

Summary of Consolidated Financial Results for the Three months Ended June 30, 2009

August 4, 2009

Listed company name : Sysmex Corporation
 Code : 6869
 Listed stock exchanges : Tokyo Stock Exchange
 Osaka Securities Exchange
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(Unit: Millions of Yen)

1. Results for the three months ended June 30, 2009

(1) Operating results

(% changes as compared with the corresponding period of the previous fiscal year)

	Net Sales		Operating income		Ordinary income		Net income	
Three months ended Jun. 30, 2009	24,990	(4.5%)	1,629	(19.0%)	1,773	(36.0%)	1,122	(20.2%)
Three months ended Jun. 30, 2008	26,157	—	2,012	—	2,770	—	1,407	—

	Net income per share (Yen)	Diluted net income per share (Yen)
Three months ended Jun. 30, 2009	21.95	21.92
Three months ended Jun. 30, 2008	27.52	27.47

(2) Financial condition

	Total assets	Net assets	Equity Ratio	Net assets per share (Yen)
As of Jun. 30, 2009	118,762	80,521	67.2%	1,559.20
As of Mar. 31, 2009	118,521	79,850	66.8%	1,548.19

Note:

Equity capital: 79,766 million yen as of June 30, 2009; 79,182 million yen as of March 31, 2009

2. Dividends (The year ended March 31, 2009 and the year ending March 31, 2010)

	Dividend per share				
	First quarter (Yen)	Second quarter (Yen)	Third quarter (Yen)	Year-end (Yen)	Annual (Yen)
Year ended Mar. 31, 2009	—	24.00	—	26.00	50.00
Year ending Mar. 31, 2010	—				
Year ending Mar. 31, 2010 (Forecast)		25.00	—	25.00	50.00

Note:

Revision of dividends forecast for this period: No

3. Business forecast for the year ending March 31, 2010

(% changes as compared with the corresponding period of the previous fiscal year)

	Net Sales		Operating income		Ordinary income		Net income		Net income per share (Yen)
Six months ending Sep. 30, 2009	55,000	(2.7%)	5,500	(20.6%)	5,500	(19.1%)	3,300	(6.4%)	64.51
Year ending Mar. 31, 2010	116,000	3.7%	13,000	(14.1%)	13,000	0.1%	8,100	1.1%	158.33

Note:

Revision of business forecast for this period: No

4. Other information

(1) Changes in significant subsidiaries: No

(2) Application of simplified accounting method and special accounting policy for quarterly financial reporting: Yes

(3) Changes in accounting procedures

1) Changes based on revisions of accounting standard: Yes

2) Other changes: No

(4) Number of shares outstanding (Ordinary shares)

1) Number of shares outstanding at the end of each fiscal period (including treasury stock):

51,256,708 shares as of Jun. 30, 2009; 51,243,508 shares as of Mar. 31, 2009

2) Number of treasury stock at the end of each fiscal period:

98,192 shares as of Jun. 30, 2009; 97,981 shares as of Mar. 31, 2009

3) Average number of outstanding stock for each period (cumulative):

51,156,522 shares three months ended Jun. 30, 2009; 51,118,739 shares three months ended Jun. 30, 2008

※ 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 the first quarter (from April 1 to June 30, 2009), the Japanese economy experienced a low level of private sector capital investment and personal consumption. This was the reflection of deteriorating business results and weakening job opportunities. Although stagnant conditions continue, there are some signs of recovery thanks to the government's economic stimulus package and other measures. The U.S. and European economies saw negative economic growth in real terms, while the deepening economic crisis resulted in deterioration of business performance and shrinking labor markets. However, this deterioration is coming to a halt, mainly because of the promotion of economic measures. The Chinese economy is recovering, benefiting from the government's large-scale measures to boost domestic demand, despite continued sluggish exports to the world's markets under recessionary conditions.

On the healthcare front, in Japan, the management of medical institutions is still experiencing difficulties. Financial difficulties continue, and mergers and closures of hospitals or departments remain possible. With the approval of a supplementary budget to provide financial assistance for the restoration of community medicine, measures are being taken to solve community healthcare problems. In advanced countries in Europe and North America, efforts are being made to reduce healthcare costs and reform medical systems. In the U.S., discussions on medical insurance reform are being conducted in order to provide health insurance coverage to all citizens. In China and other Asian countries, healthcare infrastructure investments continue along with economic development.

Under these circumstances, in Japan, we launched cancer tumor markers, which are useful in the early detection and treatment of cancer, and hepatitis B diagnostic reagents for HISCL-2000[®]; our fully automated immunoassay analyzer. The launch of the new reagents was undertaken with a view to expanding the range of our diagnostic reagents, thereby reinforcing our business strength in the immunochemistry market.

Overseas, we acquired our two local sales subsidiaries responsible for businesses in the Netherlands, Belgium, and Luxemburg. They have become our wholly owned subsidiaries, enabling us to start a new local system for sales and support in April 2009. As a result, we have further strengthened our sales activities through the direct provision of solutions to various challenges confronting medical institutions.

In the Japanese market, we have continued to focus on providing solutions amid a difficult business environment. As a result, sales in the hematology field, which is our main business domain, increased. However, because the sales in other fields decreased, we posted net sales of 6,775 million yen (down 1.6% from the same quarter of the previous fiscal year) in Japan.

In overseas markets, we promoted development of direct sales and support structure and proceeded to provide solutions. As a result, sales generally remained favorable on a local currency basis, because of boosted sales of diagnostic reagents. However, with the erosion of revenues due to the appreciation of the yen against key currencies, the Group's overseas sales were 18,215 million yen (down 5.5% from the same quarter of the previous fiscal year). The overseas sales ratio was 72.9% (down 0.8 percentage points from the same quarter of the previous fiscal year).

Our consolidated performance for this fiscal quarter exhibited net sales of 24,990 million yen (down 4.5% from the same quarter of the previous fiscal year), operating income of 1,629 million yen (down 19.0%), ordinary income of 1,773 million yen (down 36.0%), and net income of 1,122 million yen (down 20.2%).

Performance by geographical segment

(1) Japan

While our continued focus on the provision of solutions that cater to specific types of customer demand drove growth in our main business field of hematology, sales in other fields decreased, and thus we posted net sales of 7,226 million yen (down 1.3% from the same period of the previous year).

We posted an operating loss of 470 million yen (compared with operating income of 736 million yen for the same period of the previous fiscal year), due to the sales decrease.

(2) Americas

In the U.S., because of our focus on the expansion of direct sales territories and support networks, we have been awarded the top rank for ninth consecutive year in a third-party customer satisfaction survey on hematology analyzers. Sales and marketing activities based on high product reliability and customer satisfaction resulted in the growth of the sales on a local currency basis. However, due to a sales decrease in Latin America and the negative impact caused by the appreciation of the yen, we posted net sales of 5,495 million yen (down 7.4% from the same quarter of the previous fiscal year) in the Americas as a whole.

Operating income was 263 million yen (up 22.9% from the same quarter of the previous fiscal year), as the increase in selling, general and administrative expenses was more than offset by cost reductions.

(3) Europe

The change to the direct sales and support structure through the acquisition of sales subsidiaries helped to increase sales in the Netherlands, Belgium, and Luxemburg. We also achieved sales expansion in the Middle East. Accordingly, the hematology business, in particular, fared well on a local currency basis. However, with the negative impact caused by the appreciation of the yen, we posted net sales of 9,046 million yen (down 8.1% from the same quarter of the previous fiscal year).

Operating income, which fared well on a local currency basis, was 1,195 million yen (down 14.7% from the same quarter of the previous fiscal year), due to the impact of the appreciation of the yen.

(4) China

As sales of high-end models and other instruments in the hematology field increased, we recorded net sales of 2,110 million yen (up 13.8% from the same quarter of the previous fiscal year).

Operating income was 483 million yen (up 146.5% from the same quarter of the previous fiscal year), due to cost reductions and the decrease in selling, general and administrative expenses in addition to sales growth.

(5) Asia Pacific

While businesses fared well on a local currency basis in Southeast Asian and other markets, we posted net sales of 1,110 million yen (down 7.7% from the same quarter of the previous fiscal year), with the appreciation of the yen having a negative impact.

Operating income was 168 million yen (down 19.4% from the same quarter of the previous fiscal year), partly due to the increase in selling, general and administrative expenses.

2. Balance sheet and cash flow

(1) Total assets, total liabilities, and equity

Total assets increased by 240 million yen to 118,762 million yen from the end of the previous fiscal year, mainly due to a 702 million yen increase in intangible assets, including the recording of the goodwill following the acquisition of sales subsidiaries in the Netherlands, Belgium, and Luxemburg.

Liabilities decreased by 429 million yen to 38,241 million yen, as an increase in short-term loans payable was offset by decreases in notes and accounts payable-trade, provision for bonuses, and income taxes payable.

Total net assets increased by 670 million yen to 80,521 million yen from the end of the previous fiscal year, primarily due to a 579 million yen increase in foreign currency translation adjustment.

The equity ratio was 67.2%, an increase of 0.4 percentage points from 66.8% at the end of the previous fiscal year.

(2) Cash flows

The balance of cash and cash equivalents (hereinafter, "Cash") at the end of this fiscal quarter increased by 1,955 million yen compared with that at the end of the previous fiscal year to 11,365 million yen.

The following are major cash flow movements by business activity and related factors

(Operating cash flow)

Cash flow from operating activities was 1,030 million yen, an increase of 222 million yen from the same quarter of the previous fiscal year, mainly due to income before income taxes of 1,860 million yen (611 million yen less than the figure for the same quarter of the previous fiscal year), a decrease in notes and accounts receivable-trade of 3,058 million yen (415 million yen more than the figure for the same quarter of the previous fiscal year), a decrease of notes and accounts payable-trade of 2,466 million yen (1,318 million yen more than the figure for the same quarter of the previous fiscal year), and income taxes paid of 1,196 million yen (910 million yen less than the figure for the same quarter of the previous fiscal year).

(Investing cash flow)

Cash outflow as a result of investing activities was 967 million yen, a decrease of 3,872 million yen from the same quarter of the previous fiscal year, mainly due to a decrease of 3,435 million yen to 791 million yen in purchase of property, plant and equipment.

(Financing cash flow)

Cash inflow as a result of financing activities was 1,833 million yen, a decrease of 2,942 million yen from the same quarter of the previous fiscal year. This was mainly due to net increase in short-term loans payable of 3,574 million yen (3,277 million yen less than the figure for the same quarter of the previous fiscal year) following dividend paid of 1,329 million yen (101 million yen less than the figure for the same quarter of the previous fiscal year).

3. Consolidated financial forecast

During this fiscal quarter, we experienced both sales and profit decreases in comparison with the same quarter of the previous fiscal year, due to the impact of the foreign exchange rate caused by the appreciation of the yen. However, on a local currency basis, overseas sales remained primarily as firm as originally anticipated. Since we expect our performance during the remaining fiscal year to be in line with our original guidelines, we maintain our second quarter and full-year financial forecasts, which were released on May 11, 2009.

Consolidated Balance Sheets

(Unit: Millions of Yen)

	As of Jun. 30, 2009	As of Mar. 31, 2009
Items	Amount	Amount
(Assets)		
I Current assets		
Cash and deposits	11,381	9,458
Notes and accounts receivable-trade	29,463	32,101
Short-term investment securities	113	104
Merchandise and finished goods	14,229	13,331
Work in process	1,358	1,252
Raw materials and supplies	3,790	3,757
Others	8,217	8,146
Allowance for doubtful accounts	(452)	(530)
Total current assets	68,103	67,622
II Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	16,405	16,476
Others	20,597	20,135
Total Property, plant and equipment	37,003	36,612
Intangible assets		
Goodwill	1,756	1,097
Others	4,218	4,174
Total Intangible assets	5,975	5,272
Total Investments and other assets	7,679	9,014
Total Noncurrent assets	50,659	50,899
Total assets	118,762	118,521
(Liabilities)		
I Current liabilities		
Notes and accounts payable-trade	8,666	11,075
Short-term loans payable	9,764	6,149
Income taxes payable	591	948
Provision for bonuses	1,301	2,506
Provision for directors' bonuses	30	140
Provision for product warranties	150	150
Others	12,690	12,473
Total current liabilities	33,195	33,444
II Noncurrent liabilities		
Long-term loans payable	6	5
Provision for retirement benefits	386	224
Provision for directors' retirement benefits	160	196
Others	4,491	4,799
Total Noncurrent liabilities	5,045	5,226
Total liabilities	38,241	38,670
(Net assets)		
I Shareholders' equity		
Capital stock	8,696	8,685
Capital surplus	13,635	13,623
Retained earnings	58,913	59,120
Treasury stock	(196)	(196)
Total shareholders' equity	81,048	81,233
II Valuation and translation adjustments		
Valuation difference on available-for-sale securities	145	(44)
Foreign currency translation adjustment	(1,427)	(2,006)
Total valuation and translation adjustments	(1,281)	(2,050)
III Subscription rights to shares	664	577
IV Minority interests	89	89
Total net assets	80,521	79,850
Total liabilities and net assets	118,762	118,521

(Note) fractions of one million yen are rounded off

Consolidated Statements of Income

(Unit: Millions of Yen)

Items	Three months ended Jun. 30, 2008	Three months ended Jun. 30, 2009
	Amount	Amount
I Net sales	26,157	24,990
II Cost of sales	9,708	9,109
Gross profit	16,448	15,881
III Selling, general and administrative expenses	14,436	14,251
Operating income	2,012	1,629
IV Non-operating income		
Interest income	27	34
Dividends income	20	19
Income from investment real estate	95	96
Foreign exchange gains	691	93
Others	76	52
Total non-operating income	912	295
V Non-operating expenses		
Interest expenses	108	68
Equity in losses of affiliates	-	15
Maintenance cost of investment real estate	36	37
Others	8	30
Total non-operating expenses	153	151
Ordinary income	2,770	1,773
VI Extraordinary profits		
Gain on sales of noncurrent assets	16	8
Reversal of allowance for doubtful accounts	34	87
Total extraordinary profits	50	96
VII Extraordinary loss		
Loss on sales and retirement of noncurrent assets	8	9
Loss on valuation of inventories	341	-
Total extraordinary loss	349	9
Income before income taxes and minority interest	2,471	1,860
Income taxes-current	1,437	590
Income taxes-deferred	(371)	149
Total income taxes	1,065	739
Minority interest	(1)	(2)
Net income	1,407	1,122

(Note) fractions of one million yen are rounded off

Consolidated Statements of Cash Flows

(Unit: Millions of Yen)

Items	Three months ended Jun. 30, 2008	Three months ended Jun. 30, 2009
I Net cash provided by (used in) operating activities		
Income before income taxes	2,471	1,860
Depreciation and amortization	1,771	1,596
Decrease (increase) in notes and accounts receivable-trade	2,642	3,058
Decrease (increase) in inventories	(964)	(1,117)
Increase (decrease) in notes and accounts payable-trade	(1,147)	(2,466)
Others	(1,798)	(685)
Subtotal	2,975	2,245
Interest and dividends received	42	45
Interest expenses paid	(102)	(63)
Income taxes paid	(2,107)	(1,196)
Net cash provided by (used in) operating activities	808	1,030
II Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	(4,227)	(791)
Purchase of intangible assets	(271)	(418)
Others	(342)	242
Net cash provided by (used in) investment activities	(4,840)	(967)
III Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	6,852	3,574
Repayment of long-term loans payable	(14)	(28)
Cash dividends paid	(1,431)	(1,329)
Others	(630)	(382)
Net cash provided by (used in) financing activities	4,775	1,833
IV Effect of exchange rate change on cash and cash equivalents	418	58
V Net increase (decrease) in cash and cash equivalents	1,161	1,955
VI Cash and cash equivalents at beginning of term	9,679	9,410
VII Increase of cash and cash equivalents due to fiscal year-end change for subsidiaries	0	0
VIII Cash and cash equivalents at end of term	10,841	11,365

(Note) fractions of one million yen are rounded off

Segment Information

1. Information about operations by geographic area Three months ended June 30, 2008

(Unit: Millions of Yen)

	Japan	Americas	Europe	China	Asia Pacific	Total	Eliminations/ Corporate	Consolidated
Sales and Operating income								
Sales								
Net Sales to outside customers	7,322	5,932	9,843	1,855	1,202	26,157	-	26,157
Inter-area transfer	7,890	0	156	1	50	8,099	(8,099)	-
Total net sales	15,213	5,933	10,000	1,856	1,253	34,256	(8,099)	26,157
Operating expenses	14,476	5,718	8,598	1,660	1,044	31,498	(7,354)	24,144
Operating income	736	214	1,401	196	208	2,757	(745)	2,012

Three months ended June 30, 2009

(Unit: Millions of Yen)

	Japan	Americas	Europe	China	Asia Pacific	Total	Eliminations/ Corporate	Consolidated
Sales and Operating income								
Sales								
Net Sales to outside customers	7,226	5,495	9,046	2,110	1,110	24,990	-	24,990
Inter-area transfer	6,102	0	153	1	25	6,283	(6,283)	-
Total net sales	13,329	5,496	9,200	2,111	1,135	31,274	(6,283)	24,990
Operating expenses	13,800	5,232	8,005	1,628	967	29,634	(6,273)	23,360
Operating income (Operating loss)	(470)	263	1,195	483	168	1,639	(10)	1,629

2. Net Sales to Foreign Customers

Three months ended June 30, 2008

(Unit: Millions of Yen)

	Americas	Europe	China	Asia Pacific	Total
Net Sales to Foreign Customers	5,944	9,863	1,855	1,610	19,274
Consolidated Sales	-	-	-	-	26,157
The rate of net sales to foreign customers to consolidated sales	22.7%	37.7%	7.1%	6.2%	73.7%

Three months ended June 30, 2009

(Unit: Millions of Yen)

	Americas	Europe	China	Asia Pacific	Total
Net Sales to Foreign Customers	5,512	9,066	2,110	1,526	18,215
Consolidated Sales	-	-	-	-	24,990
The rate of net sales to foreign customers to consolidated sales	22.1%	36.3%	8.4%	6.1%	72.9%