

**Brief notes on the consolidated interim statement of accounts as of March 2008**

November 8th, 2007

Listed company name : Sysmex Corporation  
 Code : 6869  
 Listed stock exchanges : Tokyo Stock Exchange  
 Osaka Securities Exchange  
 Head office : 1-5-1 Wakinohama-kaigandori, Chuo-ku, Kobe  
 Company representative : Hisashi Ietsugu, President and CEO  
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 Filing date of financial statement report : December 21th, 2007  
 Starting date of dividend payment : December 7th, 2007

**1. Business performance during the period April 1, 2007 to September 30, 2007**

(1) Operating results

	Net Sales		Operating income		Ordinary income	
	(unit:\million)	(%)	(unit:\million)	(%)	(unit:\million)	(%)
First half FY2007	52,969	11.5	6,459	5.3	6,920	5.8
First half FY2006	47,495	14.2	6,133	23.4	6,544	19.6
FY2006	101,041	—	12,714	—	13,577	—

	Net income		Net income per share	Diluted net income per share
	(unit:\million)	(%)	(Yen)	(Yen)
First half FY2007	4,755	14.6	93.28	92.92
First half FY2006	4,150	13.6	83.00	82.32
FY2006	9,008	—	179.63	177.97

Note:

Percentage figures in the above tables indicate increase or decrease over the corresponding period of the previous year.

(2) Financial condition

	Total assets	Total equity	Equity ratio	Equity per share
	(unit:\million)	(unit:\million)	(%)	(Yen)
First half FY2007	106,725	76,906	71.9	1,503.29
First half FY2006	93,371	67,520	71.3	1,322.59
FY2006	101,225	72,396	70.5	1,410.99

(3) Cash flow

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Total Cash and Cash Equivalents at end of term
	(unit:\million)	(unit:\million)	(unit:\million)	(unit:\million)
First half FY2007	5,673	-5,123	-905	12,412
First half FY2006	4,273	-3,536	430	10,710
FY2006	10,085	-6,630	-457	12,714

## 2. Dividend

	Dividend per share		
	Interim (Yen)	Year-end (Yen)	Annual (Yen)
FY2006	16.00	20.00	36.00
FY2007	20.00	-	40.00
FY2007 (Forecast)	-	20.00	

## 3. Business forecast for the fiscal year ended March 31, 2008

(unit:\million)

	Net Sales		Operating income		Ordinary income		Net income		Net income per share(Yen)
Annual	112,000	10.8%	15,000	18.0%	15,300	12.7%	9,800	8.8%	192.15

*Note:*

*Percentage figures in the above tables indicate increase/decrease over the corresponding period of previous year.*

## 4. Other information

(1) Changes in significant subsidiaries: No

(2) Changes of the method of accounting policies: Yes

(3) Numbers of shares outstanding (Ordinary Shares)

Number of shares outstanding at the end of the periods (including treasury stock): 51,122,708 shares for first half FY2007 and 50,398,396 shares for First half FY2006 and 50,654,596 shares for FY2006.

Number of treasury stock at the end of the periods: 93,978 shares for first half FY2007 and 90,068 shares for First half FY2006 and 91,217 shares for FY2006

**Disclaimer:**

Forecast contains current data which is built with hypothesis, and may contain future risk and uncertain events. SYSMEX may revise this forecast in the future if necessary.

## 1. Financial performance

### (1) Performance analysis

#### 1) Summary of financial performance during FY2007

<Consolidated results>

(Unit: millions of yen)

	First half of FY2007	Previous half fiscal year	Change	Rate of change
Sales	52,969	47,495	5,473	11.5%
Operating income	6,459	6,133	326	5.3%
Ordinary income	6,920	6,544	376	5.8%
Net income	4,755	4,150	605	14.6%

During the first half fiscal year of 2007, Japanese economy continued moderate growth with good performance by enterprises which are corresponding to increase of export, and provided good situation of employment despite yen devaluation and high prices of raw materials are continuing. US economy has showed a stall sign of condition led from subsidence of mortgage investment by subprime crisis. Europe economy has kept moderate indicators on the whole such as employment, export and investment. Asian economy has been with high growth such area as China and India.

At healthcare industry, Japanese market is on restructuring with restrained control for healthcare expenditure and reconstruction medical service chain. Developed countries is the same era with Japan; emerging market such as China and Asian Pacific countries has been on investment for healthcare supply endorsed by high economic growth.

Upon the abovementioned circumstances, we at Sysmex have introduced the Sysmex Way, corporate philosophy on April 1<sup>st</sup> 2007. Sysmex way is success from our "Three confidence" which is nominated since our foundation. Also we have established "Our Core Behaviors" which states our promise to our diversity to stakeholders in accordance with Sysmex way.

We settled mid-term plan until fiscal year 2009 which scopes consecutive high growth with reinforcement of core business, adaptation for change of market environment and penetration for profitability. Also we renewed distributorship, sales and service agreement with Roche Diagnostics (Switzerland) with new determination for product line and business territory. We have concluded to settle distributorship, sales and service agreement with bioMérieux (France): a leading company for microbiology to distribute our Urinalysis products to microbiology market. We purchased in-vitro diagnostics division from independent Sysmex distributors in Austria, Czech Republic, Hungary and Slovakia in this April; we have been on establishment of our own entities. IN Americas and Asian market, we have invested reagent manufacturing plant to follow growth of demand for reagent consuming.

Performance in Japanese market was 16,471 million yen (7.4% less than previous first fiscal year) due to shrink of demand in the market, despite wide product lineup with new product launch: automated hematology analyzer XE-5000. At overseas market, we reached 36,497 million yen (22.8% surplus from previous first fiscal year), 68.9% of consolidated net sales. This is led from penetration of Americas market such as service supply contract with Veterans Affairs (VISN19), expansion of sales and service network ant European Chinese and Asian Pacific markets. Consolidated net sales were 52,969 million yen 11.5% surplus form previous half fiscal year. At profit indices, Operating income was 6,459 million yen, 5.3% surplus from previous first fiscal year; Ordinary income was 6,920 million yen, 5.8% surplus from previous first fiscal year, Net income was 4,755 million yen, 14.6% surplus from previous first fiscal year.

## 2) Information on regional segments

&lt; Results in each region&gt;

(Unit: millions of yen)

		First half of FY2007	Previous fiscal year	Change	Rate of change
Japan	Sales	17,220	18,468	-1,248	-6.8%
	Operating income	3,512	3,270	241	7.4%
Americas	Sales	10,185	9,099	1,086	11.9%
	Operating income	479	143	335	233.3%
Europe	Sales	19,218	14,765	4,452	30.2%
	Operating income	2,169	1,828	341	18.7%
China	Sales	3,905	3,196	709	22.2%
	Operating income	424	343	80	23.5%
Asia Pacific	Sales	2,440	1,966	473	24.1%
	Operating income	323	260	62	23.9%

Note: Figures for sales indicate sales to external customers.

## &lt;Japan&gt;

The business climate in Japan remained severe as the government deployed policy to curb medical expenditures toward the goal of rationalizing medical costs. Our external sales came to 17,220 million yen, (down 6.8 percent from the first half of fiscal 2006).

Increased income including proceeds from export sales to overseas affiliates served to offset higher selling, general and administrative expenses, and pushed our operating income to 3,512 million yen, (up 7.4 percent).

## &lt;Americas&gt;

We took steps to heighten recognition of our brand among a wide range of customers and increase our share of the market. This led to an expansion of sales in the hematology segment, and our regional sales amounted to 10,185 million yen (up 11.9 percent).

Increased sales and improved profitability counterbalanced increases in selling, general and administrative expenses, and gave us an operating income of 479 million yen (up 233.3 percent).

## &lt;Europe&gt;

We recorded favorable sales in the fields of hematology, urinalysis, and coagulation as a result of measures to strengthen our sales and service network, integrated concept solution marketing in key countries, and approaches to emerging markets rapidly improving their medical infrastructures. With further help from the weak yen, our sales amounted to 19,218 million yen (up 30.2 percent).

Increased sales outweighed higher selling, general and administrative expenses, and our operating income rose to 2,169 million yen (up 18.7 percent).

## &lt;China&gt;

Although our sales were adversely influenced by the program of medical service reform, we promoted a campaign for lease-based sales of coagulation analyzers and sales of urinalysis analyzers. This expanded our sales in the fields of urinalysis and coagulation, and boosted our total sales to 3,905 million yen (up 22.2 percent).

Since increased sales offset higher selling, general and administrative expenses, our operating income reached 424 million yen (up 23.5 percent).

## &lt;Asia Pacific&gt;

We improved our sales and service network, which helped to expand our sales in the fields of hematology and coagulation. Our sales amounted to 2,440 million yen (up 24.1 percent).

Although our selling, general and administrative expenses rose along with the cost sales and service setup, higher sales enabled us to increase our operating income to 323 million yen (up 23.9 percent).

### 3) Status of research and development

Our Group has adopted the provision of high-value testing for the optimization and standardization of medical services as its vision for research and development. In accordance with this vision, we are conducting research and development of new diagnostic technology while constantly taking up the challenge of the latest technology and pursuing its reliability. In so doing, we are creating products that anticipate the wide-ranging needs of our customers. Through these activities, we hope to contribute to enhancing the quality of life, extending healthy life expectancy, and increasing value in the context of healthcare economics. To these ends, we are expanding from the domain of conventional screening tests and implementing research and development of new diagnostic technology for disease management.

We are promoting the development of new testing technology and products, mainly in the four areas of hematological and immunological diseases, cancer, chronic diseases, and infectious diseases. During the term, we developed technology for detection of immature cells and microcells that is effective for diagnosis in the area of hematological and immunological diseases by applying cell analysis technology based on flow cytometry. In the cancer area, we implemented clinical research on colonic and stomach cancer with a view to expanding the application scope of technology for rapid detection of lymph node metastasis, which we had already commercialized for breast cancer. In regard to our cancer recurrence prognosis technology, we pursued development toward clinical testing and practical utilization. In the area of chronic diseases, we manufactured a prototype system for simulation of diabetes and implemented clinical research in Japan and overseas. And in the area of infectious diseases, we unveiled three products in our POCTEM S Series of rapid testing kits for respiratory infections: 1) POCTEM S Influenza, for detection of influenza viruses in about 10 minutes; 2) POCTEM S RSV, for detection of RS viruses, which can infect respiratory tracts in infancy and childhood; and 3) POCTEM S Adeno, for detection of the adenovirus, which causes so-called "pool fever." These products can contribute to prevention of the worsening and spread of respiratory infections, which are hard to identify from symptoms alone. In addition, we are developing instruments and reagents applying chemiluminescent enzyme immunoassay (CLEIA) technology.

During the term, we actively reported our R&D results and their clinical utility at the Japanese Association of Medical Technologists, the Japanese Cancer Association, and other academic meetings, both in Japan and abroad.

Our technology concerning reagents for measuring immature cells in the blood, which is used in reagents especially for instruments such as the XE-2100, our multi-parameter automated hematology analyzer, was awarded the 2007 Minister's Prize for Science and Technology (in the Development Category) of the Commendation for Science and Technology in a ceremony hosted by the Ministry of Education, Culture, Sports, Science and Technology.

During the term, our expenditures for research and development totaled 4,158 million yen, an amount equivalent to 7.8 percent of our sales.

4) Forecast for fiscal year 2007  
 < Consolidated financial statement forecast >

(unit: million yen)

	First half of FY2007	Previous fiscal year	Change	Rate of change
Net sales	112,000	101,041	10,958	10.8%
Operating income	15,000	12,714	2,285	18.0%
Ordinary income	15,300	13,577	1,722	12.7%
Net Income	9,800	9,008	791	8.8%

Macro economy through this fiscal year is prospected to continue a fair condition; despite considerable invisibility may affect against organic growth, from such as high price of crude oil and raw materials. Healthcare industries will be difficult condition in Japan, Americas and Europe region due to restruction of healthcare service structure.

We are currently with mid-term plan since April 2007(during coming 3 fiscal years) and it contains the following action plan.

At IVD business unit, we execute local strategy by regions for sustainable growth and enhancement of profitability for our core business. At Americas region, we penetrate business field such as IHN: Integrated hospital network or Commercial laboratory network. We strengthen sales force and customer service network at Europe and Asian Pacific region. We launch new product lineup in Immunology and Clinical chemistry, we will distribute them to Asian market as well as Japanese market.

We invest Life Science business for fundamental technology, sales and support organization, brand acknowledgement and product lineup in order to become our second core business.

We maintain our business forecast which was announced on May 10<sup>th</sup> as follows:  
 Sales: 112,000 (10.8% increase) Operating income: 15,000 (18.0% increase) ordinary income: 15,300 (12.7% increase), Net income: 9,800(8.8% increase) (all amounts are in million yen, indices in percentage are comparison with amount of FY2006 result).

Disclaimer:

Forecast contains current data which is built with hypothesis, and may contain future risk and uncertain events. SYSMEX may revise this forecast in the future if necessary.

(4) Financial Condition

< Total assets & Shareholders' Equity >

(unit: million Yen)

	First Half of FY2006	Prev. FY end March 2007	Increase or Decrease	Rate of Change
Total assets	106,725	101,225	5,499	5.4%
Total equity	76,906	72,396	4,510	6.2%
Equity ratio (%)	71.9%	70.5%	—	—

Total assets were increased 5,499 million Yen from previous fiscal year end, due to mainly from increase of Inventories: 2,222 million yen, tangible fixed asset: 1,525 million yen, intangible fixed asset: 1,641 million yen.

Liabilities were increased 989 million Yen from previous fiscal year end, due to mainly from increase accrual expense: 476 million.

Net Asset was increased 4,510 million Yen due to mainly from Retained earning increase: 3,586 million Yen, capital surplus: 1,789 million yen. Equity ratio was 1.4 point increased as 71.9% from previous fiscal year end.

(5) Cash Flow

< Cash Flow Statement summary >

(unit: million Yen)

	First half of FY2007	Previous half fiscal year	Change
Cash flow from operating activities	5,673	4,273	1,400
Cash flow from investing activities	-5,123	-3,536	-1,586
Cash flow from financing activities	-905	430	-1,335
Total cash and cash equivalents at the end of term	12,412	10,710	1,701

The balance of cash and cash equivalents (hereinafter: Cash) was 12,412 million Yen Summary of each activity during this period is as follows:

[Cash Flow from Operating Activities]

Cash which is earned by operating activities was 5,673 million Yen (1.4 billion Yen larger than previous half fiscal year), due to increase of current income before taxes (6,844 million Yen, 302 million Yen larger than previous half fiscal year), decrease of notes and account receivable 1,795 million yen (1,303 million yen increase at previous first fiscal year) and decrease of notes and account payable was 326 million yen (1.4 billion Yen larger than previous half fiscal year).

[Cash Flow from Investing Activities]

Cash which is spent for investing activities was 5,123 million yen (1,586 million Yen larger than previous half fiscal year) due to mainly from increase of cash out by acquisition of tangible fixed assets (2,528 million Yen, 320 million Yen larger than previous half fiscal year), acquisition of intangible fixed assets (1,061 million Yen, 443 million Yen larger than previous half fiscal year) and investment in securities (993 million yen).

[Cash Flow from Financing Activities]

Cash which is spent for financing activities was 905 million Yen (430 million yen earned in previous first fiscal year) due to mainly from issue of stocks for Stock option (661 million Yen, first time appearance) and short-term and long-term borrowings (592 million Yen, 565 million Yen larger than previous half fiscal year).

< Cash Flow indices >

	FY2006	FY2005	FY2004	FY2003	First Half of FY2007
Shareholders' Equity ratio (%)	71.0	72.3	71.6	70.5	71.9
Shareholders' Equity ratio at market price (%)	93.6	196.7	293.4	214.2	212.2
Years for debt redemption	44.9	9.8	8.4	6.6	11.0
Interest coverage ratio	108.1	308.6	486.8	362.2	495.4

(unit: million Yen)

\*Shareholders' Equity ratio: Shareholders' Equity/ Total assets

(Shareholders' Equity = Net assets - share warrant - minority interests)

\*Shareholders' Equity at Market Price: Share Aggregate Market Value/Total Assets

\*Years for Debt Redemption: Balance of Interest-Bearing Liabilities/Cash Flow from Operating Activities (No description in an interim period)

\*Interest Coverage Ratio: Cash Flow from Operating Activities/Interest Payments

(1) Indices are calculated with consolidated financial figures.

(2) Total Market Value of shares is calculated as term-end price multiplied with total number of shares issued as of the term-end.

(3) Cash Flow from Operating Activities is referred from the cash flow statement summary.

(4) Balance of Interest-Bearing Liabilities is as Liabilities with interest in Consolidated Balance Sheet.

(5) Interest Payments is as amount of interest paid Consolidated Cash Flow Statement.

(3) Basic policy on distribution of profit and on-term dividends

We are aiming for active investment to sustain steady high-level growth, and assurance of a proper balance with return of profit to our shareholders along with the increase in our earning power. In connection with this return, we intend to provide for a stable dividend on a continuous basis and are targeting a consolidated dividend propensity of 20 percent in line with our basic policy of making a results distribution backed by our performance.

This term, we expect to pay a per-share dividend of 20 yen at the end of both the first and second halves, and therefore one of 40 yen for the year as a whole.

We are committed to ongoing work for further improvement of our performance and solidification of our business foundation so that we continue to meet the expectations of our shareholders.

(4) Business and other risks

The following are the major risk factors faced in development of business by the Group that could possibly have a significant influence on our management record and financial situation.

1) Overseas sales

Our Group is engaged mainly in the development, manufacture, and sales of diagnostic instruments and reagents. In addition, it sells outside Japan through its overseas affiliates and distributors. The share of our consolidated sales occupied by overseas markets reached 62.5 percent for the year ended on March 31, 2007 and 68.9 percent for the first half of that ending on March 31, 2008. For this reason, we are hedging risks by measures such as foreign currency exchange contracts, but there remains the possibility that exchange rate fluctuation could affect the management result and financial situation of our Group.

2) Impact of reform of the medical service system

In Japan, there are many significant changes underway in the environment surrounding medical services, such as fast-paced population aging along with low birthrates, advances in medical technology, and mounting demands concerning the quality of care for patients. Against this background, the authorities continue to promote a reform of the medical service system to the ends of rationalizing medical costs and more efficiently providing high-quality medical services. Our management result and financial situation could also be influenced by this reform.

The future will presumably bring continued measures for rationalization of medical costs and demands for higher efficiency in hospital management, better medical services, and new testing needs. In this climate, while bolstering our investment in the life science field in areas such as definitive diagnosis for cancer, we are striving to provide total solutions encompassing diagnostic instruments and reagents, IT,



and after-sales support, and to retain the ability for finely-tuned accommodation of diversifying needs.

### 3) Procurement of materials

Our Group manufactures and sells diagnostic instruments and reagents. We procure the materials for these products from about 300 firms in Japan and 50 in other countries. It may possibly become difficult for us to procure important parts and materials due to changes in the external environment, such as revisions of national laws and regulations; operational or industrial reorganization, depending on product types associated with circumstances at suppliers; and problems of quality at manufacturers.

For this reason, we are constructing a scheme for both the centralized management and Group-wide sharing and use of supplier information required for stable procurement as well as information on items such as the trends in laws and regulations in each industry and country. As a hedge against unforeseen occurrences, we added capabilities for two-way information exchange and sharing with suppliers to our procurement operation system, and erected a setup enabling information sharing with affiliates on materials used in instruments. Similarly, for materials used in the manufacture of reagents, we have begun to take approaches to the construction of an information-sharing system linking our reagent production bases in seven locations worldwide.

### 4) Measures for risks in the use of information systems

Our Group utilizes an in-house IT-driven network for information transmission, circulation of project drafts, and other decision-making procedures. To curtail the impact of network trouble on our business to the minimum, we have taken risk countermeasures, such as the dispersion of risks by construction of different in-house networks for each function and assurance of alternative (back-up) routes for the major networks. For key systems supporting our core business, we make back-ups of all operations on a routine basis, and have taken steps to see that, even in the event of actualization of a serious risk, we can swiftly restore all work up until the end of the preceding working day.

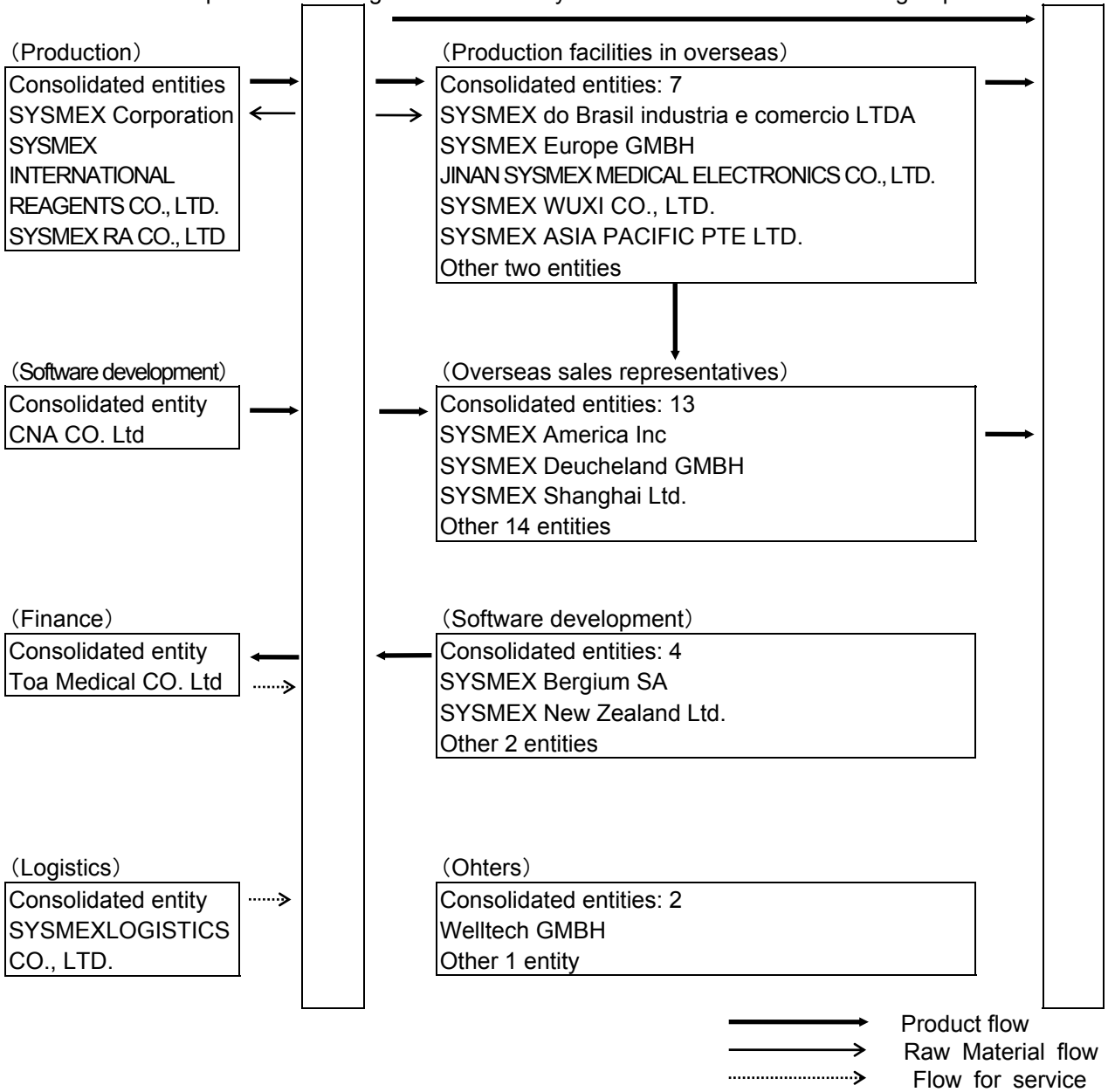
In the security aspect, we have installed all personal computers with software to detect and eliminate viruses. We are further heightening security by installing firewalls and virus gateways at points of connection with the Internet. For OS security patches, we have incorporated mechanisms for automatically distributing patches indicating internal checking, and are unifying in-house security labels. To guard against the leakage of information by mobile computers which have recently been rising, we are requiring the use of fingerprint verification units to prevent unauthorized access by third parties. We are also encoding vital information.

Our website and e-mail server constitute our portal for external contact, and the server for Sysmex Network Communication Systems (SNCS) acts as a value-added service for our customers. These important systems are monitored by specialized technicians at an external service center 24 hours a day, 365 days a year. In this way, we endeavor to hold down the incidence of service suspension and maintain our supply of services to customers around the world.

2.SYSMEX group structure

SYSMEX group contains headquarters (SYSMEX Corporation), 36 subsidiaries and one affiliate company, our core business is healthcare industry which provides products for in-vitro diagnostics.

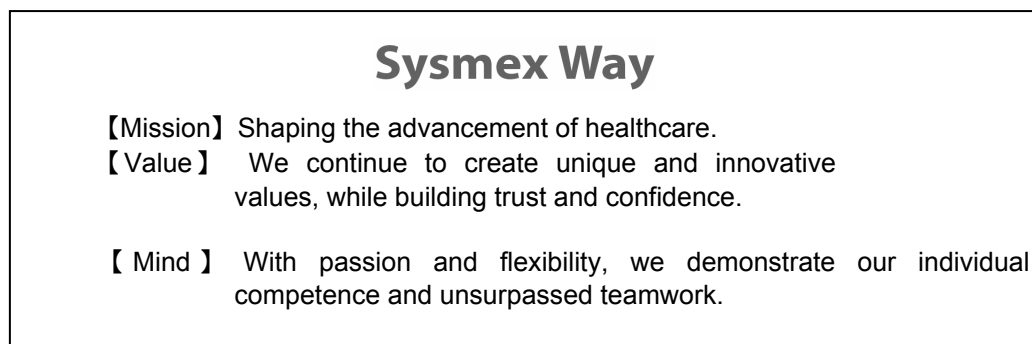
Headquarters has core function for Development, Production, Sales and service after sales, Japanese subsidiaries has function for part of development, manufacturing and leasing. At overseas 24 subsidiaries have function for reagents production and sales administration by territory, 4 subsidiaries have function for software development. Following chart is summary for business chain in SYSMEX group.



### 3. Management policy

#### (1) Basic policy in corporate management

Formulated on April 1, 2007, the Sysmex Way, our new corporate philosophy, carries on the values of our “three confidences,” which have been at the foundation of our basic management policy since our establishment, and makes an extended redefinition of them for adaptation to the changing internal and external environments. In accordance with the Sysmex Way, we have also determined “core behaviors” that set forth the value we are to provide to our customers, employees, partners, shareholders, and society.



The Sysmex Way expresses the orientation to be taken and the values to be cherished by the Sysmex Group from now on. We shall endeavor to have it practiced by all Group members, and strive for higher levels of trust in society as well as further advancement.

#### (2) Targeted management indicators

Our Group mid-term plan, which runs until March 31, 2010, is aimed at consolidated sales of 140 billion yen and consolidated ordinary profit of 20.5 billion yen in its final year.

#### (3) Corporate management strategy over the medium and long terms, and agenda to be addressed

As a distinctive global enterprise, our Group will develop its business around the basic strategy keyed by the watchwords "global niche No. 1, focus on Asia, and focus on life science," and strive for continued strong growth on a stable basis.

The major tasks in promotion of this core strategy are as follows.

##### 1) Reinforcement of R&D capabilities

To further bolster our core technology, which is our key advantage, we are going to condition and amplify the environment for research and development around the vision for Sysmex Techno Park.

Through this activity, we intend to create and commercialize practical new technology and develop business around it in the field of life science. Meanwhile, in the diagnostics segment, which is our core business, we shall strive for further growth by swift development and timely marketing of new products.

##### 2) Market-specific business development

We are developing business on a global scale in the five markets of Japan, the Americas, Europe, China, and the Asia-Pacific region. Under the concept of "greater hematology," we are endeavoring to strengthen our position in the segments of hematology and coagulation. At the same time, we aim to be the global market leader in the urinalysis segment. Taking full advantage of our features as a global firm located in Asia, we are going to develop business in the segments of immunochemistry, clinical chemistry, and a wide range of others in the diagnostics field in Japan, China, and the Asia-Pacific region. It is our goal to be the leading company in this field in Japan and the rest of Asia.

In addition, we plan to promote our business by making extensive use of alliances and M&A strategies on both global and local scales, pursue technical synergy, expand our product series, and reinforce our sales network.

##### 3) Global business standardization and ERP system reconstruction

We will promote the international standardization of our business process through coordination between our head office and sites in all regions as the underpinning to support the expansion of our Group and continued high growth. We are also going to rebuild our Group-level enterprise resource planning (ERP) system to help the standardized process take root and to heighten levels of business efficiency.

##### 4) Active approaches to the environment and risk management

We adopted the new Sysmex Way philosophy and the “core behaviors,” which are based on it, that set forth our responsibilities to our customers, employees, partners, shareholders, and society. As a part of the approaches to society based on these core behaviors, we are going to take environmental measures and heighten our risk management.

## Consolidated Balance Sheet

(unit: million Yen)

Items	Period		Current term		Change	Fiscal 2006	
	(as of September 30,2006)		(as of September 30,2007)			(as of March 31,2007)	
	Amount	%	Amount	%	Amount	Amount	%
<b>(Assets)</b>							
<b>Current assets</b>							
Cash and Deposit	10,876		12,512			12,793	
Notes and accounts receivable trade	28,220		30,300			31,910	
Marketable securities	19		41			41	
Inventories	16,549		18,786			16,563	
Others	4,706		6,599			5,320	
Allowance for doubtful debts	-430		-514			-508	
<b>Current assets total</b>	<b>59,941</b>	<b>64.2</b>	<b>67,725</b>	<b>63.5</b>	<b>7,783</b>	<b>66,120</b>	<b>65.3</b>
<b>Fixed assets</b>							
<b>Tangible fixed assets</b>							
Buildings and structures	7,752		9,586			8,164	
Tools, furniture and fixtures	3,704		4,161			3,786	
Land	7,741		7,885			7,871	
Others	3,286		3,672			3,958	
<b>Tangible fixed assets total</b>	<b>22,485</b>		<b>25,305</b>		<b>2,820</b>	<b>23,780</b>	
<b>Intangible fixed assets</b>							
<b>Intangible fixed assets total</b>	<b>3,505</b>		<b>5,367</b>		<b>1,861</b>	<b>3,726</b>	
<b>Investments</b>							
Investments in securities	3,516		3,534			3,004	
Others	3,926		4,795			4,597	
Allowance for doubtful debts	-3		-3			-3	
<b>Investments total</b>	<b>7,438</b>		<b>8,326</b>		<b>887</b>	<b>7,598</b>	
<b>Fixed assets total</b>	<b>33,429</b>	<b>35.8</b>	<b>39,000</b>	<b>36.5</b>	<b>5,570</b>	<b>35,104</b>	<b>34.7</b>
<b>Total assets</b>	<b>93,371</b>	<b>100.0</b>	<b>106,725</b>	<b>100.0</b>	<b>13,353</b>	<b>101,225</b>	<b>100.0</b>

(Note) fractions of one million yen are rounded off

## Consolidated Balance Sheet

(unit: million Yen)

Items	Period		Current term		Change	Fiscal 2006	
	(as of September 30,2006)		(as of September 30,2007)			(as of March 31,2007)	
	Amount	%	Amount	%	Amount	Amount	%
<b>(Liabilities)</b>							
<b>Current liabilities</b>							
Notes and accounts payable trade	9,434		10,737			10,731	
Short-term loans payable	621		66			79	
Corporation taxes payable	2,748		3,130			3,244	
Reserve for bonuses	2,182		2,470			2,403	
Reserve for directors' bonuses	74		101			163	
Reserve for product warranties	455		579			541	
Others	7,436		9,040			8,470	
<b>Current liabilities total</b>	<b>22,954</b>	<b>24.6</b>	<b>26,126</b>	<b>24.5</b>	<b>3,171</b>	<b>25,634</b>	<b>25.3</b>
<b>Fixed liabilities</b>							
Long-term loan payable	111		47			82	
Reserve for retirement benefits	182		216			143	
Reserve for directors' retirement benefits	264		247			264	
Others	2,337		3,181			2,704	
<b>Fixed liabilities total</b>	<b>2,896</b>	<b>3.1</b>	<b>3,692</b>	<b>3.4</b>	<b>796</b>	<b>3,195</b>	<b>3.2</b>
<b>Total liabilities</b>	<b>25,850</b>	<b>27.7</b>	<b>29,818</b>	<b>27.9</b>	<b>3,968</b>	<b>28,829</b>	<b>28.5</b>
<b>(Equity)</b>							
<b>Shareholders' equity</b>							
Capital stock	8,285		8,583		297	8,501	
Capital surplus	11,515		13,520		2,005	11,731	
Earned surplus	44,741		52,381		7,639	48,794	
Treasury stock	-158		-176		-17	-163	
<b>Total shareholders' equity</b>	<b>64,384</b>	<b>69.0</b>	<b>74,309</b>	<b>69.6</b>	<b>9,924</b>	<b>68,864</b>	<b>68.0</b>
<b>Valuation and translation adjustments</b>							
Unrealized gain or loss of investments in securities	951		567		-384	805	
Foreign currency translation adjustment	1,200		1,834		633	1,674	
<b>Total valuation and translation adjustments</b>	<b>2,152</b>	<b>2.3</b>	<b>2,402</b>	<b>2.3</b>	<b>249</b>	<b>2,480</b>	<b>2.5</b>
Share subscription rights	—	—	59	0.1	59	—	—
Minority interests	983	1.0	135	0.1	-847	1,051	1.0
<b>Total equity</b>	<b>67,520</b>	<b>72.3</b>	<b>76,906</b>	<b>72.1</b>	<b>9,385</b>	<b>72,396</b>	<b>71.5</b>
<b>Total liabilities and equity</b>	<b>93,371</b>	<b>100.0</b>	<b>106,725</b>	<b>100.0</b>	<b>13,353</b>	<b>101,225</b>	<b>100.0</b>

(Note) fractions of one million yen are rounded off

## Consolidated Statements of Income

(unit: million Yen)

Items	Period		Previous term		Current term		Change	Fiscal 2006	
			(as of September 30,2006)		(as of September 30,2007)			(as of March 31,2007)	
	Amount	%	Amount	%	Amount	Amount	%		
<b>Sales</b>	47,495	100.0	52,969	100.0	5,473	101,041	100.0		
<b>Cost of sales</b>	19,725	41.5	21,642	40.9	1,917	43,497	43.0		
Gross profit	27,770	58.5	31,327	59.1	3,556	57,543	57.0		
<b>Selling, general and administrative expenses</b>	21,637	45.6	24,867	46.9	3,230	44,828	44.4		
Operating income	6,133	12.9	6,459	12.2	326	12,714	12.6		
<b>Non-operating income</b>									
Interest income	39		94			107			
Dividends earned	22		20			41			
Royalties earned	24		18			48			
Equity in earnings of investees	12		29			29			
Income from investment real estate	197		193			393			
Exchange gain	231		138			374			
Others	75		100			190			
Non-operating income total	602	1.3	595	1.1	-7	1,185	1.1		
<b>Non-operating expenses</b>									
Interest expense	11		12			27			
Cash discount	-		14			28			
Office lease termination expenses	-		21			27			
Maintenance cost of investment real estate	83		76			169			
Others	96		10			69			
Non-operating expenses total	192	0.4	134	0.2	-57	322	0.3		
Ordinary income	6,544	13.8	6,920	13.1	376	13,577	13.4		
<b>Extraordinary profits</b>									
Gain on sales of investment securities	0		-			117			
Gains on sale of fixed assets	3		0			27			
Reversal of allowance for doubtful debts	21		9			42			
Investment income from change of equity	2		-			2			
Income from settlement	-		-			180			
Extraordinary profits total	27	0.1	9	0.0	-17	370	0.4		
<b>Extraordinary losses</b>									
Write-down of securities	-		52			38			
Loss on sales of investment securities	-		7			-			
Loss on disposal of fixed assets	29		25			141			
Extraordinary losses total	29	0.1	86	0.2	56	180	0.2		
Net income before income taxes and minority interest	6,542	13.8	6,844	12.9	302	13,768	13.6		
Income taxes	2,718		2,983			5,139			
Deferred income taxes	-360		-880			-424			
Income taxes total	2,357	5.0	2,102	3.9	-255	4,715	4.7		
Minority interest	34	0.1	-13	-0.0	-47	44	0.0		
Net income	4,150	8.7	4,755	9.0	605	9,008	8.9		

(Note) fractions of one million yen are rounded off

## Consolidated Statement of Changes in Equity

1st half FY2006(from April 1 to September 30,2006)

(unit: million Yen)

	Shareholder's equity				
	Capital stock	Capital surplus	Earned surplus	Treasury stock	Total shareholder's equity
Balance at the end of previous period	7,954	11,184	41,550	-150	60,538
Changes of items during the period					
Issuance of stock	330	330			661
Dividends from surplus (Note)②			-798		-798
Bonuses to Directors (Note)②			-159		-159
Net income			4,150		4,150
Purchases of treasury stock				-7	-7
Net changes of items other than shareholders' equity					
Total changes of items during the period	330	330	3,191	-7	3,845
Balance at the end of the current period	8,285	11,515	44,741	-158	64,384

(unit: million Yen)

	Valuation and translation adjustments			Minority interests	Total equity
	Unrealized gain or loss of investments in securities	Foreign currency translation adjustment	Total Valuation and translation adjustments		
Balance at the end of previous period	1,234	872	2,107	860	63,507
Changes of items during the period					
Issuance of stock					661
Dividends from surplus (Note)②					-798
Bonuses to Directors (Note)②					-159
Net income					4,150
Purchases of treasury stock					-7
Net changes of items other than shareholders' equity	-283	328	44	122	167
Total changes of items during the period	-283	328	44	122	4,013
Balance at the end of the current period	951	1,200	2,152	983	67,520

(Note)① fractions of one million yen are rounded off

② Appropriation of unappropriated retained earnings as resolved in the Ordinary General Shareholder's Meeting held in June 2006.

1st half FY2007(from April 1 to September 30,2007)

(unit: million Yen)

	Shareholder's equity				
	Capital stock	Capital surplus	Earned surplus	Treasury stock	Total shareholder's equity
Balance at the end of previous period	8,501	11,731	48,794	-163	68,864
Changes of items during the period					
Issuance of new shares by exercise of warrants	81	81			163
Issuance of new shares for share exchange		1,706			1,706
Dividends from retained earnings			-1,011		-1,011
Net income			4,755		4,755
Purchase of treasury stock				-12	-12
Disposal of treasury stock		0		0	0
Decrease in retained earnings due to fiscal year-end change for subsidiary			-157		-157
Net changes of items other than shareholders' equity					
Total changes of items during the period	81	1,789	3,586	-12	5,444
Balance at the end of the current period	8,583	13,520	52,381	-176	74,309

(unit: million Yen)

	Valuation and translation adjustments			Share subscription rights	Minority interests	Total equity
	Unrealized gain or loss of investments in securities	Foreign currency translation adjustment	Total Valuation and translation adjustments			
Balance at the end of previous period	805	1,674	2,480	—	1,051	72,396
Changes of items during the period						
Issuance of new shares by exercise of warrants						163
Issuance of new shares for share exchange						1,706
Dividends from retained earnings						-1,011
Net income						4,755
Purchase of treasury stock						-12
Disposal of treasury stock						0
Decrease in retained earnings due to fiscal year-end change for subsidiary						-157
Net changes of items other than shareholders' equity	-238	160	-78	59	-915	-934
Total changes of items during the period	-238	160	-78	59	-915	4,510
Balance at the end of the current period	567	1,834	2,402	59	135	76,906

(Note) fractions of one million yen are rounded off



FY2006(from April 1 ,2006 to March 31,2007)

(unit: millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Balance at the end of previous period	7,954	11,184	41,550	-150	60,538
Changes of items during the period					
Issuance of stock	546	546			1,093
Dividends from appropriation of surplus			-798		-798
Dividends from retained earnings			-804		-804
Bonuses to Directors from appropriation of surplus			-159		-159
Net income			9,008		9,008
Purchase of treasury stock				-12	-12
Disposal of treasury stock		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during the period	546	546	7,244	-12	8,325
Balance at the end of the current period	8,501	11,731	48,794	-163	68,864

	Valuation and translation adjustments			Minority interests	Total equity
	Unrealized gain or loss of investments in securities	Foreign currency translation adjustment	Total Valuation and translation adjustments		
Balance at the end of previous period	1,234	872	2,107	860	63,507
Changes of items during the period					
Issuance of stock					1,093
Dividends from appropriation of surplus					-798
Dividends from retained earnings					-804
Bonuses to Directors from appropriation of surplus					-159
Net income					9,008
Purchase of treasury stock					-12
Disposal of treasury stock					0
Net changes of items other than shareholders' equity	-429	802	372	190	563
Total changes of items during the period	-429	802	372	190	8,888
Balance at the end of the current period	805	1,674	2,480	1,051	72,396

(Note) fractions of one million yen are rounded off

## Consolidated Statements of Cash Flow

(unit: million Yen)

Items	Period	Previous term	Current term	Change	Fiscal 2006
		(as of September 30,2006)	(as of September 30,2007)		(as of March 31,2007)
<b>Cash flow from operating activities</b>					
Net income before income taxes and minority interest		6,542	6,844		13,768
Depreciation and amortization		1,887	1,934		4,008
Amortization of consolidation goodwill		3	239		7
Increase/decrease in reserve for bonuses		92	59		294
Increase/decrease in reserve for directors' bonuses		74	-62		163
Increase/decrease in reserve for retirement benefits		18	16		-24
Increase/decrease in reserve for directors' retirement benefits		-19	-17		-19
Increase/decrease in allowance for doubtful debts		-7	3		46
Interest income and dividends earned		-62	-115		-149
Interest expense		11	12		27
Equity in earnings/loss of investees		-12	-29		-29
Loss on disposal of fixed assets		29	25		141
Increase/decrease in notes and accounts receivable		-1,303	1,795		-4,392
Increase/decrease in inventories		-650	-1,547		-297
Increase/decrease in notes and accounts payable		-52	-326		690
Increase/decrease in consumption taxes payable/receivable		402	72		160
Bonuses to directors		-159	—		-159
Others		57	-89		389
<b>Subtotal</b>		6,852	8,815	1,962	14,627
Interest and dividends received		61	114		145
Interest paid		-10	-11		-27
Corporation taxes paid		-2,630	-3,244		-4,660
<b>Cash flow from operating activities</b>		4,273	5,673	1,400	10,085
<b>Cash flow from investing activities</b>					
Payments for funding of time deposit		-124	-21		-40
Proceeds from refundment of time deposit		30	—		30
Payments for purchases of tangible fixed assets		-2,208	-2,528		-4,628
Payments for purchases of intangible fixed assets		-617	-1,061		-1,487
Payments for purchases of investment securities		—	-993		—
Cash flow from equity investment in subsidiaries		-532	-617		-533
Others		-82	98		28
<b>Cash flow from investing activities</b>		-3,536	-5,123	-1,586	-6,630
<b>Cash flow from financing activities</b>					
Net increase/decrease of short-term loans		410	-10		-118
Proceeds from long-term loans		182	—		191
Repayment of long-term loans		-25	-35		-64
Proceeds from issue of stocks		661	163		1,093
Receipt from minority shareholders		8	—		59
Payments for purchases of treasury stocks		-7	-12		-12
Dividend paid		-798	-1,011		-1,603
Dividend paid to minority shareholders		—	—		-3
<b>Cash flow from financing activities</b>		430	-905	-1,335	-457
<b>Effect of exchange rate changes on cash and cash equivalent</b>		126	43	-83	301
<b>Increase/decrease in cash and cash equivalent</b>		1,294	-311	-1,605	3,298
<b>Cash and cash equivalent at beginning of term</b>		9,416	12,714	3,298	9,416
<b>Increase in Cash and cash equivalent due to fiscal year-end change for subsidiaries</b>		—	8	8	—
<b>Cash and cash equivalent at end of term</b>		10,710	12,412	1,701	12,714

(Note) fractions of one million yen are rounded off

## Segment Information

### 1. Information about operations by geographic area Previous term(from April 1,2006 to September 30,2006)

(unit: million Yen)

	Japan	Americas	Europe	China	Asia Pacific	Total	Eliminations/ Corporate	Consolidated
Sales								
Net Sales to outside customers	18,468	9,099	14,765	3,196	1,966	47,495	—	47,495
Inter-group transfer	11,883	23	208	9	64	12,189	(12,189)	—
Total net sales	30,351	9,123	14,973	3,206	2,030	59,685	(12,189)	47,495
Operating expenses	27,081	8,979	13,145	2,862	1,769	53,838	(12,475)	41,362
Operating income	3,270	143	1,828	343	260	5,847	(-285)	6,133

### Current term(from April 1,2007 to September 30,2007)

(unit: million Yen)

	Japan	Americas	Europe	China	Asia Pacific	Total	Eliminations/ Corporate	Consolidated
Sales								
Net Sales to outside customers	17,220	10,185	19,218	3,905	2,440	52,969	—	52,969
Inter-group transfer	13,737	10	224	9	141	14,123	(14,123)	—
Total net sales	30,957	10,196	19,442	3,914	2,581	67,092	(14,123)	52,969
Operating expenses	27,445	9,717	17,272	3,490	2,258	60,183	(13,673)	46,510
Operating income	3,512	479	2,169	424	323	6,909	(450)	6,459

### Fiscal 2006(from April 1,2006 to March 31,2007)

(unit: million Yen)

	Japan	Americas	Europe	China	Asia Pacific	Total	Eliminations/ Corporate	Consolidated
Sales								
Net Sales to outside customers	39,395	19,158	31,584	6,848	4,053	101,041	—	101,041
Inter-group transfer	25,532	215	428	13	147	26,338	(26,338)	—
Total net sales	64,928	19,373	32,013	6,862	4,201	127,379	(26,338)	101,041
Operating expenses	57,496	18,780	28,466	6,081	3,868	114,693	(26,366)	88,326
Operating income	7,431	593	3,547	781	332	12,686	(-28)	12,714

### 2. Net Sales to Foreign Customers

#### Previous term(from April 1,2006 to September 30,2006)

(unit: million Yen)

	Americas	Europe	China	Asia Pacific	Total
Net Sales to Foreign Customers	9,134	14,811	3,196	2,574	29,716
Consolidated Sales	—	—	—	—	47,495
The rate of net sales to foreign customers to consolidated sales	19.2%	31.2%	6.7%	5.4%	62.5%

#### Current term(from April 1,2007 to September 30,2007)

(unit: million Yen)

	Americas	Europe	China	Asia Pacific	Total
Net Sales to Foreign Customers	10,214	19,241	3,905	3,136	36,497
Consolidated Sales	—	—	—	—	52,969
The rate of net sales to foreign customers to consolidated sales	19.3%	36.3%	7.4%	5.9%	68.9%

#### Fiscal 2006(from April 1,2006 to March 31,2007)

(unit: million Yen)

	Americas	Europe	China	Asia Pacific	Total
Net Sales to Foreign Customers	19,227	31,659	6,848	5,432	63,168
Consolidated Sales	—	—	—	—	101,041
The rate of net sales to foreign customers to consolidated sales	19.0%	31.3%	6.8%	5.4%	62.5%