

November 9th, 2006

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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 Date of directors' meeting : November 9,2006
 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 1,2006 to September 30,2006

(1) Operating results

	Net Sales		Operating income		Ordinary income	
	(million)	Yen)	(million)	Yen)	(million)	Yen)
First half FY2006	47,495	(14.2)	6,133	(23.4)	6,544	(19.6)
First half FY2005	41,606	(14.6)	4,971	(15.3)	5,473	(3.6)
FY2005	87,887		10,723		11,981	

	Net income		Net income per share	Diluted net income per share
	(million)	Yen)	(Yen)	(Yen)
First half FY2006	4,150	(13.6)	83.00	82.32
First half FY2005	3,654	(20.1)	73.20	72.43
FY2005	7,422		145.48	143.77

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

First half FY2006 – 12million Yen; First half FY2005: 9million Yen ;
 FY2005: 25 million Yen

②Average number of shares:

First half FY2006: 50,001,139; First half FY2005: 49,922,925; FY2005: 49,921,043

③Changes in accounting procedure as from the most recent FY: No

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

⑤Sysmex split its common shares, 1 into 2 (Effective date: November 18, 2005 during the previous year) . Net income per share and Diluted net income per share and Average number of shares 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 six months ended September 30, 2005 have been accordingly adjusted to reflect the effect of the stock split. Per-share amounts of basic and diluted net income and Average number of shares for the six months ended September 30, 2005 before the adjustments were 146.41 Yen, and 144.85 Yen, and 24,961,463 respectively.

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	(million Yen)	(million Yen)	(%)	(Yen)
First half FY2006	93,371	67,520	71.3	1,342.14
First half FY2005	81,454	58,689	72.1	1,175.72
FY2005	87,446	62,646	71.6	1,251.81

(Note)① Issued number of shares:

First half FY2006: 50,308,328; First half FY2005: 49,918,200; FY2005: 49,917,036

② As for 1st half 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 half FY2006 are 66,537 million Yen and ¥1,322.59, respectively.

③ The per-share amounts of shareholders' equity and Issued number of shares as of September 30, 2005 have been accordingly adjusted to reflect the effect of the stock split. The per-share amounts of shareholders' equity and Issued number of shares as of September 30, 2005 before the adjustments were ¥2,351.43, and 24,959,100 respectively.

(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 FY2006	4,273	-3,536	430	10,710
First half FY2005	4,220	-1,683	-631	11,940
FY2005	8,275	-7,858	-1,190	9,416

(4) Scope of consolidation and application of equity method

Number of consolidated subsidiaries: 32

Number of non-consolidated 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 scope of consolidation and application of equity method

Additions in the consolidation: 2

Exclusions in the consolidation: 0

Additions in equity methods: 0

Exclusions in equity methods: 0

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

	Net Sales	Ordinary income	Net income
	(million Yen)	(million Yen)	(million Yen)
Annual	98,000	13,300	8,200

(Reference) Net income forecast per share (annual): 163.61 Yen

(Note) The above forecasts are based on information which is available to the Company on the date of the report's announcement. Actual results may differ due to unforeseen circumstances.

Management Policy

1. Basic Management Policy

Since founding, SYSMEX Group prescribes the “Three Confidences”: the total confidence of our customers who use all our products; the total confidence of our business partners in all business transactions; and the total confidence of our employees in all their efforts.

2. Basic Profit-Sharing Policy

SYSMEX defines fundamental policy upon shareholders that we continue contribution to shareholders by continuous dividends which is led from stubborn achievement for objectives.

SYSMEX keeps on improving our corporate performance and reinforcement of its fundamentals in order to satisfy shareholders’ expectations.

3. Basic Policy for Decreasing Investment Unit for Shares

SYSMEX recognizes the importance on capital policy for stock liquidity and enlargement the number of shareholders in order to maintain fair price of shares. Therefore, SYSMEX decreased minimum investment unit from 1,000 shares to 100 in August 1997, sold existing share in December 2003 and determined to adapt one unit of share of SYSMEX to split into two units. (Date of issue: September 30th, 2005, effective date: November 18th, 2005)

SYSMEX continues improvement for stock liquidity, to increase our investor base, and to contemplate our share price and market circumstances.

4. Target Management Indices

In SYSMEX Group Mid-term Management Plan which has been since April 2005, SYSMEX aims to achieve consolidated sales as 110 billion Yen, consolidated ordinary income as 16 billion Yen, and an ROE as more than 13% by March 2008.

5. Mid- and Long-Term Management Strategies

As a key element of its long-term vision, SYSMEX defines our corporate identity as “A Unique & Global Healthcare Testing Company.” We are heading to be a leader in the niche area of healthcare testing market by providing custom proposal from high end technology and our unique competency. Our main activities to achieve long-term objectives are as follows:

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

SYSMEX has been penetrating business development in five regions: Japan, Americas, Europe, China, and Asia-Pacific. We continue having sustainable growth and raising profitability at our core business: In-Vitro Diagnostics. This is from our competency endorsed by high resolution and high quality products, capability of systemization, IT technology, customer support and unique product variation; these lineups satisfy local character of demand.

(2) Reinforcement of Technological Capabilities to obtain High Value-Added Products continuously

SYSMEX continues investment for R&D in order to obtain a tractor of competitive superiority and sustainable growth. This investment is positioned as one of highest important matter in SYSMEX group.

We are projecting to expand of our Techno-Centre, to enhance creativity of R&D with land which we purchased in February 2006, to Techno-Park to achieve our concept: Creation and Consequence for Knowledge.

(3) Growth Thrust through the Life Science Business

SYSMEX has been operating R&D for Life Science business to develop technology for cancer diagnosis, based on post-genome technologies. SYSMEX has made a success to launch the product Gene Amplification Detector: RD-100i and its reagents in European market since April, 2006. We accelerate development for Life Science business with both activity for business presence and expansion of business territory from Europe toward Japanese and US Market

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

SYSMEX commits reinforcement of corporate supremacy from penetration of corporate governance, CSR: corporate social responsibility and internal control in order to satisfy requirements of stakeholders. Also SYSMEX implements new human resource management inter-company bases in order to strengthen staff resources.

6. Holding company

SYSMEX is independent from any holding company.

Operating Results and Financial Position

1. Operating Results

(1) Summary of Overall Performance for the Current term

< Consolidated Results >

(unit: million Yen)

	First Half of FY2006	First Half of FY2005	Increase or Decrease	Rate of Change
Net Sales	47,495	41,606	5,889	14.2%
Operating Income	6,133	4,971	1,161	23.4%
Ordinary Income	6,544	5,473	1,070	19.6%
Net Income	4,150	3,654	495	13.6%

During the first six months of fiscal year 2006 which ends March 31, 2007, Japanese macro economy continued positive situation led by improvement of operation result at industry, increase of capital investment, recovery of employment and commodity consuming; overseas fundamentals are steady at Europe, China and even in US although which forecast tends to be instable.

At Healthcare industry, restructuring for Japanese Social healthcare system which is with two major action plan: health expenditure reduction and social security remodeling. Through this restructuring, hard situation for healthcare supplier continues such as deduction of in-vitro diagnostic fee in medical cost reform by government in April this year. At developed countries like Europe or US, healthcare expenditure is reduced by the healthcare system restructuring; demand of high-level healthcare is increasing in Asian market.

SYSMEX group is distributing in-vitro diagnostic business with total supply which contains not only product sales also consulting and technical support after sales; these business portfolio enables us to provide our supply not only laboratory also veterinary, patient front and clinics.

At Americas market, SYSMEX penetrated business activity to the market segment at large size laboratories and mid-small laboratories; also we have penetrated sales activity in Latin America, these activities made a good result such as SYSMEX products implementation at Social Security in Republic of Costa Rica.

At European market, SYSMEX implemented SYSMEX South Africa in Republic of South Africa in May 2006, also capitalized former SYSMEX distributor at Switzerland to be SYSMEX Affiliate: SYSMEX Degitana, These are indeed for penetration to local business territories.

As a result, consolidated sales amounted to 47,495 million Yen (14.2% increased from previous half fiscal year: hereinafter percentage signifies the same ratio in this paragraph), domestic sales to 17,779 million Yen (6.9%) and overseas sales to 29,716 million Yen (19.0%).

As for profit, operating income became 6,133 million Yen (24.4%) due to effects from sales increase which extinguishes SG&A expenses. Ordinary income became 6,544 million Yen (19.6%). Net income advanced to 4,150 million Yen (13.6%) with reduced extraordinary loss.

SYSMEX provides interim dividend as 16 Yen per share.

* Value of Dividend in previous half fiscal year is equivalent with 10 Yen: Dividend of previous half fiscal year was issued before share split, one share into 2 shares.

(2) Geographical Segment Information

< Results for Geographical Segments >

(unit: million Yen)

		First Half of FY2006	First Half of FY2005	Increase or Decrease	Rate of Change
Japan	Net Sales	18,468	17,284	1,184	6.9%
	Operating Income	3,270	2,811	458	16.3%
Americas	Net Sales	9,099	6,958	2,140	30.8%
	Operating Income	143	32	110	336.9%
Europe	Net Sales	14,765	12,579	2,185	17.4%
	Operating Income	1,828	1,524	303	19.9%
China	Net Sales	3,196	3,062	134	4.4%
	Operating Income	343	362	-18	-5.2%
Asia Pacific	Net Sales	1,966	1,722	244	14.2%
	Operating Income	260	201	59	29.5%

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

[Japan]

Sales amount was 18,468 million Yen (6.9% increased from previous half fiscal year: hereinafter percentage signifies the same ratio in this chapter if there is not any particular indication.) due to mainly from sales increase of both instruments and reagents in Hematology, Urinalysis instruments, instruments and reagents at POC, contributed sales increase.

Operating income was 3,270 million Yen (16.3%). Increase of sales amount was surplus from increase of SG&A expences which is led mainly from R&D expense.

[Americas]

Sales amount was 9,099 million Yen (30.8%). Tractor of Sales increase was from good result of Hematology products in US and Latin American markets, Urinalysis products and Coagulation instruments.

Operating income was 143 million Yen (336.9%). Increase of sales amount was surplus from increase of SG&A expences which is led mainly from sales force reinforcement.

[Europe]

Sales amount was 14,765 million Yen (17.4%). Sales increase is provided from Hematology products and Urinalysis products.

Operating income was 1,828 million Yen (19.9%). Increase of sales amount was surplus from increase of SG&A expences which is led mainly from expansion of Life Science and Veterinary business.

[China]

Sales amount was 3,196 million Yen (4.4%). Stagnation of market growth such as decrease of public tender was contra achievement. Currency evaluation of Yuan relieved sales when converting toward Yen bases.

Operating income was 343 million Yen (5.2% decrease from previous half fiscal year). Development for local reagents production made effect for increase of SG&A expences

[Asia Pacific]

Sales amount was 1,966 million Yen (14.2%) Sales increase is provided from Hematology products.

Operating income was 260 million Yen (29.5%). Increase of sales amount was surplus from increase of SG&A expences which is led mainly from reinforcement of sales force.

(3) Status of Research and Development efforts

We at SYSMEX Group target R&D objectives as “Provide high technology value-added testing to optimize and to standardize medical services which manage preventive medicines”. We aim to contribute improvement of QOL: quality of life, lifetime extension and efficiency of medical services through sustainability of growth and profitability by enhancement of core-technology and R&D structure.

At IVD business unit, we have achieved to develop world highest sensibility of Chemiluminescent Enzyme Immunity Analysis Technology: one of the common diagnostic technologies for immunology. This technology will provide new product lineup at immunology products. At Coagulation lineup, we finished product development with newest technology which enables to detect multi wave length light beam. This development provides productivity of instruments, decrease of TAT: turn around time and improvement of accuracy of test result. Also we are developing technology of cancer diagnosis which covers all paths of cancer medicines. We are targeting to establishment of diagnostic path to provide improvement of QOL and lifetime extension through development for Cancer Lymph Node Metastasis Rapid Diagnosis Technology, Chemo Sensitivity Prediction Test, Recurrence Prognosis Diagnosis Technology and the others.

Metastasis is greatly related with prognosis, and it drives operation and medical path. SYSMEX has succeeded to develop OSNA method: One Step Nucleic Acid Amplification Method, to contribute accurate, faster diagnostics toward medicines. We continue R&D for technology for relapse prognosis based on Cell Cycle Profiling Technology, technology for Cancer Relapse Prognosis and institution for Anticancer Sensitivity Prediction Diagnosis Technology. We issued many papers at Japanese Cancer Association: JCA and The Japanese Breast Cancer Society.

* R&D investment during this semester was 4,251 million Yen (9.0% of consolidated sales amount)

(4) Financial Condition

< Total assets & Shareholders' Equity >

(unit: million Yen)

	First Half of FY2005	Prev. FYend March 2006	Increase or Decrease	Rate of Change
Total assets	93,371	87,446	5,924	6.8%
Net Asset	67,520	62,646	—	—
Equity ratio (%)	71.3%	71.6%	—	—

Total assets were increased 5,924 million Yen from previous fiscal year end, due to mainly from increase of Current Assets: Cash and Equivalent: 1,499 million Yen, Inventories: 1,497 million Yen.

Liabilities were increased 1,911 million Yen from previous fiscal year end, due to mainly from increase of account and notes receivable: 566 million, short term loan: 475 million Yen.

Net Asset was increased 4,013 million Yen due to mainly from Retained earning increase: 3,191 million Yen. Equity ratio was slightly declined as 71.3% from previous fiscal year end.

(5) Cash Flow

< Cash Flow Statement summary >

(unit: million Yen)

	First Half of FY2006	First Half of FY2005	Increase or Decrease
Cash flow from operating activities	4,273	4,220	53
Cash flow from investing activities	-3,536	-1,683	-1,852
Cash flow from financing activities	430	-631	1,061
Total cash and cash equivalents at the end of term	10,710	11,940	-1,230

< Cash Flow indices >

	First Half of FY2006	FY2005	FY2004	FY2003	FY2002
Shareholders' Equity ratio (%)	71.3	71.6	72.3	71.0	65.2
Shareholders' Equity ratio at market price (%)	242.9	293.4	196.7	93.6	73.0
Years for debt redemption	—	0.1	0.1	0.4	1.9
Interest coverage ratio	426.5	486.8	308.6	108.1	29.0

(unit: million Yen)

Balance of interest-bearing liabilities	1,280	695	657	4,175	10,893
Cash Flow from Operating Activities	4,273	8,275	6,691	9,300	5,604

*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.

2. Forecast of Fiscal year result (from April 1st, 2006 to March 31st, 2007)

SYSMEX maintains the forecast for fiscal year result which was announced on May 11th, 2006. This forecast is based on hypothesis of foreign exchange rate: 1 dollar of United States of America per 110 Yen, 1 Euro per 135 Yen.

< Consolidated Income statement Forecast >

(unit: million Yen)

	FY2006 (forecast)	FY2005	Increase or Decrease	Rate of Change
Net Sales	98,000	87,887	10,112	11.5%
Operating Income	13,000	10,723	2,276	21.2%
Ordinary Income	13,300	11,981	1,318	11.0%
Net Income	8,200	7,422	777	10.5%

Half year Dividend is per 16 Yen as planned, annual dividend is forecasted per 32 Yen.

Note:

This 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.

Consolidated Balance Sheet

(unit: million Yen)

Items	Previous term (as of September 30,2005)		Current term (as of September 30,2006)		Fiscal 2005 (as of March 31,2006)	
	Amount	%	Amount	%	Amount	%
(Assets)						
Current assets						
Cash	11,500		10,876		9,485	
Notes and accounts receivable trade	23,083		28,220		26,145	
Marketable securities	543		19		28	
Inventories	14,993		16,549		15,291	
Others	3,691		4,706		4,320	
Allowance for doubtful debts	-305		-430		-419	
Current assets total	53,506	65.7	59,941	64.2	54,851	62.7
Fixed assets						
Tangible fixed assets						
Buildings and structures	6,999		7,752		7,555	
Tools, furniture and fixtures	3,119		3,704		3,387	
Land	5,932		7,741		7,738	
Others	1,808		3,286		2,763	
Tangible fixed assets total	17,860		22,485		21,444	
Intangible fixed assets						
Intangible fixed assets total	3,044		3,505		3,244	
Investments						
Investments in securities	2,940		3,516		3,988	
Others	4,131		3,926		3,920	
Allowance for doubtful debts	-29		-3		-3	
Investments total	7,042		7,438		7,905	
Fixed assets total	27,947	34.3	33,429	35.8	32,594	37.3
Total assets	81,454	100.0	93,371	100.0	87,446	100.0

(Note) fractions of one million yen are rounded off

Consolidated Balance Sheet

(unit: million Yen)

Items	Period		Current term		Fiscal 2005	
	(as of September 30,2005)		(as of September 30,2006)		(as of March 31,2006)	
	Amount	%	Amount	%	Amount	%
(Liabilities)						
Current liabilities						
Notes and accounts payable trade	8,905		9,434		8,868	
Short-term loans payable	209		621		146	
Corporation taxes payable	1,669		2,748		2,664	
Reserve for bonuses	1,848		2,182		2,057	
Reserve for directors' bonuses	—		74		—	
Reserve for product warranties	247		455		407	
Others	6,317		7,436		6,823	
Current liabilities total	19,197	23.6	22,954	24.6	20,967	24.0
Fixed liabilities						
Long-term loan payable	13		111		3	
Reserve for retirement benefits	494		182		162	
Reserve for directors' retirement benefits	282		264		284	
Others	1,947		2,337		2,521	
Fixed liabilities total	2,738	3.3	2,896	3.1	2,971	3.4
Total liabilities	21,935	26.9	25,850	27.7	23,939	27.4
(Minority interest)						
Minority interest	828	1.0	—	—	860	1.0
(Shareholders' equity)						
Capital stock	7,954	9.8	—	—	7,954	9.1
Capital surplus	11,182	13.8	—	—	11,184	12.8
Earned surplus	38,281	47.0	—	—	41,550	47.5
Unrealized gain or loss of investments in securities	915	1.1	—	—	1,234	1.4
Foreign currency translation adjustment	498	0.6	—	—	872	1.0
Treasury stock	-143	-0.2	—	—	-150	-0.2
Total shareholders' equity	58,689	72.1	—	—	62,646	71.6
Total liabilities, minority interest and shareholders' equity	81,454	100.0	—	—	87,446	100.0
(Net assets)						
Shareholders' equity						
Capital stock	—		8,285		—	
Capital surplus	—		11,515		—	
Earned surplus	—		44,741		—	
Treasury stock	—		-158		—	
Total shareholders' equity	—	—	64,384	69.0	—	—
Valuation and translation adjustments						
Unrealized gain or loss of investments in securities	—		951		—	
Foreign currency translation adjustment	—		1,200		—	
Total valuation and translation adjustments	—	—	2,152	2.3	—	—
Minority interests	—	—	983	1.0	—	—
Total Net assets	—	—	67,520	72.3	—	—
Total liabilities and net assets	—	—	93,371	100.0	—	—

(Note) fractions of one million yen are rounded off

Consolidated Statements of Income

(unit: million Yen)

Items	Period	Previous term		Current term		Fiscal 2005	
		(as of September 30,2005)		(as of September 30,2006)		(as of March 31,2006)	
		Amount	%	Amount	%	Amount	%
Sales		41,606	100.0	47,495	100.0	87,887	100.0
Cost of sales		17,425	41.9	19,725	41.5	36,739	41.8
Gross profit		24,181	58.1	27,770	58.5	51,148	58.2
Selling, general and administrative expenses		19,209	46.2	21,637	45.6	40,425	46.0
Operating income		4,971	11.9	6,133	12.9	10,723	12.2
Non-operating income							
Interest income		27		39		67	
Dividends earned		20		22		34	
Royalties earned		25		24		48	
Equity in earnings of investees		9		12		25	
Income from investment real estate		198		197		395	
Exchange gain		309		231		828	
Others		75		75		158	
Non-operating income total		667	1.6	602	1.3	1,558	1.8
Non-operating expenses							
Interest expense		8		11		22	
Amortization of goodwill		3		—		6	
Maintenance cost of investment real estate		105		83		197	
Others		48		96		75	
Non-operating expenses total		166	0.4	192	0.4	300	0.4
Ordinary income		5,473	13.1	6,544	13.8	11,981	13.6
Extraordinary profits							
Gain on sales of investment securities		—		0		0	
Gains on sale of fixed assets		2		3		9	
Reversal of allowance for doubtful debts		20		21		42	
Reversal of reserve for directors' retirement benefits		1		—		1	
Investment income from change of equity		—		2		6	
Extraordinary profits total		24	0.1	27	0.1	59	0.1
Extraordinary losses							
Write-down of securities		—		—		6	
Loss on disposal of fixed assets		71		29		131	
Extraordinary losses total		71	0.2	29	0.1	138	0.2
Net income before income taxes and minority interest		5,426	13.0	6,542	13.8	11,902	13.5
Income taxes		2,059		2,718		5,010	
Deferred income taxes		-303		-360		-561	
Income taxes total		1,756	4.2	2,357	5.0	4,448	5.1
Minority interest		16	0.0	34	0.1	31	0.0
Net income		3,654	8.8	4,150	8.7	7,422	8.4

(Note) fractions of one million yen are rounded off

Consolidated Statements of Retained Earnings

(unit: million Yen)

Items	Period	Previous term (as of September 30,2005)	Fiscal 2005 (as of March 31,2006)
(Capital Surplus)			
Capital Surplus at Beginning of term		11,182	11,182
Increase in Capital Surplus			
Gain on disposal of treasury stock		0	2
Increase in Capital Surplus Total		0	2
Capital Surplus at End of term		11,182	11,184
(Earned Surplus)			
Earned Surplus at Beginning of term		36,050	36,050
Increase in Earned Surplus			
Net Income for Current Period		3,654	7,422
Increase in Earned Surplus Total		3,654	7,422
Decrease in Earned Surplus			
Dividend Payments		624	1,123
Bonuses to Directors (including auditors)		111 (15)	111 (15)
Decrease due to fiscal year-end change for subsidiaries		(687)	(687)
Decrease in Earned Surplus Total		1,423	1,923
Earned Surplus at End of term		38,281	41,550

(Note) fractions of one million yen are rounded off

Consolidated Statement of Changes in Net Asset

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 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					
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.

Consolidated Statements of Cash Flow

(unit: million Yen)

Items	Period	Previous term (as of September 30,2005)	Current term (as of September 30,2006)	Fiscal 2005 (as of March 31,2006)
Cash flow from operating activities				
Net income before income taxes and minority interest		5,426	6,542	11,902
Depreciation and amortization		1,686	1,887	3,592
Amortization of consolidation goodwill		20	3	33
Increase/decrease in reserve for bonuses		180	92	378
Increase/decrease in reserve for directors' bonuses		—	74	—
Increase/decrease in reserve for retirement benefits		173	18	-161
Increase/decrease in reserve for directors' retirement benefits		-15	-19	-14
Increase/decrease in allowance for doubtful debts		-45	-7	21
Interest income and dividends earned		-48	-62	-102
Interest expense		8	11	22
Equity in earnings/loss of investees		-9	-12	-25
Loss on disposal of fixed assets		71	26	131
Increase/decrease in notes and accounts receivable		30	-1,303	-2,383
Increase/decrease in inventories		-750	-650	-684
Increase/decrease in notes and accounts payable		-5	-52	-753
Increase/decrease in consumption taxes payable/receivable		84	402	-165
Bonuses to directors		-111	-159	-111
Others		-366	60	705
Subtotal		6,330	6,852	12,383
Interest and dividends received		37	61	99
Interest paid		-7	-10	-16
Corporation taxes paid		-2,138	-2,630	-4,191
Cash flow from operating activities		4,220	4,273	8,275
Cash flow from investing activities				
Payments for funding of time deposit		-26	-124	-66
Proceeds from refundment of time deposit		—	30	30
Payments for purchases of tangible fixed assets		-993	-2,208	-5,795
Payments for purchases of intangible fixed assets		-608	-617	-1,421
Cash flow from equity investment in subsidiaries		—	-532	—
Payments for investments in real estates		-38	—	-58
Others		-16	-82	-547
Cash flow from investing activities		-1,683	-3,536	-7,858
Cash flow from financing activities				
Net increase/decrease of short-term loans		27	410	-39
Proceeds from long-term loans		—	182	—
Repayment of long-term loans		-9	-25	-19
Proceeds from issue of stocks		—	661	—
Receipt from minority shareholders		—	8	21
Payments for purchases of treasury stocks		-24	-7	-30
Dividend paid		-624	-798	-1,123
Cash flow from financing activities		-631	430	-1,190
Effect of exchange rate changes on cash and cash equivalent		120	126	275
Increase/decrease in cash and cash equivalent		2,026	1,294	-498
Cash and cash equivalent at beginning of term		10,457	9,416	10,457
Decrease in Cash and cash equivalent due to fiscal year-end change for subsidiaries		-542	—	-542
Cash and cash equivalent at end of term		11,940	10,710	9,416

(Note) fractions of one million yen are rounded off

Segment Information

1. Information about operations by geographic area Previous term(from April 1,2005 to September 30,2005)

(unit: million Yen)

	Japan	Americas	Europe	China	Asia Pacific	Total	Eliminations/ Corporate	Consolidated
Sales								
Net Sales to outside customers	17,284	6,958	12,579	3,062	1,722	41,606	—	41,606
Interarea transfer	10,680	119	156	5	43	11,005	(11,005)	—
Total net sales	27,964	7,078	12,735	3,067	1,766	52,612	(11,005)	41,606
Operating expenses	25,152	7,045	11,210	2,705	1,564	47,678	(11,043)	36,635
Operating income	2,811	32	1,524	362	201	4,933	(-37)	4,971

Current 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
Interarea 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

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

(unit: million Yen)

	Japan	Americas	Europe	China	Asia Pacific	Total	Eliminations/ Corporate	Consolidated
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

Previous term(from April 1,2005 to September 30,2005)

(unit: million Yen)

	Americas	Europe	China	Asia Pacific	Total
Net Sales to Foreign Customers	7,013	12,613	3,062	2,282	24,972
Consolidated Sales	—	—	—	—	41,606
The rate of net sales to foreign customers to consolidated sales	16.8%	30.3%	7.4%	5.5%	60.0%

Current 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%

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

(unit: million Yen)

	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%