

Consolidated Financial Results during the 3rd quarter of Fiscal 2007

February 5, 2008

Listed company name : Sysmex Corporation
 Code : 6869
 Listed stock exchanges : Tokyo Stock Exchange
 Osaka Securities Exchange
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1. Business performance during the period April 1,2007 to December 31,2007

(1) Operating results

	Net Sales		Operating income		Ordinary income	
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)
3rd quarter FY2007	78,338	(10.7)	9,806	(14.6)	10,461	(12.1)
3rd quarter FY2006	70,755	(12.5)	8,558	(17.7)	9,334	(11.3)
FY2006	101,041	—	12,714	—	13,577	—

	Net income		Net income per share	Diluted net income per share
	(Unit: million yen)	(%)	(Yen)	(Yen)
3rd quarter FY2007	6,607	(16.8)	129.53	129.05
3rd quarter FY2006	5,654	(16.1)	112.91	112.16
FY2006	9,008	—	179.63	177.97

Note:

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

(2) Financial condition

	Total assets	Total equity	Equity ratio	Equity per share
	(Unit: million yen)	(Unit: million yen)	(%)	(Yen)
3rd quarter FY2007	106,117	78,019	73.3	1,522.74
3rd quarter FY2006	93,086	68,799	72.8	1,344.48
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 yen)	(Unit: million yen)	(Unit: million yen)	(Unit: million yen)
3rd quarter FY2007	5,995	-8,074	-1,329	9,405
3rd quarter FY2006	4,598	-5,000	-688	8,610
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 Year Ended March 31, 2008

(Unit: million yen)

	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%	192.08

Note:

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

4. Notes on preparation of quarterly financial information

- ① Change in significant subsidiaries: No
- ② Adoption of simplified procedure in accounting methods: Yes
- ③ Changes in accounting procedure as from the most recent FY: Yes

※ (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.

Financial performance

1. Performance analysis

During this fiscal quarter (April 2007 till December 2007), the Japanese economy has been growing gently with situations such as increase of export, strong business earnings and increase of employment, though the influence of the increase in the raw materials cost due to the soaring crude oil and other raw material prices is expanding. The US economy shows signs of recession such as credit shrinking, stall at property investing and downturn in consumption due to the surge increase of crude oil price and the growing problems of subprime loan. The European economy has been continuing a steady growth supported by the strong employment, business investment and export especially in Germany. The Asian economy also continued to grow generally including fast growing China and India.

In healthcare market in Japan, the market condition has been difficult due to reduction of healthcare expenditure conducted in April 2006 as a government policy. Developed countries in US or EU region are on reduction of healthcare expenditure as well. Besides, since an enhancement of healthcare infrastructure correspondent with a high growth of the economy has been made, the market is expanding at emerging countries such as Asian countries or China.

Upon abovementioned circumstance, we at SYSMEX group have installed new corporate philosophy: SYSMEX Way and Core Behavior to reach enough social responsibility and momentum to grow. Also we determined mid-term plan with the aim of consistent high growth by the strengthening of the core businesses and the pursuit of new business opportunities. This mid-term plan has its function until March 2010.

During this fiscal quarter we have released HISCL-2000j, a Fully Automated Immunoassay Analyzer in October and enhanced immunochemistry product line in Japanese market. In Americas region, we have established Sysmex Canada in October. Sysmex Canada is sales and service subsidiary and is expected to increase revenue by driving direct selling in Canada. We have also started operating a reagent factory in India.

We had made 78,338 million yen sales (10.7% increase from previous third quarterly fiscal year) in consolidated bases. 23,567 million yen sales at Japanese market (8.3% decrease from previous third quarterly fiscal year) reflects difficult market environment in Japan. On the other hand, 54,770 million yen sales (21.6% increase from previous third quarterly fiscal year) was earned at overseas market. In Americas region, it is becoming a stable condition to grow by strengthening sales and service network. In Europe region, we have expanded sales by developing Eastern European market, beside the continuing government policy of reduction of healthcare expenditure at developed countries. In China and Asia Pacific, we continued to develop our sales network.

As profit indices, operating income was 9,806 million yen (14.6% increase from previous third quarterly fiscal year), ordinary income was 10,461 million yen (12.1% increase from previous third quarterly fiscal year) and net income was 6,607 million yen (16.8% increase from previous third quarterly fiscal year).

2. Balance sheet and Cash flow

(1) Total asset, total liabilities and equity* *note: all amount are in million yen

Amount of Total asset was 106,117; increased 4,891 from end balance of the previous fiscal year. Major movement was as follows:

Decrease of Notes and account receivable: 2,009;
Increase of Inventory: 4,267;
Increase of Tangible fixed assets: 2,082;
Increase of Intangible fixed assets: 1,736

Amount of Total liabilities was 28,097; decreased 731 from end balance of the previous fiscal year. Major movement was as follows:

Decrease of Notes and account payable: 429

Amount of Equity was 78,019; increased 5,622 from end balance of the previous fiscal year.

Major movement was as follows:

Increase of retained earning: 4,417

Equity ratio: 73.3%, 2.8 point increase from that of the previous fiscal year: 70.5%

(2) Status of Consolidated Cash flow** **note: all amount are in million yen

During this fiscal quarter, amount of Cash and equivalents (herein after: Cash) was 9,405, decreased 3,309 from end balance of the previous fiscal year;
Major movement was as follows:

[Cash Flow from Operation]

Cash which is earned by operating activities was 5,995 (1,397 increase from previous third quarterly fiscal year). This increase mainly due to increase of income before income taxes and minority interests: 10,339 (1,041 increase from previous third quarterly fiscal year); decrease of notes and account receivable: 2,435 (418 increase in the previous third quarterly fiscal year).

[Cash Flow from Investment]

Cash which is spent for investing activities was 8,074 (3,073 increase from previous third quarterly fiscal year). This mainly due to acquisition of tangible fixed assets: 4,321 (969 increase from previous third quarterly fiscal year).

[Cash Flow from Finance]

Cash which is spent by financing activities was 1,329 (640 increase from previous third quarterly fiscal year). This mainly due to increase of dividend paid: 2,031 (428 increase from previous third quarterly fiscal year).

3. Note for consolidated financial forecast

We maintain fiscal year forecast which was announced on May 10th 2007.

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. Miscellaneous

(1) Restructuring of significant subsidiaries

No case was applied during this fiscal quarter

(2) Simplified accounting practices on this consolidation

Recognition of income tax, enterprise tax and equivalent are booked with annual forecast rate based on effective tax rate.

(3) Alteration of accounting practice since this fiscal year

SYSMEX Corporation and its Japanese subsidiaries have altered recognition of depreciation from declining balance method to straight-line method since this fiscal year. This alteration is based on correspondence between reflection of life cost allocation of tangible fixes asset during use period, and convergence with common international accounting practice. This alteration made the following impact for financial result:

Decrease of Depreciation: 416 million yen;

Increase of Operating income: 373 million yen;

Increase of Ordinary income and Income before income taxes and minority interests: 380 million yen.

Impact on segment information is noted in the following summary of financial statements.

Consolidated Balance Sheet

(Unit: ¥ million)

Items	Previous 3rd quarter		Current 3rd quarter		Increase or Decrease		Previous year	
	(as of December 31,2006)		(as of December 31,2007)				(as of March 31,2007)	
	Amount	%	Amount	%	Amount	%	Amount	%
(Assets)								
I Current assets								
Cash	7,679		9,516		1,836		12,793	
Notes and accounts receivable trade	27,876		29,900		2,024		31,910	
Marketable securities	1,037		42		-994		41	
Inventories	18,302		20,830		2,527		16,563	
Others	4,153		6,263		2,110		4,811	
Total current assets	59,050	63.4	66,553	62.7	7,503	12.7	66,120	65.3
II Fixed assets								
Tangible fixed assets	23,048	24.8	25,862	24.4	2,814	12.2	23,780	23.5
Intangible fixed assets	3,486	3.7	5,462	5.1	1,976	56.7	3,726	3.7
Investments	7,502	8.1	8,239	7.8	736	9.8	7,598	7.5
Total fixed assets	34,036	36.6	39,563	37.3	5,527	16.2	35,104	34.7
Total assets	93,086	100.0	106,117	100.0	13,030	14.0	101,225	100.0
(Liabilities)								
I Current liabilities								
Notes and accounts payable trade	9,426		10,302		875		10,731	
Short-term loans payable	66		650		583		79	
Others	11,941		13,373		1,432		14,822	
Total current liabilities	21,434	23.0	24,325	22.9	2,891	13.5	25,634	25.3
II Fixed liabilities								
Long-term loan payable	109		30		-78		82	
Reserve for retirement benefits	192		221		29		143	
Others	2,551		3,520		969		2,969	
Total fixed liabilities	2,852	3.1	3,772	3.6	919	32.2	3,195	3.2
Total liabilities	24,287	26.1	28,097	26.5	3,810	15.7	28,829	28.5
(Equity)								
I Shareholders' equity								
Capital stock	8,376		8,600		224		8,501	
Capital surplus	11,606		13,538		1,931		11,731	
Earned surplus	45,441		53,212		7,771		48,794	
Treasury stock	-159		-181		-21		-163	
Total shareholders' equity	65,263	70.1	75,169	70.9	9,905	15.2	68,864	68.0
II Valuation and translation adjustments								
Unrealized gain or loss of investments in securities	879		504		-374		805	
Foreign currency translation adjustment	1,639		2,058		419		1,674	
Total valuation and translation adjustments	2,518	2.7	2,563	2.4	44	1.8	2,480	2.5
III Share subscription rights	—	—	148	0.1	148	—	—	—
IV Minority interests	1,016	1.1	137	0.1	-879	-86.5	1,051	1.0
Total equity	68,799	73.9	78,019	73.5	9,219	13.4	72,396	71.5
Total liabilities and net assets	93,086	100.0	106,117	100.0	13,030	14.0	101,225	100.0

(Note) fractions of one million yen are rounded off

Consolidated Statements of Income

(Unit: ¥ million)

Items	Previous 3rd quarter (as of December 31,2006)		Current 3rd quarter (as of December 31,2007)		Increase or Decrease		Previous year (as of March 31,2007)	
	Amount	%	Amount	%	Amount	%	Amount	%
I Net Sales	70,755	100.0	78,338	100.0	7,582	10.7	101,041	100.0
II Cost of sales	29,292	41.4	31,134	39.7	1,842	6.3	43,497	43.0
Gross profit	41,463	58.6	47,203	60.3	5,740	13.8	57,543	57.0
III Selling, general and administrative expenses	32,904	46.5	37,397	47.8	4,493	13.7	44,828	44.4
Operating income	8,558	12.1	9,806	12.5	1,247	14.6	12,714	12.6
IV Non-operating income	1,063	1.5	885	1.2	-178	-16.8	1,185	1.1
(Interest income and dividends earned)	(106)		(170)		(64)		(149)	
(Exchange gain)	(442)		(195)		(-247)		(374)	
(Others)	(513)		(518)		(4)		(662)	
V Non-operating expenses	288	0.4	229	0.3	-58	-20.3	322	0.3
(Interest expense)	(16)		(36)		(19)		(27)	
(Others)	(271)		(193)		(-77)		(294)	
Ordinary income	9,334	13.2	10,461	13.4	1,127	12.1	13,577	13.4
VI Extraordinary profits	53	0.1	13	0.0	-40	-74.8	370	0.4
VII Extraordinary losses	89	0.1	135	0.2	46	51.6	180	0.2
Net income before income taxes and minority interest	9,298	13.2	10,339	13.2	1,041	11.2	13,768	13.6
Income taxes	3,633	5.2	3,756	4.8	123	3.4	4,715	4.7
Minority interest	10	0.0	-24	0.0	-34	—	44	0.0
Net income	5,654	8.0	6,607	8.4	952	16.8	9,008	8.9

(Note) fractions of one million yen are rounded off

Consolidated Statement of Changes in Equity

3rd quarter FY2006(from April 1 to December 31,2006)

(Unit: ¥ million)

	Shareholder's equity				
	Capital stock	Capital surplus	Earned surplus	Treasury stock	Total shareholder's equity
Balance at the end of the previous period	7,954	11,184	41,550	-150	60,538
Changes of items during the period					
Issuance of stock	421	421			842
Dividends from surplus			-1,603		-1,603
Bonuses to Directors			-159		-159
Net income			5,654		5,654
Purchases of treasury stock				-8	-8
Disposal of treasury stock		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during the period	421	421	3,891	-8	4,725
Balance at the end of the current period	8,376	11,606	45,441	-159	65,263

(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 the previous period	1,234	872	2,107	860	63,507
Changes of items during the period					
Issuance of stock					842
Dividends from surplus					-1,603
Bonuses to Directors					-159
Net income					5,654
Purchases of treasury stock					-8
Disposal of treasury stock					0
Net changes of items other than shareholders' equity	-355	766	410	155	566
Total changes of items during the period	-355	766	410	155	5,291
Balance at the end of the current period	879	1,639	2,518	1,016	68,799

(Note) fractions of one million yen are rounded off

3rd quarter FY2007(from April 1 to December 31,2007)

(Unit: ¥ million)

	Shareholder's equity				
	Capital stock	Capital surplus	Earned surplus	Treasury stock	Total shareholder's equity
Balance at the end of the 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	99	99			198
Issuance of new shares for share exchange		1,706			1,706
Dividends from retained earnings			-2,031		-2,031
Net income			6,607		6,607
Purchase of treasury stock				-18	-18
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	99	1,806	4,417	-17	6,305
Balance at the end of the current period	8,600	13,538	53,212	-181	75,169

(Unit: ¥ million)

	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 the 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						198
Issuance of new shares for share exchange						1,706
Dividends from retained earnings						-2,031
Net income						6,607
Purchase of treasury stock						-18
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	-301	383	82	148	-914	-682
Total changes of items during the period	-301	383	82	148	-914	5,622
Balance at the end of the current period	504	2,058	2,563	148	137	78,019

(Note) fractions of one million yen are rounded off

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

(Unit: ¥ million)

	Shareholders' equity				
	Capital stock	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Balance at the end of the 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

(Unit: ¥ million)

	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 the 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)

Items	Previous 3rd quarter (as of December 31,2006)	Current 3rd quarter (as of December 31,2007)	Previous year (as of March 31,2007)
I Cash flow from operating activities			
Net income before income taxes and minority interest	9,298	10,339	13,768
Depreciation and amortization	2,957	2,931	4,008
Increase/decrease in notes and accounts receivable	-418	2,435	-4,392
Increase/decrease in inventories	-2,048	-3,470	-297
Increase/decrease in notes and accounts payable	-565	-959	690
Others	-59	-168	849
Subtotal	9,163	11,108	14,627
Interest and dividends received	105	156	145
Interest paid	-17	-15	-27
Corporation taxes paid	-4,654	-5,253	-4,660
Cash flow from operating activities	4,598	5,995	10,085
II Cash flow from investing activities			
Payments for purchases of tangible fixed assets	-3,351	-4,321	-4,628
Payments for purchases of intangible fixed assets	-909	-1,613	-1,487
Others	-738	-2,139	-514
Cash flow from investing activities	-5,000	-8,074	-6,630
III Cash flow from financing activities			
Net increase/decrease of short-term loans	-116	559	-118
Repayment of long-term loans	-45	-51	-64
Dividend paid	-1,603	-2,031	-1,603
Others	1,076	193	1,328
Cash flow from financing activities	-688	-1,329	-457
IV Foreign currency translation adjustment on cash and cash equivalents	285	89	301
V Increase/decrease in cash and cash equivalents	-805	-3,318	3,298
VI Cash and cash equivalents at the beginning of term	9,416	12,714	9,416
VII Increase in cash and cash equivalents due to fiscal year-end change for subsidiaries	—	8	—
VIII Cash and cash equivalents at the end of term	8,610	9,405	12,714

(Note) fractions of one million yen are rounded off

Segment Information

1. Information about operations by geographical segments 3rd quarter FY2006(from April 1 to December 31,2006)

(Unit: ¥ million)

	Japan	Americas	Europe	China	Asia Pacific	Total	Eliminations/ Corporate	Consolidated
Sales and Operating income								
Sales								
Net Sales to outside customers	26,737	13,710	22,426	4,944	2,937	70,755	—	70,755
Interarea transfer	17,743	28	308	11	103	18,195	(18,195)	—
Total net sales	44,480	13,738	22,735	4,955	3,040	88,951	(18,195)	70,755
Operating expenses	39,908	13,445	20,061	4,456	2,668	80,540	(18,343)	62,197
Operating income	4,572	293	2,673	499	372	8,411	(-147)	8,558

3rd quarter FY2007(from April 1 to December 31,2007)

(Unit: ¥ million)

	Japan	Americas	Europe	China	Asia Pacific	Total	Eliminations/ Corporate	Consolidated
Sales and Operating income								
Sales								
Net Sales to outside customers	24,749	15,021	29,031	6,005	3,530	78,338	—	78,338
Interarea transfer	21,183	15	334	11	205	21,750	(21,750)	—
Total net sales	45,933	15,037	29,366	6,016	3,735	100,089	(21,750)	78,338
Operating expenses	40,572	14,369	25,947	5,390	3,281	89,560	(21,027)	68,532
Operating income	5,361	667	3,419	625	454	10,529	(722)	9,806

(Note)

SYSMEX Corporation and its Japanese subsidiaries have altered recognition of depreciation from declining balance method to straight-line method since this fiscal year. Operating expenses at Japanese region decreases 373 million yen and Operating income increases the same amount by the effect of this alteration.

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

(Unit: ¥ million)

	Japan	Americas	Europe	China	Asia Pacific	Total	Eliminations/ Corporate	Consolidated
Sales and Operating income								
Sales								
Net Sales to outside customers	39,395	19,158	31,584	6,848	4,053	101,041	—	101,041
Interarea 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

3rd quarter FY2006(from April 1 to December 31,2006)

(Unit: ¥ million)

	Americas	Europe	China	Asia Pacific	Total
Net Sales to Foreign Customers	13,759	22,476	4,944	3,876	45,057
Consolidated Sales	—	—	—	—	70,755
The rate of net sales to foreign customers to consolidated sales	19.4%	31.8%	7.0%	5.5%	63.7%

3rd quarter FY2007(from April 1 to December 31,2007)

(Unit: ¥ million)

	Americas	Europe	China	Asia Pacific	Total
Net Sales to Foreign Customers	15,067	29,062	6,005	4,635	54,770
Consolidated Sales	—	—	—	—	78,338
The rate of net sales to foreign customers to consolidated sales	19.2%	37.1%	7.7%	5.9%	69.9%

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

(Unit: ¥ million)

	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%