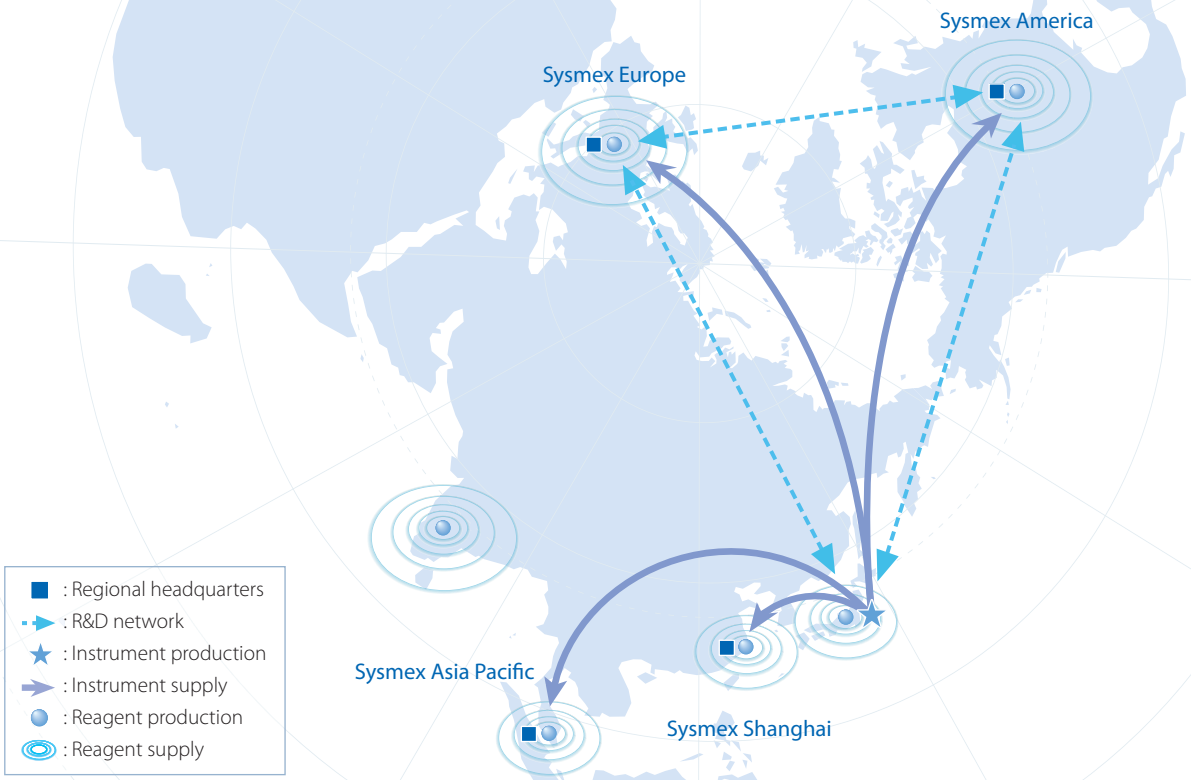


Research and Development

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

Instrument Production

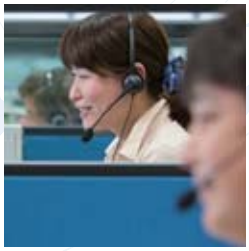
The Kakogawa Factory, which produces all Sysmex instruments shipped worldwide, provides a stable supply of high-quality products that meet the strict regulatory requirements for medical devices around the world. Sysmex products enjoy an excellent reputation with customers. We have introduced quality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



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 United States that has doubled production capacity in that country. In addition, in 2008 the Company brought on-stream a reagent plant in India to capitalize on rapid market growth there, and we are currently working to achieve production stability and raise production efficiency at that facility.

Sales and Support



In addition to a direct sales and support network, the use of alliances has enabled Sysmex to build a global sales and support system tailored to meet local characteristics. In fiscal year ended March 31, 2009, the Company established companies to provide these services in the Netherlands, Belgium, Luxemburg and Dubai. 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.

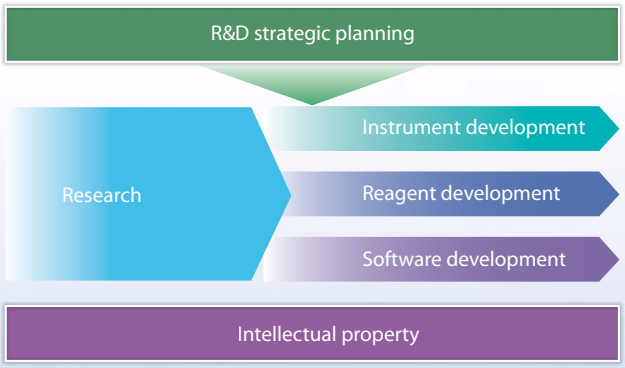
Research and Development

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 considers R&D to be one of its most important functions and the key source of Company growth. Each year, we invest approximately 10% of net sales in R&D to keep our technologies at the leading edge. In October 2008, construction was completed on Technopark. This facility consolidates the Company's R&D activities, facilitates the sharing of knowledge and expertise, and fosters collaboration to generate synergies.

At Technopark, the creation and fusion of new technologies will be facilitated by interaction between researchers and engineers with expertise in electronics, mechanics, fluids, optics, software, biochemistry and other areas. Sysmex will



R&D Strategic Planning

This department sets groupwide 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 working to formulate new diagnostic methods in the areas of cancer and diabetes.

Instrument Development

Sysmex employs a matrix system that draws team members from mechanics, fluids, optics, electrical 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.

also build systems for the integrated management of research, development and intellectual property as part of its efforts to develop revolutionary new technologies and unique products that will generate new markets.

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

Technopark

In October 2008, Sysmex unveiled the new Technopark as the transformation of the core R&D facility formerly known as Techno Center. The Technopark will be used to accelerate research into disease and biology and produce further developments in life science technologies. The Technopark will provide an R&D environment where talented researchers and engineers can exchange information and freely generate innovative ideas. It will also support further collaboration between research facilities in Japan and overseas, as well as the BMA Laboratory and R&D Center Europe.

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

Reagent Development

In 2002, Sysmex converted International Reagents Corporation (currently Sysmex International Reagents) to 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

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 Europe, China and Oceania.

Intellectual Property

The results of the Company's research and 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.

R&D Facilities

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

BMA Laboratory

The BMA Laboratory is located within the Business Support Center for Biomedical Research Activities (BMA), a core facility in the Kobe Medical Industry Development Project. The Laboratory is researching methods to predict anticancer efficacy and developing protein chips that can simultaneously measure protein activity and expression.

R&D Center Europe

The R&D Center Europe was opened in 2006 in Germany as the Company's first overseas research facility. Sysmex is taking advantage of this European location to cooperate with research and medical treatment institutions in the development of new testing technologies targeting diseases and other problems that are uncommon in Japan.

Sysmex Asano Laboratory

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

Sysmex CNA

Sysmex CNA is the specialist IT company within the Sysmex Group. Sysmex CNA specializes in medical information systems over a broad range of fields and has built up a strong reputation domestically in the clinical laboratory test field.

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

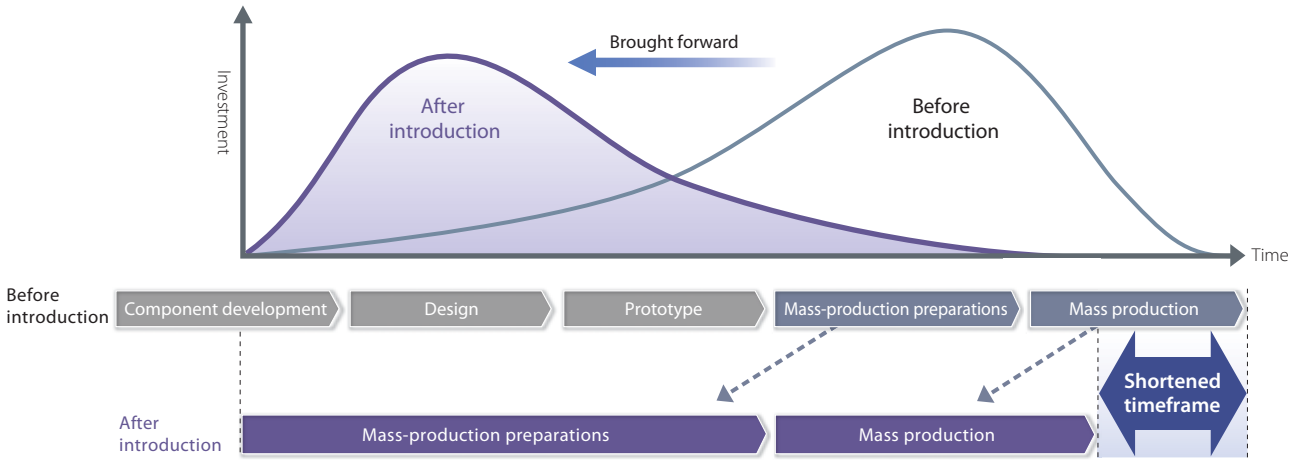
Instruments Manufactured in Japan to Deliver High Quality

All Sysmex instruments are manufactured in Japan. The Company uses cutting-edge production and quality control technologies because of the sophisticated and specialized technologies that are required, resulting in a system that consistently delivers high-quality products to customers worldwide. The 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 forecasting global demand.

Global Reagent Manufacturing to Ensure Stable Product Supplies

In its reagent production, Sysmex employs thorough quality management and makes every effort to provide reagents consistently and stably. Our core production facilities in Japan are the Ono Factory and the Seishin Factory of Sysmex International Reagents, a subsidiary. Sysmex has substantially cut production lead times, cost of sales and inventories at these two plants to increase global cost competitiveness. The Company pursues production that capitalizes on the characteristics of each plant. The Ono Factory is used for the mass production of reagents using automated facilities, whereas the Seishin Factory is used for the production of bulk biological reagents requiring advanced, specialized knowledge.

Effect of Introducing Concurrent Engineering



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

Sysmex is also expanding its overseas production bases to meet growing overseas demand and improve its ability to compete. The Company currently has 7 production facilities in 6 countries. By introducing at overseas facilities the expertise in manufacturing technologies that we have cultivated and the quality assurance systems that are in place at our Ono and Seishin factories, we are working to achieve a high-quality, efficient production system on a global basis.

Production Facilities

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

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

Kakogawa Factory (Instrument Production, Japan)

The Kakogawa Factory is a production base for diagnostic instruments that uses quality control systems to produce highly reliable instruments based on international and industrywide quality control standards, and the laws and regulations of destination countries. The plant provides the capacity to supply a wide range of products to markets around the world and employs flexible production systems.

Ono Factory (Reagent Production, Japan)

(Sysmex International Reagents)

The Ono Factory is dedicated to the high-volume production of about 400 reagents, centered on products for the hematology segment. The production lines are divided into some types according to capacity, and the factory seeks to simultaneously increase quality, reduce costs, and mass produce by optimizing automated and manual operations.

Each individual "ruby pellet" is precision-processed for use in the detection chamber of a hematology analyzer.

(STM), an electronic purchasing system that automates complex ordering activities, helps reduce procurement costs and strengthen groupwide production management.

For the logistics function that is responsible for delivering final products to customers, Sysmex is improving its global supply chain management (SCM) system by reorganizing domestic logistics locations and reconfiguring supply flow overseas. In the United States, the Company reorganized its reagent supply system 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. In the future, the Company will reinforce its IT-based logistics management system to allow the groupwide sharing of inventory and order information.

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

Seishin Factory (Reagent Production, Japan)
(Sysmex International Reagents)

The Seishin Factory is mainly responsible for the production of bulk biological reagents and draws on wide-ranging production technologies to produce a line of more than 1,000 products ranging from clinical chemistry to immunochemistry reagents, hemostasis reagents, and reagents for use as quality control materials. The factory has also constructed a flexible production system to meet requirements for highly diverse, low-volume manufacturing.

Neumünster Factory (Reagent Production, Germany)
(Sysmex Europe)

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

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

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

Chicago Factory (Reagent Production, United States)
(Sysmex Reagents America)

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

Wuxi Factory (Reagent Production, China)
(Sysmex Wuxi)

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

Sales and After-Sales Support

Sysmex focuses on regional business needs in its R&D, production, sales and after-sales support in 42 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 42 locations around the world and supplies products to customers in more than 150 countries.

In line with the core strategy of becoming the Global Niche No. 1, Sysmex has established its position as the market leader in the hematology segment in Japan, Europe, China and the Asia Pacific region, as well as capturing the top share of the global market. The Company is building on its current position by reorganizing business structures and working to expand market share in the United States, the world's largest market. Customer satisfaction survey results demonstrate that Sysmex has earned a solid reputation with its customers for the added value provided by its daily after-sales and online support services, as well as for its product quality.

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 branches and 12 sales offices in Japan and has established a sales and support structure second to none in the diagnostics market. The Company provides multifaceted solutions for test efficiency and cost cutting, involving after-sales support that takes full advantage of this extensive network. It now provides such high-value-added sales and after-sales support around the world, having built support networks tailored to the various local markets.

In Japan, the Customer Support Center responds to inquiries around the clock, 365 days a year.* Knowledgeable specialists answer questions not only about instruments and reagents, but also about scientific matters. 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

Customer Assessment in the United States (by MD Buyline)

• Survey of Customer Satisfaction

A survey of customer satisfaction published in April 2009 has shown that Sysmex is ranked No. 1 in the United States. Sysmex is highly regarded by customers for the performance levels and reliability of its hematology instruments, and also for the quality and speed of its services.

April 2009

	System Performance	System Reliability	Installation / Implementation*	Applications Training	Service Response Time	Service Repair Quality	Composite
Sysmex	8.8 ✔	8.7 ✔	9.0 ✔	9.0 ✔	8.9 ✔	8.9 ✔	8.9 ✔
Beckman Coulter	8.4	8.0	8.3	8.6	8.2	8.1	8.3
Abbott	7.6	7.1	8.3	7.9	7.5	8.0	7.7
Siemens	7.6	7.4	8.9	8.8	7.6	7.4	7.9

✔ Best results in each assessment category

"MD BUYLINE MARKET OUTLOOK"

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

MD Buyline, Inc., headquartered in Dallas, Texas, is a leading healthcare consulting industry leader that provides highly reliable data, strategic analysis and advice based on objective information.

opened in 2005, and is opening a service center in the Tokyo metropolitan area in 2006.

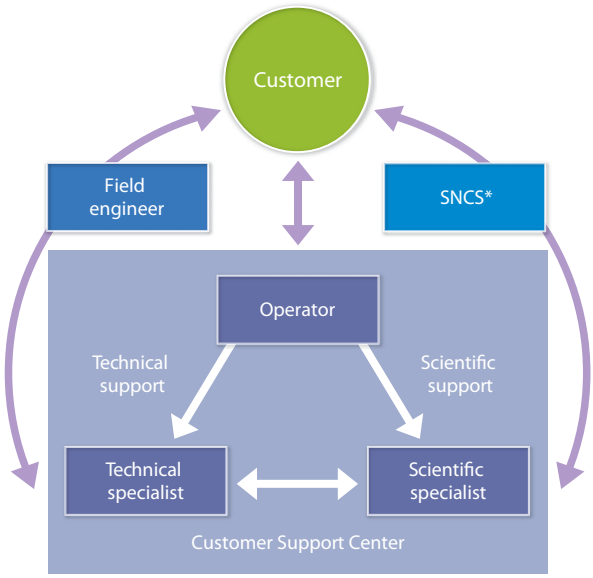
* Service for customers who have maintenance contracts.

Online maintenance of customer instruments

Sysmex operates call centers in Japan, the United States, China, Germany and Singapore, and dispatches service engineers to customer premises as necessary. In the United States, where customer support functions must cover extensive areas, close collaboration between call centers and service engineers allows Sysmex to respond rapidly to customer requests. This support system is now being used in China, distinguishing Sysmex from the competition.

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

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.

reputation. Sysmex is now building on this success in Japan to roll out the system globally. The Company launched the SNCS in the United States in 2006 and is steadily expanding the installed base.

Sponsoring Scientific Seminars for Advancement of Healthcare

To promote higher levels of healthcare service, Sysmex provides an ISO support service for healthcare institutions that are creating ISO management systems. Levering the expertise we have gained through ISO 9001 and ISO 14001 certification, as well as our experience as a manufacturer of medical instruments, we consult with organizations on earning certification under ISO 9001 and ISO 15189, as well as other standards. Our services have been instrumental in helping a number of customers gain ISO certification.

Sysmex sponsors hematology seminars around the world to provide physicians and laboratory technologists with information on the latest trends in hematology. The Company began conducting annual seminars in Japan in 1978 and expanded this program to China in 1998. Sysmex now runs seminars and other activities in Thailand, Indonesia and India and holds symposiums in Europe and North America.

Sysmex Network Communication Systems

SNCS puts the Customer Support Center on line, enabling Sysmex to manage the precision of customer equipment in real time, automatically monitor equipment and provide information over the Web.

Online Quality Control

Precision management data is transmitted over the Internet on a daily basis. The system conducts sample surveys to determine precision. Customers can browse up-to-the-moment survey results from anywhere in Japan. Using the system's list viewing function, customers can see a glance the status of equipment at multiple facilities across group medical institutions.

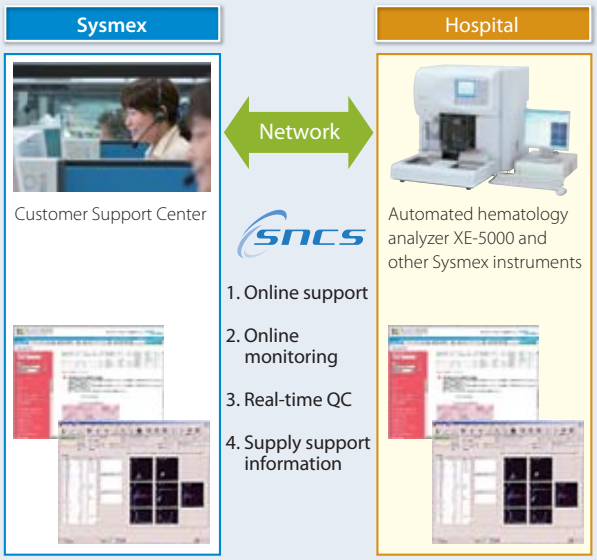
Online Support

Analyzers retain a host of data, such as error logs, number of operations and set values. This information is transmitted automatically to our server, allowing us to understand the status of customer equipment and, if conditions warrant, offer advice to minimize potential damage. Remote diagnosis and image-sharing systems help to accurately pinpoint failure locations so that we can quickly provide necessary parts, to shorten down time.

Web Information Service

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

Sysmex Network Communication Systems



Sysmex considers reinforcing corporate governance one of its most important management topics. We aim to maximize the overall corporate value of the Group through management robustness, better transparency and improved management speed and efficiency.

Management Organization

Sysmex has adopted the corporate auditor system. The current management organization consists of 8 directors (7 of whom are executive officers), 4 corporate auditors (including 2 external auditors), and 14 executive officers. The Company adopted the executive officer system and established the Nominating Committee and the Compensation Committee in April 2005 in order to increase the speed of decision making in the conduct of business and respond quickly to changes in the business environment.

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

The Board of Directors consists of 8 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, this committee meets once a month to deliberate on the Group's management direction and important strategic issues.

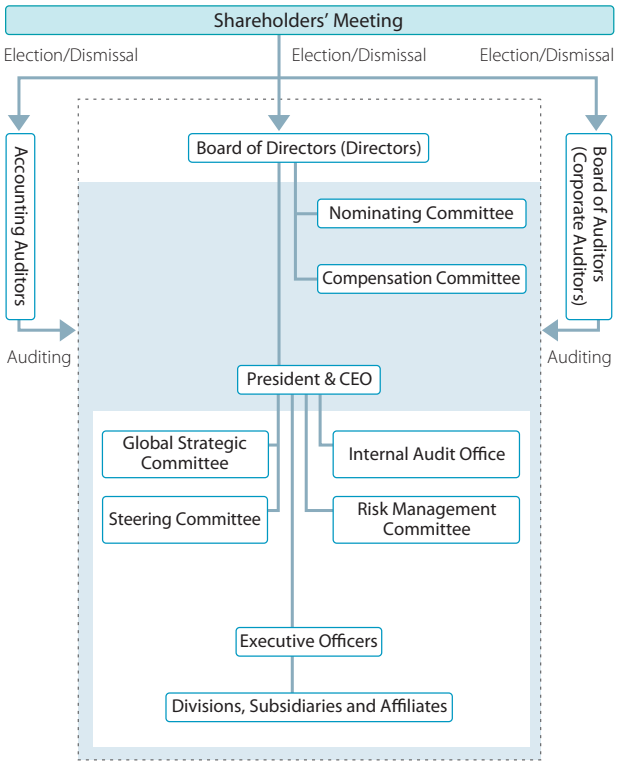
The Steering Committee consists of the president, managing officers and executive officers. The committee meets once a month, in principle, serving as a consultative body to the president to deliberate on important matters concerning the Group's business.

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

In the fiscal year ended March 31, 2009, the Board of Directors met 16 times, the Global Strategic Committee 6 times, the Steering Committee 20 times, and the Operating Committee 16 times to address matters relating to management strategy and important issues facing the Group.

The Board of Auditors consists of 4 corporate auditors, 2 of whom are external auditors. The corporate auditors attend the Board of Directors and Steering Committee meetings and maintain systems for appropriately supervising the conduct of business on the part of the directors. The Board of Auditors will continue to enhance management soundness by engaging in appropriate supervision of the execution of business as stipulated by law. The Board of Auditors works closely with the accounting auditors on the audit plans report (annual) and the audit results reports (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 in place with several law offices and maintains a structure to solicit and obtain advice on important matters as necessary.



Directors

Front row, from left: Hisashi Ietsugu, Kenichi Yukimoto
Back row, from left: Kazuya Obe, Yukio Nakajima, Masayoshi Hayashi, Shigenori Ohigashi, Koji Tamura, Mitsuru Watanabe

Hisashi Ietsugu
President and CEO

Kenichi Yukimoto
Member of the Managing Board and Executive Officer
Senior Managing Director
CSR Promotion Div.

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

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

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

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

Kazuya Obe
Member of the Managing Board and Executive Officer
International Business Management,
Sysmex America, Inc., Sysmex Europe GmbH, Sysmex Shanghai Ltd., Sysmex Asia Pacific Pte Ltd.

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

Basic Policy on Internal Control Systems and Their State of Development

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

Sysmex defines compliance as "the conduct of open and aboveboard business activities on the basis of observance of laws and regulations and high ethical standards" and will maintain a system to ensure compliance as described below.

The Company is promoting and enhancing Group compliance, as it believes compliance countermeasures are the first and most important way to maintain society's trust and counter risk. The Company shall implement and strengthen compliance in the corporate group under the control of a compliance officer and compliance committee. The Company shall rigorously ensure compliance through education and training for directors and employees, promote the rapid detection and correction of violations of the law or the Articles of Incorporation by means of an internal compliance related reporting system, and conduct audits of the compliance structure by means of the Internal Audit Office.

Systems for the retention and management of information relating to the execution of duties by directors

The Company shall appropriately retain and manage information relating to the execution of duties by directors in accordance with document management regulations and maintain the information in a state available for inspection as necessary.

Regulations concerning the management of risk and other systems

To maintain a structure concerning risk management, the entire Group shall comply with risk management regulations established by the Risk Management Committee for the integrated management of risk throughout the Company.

The Company shall endeavor to discover foreseeable risks, select the most important of these risks, clarify the sections responsible for coping with risks, establish countermeasures and engage in measures to mitigate risks.

Systems to ensure that directors execute their duties efficiently

The Company has positioned the Board of Directors as the institution to make important management decisions and supervise the execution of the Company's business affairs. The Company has introduced the executive officer system to be capable of making swifter operating decisions and respond quickly to changes in the business environment.

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

Systems to ensure the appropriateness of business activities in the corporate group

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

With regard to the management of affiliated companies, the Company shall respect the autonomy of the management of affiliated companies and ensure the appropriateness of business activities throughout the corporate group by such means as periodic reporting on the details of the business of affiliated companies and advance discussion concerning important matters.

Assignment and independence of employees to assist corporate auditors

Although the Company does not assign full-time staff to assist corporate auditors in the performance of their duties, employees of the Internal Audit Office cooperate with the corporate auditors to conduct efficient audits at important places of business.

At the request of the corporate auditors, the Company shall provide full-time staff to assist the Board of Auditors. In such case, the directors shall discuss with the corporate auditors in advance matters such as the transfer of such support staff.

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

If a director discovers a violation of the law or the Articles of Incorporation or a material fact that poses risk of causing significant damage to the Company, the director is responsible for promptly reporting that fact to the Board of Auditors.

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

Corporate Auditors

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

Haruyoshi Kobayashi
Standing Corporate Auditor

Toshiyuki Miyauchi
Standing Corporate Auditor

Hiromu Fujioka
Corporate Auditor

Isamu Inamasu
Corporate Auditor

Compliance

Sysmex has established a compliance code to be observed by all executives and employees of the Sysmex Group in Japan and overseas. The Company's view of compliance is defined as "the conduct of open and aboveboard business activities on the basis of observance of laws and regulations and high ethical standards." Various training activities are underway, including groupwide programs on the introduction of the compliance code, to ensure that all employees have a thorough understanding of the code. The Company has also appointed Compliance Training Managers in each Group company.

In 2007, Sysmex looked to combine its compliance and risk-management systems and began managing compliance activities on a groupwide basis under the direction of a newly established Risk Management Officer. The Group Compliance Sub-committee meets periodically to confirm the implementation status of the Compliance Promotion Plan and deliberate the overall direction of the Group's compliance activities. To promote and supervise compliance activities, Sysmex has established "Campanula Lines*" as points of contact for all Group employees in Japan for advice or questions on any compliance issues. The Campanula Lines are designed to eliminate any concerns held by the staff member seeking advice, for example by providing contacts with male or female managers or external legal consultants.

For product exports, Sysmex 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 indepth investigations to confirm export destinations or product usage. In 2008, the Kobe Customs Office approved Sysmex 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. Sysmex 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 Sysmex employee to be aware of compliance as an ongoing factor and to be able to apply this understanding in their work. Sysmex will continue to ensure thorough compliance to remain a Company that stakeholders consider highly trustworthy.

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

Risk Management

Sysmex has raised the bar on risk management by promoting these activities from a divisional level to a companywide risk management system. In 2007, the Company established a Risk Management Committee to steadily address risk responses, prioritized according to importance.

In terms of quality, Sysmex is working to improve internal quality assurance levels and to further improve its quality management system (QMS). Moving toward the establishment of a groupwide QMS, Sysmex is pursuing ISO certification centered on the Quality Assurance Department. The Company has introduced quality training to promote an understanding of QMS, build individual employee awareness of these systems and ultimately raise quality control levels. Internal quality audits, which are conducted by a committee of internal product quality auditors selected by each department, provide periodic checks on the operational status of the QMS.

We disclose information in accordance with the timely disclosure regulations that stock exchanges have established for this purpose. Managerial divisions create documents on decisions that have been made,*1 issues that have arisen,*2 and earnings reports, as well as liaising with the communications divisions responsible for disseminating this information externally. Information on Company decisions and earnings reports is disseminated quickly after deliberation by the Steering Committee or following decisions by the Board of Directors or the president. Any issues that arise are reported to the president, following deliberation by the Steering Committee, before being promptly disclosed publicly.

Sysmex will reinforce its risk and quality management procedures to ensure the ongoing trust of a wide range of stakeholders.

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

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

Executive Officers

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

Takuji Nishino
Executive Officer
Executive Vice President of Intellectual Property

Katsuo Uhara
Executive Officer
Executive Vice President of SCM

Masami Kitagawa
Executive Officer
Executive Vice President of Business Management (Japan)

Michiaki Ishida
Executive Officer
Executive Vice President of Manufacturing Management

Yukio Hamaguchi
Executive Officer
Executive Vice President of Diagnostic Reagent Development

Takashi Goda
Executive Officer
Executive Vice President of Sales & Marketing East/Japan

Kaoru Asano
Executive Officer
Executive Vice President of Central Research Laboratories

Operating Risks

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 net sales contributed by overseas sales is rising each year, from 62.5% in fiscal 2007 to 67.5% in fiscal 2008 and 68.0% in fiscal 2009.

As of the start of fiscal 2010, the Company assumes forex rates of US$1.00 = ¥95 and €1.00 = ¥125.

The Impact of Healthcare System Reform

Against a backdrop of a sharp decline in the birthrate and rapid aging of the Japanese population, advances in medical technology, increased demand from patients for a better quality of life (QOL), and other changes in the healthcare environment, Japanese healthcare system reform continues. Such reforms are designed to optimize healthcare costs and efficiently providing high-quality healthcare services. The Company's mainstay diagnostics business could be indirectly affected* by such healthcare system reforms.

Amid ongoing healthcare cost optimization measures and demands for greater efficiency in hospital management, more advanced medical care and new clinical testing procedures, Sysmex will boost its investment in the life science field, including definitive diagnostic tests for cancer, and strive to meticulously respond to diversifying needs by providing total solutions that combine instruments and reagents, information technology and after-sales support.

* The Japanese medical fee system is amended every other year. Compared with the most recent amendment, in fiscal 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 should not have a direct effect on Company earnings.

Product Quality

The instruments and reagents that Sysmex supplies must be extremely reliable, so the Company has introduced a comprehensive quality management system. However, earnings could be affected if problems with product quality were to arise nevertheless.

To avoid this situation, 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.

Stable Product Supply

Sysmex markets its products to customers in more than 150 countries and has internal systems in place to ensure the stable supply of these products to customers. The raw materials used in these products are sourced from about 300 Japanese companies and 50 overseas companies. The Company might experience difficulties with procurement if, for example, business operations were suspended at suppliers or the supply of raw materials was interrupted. The stable supply of products could also become problematic if Sysmex products were affected by environmental regulations.

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

Measures to Counter Risks Associated with the Use of Information Systems

Sysmex employs information technology in its decision-making procedures, such as transmitting information, supporting core businesses and completing approval documents via the Company's internal network.

The Company has therefore introduced countermeasures to minimize the potential operational impacts of network or information system disruption, computer viruses or unauthorized external access to information systems. Sysmex has in place secondary, alternate network routes; implements daily system administration procedures; runs security measures including virus gateways; and works to reinforce its internal controls, for example by controlling access through strict user management procedures and fingerprint authorization.

Sysmex Value

Sysmex has marked the 40th anniversary of the Company's founding in Kobe. Currently, Sysmex 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.

Creating New Value

In 2008, Sysmex celebrated the 40th anniversary of its founding. We created a new corporate logo to commemorate this date and make a definitive statement about our fervent desire to move to the next stage of healthcare.

Although Sysmex got its start as specialized manufacturer in the field of hematology, the Company has since extended its operations into a broad range of fields spanning hemostasis, immunochemistry, urinalysis and clinical chemistry. We are also expanding our business in the life sciences, which we perceive to be a driver of future growth. The environment in which we operate has changed substantially in line with these shifts, and our stakeholders have become more global. Accordingly, their needs and our responsibilities have grown more sophisticated and diverse.

To keep pace with these developments, we recognized the need to redefine a basic management policy that had served us well since the Company's foundation. Our groupwide corporate philosophy, the "Sysmex Way," went into effect in April 2007. The Sysmex Way comprises three parts: mission, value and mind. "Mission" outlines the significance to society of the Company's continued existence. "Value" elucidates the principles that we consider important and defines our management stance, while "mind" expresses the attitudes that we expect every member of the Sysmex Group to uphold.

In addition to putting the Sysmex Way into practical application, in October 2008 we unveiled a completely redesigned corporate logo to symbolize the many ways in which the Company is evolving toward a new stage in its development. Our new logo embodies our dedication to remaining at the leading edge of healthcare, the assurance that we will work toward ever higher levels of health and peace of mind, and a firm commitment to innovation in testing and diagnostics technology. Owing to its frontrunner status, Sysmex fosters a host of knowledge and creates new technologies. We also aim to contribute to society by raising patient quality of life (QOL) and bringing peace of mind to people throughout the world.

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

About Our Logo

The mark combines two contrasting elements symbolizes the fusion and sublimation of two contrasting ideas. The shape reminds us of the infinity symbol "∞" and illustrates the unlimited possibilities of Sysmex. The ocean and mountain design evokes the evolution of life as well as the landscape of Kobe, the birthplace of Sysmex.

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

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

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

The VQ session held in fiscal 2009 was attended by approximately 4,000 employees from throughout the Group. Participants considered seriously a broad range of themes, from everyday operations to new business. Employees introduced ideas, and then each person proposed a theme involving something they hoped to achieve. We shared these themes worldwide via the Web, sparking spirited debates with other employees and developing even better ideas in the process. Next, we segmented the ideas into regions, including Japan, Americas, Europe, China and the Asia-Pacific, and encouraged further debate through face-to-face meetings and videoconferences. Following these several months of debate, ideas were sorted by area into representative themes for presentation to the Company's management in Japan in October 2008, as well as by employee discussion sessions accompanied by explanatory posters.

Selected themes that are not field-specific, such as environmental preservation and social contribution, are currently at the implementation stage, with various activities taking place both within and outside the Company. We plan to continue holding the VQ Session, as we have seen that it does encourage communications on a global level. For a knowledge-centric enterprise such as Sysmex, we hope that such sessions will foster development and progress along the way to raising corporate value for our wide range of stakeholders.

VQ Session

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

Socially Responsible Activities

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

We believe that our corporate responsibility involves delivering products that are consistent with the Sysmex brand and conducting business activities that contribute to a healthy and prosperous society. To this end, Sysmex fosters a corporate culture where each employee can feel a sense of fulfillment in their work and emphasizes excellent communications with all stakeholders as it conducts its corporate activities.

We have launched initiatives to raise employee value, contribute to society, conserve the environment, protect intellectual property and enhance investor relations. In the fiscal year ended March 31, 2009, we also began holding "VQ Sessions," which take a holistic approach toward enhancing overall corporate value and fulfilling our corporate social responsibility.

Developing Human Resources

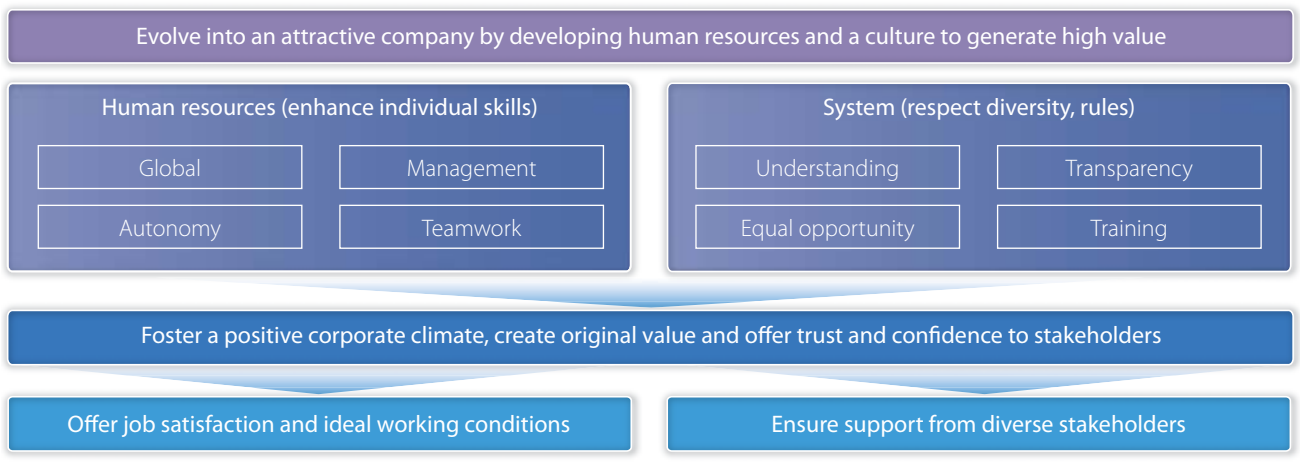
Sysmex fosters a corporate culture where employees can feel a sense of fulfillment in their work, based on mutual agreement and common understanding.

Sysmex believes that recruiting, retaining and developing human resources is among the most fundamental of management tasks. The Company fosters a fulfilling corporate culture that draws out and maximizes the strengths of individual employees so that employees can make the most of their abilities and feel a sense of fulfillment in their work. Currently, around 40% of Sysmex employees are stationed at companies overseas. As it becomes more global, the Company will attract an even greater range of personalities. Sysmex believes that diversity and globalization go hand in hand and that management's responsibility is to nurture individual strengths and incorporate them into the overall organization. Sysmex will continue to cultivate a corporate culture where employees are fulfilled in their work, based on a sense of mutual agreement and common understanding among all Group employees.

As part of its efforts to develop a positive working environment, Sysmex introduced flex-time systems to enable employees to adjust their work hours for childcare and long-term nursing care responsibilities. In this way, the Company is working to improve its systems in support of a better work-life balance. In April 2009, we opened Sysmex Kids' Park, an internal childcare facility where parents can go about their work assured that their children are being nurtured in an appropriate care-giving environment. In 2006, the Company established a re-employment system for retirees aimed at individuals who have passed retirement age but still want to work and would like to continue to be engaged in fulfilling work at Sysmex. The objective is to provide a working environment that can utilize the expertise and experience of these employees. To raise employee skill levels, the Company also runs companywide staff development programs, including training aimed at specific employee tiers and global training.

Through the practical application of our corporate philosophy the "Sysmex Way," we strive to uphold our corporate culture by dealing in products that have characteristics in keeping with the Sysmex brand.

Evolve as an Attractive Company



Social Contributions

Sysmex is involved in healthcare, with its headquarters 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 the quality of life (QOL) of 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 258 research projects as of March 31, 2009.

Sysmex provides funds to the Kobe University School of Medicine for an endowed course in laboratory medicine. The purpose of the course is to contribute to the advancement of diagnosis and medical care by developing evaluation methods for new clinical testing in advanced medical fields. Sysmex also participates in the Kobe Medical Industry Development Project, which is promoted by the city of Kobe. 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. During the year, we contributed diagnostic instrument and reagents to aid victims of the 2008 Sichuan earthquake in China and cyclones in Myanmar. 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 considers its social responsibility toward environmental conservation a management priority. In line with the Sysmex environmental policy, Sysmex aims to protect the environment in the course of product development, production and customer support and conducts a variety of other activities at its operating sites to reduce its environmental impact and achieve harmony with the global environment.

In 2006, Sysmex reviewed its environmental management system and improved its systems 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

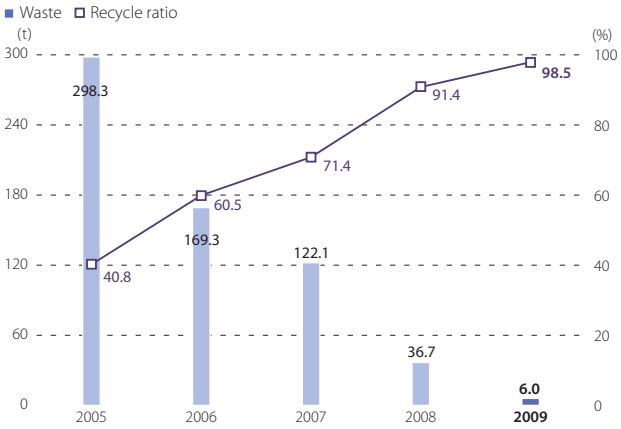
environmental impact. Following the implementation of the RoHS directive (which restricts the use of certain hazardous substances in electrical and electronic instruments) by the European Union in 2006, Sysmex is successively ensuring that its parts and components covered by the directive come into compliance 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 to make its products the industry's most energy-efficient. Moreover, to reduce resource usage the Company is working to make its products more compact and lightweight, and in 2006 we eliminated the use of foamed plastic and timber packaging materials, switching instead to materials that can be recycled.

October 2008 marked the grand opening of Technopark, our new R&D facility that is designed to fit in with the environment and the surrounding community. In addition to eco-friendly materials and an energy-saving design, the greenery, lakes and other natural spaces that make up more than half its surrounds add to its harmony with neighboring areas. Such environmental considerations have earned Technopark the highest level for the environmental performance of buildings under a Japanese standard named CASBEE, for the Comprehensive Assessment System for Built Environment Efficiency. 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 CO_2 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.

Recycle Ratio (Three-Factory* Total)



* Kakogawa, Seishin and Ono factories

Intellectual Property Activities

Creating an environment that encourages intellectual creativity 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 among all employees key 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

Sysmex's Views on Intellectual Property Activities

Basic Principles

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

Basic Policy

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

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's business and is designed to incentivize 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 and sustain its position in global competition.

Investor Relations Activities

We strive to sustain growth and increase corporate value. Our investor relations activities aim to proactively disclose information to enhance management soundness and transparency, communicate our corporate directions to shareholders and promote a management style that is both steady and innovative.

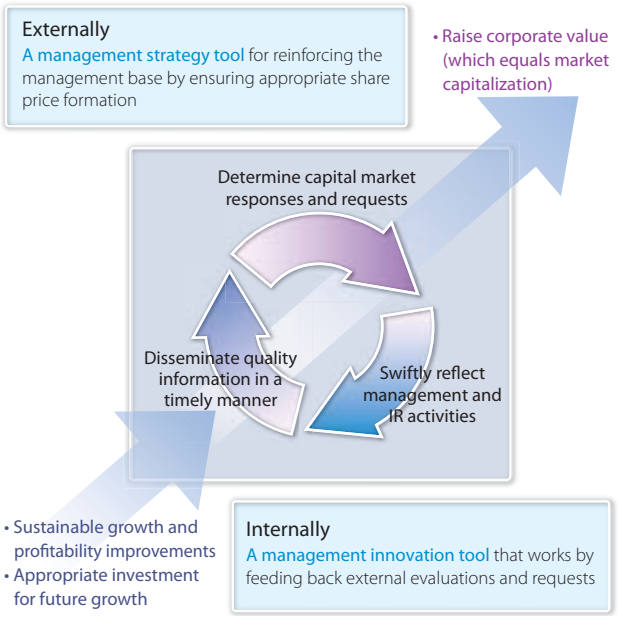
Sysmex recognizes investor relations as an important facet of corporate management and is active in its investor relations efforts, in line with its investor relations policy. The investor relations department is located within the corporate business planning division, which reports directly to the president. The department is charged with disclosing appropriate information in a timely manner, communicating directly with shareholders and other investors, and promptly providing feedback to management regarding the Company's external assessment.

One focus of the Company's communications with shareholders and other investors is to explain a complex business in a straightforward manner. In addition to briefing analysts and institutional investors about operating results, the investor relations department provides technical briefings on areas such as the life sciences and hosts tours to research and manufacturing facilities. Overseas, the department holds investor relations meetings, attends conferences held by securities firms and seeks opportunities to foster an understanding of the Company's strengths by providing individual 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.

The Company has earned the Japan Investor Relations Association's Award for Excellence in Corporate IR. Sysmex has also received the Award for Excellence in Internet Investor Relations, sponsored by Daiwa Investor Relations, and the Company's website was designated as an Excellent Corporate Website according to the survey ranking listed company websites run by Nikko Investor Relations.

To raise the level of the Company's investor relations activities further, in addition to proactive external information disclosure Sysmex will concentrate on responding to feedback to ensure the results of its investor relations activities are reflected in its capital policies and management.

Position of Sysmex IR Activities



Brief History of the Company

● Management ● R&D ● Production ● Marketing

● **1963** Successfully developed and commercialized Automated Hematology Analyzer "CC-1001" the first blood cell counter in Japan.
● **Feb. 1968** Toa Electric founded Toa Medical Electronics as the affiliate for sales of its medical electronics devices and instrument.
● **May 1973** Established the Kakogawa Factory in Japan.
● **Oct. 1975** Launch of the first fully Automated Hematology Analyzer developed in Japan.
● **Feb. 1978** Launch of the Sysmex brand to mark the 10th anniversary of founding.
● **May 1978** Started hematology seminar in Japan. (now held 31 times)
● **Oct. 1979** Established a US affiliate, now Sysmex America.
● **Oct. 1980** Established a European affiliate Sysmex Europe.
● **Oct. 1984** Launch of the automated coagulation analyzer marks entry into the hemostasis segment.
● **Mar. 1987** Launch of the immunochemistry analyzer, which utilized an original immunoassay method, marks entry into the immunochemistry segment.
● **Aug. 1990** Launch of an integrated hematology system that fully automated the entire process from the counting of blood cells through preparation of smear samples.
● **Feb. 1991** Opened the Ono Factory in Japan and transferred the reagent production division.
● **May 1991** Established the UK affiliate, now Sysmex UK.
● **Jul. 1993** Completed the Neumünster Factory, the base for reagent production in Europe.
● **Mar. 1995** Signed an agreement with Dade International a US based company (now Siemens) for collaboration in selling coagulation product lines.
● **Jun. 1995** Established a joint venture, now Jinan Sysmex Medical Electronics in China.
● **Nov. 1995** Listed stocks on the 2nd Section of the Osaka Securities Exchange.
● **Nov. 1995** Launch of the world's first analyzer of tangible constituents of urine that fully automated inspections of urinary sediments.
● **Jul. 1996** Listed stocks on the 2nd Section of the Tokyo Stock Exchange.
● **Oct. 1996** Mr. Hisashi Ietsugu becomes president.
● **Feb. 1998** Established a Singaporean affiliate now Sysmex Asia Pacific.
● **May 1998** Signed a basic agreement with F. Hoffmann-La Roche of Switzerland for global collaboration in marketing and joint R&D.
● **Oct. 1998** Change of company name to Sysmex Corporation to mark the 30th anniversary of founding.
● **Feb. 1999** Launch of the automated hematology analyzer developed for the 21st century.
● **Jan. 2000** Founded a Shanghai affiliate Sysmex Shanghai.
● **Mar. 2000** Promoted to the 1st Section of the Tokyo Stock Exchange and the Osaka Securities Exchange.
● **Mar. 2000** Opened Central Research Laboratories in the Techno Center.
● **Apr. 2002** Consolidated Sysmex International Reagents as a wholly owned affiliate through a share exchange.
● **Apr. 2003** Sysmex and Toshiba announce development of minimal-invasive blood glucose self-measurement technology that does not require blood sampling.
● **Jun. 2003** Consolidation of two local affiliates in the US to establish Sysmex America. Rebuilding of the sales and support structure in the US.
● **Jan. 2004** Release for research purposes of the GD-100, an instrument incorporating the independently developed OSNA method that detects cancer lymph node metastasis in a short time.
● **Jan. 2004** Development of the world's first multi-protein analysis chip capable of simultaneous measurement of activities and amounts of up to 20 proteins.
● **Apr. 2004** Acquired 50.8% of the shares in CNA, a medical data systems enterprise, and consolidated as an affiliate.
● **Jun. 2004** Established the R&D bases at the Business Support Center for Biomedical Research Activities (BMA) on Port Island Second Stage, off shore from Kobe.
● **Dec. 2004** Receipt of the Japan Investor Relations Association's IR Award for Excellence for 2004.
● **Jan. 2005** Sysmex develops technology to diagnose the risk of post-operative recurrence of early-stage cancer.
● **Apr. 2005** Introduction of the executive officer system as a means of strengthening corporate governance.
● **May 2005** Establishment of the Solution Center in Nishi-ku, Kobe and concentration of the marketing planning, customer support and scientific support functions.
● **Nov. 2005** A stock split.
● **Jan. 2006** Released the XS Series, the world's smallest automated hematology analyzers, which require only minute quantities of blood.
● **Apr. 2006** Introduction in Europe of the RD-100*i* gene amplification detector for detecting breast cancer lymph-node metastasis.
● **Nov. 2006** The Japan Investor Relations Association awards the Fiscal 2006 IR Excellence Company Prize to Sysmex.
● **Apr. 2007** Established a Group Corporate Philosophy, the "Sysmex Way."
● **Apr. 2007** Announced preparations for establishing a business presence in Austria, Slovakia, Hungary and the Czech Republic.
● **Jun. 2007** Formed a global partnership with bioMérieux for urinary screening in microbiology.
● **Oct. 2007** Established the US affiliate Sysmex Canada.
● **Dec. 2007** Started supplying hematology analyzers to animal test laboratories operated by animal diagnostics major Idexx Laboratories.
● **Jan. 2008** Formed a commercial joint venture with bioMérieux for the Japanese *in vitro* diagnostics market.
● **Apr. 2008** Started direct sales and support services in France.
● **Apr. 2008** Awarded MAFF manufacturing and marketing approval for a rapid and easy test kit to detect influenza infection in chickens.
● **Jun. 2008** Adoption of Sysmex products as standard instruments by the Mongolian Ministry of Health.
● **Jun. 2008** Acquisition of approval from the MHLW for manufacture and sale of gene amplification reagent as an *in vitro* diagnostic pharmaceutical.
● **Jun. 2008** Established the Dubai's subsidiary Sysmex Middle East FZ-LLC.
● **Oct. 2008** Renewed the new corporate logo on the occasion of the 40th anniversary of the company's establishment.
● **Oct. 2008** Established Technopark, Sysmex core R&D base; Double the size of previous Techno Center facilities.
● **Nov. 2008** First insurance coverage in Japan for the Sysmex system for rapid detection of breast cancer lymph node metastasis.
● **Dec. 2008** The Indian joint venture Sysmex India Pvt. Ltd. became a wholly-owned subsidiary.
● **Feb. 2009** Launched sales of the XT-4000*i*, a new model in its XT series of hematology analyzers.
● **Apr. 2009** Established the Netherlands subsidiary Sysmex Nederland B.V.
● **Apr. 2009** Established the Belgian subsidiary Sysmex Belgium N.V.

Financial Section

Investor Relations Policy

1. IR Goals and Basic Policy

The basic policy of Sysmex in IR activities is to disclose corporate information on performance, financial position, forecasts of the future and management strategies in a fair, prompt, accurate and easy-to-understand manner, to ensure accountability to shareholders and other investors and gain proper understanding about management and business activities.

2. Basis of Information Disclosure

Sysmex discloses corporate information in accordance with applicable laws and regulations concerning securities trading and the Rules on Timely Disclosure of Corporate Information by the Issuer of Listed Securities and the Like ("Timely Disclosure Rules") established by the Stock Exchange. The Company also seeks to disclose corporate information not required by the Timely Disclosure Rules fairly and promptly, to help shareholders and other investors better understand the Company.

3. Methods of Information Disclosure

Sysmex releases corporate information required under the Timely Disclosure Rules via TD-net, operated by the Tokyo Stock Exchange. The Company posts information disclosed through TD-net on its website as promptly as possible. The Company also provides corporate information not subject to the Timely Disclosure Rules on its website.

4. IR Quiet Period

Sysmex observes a quiet period from the day after the closing date of each quarter until the release of earnings statements. During this period, the Company will refrain from replying to questions or commenting on earnings projections. However, in the event that results are expected to deviate significantly from the projections during the quiet period, the Company will release appropriate information.

Contents

11-Year Consolidated Financial Data

For the years ended March 31	1999	2000	2001	2002
For the year:				
Net sales	¥ 38,337	¥ 37,244	¥ 38,817	¥ 47,532
Operating income	3,400	3,618	2,975	3,417
Net income	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	2,140	3,018	2,098	2,455
Depreciation	2,359	2,316	2,541	2,810
R&D expenditure	2,813	3,155	3,527	4,130
At year-end:				
Total assets	42,513	49,967	55,219	66,502
Shareholders' equity	31,680	33,596	34,103	35,577
Interest-bearing liabilities	1,328	5,810	11,020	11,606
Per share data:				
Shareholders' equity (Yen)	¥ 1,515.1	¥ 1,606.8	¥ 1,631.0	¥ 1,701.5
Net income (basic) (Yen)	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)	22.0	22.0	22.0	22.0
Dividends ratio (%)	50.3	25.0	33.7	35.2
Other data:				
Shareholders' equity ratio (%)	74.5	67.2	61.8	53.5
Return on equity (ROE) (%)	2.9	5.6	4.0	3.8
Return on assets (ROA) (%)	2.1	4.0	2.6	2.1
Price-earnings ratio (times)	42.1	36.7	42.6	35.6
Price-book value ratio (times)	1.2	2.0	1.7	1.3
Number of employees *Including part-time employees	1,757	1,809	1,985	2,530

Notes:
1. U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥98 = U.S. $1, the approximate rate of exchange on March 31, 2009.
2. Per share data: Certain retroactive adjustments of previously reported per share information have been made to conform with the current method from the year ended March 31, 2003.
3. ROA = Net Income/Total Assets (Yearly Average)×100

						(Millions of yen)	(Thousands of U.S. dollars)
2003	2004	2005	2006	2007	2008	2009	2009
¥ 57,253	¥ 65,970	¥ 76,935	¥ 87,888	¥ 101,041	¥ 110,724	¥ 111,843	$ 1,141,255
5,299	6,615	9,104	10,724	12,715	15,033	15,134	154,429
3,125	3,157	5,731	7,423	9,008	9,132	8,014	81,776
1,071	3,465	(3,261)	(499)	3,299	(3,044)	(269)	(2,745)
10,253	13,718	10,458	9,416	12,715	9,679	9,410	96,020
2,317	2,451	2,729	5,638	4,546	8,244	9,340	95,306
3,107	3,203	3,296	3,592	3,959	3,924	7,189	73,357
4,969	5,549	6,509	8,184	9,026	9,221	10,771	109,908
66,449	71,983	77,660	87,447	101,225	109,027	118,522	1,209,408
43,325	51,096	56,149	62,647	71,344	78,753	79,183	807,990
10,893	4,175	657	695	669	1,081	10,343	105,541
						(yen)	(U.S. dollars)
¥ 1,879.5	¥ 2,042.7	¥ 2,244.9	¥ 1,251.8	¥ 1,411.0	¥ 1,541.0	¥ 1,548.2	$ 15,798.0
132.2	132.9	225.1	145.5*	179.6	178.9	156.7	1.60
121.8	123.1	224.0	143.8*	178.0	178.3	156.5	1.60
25.0	30.0	40.0	36.0*	36.0	48.0	50.0	0.51
18.9	22.6	17 .8	17.9*	20.0	26.8	31.9	
65.2	71.0	72.3	71.6	70.5	72.2	66.8	
7.9	6.7	10.7	12.5	13.4	12.2	10.1	
4.7	4.6	7.7	9.0	9.5	8.7	7.0	
15.9	20.3	27.2	35.3	23.8	20.1	20.0	
1.1	1.3	2.7	4.1	3.0	2.3	2.0	
2,639	2,907	3,115	3,334	3,580	3,916	4,148	

Financial Policy

Sysmex regards increasing its market capitalization to maximize corporate value an important management objective and pays careful attention to stable cash flow generation. We consider it important to share this goal with all stakeholders, including shareholders, customers, business partners, local communities and employees, while sustaining medium- to long-term growth. To that end, Sysmex has in place measures to communicate with stakeholders on the Company'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 expenditure sufficient to prevail in global competition. We must consistently create new technologies and products and stimulate the growth of our critical mass to absorb increases in SG&A expenses. In recent years, our sales growth in overseas markets has been striking. Sysmex has succeeded in sustaining steady growth 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 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 equity. Specifically, the Company regards net sales, operating income, operating margin, return on equity (ROE) and free cash flow (FCF) 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 equity.

Overview

During the fiscal year ended March 31, 2009, the Japanese economy suffered from high prices of crude oil and other raw materials in the first half, and stagnant activity overall during the second half as the slowdown of economies around the world and rapid appreciation of the yen, both stemming from declines in demand caused by the global financial crisis. Affected directly by this financial turmoil, Western economies went into deep recession, marked by weaker job security and consumer spending. Meanwhile, having sustained high growth under the lead of China and India, activity in Asian economies also began to decelerate in the second half, reflecting sluggish exports to their key markets in Europe and North America.

On the healthcare front, however, the negative effects of declining economic conditions were minimal, with demand for clinical testing remaining firm on the back of aging populations in Japan and other developed countries in Europe and North America and the expansion of preventive medicine, along with continued investments in healthcare infrastructures among emerging economies.

Under such circumstances, to commemorate the 40th anniversary of its foundation the Sysmex Group unveiled a

Sysmex website

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

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

Rating Information
(As of May 31, 2009)
Rating Symbols and Definitions:
Rating A; The credit quality is high. It is also accompanied by some excellent factors.

completely redesigned corporate logo, which expresses a renewed commitment to the spirit of challenge and innovation as we move on to a new stage. At the same time, we roughly doubled the facilities of our former R&D center to open Technopark, where we will pursue the "creation of 'knowledge' and its inheritance." Overseas, to reinforce our sales and support networks outside Japan we converted our Indian joint venture, which is responsible for reagent production and marketing there, into a wholly owned subsidiary and established a local affiliate in Dubai (United Arab Emirates) to support sales and services. As a part of our ongoing commitment to furthering business alliances, we commenced sales and customer service activities in Japan for bioMérieux (France), the world leader in the field of microbiology testing, and also renewed our agreement with Siemens Healthcare Diagnostics Inc. (United States), which holds the No. 1 share of the market for hemostasis reagents, for the mutual supply of clinical laboratory hemostasis products and sales and services in our respective territories. On the R&D front, our system for rapid detection of breast cancer lymph node metastasis—featuring the first Japanese technology of its type to automate the determination of cancer metastasis—received manufacturing and marketing approval from the authorities and became covered under the Japanese health insurance program.

During the fiscal year ended March 31, 2009, consolidated net sales increased 1.0%, to ¥111,843 million. During the year, the exchange value of the yen rose ¥13.76, a substantial amount, against the U.S. dollar, to an average of ¥100.52, compared with ¥114.28 in the preceding term. This significant appreciation had a ¥3,027 million negative impact on net sales. Similarly, the yen appreciated against the euro, with the average exchange rate during the year falling ¥18.03, to ¥143.50, from an average of ¥161.53 in the preceding term. Yen appreciation against the euro had a ¥3,490 million negative impact on net sales. Altogether, yen appreciation against other currencies had a ¥9,669 million negative effect on the Company's net sales during the year.

On the profit front, operating income grew 0.7%, to ¥15,134 million, as an increase in selling, general and administrative (SG&A) expenses, which is attributable to the strengthening of the R&D structure and expansion of direct sales and support territories, was more than offset by sales growth and cost to sales ratio reduction. As the yen's rapid appreciation resulted in a foreign exchange loss, however, net income fell 12.2%, to ¥8,014 million.

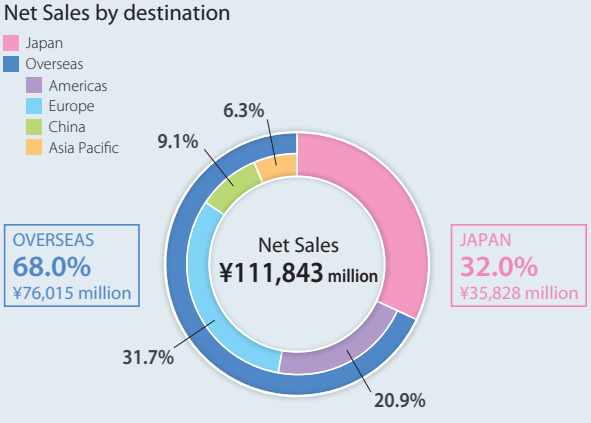
Net Sales by Destination*

Looking at net sales by destination, under the difficult market conditions in Japan, we continued to focus on providing solutions that cater to specific demands from central hospitals and other customers. However, owing to increasingly stringent competition, net sales dropped 0.4%, to ¥35,828 million.

Overseas, the situation was more positive. In the Americas, we are maintaining strong growth thanks to the expansion of our direct sales and support territories in the United States and Canada. In the Latin American market, we made continued efforts to expand our business by increasing our successful bid rate and promoting systems sales. In Europe, we promoted the switchover to the direct sales and support system in France, and we worked to build up our sales and service operations in the Middle East. In China and the Asia-Pacific region, we promoted development of the direct sales and support system and proceeded to conduct system sales. Despite the negative effect of yen appreciation, our overseas sales rose 1.7%, to ¥76,015 million, due to high sales growth on a local currency basis. The overseas sales ratio amounted to 68.0%, up 0.5 percentage point from the previous fiscal year.

Breaking down overseas net sales by geographical region, sales in the Americas were up 12.0%, to ¥23,414 million; sales in Europe were dropped 9.6%, to ¥35,454 million; sales in China were up 24.4%, to ¥10,111 million; and sales in the Asia-Pacific region were up 8.4%, to ¥7,036 million.

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



Net Sales by Geographical Region

Japan

With a continued focus on providing solutions that cater to specific demands from central hospitals and other customers, we recorded growth in the hematology and hemostasis fields. With additional revenues owing to higher exports to affiliated Group companies and from services for Sysmex bioMérieux Co., Ltd., we recorded sales of ¥37,589 million, up 0.1% from the previous fiscal year.

Operating income fell 40.6%, to ¥4,672 million, as sales growth was negatively offset by the decrease in gross profit from the inter-group export sales due to foreign exchange translation effects, as well as to an increase in SG&A expenses, which is attributable to the rise in research and development expenses associated with the construction of Technopark.

Americas

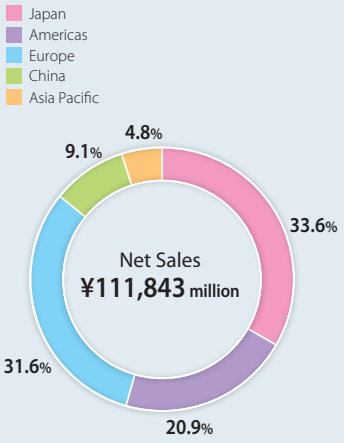
Now that our direct sales territories and support networks have expanded, we have achieved strong sales in North America, centering on integrated health networks (IHNs) and other segments in the hematology field. Meanwhile, system sales increased in Latin America. Despite the negative foreign exchange situation, we recorded sales of ¥23,368 million, up 12.1%.

Operating income grew 80.5%, to ¥1,789 million, as sales growth resulting from an expanded sales of business and higher profitability, stemming from slower growth in the fixed cost ratio, more than offset the increase in SG&A expenses.

Europe

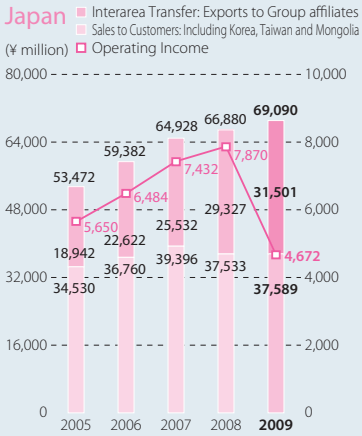
In France, sales grew as a result of a switch to the direct sales and support system, and we also experienced sales growth in

Net Sales by Geographical Region



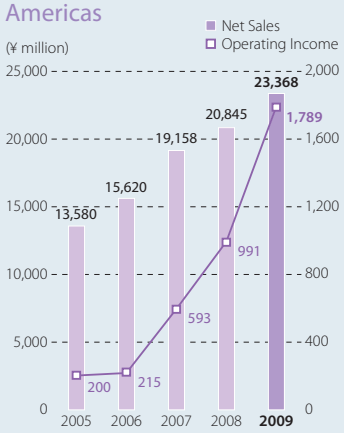
Sales and Operating Income by Geographical Region

Japan



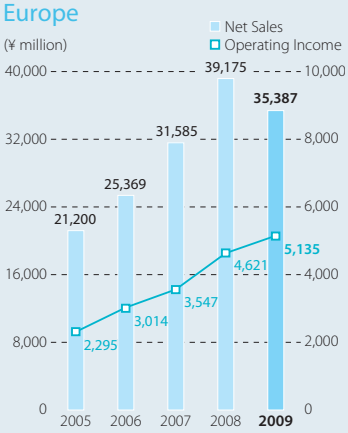
Sales and Operating Income by Geographical Region

Americas



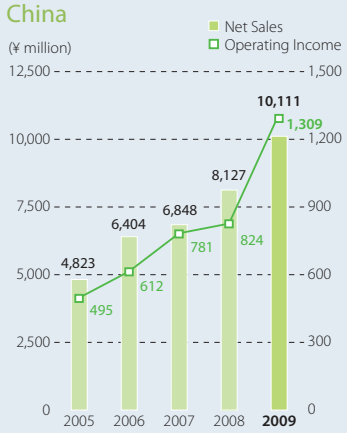
Sales and Operating Income by Geographical Region

Europe



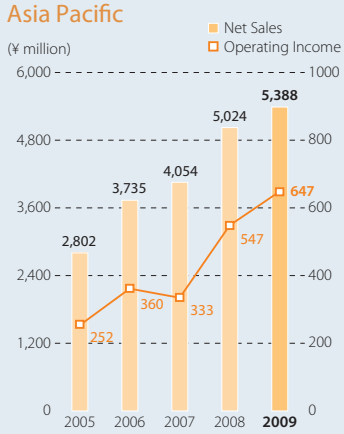
Sales and Operating Income by Geographical Region

China



Sales and Operating Income by Geographical Region

Asia Pacific



(Excluding Korea, Taiwan and Mongolia)

the Middle East and Africa. By product segment, hematology and urinalysis sales fared well. However, owing to a change in the method of accounting for lease transactions and to the foreign exchange loss, sales fell 9.7%, to ¥35,387 million.

Operating income was up 11.1%, to ¥5,135 million, as cost reduction efforts softened the negative impact of higher SG&A expenses.

China

Instrument sales advanced significantly in the hematology, hemostasis, and urinalysis businesses. Sales of reagents also maintained their momentum as our efforts over the course of several years to increase installations of high-end instrument models in the hematology paid off. In addition, the melamine contamination issue pushed up sales in the urinalysis field. As a result, we recorded a 24.4% increase in sales, to ¥10,111 million. Operating income was ¥1,309 million, up 58.9% from the previous fiscal year, with sales growth positively offsetting the rise in SG&A expenses.

Asia-Pacific

With the hematology, hemostasis and urinalysis businesses all faring well, we recorded 7.2% higher sales, to ¥5,388 million. Large-scale orders for system products and other lines in Australia, as well as growing sales in India, contributed to the rise in regional sales. Operating income was up 18.3%, to ¥647 million, stemming from the increase in sales.

Profits and Losses

Net Sales

During the year, sales in Japan fell slightly as a result of increasingly stringent competition. However, consolidated net sales were up 1.0% overall, to ¥111,843 million, buoyed by such factors as higher sales in the U.S. hematology market and sales for instrument upgrades in China.

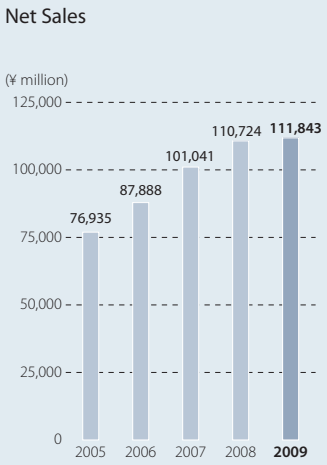
Cost of Sales and SG&A Expenses

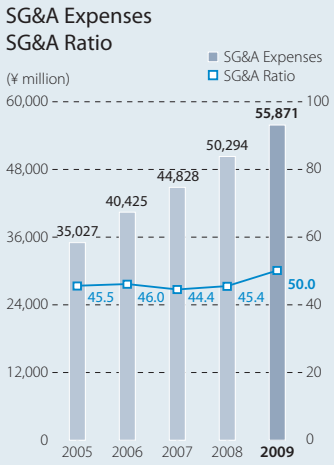
Cost of sales dropped 10.0%, to ¥40,838 million, causing the cost of sales ratio to fall to 36.5%, an improvement of 4.5 percentage points.

SG&A expenses grew 11.1%, to ¥55,871 million, owing to such activities as reinforcing our R&D structure, strengthening sales in the Americas and designing a new corporate logo in commemoration of the 40th year of the Company's founding. Accordingly, the ratio of SG&A expenses to net sales increased 4.6 percentage points, to 50.0%.

R&D Expenditure

R&D expenditure grew ¥1,550 million year on year, to ¥10,771 million, rising to 9.6% of net sales, compared with 8.3% in the preceding term. Factors behind this increase included costs to construct Technopark, our new R&D facility, and expenses related to the development of new products to enhance our product portfolio. We also aggressively promoted R&D in the life science field, which we consider a driver of future growth.





Income

The effect of higher sales and an improved cost of sales ratio more than compensated for the increase in SG&A expenses. Consequently, operating income expanded 0.7%, to ¥15,134 million. However, the operating margin slipped 0.1 percentage point, to 13.5%.

Net income fell 12.2%, to ¥8,014 million, and devaluation of inventory assets, as well as a 112.4% surge in the foreign exchange loss, to ¥2,228 million.

Dividend Policy

As our earning power increases, we aim to maintain a proper balance between internal reserves for R&D and capital expenditure, which are designed to sustain steady high growth, and returns to our shareholders. In terms of returns to shareholders, we intend to provide a stable dividend on a continuous basis and aim for a consolidated payout under our basic policy of sharing the successes of our operations in line with business performance.

As a basic policy, Sysmex pays twice-yearly dividends on retained earnings, an interim dividend and a year-end dividend. The year-end dividend is decided upon approval of the annual shareholders' meeting, and the interim dividend upon approval by the Board Meeting.

In accordance with this policy and in light of business performance during the year under review, we announced dividends for the year of ¥50 per share, which includes an interim dividend of ¥24. As a result, the consolidated payout ratio for the year under review was 31.9%, up for the seventh consecutive fiscal year.

Going forward, Sysmex will continue to effectively invest its internal reserves in the implementation of strongly competitive product development and global business strategies, aiming to respond to anticipated changes in the business environment.

We will retain this commitment to continue meeting our shareholders' expectation.

Liquidity and Sources of Capital

Fund Procurement and Liquidity Management

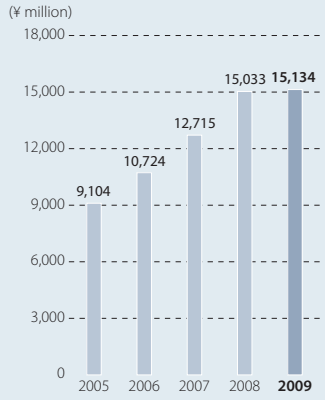
The Company raises working capital as necessary through short-term bank loans and other means. Consolidated subsidiaries obtain bank loans as necessary to secure working capital. In October 2003, the Company introduced a cash management system (CMS) to increase efficiency by unifying financing and capital 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 expenditure and R&D activities primarily from cash provided by operating activities.

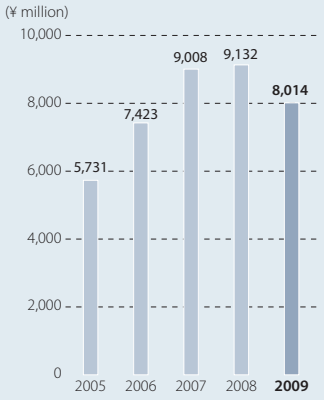
Assets, Liabilities and Equity

Total assets as of March 31, 2009, amounted to ¥118,522 million, up ¥9,495 million from one year earlier, owing mainly

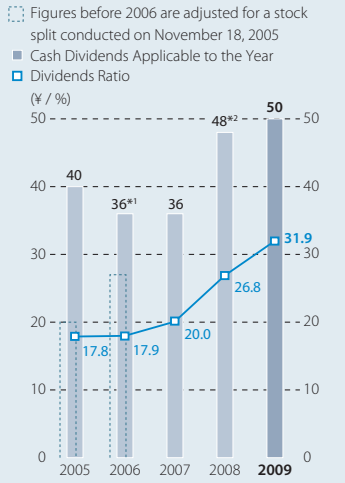
Operating Income



Net Income



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.

to a ¥7,531 million increase in property, plant and equipment, including the new R&D center, Technopark, and recording of the lease assets following the convergence of accounting principles at overseas subsidiaries.

Liabilities increased ¥8,761 million, to ¥38,671 million, primarily owing to a ¥5,604 million rise in short-term loans and the recording of lease obligations following the convergence of accounting principles at overseas subsidiaries.

Total equity at the end of the year was ¥79,851 million, up ¥734 million from one year earlier. Major factors included a ¥3,384 million increase in retained earnings and a ¥2,617 million decrease in foreign currency translation adjustments. The equity ratio was 66.8%, down 5.4 percentage points.

Capital Expenditure and Depreciation

Capital expenditure rose 13.3% during the year, to ¥9,340 million, and depreciation increased 83.2%, to 7,189 million. The principal reasons for these rises were the construction of Technopark, our new R&D facility, and the recording of lease assets following the convergence of accounting principles at overseas subsidiaries.

Cash Flows

As of March 31, 2009, cash and cash equivalents stood at ¥9,410 million, down ¥269 million from one year earlier. Major cash flow movements by business activity, and the factors behind those changes, are described below.

Cash Flows from Operating Activities

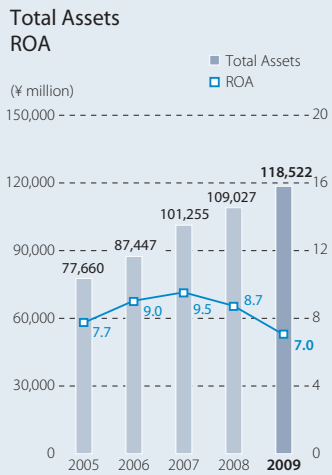
Net cash provided by operating activities was ¥13,194 million, ¥1,559 million more than during the previous fiscal year. Depreciation and amortization provided ¥7,691 million (¥3,253 million more than during previous fiscal year) and an increase in notes and accounts payable provided ¥2,376 million (compared with ¥1,469 million in the previous fiscal year).

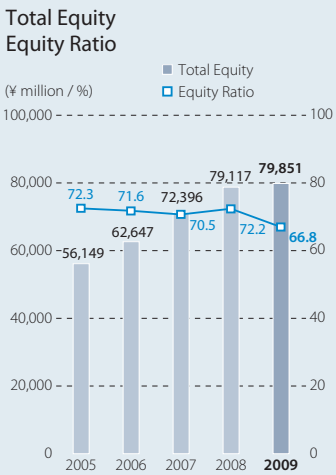
Cash Flows from Investing Activities

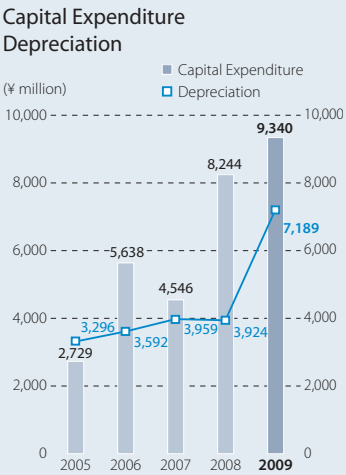
Net cash used in investing activities amounted to ¥13,545 million (¥662 million more than in the previous fiscal year). The primary reason for this increase was ¥9,393 million in purchases of property, plant and equipment, ¥1,128 more than in the previous year, related to the construction of Technopark, our new R&D facility.

Cash Flows from Financing Activities

Net cash provided by financing activities was ¥723 million, compared with ¥1,316 million used in the these activities during the previous fiscal year. An increase in short-term bank loans provided ¥5,871 million, ¥5,380 million more than these loans provided in the previous fiscal year. Uses of cash included a ¥2,543 million payment for lease obligations recorded following the convergence of accounting principles at overseas subsidiaries, and dividends paid required ¥2,658 million, ¥626 million more than in the previous fiscal year.







Consolidated Financial Statements

Consolidated Balance Sheets

Sysmex Corporation and Subsidiaries

March 31, 2009 and 2008	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	¥ 9,410	¥ 9,679	$ 96,020
Short-term investments (Note 3)	153	87	1,561
Receivables:			
Trade notes	2,960	3,102	30,204
Trade accounts	28,957	29,864	295,480
Associated company	186		1,898
Other	183	194	1,867
Allowance for doubtful accounts	(531)	(500)	(5,418)
Investments in lease (Note 10)	622		6,347
Inventories (Note 4)	18,342	18,341	187,163
Deferred tax assets (Note 9)	4,601	4,493	46,949
Prepaid expenses and other current assets	2,739	1,663	27,949
Total current assets	67,622	66,923	690,020
PROPERTY, PLANT AND EQUIPMENT:			
Land	7,896	7,909	80,571
Buildings and structures	25,508	18,670	260,286
Machinery and equipment	9,225	7,646	94,133
Furniture and fixtures	15,229	15,958	155,398
Lease assets	7,570		77,245
Construction in progress	279	4,604	2,847
Total	65,707	54,787	670,480
Accumulated depreciation	(29,094)	(25,705)	(296,878)
Net property, plant and equipment	36,613	29,082	373,602
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 3)	2,998	3,078	30,592
Investment in associated company	258		2,633
Goodwill	1,098	1,532	11,204
Software	3,928	4,092	40,082
Deposits	1,122	1,106	11,449
Investment in real estate	2,117	2,125	21,602
Deferred tax assets (Note 9)	220	256	2,245
Other assets	2,546	833	25,979
Total investments and other assets	14,287	13,022	145,786
TOTAL	¥ 118,522	¥ 109,027	$ 1,209,408

See notes to consolidated financial statements.

March 31, 2009 and 2008	Millions of Yen 2009	2008	Thousands of U.S. Dollars (Note 1) 2009
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Short-term bank loans (Note 5)	¥ 6,094	¥ 490	$ 62,184
Current portion of long-term debt (Note 5)	55	56	561
Current portion of long-term lease obligations (Note 10)	1,521		15,520
Payables:			
Trade notes	1,576	1,302	16,082
Trade accounts	9,281	9,942	94,704
Associated company	202		2,061
Construction and other	2,524	2,888	25,755
Income taxes payable	948	2,062	9,673
Accrued expenses	6,431	6,169	65,622
Deferred tax liabilities (Note 9)	3	3	31
Other current liabilities	4,810	3,329	49,083
Total current liabilities	33,445	26,241	341,276
LONG-TERM LIABILITIES:			
Long-term debt (Note 5)	5	14	51
Long-term lease obligations (Note 10)	2,150		21,939
Liability for retirement benefits (Note 6)	422	602	4,306
Guarantee deposits received	1,048	1,021	10,694
Deferred tax liabilities (Note 9)	550	1,701	5,612
Other long-term liabilities	1,051	331	10,724
Total long-term liabilities	5,226	3,669	53,326
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 10 and 11)			
EQUITY (Notes 7 and 13):			
Common stock, 149,672,000 shares authorized, 51,243,508 shares issued in 2009 and 51,203,108 shares issued in 2008	8,685	8,651	88,622
Capital surplus	13,624	13,589	139,020
Stock acquisition rights	578	236	5,898
Retained earnings	59,121	55,737	603,276
Unrealized gain on available-for-sale securities	(45)	351	(459)
Foreign currency translation adjustments	(2,006)	611	(20,469)
Treasury stock - at cost: 97,981 shares in 2009 and 95,891 shares in 2008	(196)	(185)	(2,000)
Total	79,761	78,990	813,888
Minority interests	90	127	918
Total equity	79,851	79,117	814,806
TOTAL	¥ 118,522	¥ 109,027	$ 1,209,408

Consolidated Statements of Income

Sysmex Corporation and Subsidiaries

Years Ended March 31, 2009 and 2008	Millions of Yen 2009	Millions of Yen 2008	Thousands of U.S. Dollars (Note 1) 2009
NET SALES	¥ 111,843	¥ 110,724	$ 1,141,255
COST OF SALES	40,838	45,397	416,714
Gross profit	71,005	65,327	724,541
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	55,871	50,294	570,112
Operating income	15,134	15,033	154,429
OTHER INCOME (EXPENSES):			
Interest and dividend income	195	226	1,990
Interest expense	(428)	(34)	(4,367)
Foreign exchange loss - net	(2,228)	(1,049)	(22,735)
Other - net	(326)	(252)	(3,327)
Other income (expenses) - net	(2,787)	(1,109)	(28,439)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	12,347	13,924	125,990
INCOME TAXES (Note 9):			
Current	4,071	5,246	41,541
Deferred	234	(429)	2,388
Total income taxes	4,305	4,817	43,929
MINORITY INTERESTS IN NET INCOME	28	(25)	285
NET INCOME	¥ 8,014	¥ 9,132	$ 81,776

Years Ended March 31, 2009 and 2008	Yen 2009	Yen 2008	U.S. Dollars 2009
PER SHARE OF COMMON STOCK (Notes 2.v and 12):			
Basic net income	¥ 156.72	¥ 178.94	$ 1.60
Diluted net income	156.46	178.33	1.60
Cash dividends applicable to the year	50.00	48.00	0.51

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

Sysmex Corporation and Subsidiaries

Years Ended March 31, 2009 and 2008	Millions of Yen										
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Unrealized Gain on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 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, ¥48.00 per share					(2,032)				(2,032)		(2,032)
Purchase 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.c)	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
Adjustment of retained earnings due to an adoption of PITF No. 18 (Note 2.b)					(1,972)				(1,972)		(1,972)
Net income					8,014				8,014		8,014
Cash dividends, ¥52.00 per share					(2,658)				(2,658)		(2,658)
Purchase of treasury stock	(3,015)							(13)	(13)		(13)
Disposal of treasury stock	925		1					2	3		3
Exercise of warrants	40,400	34	34						68		68
Net change in the year				342		(396)	(2,617)		(2,671)	(37)	(2,708)
BALANCE, MARCH 31, 2009	51,145,527	¥ 8,685	¥ 13,624	¥ 578	¥ 59,121	¥ (45)	¥ (2,006)	¥ (196)	¥ 79,761	¥ 90	¥ 79,851

Years Ended March 31, 2009	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, 2008	$ 88,275	$ 138,663	$ 2,408	$ 568,745	$ 3,582	$ 6,235	$ (1,888)	$ 806,020	$ 1,296	$ 807,316
Adjustment of retained earnings due to an adoption of PITF No. 18 (Note 2.b)				(20,123)				(20,123)		(20,123)
Net income				81,776				81,776		81,776
Cash dividends, $0.53 per share				(27,122)				(27,122)		(27,122)
Purchase of treasury stock							(133)	(133)		(133)
Disposal of treasury stock		10					21	31		31
Exercise of warrants	347	347						694		694
Net change in the year			3,490		(4,041)	(26,704)		(27,255)	(378)	(27,633)
BALANCE, MARCH 31, 2009	$ 88,622	$ 139,020	$ 5,898	$ 603,276	$ (459)	$ (20,469)	$ (2,000)	$ 813,888	$ 918	$ 814,806

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Sysmex Corporation and Subsidiaries

Years Ended March 31, 2009 and 2008	Millions of Yen 2009	Millions of Yen 2008	Thousands of U.S. Dollars (Note 1) 2009
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 12,347	¥ 13,924	$ 125,990
Adjustments for:			
Income taxes - paid	(5,437)	(6,415)	(55,480)
Depreciation and amortization	7,691	4,438	78,480
Write-down of marketable and investment securities	15	146	153
Loss on disposal of property, plant and equipment	387	174	3,949
Changes in assets and liabilities:			
Increase in notes and accounts receivable	(2,335)	(2,462)	(23,827)
Increase in inventories	(1,701)	(1,917)	(17,357)
Increase in notes and accounts payable	2,376	1,469	24,245
(Increase) decrease in liability for retirement benefits, net of provision	(153)	612	(1,561)
Other - net	4	1,666	41
Net cash provided by operating activities	13,194	11,635	134,633
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(9,393)	(8,265)	(95,847)
Purchases of software and other assets	(1,583)	(2,460)	(16,153)
Purchases of investment securities	(917)	(994)	(9,357)
Acquisitions, net of cash acquired	(73)	(1,315)	(745)
Other - net	(1,579)	151	(16,112)
Net cash used in investing activities	(13,545)	(12,883)	(138,214)
FINANCING ACTIVITIES:			
Increase in short-term bank loans - net	5,871	491	59,908
Repayments of long-term debt	(56)	(66)	(571)
Payments of lease obligations	(2,543)		(25,949)
Exercise of warrants	68	299	694
Dividends paid	(2,658)	(2,032)	(27,122)
Other - net	41	(8)	418
Net cash provided by (used in) financing activities	723	(1,316)	7,378
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(641)	(480)	(6,542)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(269)	(3,044)	(2,745)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	9,679	12,715	98,765
DECREASE IN CASH AND CASH EQUIVALENTS DUE TO FISCAL YEAR-END CHANGE FOR SUBSIDIARY		8	
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 9,410	¥ 9,679	$ 96,020
ADDITIONAL CASH FLOW INFORMATION - Interest paid	¥ 423	¥ 19	$ 4,316

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Sysmex Corporation and Subsidiaries

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

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 ¥98 to $1, the approximate rate of exchange at March 31, 2009. 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, 2009 and 2008 include the accounts of the Company and 37 subsidiaries (together, the "Group").

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investment in an associated company is accounted for by the equity method.

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary and associated company at the date of acquisition, and are carried at cost less accumulated amortization, which is calculated by the straight-line method over five years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

b. Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements—In May 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force (PITF) No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements". PITF No. 18 prescribes: (1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, (2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, (3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material: 1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; 3) expensing capitalized development costs of R&D; 4) cancellation of the fair value model accounting for property, plant, and equipment and investment properties and incorporation of the cost model accounting; 5) recording the prior years' effects of changes in accounting policies in the income statement where retrospective adjustments to financial statements have been incorporated; and 6) exclusion of minority interests from net income, if contained. PITF No. 18 was effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted.

The Company applied this accounting standard effective April 1, 2008. The effect of this change was to decrease operating income by ¥1,362 million ($13,898 thousand) and income before income taxes and minority interests by ¥1,087 million ($11,092 thousand). In addition, the Company adjusted the beginning balance of retained earnings at April 1, 2008 as if this accounting standard had been retrospectively applied.

c. Business Combination—In October 2003, the Business Accounting Council (the "BAC") issued a Statement of Opinion, "Accounting for Business Combinations", and on December 27, 2005, the ASBJ issued ASBJ Statement No. 7, "Accounting Standard for Business Divestitures" and ASBJ Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures". These new accounting pronouncements were effective for fiscal years beginning on or after April 1, 2006.

The accounting standard for business combinations allows companies to apply the pooling of interests method of accounting only when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests.

For business combinations that do not meet the uniting-of-interests criteria, the business combination is considered to be an acquisition and the purchase method of accounting is required. This standard also prescribes the accounting for combinations of entities under common control and for joint ventures.

The Company has acquired the entire shares of SYSMEX CNA Co., Ltd., (hereinafter SCNA) 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 SCNA except for the Company. As a result, Capital surplus of the Company was increased by ¥1,707 million by the new issue of shares. The related goodwill is systematically amortized over 5 years.

d. Cash Equivalents—Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits, commercial paper and mutual funds investing in bonds, all of which mature or become due within three months of the date of acquisition.

e. Marketable and Investment Securities—Marketable and investment securities are classified and accounted for, depending on management's intent, as follows: i) trading securities, which are held for the purpose of earning capital gains in the near term are reported at fair value, and the related unrealized gains and losses are included in earnings, ii) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are reported at amortized cost and iii) available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average method.

For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

f. Allowance for Doubtful Accounts—The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Group's past credit loss experience and an evaluation of potential losses in the receivables outstanding.

g. Inventories—Prior to April 1, 2008, inventories were stated at cost, determined by the average method. In July 2006, the ASBJ issued ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories", which was 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 Company applied the new accounting standard for measurement of inventories effective April 1, 2008. The effect of this change was to decrease income before income taxes and minority interests for the year ended March 31, 2009 by ¥648 million ($6,612 thousand).

h. Property, Plant and Equipment—Property, plant and equipment are stated at cost. Depreciation is computed by the straight-line method over the estimated useful lives of the assets. The range of useful lives is from 31 to 50 years for buildings and structures, and from 5 to 12 years for machinery and equipment.

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

i. Long-lived Assets—The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

j. Software—Software to be sold is amortized at the greater of either the proportional amount to be amortized in proportion of the actual sales of the software to be made of the software during the current year to the estimated total sales over the estimated salable years or the amount to be amortized using a straight-line method over the estimated salable years. The estimated salable years are principally three years.

Software for internal use is amortized by the straight-line method over the estimated usable years. The estimated usable years are principally five years.

k. Investment in Real Estate—Investment in real estate mainly consists of a beneficial interest in a trust. Depreciation of investment in real estate is computed according to property, plant and equipment. Accumulated depreciation of the investment in real estate were ¥227 million ($2,316 thousand) and ¥192 million as of March 31, 2009 and 2008, respectively.

l. Liability for Retirement Benefits—The Company has a non-contributory funded pension plan covering substantially all of its employees.

The liability for employees' retirement benefits is accounted for based on projected benefit obligations and plan assets at the balance sheet date.

Unfunded retirement benefits for the Company and certain subsidiaries' directors and corporate auditors are provided at the estimated amount which would be required if such individuals retired at the balance sheet date. However, the Company abolished its unfunded retirement benefit plan in June 24, 2005. No additional provisions have been recorded for retirement benefits to be paid to the Company's directors and corporate auditors since then. The liability for director and corporate auditor retirement benefits is the amount provided in proportion to the term that present directors and corporate auditors had been in place before June 24, 2005.

m. Stock Option—The ASBJ Statement No. 8, "Accounting Standard for Stock Options" and related guidance are applicable to stock options granted on and after May 1, 2006.

This standard requires companies to recognize compensation expense for employee stock options based on the fair value at the date of grant and over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to non-employees based on the fair value of either the stock option or the goods or services received. In the balance sheet, the stock option is presented as a stock acquisition right as a separate component of equity until exercised.

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

n. 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.

o. Research and Development—Research and development costs are charged to income as incurred. Such costs were ¥10,771 million ($109,908 thousand) and ¥9,221 million for the years ended March 31, 2009 and 2008, respectively.

p. Leases—In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions", which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

Under the previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be accounted for as operating lease transactions.

The Company applied the revised accounting standard effective April 1, 2008. In addition, the Company accounted for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions. The effect of this change had little impact on operating income, and income before income taxes and minority interests.

Under the previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee were to be treated as sales. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if sold" information is disclosed in the note to the lessor's financial statements. The revised accounting standard requires that all finance leases that deem to transfer ownership of the leased property to the lessee should be recognized as lease receivables, and all finance leases that deem not to transfer ownership of the leased property to the lessee should be recognized as investments in lease.

The Company applied the revised accounting standard effective April 1, 2008. The effect of this change had little impact on operating income, and income before income taxes and minority interests.

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

r. Income Taxes—The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

s. Foreign Currency Transactions—All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance

sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income to the extent that they are not hedged by forward exchange contracts.

t. Foreign Currency Financial Statements—The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation were shown as "Foreign currency translation adjustments" in a separate component of equity.

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

u. Derivatives and Hedging Activities—The Group uses foreign exchange forward contracts and interest rate swaps to manage their exposure to fluctuations in foreign exchange and interest rates. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the statements of income and b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

The interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements are recognized and included in interest expense or income.

v. Per Share Information—Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

w. New Accounting Pronouncements

Business Combinations—On December 26, 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No. 21, "Accounting Standard for Business Combinations". Major accounting changes under the revised accounting standard are as follows;

(1) The current accounting standard for business combinations allows companies to apply the pooling of interests method of accounting when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. The revised standard requires to account for such business combination by the purchase method and the pooling of interests method of accounting is no longer allowed.

(2) The current accounting standard accounts for the research and development costs to be charged to income as incurred. Under the revised standard, an in-process research and development (IPR&D) acquired by the business combination is capitalized as an intangible asset.

(3) The current accounting standard accounts for a bargain purchase gain (negative goodwill) to be systematically amortized within 20 years. Under the revised standard, the acquirer recognizes a bargain purchase gain in profit or loss on the acquisition date after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed with a review of such procedures used.

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

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

On December 26, 2008, the ASBJ issued ASBJ Statement No. 16 (Revised 2008), "Revised Accounting Standard for Equity Method of Accounting for Investments". The new standard requires adjustments to be made to conform the associate's accounting policies for similar transactions and events under similar circumstances to those of the parent company when the associate's financial statements are used in applying the equity method unless it is impractible to determine adjustments. In addition, financial statements prepared by foreign associated companies in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States tentatively may be used in applying the equity method if the following items are adjusted so that net income is accounted for in accordance with Japanese GAAP unless they are not material: 1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; 3) expensing capitalized development costs of R&D; 4) cancellation of the fair value model accounting for property, plant, and equipment and investment properties and incorporation of the cost model accounting; 5) recording the prior years' effects of changes in accounting policies in the income statement where retrospective adjustments to the financial statements have been incorporated; and 6) exclusion of minority interests from net income, if contained.

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

Asset Retirement Obligations—On March 31, 2008, the ASBJ published a new accounting standard for asset retirement obligations, ASBJ Statement No. 18 "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21 "Guidance on Accounting Standard for Asset Retirement Obligations". Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset.

The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard is effective for fiscal years beginning on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or before March 31, 2010.

Construction Contracts—Under the current Japanese GAAP, either the completed-contract method or the percentage-of-completion method is permitted to account for construction contracts. In December 2007, the

ASBJ issued a new accounting standard for construction contracts. Under this new accounting standard, the construction revenue and construction costs should be recognized by the percentage-of-completion method, if the outcome of a construction contract can be estimated reliably. When total construction revenue, total construction costs and the stage of completion of the contract at the balance sheet date can be reliably measured, the outcome of a construction contract can be estimated reliably. If the outcome of a construction contract cannot be reliably estimated, the completed-contract method shall be applied. When it is probable that total construction costs will exceed total construction revenue, an estimated loss on the contract should be immediately recognized by providing for loss on construction contracts. This standard is applicable to construction contracts and software development contracts and effective for fiscal years beginning on or after April 1, 2009 with early adoption permitted for fiscal years beginning on or before March 31, 2009 but after December 27, 2007.

3. SHORT-TERM INVESTMENTS AND INVESTMENTS SECURITIES

Short-term investments and investment securities as of March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Current:			
Time deposits other than cash equivalents	¥ 48	¥ 15	$ 490
Investment trust	105	72	1,071
Total	¥ 153	¥ 87	$ 1,561
Non-current:			
Marketable equity securities	¥ 1,831	¥2,439	$ 18,684
Debt securities	500		5,102
Investment trust and other	2	4	20
Unquoted equity securities	665	635	6,786
Total	¥ 2,998	¥3,078	$ 30,592

The carrying amounts and aggregate fair values of investment securities at March 31, 2009 and 2008 were as follows:

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

	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

	Thousands of U.S. Dollars			
	2009			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	$ 19,347	$ 3,327	$ (3,990)	$ 18,684
Investment trust and other	20			20
Total	$ 19,367	$ 3,327	$ (3,990)	$ 18,704

Available-for-sale securities and held-maturity securities whose fair value is not readily determinable as of March 31, 2009 and 2008 were as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Available-for-sale - Equity securities	¥ 665	¥ 635	$ 6,786
Held-to-maturity - Debt securities	500		5,102
Total	¥ 1,165	¥ 635	$ 11,888

Commercial paper was classified as cash equivalents.

4. INVENTORIES

Inventories at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Finished products	¥ 7,120	¥ 4,971	$ 72,653
Merchandise	6,211	8,033	63,377
Work in process	1,253	1,489	12,786
Raw materials	3,381	3,379	34,500
Supplies	377	469	3,847
Total	¥ 18,342	¥ 18,341	$ 187,163

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, 2009 and 2008 were 1.1% and 5.0%, respectively.

Long-term debt at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Loans from banks, due through 2009, with interest ranging from 3.5% to 9.7% for 2009 (from for 2.2% to 9.7% 2008):			
Unsecured	¥ 60	¥ 70	$ 612
Total	60	70	612
Less current portion	(55)	(56)	(561)
Long-term debt, less current portion	¥ 5	¥ 14	$ 51

At March 31, 2009, annual maturities of long-term debt were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2010	¥ 55	$ 561
2011	5	51
Total	¥ 60	$ 612

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, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Projected benefit obligation	¥ 8,560	¥ 8,192	$ 87,347
Fair value of plan assets	(5,868)	(6,993)	(59,878)
Prepaid pension cost	4		41
Unrecognized actuarial loss	(2,471)	(844)	(25,214)
Net liability	¥ 225	¥ 355	$ 2,296

The components of net periodic retirement benefit costs for the years ended March 31, 2009 and 2008 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Service cost	¥ 1,032	¥ 1,005	$ 10,531
Interest cost	157	151	1,602
Expected return on plan assets	(207)	(265)	(2,112)
Recognized actuarial (gain) loss	47	(197)	479
Net periodic retirement benefit costs	¥ 1,029	¥ 694	$ 10,500

Assumptions used for the years ended March 31, 2009 and 2008 are set forth as follows:

	2009	2008
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 ¥7,213 million ($73,602 thousand) and ¥8,446 million ($86,184 thousand) at March 31, 2008, 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 ¥197 million ($2,010 thousand), and ¥247 million as of March 31, 2009 and 2008, 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 Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula.

Under the Companies Act, stock acquisition rights are now presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

8. STOCK OPTION

The stock options outstanding as of March 31, 2009 are as follows:

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
		(Shares)			
2004 Stock Option	11 directors 170 employees 9 directors of subsidiaries 3 employees of subsidiaries	1,043,400	2004.7.01	¥ 1,685 ($ 17.19)	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 ($ 47.45)	From July 30, 2009 to July 29, 2015

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, 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	

For the year ended March 31, 2008	2004 Stock Option	2007 Stock Option
	(Shares)	(Shares)
Non-vested		
March 31, 2008 - Outstanding		727,200
Granted		
Canceled		(17,500)
Vested		
March 31, 2009 - Outstanding		709,700
Vested		
March 31, 2008 - Outstanding	191,000	
Vested		
Exercised	(40,400)	
Canceled	(13,000)	
March 31, 2009 - Outstanding	137,600	
Exercise price	¥ 1,685	¥ 4,650
Average stock price at exercise	¥ 3,690	
Fair value price at grant date		¥ 98,325

The assumptions used to measure fair value of 2007 Stock Option	
Estimate method:	Black-Scholes option pricing model
Volatility of stock price:	26.14%
Estimated remaining outstanding period:	five years
Estimated dividend:	¥ 36 per share
Interest rate with risk free:	1.403%

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, 2009 and 2008. 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, 2009 and 2008 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Deferred tax assets (Current):			
Unrealized intercompany profits	¥ 1,763	¥ 1,965	$ 17,990
Inventories	318	151	3,245
Accrued bonuses	793	829	8,092
Accrued enterprise tax	45	189	459
Tax loss carryforwards		67	
Other	1,691	1,313	17,254
Less valuation allowance	(6)	(8)	(61)
Total	¥ 4,604	¥ 4,506	$ 46,979
Deferred tax assets (Non-current):			
Depreciation	¥ 104	¥ 120	$ 1,061
Liability for retirement benefits	117	187	1,194
Tax loss carryforwards	144	203	1,469
Software	505	542	5,153
Investment securities	369	284	3,765
Other	953	103	9,725
Less valuation allowance	(384)	(127)	(3,918)
Total	¥ 1,808	¥ 1,312	$ 18,449
Deferred tax liabilities (Current)			
Deferred tax liabilities (Non-current):	¥ 6	¥ 16	$ 61
Net unrealized gain on available-for-sale securities	¥ 12	¥ 245	$ 122
Revaluation of land for consolidation	457	457	4,663
Investment loss for subsidiaries capital reduction by corporation tax law	431	430	4,398
Other	1,238	1,625	12,633
Total	¥ 2,138	¥ 2,757	$ 21,816
Net deferred tax assets	¥ 4,268	¥ 3,045	$ 43,551

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, 2009 and 2008 is as follows:

	2009	2008
Normal effective statutory tax rate	40.6%	40.6%
Expenses not deductible for income tax purposes	3.2	2.5
Per capita levy	0.8	0.7
Foreign tax credit	(4.5)	(4.4)
Tax effect on elimination of dividends from foreign subsidiaries	6.7	3.4
Research and development tax credit	(2.7)	(3.3)
Tax effect on undistributed earnings of foreign subsidiaries	(3.4)	5.2
Different tax rates applied to foreign subsidiaries	(8.6)	(6.6)
Change in valuation allowance	1.0	(6.5)
Other - net	1.8	3.0
Recognition period of actuarial gain/loss	34.9%	34.6%

Certain subsidiaries have tax loss carryforwards available to offset future taxable income as of March 31, 2009 of approximately ¥274 million ($2,796 thousand). These tax loss carryforwards, if not utilized, will expire mainly in 2016.

10. LEASES

(Lessee)

Lease obligations at March 31, 2009 consisted of the following:

	Millions of Yen	Thousands of U.S. Dollars
Lease obligations	¥ 3,671	$ 37,459
Less current portion	(1,521)	(15,520)
Less obligations, less current portion	¥ 2,150	$ 21,939

The future minimum payments required at March 31, 2009 were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2010	¥ 1,521	$ 15,520
2011	1,185	12,092
2012	660	6,735
2013	275	2,806
2014	19	194
2015 and thereafter	11	112
Total	¥ 3,671	$ 37,459

The minimum rental commitments under noncancelable operating leases at March 31, 2009 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due within one year	¥ 372	$ 3,796
Due after one year	1,495	15,255
Total	¥ 1,867	$ 19,051

(Lessor)

The net investment in lease are summarized as follows:

	Millions of Yen	Thousands of U.S. Dollars
Gross lease receivables	¥ 710	$ 7,245
Estimated residual values	80	816
Unearned interest income	(168)	(1,714)
Investments in lease, current	¥ 622	$ 6,347

Maturities of investment in lease for finance leases that deem not to transfer ownership of the leased property to the lessee are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2010	¥ 152	$ 1,551
2011	153	1,561
2012	154	1,571
2013	142	1,449
2014	97	990
2015 and thereafter	12	123
Total	¥ 710	$ 7,245

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

	Millions of Yen	Thousands of U.S. Dollars
	2009	2009
Due within one year	¥ 360	$ 3,673
Due after one year	449	4,582
Total	¥ 809	$ 8,255

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 Mach 31, 2009 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	¥ 4,330	¥ 4,463	¥ (133)	$ 44,184	$ 45,541	$ (1,357)
Euro	2,995	3,126	(131)	30,561	31,898	(1,337)
Total	¥ 7,325	¥ 7,589	¥ (264)	$ 74,745	$ 77,439	$ (2,694)

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. NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2009 and 2008 is as follows:

	Millions of Yen	Thousands of U.S. Dollars	Yen	Dollars
	Net Income	Weighted Average Shares	EPS	
For the year ended March 31, 2009:				
Basic EPS				
Net income available to common shareholders	¥ 8,014	51,132,256	¥ 156.72	$1.60
Effect of Dilutive Securities				
Stock options		87,456		
Diluted EPS				
Net income for computation	¥ 8,014	51,219,712	¥ 156.46	$1.60
For the year ended March 31, 2008:				
Basic EPS				
Net income available to common shareholders	¥ 9,132	51,032,859	¥ 178.94	
Effect of Dilutive Securities				
Stock options		175,854		
Diluted EPS				
Net income for computation	¥ 9,132	51,208,713	¥ 178.33	

13. SUBSEQUENT EVENTS

a. Appropriations of Retained Earnings

The following appropriation of retained earnings at March 31, 2009 was approved at the shareholders' general meeting of the Company held on June 19, 2009:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥26 ($0.27) per share	¥ 1,330	$ 13,571

14. 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, 2009 and 2008 are summarized as follows:

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

	Millions of Yen							
	2008							
	Japan	Americas	Europe	China	Asia Pacific	Total	Eliminations/ Corporate	Consolidated
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

	Thousands of U.S. Dollars							
	2009							
	Japan	Americas	Europe	China	Asia Pacific	Total	Eliminations/ Corporate	Consolidated
Sales to customers	$ 383,561	$ 238,449	$ 361,092	$ 103,173	$ 54,980	$ 1,141,255		$ 1,141,255
Interarea transfer	321,439	20	5,316	92	1,878	328,745	$ (328,745)	
Total sales	705,000	238,469	366,408	103,265	56,858	1,470,000	(328,745)	1,141,255
Operating expenses	657,327	220,214	314,010	89,908	50,255	1,331,714	(344,888)	986,826
Operating income	$ 47,673	$ 18,255	$ 52,398	$ 13,357	$6,603	$ 138,286	$ 16,143	$ 154,429
Total assets	$ 819,786	$ 151,633	$ 252,959	$ 77,561	$ 38,877	$ 1,340,816	$ (131,408)	$ 1,209,408

Notes: 1) As discussed in Note 2.b, effective April 1, 2008, the Company applied PITF No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements". The effect of this change was to increase operating income of Americas by ¥121 million ($1,235 thousand) and operating income of Europe by ¥348 million ($3,551 thousand) for the year ended March 31, 2009.

2) As discussed in Note 2.g, effective April 1, 2008, the Company applied ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories". The effect of this change was to decrease operating income of Japan by ¥306 million ($3,122 thousand) for the year ended March 31, 2009.

c. Sales to Foreign Customers

Sales to foreign customers for the years ended March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Americas	¥ 23,414	¥ 20,908	$ 238,918
Europe	35,454	39,235	361,776
China	10,111	8,128	103,173
Asia Pacific	7,036	6,492	71,796
Total	¥ 76,015	¥ 74,763	$ 775,663

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Sysmex Corporation:

We have audited the accompanying consolidated balance sheets of Sysmex Corporation (the "Company") and subsidiaries as of March 31, 2009 and 2008, 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, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

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

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

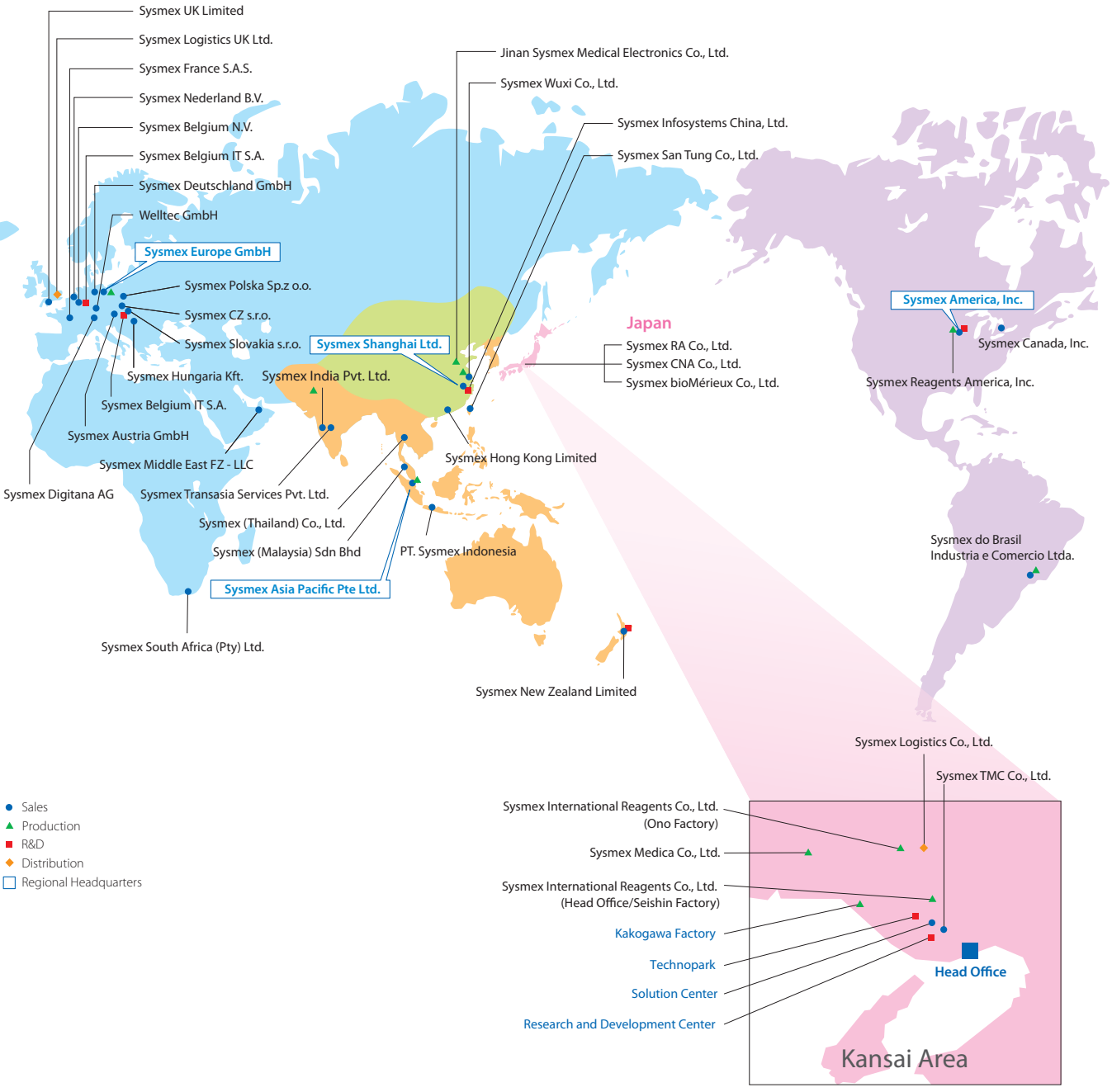
Deloitte Touche Tohmatsu

June 15, 2009

Member of
Deloitte Touche Tohmatsu

Corporate Information

Network



(As of April 1, 2009)

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Sysmex UK Limited	Sysmex House, Garamonde Drive, Wymbush, Milton Keynes, MK8 8 DF, U.K.	TEL: (+44) 870-902-9210	FAX: (+44) 870-902-9211
Sysmex Logistics UK Ltd.	Unit 4 IO Centre, Fingle Drive, Stonebridge, Milton Keynes, MK13 0AT, Buckinghamshire, U.K.	TEL: (+44) 870-902-9230	FAX: (+44) 870-902-9231
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 S.A.	Rue Pres Champs 25B, 4671 Barchon, Belgium	TEL: (+32) 4-387-9393	FAX: (+32) 4-387-9394
Sysmex Belgium N.V.	Park Rozendal, Building A Terhulpsesteenweg 6a 1560 Hoeilaart, Belgium	TEL: (+32) 2-769-7474	FAX: (+32) 2-769-7499
Sysmex Nederland B.V.	Ecustraat 11, 4879 NP Etten Leur, The Netherlands	TEL: (+31) 76-508-6000	FAX: (+31) 76-508-6086
Sysmex Polska Sp.z o.o.	Kopernik Office Building, III Al. Jerozolimskie 176, 02-486 Warszawa, Poland	TEL: (+48) 22-57284-00	FAX: (+48) 22-57284-10
Sysmex Digitana AG	Tödistrasse, 50, 8810 Horgen, Switzerland	TEL: (+41) 44-718-38-38	FAX: (+41) 44-718-38-39
Sysmex Austria GmbH	Odoakergasse 34-36 A-1160 Wien, Austria	TEL: (+43) 1-4861631	FAX: (+43) 1-4861631-25
Sysmex Hungaria Kft.	Villam U.2, 1089 Budapest, Hungary	TEL: (+36) 1-3143076	FAX: (+36) 1-3133223
Sysmex CZ s.r.o.	Elgartova 4/683 61400 Brno Czech Republic	TEL: (+420) 548-216-855	FAX: (+420) 548-216-343
Sysmex Slovakia s.r.o.	Galvaniho 15/A 821 04 Bratislava, Slovakia	TEL: (+421) 2-6453-2881-2	FAX: (+421) 2-6428-1651
Sysmex Middle East FZ-LLC	Dubai Healthcare City City Pharmacy Building C/P 72, Office 201 P.O. Box 505119, Dubai, U.A.E.	TEL: (+971) 4-4370515	FAX: (+971) 4-4370516
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
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
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
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 Wuxi Co., Ltd.	#8-9, No. 93, Science Technology Stand-up Park, New District, Wuxi, Jiangsu, 214028, China	TEL: (+86) 510-8534-5837	FAX: (+86) 510-8534-3896
Asia Pacific			
Sysmex Asia Pacific Ptd 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 (Thailand) Co., Ltd.	14 Soi Ramkamhaeng 43/1, Ramkamhaeng Road, Wangthonglang, Bangkok 10310, Thailand	TEL: (+66) 2539-1127	FAX: (+66) 2539-1750
PT. Sysmex Indnesia	Menara Hijau, Suite 1005 Jl. MT. Haryono Kav. 33, Jakarta, 12770 Indonesia	TEL: (+62) 21-7986005	FAX: (+62) 21-7986007
Sysmex Transasia Services 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 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 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
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
Technopark	4-4-4 Takatsukadai, Nishi-ku, Kobe 651-2271	TEL: (+81) 78-991-1911	FAX: (+81) 78-991-1917
Solution Center	1-3-2 Murotani, Nishi-ku, Kobe 651-2241	TEL: (+81) 78-992-5860	FAX: (+81) 78-992-5868
Research and Development Center	1-1-2 Murotani, Nishi-ku, Kobe 651-2241	TEL: (+81) 78-991-2212	FAX: (+81) 78-992-1082
Kakogawa Factory	314-2 Kitano, Noguchicho, Kakogawa, Hyogo 675-0011	TEL: (+81) 79-424-1171	FAX: (+81) 79-424-6814
Sendai Branch	4-6-1 Chuo, Aoba-ku, Sendai 980-6024	TEL: (+81)22-722-1710	FAX: (+81)22-265-1661
Kita Kanto Branch	4-261-1 kishiki-cho, Oomiya-ku, Saitama 330-0843	TEL: (+81) 48-600-3888	FAX: (+81) 48-601-2272
Tokyo Branch	1-2-2 Ohsaki, Shinagawa-ku, Tokyo 141-0032	TEL: (+81) 3-5434-8550	FAX: (+81) 3-5434-8551
Nagoya Branch	1-603 Kamiyashiro, Meito-ku, Nagoya 465-0025	TEL: (+81) 52-775-8101	FAX: (+81) 52-775-5217
Osaka Branch	17-1 Enoki-cho, Suita, Osaka 564-0063	TEL: (+81) 6-6337-8300	FAX: (+81) 6-6337-8200
Hiroshima Branch	3-17 Fukuro-machi, Naka-ku, Hiroshima 730-0036	TEL: (+81) 82-248-9070	FAX: (+81) 82-248-9075
Fukuoka Branch	4-9-24 Hakata Eki Minami, Hakata-ku, Fukuoka 812-0016	TEL: (+81) 92-411-4314	FAX: (+81) 92-474-3862
Sapporo Sales Office	13-1 Kita Nijo Nishi, Chuo-ku, Sapporo 060-0002	TEL: (+81) 11-281-6116	FAX: (+81) 11-281-6136
Morioka Sales Office	1-7-25 Chuodori, Morioka City, Iwate 020-0021	TEL: (+81) 19-654-3331	FAX: (+81) 19-623-6429
Nagano Sales Office	2-5-26 Fukashi, Matsumoto City, Nagano 390-0815	TEL: (+81) 263-31-8180	FAX: (+81) 263-31-8191
Niigata Sales Office	1-20-5 Sasaguchi, Chuo-ku, Niigata City, Niigata 950-0911	TEL: (+81) 25-243-6266	FAX: (+81) 25-241-4452
Chiba Sales Office	1-3 Nakase, Mihama-ku, Chiba 261-8501	TEL: (+81) 43-297-2701	FAX: (+81) 43-297-2707
Shizuoka Sales Office	2-5-11 Takamatsu, Suruga-ku, Shizuoka City, Shizuoka 422-8034	TEL: (+81) 54-237-4815	FAX: (+81) 54-237-8148
Kanazawa Sales Office	2-11-1 Ekinishi Honmachi, Kanazawa City, Ishikawa 920-0025	TEL: (+81) 76-221-9363	FAX: (+81) 76-262-5615
Kyoto Sales Office	3-1 Mibu Kayo Gosho-cho, Nakagyo-ku, Kyoto 604-8811	TEL: (+81) 75-801-3196	FAX: (+81) 75-841-8445
Kobe Sales Office	4-1-2 Kumoidori, Chuo-ku, Kobe 651-0096	TEL: (+81) 78-251-5331	FAX: (+81) 78-251-5505
Takamatsu Sales Office	1-6-6 Bancho, Takamatsu City, Kagawa 760-0017	TEL: (+81) 87-823-5801	FAX: (+81) 87-823-5834
Okayama Sales Office	3-10 Togiya-cho, Kita-ku, Okayama 700-0826	TEL: (+81) 86-224-2605	FAX: (+81) 86-222-6814
Kagoshima Sales Office	2-9-13 Komatsubara, Kagoshima City, Kagoshima 891-0114	TEL: (+81) 99-267-1344	FAX: (+81) 99-267-1338
Metropolitan Area Service Center	2-16-2 Minami-kamata, Ota-ku, Tokyo 144-0035	TEL: (+81) 3-5711-8301	FAX: (+81) 3-5711-8302

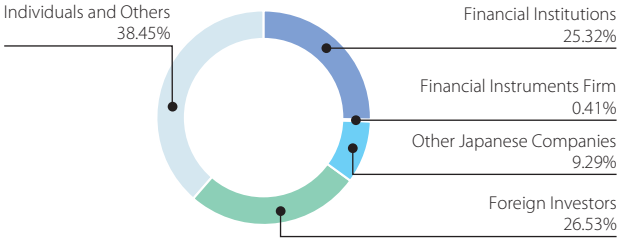
Consolidated Affiliates (As of April 1, 2009)

	Corporate name	Location	Main Business	Established	Equity Ownership by Group
Japan	Sysmex International Reagents Co., Ltd.	Japan	Manufacture of *in vitro* diagnostic reagents	1969	100.00%
	Sysmex RA Co., Ltd.	Japan	Development and manufacture of industrial measuring and testing instrument	1978	96.40%
	Sysmex Medica Co., Ltd.	Japan	Manufacture of disposable products; Assembly of important parts for *in vitro* diagnostic systems	1978	100.00%
	Sysmex TMC Co., Ltd.	Japan	Leasing of *in vitro* diagnostic systems and office instrument	1992	100.00%
	Sysmex CNA Co., Ltd.	Japan	Development and sales of software for diagnostic information systems	1996	100.00%
	Sysmex Logistics Co., Ltd.	Japan	Distribution and stock of *in vitro* diagnostic systems and reagents	1997	100.00%
	Sysmex bioMérieux Co., Ltd.	Japan	Sales and marketing of bioMérieux products	2008	34.00%
Americas	Sysmex America, Inc.	U.S.A.	Sales of *in vitro* diagnostic systems and reagents	2003	100.00%
	Sysmex Reagents America, Inc..	U.S.A.	Manufacture and sales of reagents for *in vitro* diagnostic systems	1993	100.00%
	Sysmex Canada, Inc.	Canada	Sales of *in vitro* diagnostic systems and reagents	2007	100.00%
	Sysmex do Brasil Industria e Comercio Ltda.	Brazil	Manufacture and sales of reagents for *in vitro* diagnostic systems	1998	100.00%
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	1980	100.00%
	Sysmex Deutschland GmbH	Germany	Sales of *in vitro* diagnostic systems and reagents	1995	100.00%
	Welltec GmbH	Germany	Inspection and provision of information on foodstuffs and health for general consumers	2002	75.20%
	Sysmex UK Limited	U.K.	Sales of *in vitro* diagnostic systems and reagents	1991	100.00%
	Sysmex Logistics UK Ltd.	U.K.	Distribution and stock of *in vitro* diagnostic systems and reagents	2003	100.00%
	Sysmex France S.A.S.	France	Sales of software for diagnostic information systems; Customer and sales support for *in vitro* diagnostic systems and reagents	2000	100.00%
	Sysmex Belgium IT S.A.	Belgium	Development and sales of software for diagnostic information systems	1997	100.00%
	Sysmex Belgium N.V.	Belgium	Sales of diagnostic instruments, reagents, laboratory information systems, and measurement devices in industrial fields, and related after-sales support	2009	100.00%
	Sysmex Nederland B.V.	Nederland	Sales of diagnostic instruments, reagents, laboratory information systems, and measurement devices in industrial fields, and related after-sales support	2009	100.00%
	Sysmex Polska Sp.z o.o.	Poland	Customer and sales support for *in vitro* diagnostic systems and reagents	2005	100.00%
	Sysmex Digitana AG	Switzerland	Sales of *in vitro* diagnostic systems and reagents	2006	80.00%
	Sysmex Austria GmbH	Austria	Sales of *in vitro* diagnostic systems and reagents	2007	100.00%
	Sysmex Hungaria Kft.	Hungary	Sales of *in vitro* diagnostic systems and reagents	2007	100.00%
	Sysmex CZ s.r.o.	Czech	Sales of *in vitro* diagnostic systems and reagents	2007	100.00%
	Sysmex Slovakia s.r.o.	Slovakia	Sales of *in vitro* diagnostic systems and reagents	2007	100.00%
	Sysmex Middle East FZ-LLC	U.A.E.	Support of distributors related to sales and services of diagnostic instruments, reagents, and laboratory information systems	2008	100.00%
	Sysmex South Africa (Pty) Ltd.	South Africa	Customer and sales support	2006	100.00%
China	Sysmex Shanghai Ltd.	China	Sales of *in vitro* diagnostic systems and reagents	2000	100.00%
	Sysmex Infosystems China, Ltd.	China	Development and sales of software for diagnostic information systems	2000	100.00%
	Jinan Sysmex Medical Electronics Co., Ltd.	China	Manufacture and sales of reagents for *in vitro* diagnostic systems	1995	100.00%
	Sysmex Hong Kong Limited	China	Sales of *in vitro* diagnostic systems and reagents	1999	100.00%
	Sysmex Wuxi Co., Ltd.	China	Development, manufacture and sales of reagents for *in vitro* diagnostic systems	2003	100.00%
Asia Pacific	Sysmex Asia Pacific Ptd Ltd.	Singapore	Customer and sales support for *in vitro* diagnostic systems and reagents	1998	100.00%
	Sysmex (Malaysia) Sdn Bhd	Malaysia	Sales of *in vitro* diagnostic systems and reagents	1998	100.00%
	Sysmex (Thailand) Co., Ltd.	Thailand	Sales of *in vitro* diagnostic systems and reagents	1999	100.00%
	PT. Sysmex Indnesia	Indonesia	Sales of *in vitro* diagnostic systems and reagents	2002	100.00%
	Sysmex Transasia Services Pvt. Ltd.	India	To promote scientific services.	2009	51.00%
	Sysmex India Pvt. Ltd.	India	Manufacture and sales of *in vitro* diagnostic systems and reagents	1998	100.00%
	Sysmex San Tung Co., Ltd..	Taiwan	Sales of *in vitro* diagnostic systems and reagents	2000	51.00%
	Sysmex New Zealand Limited	New Zealand	Development and sales of software for diagnostic information systems	2001	100.00%

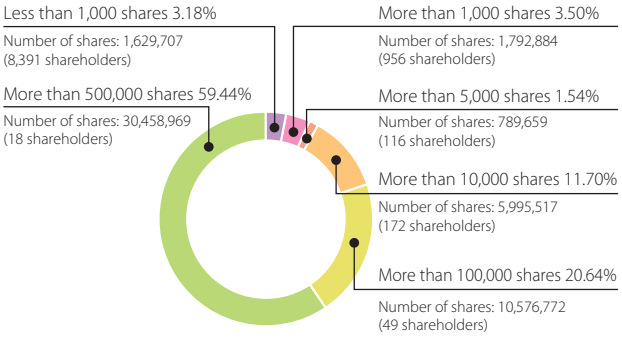
Corporate Overview/Stock Information (As of March 31, 2009)

Sysmex Corporation	
Established	February 20, 1968
Number of Employees	4,148 (consolidated basis) 1,890 (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	51,243,508 shares
Paid-in Capital	¥8,685 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

Composition of Shareholders



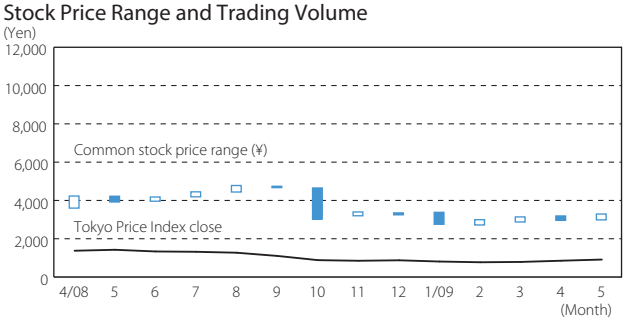
Distribution of Shares by Number of Shares Held

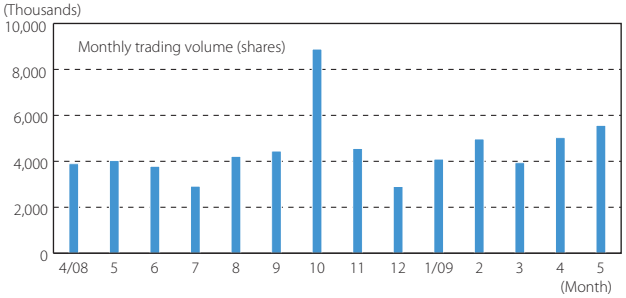


Principal Shareholders

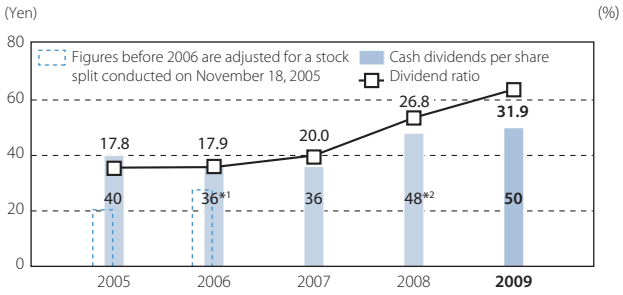
Shareholders	Number of shares held (Thousands)	Percentage of shareholding
Japan Trustee Services Bank, Ltd. (Trust account)	5,515	10.76
Tadako Nakatani	4,003	7.81
Tadashi Nakatani	2,995	5.85
Nakatani Kosan, Ltd.	2,574	5.02
The Master Trust Bank of Japan, Ltd. (Trust account)	2,319	4.53
THE CHASE MANHATTAN BANK, N. A. LONDON SECS LENDING OMNIBUS ACCOUNT	1,816	3.55
National Mutual Insurance Federation of Agricultural Cooperatives	1,640	3.20
Kazuko Ietsugu	1,531	2.99
Taeko Wada	1,531	2.99
TAIYO FUND, L.P.	1,343	2.62

Stock Price Range and Trading Volume





Cash Dividends per Share and Dividend 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.

Dividend Policy
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
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Chuo-ku, Kobe 651-0073, Japan
www.sysmex.co.jp