

Consolidated Financial Results during the 1st quarter of Fiscal 2006

August 3, 2006

Listed company name : Sysmex Corporation
 Code : 6869
 Listed stock exchanges : Tokyo Stock Exchange
 Osaka Securities Exchange
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1. Notes on preparation of quarterly financial information

- ① Adoption of simplified procedure in accounting methods: Yes
 Income taxes are calculated by the estimated rate based on the statutory effective tax rate.
- ② Changes in accounting procedure as from the most recent FY: No
- ③ Changes in scope of consolidation and application of equity method: Yes
 Additions in the consolidation: 1
 Exclusions in the consolidation: 0
 Additions in equity methods: 0
 Exclusions in equity methods: 0

2. Business performance during the period April 1,2006 to June 30,2006

(1) Operating results

	Net Sales		Operating income		Ordinary income	
	(Unit:¥million)	(%)	(Unit:¥million)	(%)	(Unit:¥million)	(%)
1st quarter FY2006	20,836	(5.5)	1,630	(-14.4)	1,750	(-16.0)
1st quarter FY2005	19,755	(17.9)	1,904	(25.8)	2,085	(8.1)
FY2005	87,887		10,723		11,981	

	Net income		Net income per share	Diluted net income per share
	(Unit:¥million)	(%)	(Yen)	(Yen)
1st quarter FY2006	757	(-41.2)	15.17	14.97
1st quarter FY2005	1,288	(36.4)	25.81	25.56
FY2005	7,422		145.48	143.77

(Note)1. Percentage figures in the above tables indicate increase/decrease over the corresponding period of the previous year.

- 2. Sysmex split its common shares 2 for 1 (Effective date: November 18, 2005 during the previous year) . Net income per share and Diluted net income per share of FY2005 are calculated on the assumption that the stock split is carried out on April 1, 2005.

Also the per-share amounts of basic and diluted net income for the three months ended June 30, 2005 have been accordingly adjusted to reflect the effect of the stock split. The per-share amounts of basic and diluted net income for the three months ended June 30, 2005 before the adjustments were ¥51.63, and ¥51.12, respectively.

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Unit:¥million)	(Unit:¥million)	(%)	(Yen)
1st quarter FY2006	84,651	63,176	73.6	1,265.65
1st quarter FY2005	75,719	56,010	74.0	1,121.95
FY2005	87,446	62,646	71.6	1,251.81

(Note)1. As for 1st quarter FY2005 and FY2005, figures of conventional "shareholders' equity" and "shareholders' equity per share" are showed in the "net assets" section and the "net assets per share" section respectively above. The amounts that correspond to past "shareholders' equity" and "shareholders' equity per share" in 1st quarter FY2006 are 62,301 million yen and ¥1,248.12, respectively.

2. The per-share amounts of shareholders' equity as of June 30, 2005 have been accordingly adjusted to reflect the effect of the stock split. The per-share amounts of shareholders' equity as of June 30, 2005 before the adjustments were ¥2,243.89.

(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)
1st quarter FY2006	-19	-1,606	-622	7,143
1st quarter FY2005	-62	-715	-552	8,604
FY2005	8,275	-7,858	-1,190	9,416

3. Business Forecast for the fiscal term(from April 1,2006 to March 31,2007)

	Net Sales	Ordinary income	Net income
	(Unit:¥million)	(Unit:¥million)	(Unit:¥million)
Interim period	45,900	5,850	3,750
Annual	98,000	13,300	8,200

(Reference) Net income forecast per share (annual): ¥164.27

(Note) 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.

Consolidated Balance Sheet

(Unit: ¥ million)

Items	Period		Current 1st quarter (as of June 30,2006)		Previous 1st quarter (as of June 30,2005)		Previous year (as of March 31,2006)	
	Amount	%	Amount	%	Amount	%		
(Assets)								
Current assets	51,942	61.4	47,987	63.4	54,851	62.7		
Cash	7,221		7,146		9,485			
Notes and accounts receivable trade	24,365		22,185		26,145			
Marketable securities	28		1,535		28			
Inventories	16,506		14,298		15,291			
Others	3,821		2,821		3,901			
Fixed assets	32,709	38.6	27,731	36.6	32,594	37.3		
Tangible fixed assets	21,798	25.7	17,886	23.6	21,444	24.5		
Intangible fixed assets	3,248	3.8	2,917	3.9	3,244	3.7		
Investments	7,661	9.1	6,927	9.1	7,905	9.1		
Total assets	84,651	100.0	75,719	100.0	87,446	100.0		
(Liabilities)								
Current liabilities	18,582	22.0	16,150	21.3	20,967	24.0		
Notes and accounts payable trade	8,220		7,955		8,868			
Short-term loans payable	299		260		146			
Others	10,061		7,934		11,952			
Fixed liabilities	2,893	3.4	2,729	3.6	2,971	3.4		
Long-term loan payable	21		17		3			
Reserve for retirement benefits	174		408		162			
Others	2,697		2,302		2,806			
Total liabilities	21,475	25.4	18,879	24.9	23,939	27.4		
(Net assets)								
Shareholders' equity	60,335	71.3	—	—	—	—		
Capital stock	7,954	9.4	—	—	—	—		
Capital surplus	11,184	13.2	—	—	—	—		
Earned surplus	41,348	48.9	—	—	—	—		
Treasury stock	-152	-0.2	—	—	—	—		
Valuation and translation adjustments	1,966	2.3	—	—	—	—		
Unrealized gain or loss of investments in securities	1,049	1.2	—	—	—	—		
Foreign currency translation adjustment	916	1.1	—	—	—	—		
Minority interests	875	1.0	—	—	—	—		
Total Net assets	63,176	74.6	—	—	—	—		
Total liabilities and net assets	84,651	100.0	—	—	—	—		
(Minority interest)								
Minority interest	—	—	828	1.1	860	1.0		
(Shareholders' equity)								
Capital stock	—	—	7,954	10.5	7,954	9.1		
Capital surplus	—	—	11,182	14.8	11,184	12.8		
Earned surplus	—	—	35,822	47.3	41,550	47.5		
Unrealized gain or loss of investments in securities	—	—	820	1.1	1,234	1.4		
Foreign currency translation adjustment	—	—	355	0.5	872	1.0		
Treasury stock	—	—	-125	-0.2	-150	-0.2		
Total shareholders' equity	—	—	56,010	74.0	62,646	71.6		
Total liabilities, minority interest and shareholders' equity	—	—	75,719	100.0	87,446	100.0		

Consolidated Statements of Income

(Unit: ¥ million)

Items	Period	Current 1st quarter		Previous 1st quarter		Previous year	
		(as of June 30,2006)		(as of June 30,2005)		(as of March 31,2006)	
		Amount	%	Amount	%	Amount	%
Net Sales		20,836	100.0	19,755	100.0	87,887	100.0
Cost of sales		8,493	40.8	8,459	42.8	36,739	41.8
Selling, general and administrative expenses		10,713	51.4	9,391	47.6	40,425	46.0
Operating income		1,630	7.8	1,904	9.6	10,723	12.2
Non-operating income		203	1.0	266	1.4	1,558	1.8
(Interest income and dividends earned)		(39)		(29)		(102)	
(Exchange gain)		(10)		(75)		(828)	
(Others)		(153)		(160)		(627)	
Non-operating expenses		83	0.4	86	0.4	300	0.4
(Interest expense)		(5)		(5)		(22)	
(Others)		(78)		(80)		(278)	
Ordinary income		1,750	8.4	2,085	10.6	11,981	13.6
Extraordinary profits		5	0.0	9	0.0	59	0.1
Extraordinary losses		8	0.0	7	0.0	138	0.2
Net income before income taxes and minority interest		1,747	8.4	2,087	10.6	11,902	13.5
Income taxes		979	4.7	782	4.0	4,448	5.1
Minority interest		10	0.1	15	0.1	31	0.0
Net income		757	3.6	1,288	6.5	7,422	8.4

Consolidated Statement of Changes in Net Asset

1st quarter FY2006(from April 1 to June 30,2006)

(Unit: ¥ million)

	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					
Dividends from surplus			-798		-798
Bonuses to Directors			-159		-159
Net income			757		757
Purchases of treasury stock				-2	-2
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	-201	-2	-203
Balance at the end of the current period	7,954	11,184	41,348	-152	60,335

(Unit: ¥ million)

	Valuation and translation adjustments			Minority interests	Total Net assets
	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					
Dividends from surplus					-798
Bonuses to Directors					-159
Net income					757
Purchases of treasury stock					-2
Net changes of items other than shareholders' equity	-185	43	-141	14	-127
Total changes of items during the period	-185	43	-141	14	-330
Balance at the end of the current period	1,049	916	1,966	875	63,176

Consolidated Statements of Cash Flow

(Unit: ¥ million)

Items	Period	Current 1st quarter (as of June 30,2006)	Previous 1st quarter (as of June 30,2005)	Previous year (as of March 31,2006)
I Cash flow from operating activities				
Net income before income taxes and minority interest		1,747	2,087	11,902
Depreciation and amortization		924	883	3,592
Increase/decrease in notes and accounts receivable		1,844	658	-2,383
Increase/decrease in inventories		-1,156	-206	-684
Increase/decrease in notes and accounts payable		-681	-747	-753
Others		-441	-946	710
Subtotal		2,237	1,728	12,383
Interest and dividends received		34	27	99
Interest paid		-4	-5	-16
Corporation taxes paid		-2,285	-1,812	-4,191
Cash flow from operating activities		-19	-62	8,275
II Cash flow from investing activities				
Payments for purchases of tangible fixed assets		-1,237	-270	-5,795
Payments for purchases of intangible fixed assets		-297	-415	-1,421
Others		-71	-29	-642
Cash flow from investing activities		-1,606	-715	-7,858
III Cash flow from financing activities				
Net increase/decrease of short-term loans		143	83	-39
Repayment of long-term loans		-5	-4	-19
Dividend paid		-798	-624	-1,123
Others		37	-6	-8
Cash flow from financing activities		-622	-552	-1,190
IV Effect of exchange rate changes on cash and cash equivalent		-24	20	275
V Increase/decrease in cash and cash equivalent		-2,272	-1,310	-498
VI Cash and cash equivalent at beginning of term		9,416	10,457	10,457
VII Decrease in cash and cash equivalent due to fiscal year-end change for subsidiaries		—	-542	-542
VIII Cash and cash equivalent at end of term		7,143	8,604	9,416

Segment Information

1. Information about operations by geographic area 1st quarter FY2006(from April 1 to June 30,2006)

(Unit: ¥ million)

	Japan	Americas	Europe	China	Asia Pacific	Total	Eliminations / Corporate	Consolidated
Sales and Operating income								
Sales								
Net Sales to outside customers	7,346	4,079	7,277	1,251	882	20,836	—	20,836
Interarea transfer	6,258	56	101	2	29	6,447	(6,447)	—
Total net sales	13,605	4,136	7,378	1,253	911	27,284	(6,447)	20,836
Operating expenses	12,583	4,206	6,588	1,153	773	25,305	(6,098)	19,206
Operating income	1,021	-70	789	100	138	1,979	(349)	1,630

1st quarter FY2005(from April 1 to June 30,2005)

(Unit: ¥ million)

	Japan	Americas	Europe	China	Asia Pacific	Total	Eliminations / Corporate	Consolidated
Sales and Operating income								
Sales								
Net Sales to outside customers	7,325	3,611	6,608	1,353	856	19,755	—	19,755
Interarea transfer	5,171	38	74	1	28	5,315	(5,315)	—
Total net sales	12,497	3,650	6,682	1,355	885	25,070	(5,315)	19,755
Operating expenses	11,815	3,601	5,878	1,158	794	23,249	(5,398)	17,850
Operating income	682	48	803	196	90	1,821	(-83)	1,904

FY2005(from April 1,2005 to March 31,2006)

(Unit: ¥ million)

	Japan	Americas	Europe	China	Asia Pacific	Total	Eliminations / Corporate	Consolidated
Sales and Operating income								
Sales								
Net Sales to outside customers	36,760	15,620	25,368	6,403	3,734	87,887	—	87,887
Interarea transfer	22,621	176	299	10	109	23,217	(23,217)	—
Total net sales	59,381	15,796	25,668	6,414	3,844	111,105	(23,217)	87,887
Operating expenses	52,898	15,581	22,654	5,801	3,483	100,420	(23,256)	77,164
Operating income	6,483	214	3,013	612	360	10,685	(-38)	10,723

2. Net Sales to Foreign Customers

1st quarter FY2006(from April 1 to June 30,2006)

(Unit: ¥ million)

	Americas	Europe	China	Asia Pacific	Total
Net Sales to Foreign Customers	4,093	7,277	1,251	1,175	13,796
Consolidated Sales	—	—	—	—	20,836
The rate of net sales to foreign customers to consolidated sales	19.7%	34.9%	6.0%	5.6%	66.2%

1st quarter FY2005(from April 1 to June 30,2005)

(Unit: ¥ million)

	Americas	Europe	China	Asia Pacific	Total
Net Sales to Foreign Customers	3,632	6,627	1,353	1,098	12,711
Consolidated Sales	—	—	—	—	19,755
The rate of net sales to foreign customers to consolidated sales	18.4%	33.5%	6.8%	5.6%	64.3%

FY2005(from April 1,2005 to March 31,2006)

(Unit: ¥ million)

	Americas	Europe	China	Asia Pacific	Total
Net Sales to Foreign Customers	15,762	25,437	6,411	4,857	52,469
Consolidated Sales	—	—	—	—	87,887
The rate of net sales to foreign customers to consolidated sales	17.9%	29.0%	7.3%	5.5%	59.7%

Operating Results and Financial Position

1. Operating Results

Summary of Overall Performance for the Current term

<Consolidated Results>

(Unit: ¥ million)

	1 st Q of FY2006 (June 2006)	1 st Q of FY2005 (June 2005)	Increase or Decrease	Rate of Change
Net Sales	20,836	19,755	1,081	5.5%
Operating Income	1,630	1,904	-274	-14.4%
Ordinary Income	1,750	2,085	-334	-16.0%
Net Income	757	1,288	-531	-41.2%

During the first three months of fiscal 2006 ending March 31, 2007, the Japanese economy achieved a mild recovery, underpinned by the expansion of private-sector capital expenditures on the back of a corporate earnings rebound and a turnaround in consumer spending, despite concerns over the negative impact of rising oil prices. Overseas, while the future prospects of the US economy are uncertain, the European market is undergoing a mild expansion, as China and other Asian economies continue to grow.

Meanwhile, in Japan's and developed Western countries' medical industry, governments are promoting medical care reform, aiming at containment of increasing healthcare cost in the advancement of the aging society. Especially in Japan medical industry remains stringent, as medical fee reimbursements were decreased by a record high of 3.16% this April.

Against this backdrop, in April in Japan Sysmex separated and transferred its reagent manufacturing operations, Ono factory to Sysmex International Reagents Corporation ("SIRC"), a wholly-owned subsidiary of Sysmex with the aim of improving reagent manufacturing and efficiency in business operations. And in June Sysmex released a Fully Automated Urine Cell Analyzer UF-1000i in Japan to support streamlining urine test in small- and medium sized hospitals. In the United States we strengthened marketing channels to commercial labs and both small- and medium-sized customers while we strengthened our servicing organization. In Europe we continued to increase recognition of breast cancer lymph node metastasis tests in Europe by producing RD-100i, a gene amplification detector in April, and we established Sysmex South Africa (PTY) Ltd. in the Republic of South Africa in May, with a view towards contributing to the treatment of HIV/AIDS patients and bolstering services and support for distributors and customers in southeastern Africa, an area which offers high potential for growth.

As a result, consolidated sales amounted to ¥20,836 million (an increase of 5.5% year-on year), domestic sales to ¥7,040 million (a decrease of 0.1% year-on-year) and overseas sales to ¥13,796 million (an increase of 8.5% year-on-year).

As for profit, operating income amounted to ¥1,630 million (a decrease of 14.4% year-on-year) due to increased overseas selling and servicing expenses for enhancement of selling and servicing structure and increased R&D expenses and so on. Ordinary income amounted to ¥1,750 million (a decrease of 16.0% year-on-year).

Net income amounted to ¥757 million (a decrease of 41.2% year-on-year) with the increase of income taxes which was caused by Sysmex's increased dividends earned from overseas subsidiaries.

2. Financial position

<Total Assets, Net Assets & Equity ratio>

(Unit: ¥ million)

	1 st Q of FY2006 (June 2006)	FY2005 (Mar. 2006)	Increase or Decrease	Rate of Change
Total assets	84,651	87,446	-2,794	-3.2%
Net Assets	63,176	62,646	-	-
Equity ratio (%)	73.6%	71.6%	-	-

(Note) As for FY2005, the figure of conventional “shareholders’ equity” is showed in the “net assets” section above. The amounts that correspond to past “shareholders’ equity” and equity ratio calculated with conventional “shareholders’ equity” as of the end of 1st quarter FY2006 are ¥62,301 million (down ¥ 344 million from Mar. 2006) and 73.6%, respectively.

At the end of the current term, Total assets decreased to ¥84,651 million by ¥2,794 million from the end of the previous period. The main reasons of the decrease were a decrease in cash of ¥2,263 million, and in notes and accounts receivable-trade of ¥1,780 million, despite of an increase in inventories of ¥1,215 million, and in Tangible fixed assets of ¥353 million.

On the other hand, total liabilities decreased to ¥21,475 million by ¥2,464 million from the end of the previous period, mainly due to a decrease in corporate taxes payable of ¥1,468 million and in notes and accounts payable of ¥ 648 million.

Net assets decreased to ¥63,176 million by ¥330 million, from the end of the previous period (compared with ¥ 63,507 million in which minority interests were added to conventional shareholder’s equity), mainly due to dividends paid from retained earnings for the previous period. Equity ratio increased to 73.6 % by 2.0 percentage points from 71.6% as of the end of the previous period.

<Summary of Cash flows>

(Unit: ¥ million)

	1 st Q of FY2006	1 st Q of FY2005	Increase or Decrease
Cash flow from operating activities	-19	-62	43
Cash flow from investing activities	-1,606	-715	-891
Cash flow from financing activities	-662	-552	-69
Total cash and cash equivalents at the end of term	7,143	8,604	-1,460

The balance of cash and cash equivalents (“Cash” hereafter) decreased to ¥7,143 million by ¥2,272 million from the end of the previous period.

Summary of each activities during the current term is stated below.

[Cash Flow from Operating Activities]

Cash used by operating activities was ¥19 million (down ¥43 million year-on-year). This was mainly due to a decrease of income before income taxes of ¥1,747 million (down ¥340 million year-on-year), a decrease of notes and accounts receivable of ¥1,844 million (up ¥1,186 million year-on-year), and an increase of inventories of ¥1,156million (up ¥949 million year-on-year).

[Cash Flow from Investing Activities]

Cash used in investing activities was ¥1,606 million (up ¥891 million year-on-year). This was mainly due to an increase of investment in tangible fixed assets of ¥1,237 million (up ¥967 million year-on-year).

[Cash Flow from Financing Activities]

Cash used in financing activities was ¥622 million (up ¥69 million year-on-year). This was mainly due to an increase of payment of cash dividends of ¥798 million (up ¥174 million year-on-year).

3. Business Forecast for the fiscal term (from April 1, 2006 to March 31, 2007)

Based on the actual results of this quarter, a degree of progress to our plan and current forecast, the consolidated outlook for the interim and the entire periods announced on May 11, 2006 remains unchanged.

The assumption of average foreign exchange rate for remaining periods reflected in the above forecast is ¥115 to U.S. dollar and ¥145 to Euro.

4. Reference

< Single entity's results >

(Unit: ¥ million)

	1 st Q of FY2006	1 st Q of FY2005	Increase or Decrease	Rate of Change
Net Sales	12,996	11,977	1,018	8.5%
Operating income	848	539	308	57.2%
Ordinary income	2,034	1,559	475	30.5%
Net income	1,240	1,173	66	5.6%

Business forecast of the single entity remains unchanged from the previous announcement on May 11, 2006.

The assumption of average foreign exchange rate for the remaining periods reflected in the above forecast is ¥ 115 to U.S. dollar and ¥ 145 to Euro.

Note:

Statements made in this document include forward-looking statements about the future performance of the Sysmex group 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.