

Brief notes on the consolidated interim statement of accounts as of March 2006

November 10,2005

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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 Phone : 078(265)-0500
 Date of directors' meeting : November 10,2005
 Whether or not to be prepared
 in accordance with accounting
 principles generally accepted : No
 in the United States

1. Business performance during the period April 1,2005 to September 30,2005

(1) Operating results

	Net Sales		Operating income		Ordinary income	
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)
First half FY2005	41,606	(14.6)	4,971	(15.3)	5,473	(3.6)
First half FY2004	36,297	(18.2)	4,312	(64.4)	5,285	(153.0)
FY2004	76,934		9,103		9,871	

	Net income		Net income per share	Diluted net income per share
	(million yen)	(%)	(Yen)	(Yen)
First half FY2005	3,654	(20.1)	146.41	144.85
First half FY2004	3,043	(170.6)	121.89	121.65
FY2004	5,731		225.06	223.96

(Note)①Equity in earnings or loss of investees:

First half FY2005—9million yen/ First half FY2004—5million yen /
 FY2004—8 million yen

②Average number of shares:

First half FY2005—24,961,463/ First half FY2004—24,967,489/ FY2004—24,967,325

③Changes of the method of accounting policies: Yes

④Percentage figures in the above tables indicate increase/decrease over the corresponding period of the previous year.

(2) Financial position

	Total assets	Shareholders' equity	Equity ratio	Equity per share
	(million yen)	(million yen)	(%)	(Yen)
First half FY2005	81,454	58,689	72.1	2,351.43
First half FY2004	77,665	53,405	68.8	2,138.91
FY2004	77,660	56,149	72.3	2,244.85

(Note) Issued number of shares:

First half FY2005—24,959,100/ First half FY2004—24,968,461 / FY2004—24,962,580

(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
	(million yen)	(million yen)	(million yen)	(million yen)
First half FY2005	4,220	-1,683	-631	11,940
First half FY2004	4,359	-3,682	-572	13,813
FY2005	6,691	-5,630	-4,376	10,457

(4) Scope of consolidation and application of equity method

Number of consolidated subsidiaries: 31

Number of nonconsolidated subsidiaries: 0 (subsidiaries to which the equity method is applicable)

Number of affiliates: 1 (affiliates to which the equity method is applicable)

(5) Changes in the scope of consolidation and application of equity method

Additions in the consolidation: 1

Exclusions in the consolidation: 0

Additions in equity methods: 0

Exclusions in equity methods: 0

2. Business Forecast for the fiscal term (from April 1, 2005 to March 31, 2006)

	Net Sales	Ordinary income	Net income
	(million yen)	(million yen)	(million yen)
Annual	86,000	11,000	6,500

(Reference) Net income forecast per share (annual): 130.21 yen (Note) 1.

(Note) 1. Sysmex is planning to split its common shares 2 for 1 (Record date: September 30, 2005, Effective date: November 18, 2005) based on the resolution at the board of directors' meeting held on August 23, 2005. Net income forecast per share for the full year has been calculated to reflect this change.

2. The above estimates are based on information available to the Company on the date of the report's announcement. Due to unforeseen circumstances, however, actual results may differ from such estimates.

Management Policy

1. Basic Management Policy

Since its founding, the Sysmex Group has been dedicated to the "Three Confidences": The total confidence of our customers in the use of all our products; the total confidence of our associates in all business transactions; and the total confidence of our employees in all their efforts.

2. Basic Profit-Sharing Policy

Sysmex regards the distribution of profits to shareholders as one of its most important policy priorities, and the company's basic policy includes attention to providing regular, stable dividends while ensuring that the distribution of this profit is backed by real business results.

Sysmex will continue striving to improve corporate performance and reinforce its operating foundations in order to live up to shareholder expectations.

3. Basic Stance and Policy on Reducing the Number of Shares Constituting an Investment Unit

Sysmex recognizes the importance for capital policy of stock fluidity and an increase in the number of shareholders in order to maintain fair price of shares. Thus, in August 1997 Sysmex reduced the minimum investment unit from 1,000 to 100 shares, and has actively promoted its shares since December 2003. In light of recent movements of its share prices, it was resolved at the board of directors' meeting held on August 23, 2005 that the company would split our common shares 2 for 1 (Record date: September 30, 2005, Effective date: November 18, 2005).

Sysmex continues to improve stock fluidity and broaden its investor base, giving careful consideration to current share prices and market trends.

4. Target Management Indices

In the Group Mid-term Management Plan that started in April 2005, Sysmex aims to achieve consolidated sales of ¥110 billion, consolidated ordinary income of ¥16 billion, and an ROE in excess of 13% by March 2008.

5. Mid- and Long-Term Management Strategies

As a key element of its long-term vision, Sysmex defines its corporate identity as "A Unique & Global Healthcare Testing Company." The company aims to further solidify its position as a leader in the healthcare testing market niche by offering customers solutions that take advantage of its advanced technological capabilities and unique strengths. The primary initiatives by which it is striving to realize its long-term vision are:

(1) Sustainable Development of the Diagnostics Business and Expanded Profitability

Sysmex has been pushing ahead with business development in five regions: Japan, America, Europe, China, and the Asia-Pacific. The company intends to achieve sustainable growth and increased profitability in its core diagnostics business by continuously proposing solutions making full use of our comprehensive strength in systemization, IT, service network and others, adding to its superiority in sophistication and quality of products, which match each region's character.

(2) Reinforcement of Technological Capabilities to Continuously Create High Value-Added Products

Sysmex aims to develop integrate and synergy of technology of equipment, reagent and IT by integrating R&D function initiated in integration of International Reagents Corporation's R&D function in April 2005. Further shortening of development period, stronger management of intellectual property and stronger quality management systems are aimed by modifying products flows and by establishing Liaison office.

Further, by establishing liaison offices, Sysmex will strengthen its intellectual property and quality management systems in line with the revised Medicines Act.

(3) Growth Thrust through the Life Science Business

Sysmex has been working on research and development in the area of Life Science since the year 2000, starting with the development of a confirmed diagnostics for cancers based on post-genome technologies. The company is committed to accelerating the

integrated execution of therapeutic trials, the establishment of a framework for full-time academic engagement, market-recognition activities, etc, in preparation for the introduction of high value-added Life Science-related products to the markets of Japan, America and Europe.

Sysmex will continue to concentrate management resources in the Life Science business and reinforce the related technological bases in order to broaden the range of applications for its existing technologies and acquire additional ones that are state-of-the-art.

(4) Reform of Management Systems and Revitalization of Human Resources

Sysmex will strengthen its commitment to corporate governance and corporate social responsibility (CSR) in response to the diversifying demands of stakeholders, just as it has improved the quality of the company by establishing a structure to reinforce the group's management and by establishing a quality management system that is responsive to the group's steadily advancing globalization and expanded corporate operations.

As part of its efforts to improve the quality of the organization and the individuals who comprise it, Sysmex is committed to bolstering its competitiveness by pushing ahead with initiatives that will contribute to the vitality of its human resources. Among these are the establishment of a global-scale human resources management scheme and the restructuring of various human resources systems.

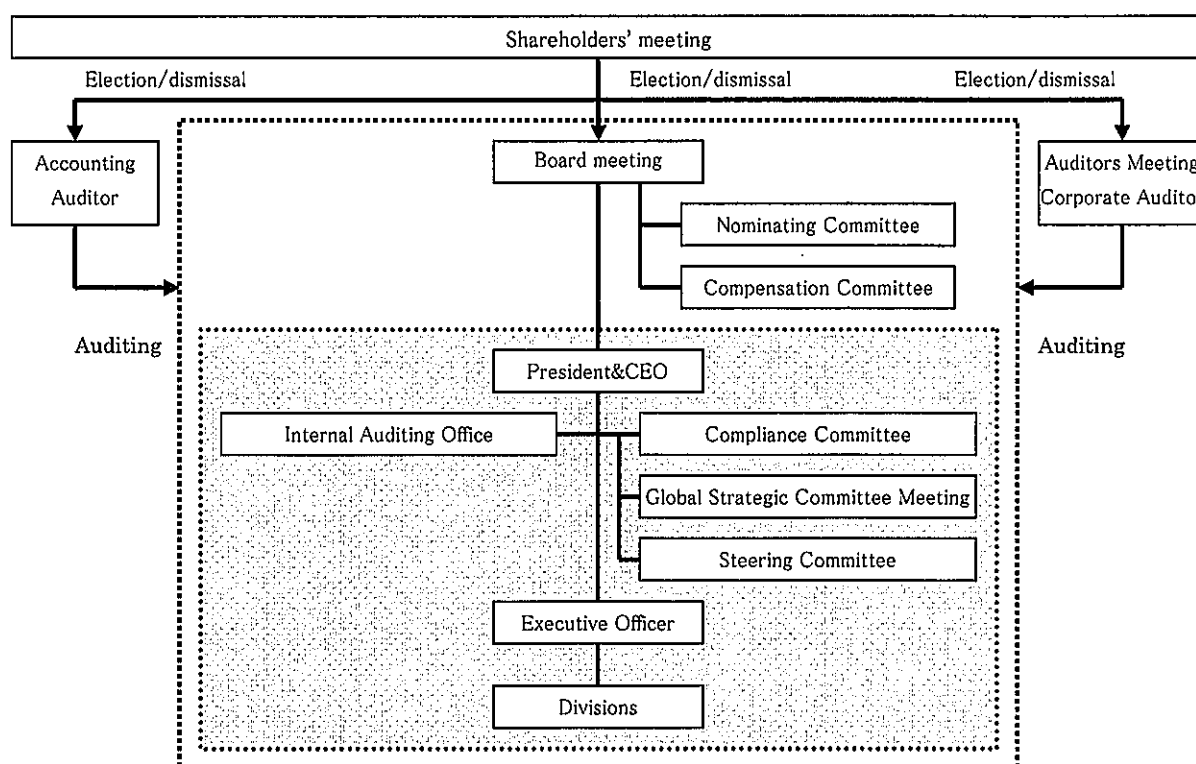
6. Corporate Governance

(1) Basic Stance

The company has positioned stronger corporate governance as a key management issue, and is striving to maximize the value of the entire Sysmex Group by enhancing efficiency and the ability to come to swift management decisions through soundness and transparency of its management.

(2) Initiatives

The diagram below outlines the company's business execution, auditing, and internal control structures:



① Company Organization

The company has implemented the corporate auditor system, with a management structure consisting of 10 directors, 3 auditors (one outside), and 15 executive officers (9 of the 15 are directors as well). The company also adopted an executive Officer System in April 2005, in order to be capable of making swifter operating decisions and responding quickly to changes in the business environment.

② Internal Control System

- The Board of Directors comprises 10 directors, who deliberate on important management issues. The Board of Directors meets regularly every three months, with extraordinary meetings as necessary.
- The Global Strategic Committee is comprised of the president and managing officers, who deliberate on the orientation of the group's management and important strategic issues. As a rule, the committee meets once a month.
- The steering Officers Committee, comprised of the president, managing officers and executive officers, deliberates on issues important to the group as a consultative body to the president. They meet twice every month, contributing to greater management speed.
- The Operating Committee, which consists of directors of divisions, meets once a month. Finding solutions to cross-function problems greatly facilitates decision-making speed and promotes efficiency.
- The Auditors meeting assesses and confirms the status of internal controls, management and execution, looking to the sound development of the group. In this manner, the meeting contributes to the solid management of the group, providing information based on audits and promoting the proper execution of business through Kaizen (improvements), advice, and proposals.

③ Risk Management Framework

A Compliance Committee was established in October 2003 to serve as the supreme consultative body on compliance for the Sysmex Group. Coinciding with this, the head of the company has issued a Compliance Declaration in which he admonishes the employees of the Sysmex Group to fulfill their responsibility to society as corporate citizens through compliance with laws and regulations, social norms, in-house rules, and a strong ethical sense. Other measures designed to ensure compliance includes the establishment of an "ethics line," a window for whistle blowing and consultations by employees, and the distribution of the Sysmex Compliance Handbook.

(3) The Personal, Financial and Business Relationships between the Outside Auditor and the Company

The outside auditor has absolutely no capital investment, business activity or other personal interest in the company.

(4) Initiatives Designed to Improve Corporate Governance

The company adopted an Executive Officers System in April 2005, establishing at the same time a Nominating Committee and a Compensation Committee, with a view to enhancing the clarity, efficiency, soundness, and speed of business execution. As a further step in its organizational reform, the company has established a CSR promotion division to reinforce the existing Compliance division, which is preparing to advance initiatives focused on CSR in areas such as compliance, environmental protection, social contributions.

The company ensures timely and accurate disclosure by constantly improving the quality of its disclosure at its financial results presentation meetings and in its quarterly results announcements, as well as on its website. The company also strives to augment its management transparency through frequent informational meetings, increasing the opportunities for disclosure to its shareholders and investors.

(5) Internal Audit, Formal Audit, and Accounting Audit

The Board of Auditors consists of three corporate auditors, one of whom is appointed from outside the company. The corporate auditors attend the board meetings and steering committee to properly monitor the performance of duties. It is the company's desire to enhance the soundness of management by ensuring that the Board of Auditors performs proper audits of its operations in accordance with all relevant laws and regulations.

The Internal auditing office is continually improving the internal auditing process, conduct regular internal audits to ensure that business procedures are executed properly

and efficiently.

Audits by Certified Public Accountants are conducted by Deloitte Touche Tohmatsu on a contract basis. Audits are done on the entire Sysmex Group and swift action taken on any revisions to the accounting framework, etc. The company also maintains retainers with multiple law firms so that it can seek advice on important issues when necessary.

Operating Results and Financial Position

1. Operating Results

(1) Summary of Overall Performance for the Current term

< Consolidated Results >

(unit: ¥ million)

	First Half of FY2004	First Half of FY2003	Increase or Decrease	Rate of Change
Net Sales	41,606	36,297	5,309	14.6%
Operating Income	4,971	4,312	659	15.3%
Ordinary Income	5,473	5,285	187	3.6%
Net Income	3,654	3,043	611	20.1%

During the first six months of fiscal 2005 ending March 31, 2006, the Japanese economy registered a mild recovery, on the back of growing corporate profitability and private capital expenditures, as well as improvement in private consumption. Overseas, the US and China experienced economic expansion, while Europe showed a modest economic recovery.

On the healthcare front, a series of healthcare system reforms, including the restructuring of national hospitals and state-run university hospitals as independent agencies, are accumulating momentum in Japan, in response to the rapidly declining birth rate and aging population, as well as to demands for better quality of healthcare services. With the revision in the Pharmaceutical Affairs Law in April 2005, regulations on the safety of medical instruments were tightened. In the US, efforts are underway to enhance the efficiency of healthcare services through the effective use of information technology, in an attempt to address the social needs to manage total costs of healthcare expenses. In China and other Asian countries, healthcare infrastructures are rapidly developing hand in hand with economic advancement.

Against this backdrop, the Sysmex Group has remained committed to providing solutions that tap into its broad line of products and services, while paving ways to expand to such new markets as hospital wards and medical practitioners. In Japan, Sysmex signed an agreement with Otsuka Pharmaceutical Co., Ltd. in August 2005 for the joint marketing of a rapid influenza diagnostic kit so as to use the combined strengths of the two companies to increase penetration in the fast-growing influenza rapid diagnosis kit market. In the US, Sysmex signed a co-marketing agreement with Bio-Rad Laboratories, Inc. in August 2005 with a view to strengthening its position as a valued solution provider for US customers through the combination of Bio-Rad's glycohemoglobin analyzers and its integrated hematology systems. In Europe, Sysmex established Sysmex POLSKA Sp.z o.o. in Poland in April 2005 to accelerate market development in Eastern European countries. On September 1, 2005, Sysmex opened a representative office in Russia as part of its initiative to boost sales in highly promising markets in BRIC countries (Brazil, Russia, India, China).

As a result, consolidated sales amounted to ¥41,606 million (an increase of 14.6% year-on-year), domestic sales to ¥16,634 million (an increase of 8.1% year-on-year) and overseas sales to ¥24,972 million (an increase of 19.4% year-on-year).

As for profit, operating income advanced to ¥4,971 million (an increase of 15.3% year-on-year) with effects of increased sales absorbing an increase in SG&A expenses. Ordinary income advanced to ¥5,473 million (an increase of 3.6% year-on-year) despite of less profit due to unfavorable foreign exchange rate. Net income advanced

to ¥3,654 million (an increase of 20.1% year-on-year) with reduced extraordinary loss and tax ratio to profit before income taxes.

The company will pay an interim dividend of ¥20 per share, from ¥15 in the previous corresponding term.

For information, closing date of most consolidated subsidiaries was changed from December to March in order to be aligned with the parent company.

(2) Geographical Segment Information

< Results for Geographical Segments >

(unit: ¥ million)

		First Half of FY2004	First Half of FY2003	Increase or Decrease	Rate of Change
Japan	Net Sales	17,284	15,924	1,359	8.5%
	Operating Income	2,811	2,902	-90	-3.1%
Americas	Net Sales	6,958	6,600	358	5.4%
	Operating Income	32	-104	136	—
Europe	Net Sales	12,579	11,061	1,518	13.7%
	Operating Income	1,524	1,333	191	14.3%
China	Net Sales	3,062	1,482	1,579	106.6%
	Operating Income	362	168	194	115.4%
Asia Pacific	Net Sales	1,722	1,228	493	40.2%
	Operating Income	201	82	118	143.8%

Note 1. "Net Sales" refers to "Sales to outside customers."

Note 2. FY2004 refers to the results of January to June 2004 for the foreign Geographical Segments

[Japan]

Sales increased to ¥17,284 million (an increase of 8.5% year-on-year) thanks to contribution of CNA Co.,Ltd, which has been consolidated since the 2nd half of the previous fiscal year, adding to sales increase in Hematology reagents, Hemostasis analyzers and Rapid Influenza Diagnostic Kit.

As for profit, operating profit slightly declined to ¥2,811 million (a decrease of 3.1% year-on-year) due to increased SG&A expenses.

[Americas]

In the United States, Sysmex has completed transformation to direct sales and service by restructuring logistics of reagents in April 2005. It contributed to sales increase of Hematology analyzers, reagents and service resulted in sales of ¥6,958 million (an increase of 5.4% year-on-year).

As for profit, the increase in sales, having absorbed increased SG&A expenses, brought in the operating income of ¥32 million yen (operating loss of ¥104 million yen in the same period last year).

[Europe]

Sales increased to ¥12,579 million (an increase of 13.7%) with effective total solution approach combining IT system followed by sales increase of Hematology analyzers and reagents which resulted from increased number of installed analyzers.

As for profit, operating income advanced to ¥1,524 million (an increase of 14.3% year-on-year) with effects of increased sales which exceeded the increase in SG&A expenses.

[China]

Sales increased by a large margin to ¥3,062 million (an increase of 106.6% year-on-year) with brisk sales in Hematology analyzers, Urine analyzers and reagents.

As for profit, operating income advanced to ¥362 million (an increase of 115.4% year-on-year) resulted from the significant increase in sales.

[Asia Pacific]

Sales increased to ¥1,722 million (an increase of 40.2% year-on-year) with sales increase in Hematology analyzers and reagents.

As for profit, operating income increased to ¥201 million (an increase of 143.8% year-on-year) with effects of increased sales exceeded the increase in SG&A expenses.

(3) Status of Research and Development efforts

To coincide with the start of this fiscal year, Sysmex established an "R&D planning function" with a view to strengthening overall engineering strategy and product planning for all R&D operations and to optimize the strategy-based allocation of management resources. Guided by its R&D vision of "making prevention-oriented, value-added laboratory testing happen for optimizing and standardizing healthcare," Sysmex is working on the development of laboratory testing that helps improve patients' quality of life and extends healthy life spans since the establishment of the Central Research Laboratories in April 2000. Some of its recent R&D projects that look to "disease management" include rapid lymph-node metastasis detection for intra-operative diagnosis, anti-cancer drug sensitivity prediction, and prognosis of cancer recurrence.

At the annual congress of the American Association for Cancer Research in April 2005, Sysmex and The University of Texas M.D. Anderson Cancer Center presented basic research outcomes of a technology to predict the effectiveness of anticancer drugs. The presentation demonstrated that in an animal model, the Cell-cycle profiling technology originally developed by Sysmex could predict the sensitivity of tumor tissues to one of the most widely used anticancer drugs, Taxol (Bristol-Myers Squibb Company).

Research & development expenses amounted to ¥ 3,859 million (ratio to sales was 9.3%) in this interim term.

(4) Financial Condition

< Total assets & Shareholders' Equity >

(unit: ¥ million)

	First Half of FY2005	FY3/2004	Increase or Decrease	Rate of Change
Total assets	81,454	77,660	3,793	4.9%
Shareholders' equity	58,689	56,149	2,540	4.5%
Equity ratio (%)	72.1%	72.3%	—	—

At the end of the term, total assets increased by ¥3,793 million from the end of the previous period since current assets increased by ¥3,446 million mainly due to an increase in aggregate sum of cash and marketable securities of ¥1,499 million and an increase in inventories of ¥1,497 million.

On the other hand, shareholder's equity increased by ¥2,540 million due to an increase in earned surplus of ¥2,230 million reflecting a decrease of ¥687 million in the beginning balance due to the closing date change of the most consolidated subsidiaries. Equity ratio slightly declined to 72.1%.

(5) Cash Flow

< Cash Flow Statement summary >

(unit: ¥ million)

	First Half of FY2005	First Half of FY2004	Increase or Decrease
Cash flow from operating activities	4,220	4,359	-139
Cash flow from investing activities	-1,683	-3,682	1,999
Cash flow from financing activities	-631	-572	-59
Total cash and cash equivalents at the end of term	11,940	13,813	-1,873

The balance of cash and cash equivalents ("Cash" hereafter) increased to ¥11,940 million by ¥2,026 million (an increase of ¥1,930 million in the same period of last year), due to an increase in cash flow from operating activities, in spite of a decrease in cash flow from investing and financing activities. Summary of each activity during the current term is as stated below. Other than any of these cash flow activities, cash decreased by ¥542 million due to the change of closing date of most consolidated subsidiaries.

[Cash Flow from Operating Activities]

Cash provided by operating activities was ¥4,220 million (a decrease of ¥139 million, year-on-year). This was mainly due to increased income before income taxes of ¥5,426 million (¥379 million year-on-year), a decrease of notes and accounts receivable – trade of ¥30 million (an increase of ¥1,298 million in the same period of last year), a decrease of notes and accounts payable – trade of ¥5 million (an increase of ¥1,559 million in the same period of last year), and an increase of inventories of ¥750 million (an increase of ¥334 million in the same period of last year).

[Cash Flow from Investing Activities]

Cash used in investing activities was ¥1,683 million (a decrease of ¥1,999 million year-on-year). This was mainly due to a decrease in payments for acquisition of investments in real estates (a decrease of ¥1,616 million, year-on-year).

[Cash Flow from Financing Activities]

Cash used in financing activities was ¥631 million (an increase of ¥59 million year-on-year). This was mainly due to ¥624 million in repayment of cash dividends (an increase of ¥174 million year-on-year).

< Cash Flow indices >

	First Half of FY2005	FY2004	FY2003	FY2002	FY2001
Shareholders' Equity ratio (%)	72.1	72.3	71.0	65.2	53.5
Shareholders' Equity ratio at market price (%)	241.3	196.7	93.6	73.0	70.0
Years for debt redemption	—	0.1	0.4	1.9	2.7
Interest coverage ratio	528.0	308.6	108.1	29.0	21.5

(unit: ¥ million)

Balance of interest-bearing liabilities	764	657	4,175	10,893	11,606
Cash Flow from Operating Activities	4,220	6,691	9,300	5,604	4,234

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

*Shareholders' Equity Ratio: Shareholders' Equity / Total Assets

*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 using consolidated financial figures.
- (2) Total Market Value of shares is calculated as term-end price multiplied by the total number of shares issued as of the term end.
- (3) Cash Flow from Operating Activities is taken from the cash flow statement summary.
- (4) Balance of Interest-Bearing Liabilities refers to all liabilities indicated on the consolidated balance sheet on which interest is being paid.
- (5) Interest Payments refers to the amount of interest being paid as indicated on the consolidated cash flow sheet.

2. Outlook for the Fiscal Year ending March 2005

Systemex has not made any revisions to its start-of-year forecasts for the year ending March 31, 2006, which was announced on May 12, 2005.

The company assumes an average foreign exchange rate for the rest of this fiscal year to be ¥110 against the US dollar and ¥135 against the Euro.

< Consolidated Results Forecast >

(unit: ¥ million)

	FY2005 (forecast)	FY2004	Increase or Decrease	Rate of Change
Net Sales	86,000	76,934	9,065	11.8%
Operating Income	10,700	9,103	1,596	17.5%
Ordinary Income	11,000	9,871	1,128	11.4%
Net Income	6,500	5,731	768	13.4%

Systemex is planning to split its common shares 2 for 1 effective November 18, 2005 based on the resolution at the board of directors' meeting held on August 23, 2005. Since the company has not changed the total amount of its dividend payments at the end of fiscal 2005, the start-of-year forecast of year-end dividends of ¥20 per share has been adjusted to ¥10 in accordance with the split ratio.

Note:

This document includes forward-looking statements about the future performance of the Systemex Group based on management's assumptions and beliefs in light of the information currently available, involving both known and unknown risks and uncertainties. Actual events and results may differ materially from those anticipated in these statements.