sysmex

Annual Report 2012

For the year ended March 31, 2012

Designing the Future of Healthcare Testing

Sysmex Corporation

Sysmex Corporation ("the Company") is an integrated supplier of the instruments, reagents and software that are essential to testing processes performed during health check-ups, treatment and ongoing disease management.

Since its establishment in 1968, Sysmex has concentrated on **the field of diagnostics**, where the Company has played an integral role in **the testing of blood and urine samples**. While reinforcing its research and development capabilities and enhancing its production, Sysmex has expanded into the fields of **hemostasis, immunochemistry, clinical chemistry and urinalysis**, and has expanded its operations onto a global scale.

The Sysmex Group comprises **47 companies in 29 countries throughout the world**, operating in the advanced countries of Europe and the Americas. In addition, the Group is aggressively building its business in emerging markets, including China, India, Eastern Europe and Russia by creating global networks for its R&D, production, sales and support functions. **Sysmex products are used by medical institutions in more than 170 of the world's countries**. In the field of hematology, which involves the analysis of red and white blood cells, the **Group holds the top share of the global market**.

Sysmex currently seeks to leverage its extensive business infrastructure to achieve further growth by expanding its business domain beyond diagnosis and treatment to encompass the broader healthcare field that includes disease prevention and health maintenance. In recent years, the Company has pioneered testing using leading-edge technologies such as molecular testing of genes and proteins. Through these vanguard R&D efforts, Sysmex is working to **create new diagnostics that will aid in the early detection of blood and immune diseases, cancer and diabetes**, among other diseases, and help to prevent recurrence or worsening, ensuring that patients receive the best care possible.

Using the healthcare industry as their canvas, each of Sysmex's employees is working diligently to **design the future of the testing and diagnostics business**, thereby meeting the needs of customers and patients alike. Keeping healthcare ideals firmly in mind, we recognize that our mission is to apply the expertise and technologies that we have accumulated to **shaping the advancement of healthcare**.

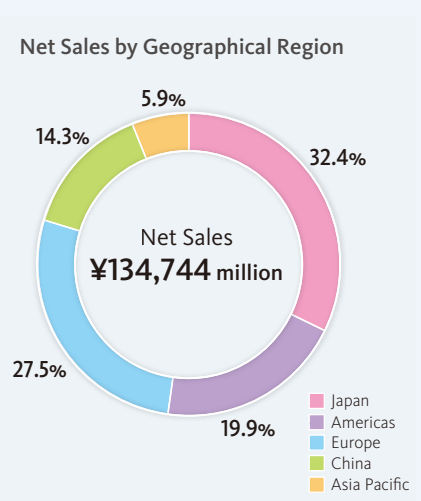
Design Factor

11-Year Growth and Highlights

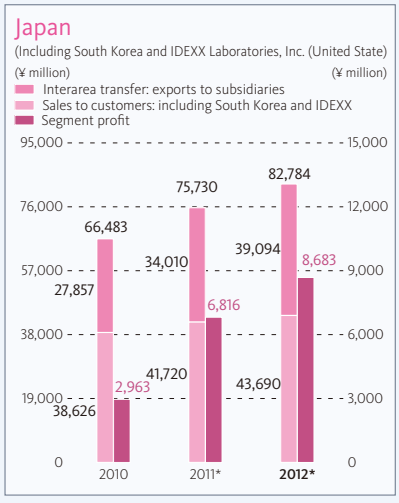
For the years ended March 31,	2002	2003	2004	2005	2006	2007	2008
For the year:							
Net sales	¥ 47,532	¥ 57,253	¥ 65,970	¥ 76,935	¥ 87,888	¥ 101,041	¥ 110,724
Operating income	3,417	5,299	6,615	9,104	10,724	12,715	15,033
Net income	1,308	3,125	3,157	5,731	7,423	9,008	9,132
Net increase (decrease) in cash and cash equivalents	1,842	1,071	3,465	(3,261)	(499)	3,299	(3,044)
Cash and cash equivalents, end of year	9,181	10,253	13,718	10,458	9,416	12,715	9,679
Capital expenditure	2,455	2,317	2,451	2,729	5,638	4,546	8,244
Depreciation	2,810	3,107	3,203	3,296	3,592	3,959	3,924
R&D expenditure	4,130	4,969	5,549	6,509	8,184	9,026	9,221
At year-end:							
Total assets	66,502	66,449	71,983	77,660	87,447	101,225	109,027
Shareholders' equity	35,577	43,325	51,096	56,149	62,647	71,344	78,753
Interest-bearing liabilities	11,606	10,893	4,175	657	695	669	1,081
Per share data:[*2]							
Shareholders' equity (yen)	¥ 1,701.5	¥ 1,879.5	¥ 2,042.7	¥ 2,244.9	¥ 1,251.8[*3]	¥ 1,411.0	¥ 1,541.0
Net income (basic) (yen)	62.6	132.2	132.9	225.1	145.5[*3]	179.6	178.9
Net income (diluted) (yen)	58.4	121.8	123.1	224.0	143.8[*3]	178.0	178.3
Cash dividends applicable to the year (yen)	22.0	25.0	30.0	40.0	36.0[*3]	36.0	48.0
Dividend ratio (%)	35.2	18.9	22.6	17.8	17.9	20.0	26.8
Other data:							
Shareholders' equity ratio (%)	53.5	65.2	71.0	72.3	71.6	70.5	72.2
Return on equity (ROE) (%)	3.8	7.9	6.7	10.7	12.5	13.4	12.2
Return on assets (ROA)[*4] (%)	2.1	4.7	4.6	7.7	9.0	9.5	8.7
Yen/U.S. dollar	121.5	125.4	116.0	108.2	113.3	117.0	114.3
Yen/euro	108.8	118.1	131.0	134.5	137.9	150.1	161.5
Number of employees	2,530	2,639	2,907	3,115	3,334	3,580	3,916

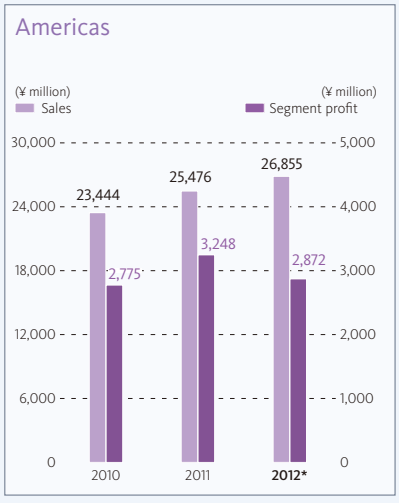
Note: Including part-time employees

Notes:
*1. U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥82 = U.S. $1, the approximate rate of exchange on March 31, 2012.
*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. Two-for-one stock split
*4. ROA = Net Income/Total Assets (Yearly Average)×100



(Years ended March 31)





* Changes in intragroup transaction prices

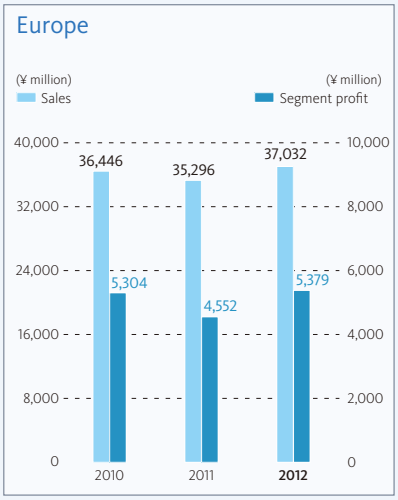
	(Millions of yen)			(Thousands of U.S. dollars)*1
2009	2010	2011	2012	2012
¥ 111,843	¥ 116,206	¥ 124,694	¥ 134,744	$ 1,643,220
15,134	15,740	18,289	19,206	234,220
8,014	9,765	11,412	12,007	146,427
(269)	4,403	5,103	2,922	35,634
9,410	13,813	18,916	21,838	266,317
9,340	4,540	5,840	7,909	964,390
7,189	7,067	6,871	7,031	85,744
10,771	11,238	12,380	11,904	145,171
118,522	120,702	130,060	142,285	1,735,183
79,183	86,358	93,534	101,834	1,241,878
10,344	2,565	1,971	1,026	12,512
		(Yen)	(Yen)	(U.S. dollars)
¥ 1,548.2	¥ 1,684.9	¥ 910.7*3	¥ 990.5	$ 12.08
156.7	190.8	111.2*3	116.9	1.43
156.5	190.5	111.0*3	116.6	1.42
50.0	56.0	60.0	34.0*3	0.41
31.9	29.4	27.0	29.1	
66.8	71.5	71.9	71.6	
10.1	11.8	12.7	12.3	
7.0	8.2	9.1	8.8	
100.5	92.9	85.7	79.1	
143.5	131.2	113.1	109.0	
4,148	4,578	4,960	5,324	

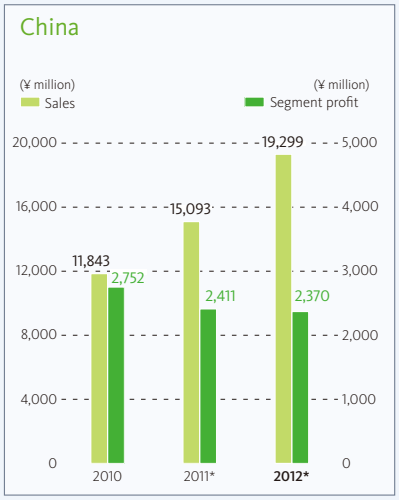
We aim to sustain high levels of growth and further increase our profitability by designing the future of healthcare testing.

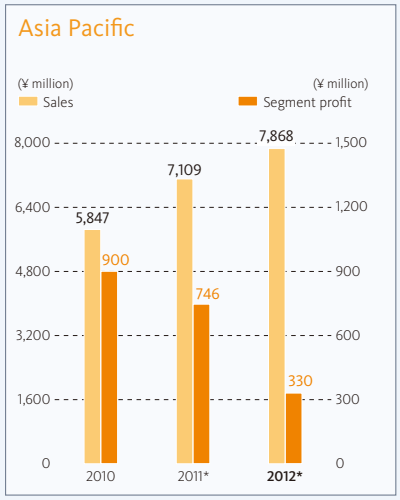
Sales and Earnings Forecast for the Fiscal Year Ending March 31, 2013

	2013
Net sales	¥148.0 billion
Operating income	¥21.0 billion
Net income	¥13.0 billion
Operating margin	14.2%
Net income margin	8.8%

Assumed exchange rates: US$1.00 = ¥80; €1.00 = ¥105
(Announced in May 2012)







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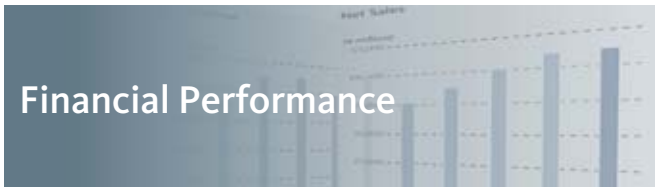
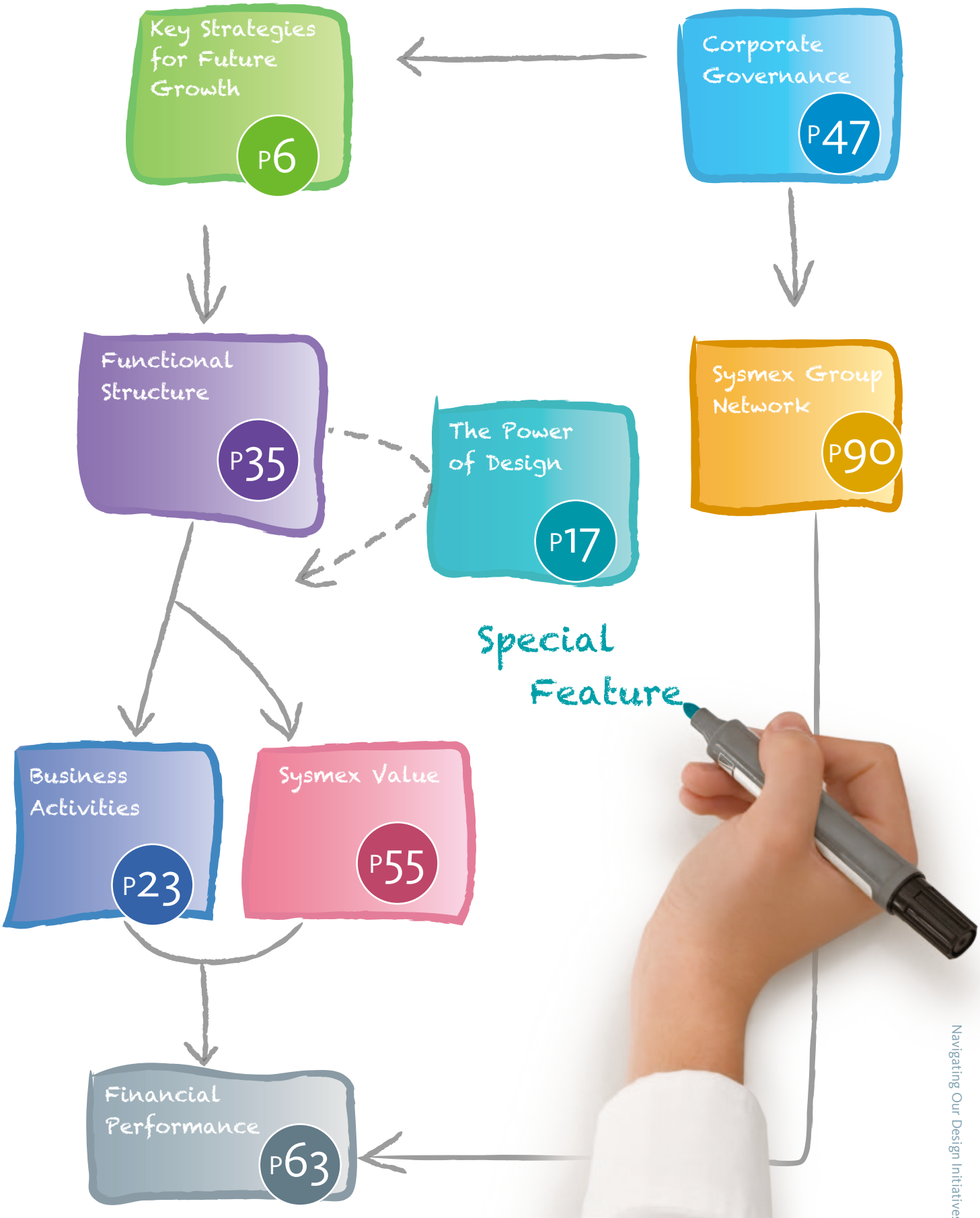


Forward-Looking Statements

Statements in this annual report, other than those of historical fact, are forward-looking statements about the future performance of Sysmex that are based on management's assumptions and beliefs in light of information currently available, and involve both known and unknown risks and uncertainties. Actual events and results may differ materially from those anticipated in these statements.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With technological breakthroughs occurring on a daily basis and given rapid market growth, especially in emerging regions, the environment in which Sysmex operates is evolving at an accelerating pace. Sysmex aims to achieve long-term corporate growth by remaining a step ahead of these changes as it works to realize its ideals in the healthcare market.

Designing a New Vision

To Our Stakeholders

Despite the effects of substantial yen appreciation, sales were up in Japan and overseas markets during the fiscal year ended March 31, 2012. Net sales increased for the 12th consecutive year, and operating income rose for the 11th year in a row. Going forward, Sysmex looks forward to taking on further challenges.

During the fiscal year ended March 31, 2012, net sales reached a historic high, rising 8.1% year on year, to ¥134,744 million. Growth was particularly pronounced overseas, with sales and income expanding in all overseas geographic regions. On the income front, the cost of sales ratio increased owing to the impact of yen appreciation, but nevertheless operating income rose 5.0%, to ¥19,206 million, due to the effect of higher sales. Net income also hit a record high, growing 5.2%, to ¥12,007 million.

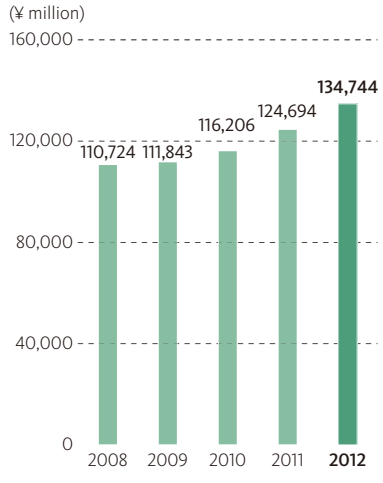
Initially, we had expected to award dividends for the year of ¥30 per share (¥15 per share each in interim and year-end dividends), but we decided to raise the year-end dividend ¥4 per share. This brought total dividends for the year to ¥34 per share, for a payout ratio of 29.1%. Compared with the fiscal year ended March 31, 2011, and taking into effect the stock split conducted on April 1, 2011, this level amounts to a real increase in the post-split dividend of ¥4 per share, for the 10th consecutive year of dividend increases.

Ongoing Growth in the Healthcare Sector and Particularly in Diagnostics, at the Point of Entry for Medical Care

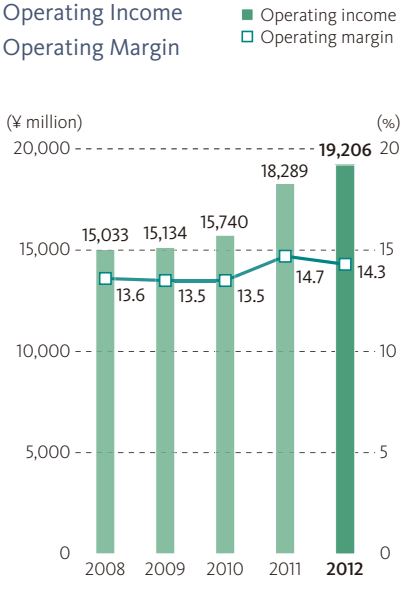
Looking at the global economy during the fiscal year ended March 31, 2012, economic growth in advanced nations was sluggish, owing to the extended financial crisis in Europe, which threw financial markets into disarray and prompted fiscal austerity. Furthermore, the rate of growth in emerging markets began to decelerate, as economic expansion eased in China, which has been a source of ongoing growth. Despite this slowdown, emerging markets, centered on the BRICs countries, continue to demonstrate solid growth overall and represent major potential for expansion.

On the healthcare front, in advanced nations in Europe and North America efforts are underway to reduce healthcare costs and reform medical systems. In the United States, dispute continues about a medical reform bill that aims to reduce the number of people without medical insurance.

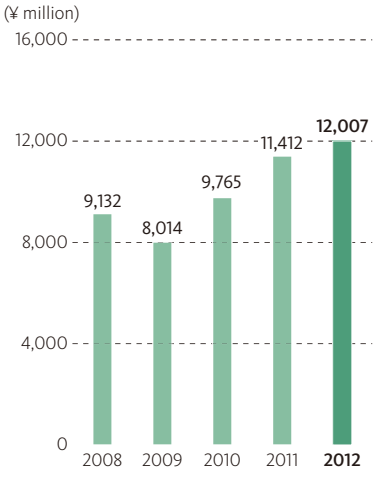
Net Sales



Operating Income
Operating Margin



Net Income



(Years ended March 31)

In Japan, earnings and profits at medical institutions are beginning to improve, prompted by the restructuring of public hospitals and revisions in medical remuneration, which in 2012 amounted to an overall increase of 0.004%. Looking at emerging markets, China's 12th five-year plan, from 2011 to 2015, calls for medical system reform, including the medical insurance system, to build infrastructures that provide uniform medical services in cities and farming villages throughout the country. In Russia, the number of government tenders is increasing, owing to a government-directed project to modernize the country's healthcare. Also, Indonesia has identified medical policies as a key priority.

As these movements suggest, whereas many industries are languishing as a result of the economic downturn, its effect on the healthcare industry—and particularly diagnostics, which are at the point of entry to medical care—is limited. We expect this high rate of growth to continue, owing to the graying of populations in advanced countries and population increases in emerging markets, coupled with efforts to enhance their healthcare infrastructures in line with economic growth.

Viewing Changes in the Business Environment as Opportunities, Continuing to Introduce Our Own Initiatives

During the fiscal year ended March 31, 2012, we set the stage for additional growth. We introduced new products in the hematology and non-hematology fields, and we enhanced our sales and support network and production bases.

In our mainstay field of hematology, we began launching our new flagship model, the XN-Series, in the Japanese and European markets in May 2011. We will continue to roll out the series in other global markets. We also introduced the XS-500*i* five-part diff hematology analyzer (See page 27 for details), which is tailored to meet the needs of emerging markets, in China, the Asia Pacific region and Europe. In the hemostasis field, we commenced sales of the CS-5100, the top-end model in the CS-Series, as well as the CA-600 Series, the world's most compact analyzers for the global markets. In the clinical chemistry field, Sysmex is offering for sale in China and other parts of Asia the JCA-BM6010/C, a high-throughput instrument developed in Japan by JEOL that requires only a small sample volume. As a new business, we have begun offering in Japan a new laboratory service (for research) related to the risk of recurrence of early-stage breast cancer.

We augmented our sales and support network by establishing a subsidiary in Russia to meet anticipated growth in that market, and converted a company in Taiwan to a wholly owned subsidiary. We also established a subsidiary in the Philippines to conduct direct sales and provide support in the metro Manila area.

On the production front, we added a new wing to the Ono Factory (Japan) of Sysmex International Reagents Co., Ltd., our center for reagent production, boosting production capacity to around 1.5 times its previous level. To meet robust demand increases in China, we expanded our Jinan Factory, creating a system that will boost reagent capacity to around five times the previous level.

Accelerating Growth in the Second Year of Our Mid-Term Management Plan

In line with the Long-Term Vision of being "A Unique & Global Healthcare Testing Company," in May 2011 Sysmex unveiled a new Mid-Term Management Plan to guide the Company through the fiscal year ending March 31, 2014. The new plan is designed to maintain our high level of growth and further enhance profitability. This plan sets three core strategies for us to continue pursuing: Leading Hematology, Leading in Emerging Markets and Innovating Life Science. Furthermore, in April 2012 we established the ICH Business Unit to reinforce our base of operations and accelerate our growth in the non-hematology fields of immunochemistry, clinical chemistry and hemostasis. We are also planning to invest aggressively in research and development, as well as in M&A activities, to go beyond the limits of organic growth. Accordingly, in the fiscal year ending March 31, 2013, we target net sales of ¥148.0 billion (up 9.8% year on year) and operating income of ¥21.0 billion (up 9.3%). (Assumed rates of exchange for the fiscal year ending March 31, 2013: 1US$=¥80, 1EUR=¥105.)

True to our Group corporate philosophy, the "Sysmex Way," and our core behaviors targeting stakeholders, we aim to meet our social responsibilities, thereby enhancing corporate value and satisfying the expectations of our stakeholders. I ask for the continued support of our stakeholders in these activities.

July 2012

Hisashi Ietsugu
President and CEO

An Interview with the President and CEO

Although the global economy remains lackluster, potential in the healthcare market is extremely high. Sysmex views the changes in its business environment as opportunities, and we are taking advantage of these occasions to accelerate our growth.

Q What is your perspective on the changes that are taking place in Sysmex's business environment?

A Whereas global economic conditions are generally lackluster, the healthcare industry remains robust, and this market is slated for further growth. In Japan and other advanced nations, aging populations are prompting an expansion in healthcare-related demand. Also, as developed countries work to restrain increases in healthcare costs, we are seeing a marked shift toward preventive healthcare. Accordingly, the importance of testing is rapidly increasing. In emerging markets as well, countries experiencing economic growth are building up their healthcare infrastructures.

Changing global economic framework

- Amid concerns of economic crisis, economic measures are anticipated as a result of upcoming leadership changes in France, the United States and South Korea
- Internal demand continues to grow, centered on the BRICs countries

Public spending on healthcare rising

- **United States:** Ongoing debate on medical system reform bill (medical insurance system)
- **Russia:** Program underway to modernize the healthcare sector
- **China:** Ongoing medical system reforms (ongoing reforms included in 12th five-year plan, from 2011 to 2015)
- **Indonesia:** National medium-term development plan ranks healthcare third in terms of budget allocation priority
- **Japan:** Reforms in medical remuneration resulted in an upward revision in overall (net) medical fees of +0.004%

Changing competitive environment

- Prominent companies from other sectors entering the healthcare arena
- Manufacturers from emerging markets growing more prominent

In China, Southeast Asia, Eastern Europe, Russia and Africa, healthcare infrastructure advancement is engendering new demand. For these reasons, steady growth is forecast for the healthcare markets. Furthermore, governments in advanced countries and emerging markets alike are promoting measures that emphasize the importance of healthcare. These are also a welcome development for Sysmex.

Looking at the diagnostics market, the top 10 companies are realigning, and companies from other sectors are entering the industry. In some emerging markets, local manufacturers are also appearing. Given these factors, market conditions are not altogether favorable, but we believe that the developments are positive, as they encourage the creation of new technologies and business models and help to invigorate the market.

In the healthcare domain, we are seeing a growing interest in personalized medicine—providing medical care that is tailored to the individual, based on their genetic information. Against this backdrop, we anticipate the increased importance of companion diagnostics (CDx), which involves diagnostics used to determine the efficacy and safety of therapy drugs for individual patients. The U.S. Food and Drug Administration (FDA) and the European Medicines Agency (EMA) have already established guidelines on the development of companion diagnostics drugs and in relation to genome markers. Overseas, some alliances have formed between leading pharmaceutical companies and companies involved in diagnostic drugs. Sysmex is also looking ahead to CDx as part of the movement toward personalized medicine, and we are pursuing R&D on this front in collaboration with medical companies, universities and research institutions in Japan and overseas.

Owing to developments such as these, I am convinced that healthcare is a growth industry, and that the rate of change will accelerate.

Q Please provide an overview of the Company's operations during the fiscal year ended March 31, 2012.

A During the fiscal year ended March 31, 2012, our results were affected by significant yen appreciation. Nevertheless, we succeeded in posting record net sales, which rose 8.1% year on year, to ¥134,744 million. Overseas growth was particularly robust. Excluding the effects of exchange rate fluctuations, year-on-year growth was 14.3% in the Americas, 8.9% in Europe, 32.1% in China and 12.8% in the Asia Pacific region. Thus, growth was most impressive in China and the Americas.

In the Americas, we enjoyed strong sales to integrated healthcare networks (IHNs) and the U.S. Veterans Integrated Service Network (VISN). Reagent and service sales also increased in line with a rise in the number of instrument installations. Sysmex recorded robust system sales and the winning of tenders in Central and South America, especially Brazil and Mexico.

In Europe, which has been plagued by economic crisis, some governments postponed budget introductions, but performance centered on the hematology sector remained favorable. For instance, in Germany we acquired a large project from a prominent commercial lab, and we continued to propose systems in the United Kingdom and France, leading to higher sales there. Centered on Spain, increased deliveries in Europe of the RD-100*i*—which enables the rapid detection of breast cancer metastasis in sentinel lymph nodes—prompted higher sales in the life sciences sector. We also experienced higher sales in Eastern Europe, Russia and other emerging market regions.

In China, the government introduced its 12th five-year plan, from 2011 to 2015, which emphasizes medical system reform, including to the medical insurance system. As this plan aims to build infrastructures that provide uniform medical services in cities and farming villages throughout the country, we expect healthcare investment to continue flourishing. Demand in high-end markets is focusing on more efficient testing to facilitate a growing number of patients. In these markets, we proactively proposed products for the hematology field, and sales of system products and five-part diff instruments surged as a result. Performance in the urinalysis and hemostasis fields also contributed to increased sales.

Sales were up in all areas across the Asia Pacific region, including Southeast Asia, South Asia and Oceania, with higher sales in Indonesia centering on the acquisition of government-tendered projects. In Australia, we won a major bid for hemostasis analyzers from a prominent commercial lab, and in India sales of hematology and hemostasis instruments increased. As these results indicate, we posted favorable results in advanced countries and emerging markets alike.

Finally, in Japan we had expected supply chain disruptions owing to the effects of the Great East Japan Earthquake, but fortunately our operations were essentially unaffected. We were therefore able to continue proposing solutions, and large-scale orders increased.

Q Your mid-term management plan introduces three core strategies. Please explain your initiatives during the fiscal year ended March 31, 2012.

A In line with our long-term managemet vision, our mid-term management plan describes three core strategies: Leading Hematology, Leading in Emerging Markets and Innovating Life Science. Looking first at Leading Hematology, this strategy involves the core field of business for the Sysmex Group, constituting an important source of revenues and profits. In this category, we introduced a new flagship model, the XN-Series, which launched in Europe and Japan in May 2011. Excelling in both clinical value and usability, the XN-Series provides a body fluid measurement mode and substantially increases measurement accuracy for low platelet count, associated with such diseases as thrombocytopenia, to enhance clinical value. On the usability front, the series embraces the "modular concept." This feature allows the combination of multiple analyzers, transportation system, smear preparation system and other instruments. This flexibility enables the proposal of tailored solutions to meet a variety of customer needs.

The introduction of concentrated reagents boosts operating efficiency and reduces the amount of space needed for reagent storage. The series is also equipped with functionality that enables preventive maintenance and failure prediction via a network-based service, thereby reducing down time. Customer evaluations have been extremely good, and feedback has been solid. Going forward, we plan to gradually introduce the series in the United States, China and other areas, further entrenching our leading global position.

Regarding our next strategy, Leading in Emerging Markets, our percentage of net sales in these markets grew from 24.6% in the fiscal year ended March 31, 2011, to 26.7% in the fiscal year ended March 31, 2012, and we expect our presence there to continue growing. Particularly in China, in line with the rising level of healthcare, in the hematology field we are experiencing a shift from three-part diff instruments to five-part diff instruments. The need for automated systems is rising in accordance with increasing demand for higher levels of efficiency to handle an increasing number of patients. To meet these requirements, in China we have introduced a compact five-part diff analyzer, the XS-500*i*, and market introduction is accelerating.

Overview of Long-Term Management Targets

Long-Term Management Vision: "A Unique & Global Healthcare Testing Company"

Long-Term Management Targets

Positioning
- Undisputed global leader in hematology
- Leading company in the Asian IVD market
- Leading company in molecular diagnostics "theranostics"*

Financial target
- Net sales: ¥500 billion or more

* A contraction of "therapy" and "diagnostics," theranostics refers to high-clinical-value testing that helps realize personalized medicine.

Core Strategies

Leading Hematology
- Secure an undisputed leadership position
- As an industry frontrunner, provide products that offer new value and high levels of usability

Leading in Emerging Markets
- Establish uniqueness as a comprehensive IVD supplier
- Introduce products and services that meet emerging market needs, and reinforce sales and support networks
- Lead diagnostics development in emerging markets

Innovating Life Science
- Create unique testing technologies in the area of molecular diagnostics, centering on cancer
- Create new value, such as integrating personalized medicine with treatment and diagnosis

Key Strategies for Future Growth

We also see non-hematology fields of testing—including hemostasis, immunochemistry, urinalysis and clinical chemistry—as a pillar for growth, and we are boosting our presence in these areas accordingly. We commenced sales in the hemostasis field through the CA-600 Series, one of the world's most compact analyzers with functions needed for hemostasis. In the clinical chemistry field, we are leveraging our sales and support network by launching sales in China and other parts of Asia of a product by JEOL (the JCA-BM6010/C), which is well regarded for its high throughput and technology that requires only small sample volumes.

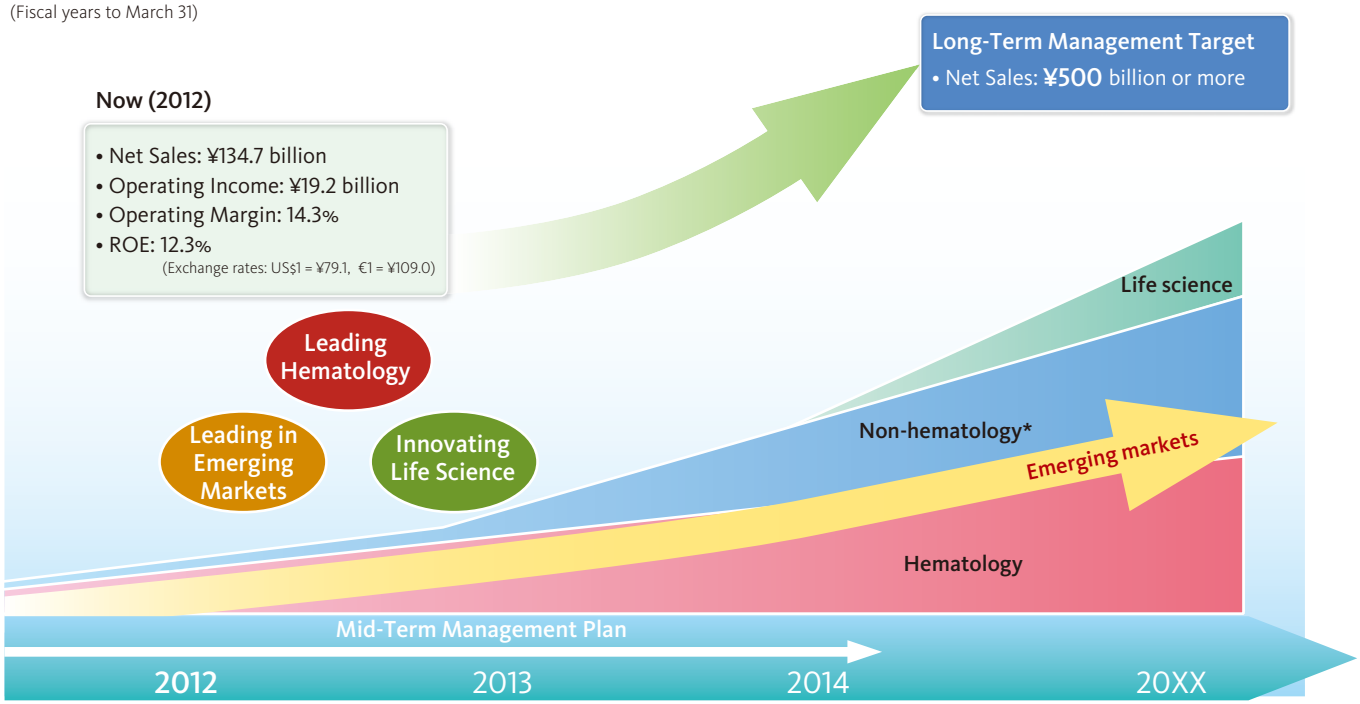
To enhance our sales and support network, we established a subsidiary in Russia, a market slated for expansion. We also converted a company in Taiwan to a wholly owned subsidiary, and established a subsidiary in the Philippines and commenced direct sales and support in the Manila metro area. To augment our reagent production to meet robust demand growth in China, we expanded our Jinan Factory in China, putting in place a system to allow up to five times its previous capacity.

Our final strategy is Innovating Life Science. In this area, in Europe and Japan we are selling the RD-100*i*, which enables the rapid detection of breast cancer metastases in sentinel lymph nodes and is regarded as being highly precise. The ability to facilitate intra-operative diagnosis reduces the burden on patients and improves their quality of life (QOL). Confirming the utility of this instrument, we have introduced the RD-100*i* in Japan and key European markets, centered on Spain. During the fiscal year ended March 31, 2012, we also sold the first instrument in the Asia Pacific market, in Thailand. In the future, we plan to expand the sales region to include emerging markets, such as rapidly expanding China, and extend the instrument's applicability to other types of cancer, including colon and stomach cancers.

In 2012, we also began offering in Japan a laboratory testing service for research involving the risk of recurrence of early-stage breast cancer. Sysmex's new laboratory service for research (C2P Breast) involves a new technology (C2P: Cell Cycle Profiling) developed through joint research and performance evaluation tests conducted with university hospitals and other institutions. Measurement involves studying the expression amounts of two types of proteins included in tumor tissue removed from the patient, as well as their enzyme activity. In principle, these results are then categorized into three stages.

Long-Term Management Targets

(Fiscal years to March 31)



* Non-hematology: *in-vitro* diagnostics excluding hematology but including hemostasis, immunochemistry, urinalysis, clinical chemistry and others.

In these ways, Sysmex is working to improve patient QOL and optimize healthcare for each individual. We are pursuing R&D on new diagnostics technologies to this end.

Q What are some of the priority issues for you this year as you work to implement your mid-term management plan?

A There are many issues to address, but the most important is to set the stage to accelerate growth in non-hematology fields. As our second pillar of business, we will strive to increase our presence and achieve further growth in IVD categories outside the field of hematology. As one aspect of these activities, in April 2012 we established the immunochemistry, clinical chemistry and hemostasis testing (ICH) business unit to handle overall management in the three ICH fields of non-hematology. Different from the function-specific organizations we have put in place in the past, the new business unit will handle all functions related to the ICH fields, including business strategy, product development, reagent production and data quality assurance. By maintaining a consistent management system that handles all of these functions, we are creating a business structure for ICH fields.

In April 2011, the Sysmex Group received a transfer from Katakura Industries Co., Ltd., of its Research Institute of Biological Science, which employs gene recombinant technology for producing proteins. Using these proteins, we plan to enhance our development and production technologies involving diagnostic reagents for such non-hematology fields as immunochemistry and hemostasis testing, as well as in the life sciences.

Q Sysmex makes its instruments in Japan. What are some of the strengths of this structure?

A Testing requires instruments and reagents, as well as the support structures to ensure that they can be used confidently. Currently, instruments are made in Japan at our Kakogawa Factory, from where they are shipped to more than 170 countries throughout the world. Reagents and support are produced and provided locally in overseas markets. I believe that the “made-in-Japan” sobriquet conveys two strengths.

The first of these is quality. Our instruments are extremely precise and require a high level of quality. The Kakogawa Factory has the leading-edge production and quality assurance technologies that are need to produce high-quality products. However, achieving this level of quality also requires us to procure some sophisticated components from third parties. Japanese component manufacturers are well known for meeting this type of demand. Our suppliers’ technologies are also extremely advanced, and Japan has some of the world’s leading manufacturers that concentrate on niche markets. The superior companies

that collaborate with Sysmex provide a stable supply route, creating a win–win situation for all parties.

Our second strength is the brand aspect. Setting aside quality issues for the moment and looking only at production costs, it would be advantageous to manufacture our instruments overseas, such as in other parts of Asia. However, this might cause issues with the many customers who decide to purchase from us largely on the strength of the Sysmex brand. Underlying the essence of our brand is the assurance of quality that the "made-in-Japan" image confers, and our brand is known for and recognized because of its quality. When selecting our instruments, many customers do so based on the faith that they place in this "made-in-Japan" quality; our brand instills a sense of confidence that is reputed throughout the world. We believe that these aspects of our brand are extremely important in the eyes of our customers.

For reagents, on the other hand, it is important to ensure stable supplies quickly in global markets. For these reasons, early on we set up reagent factories in Germany, the United States, Brazil, China, Singapore and India. In addition to producing reagents, we provide support services globally from these bases. Through our combination of made-in-Japan quality and the ability to manufacture and supply reagents and provide support services locally, we maximize our value chain and set the stage for Sysmex to continue instilling confidence in customers throughout the world.

Q What closing message would you like to leave with stakeholders?

A To continue growing at a high and steady rate, Sysmex must strike an appropriate balance between investing aggressively and returning profits to shareholders as profitability increases. We are working toward this balance. Our basic policy on returning profits to shareholders is to ensure a regular level of stable dividends, with these distributions backed up by successful business performance. In general, we aim for a 20% payout ratio on a consolidated basis. In the fiscal year ended March 31, 2012, we awarded dividends of ¥34 per share. Taking into effect the stock split conducted on April 1, 2011, this level amounts to a real increase in the post-split dividend of ¥4 per share, for the 10th consecutive year of dividend increases, and a payout ratio of 29.1%.

We intend to remain true to our Group corporate philosophy, the "Sysmex Way," (see page 48 for details) and our core behaviors. As a result, we aim to meet our social responsibilities, enhance corporate value and satisfy the expectations of our stakeholders. I ask for your ongoing support of Sysmex as we set the stage to take on new challenges over the medium to long term.

Sysmex is committed to the ongoing challenge of designing new solutions that shape advances in testing and diagnostics. "Design" is the keyword that best describes Sysmex's efforts to realize its ideals in the field of healthcare.

Designing New Concepts in Healthcare

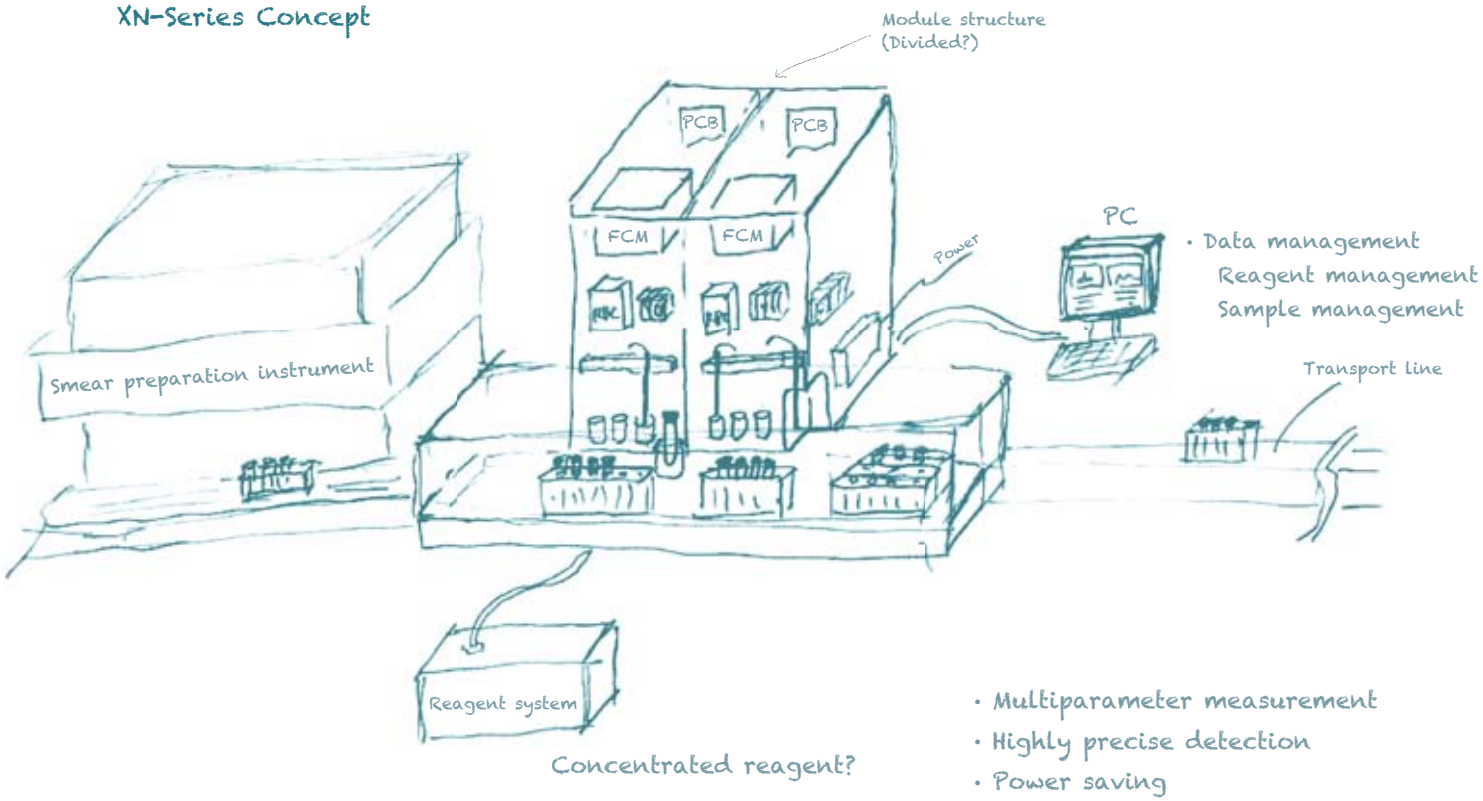
We have introduced our new flagship model in the hematology field, the XN-Series, which embraces the modular concept. The revolutionary concept was derived from a brief sketch.

Sysmex launched its new flagship model in the hematology field, the XN-Series, in May 2011 in Europe and Japan, and is steadily rolling out the model into other regions. The XN-Series, which was designed with an altogether different product concept than previous models, is superior in terms of both clinical value and usability.

One important aspect of the model's usability is the modular concept. This approach allows multiple instruments to be easily integrated to tailor systems to specific customer needs.

In hematology testing, analyzers play an important role in screening tests, but this represents only part of the overall process. Smear sample preparation and sample transport can be automated to make the overall flow of testing more efficient. First of all, screening tests employ hematology analyzers which use flow cytometry and the electrical resistance method to count the number of red blood cells, white blood cells and platelets present in the blood (see pages 30–31 for a description of this technology). Although this describes hematology testing in a nutshell, the reality is substantially more complex, as the number of items to be tested can be extremely broad-ranging. Depending on the condition being tested, the physician may call for tests measuring reticulocytes, immature cells or other parameters. Furthermore, processing large numbers of samples at a large-scale institution may involve multiple hematology analyzers.

If a hematology analyzer indicates a positive result in a screening test, a laboratory technologist may need to confirm this result with a microscopic test, requiring a glass slide preparation of the specimen. The preparation process can be optimized—ensuring the correct blood amount, pull glass angle and automatic speed adjustment—by using a



Developer's initial sketch of the XN-Series

fully automated smear sample preparation instrument. Such instruments are particularly useful at large-scale medical institutions that process large sample volumes, as they substantially raise operating efficiency. By using computer control, the entire process can be automated, from ordering the sample through to smoothly transporting it through the necessary instruments, without ever needing technologists to touch the sample.

The XN-Series simplifies the combination of the various instruments needed for each of these roles, and allows flexibility in proposing solutions to meet individual customers' needs. As a single XN instrument is capable of processing up to 100 samples per hour, instruments can be linked to augment throughput in 100-sample-per-hour multiples. Additionally, the solution can be tailored according to measurement parameters, selecting the model type to match the institution's needs, and the number of high-value-added measurement parameters can be increased by selecting options. A sample transport system can be added to serve up to nine instruments on a single line, which can be optimized to match the traffic flow of laboratory staff. The series allows samples to be loaded from one end or the other and the system may be configured in an L-shaped pattern. Several hundred variations are possible, facilitating a host of possible measurement parameters and instrument connections. The series also uses concentrated reagents, which simultaneously boosts operating efficiency and reduces the amount of space required for reagent storage. The use of reagent cartridges allows reagents to be switched at a single touch. Furthermore, cartridges are marked with a wireless tag, and RF-ID technology is used to automatically monitor reagents, thereby boosting usability.

At the initial development stage one development engineer produced a single-page sketch showing how the series should function by looking at the concept from the user's standpoint. The engineer explained, "Sysmex serves customers on a global basis, and their needs are varied. Our job is to work diligently in tailoring our instruments to meet their needs, making a vigorous and uncompromising effort to do so." This statement embodies the dedication that each Sysmex employee feels toward the customers and patients that use its products. We maintain this attitude daily as we work to design new solutions that will contribute to the advancement of healthcare.

Sysmex's new design concept: Silent Design®—"silent" not in the sense of "quiet;" rather as in "still waters run deep."

Innovative technologies are the essence underlying the absolute reliability of Sysmex products. The role of design goes beyond simple exterior appearances, extending to an instrument's internal robustness. Sophisticated technologies need not be covered with decorative exteriors. It is important for a design to instill confidence in an instrument's technologies and functions. This belief is expressed in the Sysmex Way and our brand identity (see pages 48 and 56 for details).

Special Feature: The Power of Design

Sysmex products embody the mutual culmination of technology and design. In general, in past *in-vitro* diagnostic systems the focus has been on boosting functionality and performance. In addition to these factors, Sysmex's new Silent Design® concept concentrates on improving usability—reducing the burden on the clinical laboratory technologists who use these instruments. While ensuring overall consistency throughout the *in-vitro* diagnostic system, importance is placed on raising lab usability through the highly recognizable design of key individual components. The XN-Series is the first Sysmex product to employ this consistent design concept.

Silent Design® encompasses more than just the product; it is a human-centered design concept that considers surrounding objects and a product's relationship with its users. Design takes operator motion into account, creating a testing environment that is optimized for the people who use it. Furthermore, although instruments tend to take center stage in the spaces they occupy, our design takes care to prevent a sense that the instrument is controlling the people. Instead, we consider it essential to achieve a sense of harmony among people, products and spaces. In addition to uniformity that the eye perceives, our design incorporates the operating method and ease of use. The XN-Series achieves significant improvements in operability, such as through the simplification of operating panels. The compact design of the series has reduced the footprint of the top-of-the-line transportation system approximately 20% compared with previous models.

Sysmex received the Good Design Gold Award (Minister of Economy, Trade and Industry Award) for its Silent Design®. The judges gave the design high marks, commenting that "The product caters to diagnostic instrument workflow diversity and specialized, field-specific clinical technologists. At the same time, in response to the recent increase in people taking over responsibility for different fields owing to a downward trend in the number of clinical technologists, the design provides consistency of form and dissimilarity to prevent misoperation, making equipment more recognizable through its design. Furthermore, the ultimate exterior design is a sophisticated expression of form that symbolizes function and performance."

Sysmex products are highly regarded for their distinctive technology, backed by clinical value and usability, making them durable for a long period of time. To ensure the long use of our products, we aim for a timeless design that takes into account the relationship between a variety of elements, including exterior form, ensuring an ideal fit with laboratory spaces.

Through consulting, we aim to create ideal testing environments. Sysmex designs laboratory spaces.

One of the values of Sysmex's proposals is that they go beyond simple product proposals and sales, extending to solutions that resolve issues and seek to create ideal testing environments. We propose solutions on a global basis, striving to improve overall workflow, centered on hematology testing. We also offer a wide range of laboratory consulting services, chiefly in Japan.

Laboratory consulting involves first surveying the current state of the testing location and speaking with customers to elicit and share any issues that may be present. We then concentrate on devising optimal solutions to resolve the problems they face. After introducing our instruments, we follow up to address any new issues, offering proposals in a process of ongoing improvement. Through this process, we propose laboratory spaces that optimize the location of necessary laboratory instruments and tools, including Sysmex products and those supplied by other companies. Our initial surveys of customer testing environments are rigorous, conducted from the standpoint of ensuring a more efficient testing environment. We also use software that we have designed, 3D Theater, to create a virtual space that closely resembles the customer's actual blood collection and laboratory facilities, allowing all members to view and confirm instrument sizes and other characteristics. This software is better able to convey the sense of a laboratory than was conventional CAD software, allowing accurate visualization of the width of routes between testing platforms.

In some cases, laboratory staff physically carry patient blood samples to the testing location—contact that involves unpredictable risks. We seek to confirm such risks beforehand and then propose solutions that result in safe and convenient laboratory spaces, laboratory-wide networks that make use of leading-edge IT, more efficient workflow, and higher levels of safety through such means as preventing samples from being misidentified. We also offer suggestions on improving the comfort of patient waiting lounges.

Sysmex endeavors to minimize the amount of time required for testing, including the time patients spend waiting for tests, the time for transmitting test results to physicians and the time to inform patients of their results. Going forward, through the solutions it proposes Sysmex will continue striving to improve the safety and convenience of testing environments—both for the laboratory technologists who are our direct customers and for patients.

Through creative new and highly valuable testing and diagnostic technologies, Sysmex is working to enhance patient QOL.

Sysmex seeks to leverage its extensive business infrastructure to achieve further growth and increase corporate value by expanding its business domain beyond diagnosis and treatment to encompass the broader healthcare field that includes disease prevention and health maintenance. Efforts in recent years include the use of technologies for analyzing genes and proteins to optimize healthcare for individual patients. In this area, we are taking part in initiatives to create inimitable new high-value testing and diagnostics technologies.

In recent years, different eating habits and other lifestyle changes in Japan and other advanced nations have led to ongoing increases in the number of breast cancer patients, leading to a growing focus on improving the QOL of patients undergoing breast cancer treatment. Minimizing the extent of lymph node dissection in breast cancer treatment improves a patient's QOL. At present, pathology labs offer provisional diagnostics of the sentinel lymph node, where the metastasized cancer cells first reach, and then determine the extent of resection, as well as post-surgery therapies. To address this situation, we introduced the RD-100*i*, Japan's first automated gene amplification detector, which became eligible for government reimbursements in 2008. This instrument enabled the rapid and automatic detection of breast cancer metastases in the sentinel lymph node to a high degree of precision. Recognizing its benefit, the RD-100*i* was introduced at hospitals in Japan and in major European countries, centered on Spain. In the future, we anticipate its adoption in emerging economies as well, as market growth continues. We have succeeded in extending the system's application to include colon cancer, as well as breast cancer, and we will continue to research to increase applicability to other types of cancer, such as stomach cancer. Going forward, we will also expand the product's sales geographically.

For breast cancer, determining the post-operative risk of recurrence is considered to be an important indicator in its treatment. The selection of treatment methods involves an overall judgment based on a variety of test results. Anti-cancer drugs and other treatments are employed after determining the post-operative risk of recurrence. Introduced in Japan in January 2012, Sysmex's new laboratory service for research (C2P Breast) involves a new technology (C2P: Cell Cycle Profiling) developed through joint research and performance evaluation tests conducted with university hospitals and other institutions. Measurement involves studying the expression amounts of two types of proteins included in tumor tissue removed from the patient as well as their enzyme activity. In principle, these results can then be categorized to determine the risk of recurrence, thereby improving patient QOL while making inroads toward the realization of personalized medicine. Sysmex also aims to develop testing technologies related to chronic diseases, such as diabetes, as well as malaria and other infectious diseases.

Sysmex endeavors to improve patient QOL through the development and popularization of valuable new types of testing. In this manner, we aim to fulfill the Sysmex mission, of "shaping the advancement of healthcare."

Sysmex provides the instruments and reagents needed for hematology, hemostasis and other tests to customers around the world. In recent years, we have also been moving ahead with research to create new tests for cancer, diabetes and other illnesses.

Designing Our Target Business

Sysmex at a Glance

Business Segments

Sysmex derives approximately 94.6% 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 61.1% 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 and provision of maintenance services. Furthermore, in addition to expanding our IVD* operations in such fields as hemostasis, immunochemistry, clinical chemistry and urinalysis, we are accelerating commercialization of the life science business.

Sysmex also operates in the IT field, providing testing information systems and proposing solutions to meet demand for network systems to manage medical data.

(¥ million)

	2008	2009	2010	2011	2012
Diagnostics	103,801	106,316	109,384	117,683	**127,475**
Hematology	68,414	71,216	72,326	77,284	82,321
Hemostasis	13,834	13,970	14,599	15,987	17,643
Immunochemistry	2,866	2,639	2,426	2,677	2,024
Clinical chemistry	2,667	2,479	3,375	3,242	3,498
Urinalysis	7,509	8,154	8,233	9,417	10,796
POC testing	3,995	2,793	3,584	3,671	5,303
Others	4,513	5,062	4,839	5,402	5,887
IT	4,399	3,145	2,870	3,071	**3,885**
Other business	2,522	2,381	3,951	3,939	**3,382**

(Years ended March 31)

* Acronym for *in-vitro* diagnostics.

Product Segments

Sysmex enjoys a unique revenue structure. On one hand, we conduct a stock type of business in which we sell the instruments needed for IVD, 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 65.8% of net sales. Industrywide, sales are trending upward, with instrument sales focused on the second and fourth quarters of the fiscal year.

(¥ million)

	2008	2009	2010	2011	2012
Instruments	38,958	38,202	35,971	41,749	**46,142**
Reagents	47,297	48,966	53,472	55,291	**59,906**
Maintenance services	9,668	9,684	11,500	12,140	**12,823**
Others	14,800	14,989	15,262	15,514	**15,873**

(Years ended March 31)

Regional Segments by Destination

Sysmex supplies products and services to customers in more than 170 countries. Sales in three key regions—Japan, Europe and the Americas—account for approximately 80% of net sales*1. We are also accelerating business development in China, which is experiencing remarkably strong economic growth, and the Asia Pacific region. We are steadily increasing our presence in emerging markets*2, which currently account for 26.7% of net sales.

*1 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.

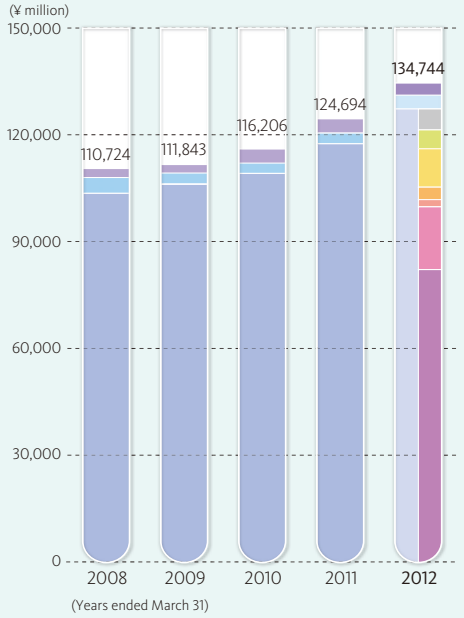
*2 Emerging markets: China, Southeast Asia, South Asia, Latin America, EMEA (East Europe, Russia, Middle East, Africa)
Advanced countries: Other than those above

(¥ million)

	2008	2009	2010	2011	2012
Japan	35,961	35,828	38,626	38,541	**39,735**
Americas	20,908	23,414	23,444	26,535	**28,607**
Europe	39,235	35,454	36,446	35,414	**37,370**
China	8,128	10,111	11,843	15,093	**19,299**
Asia Pacific	6,492	7,036	5,847	9,111	**9,733**

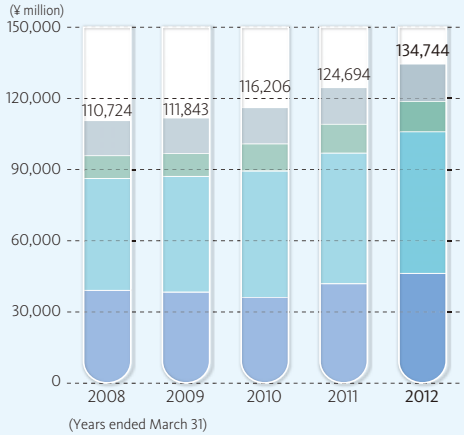
(Years ended March 31)

Sales Composition by Business

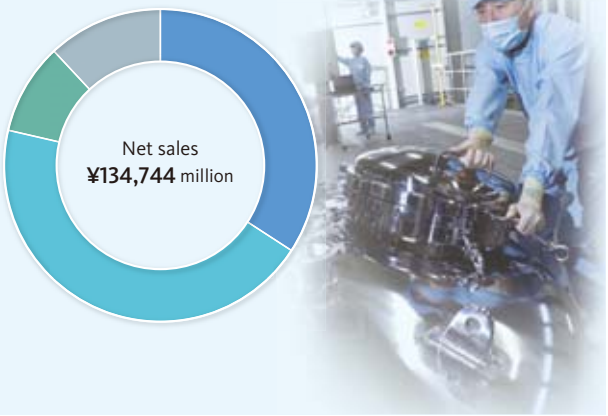


Diagnostics	94.6%
Hematology	61.1%
Hemostasis	13.1%
Immunochemistry	1.5%
Clinical chemistry	2.6%
Urinalysis	8.0%
POC testing	3.9%
Others	4.4%
IT	2.9%
Other business (Particle analysis, etc.)	2.5%

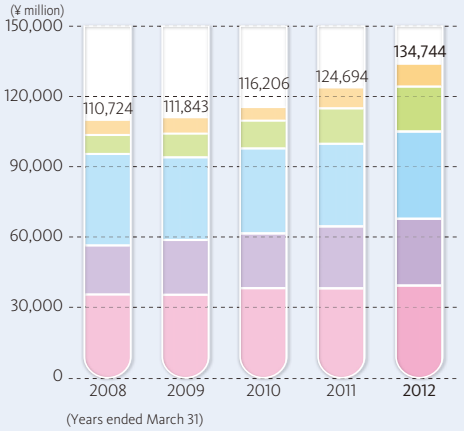
Sales Composition by Product



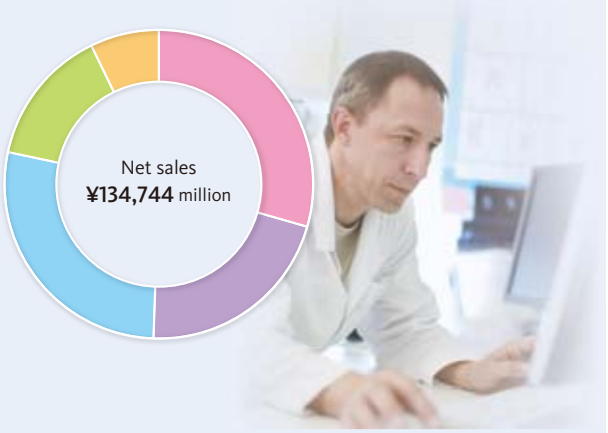
Instruments	34.2%
Reagents	44.5%
Maintenance services	9.5%
Others	11.8%



Sales Composition by Destination



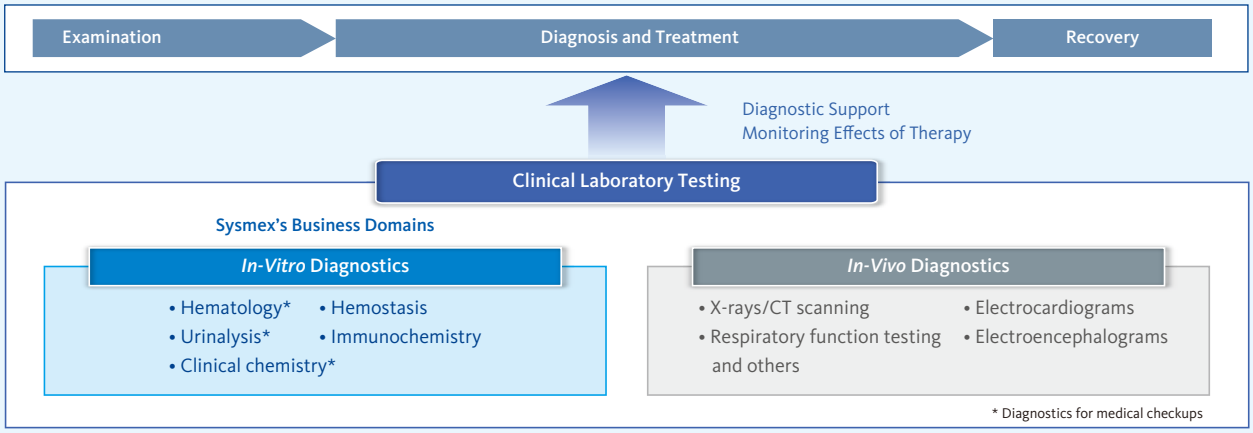
Japan	29.5%
Americas	21.2%
Europe	27.8%
China	14.3%
Asia Pacific	7.2%



Market Overview and Sysmex's Position

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-vivo* tests that involve direct examination using X-rays, electrocardiograms (ECGs) or brain waves. Sysmex's primary business is in the IVD domain.

Clinical Laboratory Testing Categories



Sysmex's business in the IVD domain involves the provision of instruments, reagents and laboratory systems around the globe in such fields as hematology, hemostasis, urinalysis, immunochemistry and clinical chemistry. At present, Sysmex is among the top 10 IVD companies in the world, and the only leader that hails from Asia.

Leveraging the strength of this geographical advantage, we were an early proponent of a strategic focus on Asia. The Group is developing its business as an integrated supplier in various fields in Japan, China and the Asia Pacific region.

In the Americas and Europe, however, we maximize our management resources by strategically concentrating our sales efforts on fields of particular expertise: hematology, hemostasis and urinalysis.

Fields of Expansion by Region

(As of June 30, 2012)

	Japan	China	AP	Americas	Europe
Hematology	Yes	Yes	Yes	Yes	Yes
Hemostasis	Yes	Yes	Yes	Yes	Yes
Clinical chemistry	Yes	Yes	Yes		
Urinalysis (Urine sediment)	Yes	Yes	Yes	Yes	Yes
Immunochemistry	Yes		Yes		

Sysmex currently ranks within the global top 10 in the IVD market. In hematology, we are the world leader in terms of market share.

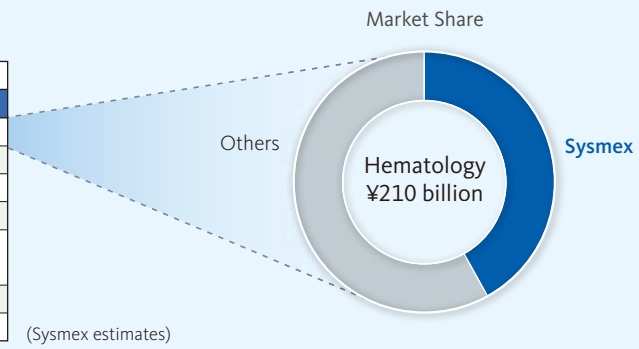
However, competition is growing ever more intense, with developed countries' demographics changing due to graying populations and falling rates of childbirth, business becoming increasingly global, and companies from other fields of business entering the market.

Sysmex is responding to these challenges by reinforcing its own sales network and aggressively leveraging the benefits of alliances with other companies. By strengthening our sales channels and rounding out our product portfolio, we are steadily enhancing our global presence.

Diagnostics Market

Segment	Market size (¥ billion)
IVD total	**¥3,490**
Hematology	210
Hemostasis	100
Immunochemistry	960
Clinical chemistry	530
Urinalysis	40
	(Urine sediment 13)
POC (excluding SMBG*)	570
Others	1,080

* Self monitoring of blood glucose



(Sysmex estimates)

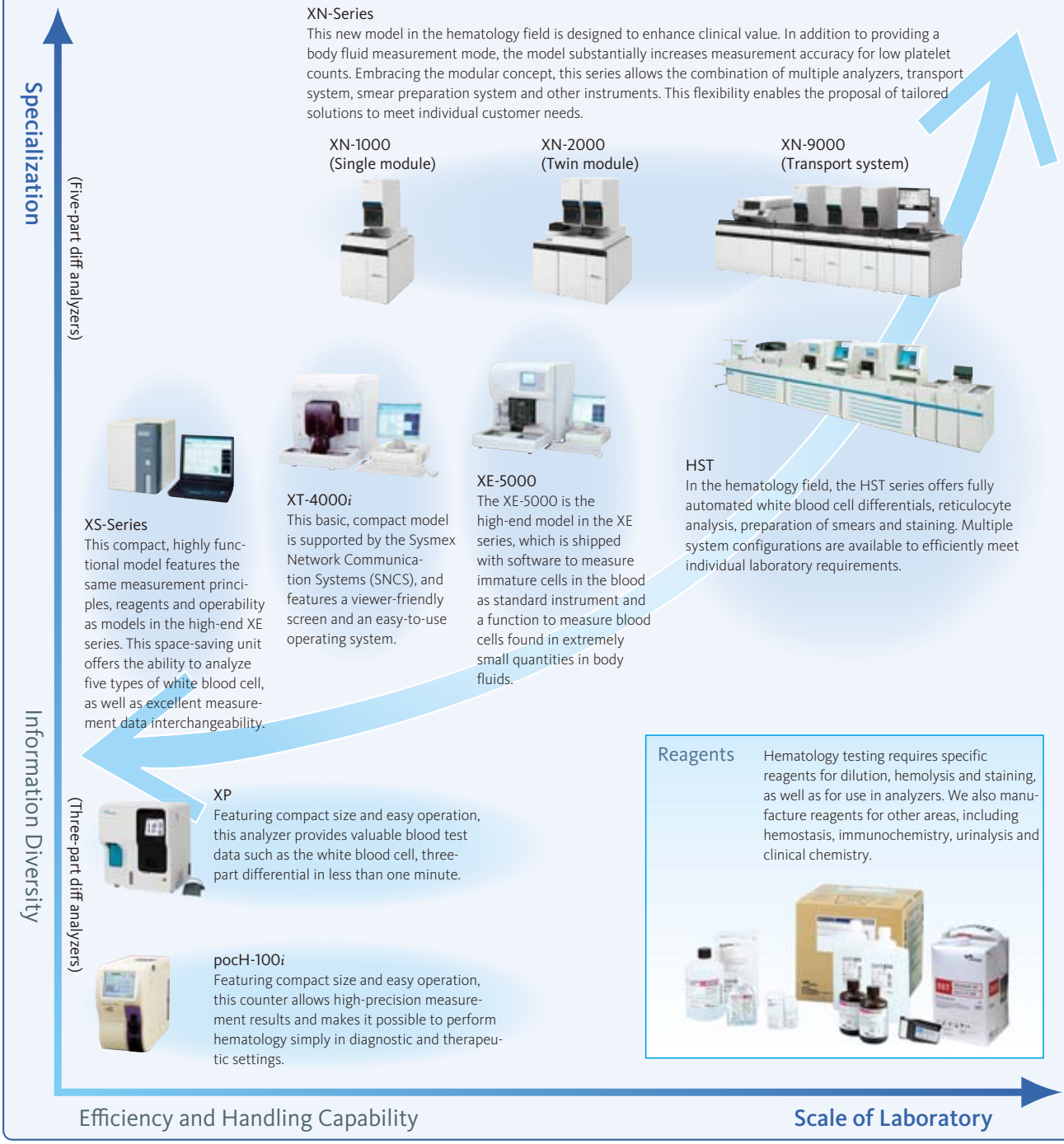
Product Strategies

Diagnostics

Hematology

Hematology tests are a type of screening that counts 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 ¥210 billion. Furthermore, the market is dominated by only three major suppliers: Sysmex, Beckman Coulter (Danaher) and Abbott. Nevertheless, we became the global leader in the field of hematology in 2007, and we are steadily expanding our share of the market.

Hematology analyzers typically are identified by the number of white blood cell types they distinguish: three or five. Three-part diff analyzers employ relatively simple testing principles and have the advantage of being compact and inexpensive to maintain, as they require few reagents. Five-part diff analyzers, on the other hand, have a higher clinical significance, as they offer the more accurate and precise measurement of five types of white blood cell, enabling various complaints and blood disorders to be analyzed in more detail. In addition, analysis systems (five-part diff instrument transport systems) at large-scale facilities in Japan, the United States and Europe are realizing efficiency gains through the use of robotics.



Diagnostics

Hemostasis

Hemostasis involves testing for two blood functions: coagulation, or clotting; and fibrinolysis, the process by which blood clots are broken down. By testing specimens of blood plasma, it is possible to diagnose hemophilia and thrombosis and to monitor their treatment. Furthermore, testing blood beforehand enables healthcare professionals to determine whether blood is likely to coagulate properly during surgery.

As a rule, hemostasis tests can be performed using general-purpose reagents, rather than specific reagents.

Sysmex estimates that the global hemostasis segment generates annual sales of ¥100 billion. 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, this shared business now accounts for the leading share of the global market for coagulation analyzers.

CA-600 Series

In addition to providing the functions that are needed for hemostasis, these analyzers are some of world's most compact. Operation is simple, making these analyzers ideal for emergency laboratories and for use at small and mid-size institutions that test infrequently.

CS-2000*i*

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

CS-5100

The top of the CS series product line, the CS-5100 is capable of high-speed handling of tests such as those that include D-Dimer, a parameter for determining thrombotic tendency.

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 ¥960 billion—making it the largest category in the IVD field, and the market is expected to expand.

We aim to expand sales in Japan of the HISCL-2000*i*, a fully automated immunoassay analyzer that enables highly sensitive, high-speed assays, as well as our lineup of related reagents, to boost our share of the immunochemistry testing market.

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, we are also working closely with our partner companies.

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 ¥530 billion, making it the third-largest market in the IVD domain, after immunochemistry and POC, excluding SMBG. Among other contributors to demand growth is that as standards of living improve, emerging economies are likely to experience increases in such diseases as diabetes. Sysmex has signed agreements with JEOL Ltd. and Furuno Electric Co., Ltd., involving automated clinical chemistry analyzers and is leveraging its sales network to sell these analyzers and their reagents in China and other parts of Asia.

Reagents

Diagnostics

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. The first type involves dipping a test paper into urine to determine whether the abovementioned solids are present. In the second, the quantities of these substances are analyzed. Sysmex estimates that the global urinalysis market accounts for sales of ¥40 billion, with quantitative urinalysis making up ¥13 billion. 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. Sysmex, in cooperation with ARKRAY, Inc., developed the world's first fully automated integrated urine analyzer, the UX-2000, which performs both qualitative and quantitative urinalysis. This analyzer is being launched into markets throughout the world.

UX-2000
In addition to having a significantly smaller footprint than previous transport systems, the UX-2000 improves operability. The system is capable of fully automated analysis of 100–200 samples per hour.

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.

Sysmex is working to increase its sales in this category by extending its business into pet diagnostics. In July 2010, we formed a business alliance with IDEXX Laboratories, Inc., a leader in this field. Under this accord, we began providing hematology analyzers for pets and other animals on an OEM basis and selling them via IDEXX Laboratories' networks.

ProCyte Dx (IDEXX's brand name)
Incorporating numerous technologies and expertise cultivated with humans into a compact hematology analyzer that can be placed on a desktop, the ProCyte Dx features data accuracy and ease of use, and can conduct tests in around 2 minutes.

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.

CNA-Net
CNA-Net is a laboratory-information system provided by subsidiary Sysmex CNA. The system consists of independently operable subsystems for clinical chemistry, hematology, urinalysis and immunochemistry testing.

Life Sciences (Other Business)

In 2006, the Sysmex-developed system for rapid detection of breast cancer lymph node metastasis based on the OSNA method* was launched in Europe. This system was covered by the Japanese national health insurance program two years later, in 2008, and we are steadily introducing this system to markets in Europe and Japan. We are also expanding the applicability of this system to colon cancer, and January 2012, we began offering a laboratory testing service in Japan for research involving the risk of recurrence of early-stage breast cancer, employing a new technology known as Cell Cycle Profiling (C2P).

* Please see pages 32–33 for an explanation of OSNA method technology and user evaluation.

RD-100*i*

LYNOAMP BC

Other Business

Self-Medication Support

Peripheral artery monitoring devices that can measure hemoglobin levels without blood sampling are used at fitness centers and various other sites. Sysmex also sells health management support software that supports health check services at drugstores and in the healthcare sections of other shops.

In April 2011, Sysmex accepted the transfer from Katakura Industries Co., Ltd., of the protein production services that until then had been contracted to the company. Based on these operations, in October 2011 we launched the ProCube business, providing numerous pharmaceutical companies with proteins used in drug development and testing.

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.

Sysmex's State-of-the-Art Technologies

Depending on blood cell type, anywhere from several thousand to several million blood cells exist per microliter (0.001 milliter) 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—flow cytometry and sheath flow DC detection—to achieve precise measurements at the microliter level.

Flow Cytometry: One of Sysmex's Core Technologies

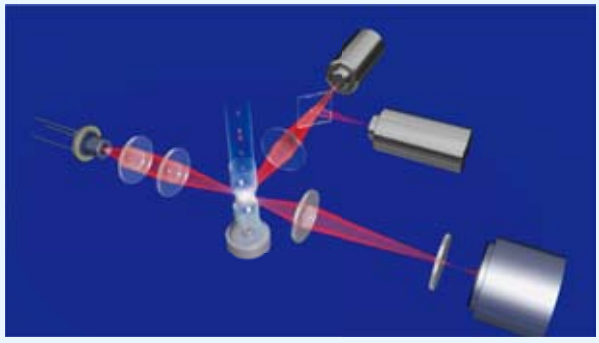
Blood cells can be broadly divided into three categories: red blood cells, white blood cells and platelets. Platelets are the smallest in diameter, at around 2 micrometers, while white blood cells are the largest, at around 15 micrometers. Hematology testing requires the separation of blood cells by type according to size and cell information, and their numbers must be measured accurately.

In May 2011, Sysmex launched its new XN-Series of products in the hematology field in Japan and Europe. To enhance customer testing environments, the XN-Series provides a body fluid measurement mode and substantially increases measurement accuracy for low platelet counts, associated with such diseases as thrombocytopenia, to boost clinical value. Flow cytometry is used to measure the number of white blood cells and platelets.

Flow Cytrometry Method

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 detects the five different types* of white blood cell, as well as of any abnormal cells. Flow cytometry provides clinically distinct information depending on the numbers of each of the five types of white blood cells and differs according to the presence of inflammation, viruses or allergies. Although in the past sheath flow DC detection was the only method used in counting platelets, flow cytrometry substantially increases the level of precision at low values, as it can be used to measure low platelet counts. This approach allows preventive platelet transfusions to be reduced, thereby reducing the side effects of transfusions and raising patient QOL. In the field of urinalysis, flow cytrometry is used in fully automated urine cell analyzers. In the life sciences field, which we are currently developing, the method is also under consideration for use in cervical cancer screening tests. In this way, for Sysmex flow cytrometry is becoming a core technology that has a wide range of potential applications.

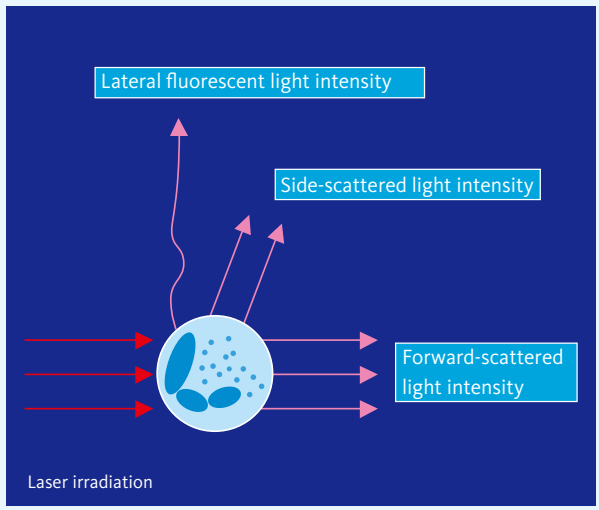
* Each of the five types of white blood cell—neutrophil, lymphocyte, monocyte, eosinophil and basophil—has a different shape and function.



Flow Cytometry Method

- Shrinkage of red blood cells and platelets by means of a surface-acting agent
- Nucleic acid staining of the white blood cells to be classified and analysis and classification of forward-scattered light, lateral-scattered light, and lateral fluorescent light signals using a semiconductor laser

Lateral fluorescent light intensity	Information on RNA and DNA amounts
Side-scattered light intensity	Information concerning the internal structure of cells (nucleus shape, presence of cell granules, etc.)
Forward-scattered light intensity	Information on cell size

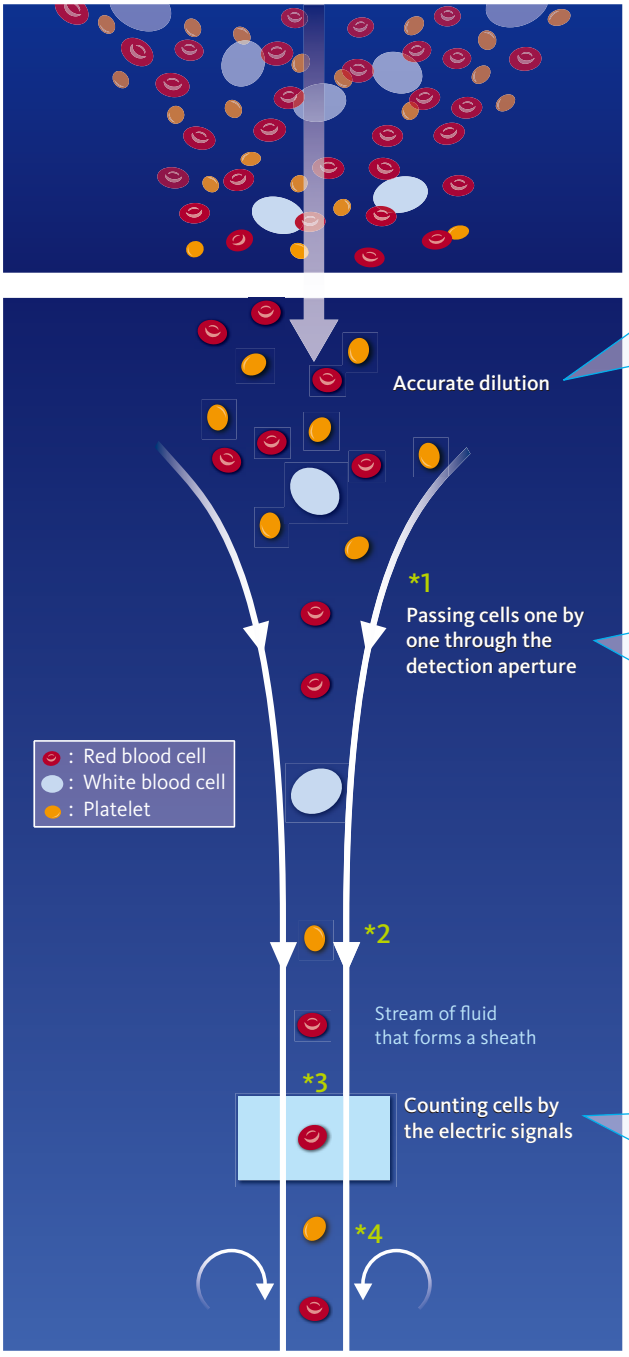


Basic Principles Underpinning Sysmex's Hematology: Sheath Flow DC Detection

Red blood cells, which are produced by stem cells located in the bone marrow of bones such as the sternum, femur and tibia, are a major constituent of the blood. These cells transport oxygen to tissue cells throughout the body and move carbon dioxide out.

A lower red blood cell count means that oxygen flow is reduced, resulting in anemia. Conversely, an excess of red blood cells (polyscythemia) can impair blood flow and clog blood vessels. The sheath flow electrical resistance method distinguishes red blood cells from other types of cells in the blood and is the basic principal used for determining red blood cell counts.

Three Processes in Counting Red Blood Cells



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.

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.

In the life sciences domain, our mainstay system for rapid detection of lymph node metastasis based on the one-step nucleic acid amplification (OSNA) method is used routinely for diagnosis of breast and colon cancer lymph node diagnosis in hospitals and other facilities in more than 200 locations throughout the world.

Minimizing the extent of dissection in breast cancer treatment is generally considered desirable in terms of the patient's quality of life (QOL). At present, pathology labs offer a provisional diagnosis of the sentinel lymph node, where metastasized cancer cells first reach, conduct confirmatory studies to determine the extent of resection, as well as the post-surgical therapeutic principle. Sysmex's gene amplification detector, the RD-100*i*, enables the rapid and highly precise detection of breast cancer metastases in the sentinel lymph node. Having confirmed its efficacy, we are now introducing the system at about 60 hospitals in Japan and about 150 in major European countries, particularly Spain. Going forward, we plan to introduce the system in emerging markets with growth is expected.

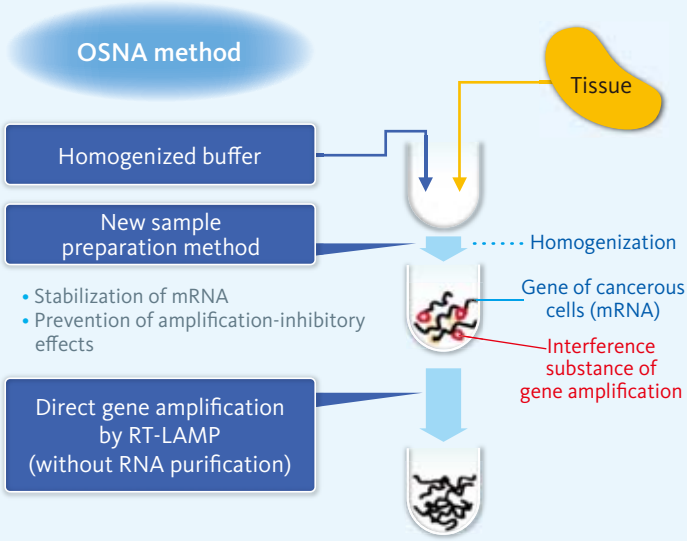
Having extended the effective scope of detection to include colon cancer as well as breast cancer, in December 2010 we received manufacturing and marketing approval from the Ministry of Health, Labour and Welfare. Under the present method of diagnosing colon cancer lymph node metastasis, following an operation a pathologist makes surgical incisions in 12 or more lymph nodes to prepare pathological samples. The pathologist then views these samples under a microscope to determine whether the cancer has metastasized. Post-operative treatment is based on the results of these tests, but conducting detailed diagnosis on large numbers of lymph nodes places a major burden on the pathologist. Applying the OSNA method while conducting diagnosis at a level of precision equivalent to that achieved by the recommended method by the Japanese Society for Cancer of the Colon and Rectum. This reduces the burden on pathologists and contributes to the standardization of post-operative treatment of colon cancer. In the future, we will expand the sales area for products employing this method and push forward with research designed to extend its applicability to other types of cancer, including stomach cancer.

The OSNA Method

The OSNA method is a rapid gene amplification technique that does not require the purification of genes (mRNA) that have been taken from a living organism. This method enables the number of cancer cells to be determined during the limited time available during surgery to a high degree of sensitivity.

RD-100*i* (analyzer)

LYNOAMP BC (proprietary reagent)



Customer Feedback

The Breast Unit at The Royal Hampshire County Hospital, part of Hampshire Hospitals NHS Foundation Trust, provides a comprehensive diagnosis, treatment and support service for all problems relating to the breast. It is one of only a few sites in the United Kingdom to offer a comprehensive "one step" approach comprising intra-operative radiotherapy (IORT) and intra-operative sentinel lymph node analysis using the Sysmex RD-100*i* OSNA system.

Miss Siobhan Laws
Consultant Breast and Oncoplastic Surgeon
Royal Hampshire County Hospital, UK

Q ***What do you think is the most important patient benefit that has been gained from the introduction of the OSNA system?***

A We have been struck at how much patients have appreciated the immediate result from their sentinel lymph node biopsy when coming round from the effects of the anesthetic. The patients want to know what their results are, so it's a great relief to them when they are told that they are negative at that early stage and they are very grateful at not having to come back for second procedures. I have certainly enjoyed not having to go back into the axilla to perform second surgery too.

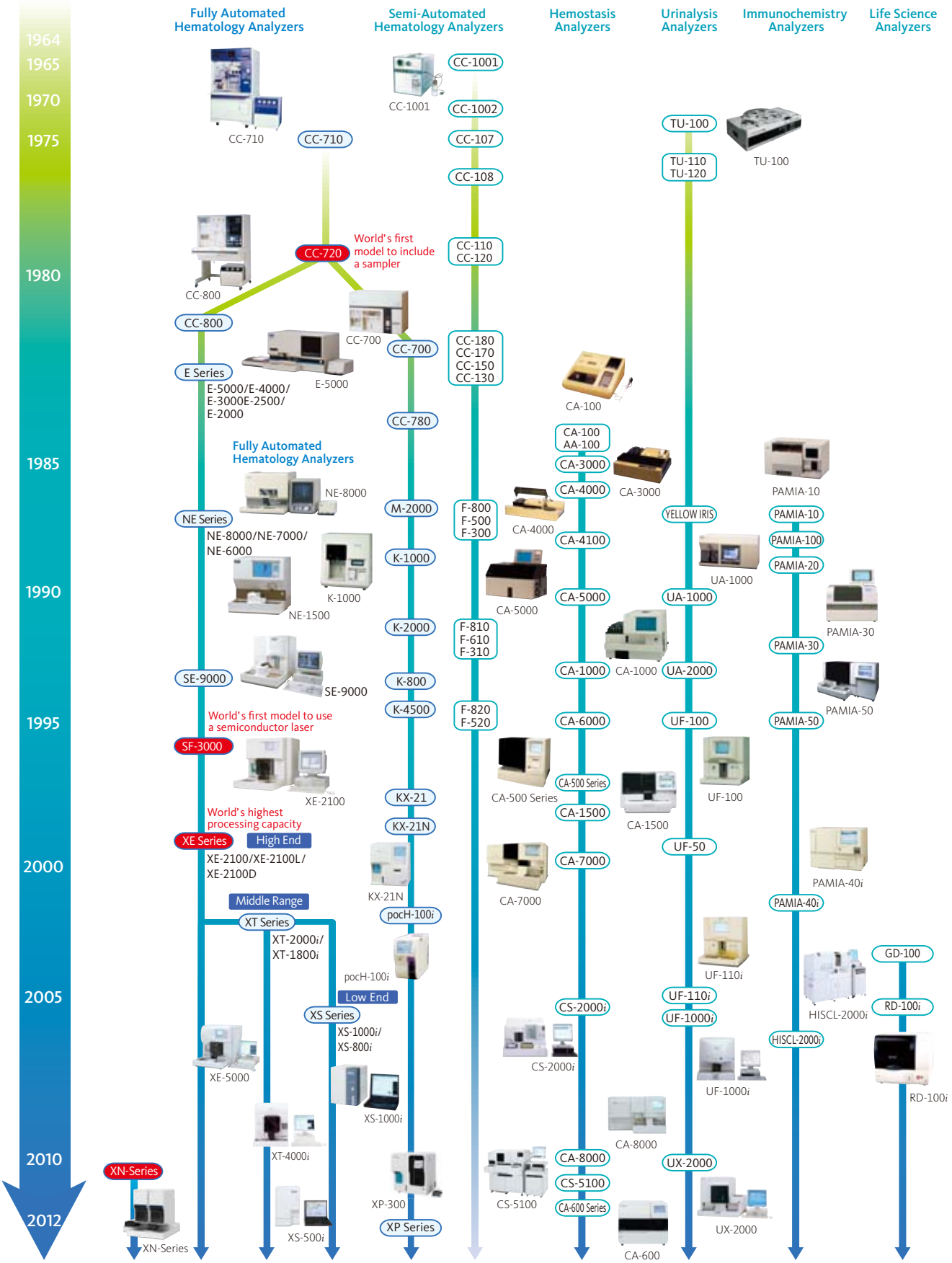
Q ***RHCH is one of only a very few sites that offer intra-operative SLN analysis using OSNA and IORT. How has this benefited patients at RHCH?***

A OSNA and intra-operative radiotherapy (IORT) complement each other beautifully because the vast majority of patients who are suitable for IORT have small, low-grade tumors and are clinically node negative. These are the patients who are also most suitable for sentinel lymph node biopsy and OSNA. We perform the sentinel lymph node biopsy first, then the wide local excision, and then we give IORT. By the time we have delivered the IORT, the OSNA results is available, so there is no loss of operating time because everything fits together very nicely. Like OSNA, IORT also provides convenience for patients since it is administered as a single, intraoperative dose. If a patient is node positive and needs further treatment such as adjuvant chemotherapy, this can begin earlier; a decision as to whether to proceed to immediate reconstruction can also be made in a more timely manner.

Q ***Are there any other aspects of patient management that you feel are important?***

A We need to engage more with patients about what they perceive as the main benefits of OSNA technology, too. In the past, we have focused a lot on the benefits of OSNA for the healthcare system, e.g., economic savings, but I think the patients really appreciate knowing their results quickly. This is a really important benefit for them because it gives them more time to prepare (psychologically) for their chemotherapy. Also it tends to be easier to find lymph nodes during first surgery compared to second surgery, and the information we gain from the lymph nodes gives important information to the oncologists for patient treatment.

Development of Instruments



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.

Designing a Global Value Chain

Perspective

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

Our products are the primary source of our strength as a company. We develop in-house all the instruments, reagents and software that are needed for *in-vitro* diagnostics, and have built all operations—from production to sales and after-sales support—ourselves. Furthermore, delivering customer feedback to our R&D divisions quickly enables us to continuously augment product performance, operability and functionality, and develop high-value-added products rapidly and efficiently.

Our delivery network also is extensive. With operations

Global Supply Chain

Research and Development

Japan

- Technopark

Overseas

- R&D Center Europe
- Sysmex New Zealand
- Diagnostic Reagent Development Center in China

and others

Sysmex maintains extensive R&D operations, centered in Japan and with facilities in Europe and Asia, and the Company actively collaborates with universities and research institutions throughout the world. Technopark, our core R&D facility, is also a symbol of the "Creation of 'knowledge' and its inheritance" concept. Technopark serves as a springboard for R&D to cultivate new diagnostic technologies and high-value-added products.

Production (Instruments)

Japan

- Kakogawa Factory
- Sysmex Medica
- Sysmex RA

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.

Production (Reagents)

Japan

- Sysmex International Reagents (two factories)

Overseas

- Sysmex Reagents America (US)
- Sysmex do Brasil Industria e Comercio (Brazil)
- Sysmex Europe (Germany)
- Jinan Sysmex Medical Electronics (China)
- Sysmex Wuxi (China)
- Sysmex Asia Pacific (Singapore)
- Sysmex India (India)

Sysmex emphasizes local raw material procurement and product manufacturing, as this approach allows stable product supply and competitive pricing. In April 2012, we built a new production wing at our Ono Factory in Japan, adding equipment and raising reagent production capacity to 1.5 times the previous level. The Company also is expanding its reagent plant in Jinan, China, to capitalize on rapid market growth there. Compared with 2010 levels, the augmented plant, which commenced production in May 2012, quintupled the amount of reagent that the factory previously produced.

at 47 locations in 29 countries, Sysmex provides products and services to customers in some 170 countries. One of our greatest strengths is our globally integrated structure spanning the R&D, production, sales and support functions.

We currently hold the leading share of the hematology markets in four of the regions in which we operate: Japan, Europe, China and Asia. We are number two in the United States, and boast the top overall share of the global market.

Sales and Support

Japan

- ■ Solution Center
- ■ Seven branches, 12 sales offices
- ■ Metropolitan Area Service Center

- ● Sysmex TMC
- ● Sysmex bioMérieux

Americas

- ● Sysmex America (US)
- ● Sysmex Canada (Canada)
- ● Sysmex do Brasil Industria e Comercio (Brazil)

Europe

- ● Sysmex Europe (Germany)
- ● Sysmex France (France)
- ● Sysmex Middle East (U.A.E.)
- ● Sysmex South Africa (South Africa)

and others

China

- ● Sysmex Shanghai (Shanghai)
- ● Sysmex Hong Kong (Hong Kong)

Asia Pacific

- ● Sysmex Asia Pacific (Singapore)
- ● Sysmex India (India)

and others

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 2010, we converted to a wholly owned subsidiary the German HITADO Group, which sells and services point of care (POC)* testing products, marking our full-fledged entry into the POC testing market. To capitalize on the ongoing changes in healthcare infrastructure in Asia, we formed a subsidiary in rapidly growing Vietnam. Also, we established a sales and customer service base in Spain, with the aim of expanding operations in the life science business segment. In 2011, we established subsidiaries in the Philippines, which is experiencing ongoing economic development and expanding its healthcare infrastructure, and in Russia, one of the BRICs countries. We also plan to step up sales activities in other regions that are expected to experience high levels of market growth, including Asia, Central and South America, Eastern Europe and Africa.

* An acronym for point of care, POC refers to testing that can be performed rapidly in an operating room, intensive care unit, examination room or at a patient's bedside.

Direct sales

Customer needs

Indirect sales (Distributors)

Worldwide customers

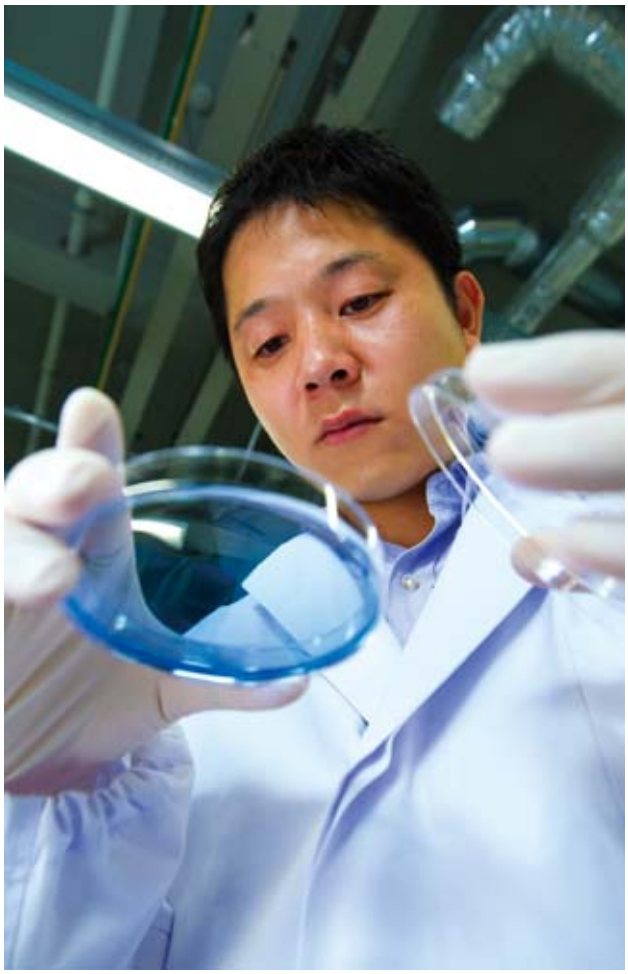
■ : Sysmex Corporation
● : Subsidiaries

Research and Development

Through its focus on improving test quality, Sysmex has established core technologies, developed a range of "industry-first" laboratory test technologies, created advanced and highly valuable diagnostic technologies and is actively engaged in life science R&D.

Sysmex's inimitable R&D activities began in 1963 when it became the first company in Japan to commercialize hematology analyzers. Since then, the Company has worked to improve diagnostic test quality at the microscopic level of blood cells by establishing core technologies for particle measurement or bioassays and developing a range of "industry-first" laboratory test technologies.

Sysmex is leveraging the abundant expertise it has cultivated in the development of products to bring efficiency to the increasingly complicated diagnostic testing environment. Another goal is to contribute to the increased efficiency and lower costs not only in the testing laboratory, but also by leveraging networks throughout the entire hospital for customers ranging from small clinics to large medical institutions.



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.

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, immune diseases, infectious diseases, cancer and diabetes.

In 2008, we completed construction on Technopark, our core R&D facility, designed to foster synergy by accelerating the sharing of information and expertise, as well as collaboration. This integration of the different technologies employed in our instruments, reagents and software, coupled with joint R&D initiatives, enables us to constantly incorporate customer feedback into our product offerings. This congregation of researchers and engineers in a host of fields—electrical, mechanical, biological, chemical and IT, among others—encourages interaction and drives the creative fusion that generates new technologies. Sysmex is also working toward the establishment of a global R&D structure. Centered at Technopark in Japan, our structure is linked with other facilities in Japan and overseas, including the R&D Center Europe, Sysmex New Zealand and the Diagnostic Reagent Development Center in China. We are also stepping up collaboration with outside research institutions to promote innovative technological developments that will create new market opportunities.

Furthermore, in April 2012 we established the ICH Business Unit to reinforce our base and promote growth in the key non-hematology fields of immunochemistry, clinical chemistry and hemostasis. The ICH Business Unit is designed to handle the overall management of activities in these three fields, including strategic planning, product planning, product development, reagent production and data assurance. With this unit, we also aim to strengthen our specialized value chain in the ICH fields, as well as to enhance speed and effectiveness, by developing a seamless organizational structure.

Management System Designed for Business Optimization

R&D Strategic Planning Division

In this division, R&D staff manage and control a host of activities spanning research to product development. The division's strategic planning function involves the creation of technology strategies, the optimal allocation of management resources based on these strategies, and the development of a global R&D structure.

The division also formulates plans related to the acquisition of technologies and our own products, handles technical information pertaining to commercialization and manages intellectual property. Particularly with regard to intellectual property, this division communicates with departments conducting the relevant R&D, formulates and implements patent filing strategies, engages in invention identification activities and conducts research into third-party intellectual property.

Furthermore, the division conducts liaison activities to foster smooth relations with related institutions in Japan and overseas, as well as handling a broad range of other activities.

Research Division

This division works to establish diagnostic methods for cancer, chronic diseases and other targets. We have formed an organization for drawing up plans for individual analyses including cell analysis, protein analysis, genetic analysis and biological analysis. By searching for leading-edge technologies in each category, the division aims to establish new diagnostic concepts, clinical testing applications and technology platforms.

Technology Development Division

This division creates systems for carrying forward and extending the application of key technologies used in previous mechatronics, software, reagents and other products, as well as formulating the elemental technologies needed in future product development. It also conducts a full range of activities ranging from clinical performance trials to patent acquisition.

Business Strategy and Promotion Division

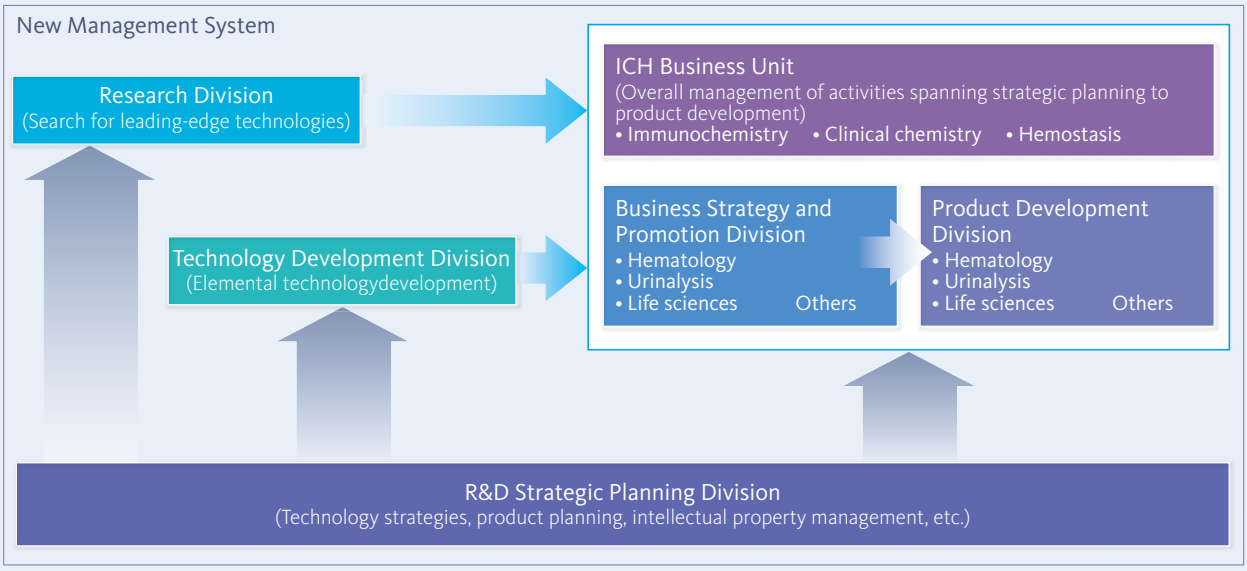
As the business strategy division for hematology, urology and other IVD domains, this department will promote strategic planning and alliances in advanced countries, as well as in emerging markets where growth is anticipated. Also in the life sciences domain, department will oversee planning and promotion of existing products, as well as new businesses such as lab assay.

Product Development Division

An integrated organization for developing instruments and reagents for individual fields, including hematology and life sciences, this division pursues product development primarily on a market-in basis. Specifically, the division is separated into a department that specializes in our core fields of hematology and system products. The division also allocates resources to strengthen the Company's operations in areas of future growth—life science categories. This separation is designed to enhance specialization related to testing and diagnostic technologies, as well as to accelerate product development.

ICH Business Unit

We established this business unit in April 2012 to specialize in the key non-hematology fields of immunochemistry, clinical chemistry and hemostasis (ICH). The ICH Business Unit is designed to handle the overall management of activities in these three fields, including strategic planning, product planning, product development, reagent production and data assurance, and to strengthen our specialized value chain. The unit will also aim to boost business profitability by managing profitability in the categories of hemostasis, immunochemistry and clinical chemistry.



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 create new markets.

Technopark

Based on the concept of the "Creation of 'Knowledge' and Its Inheritance," Technopark was established as the center of R&D activities for the Sysmex Group in 2008, the 40th year of establishment. In addition to having more than half of its area dedicated to green space, laboratory and office space is located on the same floor, providing an optimal R&D environment.

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. In January 2012, we began offering a laboratory testing service for research involving the risk of recurrence of early-stage breast cancer, employing a new technology (C2P: Cell Cycle Profiling).

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 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.

Diagnostic Reagent Development Center in China

In December 2009, Sysmex opened the Diagnostic Reagent Center in China. Located within Sysmex Wuxi Co., Ltd., this center prepares for our entry in the immunochemistry field in China, which is enjoying one of the highest rates of economic growth in Asia.

We will employ this new development center to expedite the development of reagents that meet the specific demands of this growing market. Our first initiative will be the development of immunochemistry reagents.

Sysmex New Zealand

Sysmex New Zealand is a Sysmex Group company that specializes in information technology. Mainly in Asian markets, the company develops laboratory information systems in local languages and tailored to other regional requirements.

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 170 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. We also aim to quickly launch new products into mass production, transforming the engineering chain, including raw materials purchasing and through concurrent engineering.

Instruments Offering High "Made in Japan" Quality

For the manufacture of instruments, we have introduced leading-edge production and quality control technologies to provide products that are of high quality and offer high added value. For this reason, we manufacture all our instruments at the Kakogawa Factory. We produce internally those parts that use proprietary technologies or for which stable sourcing is problematic. This reduces the risk of technology outflows and lessens procurement risk, while allowing us to maintain stable quality. For other parts, however, we maintain cooperative relationships with parts makers who can meet our stringent quality requirements, thereby ensuring a stable supply. "Made in Japan" and the Sysmex brand have become bywords for quality, and our products are recognized worldwide for their reliability.

Furthermore, as around 80% of the Kakogawa Factory's products are shipped overseas, we have structures in place to ensure that we meet the regulations of each destination country.

Manufacturing Goes Digital, Reducing Work Time

The Kakogawa Factory uses Smart Pro, a production support system that Sysmex developed in-house, to support factory associates, manage processes and assist quality management. We began using 3D CAD design data created at the development stage to make work processes more visual, helping to shorten the time employees require to commit these processes to memory and contributing greatly to their ability to absorb multiple skills. Monitors located alongside workbenches depict assembly and other processes in 3D, with an audio explanation accompanying each process. This arrangement makes work processes easier for new associates to understand, and helps to maintain quality and boost productivity.

We also use our information technologies to configure networks linking manufacturing facilities to the products themselves. This configuration automates the final product adjustment and testing processes, which cuts down significantly on time to shipment.

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. The Ono Factory handles the mass production of reagents using labor-saving facilities. In April 2012, we began operating a new automated production line at the plant that makes reagent packages (paper containers and reagent cartridges), including the concentrated reagent used in our new XN-Series, which should significantly increase productivity. Meanwhile, our Seishin Factory handles the production of reagents requiring advanced, specialized knowledge that are used in non-hematology fields, such as immunochemistry, clinical chemistry and hemostasis. Sysmex is also expanding its overseas production bases to meet growing overseas demand and improve its ability to compete. The Company currently has nine production facilities in seven 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.

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 (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, 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.

Making Employees the Heart of High-Quality Production

The Kakogawa Factory uses the cell production method, in which one worker handles the assembly of an entire instrument from start to finish. The method has played a major role in boosting employee awareness and improving their ability to maintain product quality. Recognizing that they are the ultimate deciders of quality helps employees recognize the importance of the role Sysmex products play and providing customers with highly reliable measured data. In addition to raising attention to quality in these ways. This approach provides training to develop employees' skills and expertise.

Employees also take part in voluntary improvement initiatives designed to improve the quality of complex measurement units.

Purchasing Production and Logistics Facilities

Instrument Production

Kakogawa Factory (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 some 300 products to markets around the world and employs flexible production systems.

Reagent Production Facilities in Japan

Ono Factory
(Sysmex International Reagents)

The Ono Factory in Japan is dedicated to the production of about 1,300 reagents, centered on high-volume products for the hematology and urinalysis segments. In April 2012, we built a new production wing at the factory, adding equipment and raising reagent production capacity to 1.5 times the previous level. 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.

Seishin Factory
(Sysmex International Reagents)

The Seishin Factory is mainly responsible for the production of reagents and draws on wide-ranging production technologies to produce a line of around 900 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.

Overseas Reagent Production Facilities

In order to ensure a timely and stable supply of reagents throughout the global market, Sysmex operates reagent factories in Germany, the United States, Brazil, China, Singapore and India.

Americas

Sysmex operates two reagent factories in the Americas, which represent the world's largest market. Establishing a factory in Chicago in 1993, the Company doubled its capacity in 2007 to meet growing demand and enhance cost competitiveness. Another reagent plant went on line in Brazil in 2000 in anticipation of future growth in the region.

Europe

In Europe, the location of Sysmex's first venture overseas, we established a regent factory in Neumünster, Germany, in 1993. To meet rising European demand for regents, we doubled the plant's capacity in 2007.

China

The first of these was established in Jinan in 1995, followed by a plant in Wuxi in 2003. We have expanded the Jinan Factory, which in May 2012 began producing reagents at five times the level it manufactured in 2010. The Wuxi Factory was the first operated by a non-Chinese company to receive local pharmaceutical manufacturing approval.

Asia Pacific

In the Asia Pacific region, which is slated for future growth, we opened the Singapore Factory in 1998. In 2007, we also set up a reagent factory in India to meet fast-growing demand in that market. This combination allows us to provide a stable supply of high-quality reagents broadly throughout the Asia Pacific region.

Sales and After-Sales Support

Sysmex does more than just sell products; we provide maintenance and other support services, as well as scientific support to deliver consistently accurate test results and instill confidence. We offer high added value as a provider of IVD solutions.

When testing is interrupted, whatever the reason, physicians become unable to diagnose their patients. We address this situation by providing after-sale services and scientific support, which inspire the trust and confidence of customers throughout the world. Confirming this satisfaction, survey results demonstrate that Sysmex has earned a solid reputation with its customers for meeting their expectations for instrument performance, as well as for overall service performance.

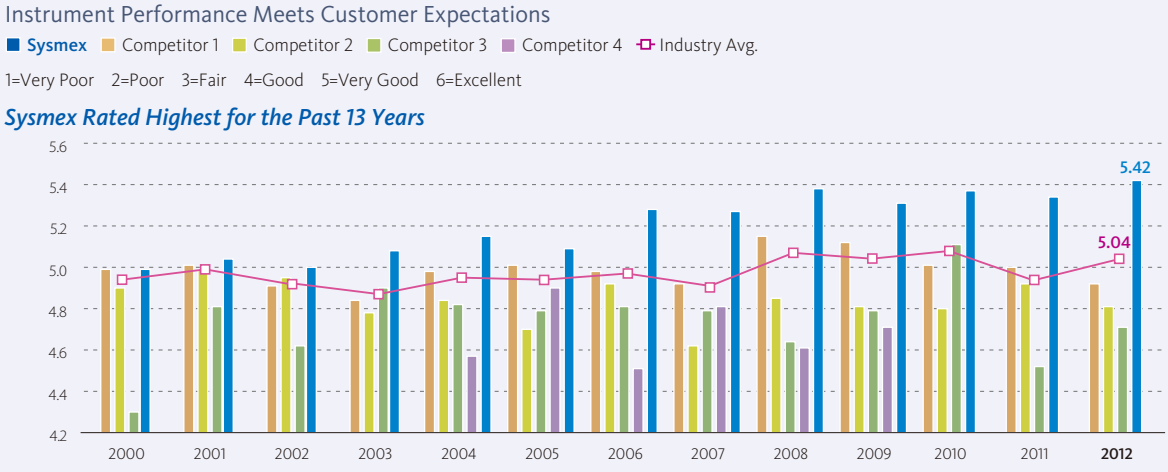
In line with ongoing medical advances, healthcare is growing more sophisticated, and treatment regiments are changing and becoming more diverse. Customers in developed countries are demanding ever more advanced and highly specialized testing, more efficient testing and even higher healthcare service levels.

Instead of simply aiming to reduce the time from the start of testing to the delivery of results, we strive to shorten the lead time between a patient's arrival at the reception desk and the delivery of test results. To this end, to ensure that the lab technologist can conduct testing efficiently we do not merely engage in the sales of diagnostic instruments and reagents, but provide total solutions that employ information technology to network the entire laboratory. This improves healthcare services in a number of ways, such as reducing patient waiting time and providing information on test results to the doctor. At present, we take this overarching approach mainly in our proposals to customers in developed countries. In contrast, in emerging markets where healthcare demand is rising rapidly in line with economic growth, in addition to providing high-quality products without defects, products that have such specifications as high processing capacity and swift after-sales services are needed. In addition to providing products that meet regional demands such as these, we operate flexibly by combining proprietary and distributor sales networks. In these ways, Sysmex concentrates on meeting the needs of individual countries, building confidence and instilling confidence among its customers.

Customer Assessment in the United States (by IMV ServiceTrak™)

• Survey of Customer Satisfaction

A survey of customer satisfaction published in 2012 has shown that Sysmex is ranked No. 1 in the United States for instrument performance meeting expectations.



Founded in 1977, IMV continues to be a leading supplier of comprehensive clinical diagnostic and medical imaging market research reports and site-specific databases for the healthcare industry.

Delivering Specialized, High-Value-Added Solutions Cultivated in Japan throughout the World

Sysmex maintains seven branches and 12 sales offices in Japan, constituting a top-class sales and support network in the domain of *in-vitro* diagnostics. We are in the process of extending to the rest of the world the value-added proposal-making skills and highly specialized support services we have cultivated in Japan, as we strive to build sales and support service networks that are carefully matched to the needs of individual markets.

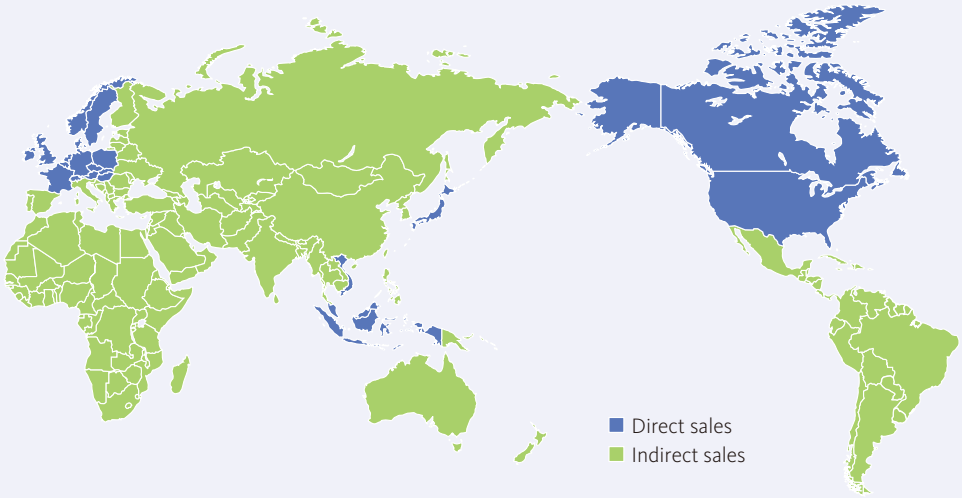
In Japan, the Customer Support Center responds to inquiries around the clock, 365 days a year.* Knowledgeable specialists answer questions not only about instruments and reagents, but also about scientific matters. Sysmex has established a rapid support system by stepping up cooperation between the Customer Support Center and Sysmex offices and sales offices across Japan.

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. In addition, the Company is rolling out on a global scale the Sysmex Network Communication Systems (SNCS), a support service that connects the Customer Support Center and customers' products via the web for the online provision of remote instrument maintenance and quality control. The SNCS is used by many customers and has earned a strong reputation. The Company has launched the SNCS in Japan, the United States, Europe and other advanced countries, as well as in Asian and other emerging markets and is steadily expanding the installed base.

* Service for customers who have maintenance contracts

Sales Strategies

Sysmex employs sales strategies tailored to the characteristics of the regions and countries where it operates. In Japan, North America and parts of Europe and the Asia Pacific, we conduct direct sales, with Sysmex salespeople maintaining close relationships with customers. In other parts of the world—particularly in emerging market areas—we have found indirect sales, which leverages the long experience and expertise of local distributors, to be an effective approach. In China, for example, we employ more than 100 local distributors. In Latin America and Russia, among other regions, we have alliances in place to take advantage of the sales networks operated by leading global pharmaceutical manufacturers.



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. Leveraging 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. In 2011, we held the Sysmex 14th Scientific Seminar in China in Xiamen, Fujian Province, which was attended by approximately 900 people. At the seminar, we provided up-to-date information related to healthcare and clinical testing to doctors, nurses, laboratory technologist and other participants in China. Sysmex now conducts seminars and other activities periodically in Thailand, Indonesia, India and other Asian countries and holds symposiums in Europe and Americas.

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 automatically over the Internet on a daily basis. The system conducts sample surveys to determine precision. Customers can browse up-to-the-moment survey results.

●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.

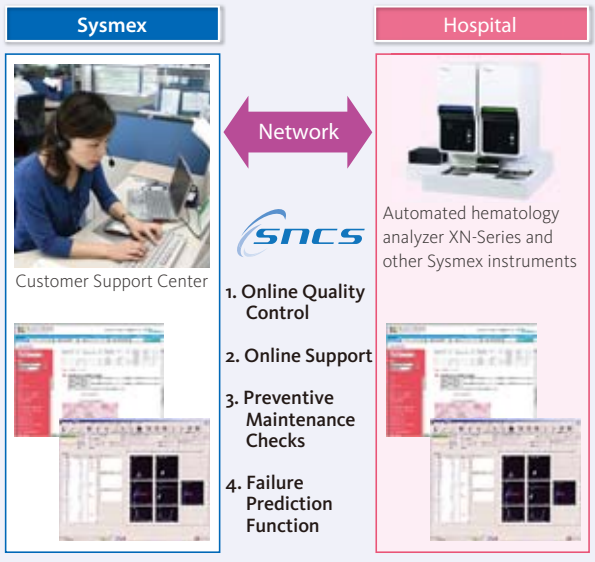
●Preventive Maintenance Checks

When an instrument shuts down, information on the number of operations is automatically sent to Sysmex, so that we can determine replacement intervals based on the rated number of operations.

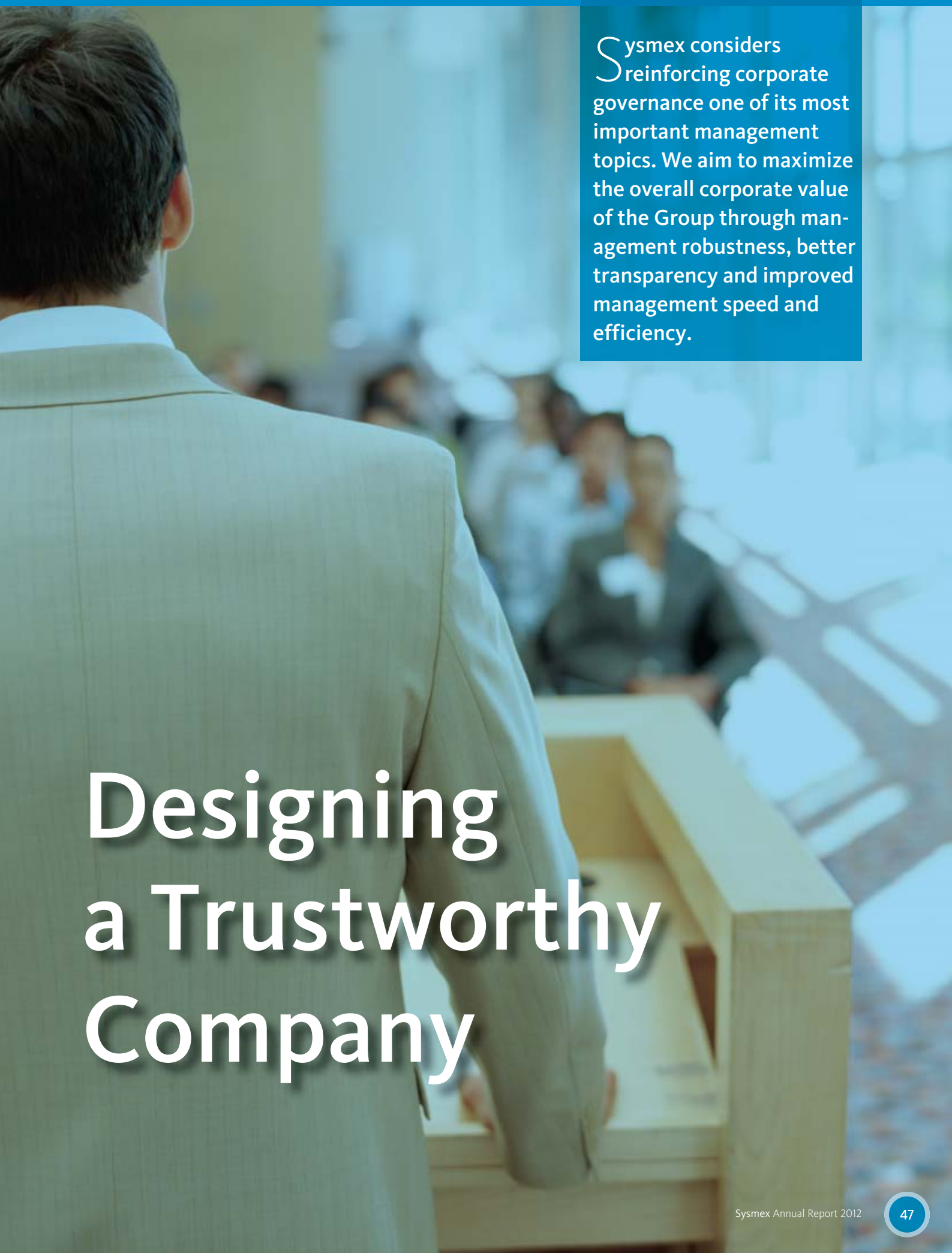
●Failure Prediction Function

Linking the failure prediction function with field support enables us to remotely monitor the status of the analyzer components of each instrument. This allows us to predict failure times and provide maintenance before it occurs.

Sysmex Network Communication Systems



Note: Such services may not be available on some products and in certain regions.



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.

Designing a Trustworthy Company

Corporate Philosophy and Core Behaviors

Our corporate philosophy, the "Sysmex Way," consists of three parts: the Mission, which defines our social *raison d'être* and states how we hope to contribute to society; the Value, which describes the values and management style that we must abide by; and the Mind, which expresses the mind-set and code of conduct that every employees within the Sysmex Group must observe.

Sysmex Way

Mission

Shaping the advancement of healthcare.

Value

We continue to create unique and innovative values,
while building trust and confidence.

Mind

With passion and flexibility, we demonstrate
our individual competence and unsurpassed teamwork.

Core Behaviors

To Our Customers

We deliver reassurance to our customers, through unmatched quality, advanced technologies, superior support, and actions that consistently reflect the viewpoint of our customers.
We constantly look out for our customers' true needs, and seek to generate new solutions to satisfy those needs.

To Our Employees

We honor diversity, respect the individuality of each employee, and provide them with a workplace where they can realize their full potential.
We value the spirit of independence and challenge, provide employees with opportunities for self-fulfillment and growth, and reward them for their accomplishments.

To Our Business Partners

We deliver commitment to our client companies through broad-ranging partnerships.
We strive to be a company that can grow in step with our trade partners, through respect and mutual trust.

To Our Shareholders

Our shareholders can rest assured that we will continue to improve the soundness and transparency of our management policies, while promoting information disclosure and close communications.
We commit ourselves to a consistent yet innovative style of management, in order to achieve sustainable growth and increased shareholder value.

To Society

We carry out our business in strict compliance with laws and regulations, as well as in adherence to high ethical standards.
As a responsible member of society, we play an active role in resolving environmental issues and other problems that impact our society today.

Corporate Governance

Management Organization

Sysmex has adopted the corporate auditor system. The current management organization consists of eight directors (seven of whom are executive officers), four corporate auditors (including two external auditors), and 14 executive officers. The Company adopted the executive officer system and established the Nominating Committee and the Compensation Committee 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 eight 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 executive 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 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 Group Management Reporting Committee consists of the president and executive officers, directors of overseas regional headquarters and division managers. The committee meets once a quarter, in principle, reporting important matters concerning the Group's operations.

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, 2012, the Board of Directors met 12 times, the Global Strategic Committee 14 times, the Steering Committee 17 times, the Group Management Reporting Committee four times and the Operating Committee 12 times to address matters relating to management strategy and important issues facing the Group.

The Board of Auditors consists of four corporate auditors, two 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 corporate auditors also maintain close communications with the Internal Audit Office, exchanging information and opinions as necessary, and confirm and evaluate the appropriateness of business execution. 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 (annual), exchanging information and opinions as necessary, such as when conducting internal control audits related to financial reporting.

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.

Internal Control Systems

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 maintains 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 implements and strengthens compliance in the corporate group under the control of a compliance officer and compliance committee. The Company rigorously ensures compliance through education and training for directors and employees, promotes 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 conducts 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 appropriately retains and manages 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 complies with risk management regulations established by the Risk Management Committee for the integrated management of risk throughout the Company. The Company endeavors 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 ensures the efficient execution of business in accordance with the organization regulations, scope of authority regulations, and approval procedure. The Company establishes mid-term plans and annual management plans, periodically confirms the progress made with those plans, and takes any necessary measures.

Systems to Ensure the Appropriateness of Business Activities in the Corporate Group

The Company ensures 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 maintains groupwide risk management systems based on those regulations. The Internal Audit Office conducts groupwide internal audits.

With regard to the management of subsidiaries, the Company respects the autonomy of the management of subsidiaries and ensures the appropriateness of business activities throughout the corporate group by such means as periodic reporting on the details of the business of subsidiaries 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 provides full-time staff to assist the Board of Auditors. In such case, the directors 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 attend Board of Directors and other important meetings, read important documents such as approval requests, and request explanations from directors and employees as necessary.

Basic Policy on and Status of Systems for Excluding Antisocial Forces

Sysmex has in place a Compliance Code that applies to all executives and associates throughout the Sysmex Group. We maintain absolutely no relationships with antisocial forces, and we take a firm stand to thoroughly counter any such forces.

Our education and training programs for executives and associates provide a thorough grounding on the exclusion of antisocial forces. We have an internal reporting system in place to respond quickly and appropriately to any overtures. Furthermore, we maintain close relations with specialized external institutions to gather information about the activities of antisocial forces.

Directors

Front row, from left: Kenichi Yukimoto, Hisashi Ietsugu, Masayoshi Hayashi
Back row, from left: Kazuya Obe, Yukio Nakajima, 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

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

Shigenori Ohigashi
Member of the Managing Board and Executive Officer
Managing Director
Regulatory Affairs & Quality Assurance, 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 Operations, New Business Development,

Kazuya Obe
Member of the Managing Board and Executive Officer
International Business Management

Mitsuru Watanabe
Member of the Managing Board and Executive Officer
R&D Strategic Planning, Central Research Laboratories, Technology Development, Product Development

Corporate Auditors

From left: Hiromu Fujioka, Katsuo Uhara, Masami Kitagawa, Kuniaki Maenaka

Katsuo Uhara
Standing Corporate Auditor

Masami Kitagawa
Standing Corporate Auditor

Hiromu Fujioka
Corporate Auditor

Kuniaki Maenaka
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 in-depth 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.

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, issues that have arisen, and earnings reports, as well as liaising with the communications divisions responsible for disseminating this information externally. Information on Company decisions and earnings reports is disseminated quickly after deliberation by the Steering Committee or 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.

Executive Officers

From left: Kenji Tachibana, Kaoru Asano, Takashi Goda, Michiaki Ishida, Yukio Hamaguchi, Junzo Yamamoto, Iwane Matsui

Michiaki Ishida
Executive Officer
ICH Business Unit

Takashi Goda
Executive Officer
Business Management (Japan), Sales & Marketing

Yukio Hamaguchi
Executive Officer
Executive Vice President of Immunology & Chemistry Product Engineering

Kaoru Asano
Executive Officer
Executive Vice President of R&D Strategic Planning

Junzo Yamamoto
Executive Officer
Executive Vice President of Instrument Production

Kenji Tachibana
Executive Officer
Executive Vice President of IVD Business Development

Iwane Matsui
Executive Officer
Executive Vice President of Corporate Business Planning

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 68.3% in the fiscal year ended March 31, 2010, to 69.1% in the fiscal year ended March 31, 2011, and 70.5% in the fiscal year ended March 31, 2012.

As of May 2012, the Company assumes forex rates of US$1.00 = ¥80 and €1.00 = ¥105.

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 provide 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. In 2012, fees remained essentially flat, with overall fees increasing at a rate of 0.004%, and 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

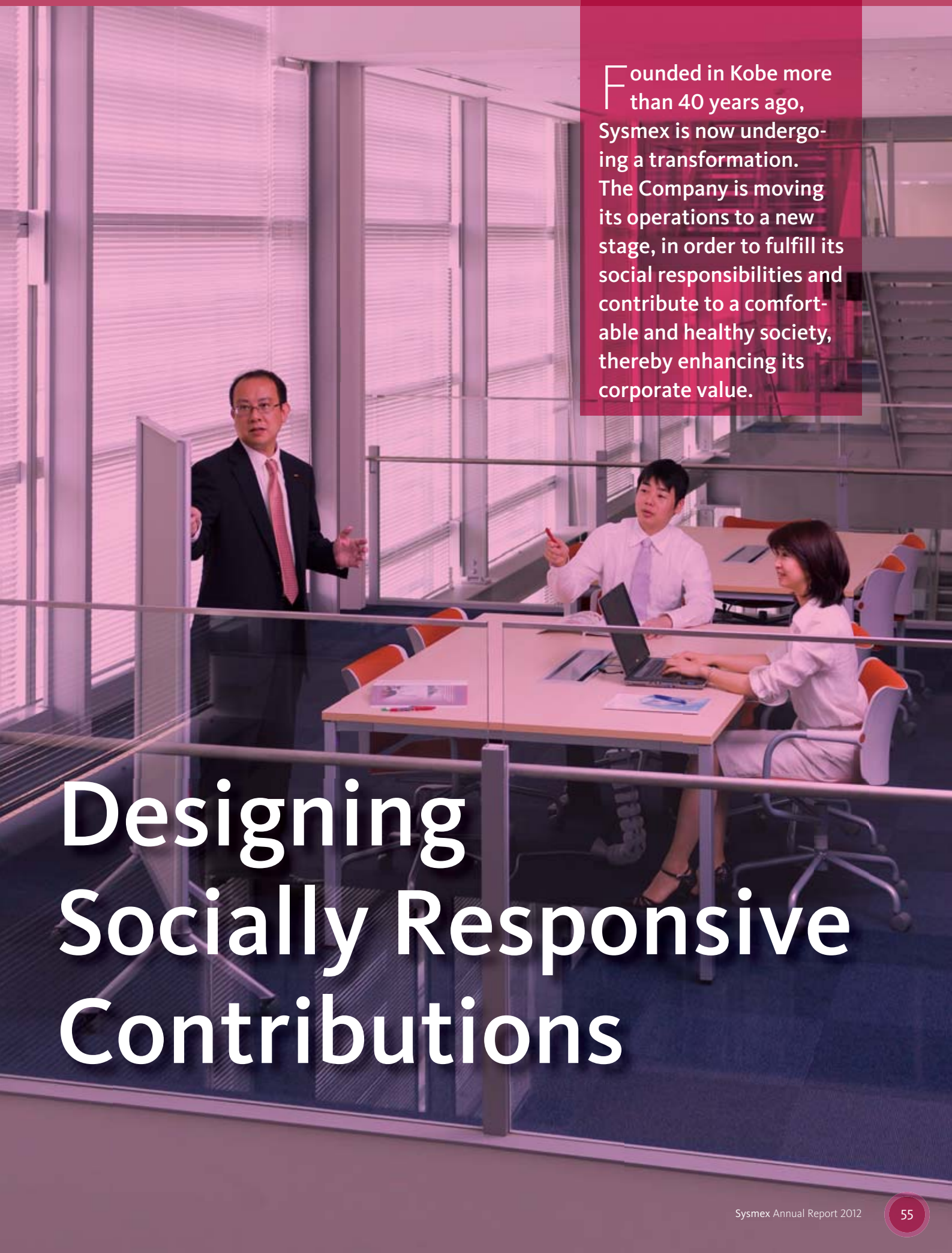
Sysmex markets its products to customers in more than 170 countries and works to ensure the stable supply of these products to customers. The Company might experience difficulties with procurement if, for example, business operations were suspended at suppliers or the supply of raw materials was interrupted. If production facilities sustained damage due to large-scale natural disasters, fires or other major calamities, our ability to supply products to the market could be impaired.

For these reasons, Sysmex hedges this risk by sourcing raw materials from multiple companies. We are also enhancing initiatives to prevent damage to production bases and to restore facilities in the event damage is incurred.

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.



Founded in Kobe more than 40 years ago, Sysmex is now undergoing a transformation. The Company is moving its operations to a new stage, in order to fulfill its social responsibilities and contribute to a comfortable and healthy society, thereby enhancing its corporate value.

Designing Socially Responsive Contributions

Brand Equity

The Sysmex brand is a symbol of our efforts to advance the Company to the next stage. The brand also signifies a promise to all stakeholders of our efforts to fulfill their expectations.

The Sysmex corporate logo expresses our deep commitment to pioneering efforts as a frontrunner in healthcare as we continue to develop innovative testing and diagnostic technologies to raise the level of human health and instill greater confidence. The shape reminds us of the infinity symbol, "∞," and illustrates the unlimited possibilities of Sysmex. The ocean and mountain motif evokes the evolution of life as well as the landscape of Kobe, the birthplace of Sysmex.

Sysmex products and services are used by healthcare institutions in more than 170 countries. We also have a diverse range of stakeholders, including the business partners with which we have alliances in place and conduct joint research, and the shareholders and regional communities that support our activities. The Sysmex brand conveys our determination to enhance our corporate value to contribute to society and meet the expectations of stakeholders throughout the world.

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

Intellectual Property Activities

Sysmex seeks to boost brand equity through careful attention to its trademarks, patents and other intellectual property rights.

In line with its expanding business domains and global development, Sysmex has established basic principles to share with employees its fundamental thoughts on intellectual property activities and do its utmost to strengthen the Group through these activities.

In accordance with these basic principles, the Company's basic policy on specific intellectual property activities is to liaise with R&D divisions, uncover latent intellectual property opportunities and survey the intellectual property rights of third parties.

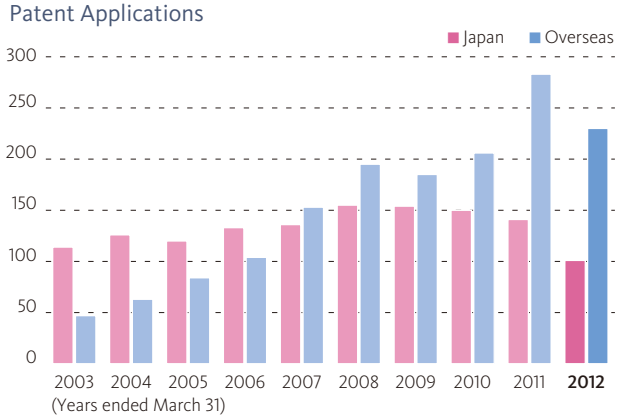
In addition to reinforcing the liaison function (supporting idea generation, converting intellectual property into rights and leveraging these assets), we take a proactive stance on intellectual property education activities, which are part of our effort to quickly convert research successes into valuable intellectual property. We also have in place a remuneration system that includes bonuses based on patent performance. This system is designed to contribute to the Group's business and enhance incentives for inventors. Patent remuneration is provided based on rankings in accordance with the magnitude of the contribution using an original calculation formula based on examination of factors including sales of products to which the invention has been applied and royalty income in accordance with Sysmex's employee commendation regulations.

Sysmex holds approximately 1,363 patents worldwide, concentrated in Japan, the United States and Europe. We are striving to ensure worldwide flexibility in R&D and operational development by also acquiring patent rights in the rapidly developing China and Asia Pacific regions.

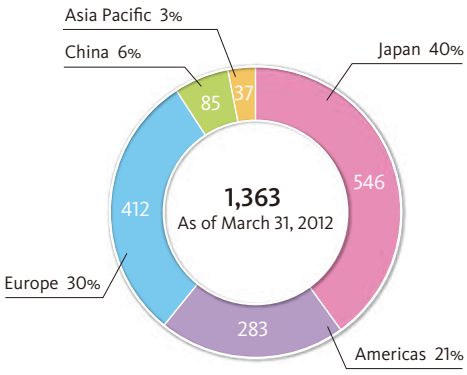
In recent years, counterfeit Sysmex reagents have been discovered in China, Indonesia, Malaysia, Pakistan and other countries. As we cannot guarantee the diagnostic reliability of these knock-offs, we have cautioned consumers by placing advertisements in local newspapers. We have also mounted extensive efforts to elicit the cooperation of these countries' governments in addressing the problem.

As a research-driven company, Sysmex is reinforcing its intellectual property management and supporting the knowledge-building efforts of its employees. We believe that persevering in these areas will help us sustain our global competitiveness.

Patent Applications



Patents Held, by Region



Socially Responsible Activities

We aim to instill confidence in stakeholders throughout the world. In accordance with beliefs firmly held since our founding, 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.

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.

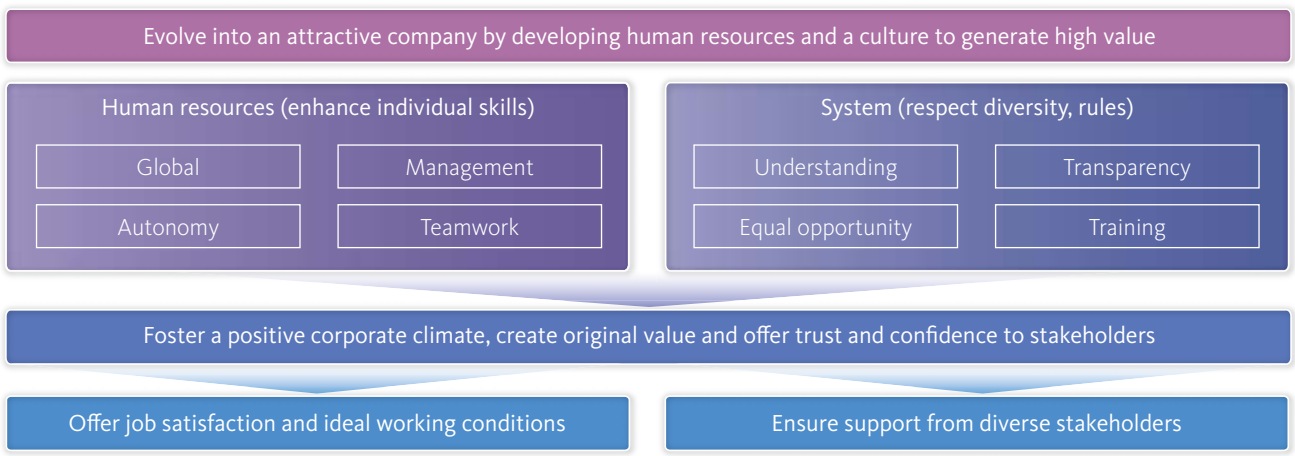
Sysmex believes that recruiting, retaining and developing human resources is among the most fundamental of management tasks. The Company strives to create an environment that encourages individual employees to develop their strengths. Currently, around 50% of Sysmex employees are stationed at companies overseas. As it becomes more global, the Company is attracting an even broader range of people from different countries and cultures; in short, our human resources are rapidly growing more diverse. Sysmex supports individual diversity and accordingly works to build an atmosphere that encourages autonomy and a spirit of challenge, as well as a system that rewards employees for their successes. In line with these objectives, in April 2011 we put in place a new human resource system founded on management by objectives (MBO). In our companywide human resource development program, initiatives emphasize employee skill development through level-specific, globalization and other types of training.

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.

We have extended the scope of these activities to include overseas communities, as well, and in the fiscal year ended March 31, 2012, we were rated a company where it is "easy to work" by three organizations, scoring in the top 100 in such rankings in Japan, the United States and Germany. We will continue with such efforts to create a comfortable working environment for our employees.

- Japan: 68th / NICES (Nikkei Inc.)
- United States: 66th / Top 100 Best Places to Work in Healthcare (ASC Communications)
- Germany: Top 100 ranking / Great Place to Work® Institute

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 activities related to science, culture and the environment in a manner befitting a global healthcare company.

Since 1984, Sysmex has provided assistance for research into electronic measuring technology through the Nakatani Foundation for Advancement of Measuring Technologies in Biomedical Engineering. 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 Taro Nakatani, the Company's founder and first president, established the Nakatani Foundation using funds contributed by himself, Sysmex and others. So far, the foundation has provided support for 289 research projects.

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.

Sysmex officially registered as a member of the United Nations Global Compact in February 2011, thereby demonstrating our increased emphasis on activities pertaining to corporate social responsibility (CSR). The Global Compact was first announced by then Secretary-General Kofi Anan in an address to The World Economic Forum in January 1999, and was officially launched at UN Headquarters in New York in July 2000. By joining the Global Compact, business and non-business entities commit to upholding 10 principles in the areas of human rights, labor, the environment and anticorruption.

THE GLOBAL COMPACT
WE SUPPORT

Greener Sysmex Initiative

Sysmex Group companies in the eight countries in the Asia Pacific region are working together on a variety of environmental preservation and community contribution under the overarching theme of "Greener Sysmex." In the past, Group companies have cooperated on charity events aimed at protecting endangered species in Singapore, New Zealand and Thailand, as well as on afforestation activities in the Philippines. During the fiscal year ended March 31, 2012, Group companies continued afforestation and greening activities in each region.

In April 2011, Sysmex (Thailand) took part in mangrove planting in Thailand's Samut Sakhon Province, as did Sysmex (Malaysia) in the state of Salangor in November. Other tree-planting included Sysmex Philippines' efforts in Tarlac City in May 2011 and Sysmex Indonesia's activities in Karang Tengah in February 2012. Employees' families participated proactively in these activities, helping to cultivate a stronger sense of togetherness.

"Brigada Eskwela" (clean up and repair classroom) and tree planting. The event took place in Tarlac City (located at the center of Luzon, 104km north of Manila).

Nature conservation at Kali Pesanggrahan, a river located in Karang Tengah, Lebak Bulus, South Jakarta.

Sysmex is also a proactive participant in a variety of charitable initiatives. For example, employees in the United States voluntarily take part in a fund-raising campaign organized by the Leukemia & Lymphoma Society (LLS), a large-scale NPO. Their efforts to attract donors through unique event- and web-based efforts have contributed substantially to the organization's fund-raising efforts. In recognition of these efforts, our U.S. subsidiary was ranked for the fourth consecutive year on the Companies That Care Award, which is sponsored by Companies That Care, a U.S. NPO. This annual award honors companies with the characteristics of a "company that cares," including social contributions and sustaining a good work environment.

Sysmex as also selected as one of the 2012 Global 100's Most Sustainable Companies in the World, a ranking based on joint research by Canadian publisher Corporate Knights, Bloomberg and other organizations. The Global 100 are selected from among 3,500 companies around the world on the basis of corporate value characteristics including environmental, social and corporate governance aspects. Sysmex ranked 77th overall and sixth in the Health Care sector. Encouraged by these results, Sysmex will continue moving forward with its efforts to enhance corporate value through corporate contribution activities.

In December 2005, the Company established the Sysmex Women's Track & Field Team, welcoming Athens Olympic Games gold medalist Mizuki Noguchi. The team supports the training of young athletes who aim to become world-class competitors. Sysmex was a special sponsor of First Kobe Marathon, which took place in November 2011, attracting around 20,000 entrants. In addition to providing the runners' bibs, we exhibited at a booth in the Kobe Marathon EXPO, which was held to coincide with the marathon. Sysmex employees volunteered their time to support these activities in a number of ways. A portion of the proceeds from this event were donated to assist victims of the Great East Japan Earthquake and spur recovery in the affected region.

Environmental Conservation

Our activities aim to fulfill social responsibilities, becoming an "environmentally advanced company" in the healthcare sector.

Sysmex considers its social responsibility toward environmental conservation a management priority. In our efforts to

Kobe Marathon 2011

achieve harmony with the global environment, we work to reduce the environmental impact of each stage of our operations—from product design, development, procurement and production to sales, support and product usage.

The Company reviewed its existing Environmental Policy in May 2009 with the aim of prioritizing initiatives to reduce its environmental impact in various phases of the product lifecycle: product design, production, sales, usage and end-of-life disposal.

Ramping up its environmental conservation activities even further, in 2010 Sysmex established long-term environmental objectives to be achieved by fiscal 2020, under the themes of global warming countermeasures, effective use of resources and waste reduction, and effective use of water resources.

Sysmex also has acquired certification under the international ISO 14001 standard for environmental management systems at principal business sites. In addition, we are formulating a groupwide system to promote environmental activities, including an annual environmental audit.

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.

In a bid to reduce emissions and use resources effectively, we have launched zero-emissions initiatives at our factories. We also promote emissions separation and recovery and other recycling efforts. For its new product in the hematology field, the XN-Series, Sysmex has switched the packaging on some of its reagents from conventional polyethylene to paper packaging, and introduced concentrated reagents. These moves substantially reduce the changing frequency, thereby reducing waste, making our products more environmentally considerate.

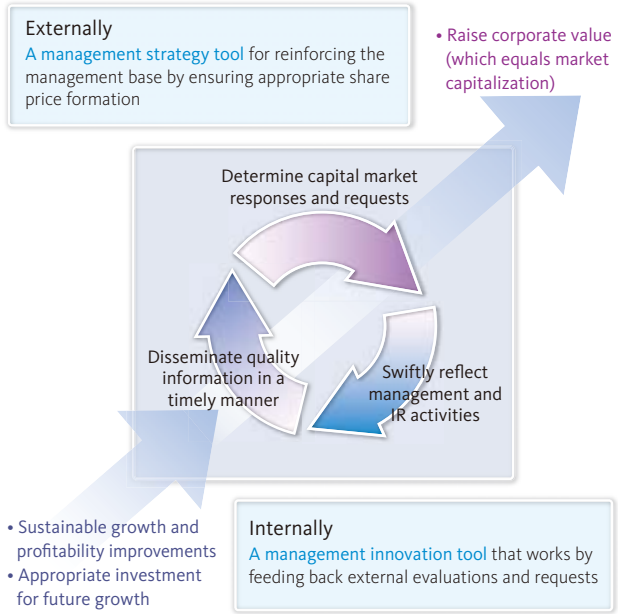
Investor Relations Activities

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

Position of Sysmex IR Activities



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 explanations at industry exhibitions or tours of local factories. For individual investors and other shareholders, the department holds business results briefings in Tokyo and Kobe, prepares shareholder reports, as well as extensive video content on its website, all with the aim of introducing the Company's business in an easily understandable way.

The Company earned the Japan Investor Relations Association (JIRA)'s "Best IR Award" the second time in fiscal 2011, following an award for fiscal 2006. Sysmex receives high rankings from companies that conduct surveys (such companies as Daiwa Investor Relations and Nikko IR), and the website was designated as an Excellent Corporate Website. Sysmex's annual report for the fiscal year ended March 31, 2011, also earned awards in two of the world's largest annual report competitions—a Gold in the Healthcare Technology category of the International ARC Awards (held by MerComm, Inc., of the United States) and a Silver in the Health Care (Equipment & Supplies) segment of the Vision Awards (sponsored by LACP of the United States).

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.

Receiving the Best IR Award from JIRA

International ARC Awards ceremony

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 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.

Financial Performance

Contents

11-Year Consolidated Financial Data

For the years ended March 31,	2002	2003	2004	2005
For the year:				
Net sales	¥ 47,532	¥ 57,253	¥ 65,970	¥ 76,935
Operating income	3,417	5,299	6,615	9,104
Net income	1,308	3,125	3,157	5,731
Net increase (decrease) in cash and cash equivalents	1,842	1,071	3,465	(3,261)
Cash and cash equivalents, end of year	9,181	10,253	13,718	10,458
Capital expenditure	2,455	2,317	2,451	2,729
Depreciation	2,810	3,107	3,203	3,296
R&D expenditure	4,130	4,969	5,549	6,509
Net cash provided by (used in) operating activities	4,234	5,603	9,302	6,692
Net cash provided by (used in) investing activities	(2,112)	(2,260)	(3,212)	(5,631)
Net cash provided by (used in) financing activities	(568)	(2,034)	(2,428)	(4,377)
At year-end:				
Total assets	66,502	66,449	71,983	77,660
Shareholders' equity	35,577	43,325	51,096	56,149
Interest-bearing liabilities	11,606	10,893	4,175	657
Per share data:				
Shareholders' equity (yen)	¥ 1,701.5	¥ 1,879.5	¥ 2,042.7	¥ 2,244.9
Net income (basic) (yen)	62.6	132.2	132.9	225.1
Net income (diluted) (yen)	58.4	121.8	123.1	224.0
Cash dividends applicable to the year (yen)	22.0	25.0	30.0	40.0
Dividend ratio (%) *Two-for-one stock split	35.2	18.9	22.6	17.8
Other data:				
Shareholders' equity ratio (%)	53.5	65.2	71.0	72.3
Return on equity (ROE) (%)	3.8	7.9	6.7	10.7
Return on assets (ROA) (%)	2.1	4.7	4.6	7.7
Price-earnings ratio (PER) (times)	35.6	15.9	20.3	27.2
Price-book value ratio (PBR) (times)	1.3	1.1	1.3	2.7
Number of employees Note: Including part-time employees	2,530	2,639	2,907	3,115

Notes:
1. U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥82 = U.S. $1, the approximate rate of exchange on March 31, 2012.
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)
2006	2007	2008	2009	2010	2011	2012	2012
¥ 87,888	¥ 101,041	¥ 110,724	¥ 111,843	¥ 116,206	¥ 124,694	¥ 134,744	$ 1,643,220
10,724	12,715	15,033	15,134	15,740	18,289	19,206	234,220
7,423	9,008	9,132	8,014	9,765	11,412	12,007	146,427
(499)	3,299	(3,044)	(269)	4,403	5,103	2,922	35,634
9,416	12,715	9,679	9,410	13,813	18,916	21,838	266,317
5,638	4,546	8,244	9,340	4,540	5,840	7,909	964,390
3,592	3,959	3,924	7,189	7,067	6,871	7,031	85,744
8,184	9,026	9,221	10,771	11,238	12,380	11,904	145,171
8,275	10,085	11,635	13,194	21,230	18,135	17,059	208,036
(7,859)	(6,630)	(12,883)	(13,545)	(6,603)	(8,916)	(10,372)	(126,488)
(1,191)	(458)	(1,316)	723	(10,091)	(3,475)	(3,814)	(46,512)
87,447	101,225	109,027	118,522	120,702	130,060	142,285	1,735,183
62,647	71,344	78,753	79,183	86,358	93,534	101,834	1,241,878
695	669	1,081	10,344	2,565	1,971	1,026	12,512
						(Yen)	(U.S. dollars)
¥ 1,251.8*	¥ 1,411.0	¥ 1,541.0	¥ 1,548.2	¥ 1,684.9	¥ 910.7*	¥ 990.5	$ 12.08
145.5*	179.6	178.9	156.7	190.8	111.2*	116.9	1.43
143.8*	178.0	178.3	156.5	190.5	111.0*	116.6	1.42
36.0*	36.0	48.0	50.0	56.0	60.0	34.0*	0.41
17.9	20.0	26.8	31.9	29.4	27.0	29.1	
71.6	70.5	72.2	66.8	71.5	71.9	71.6	
12.5	13.4	12.2	10.1	11.8	12.7	12.3	
9.0	9.5	8.7	7.0	8.2	9.1	8.8	
35.3	23.8	20.1	20.0	28.7	26.5	28.6	
4.1	3.0	2.3	2.0	3.3	3.2	3.4	
3,334	3,580	3,916	4,148	4,587	4,960	5,324	

Financial Policy

Sysmex regards increasing its market capitalization to maximize corporate value as 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 selling, general and administrative (SG&A) expenses. In recent years, our sales growth in overseas markets has been striking and succeeded in sustaining steady growth. Sysmex is aggressively making forward-looking investments not only in the hematology segment, the current key business domain, but also in non-hematology segments such as hemostasis, immunochemistry, urinalysis and clinical chemistry and 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 holds 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, 2012, although the Japanese economy showed signs of recovering from difficult conditions following the Great East Japan Earthquake, rising raw materials prices and historically high rates of ongoing yen appreciation shrouded the future in uncertainty. In Europe and the United States, the economic outlook is less than positive, owing to such factors as the extended financial crisis in Europe, unrest in the Middle East and Africa and rising gasoline prices—causing customer confidence to fall. In emerging markets, meanwhile, overall economic expansion remains firm, despite uncertainties stemming from signs of gradual deceleration in China's economic growth and rising consumer prices.

Sysmex website

Shareholder newsletter

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

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

In its mainstay hematology field, the Sysmex Group launched the new flagship XN-Series of multiparameter automated hematology analyzers. The series is designed for sale across all regions, and sales will commence by country, as approved. We added a new factory wing to the Ono Factory (Ono, Hyogo Prefecture) of our reagent production facility, Sysmex International Reagents Co., Ltd., in preparation for anticipated increases in demand in the Japanese market, as well as to manufacture the concentrated reagents used in the XN-Series. In March 2012, the reagent factory commenced production at approximately 1.5 times its previous level.

As a result, during the year under review net sales expanded ¥10,050 million, or 8.1%, to ¥134,744 million; operating income rose ¥917 million, or 5.0%, to ¥19,206 million; and net income increased ¥595 million, or 5.2%, to ¥12,007 million. The equity ratio slipped from 71.9% as of March 31, 2011, to 71.6% on March 31, 2012. Total asset turnover was 0.99 time, unchanged from the preceding fiscal year. Meanwhile, return on equity (ROE) dipped to 12.3% during the year under review, from 12.7% in the preceding term.

Net Sales by Destination*

Looking at net sales by destination, in Japan management improvements accompanying healthcare reforms resulted in steady capital investment by large-scale medical institutions. This situation and our ongoing efforts to promote solutions led to solid sales, as well as strong performance in terms of receiving major orders. As a result, centering on firm results in our mainstay hematology field, we posted sales in Japan of ¥39,735 million, up 3.1% from the previous fiscal year.

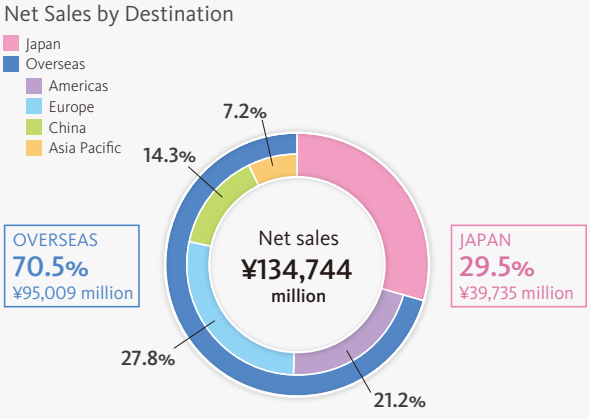
In overseas markets, we made steady progress in the strengthening of sales and support structures and the provision of solutions. As a result, sales moved steadily upward on a local currency basis due to increased sales of instruments and diagnostic reagents. Consequently, despite major yen appreciation the Group's overseas sales were ¥95,009 million, up 10.3% year on year. The overseas sales ratio was 70.5%, up 1.4 percentage points from the previous fiscal year.

Looking at overseas sales by destination, sales in the Americas amounted to ¥28,607 million, up ¥2,072 million, or 7.8% year on year; in Europe ¥37,370 million, up ¥1,956 million, or 5.5%; in China ¥19,299 million, up ¥4,206 million, or 27.9%; and in Asia-Pacific ¥9,733 million, up ¥622 million, or 6.8%.

* 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.

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

Rating Information
(As of May 31, 2012)
Rating symbols and definitions:
Rating A; The credit quality is high. It is also accompanied by some excellent factors.



Net Sales by Geographical Region

Japan

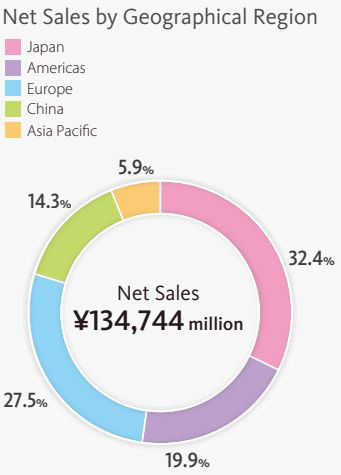
Sales remained robust in the hematology testing field, our main business domain, as our perseverance in presenting solutions to customers paid off in the form of an increase in large orders. These factors contributed to a 4.7% rise in sales compared with the corresponding period of the preceding fiscal year, to ¥43,690 million.

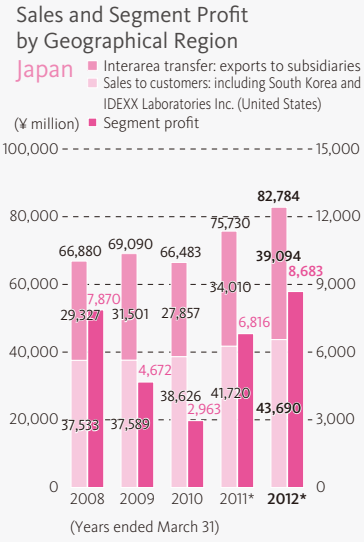
Despite the negative effects on income of yen appreciation, we posted segment profit of ¥8,683 million, up 27.4% year on year. This rise was the result of robust domestic sales and an increase in gross profits owing to the expansion of export sales to Group companies, including the impact of a revision in intragroup transaction prices.

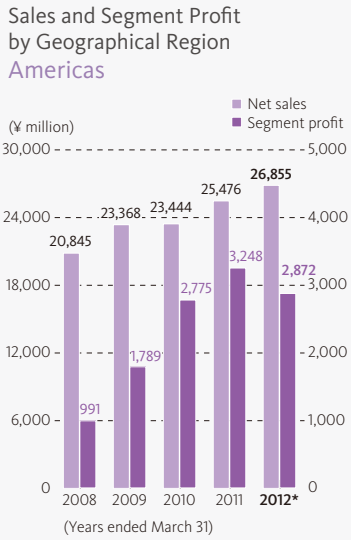
Americas

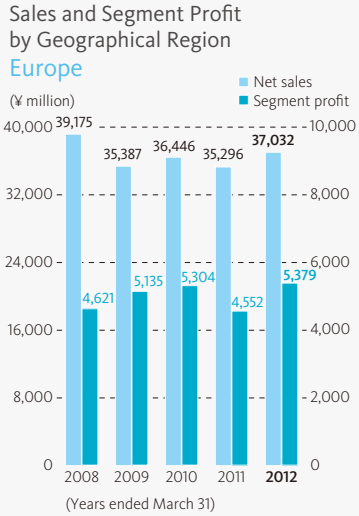
In the United States, sales grew as a result of our focus on developing direct sales and support networks, as well as our success in promoting solutions that meet customer needs, which generated strong sales to integrated healthcare networks (IHNs) and the U.S. Veterans Integrated Service Network (VISN). Meanwhile, sales were favorable in Central and South America, centering on bids won in Brazil and Mexico. Despite the negative effects of yen appreciation, sales in the Americas rose 5.4%, to ¥26,855 million.

In addition to yen appreciation, cost of sales rose as the result of a revision in intragroup transaction prices, and selling, general and administrative expenses increased, stemming from efforts to reinforce our sales and support operations. Consequently, segment profit fell 11.6%, to ¥2,872 million.

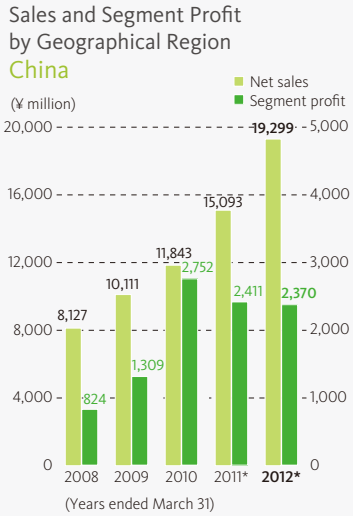


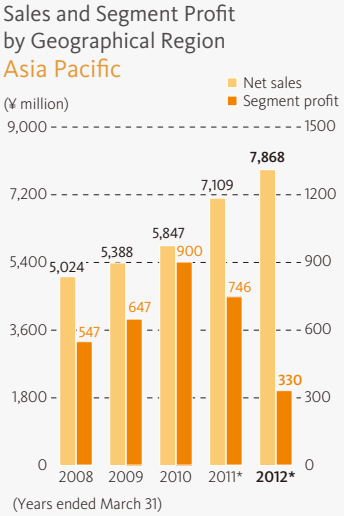






* Changes in intragroup transaction prices





Europe

In addition to enhancing our direct sales and support activities, we continued in our efforts to propose solutions, resulting in robust sales centered on the hematology field. As a result, sales in Europe were up 4.9% year on year, to ¥37,032 million.

The effects of higher sales compensated for an increase in selling, general and administrative expenses to enhance our sales and support structure, prompting segment profit to rise 18.2%, to ¥5,379 million.

China

In China, sales surged 27.9%, to ¥19,299 million. Behind these solid results were substantially higher sales of instruments and diagnostic reagents in the hematology, hemostasis and urinalysis fields, as well as increased sales of instruments in the clinical chemistry field.

Segment profit fell 1.7%, to ¥2,370 million, owing to such factors as higher cost of sales resulting from a revision in intragroup transaction prices.

Asia Pacific

Sales were up sharply in India, centering on the hematology field, and sales were firm in Indonesia and Australia. For the region, sales were up 10.7% year on year, to ¥7,868 million.

Owing to the higher cost of sales resulting from a revision in intragroup transaction prices and an increase in selling, general and administrative expenses to enhance our sales and support structure, segment profit fell 55.8%, to ¥330 million.

Profits and Losses

Net Sales

In Japan, our ongoing efforts to promote solutions led strong performance in terms of receiving major orders. As a result, sales were robust, centering on firm results in our mainstay hematology field

In overseas markets, meanwhile, we made steady progress in the strengthening of sales and support structures and the provision of solutions. Consequently, sales moved steadily upward on a local currency basis due to increased sales of instruments and diagnostic reagents.

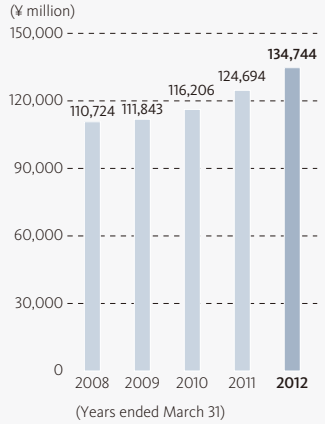
Owing to these factors, during the year ended March 31, 2012, net sales increased ¥10,050 million, or 8.1%, to ¥134,744 million. Yen appreciation continued throughout the fiscal year, with the average exchange rate against the U.S. dollar rising ¥6.65, from ¥85.72 to ¥79.07. This shift had a ¥2,207 million negative impact on sales. Likewise, the yen appreciated ¥4.15 against the euro, with the average for the year moving from ¥113.11 against the euro to ¥108.96. Yen appreciation against the euro had a ¥1,292 million negative effect on sales. The overall appreciation of the yen against other currencies had a negative impact on sales of ¥4,459 million.

Cost of Sales and SG&A Expenses

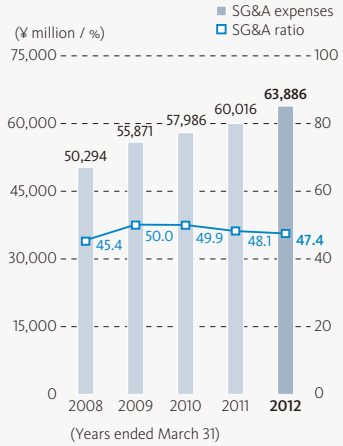
Cost of sales increased ¥5,263 million, or 11.3%, to ¥51,652 million, and the cost of sales ratio rose 1.1 percentage points, to 38.3%.

SG&A expenses rose ¥3,870 million, or 6.4%, to ¥63,886 million, stemming from the Company's efforts to reinforce its sales and support structures. The ratio of SG&A expenses to net sales edged down 0.7 percentage point, from 48.1% to 47.4%.

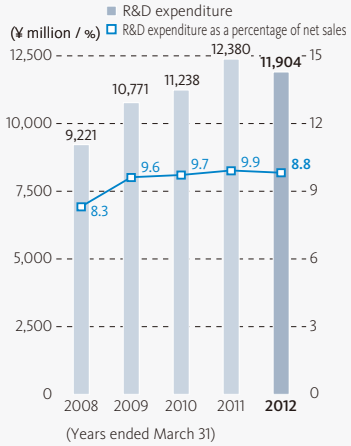
Net Sales



SG&A Expenses
SG&A Ratio



R&D Expenditure
R&D Expenditure as a Percentage of Net Sales



Income

Bolstered by higher sales, operating income increased ¥917 million, or 5.0%, to ¥19,206 million, and the operating margin was 14.3%, down 0.4 percentage point. The foreign exchange situation, meanwhile, had a ¥3,133 million negative impact on operating income, compared with the preceding fiscal year.

Net income expanded ¥595 million, or 5.2%, to ¥12,007 million. In the preceding fiscal year, the Company posted a ¥188 million loss on adjustment for changes of accounting standard for asset retirement obligations. Although this loss was absent during the year under review, total income taxes increased ¥617 million, or 9.8%, to ¥6,929 million.

R&D Expenditure

To enhance its product portfolio, during the year Sysmex developed new products and aggressively pursued R&D centering on the life sciences, a field targeted for future growth. However, R&D expenditure fell ¥476 million, or 3.8%, to ¥11,904 million. R&D expenditure as a percentage of net sales decreased 1.1 percentage points, from 9.9% to 8.8%.

Dividend Policy

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 as our earning power increases. In terms of returns to shareholders, we intend to provide a stable dividend on a continuous basis and aim for a consolidated payout ratio of 20% 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 of Directors.

In accordance with this policy and in light of business performance during the year under review, we announced dividends for the year of ¥34 per share, which includes an interim dividend of ¥15. As a result, the consolidated payout ratio was 29.1%.

Going forward, Sysmex will continue to effectively invest its internal reserves in the implementation of highly 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' expectations.

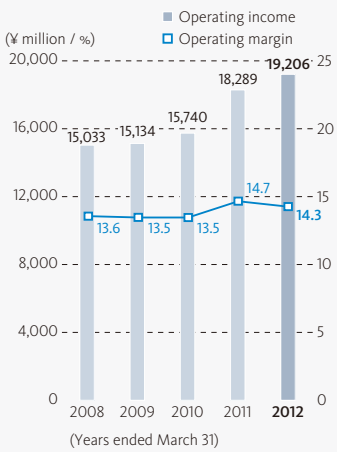
Liquidity and Sources of Capital

Fund Procurement and Liquidity Management

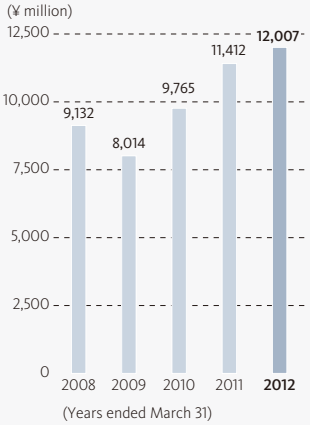
The Company raises working capital as necessary through short-term bank loans and other means. Consolidated subsidiaries obtain bank loans as needed to secure working capital, but in October 2003, the Company introduced a cash management system to increase efficiency by unifying financing and capital management at affiliates in Japan.

The Company currently holds 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 stakeholders and with the world at large. To enhance its rating in the upcoming years, Sysmex will pay close attention to the balance between sales and profits and assets, liabilities and shareholders' equity.

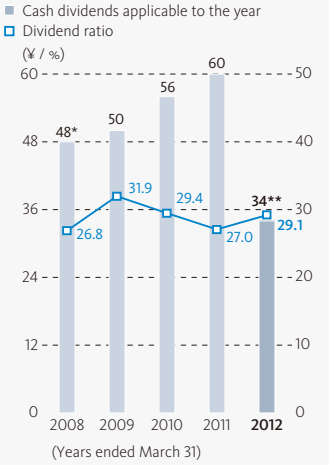
Operating Income
Operating Margin



Net Income



Cash Dividends Applicable to the Year
Dividend Ratio



* Including special dividends of ¥8 commemorating the 40th anniversary of the Company's founding.
** Two-for-one stock split conducted on April 1, 2011.

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

As of March 31, 2012, total assets amounted to ¥142,285 million, up ¥12,225 million from the end of the previous fiscal year. Major factors included a ¥2,922 million increase in cash and cash equivalents, a rise of ¥4,167 million in trade notes and accounts receivable, a ¥2,032 million increase in inventories and a ¥2,620 million expansion in buildings and structures.

Meanwhile, total liabilities were up ¥3,955 million, to ¥39,782 million. The main reasons for this rise were increases of ¥871 million in trade accounts payable and a ¥1,724 million expansion in construction and other.

Total equity came to ¥102,503 million at the end of the year, up ¥8,270 million. The principal reason for this rise was a ¥8,823 million increase in retained earnings. The equity ratio as of March 31, 2012, was 71.6%, down 0.3 percentage point from the 71. 9% recorded at the end of the previous fiscal year.

Cash Flows

As of March 31, 2012, cash and cash equivalents amounted to ¥21,838 million, up ¥2,922 million from March 31, 2011. Cash flows from various activities are described in more detail below.

Cash Flows from Operating Activities

Net cash provided by operating activities was ¥17,059 million, down ¥1,076 million. As principal factors, income before income taxes and minority interests provided ¥18,959 million, ¥1,204 million more than during the preceding year, and depreciation and amortization provided ¥8,022 million, ¥474 million more than in the preceding year. However, uses of cash included a ¥4,755 million increase in notes and accounts receivable, ¥2,286 million more than in the preceding year, and income taxes paid used ¥6,702 million, up ¥950 million.

Cash Flows from Investing Activities

Net cash used in investing activities was ¥10,372 million, ¥1,456 million more than in the preceding fiscal year. The main use of cash was purchases of property, plant and equipment, which used ¥6,732 million, ¥959 million more than in the previous year. In addition, purchase of business used ¥1,901 million.

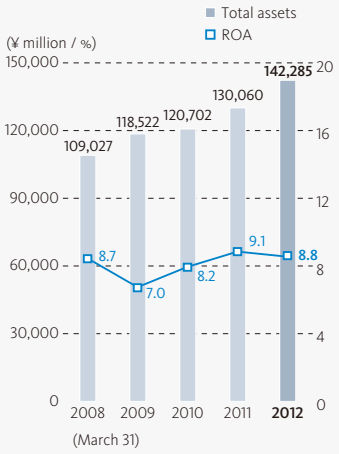
Cash Flows from Financing Activities

Net cash used in financing activities amounted to ¥3,814 million, ¥339 million more than was used in these activities in the previous year. Major uses of cash included dividends paid of ¥3,184 million, ¥157 million more than in the previous year; ¥577 million in payments of lease obligations, a ¥454 million decrease; and a net decrease in short-term bank loans of ¥283 million, compared with an increase of ¥284 million in the previous year.

Capital Expenditure and Depreciation

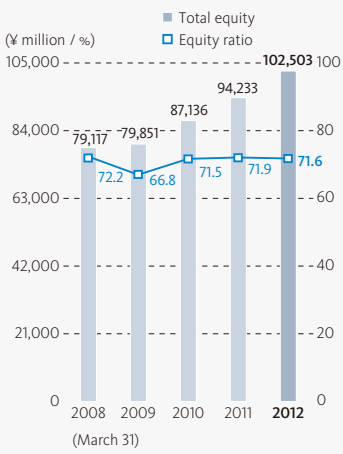
Capital expenditure (investment in property, plant and equipment, including construction in progress) was up ¥2,069 million year on year, or 35.4%, to ¥7,909 million. The principal reason for this rise was the acquisition of instruments to lend to customers. Depreciation and amortization increased ¥160 million, or 2.3%, to ¥7,031 million.

Total Assets
ROA*

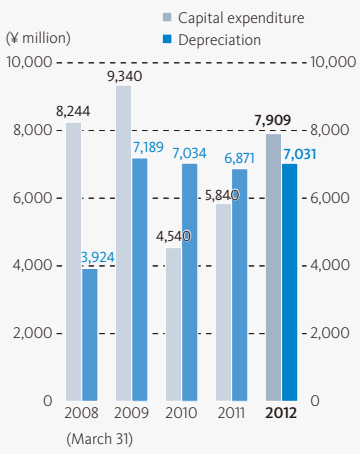


* Net Income/Total Assets (Yearly Average)×100

Total Equity
Equity Ratio



Capital Expenditure
Depreciation



Consolidated Balance Sheets

Sysmex Corporation and Subsidiaries

March 31, 2012	Millions of Yen 2012	Millions of Yen 2011	Thousands of U.S. Dollars (Note 1) 2012
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents (Note 12)	¥ 21,838	¥ 18,916	$ 266,317
Short-term investments (Note 3)	269	213	3,280
Receivables (Note 12):			
Trade notes	3,383	2,896	41,256
Trade accounts	32,674	28,994	398,463
Associated company	164	176	2,000
Other	221	292	2,695
Allowance for doubtful accounts	(351)	(371)	(4,280)
Investments in lease (Notes 11 and 12)	2,577	1,763	31,427
Inventories (Note 4)	21,843	19,811	266,378
Deferred tax assets (Note 10)	5,130	4,925	62,561
Prepaid expenses and other current assets	2,412	2,317	29,415
Total current assets	90,160	79,932	1,099,512
PROPERTY, PLANT AND EQUIPMENT:			
Land	8,894	7,893	108,463
Buildings and structures	28,518	25,898	347,780
Machinery and equipment	7,330	6,828	89,390
Furniture and fixtures	27,828	25,318	339,366
Lease assets	4,442	5,451	54,171
Construction in progress	1,125	144	13,720
Total	78,137	71,532	952,890
Accumulated depreciation	(38,297)	(35,300)	(467,036)
Net property, plant and equipment	39,840	36,232	485,854
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 3 and 12)	3,183	2,965	38,817
Investment in associated company	76	137	927
Goodwill (Note 5)	2,194	1,830	26,756
Software	4,447	4,585	54,232
Deposits	959	956	11,695
Investment in real estate		2,106	
Deferred tax assets (Note 10)	88	116	1,073
Other assets	1,338	1,201	16,317
Total investments and other assets	12,285	13,896	149,817
TOTAL	¥ 142,285	¥ 130,060	$ 1,735,183

See notes to consolidated financial statements.

March 31, 2012	Millions of Yen 2012	2011	Thousands of U.S. Dollars (Note 1) 2012
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Current portion of long-term debt (Note 6)	¥ 5	¥ 5	$ 61
Current portion of long-term lease obligations (Note 12)	252	594	3,073
Payables (Note 12):			
Trade notes	2,023	2,149	24,671
Trade accounts	9,978	9,107	121,683
Associated company	165	297	2,012
Construction and other	4,490	2,766	54,756
Income taxes payable (Note 12)	2,776	2,729	33,854
Accrued expenses	8,289	7,642	101,085
Deferred tax liabilities (Note 10)	1	0	12
Other current liabilities	6,749	5,704	82,305
Total current liabilities	34,728	30,993	423,512
LONG-TERM LIABILITIES:			
Long-term debt (Note 6)	5	11	61
Long-term lease obligations (Note 12)	257	551	3,134
Liability for retirement benefits (Note 7)	1,424	912	17,366
Guarantee deposits received	536	1,028	6,537
Deferred tax liabilities (Note 10)	1,760	1,454	21,463
Other long-term liabilities	1,072	878	13,073
Total long-term liabilities	5,054	4,834	61,634
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 11 and 13)			
EQUITY (Notes 8, 9, 15 and 16):			
Common stock, authorized, 299,344,000 shares; issued, 103,027,016 shares in 2012 and 51,461,808 shares in 2011	9,187	9,042	112,037
Capital surplus	14,127	13,981	172,280
Stock acquisition rights	546	600	6,659
Retained earnings	83,485	74,662	1,018,110
Treasury stock - at cost: 217,764 shares in 2012 and 108,308 shares in 2011	(256)	(252)	(3,122)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	427	186	5,207
Deferred loss on derivatives under hedge accounting	(0)	(14)	(0)
Foreign currency translation adjustments	(5,136)	(4,071)	(62,634)
Total	102,380	94,134	1,248,537
Minority interests	123	99	1,500
Total equity	102,503	94,233	1,250,037
TOTAL	¥ 142,285	¥ 130,060	$ 1,735,183

Consolidated Statements of Income

Sysmex Corporation and Subsidiaries

Years Ended March 31, 2012	Millions of Yen 2012	Millions of Yen 2011	Thousands of U.S. Dollars (Note 1) 2012
NET SALES	¥ 134,744	¥ 124,694	$ 1,643,220
COST OF SALES	51,652	46,389	629,902
Gross profit	83,092	78,305	1,013,318
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	63,886	60,016	779,098
Operating income	19,206	18,289	234,220
OTHER INCOME (EXPENSES):			
Interest and dividend income	196	181	2,390
Interest expense	(96)	(97)	(1,171)
Foreign exchange loss–net	(403)	(886)	(4,915)
Other–net	56	268	683
Other expenses–net	(247)	(534)	(3,013)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	18,959	17,755	231,207
INCOME TAXES (Note 10):			
Current	6,891	5,861	84,037
Deferred	38	451	463
Total income taxes	6,929	6,312	84,500
NET INCOME BEFORE MINORITY INTERESTS	12,030	11,443	146,707
MINORITY INTERESTS IN NET INCOME	23	31	280
NET INCOME	¥ 12,007	¥ 11,412	$ 146,427

Years Ended March 31, 2012	Yen 2012	Yen 2011	U.S. Dollars 2012
PER SHARE OF COMMON STOCK (Notes 2.w and 15):			
Basic net income	¥116.85	¥ 111.17	$ 1.43
Diluted net income	116.63	110.96	1.42
Cash dividends applicable to the year	34.00	60.00	0.41

See notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

Sysmex Corporation and Subsidiaries

Years Ended March 31, 2012	Millions of Yen 2012	Millions of Yen 2011	Thousands of U.S. Dollars (Note 1) 2012
NET INCOME BEFORE MINORITY INTERESTS	¥ 12,030	¥ 11,443	$ 146,707
OTHER COMPREHENSIVE INCOME (LOSS) (Note 14):			
Unrealized gain (loss) on available-for-sale securities	241	(85)	2,939
Deferred gain (loss) on derivatives under hedge accounting	14	(0)	171
Foreign currency translation adjustments	(1,064)	(1,509)	(12,976)
Total other comprehensive loss	(809)	(1,594)	(9,866)
COMPREHENSIVE INCOME (Note 14)	¥ 11,221	¥ 9,849	$ 136,841
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO (Note 14):			
Owners of the parent	¥ 11,197	¥ 9,815	$ 136,549
Minority interests	24	34	292

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

Sysmex Corporation and Subsidiaries

	Millions of Yen											
							Accumulated Other Comprehensive Income					
Years Ended March 31, 2012	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gain (Loss) on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2010	51,253,982	¥ 8,825	¥ 13,764	¥ 666	¥ 66,277	¥ (205)	¥ 271	¥ (14)	¥ (2,560)	¥ 87,024	¥ 112	¥ 87,136
Net income					11,412					11,412		11,412
Cash dividends, ¥59.00 per share					(3,027)					(3,027)		(3,027)
Purchase of treasury stock	(8,810)					(48)				(48)		(48)
Disposal of treasury stock	228		0			1				1		1
Exercise of warrants	108,100	217	217							434		434
Net change in the year				(66)			(85)	(0)	(1,511)	(1,662)	(13)	(1,675)
BALANCE, MARCH 31, 2011	51,353,500	9,042	13,981	600	74,662	(252)	186	(14)	(4,071)	94,134	99	94,233
Net income					12,007					12,007		12,007
Cash dividends, ¥47.00 per share					(3,184)					(3,184)		(3,184)
Purchase of treasury stock	(1,356)					(4)				(4)		(4)
Disposal of treasury stock	208		1			0				1		1
Stock splits (Note 8)	51,353,500											
Exercise of warrants	103,400	145	145							290		290
Net change in the year				(54)			241	14	(1,065)	(864)	24	(840)
BALANCE, MARCH 31, 2012	102,809,252	¥ 9,187	¥ 14,127	¥ 546	¥ 83,485	¥ (256)	¥ 427	¥ (0)	¥ (5,136)	¥ 102,380	¥ 123	¥ 102,503

	Thousands of U.S. Dollars (Note 1)										
						Accumulated Other Comprehensive Income					
Year Ended March 31, 2012	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2011	$ 110,269	$ 170,500	$ 7,318	$ 910,512	$ (3,073)	$ 2,268	$ (171)	$ (49,646)	$ 1,147,977	$ 1,207	$ 1,149,184
Net income				146,427					146,427		146,427
Cash dividends, $0.57 per share				(38,829)					(38,829)		(38,829)
Purchase of treasury stock					(49)				(49)		(49)
Disposal of treasury stock		12			0				12		12
Stock splits (Note 8)											
Exercise of warrants	1,768	1,768							3,536		3,536
Net change in the year			(659)			2,939	171	(12,988)	(10,537)	293	(10,244)
BALANCE, MARCH 31, 2012	$112,037	$ 172,280	$ 6,659	$1,018,110	$(3,122)	$5,207	$ (0)	$ (62,634)	$ 1,248,537	$ 1,500	$ 1,250,037

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Sysmex Corporation and Subsidiaries

Years Ended March 31, 2012	Millions of Yen 2012	Millions of Yen 2011	Thousands of U.S. Dollars (Note 1) 2012
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 18,959	¥ 17,755	$231,207
Adjustments for:			
Income taxes - paid	(6,702)	(5,752)	(81,732)
Depreciation and amortization	8,022	7,548	97,829
Loss on disposal of property, plant and equipment	177	97	2,159
Changes in assets and liabilities:			
Increase in notes and accounts receivable	(4,755)	(2,469)	(57,988)
Increase in inventories	(2,140)	(1,336)	(26,098)
Increase in notes and accounts payable	596	1,365	7,268
Increase in liability for retirement benefits	526	121	6,415
Other–net	2,376	806	28,976
Net cash provided by operating activities	17,059	18,135	208,036
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(6,732)	(5,773)	(82,098)
Purchases of software and other assets	(1,707)	(2,018)	(20,817)
Acquisitions, net of cash acquired		(1,064)	
Purchase of business	(1,901)		(23,183)
Other–net	(32)	(61)	(390)
Net cash used in investing activities	(10,372)	(8,916)	(126,488)
FINANCING ACTIVITIES:			
(Decrease) increase in short-term bank loans - net	(283)	284	(3,451)
Repayments of long-term debt	(6)	(9)	(73)
Payments of lease obligations	(577)	(1,031)	(7,037)
Exercise of warrants	240	371	2,927
Dividends paid	(3,184)	(3,027)	(38,829)
Other–net	(4)	(63)	(49)
Net cash used in financing activities	(3,814)	(3,475)	(46,512)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	49	(641)	598
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,922	5,103	35,634
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	18,916	13,813	230,683
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 21,838	¥ 18,916	$ 266,317
ADDITIONAL CASH FLOW INFORMATION - Interest paid	¥ 50	¥ 91	$ 610

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Sysmex Corporation and Subsidiaries

1. BASIS OF PRESENTATION OF 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. In addition, certain reclassifications have been made in the 2011 consolidated financial statements to conform to the classifications used in 2012.

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 ¥82 to $1, the approximate rate of exchange at March 31, 2012. 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, 2012 include the accounts of the Company and 45 (47 in 2011) 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.

Investments in an associated company are accounted for by the equity method.

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary and associated company at the date of acquisition, and is carried at cost less accumulated amortization, which is calculated by the straight-line method over 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 also 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 research and development (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; and 5) exclusion of minority interests from net income, if contained in net income.

c. Unification of Accounting Policies Applied to Foreign Associated Companies for the Equity Method—In March 2008, the ASBJ issued ASBJ Statement No. 16, "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 impracticable 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 of America 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; and 5) exclusion of minority interests from net income, if contained in net income.

d. Business Combination—In October 2003, the Business Accounting Council issued a Statement of Opinion, "Accounting for Business Combinations", and in December 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."

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.

In December 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 revised standard requires accounting for business combinations only by the purchase method. As a result, the pooling of interests method of accounting is no longer allowed. (2) The previous accounting standard required R&D costs to be charged to income as incurred. Under the revised standard, in-process R&D costs acquired in the business combination is capitalized as an intangible asset. (3) The previous accounting standard provided for a bargain purchase gain (negative goodwill) to be systematically amortized over a period not exceeding 20 years. Under the revised standard, the acquirer recognizes the bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase allocation. The revised standard was applicable to business combinations undertaken on or after April 1, 2011.

e. 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.

f. Marketable and Investment Securities—Marketable and investment securities are classified and accounted for, depending on management's intent, as follows: (1) 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; (2) held-to-maturity debt securities, for which there is the positive intent and ability to hold to maturity are reported at amortized cost; and (3) 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.

g. 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.

h. Inventories—Inventories are stated at cost determined by the average cost method or net selling value for the Company and its domestic subsidiaries, and at the lower of cost, determined by the first-in, first-out method, or market for foreign subsidiaries.

i. 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, from 5 to 11 years for machinery and equipment, and from 2 to 15 years for furniture and fixtures.

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

j. 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.

k. 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 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.

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's directors 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 on June 24, 2005. No additional provisions have been recorded for retirement benefits to be paid to the Company's directors since then. The liability for directors' retirement benefits is the amount provided in proportion to the term that present directors had been in place before June 24, 2005.

m. Asset Retirement Obligations—In March 2008, the ASBJ published, 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 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.

n. 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.

o. Research and Development—R&D costs are charged to income as incurred. Such costs were ¥ 11,904 million ($145,171 thousand) and ¥12,380 million for the years ended March 31, 2012 and 2011, 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 was effective for fiscal years beginning on or after April 1, 2008.

(1) Finance Leases as Lessee

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions be capitalized by recognizing 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 continue to be accounted for as operating lease transactions.

(2) Finance Leases as Lessor

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

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

r. Construction Contracts—In December 2007, the ASBJ issued ASBJ Statement No. 15, "Accounting Standard for Construction Contracts" and ASBJ Guidance No. 18, "Guidance on 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 should be applied. When it is probable that the total construction costs will exceed total construction revenue, an estimated loss on the contract should be immediately recognized by providing for a loss on construction contracts.

s. 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.

t. 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.

u. Foreign Currency Financial Statements—The balance sheet accounts of 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 are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity.

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

v. 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.

w. 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, which is not retroactively adjusted for stock splits.

x. Accounting Changes and Error Corrections—In December 2009, ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows:

(1) Changes in Accounting Policies
When a new accounting policy is applied with revision of accounting standards, the new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

(2) Changes in Presentations
When the presentation of financial statements is changed, prior period financial statements are reclassified in accordance with the new presentation.

(3) Changes in Accounting Estimates
A change in an accounting estimate is accounted for in the period of the change if the change affects that period only and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of Prior Period Errors
When an error in prior period financial statements is discovered, those statements are restated.

This accounting standard and the guidance are applicable to accounting changes and corrections of prior period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

y. New Accounting Pronouncemen—
Accounting Standard for Retirement Benefits—On May 17, 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits", which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with effective date of April 1, 2000 and the other related practical guidances, being followed by partial amendments from time to time through 2009.

Major changes are as follows:

(a) Treatment in the balance sheet
Under the current requirements, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are not recognized in the balance sheet, and the difference between retirement benefit obligations and plan assets ("deficit or surplus"), adjusted by such unrecognized amounts, are recognized as a liability or asset.

Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss shall be recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and the deficit or surplus shall be recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(b) Treatment in the statement of income and the statement of comprehensive income (or the statement of income and comprehensive income)
The revised accounting standard would not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts would be recognized in profit or loss over a certain period no longer than the expected average remaining working lives of the employees. However, actuarial gains and losses and past service costs that arose in the current period and yet to be recognized in profit or loss shall be included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments.

This accounting standard and the guidance are effective for the end of annual periods beginning on or after April 1, 2013 with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Company expects to apply the revised accounting standard from the end of the annual period beginning on April 1, 2013 and is in the process of measuring the effects of applying the revised accounting standard for the year ending March 31, 2014.

3. SHORT-TERM INVESTMENTS AND INVESTMENT SECURITIES

Short-term investments and investment securities as of March 31, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Current:			
Time deposits other than cash equivalents	¥ 24	¥ 35	$ 292
Investment trust	245	178	2,988
Total	¥ 269	¥ 213	$ 3,280
Non-current:			
Marketable equity securities	¥ 2,239	¥ 1,890	$ 27,305
Debt securities		500	
Unquoted equity securities	944	575	11,512
Total	¥ 3,183	¥ 2,965	$ 38,817

The costs and aggregate fair values of investment securities as of March 31, 2012 and 2011 were as follows:

	Millions of Yen			
	2012			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	¥ 1,567	¥ 683	¥ (11)	¥ 2,239

	Millions of Yen			
	2011			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	¥ 1,567	¥ 324	¥ (1)	¥ 1,890

	Thousands of U.S. Dollars			
	2012			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	$ 19,110	$ 8,329	$ (134)	$ 27,305

4. INVENTORIES

Inventories as of March 31, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Finished products and merchandise	¥ 16,534	¥ 14,330	$ 201,634
Work in process	1,402	1,733	17,098
Raw materials	3,368	3,281	41,073
Supplies	539	467	6,573
Total	¥ 21,843	¥ 19,811	$ 266,378

5. GOODWILL

Goodwill as of March 31, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Current:	¥ 1,165	¥ 51	$ 14,207
Unquoted equity securities	1,029	1,779	12,549
Total	¥ 2,194	¥ 1,830	$ 26,756

Goodwill on purchase of a specific business and consolidation goodwill are amortized using straight-line method over five years.

6. LONG-TERM DEBT

Long-term debt as of March 31, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Loans from banks, due through 2016, with interest ranging from 0.02 % to 0.05 % for 2012 (from 0.02% to 0.05% for 2011):			
Unsecured	¥ 10	¥ 16	$ 122
Total	10	16	122
Less current portion	(5)	(5)	(61)
Long-term debt, less current portion	¥ 5	¥ 11	$ 61

Annual maturities of long-term debt as of March 31, 2012 were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2013	¥ 5	$ 61
2014	4	49
2015	1	12
2016	0	0
Total	¥ 10	$ 122

7. 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 as of March 31, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Projected benefit obligation	¥ 10,177	¥ 9,572	$ 124,110
Fair value of plan assets	(7,984)	(7,550)	(97,366)
Unrecognized prior service cost	(28)		(341)
Unrecognized actuarial loss	(901)	(1,270)	(10,988)
Net liability	¥ 1,264	¥ 752	$ 15,415

The components of net periodic retirement benefit costs for the years ended March 31, 2012 and 2011 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Service cost	¥ 1,195	¥ 1,151	$ 14,573
Interest cost	185	174	2,256
Expected return on plan assets	(227)	(215)	(2,768)
Amortization of prior service cost	3		37
Recognized actuarial loss	509	249	6,207
Net periodic retirement benefit costs	¥ 1,665	¥ 1,359	$ 20,305

Assumptions used for the years ended March 31, 2012 and 2011 are set forth as follows:

	2012	2011
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	3.0%	3.0%
Amortization period of prior service cost	5 years	
Recognition period of actuarial gain/loss	5 years	5 years

In addition, the Company and certain subsidiaries participate in contributory multiemployer pension plans covering substantially all of their employees. Under these plans, the amount of pension assets and benefit obligations were approximately ¥8,497 million ($103,622 thousand) and ¥10,153 million ($123,817 thousand) at March 31, 2011, the most recent valuation date.

The Company also has recorded a liability for an unfunded retirement benefit plan covering all of its directors in the amount of ¥160 million ($1,951 thousand), and ¥160 million as of March 31, 2012 and 2011, respectively.

8. EQUITY

Japanese companies are 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 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 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.

On April 1, 2011, the Company made a two-for-one stock split by way of a free share distribution based on the resolution of the Board of Directors meeting held on March 3, 2011.

9. STOCK OPTION

The stock options outstanding as of March 31, 2012 are as follows:

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
		(Shares)			
2007 Stock Option	9 directors 152 employees 18 directors of subsidiaries 42 employees of subsidiaries	1,466,400	2007.7.30	¥ 2,325 ($ 28.35)	From July 30, 2009 to July 29, 2015

The number of options granted and price information in the above table are retroactively adjusted for stock splits:

The stock option activity is as follows:

For the year ended March 31, 2011	2007 Stock Option
	(Shares)
Non-vested	
April 1, 2010 - Outstanding	
Granted	
Canceled	
Vested	
March 31, 2011 - Outstanding	
Vested	
April 1, 2010 - Outstanding	677,700
Vested	
Exercised	(63,700)
Canceled	(3,500)
March 31, 2011 - Outstanding	610,500
Exercise price	¥ 4,650
Average stock price at exercise	¥ 5,420
Fair value price at grant date	¥ 98,325

The number of shares and price information as of March 31, 2011 are not adjusted for stock splits.

For the year ended March 31, 2012	2007 Stock Option
	(Shares)
Non-vested	
March 31, 2011 - Outstanding	
Granted	
Canceled	
Vested	
March 31, 2012 - Outstanding	
Vested	
March 31, 2011 - Outstanding	1,221,000
Vested	
Exercised	(103,400)
Canceled	(6,000)
March 31, 2012 - Outstanding	1,111,600
Exercise price	¥ 2,325
Average stock price at exercise	¥ 2,770
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%

10. 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, 2012 and 2011. 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, 2012 and 2011 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Deferred tax assets (Current):			
Unrealized intercompany profits	¥ 2,072	¥ 1,776	$25,268
Inventories	489	611	5,963
Accrued bonuses	1,067	1,020	13,012
Accrued enterprise tax	163	218	1,988
Other	1,341	1,309	16,354
Less valuation allowance		(7)	
Total	5,132	4,927	62,585
Deferred tax assets (Non-current):			
Depreciation	69	87	841
Liability for retirement benefits	420	277	5,122
Tax loss carryforwards		8	
Software	746	867	9,098
Investment securities	287	249	3,500
Other	1,187	1,174	14,476
Less valuation allowance	(228)	(265)	(2,781)
Total	2,481	2,397	30,256
Deferred tax liabilities (Current)	3	2	36
Deferred tax liabilities (Non-current):			
Net unrealized gain on available-for-sale securities	239	131	2,915
Revaluation of land for consolidation	400	457	4,878
Investment loss for subsidiaries capital reduction by corporation tax law	377	431	4,598
Undistributed earnings of foreign subsidiaries	2,356	2,035	28,731
Other	781	681	9,524
Total	4,153	3,735	50,646
Net deferred tax assets	¥ 3,457	¥ 3,587	$ 42,159

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, 2012 and 2011 is as follows:

	2012	2011
Normal effective statutory tax rate	40.6%	40.6%
Expenses not deductible for income tax purposes	1.3	1.4
Per capita levy	0.3	0.3
Foreign tax credit	(0.8)	(4.3)
Tax effect on elimination of dividends from foreign subsidiaries		4.5
R&D tax credit	(3.3)	(3.1)
Amortization of goodwill	1.5	1.5
Effect of tax rate reduction	0.8	
Tax effect on undistributed earnings of foreign subsidiaries	2.0	2.1
Different tax rates applied to foreign subsidiaries	(6.7)	(7.4)
Other - net	0.8	(0.0)
Actual effective tax rate	36.5%	35.6%

On December 2, 2011, new tax reform laws were enacted in Japan, which changed the normal effective statutory tax rate from approximately 40.6% to 38.0% effective for the fiscal years beginning on or after April 1, 2012 through March 31, 2015, and to 35.6% afterwards. The effect of this change was to decrease deferred taxes in the consolidated balance sheet as of March 31, 2012 by ¥115 million ($1,402 thousand) and to increase income taxes - deferred in the consolidated statement of income for the year then ended by ¥149 million ($1,817 thousand).

11. LEASES

(Lessee)

The Group leases certain furniture, fixtures and other assets.

The minimum rental commitments under noncancelable operating leases are as follows

	Millions of Yen	Thousands of U.S. Dollars
	2012	2012
Due within one year	¥ 791	$ 9,646
Due after one year	5,497	67,037
Total	¥ 6,288	$ 76,683

(Lessor)

The net investments in lease are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Gross lease receivables	¥ 2,692	¥ 1,888	$ 32,829
Estimated residual values	397	281	4,842
Unearned interest income	(512)	(406)	(6,244)
Investments in lease, current	¥ 2,577	¥ 1,763	$ 31,427

Maturities of investment in lease for finance leases that are not deemed 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
2013	¥ 746	$ 9,098
2014	708	8,634
2015	575	7,012
2016	412	5,024
2017	200	2,439
2018 and thereafter	51	622
Total	¥ 2,692	$ 32,829

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

	Millions of Yen	Thousands of U.S. Dollars
	2012	2012
Due within one year	¥ 5	$ 61
Due after one year	12	146
Total	¥ 17	$ 207

12. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Group Policy for Financial Instruments

The Group invests cash surpluses in low-risk financial assets, mainly short-term deposits and uses financial instruments, mainly short-term bank loans, for funding. Derivatives are used, not for speculative purposes, but to manage exposure to financial risks as described in (2) below.

(2) Nature and Extent of Risks Arising from Financial Instruments

Receivables such as trade notes, trade accounts and lease investment assets are exposed to customer credit risk. Although receivables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, the position, net of payables in foreign currencies, is hedged by using forward foreign currency contracts. Marketable and investment securities, mainly listing shares, are exposed to the risk of market price fluctuations.

Payment terms of payables, such as trade notes and trade accounts, are mostly less than six months.

Maturities of finance lease obligation, which are mainly used for funding of equipment investment, are less than eleven years after the balance sheet date.

Derivatives mainly include forward foreign currency contracts, which are used to manage exposure to market risks from changes in foreign currency exchange rates of receivables.

Please see Note 13 for more detail about instruments, hedged items and policy for hedge accounting and assessment procedures of hedge effectiveness.

(3) Risk management for financial instruments

Credit risk management

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Group manages its credit risk from receivables on the basis of internal guidelines, which include monitoring of payment term and balances of major customers by each business administration department to identify the default risk of customers at an early stage. The credit risk regarding subsidiaries is also managed in the same manner. With respect to financial investments, the Group manages its exposure to credit risk by prohibiting its funding to high credit rated bonds in accordance with its internal guidelines. Credit risk from derivatives is minimized because the group deals only with large financial institutions.

Market risk management (foreign exchange risk)

Foreign currency trade receivables are exposed to market risk resulting from fluctuations in foreign currency exchange rates. Such foreign currency exchange risk, which is recognized with respect to each currency and each month, is hedged principally by forward foreign currency contracts. Forward foreign currency contracts are used when foreign currency trade receivables are certainly expected from forecasted transactions according to conditions in foreign currency exchange fluctuations.

Marketable and investment securities are managed by monitoring market values and financial position of issuers on a regular basis.

Derivative transactions have been approved by a predefined decision maker based on the internal guidelines which prescribe the authority and the limit and managed by regularly confirming the balance of each day by the finance department.

Liquidity risk management

Liquidity risk comprises the risk that the Group cannot meet its contractual obligations in full on their maturity dates. The Group manages its liquidity risk by holding adequate volumes of liquid assets in view of business income, expenditure, and equipment investment spending plan along with adequate financial planning by the corporate treasury department. Subsidiaries also report their financial plans to the Group. The finance department manages the liquidity risk by obtaining information of cash flows of the whole Group.

(4) Fair Values of Financial Instruments

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, other rational valuation techniques are used instead. The techniques include some changing factors and the fair values may be changed by adopting different assumptions. In addition, the contract amounts of derivatives in Note 13, "DERIVATIVES," do not directly indicate the market risk of derivatives.

(a) Fair value of financial instruments

The carrying amounts, fair values and unrealized gain/loss as of March 31, 2012 and 2011, are as follows. Note that financial instruments whose fair value cannot be reliably determined are not included (see (b)).

March 31, 2012	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	¥ 21,838	¥ 21,838	
Receivables:			
Trade notes	3,383		
Trade accounts	32,674		
Associated company	164		
Allowance for doubtful accounts (*1)	(344)		
Receivables - net	35,877	35,876	¥ (1)
Investments in lease	2,577	2,489	(88)
Investment securities:			
Available-for-sale securities	2,239	2,239	
Total	¥ 62,531	¥ 62,442	¥ (89)
Payables:			
Trade notes	¥ 2,023	¥ 2,023	
Trade accounts	9,978	9,978	
Associated company	165	165	
Lease obligations	509	506	¥ (3)
Income taxes payable	2,776	2,776	
Total	¥ 15,451	¥ 15,448	¥ (3)
Derivatives (*2)	¥ (238)	¥ (238)	

March 31, 2011	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	¥ 18,916	¥ 18,916	
Receivables:			
Trade notes	2,896		
Trade accounts	28,994		
Associated company	176		
Allowance for doubtful accounts (*1)	(371)		
Receivables - net	31,695	31,691	¥ (4)
Investments in lease	1,763	1,704	(59)
Investment securities:			
Held-to-maturity securities	500	507	7
Available-for-sale securities	1,890	1,890	
Total	¥ 54,764	¥ 54,708	¥ (56)
Payables:			
Trade notes	¥ 2,149	¥ 2,149	
Trade accounts	9,107	9,107	
Associated company	297	297	
Lease obligations	1,145	1,132	¥ (13)
Income taxes payable	2,729	2,729	
Total	¥ 15,427	¥ 15,414	¥ (13)
Derivatives (*2)	¥ (109)	¥ (109)	

March 31, 2012	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	$ 266,317	$ 266,317	
Receivables:			
Trade notes	41,256		
Trade accounts	398,463		
Associated company	2,000		
Allowance for doubtful accounts (*1)	(4,195)		
Receivables - net	437,524	437,512	$ (12)
Investments in lease	31,427	30,354	(1,073)
Investment securities:			
Available-for-sale securities	27,305	27,305	
Total	$ 762,573	$ 761,488	$ (1,085)
Payables:			
Trade notes	$ 24,671	$ 24,671	
Trade accounts	121,683	121,683	
Associated company	2,012	2,012	
Lease obligations	6,207	6,171	$ (36)
Income taxes payable	33,854	33,854	
Total	$ 188,427	$ 188,391	$ (36)
Derivatives (*2)	$ (2,902)	$ (2,902)	

Notes: *1. Allowance for doubtful accounts associated with trade accounts receivables are deducted.
*2. Derivative assets and liabilities are on net basis.

Assets

Cash and cash equivalents

The carrying values are adopted for cash and cash equivalents as they approximate fair value because of their short maturities.

Receivables

The carrying values are adopted for short-term receivables as they approximate fair value.

The fair values of long-term receivables such as installment receivables measured at the present values discounted by risk-free rates and the future cash flows including credit risks.

Investments in lease

The fair values of investments in lease are measured at the present values discounted by the interest rate after consideration of the remaining terms and credit risks.

Investment securities

The fair values of equity securities are determined by securities exchange prices. Please see Note 3, "SHORT-TERM INVESTMENT AND INVESTMENT SECURITIES," for securities categorized by purposes.

Liabilities

Payables and income taxes payable

The carrying values are adopted for payables and income taxes payable as they approximate fair value because of their short maturities.

Lease obligations

The fair values of lease obligations are measured at the present values of total principal discounted by the interest rate which would be used if a new lease transaction occurred.

Derivatives

Fair value information for derivatives is included in Note 13, "DERIVATIVES".

(b) Carrying amount of financial instruments whose fair value cannot be reliably determined

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Investments in equity instruments that do not have a quoted market price in an active market	¥ 1,021	¥ 712	$ 12,451

The above financial instruments are not included in investment securities because they do not have market values and it is difficult to estimate the future cash flows.

(5) Maturity Analysis for Financial Assets and Securities with Contractual Maturities

	Millions of Yen			
March 31, 2012	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash and cash equivalents	¥ 21,838			
Receivables:				
Trade notes	3,383			
Trade accounts	32,425	¥ 249		
Associated company	164			
Investments in lease	579	1,962	¥ 36	
Total	¥ 58,389	¥ 2,211	¥ 36	

	Millions of Yen			
March 31, 2011	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash and cash equivalents	¥ 18,916			
Receivables:				
Trade notes	2,896			
Trade accounts	28,586	¥ 408		
Associated company	176			
Investments in lease	342	1,410	¥ 11	
Investment securities:				
Held-to-maturity securities		500		
Total	¥ 50,916	¥ 2,318	¥ 11	

	Thousands of U.S. Dollars			
March 31, 2012	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash and cash equivalents	$ 266,317			
Receivables:				
Trade notes	41,256			
Trade accounts	395,427	$ 3,036		
Associated company	2,000			
Investments in lease	7,061	23,927	$ 439	
Total	$ 712,061	$ 26,963	$ 439	

13. 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 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.

Derivative transactions to which hedge accounting is not applied

	Millions of Yen			
March 31, 2012	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain/Loss
Foreign currency forward contracts:				
Selling U.S. dollars	¥ 4,700		¥ (184)	¥ (184)
Selling euro	1,044		(54)	(54)

	Millions of Yen			
March 31, 2011	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain/Loss
Foreign currency forward contracts:				
Selling U.S. dollars	¥ 2,365		¥ (4)	¥ (4)
Selling euro	1,738		(82)	(82)

	Thousands of U.S. Dollars			
March 31, 2012	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain/Loss
Foreign currency forward contracts:				
Selling U.S.dollars	$ 57,317		$ (2,244)	$ (2,244)
Selling euro	12,732		(659)	(659)

Derivative transactions to which hedge accounting is applied

	Millions of Yen			
March 31, 2012	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:				
Selling euro	Receivables	¥ 55		¥ (0)

March 31, 2011	Millions of Yen			
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:				
Selling U.S.dollars	Receivables	¥ 450		¥ (6)
Selling euro	Receivables	569		(17)

March 31, 2012	Thousands of U.S. Dollars			
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:				
Selling euro	Receivables	$ 671		$ (0)

The fair value of derivative transactions is measured at the quoted price obtained from the financial institution.

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

14. COMPREHENSIVE INCOME

The components of other comprehensive income for the year ended March 31, 2012 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2012	2012
Unrealized gain on available-for-sale securities:		
Gains arising during the year	¥ 349	$ 4,256
Reclassification adjustments to profit or loss		
Amount before income tax effect	349	4,256
Income tax effect	(108)	(1,317)
Total	¥ 241	$ 2,939
Deferred gain on derivatives under hedge accounting:		
Gains arising during the year	¥ 3	$ 36
Reclassification adjustments to profit or loss	20	244
Amount before income tax effect	23	280
Income tax effect	(9)	(109)
Total	¥ 14	$ 171
Foreign currency translation adjustments:		
Adjustments arising during the year	¥ (1,092)	$ (13,317)
Reclassification adjustments to profit or loss	28	341
Total	¥ (1,064)	$ (12,976)
Total other comprehensive loss	¥ (809)	$ (9,866)

The corresponding information for the year ended March 31, 2011 was not required under the accounting standard for presentation of comprehensive income as an exemption for the first year of adopting that standard and not disclosed herein.

15. NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2012 and 2011 is as follows:

	Millions of Yen	Thousands of U.S. Dollars	Yen	U.S. Dollars
	Net Income	Weighted Average Shares	EPS	
For the year ended March 31, 2012:				
Basic EPS				
Net income available to common shareholders	¥ 12,007	102,758	¥ 116.85	$ 1.43
Effect of dilutive securities				
Stock options		191		
Diluted EPS				
Net income for computation	¥ 12,007	102,949	¥ 116.63	$ 1.42
For the year ended March 31, 2011:				
Basic EPS				
Net income available to common shareholders	¥ 11,412	102,650	¥ 111.17	
Effect of dilutive securities				
Stock options		199		
Diluted EPS				
Net income for computation	¥ 11,412	102,849	¥ 110.96	

16. SUBSEQUENT EVENTS

Appropriations of Retained Earnings

The following appropriation of retained earnings at March 31, 2012 was approved at the shareholders' general meeting of the Company held on June 22, 2012:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥19 ($0.23) per share	¥ 1,953	$ 23,817

17. SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures" and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

1. Description of reportable segments

   The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. The Group mainly produces and sells diagnostic instruments and reagents. The Company plans comprehensive strategies within Japan and conducts business activities there and the four regional headquarters located in America, Europe, China and Asia-Pacific plan comprehensive strategies for each region and conduct business activities in those regions.

   Therefore, the Group consists of the geographical segments based on production and sales structures, which are "Japan," "Americas," "Europe," "China" and "Asia-Pacific".

2. Methods of measurement for the amounts of sales, profit (loss), assets, liabilities and other items for each reportable segment
The accounting policies of each reportable segment are consistent to those disclosed in Note 2, "Summary of Significant Accounting Policies," and the profits of the reportable segments are their operating incomes.

Intersegment sales or transfers are determined based on market prices or costs of goods manufactured.

3. Information about sales, profit (loss), assets, liabilities and other items is as follows:

	Millions of Yen							
	2012							
	Reportable Segment						Reconciliations	Consolidated
	Japan	Americas	Europe	China	Asia Pacific	Total		
Sales:								
Sales to external customers	¥ 43,690	¥ 26,855	¥ 37,032	¥ 19,299	¥ 7,868	¥ 134,744		¥ 134,744
Intersegment sales or transfers	39,094	2	453	5	131	39,685	¥ (39,685)	
Total	¥ 82,784	¥ 26,857	¥ 37,485	¥ 19,304	¥ 7,999	¥ 174,429	¥ (39,685)	¥ 134,744
Segment profit	¥ 8,683	¥ 2,872	¥ 5,379	¥ 2,370	¥ 330	¥ 19,634	¥ (428)	¥ 19,206
Segment assets	90,699	18,173	28,364	11,860	5,772	154,868	(12,583)	142,285
Other:								
Depreciation	3,926	1,075	2,229	137	363	7,730	(699)	7,031
Amortization of goodwill	454		530		7	991		991
Investment of associates accounted for using equity method	76					76		76
Increase in property, plant and equipment and intangible assets	4,796	1,261	3,178	828	476	10,539	(923)	9,616

	Millions of Yen							
	2011							
	Reportable Segment						Reconciliations	Consolidated
	Japan	Americas	Europe	China	Asia Pacific	Total		
Sales:								
Sales to external customers	¥ 41,720	¥ 25,476	¥ 35,296	¥ 15,093	¥ 7,109	¥ 124,694		¥ 124,694
Intersegment sales or transfers	34,010	5	282	7	183	34,487	¥ (34,487)	
Total	¥ 75,730	¥ 25,481	¥ 35,578	¥ 15,100	¥ 7,292	¥ 159,181	¥ (34,487)	¥ 124,694
Segment profit	¥ 6,816	¥ 3,248	¥ 4,552	¥ 2,411	¥ 746	¥ 17,773	¥ 516	¥ 18,289
Segment assets	83,475	16,568	27,510	8,893	5,397	141,843	(11,783)	130,060
Other:								
Depreciation	3,682	1,215	2,012	152	322	7,383	(512)	6,871
Amortization of goodwill	173		497		7	677		677
Investment of associates accounted for using equity method	137					137		137
Increase in property, plant and equipment and intangible assets	3,634	1,295	3,099	106	552	8,686	(828)	7,858

	Thousands of U.S. Dollars							
	2012							
	Reportable Segment						Reconciliations	Consolidated
	Japan	Americas	Europe	China	Asia Pacific	Total		
Sales:								
Sales to external customers	$ 532,805	$ 327,500	$ 451,610	$235,354	$ 95,951	$ 1,643,220		$ 1,643,220
Intersegment sales or transfers	476,756	24	5,524	61	1,598	483,963	$ (483,963)	
Total	$ 1,009,561	$ 327,524	$ 457,134	$ 235,415	$ 97,549	$ 2,127,183	$ (483,963)	$ 1,643,220
Segment profit	$ 105,890	$ 35,024	$ 65,598	$ 28,903	$ 4,024	$ 239,439	$ (5,219)	$ 234,220
Segment assets	1,106,085	221,622	345,903	144,634	70,390	1,888,634	(153,451)	1,735,183
Other:								
Depreciation	47,878	13,110	27,183	1,670	4,427	94,268	(8,524)	85,744
Amortization of goodwill	5,537		6,463		85	12,085		12,085
Investment of associates accounted for using equity method	927					927		927
Increase in property, plant and equipment and intangible assets	58,488	15,378	38,756	10,098	5,805	128,525	(11,256)	117,269

Notes: Reconciliations principally consist of intersegment transfers and unallocated corporate assets included under reconciliations for 2012 and 2011 are ¥2,692 million ($32,829 thousand) and ¥2,485 million, respectively which consist primarily of funds such as marketable equity securities.

4. Information about products and services

	Millions of Yen				
	2012				
	Instrument	Reagent	Maintenance Service	Others	Total
Sales to external customers	¥ 46,142	¥ 59,906	¥ 12,823	¥ 15,873	¥ 134,744

	Millions of Yen				
	2011				
	Instrument	Reagent	Maintenance Service	Others	Total
Sales to external customers	¥ 41,749	¥ 55,291	¥ 12,140	¥ 15,514	¥ 124,694

	Thousands of U.S. Dollars				
	2012				
	Instrument	Reagent	Maintenance Service	Others	Total
Sales to external customers	$ 562,708	$ 730,561	$ 156,378	$ 193,573	$ 1,643,220

5. Information about geographical areas

(1) Sales

Millions of Yen				
2012				
Japan	Americas	China	Other	Total
¥ 39,735	¥ 24,046	¥ 19,299	¥ 51,664	¥ 134,744

Millions of Yen				
2011				
Japan	Americas	China	Other	Total
¥ 38,541	¥ 21,817	¥ 15,093	¥ 49,243	¥ 124,694

Thousands of U.S. Dollars				
2012				
Japan	Americas	China	Other	Total
$ 484,573	$ 293,244	$ 235,354	$ 630,049	$ 1,643,220

(2) Property, plant and equipment

Millions of Yen		
2012		
Japan	Other	Total
¥ 29,317	¥ 10,523	¥ 39,840

Millions of Yen		
2011		
Japan	Other	Total
¥ 26,423	¥ 9,809	¥ 36,232

Thousands of U.S. Dollars		
2012		
Japan	Other	Total
$ 357,525	$ 128,329	$ 485,854

Notes: Sales are classified in countries or regions based on location of customers.

6. Information about major customers

There is no customer who occupies more than 10% of the consolidated sales.

7. Information on the balance of goodwill of reportable segments

	Millions of Yen						
	2012						
	Japan	Americas	Europe	China	Asia Pacific	Eliminations/ Corporate	Total
Goodwill at March 31, 2012	¥ 1,121		¥ 1,061		¥ 12		¥ 2,194

	Millions of Yen						
	2011						
	Japan	Americas	Europe	China	Asia Pacific	Eliminations/ Corporate	Total
Goodwill at March 31, 2011	¥ 170		¥ 1,641		¥ 19		¥ 1,830

	Thousands of U.S. Dollars						
	2012						
	Japan	Americas	Europe	China	Asia Pacific	Eliminations/ Corporate	Total
Goodwill at March 31, 2012	$ 13,671		$ 12,939		$ 146		$ 26,756

Independent Auditors' Report

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Sysmex Corporation:

We have audited the accompanying consolidated balance sheet of Sysmex Corporation and subsidiaries as of March 31, 2012, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in conformity with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2012, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

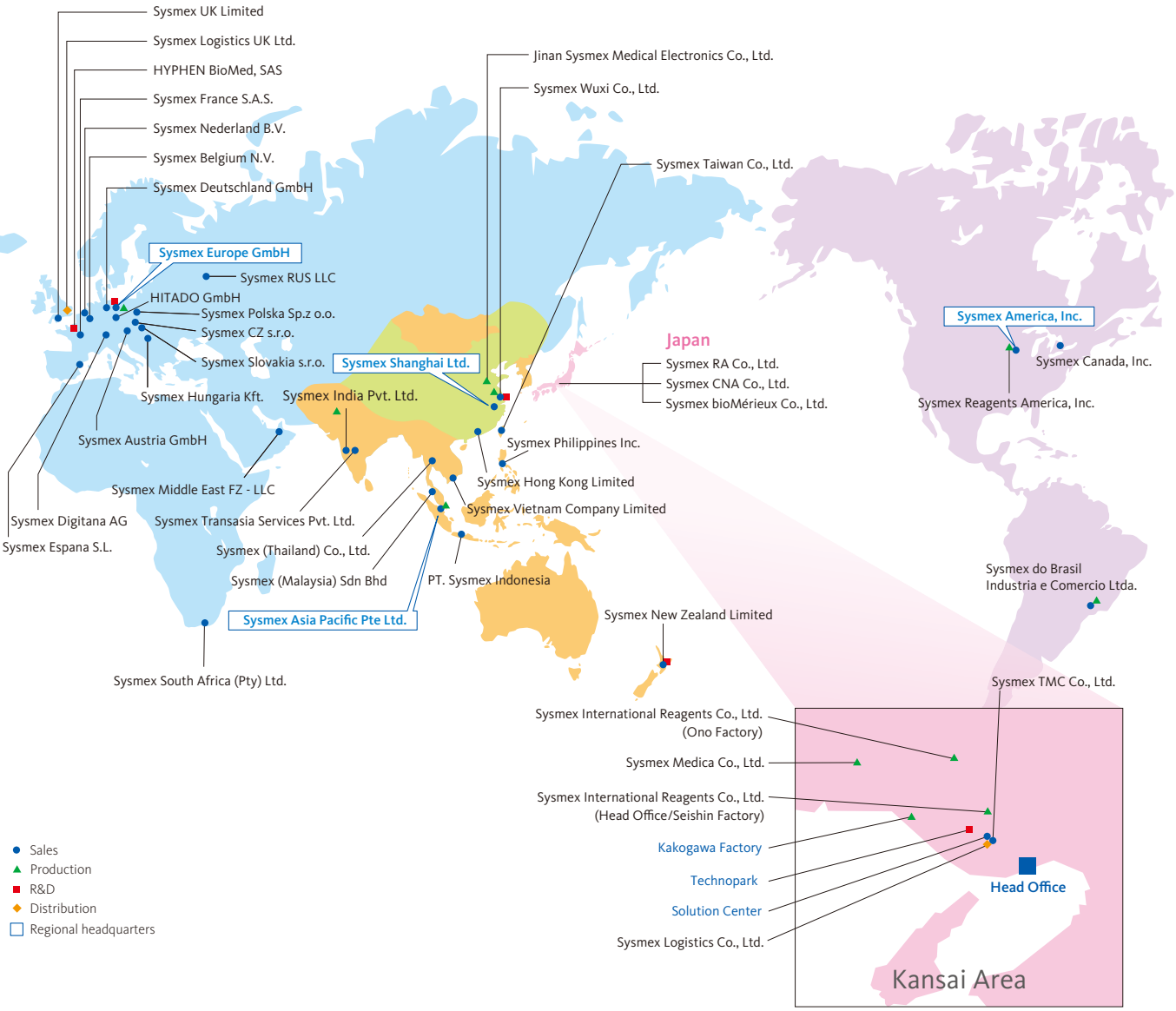
Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 18, 2012

Sysmex Group Network

Global Network



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Technopark	4-4-4 Takatsukadai, Nishi-ku, Kobe, Hyogo 651-2271	TEL: (+81) 78-991-1911	FAX: (+81) 78-991-1917
Solution Center	1-3-2 Murotani, Nishi-ku, Kobe, Hyogo 651-2241	TEL: (+81) 78-992-5860	FAX: (+81) 78-992-5868
Kakogawa Factory	314-2 Kitano, Noguchicho, Kakogawa, Hyogo 675-0011	TEL: (+81) 79-424-1171	FAX: (+81) 79-424-6814
Protein Development Center	1548 Ooaza Shimookudomi, Sayama, Saitama 350-1332	TEL: (+81) 4-2954-2171	FAX: (+81) 4-2954-2172
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	4-12 Kita 7 jyo Nishi, Kita-ku, Sapporo 060-0807	TEL: (+81) 11-700-1090	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	1-11-26 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	15-9 Kajiya-cho, Kagoshima City, Kagoshima 892-0846	TEL: (+81) 99-222-2788	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

(As of May 31, 2012)

	Corporate name	Established	Equity ownership by Group	Location	TEL
Japan	Sysmex Corporation	1968	—	1-5-1 Wakinohama-Kaigandori, Chuo-ku, Kobe, Hyogo 651-0073, Japan	TEL: (+81) 78-265-0500
	Sysmex International Reagents Co., Ltd.	1969	100%	Head Office/Seishin Factory 4-3-2 Takatsukadai, Nishi-ku, Kobe, Hyogo 651-2271, Japan	TEL: (+81) 78-991-2211
				Ono Factory 17 Takumidai, Ono, Hyogo 675-1322, Japan	TEL: (+81) 794-62-7001
	Sysmex RA Co., Ltd.	1978	100%	1850-3 Hirookanomura, Shiojiri, Nagano 399-0702, Japan	TEL: (+81) 263-54-2251
	Sysmex Medica Co., Ltd.	1978	100%	323-3 Miyaoki, Yumesaki-cho, Himeji, Hyogo 671-2121, Japan	TEL: (+81) 79-335-2080
	Sysmex TMC Co., Ltd.	1992	100%	1-3-2 Murotani, Nishi-ku, Kobe, Hyogo 651-2241, Japan	TEL: (+81) 78-992-5883
	Sysmex CNA Co., Ltd.	1996	100%	2-3-7 Hakata Eki Mae, Hakata-ku, Fukuoka 812-0011, Japan	TEL: (+81) 92-476-1121
	Sysmex Logistics Co., Ltd.	1997	100%	1-3-2 Murotani, Nishi-ku, Kobe, Hyogo 651-2241, Japan	TEL: (+81) 78-992-0150
	Sysmex bioMérieux Co., Ltd.	2008	34%	1-2-2 Ohsaki, Shinagawa-ku, Tokyo 141-0032, Japan	TEL: (+81) 3-6834-2666
Americas	Sysmex America, Inc.	2003	100%	577 Aptakisic Road, Lincolnshire, IL 60069	TEL: (+1) 847-996-4500
	Sysmex Reagents America, Inc.	1993	100%	2 Nelson C. White Parkway, Mundelein, IL 60060, U.S.A.	TEL: (+1) 847-367-2800
	Sysmex Canada, Inc.	2007	100%	5045 Orbitor Drive Building 9, Suite 401 Mississauga, ON L4W 4Y4, Canada	TEL: (+1) 905-366-7900
	Sysmex do Brasil Industria e Comercio Ltda.	1998	100%	Rua Joaquim Nabuco, 615-Bairro Cidade Jardim-Sao Jose dos Pinhais-Parana- Brasil-CEP 83040-210	TEL: (+55) 41-2104-1314
Europe	Sysmex Europe GmbH	1980	100%	Bornbarch 1, 22848 Norderstedt, Germany	TEL: (+49) 40-527260
	Sysmex Deutschland GmbH	1995	100%	Bornbarch 1, 22848 Norderstedt, Germany	TEL: (+49) 40-5341020
	HITADO GmbH	2010	100%	Dreihausen 2, D-59519 Moehnesee, Germany	TEL: (+49) 0-2924-9705-0
	Sysmex UK Limited	1991	100%	Sysmex House, Garamonde Drive, Wymbush, Milton Keynes, MK8 8 DF, U.K.	TEL: (+44) 870-902-9210
	Sysmex Logistics UK Ltd.	2003	100%	Unit 4 IO Centre, Fingle Drive, Stonebridge, Milton Keynes, MK13 0AT, Buckinghamshire, U.K.	TEL: (+44) 870-902-9230
	Sysmex France S.A.S.	2000	100%	22, avenue des Nations, Paris Nord II-B.P. 51414 Villepinte, 95944 ROISSY-CDG Cedex, France	TEL: (+33) 1-48-170190
	HYPHEN BioMed, SAS	2010	100%	155 Rue d'Eragny-95000 Neuville sur Oise, France	TEL: (+33) 134-406-510
	Sysmex Espana S.L.	2010	100%	Frederic Mompou, 4-B Planta 2 08960. Sant Just Desvern, Espana	TEL: (+34) 934-236-231
	Sysmex Belgium N.V.	2009	100%	Park Rozendal, Building A Terhulpsesteenweg 6a 1560 Hoeilaart, Belgium	TEL: (+32) 2-769-7474
	Sysmex Nederland B.V.	2009	100%	Ecustraat 11, 4879 NP Etten-Leur, The Netherlands	TEL: (+31) 76-508-6000
	Sysmex Polska Sp.z o.o.	2005	100%	Kopernik Office Building, Al. Jerozolimskie 176, 02-486 Warszawa, Poland	TEL: (+48) 22-57284-00
	Sysmex Digitana AG	2006	80%	Tödistrasse 50, 8810 Horgen, Switzerland	TEL: (+41) 44-718-38-38
	Sysmex Austria GmbH	2007	100%	Odoakergasse 34-36 A-1160 Wien, Austria	TEL: (+43) 1-4861631
	Sysmex Hungaria Kft.	2007	100%	Forum Offices Obuda Irodahaz, III kerulet, Becsi ut 271, 1037 Budapest, Hungary	TEL: (+36) 1-210-96-70
	Sysmex CZ s.r.o.	2007	100%	Elgartova 683/4 61400 Brno Czech Republic	TEL: (+420) 548-216-855
	Sysmex Slovakia s.r.o.	2007	100%	Trencianska 47 821 09 Bratislava, Slovakia	TEL: (+421) 2-6453-2881-2
	Sysmex RUS LLC	2011	100%	1 Magistralny tupik, 11, Bld. 1, Office 13 Russia, Moscow 123290	TEL: (+7) 495-7816772
	Sysmex Middle East FZ-LLC	2008	100%	Dubai Healthcare City City Pharmacy Building C/P 72 Office 304, P.O. Box 505119, Dubai, U.A.E.	TEL: (+971) 4-4370515
	Sysmex South Africa (Pty) Ltd.	2006	100%	Fernridge Office Park, Block 2; 5 Hunter Avenue; Ferndale; Randburg 2194 RSA	TEL: (+27) 11-3299480
China	Sysmex Shanghai Ltd.	2000	100%	9th Floor, Azia Center, 1233 Lujiazui Ring Road, Shanghai, 200120, China	TEL: (+86) 21-6888-2626
	Jinan Sysmex Medical Electronics Co., Ltd.	1995	100%	7493 Airport Road, Yaoqiang Town, Licheng District, Jinan City, Shandong Province, China; PC. 250107	TEL: (+86) 531-8873-4440
	Sysmex Hong Kong Limited	1999	100%	Room 1012, 10/ F, Tower 1, Silvercord, 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong	TEL: (+852) 2543-5123
	Sysmex Wuxi Co., Ltd.	2003	100%	#8-9, No. 93, Science Technology Stand-up Park, New District, Wuxi, Jiangsu, 214028, China	TEL: (+86) 510-8534-5837
Asia Pacific	Sysmex Asia Pacific Pte Ltd.	1998	100%	9 Tampines Grande #06-16 to #06-22 528735, Singapore	TEL: (+65) 6221-3629
	Sysmex (Malaysia) Sdn Bhd	1998	100%	No. 11A & 15, Jalan PJS 7/12, Bandar Sunway, 46150 Petaling Jaya, Selangor, Malaysia	TEL: (+60) 3-56371788
	Sysmex (Thailand) Co., Ltd.	1999	100%	14 Soi Ramkamhaeng 43/1, Ramkamhaeng Road, Wangthonglang, Bangkok 10310, Thailand	TEL: (+66) 2539-1127
	Sysmex Vietnam Company Limited	2010	100%	8th floor, 106 Nguyen Van Troi, Phu Nhuan District, Ho Chi Minh City, Vietnam	TEL: (+84) 8-39979400
	PT. Sysmex Indonesia	2002	100%	Cyber 2 Tower, 5th Floor, Unit E Jl. HR. Rasuna Said Blok X5 No. 13 Jakarta Selatan 12950, Indonesia	TEL: (+62) 21-3002-6688
	Sysmex Transasia Services Pvt. Ltd.	2009	51%	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
	Sysmex India Pvt. Ltd.	1998	100%	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
	Sysmex Philippines Inc.	2011	100%	30th Floor, MDC 100 Bldg, E. Rodriguez Jr. Ave. cor. Eastwood Ave. Bagumbayan, Quezon City, Philippines	TEL: (+63) 2-374-6883
	Sysmex Taiwan Co., Ltd.	2000	100%	Song Jiang Road 318 13F-3, Zhong Shan District, Taipei, Taiwan	TEL: (+886) 2-2542-2339
	Sysmex New Zealand Limited	2001	100%	382-386 Manukau Road, Epsom, Auckland 1344, New Zealand	TEL: (+64) 9-630-3554

Brief History of the Company

● Management ● R&D ● Production ● Marketing
(See page 34 for a history of our instrument development.)

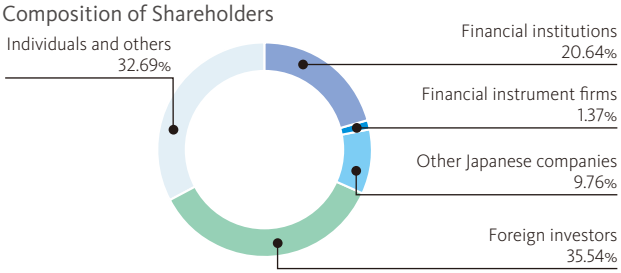
- ● 1963 Successfully developed and commercialized Automated Hematology Analyzer "CC-1001" the first blood cell counter in Japan.
- ● Feb. 1968 Toa Electric founded Toa Medical Electronics as the subsidiary for sales of its medical electronics devices and instrument.
- ● May 1973 Established the Kakogawa 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 subsidiary, now Sysmex America.
- ● Oct. 1980 Established a European subsidiary, 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 subsidiary, 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 stock on the Second 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 stock on the Second Section of the Tokyo Stock Exchange.
- ● Oct. 1996 Hisashi Ietsugu becomes president.
- ● Feb. 1998 Established a Singaporean subsidiary, 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.
- ● Jan. 2000 Founded a Shanghai subsidiary, Sysmex Shanghai.
- ● Mar. 2000 Promoted to the First 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 subsidiary through a share exchange.
- ● Apr. 2003 Sysmex and Toshiba announce development of minimally-invasive blood glucose self-measurement technology that does not require blood sampling.
- ● Jun. 2003 Consolidation of two local subsidiaries 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 a subsidiary.
- ● 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.
- ● 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 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.
- ● 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 a Canadian subsidiary, 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.
- ● Jun. 2008 Established the Dubai 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's 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.
- ● Apr. 2009 Established the Netherlands subsidiary Sysmex Nederland B.V.
- ● Apr. 2009 Established the Belgian subsidiary Sysmex Belgium N.V.
- ● Dec. 2009 Opened a reagent development base in China.
- ● Dec. 2009 Realized a full-scale entry into the POCT market in Germany.
- ● Jan. 2010 Established an overseas subsidiary in Spain to expand life science business.
- ● Mar. 2010 Started joint research with the National Cancer Center Hospital to verify clinical usefulness of technology for detecting circulating tumor cells.
- ● Mar. 2010 Established a sales and support subsidiary, Sysmex Vietnam.
- ● July. 2010 Launched joint business with IDEXX, leader in pet diagnostics.
- ● Sep. 2010 Established the Philippines subsidiary Sysmex Philippines Inc.
- ● Jan. 2011 Established the Russian subsidiary Sysmex RUS LLC.
- ● Apr. 2011 Carried out a two-for-one stock split.
- ● Apr. 2011 Transfer of Katakura Industries Co., Ltd. Research Institute of Biological Science.
- ● May 2011 Launched the XN-series of flagship models in the hematology field.
- ● Oct. 2011 Converted company in Taiwan to wholly owned subsidiary and reinforced sales and support services.
- ● Jan. 2012 Began offering laboratory testing service for research involving the risk of recurrence of early-stage breast cancer.
- ● Apr. 2012 Upgraded and made additions to the new wing of Ono Factory, expanding our Ono reagent production facility to 1.5 times its previous level.
- ● Apr. 2012 Renewed successful alliance in the hematology business with Roche, extending distribution, sales and services agreement for another 10 years.
- ● May 2012 Decided to establish protein production center to strengthen protein production service business.

Corporate Overview/Stock Information (As of March 31, 2012)

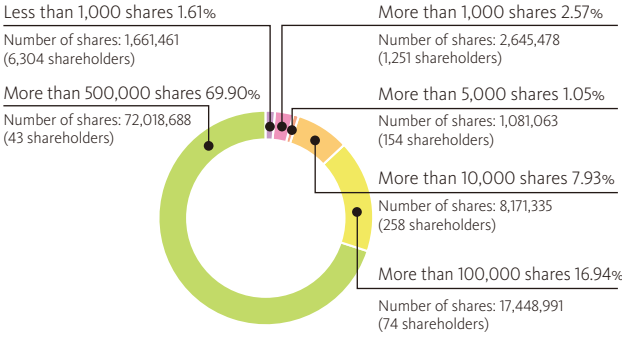
Sysmex Corporation

Established	February 20, 1968
Number of Employees	5,324 (consolidated basis) 2,305 (non-consolidated basis) (Including part-time employees)
Fiscal Year	April 1—March 31
Shareholders' Meeting	In June
Number of Shares Authorized	299,344,000 shares
Number of Shares Issued	103,027,016 shares
Paid-in Capital	¥9,187 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	MSCI Standard Index Russell/Nomura Japan Equity Indexes FTSE Japan Index DSI (Daiwa Stock Indices) S&P Japan 500

Composition of Shareholders



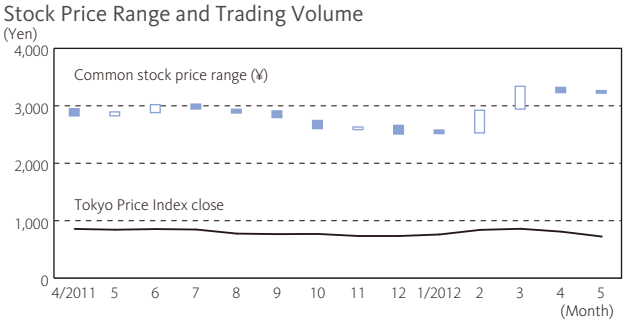
Distribution of Shares by Number of Shares Held

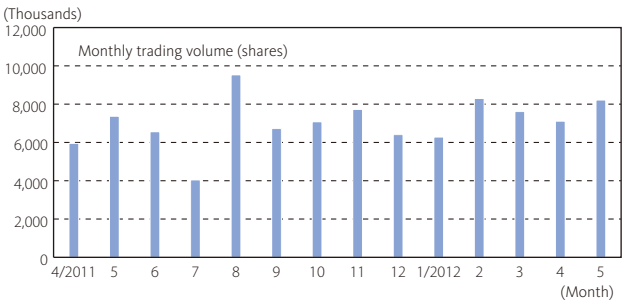


Principal Shareholders

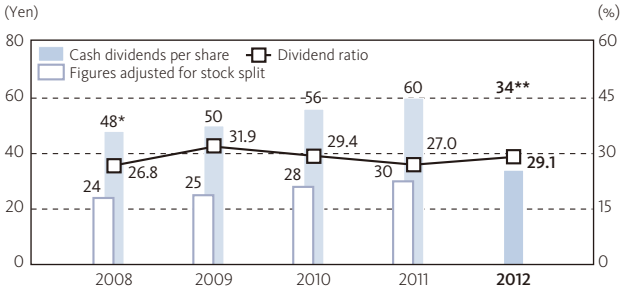
Shareholders	Number of shares held (Thousands)	Percentage of shareholding
Japan Trustee Services Bank, Ltd.	10,271	9.97
Tadako Nakatani	8,006	7.77
Nakatani Kosan, Ltd.	5,148	5.00
Tadashi Nakatani	4,990	4.84
The Master Trust Bank of Japan, Ltd.	4,964	4.82
Kazuko Ietsugu	3,062	2.97
Taeko Wada	3,062	2.97
Kenji Itani	2,500	2.43
Ryoshin Co.	2,400	2.33
GOLDMAN, SACHS & CO. REG. (Standing proxy: Goldman Sachs Japan Co. Ltd.)	2,338	2.27

Stock Price Range and Trading Volume





Cash Dividends per Share and Dividend Ratio (Consolidated)



* Including special dividends of ¥8 commemorating the 40th anniversary of the Company's founding.
** Two-for-one stock split conducted on April 2011.

Dividend Policy
Our dividend policy is to attain a balance between investment in sustainable growth and return to shareholders. In line with this policy, we maintain a payout ratio of 20% on a consolidated basis.

Sysmex Corporation
1-5-1 Wakinohama-Kaigandori,
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www.sysmex.co.jp

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