

Consolidated Financial Results for the Year Ended March 31, 2010

May 10, 2010

Listed company name	:	Sysmex Corporation
Code	:	6869
Listed stock exchanges	:	Tokyo Stock Exchange Osaka Securities Exchange
URL	:	http://www.sysmex.co.jp
Company representative	:	Hisashi Ietsugu, President and CEO
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Date of shareholders' meeting	:	June 25, 2010
Starting date of dividend payment	:	June 28, 2010
Filing date of financial statement report	:	June 25, 2010

(Unit: Millions of Yen)

1. Results for the Year Ended March 31, 2010

(1) Operating results

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

	Net Sales		Operating income		Ordinary income		Net income	
Year ended Mar. 31, 2010	116,174	3.9%	15,708	3.8%	15,772	21.5%	9,764	21.8%
Year ended Mar. 31, 2009	111,842	1.0%	15,134	0.7%	12,985	(10.7%)	8,013	(12.2%)

	Net income per share (Yen)	Diluted net income per share (Yen)	Return on Equity	Ordinary income to total assets	Operating income to net sales
Year ended Mar. 31, 2010	190.75	190.51	11.8%	13.2%	13.5%
Year ended Mar. 31, 2009	156.72	156.46	10.1%	11.4%	13.5%

Note:

Equity in earnings (losses) of affiliates: -60 millions of yen for the year ended March 31, 2010; -45 millions of yen for the year ended March 31, 2009.

(2) Financial condition

	Total assets	Net assets	Equity Ratio	Net assets per share (Yen)
As of Mar. 31, 2010	120,702	87,136	71.5%	1,684.90
As of Mar. 31, 2009	118,521	79,850	66.8%	1,548.19

Note:

Equity capital: 86,357 million yen as of March 31, 2010; 79,182 million yen as of March 31, 2009

(3) Cash flows

	Cash flows from operating activities	Cash flows from investment activities	Cash flows from financing activities	Total cash and cash equivalents at the end of term
Year ended Mar. 31, 2010	21,229	(6,603)	(10,090)	13,812
Year ended Mar. 31, 2009	13,193	(13,544)	723	9,410

2. Dividend

	Dividend per share					Total dividend payment Millions of Yen	Dividend payout ratio (consolidated)	Dividend to equity (consolidated)
	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	2,556	31.9%	3.2%
Year ended Mar. 31, 2010	—	25.00	—	31.00	56.00	2,868	29.4%	3.5%
Year ending Mar. 31, 2011 (Forecast)	—	28.00	—	28.00	56.00		26.6%	

3. Business Forecast for the Year Ending March 31, 2011

(% 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, 2010	60,000	7.6%	7,500	5.1%	7,500	6.7%	4,500	4.2%	87.80
Year ending Mar. 31, 2011	125,000	7.6%	17,000	8.2%	17,200	9.1%	10,800	10.6%	210.72

4. Other Information

- (1) Changes in scope of consolidation: No
- (2) Changes in accounting procedures
 - 1) Changes due to the amendment of accounting methods: Yes
 - 2) Other changes: Yes
- (3) Number of shares outstanding (Ordinary shares)
 - 1) Number of shares outstanding at the end of each fiscal period (including treasury stock):
51,353,708 shares as of March 31, 2010; 51,243,508 shares as of March 31, 2009
 - 2) Number of treasury stock at the end of each fiscal period:
99,726 shares as of March 31, 2010; 97,981 shares as of March 31, 2009

※ (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.

1. Financial performance

(1) Performance analysis

During the fiscal year ended March 31, 2010, although job opportunities remained scarce in Japan, economic stimulus measures introduced in Japan and overseas during the past year appear to have been successful in averting an economic crisis. Some signs of improved corporate performance were apparent, largely thanks to a recovery in overseas demand brought about by economic growth in China and other emerging countries.

In the U.S. and European economies, labor markets remained lackluster, but business sentiments began improving as the economic stimulus filtered down to consumer spending and exports picked up. The Chinese economy is already on a recovery track, owing to economic stimulus measures such as public works, as well as monetary easing, providing a driving force for the global economy.

The global outbreak of a new strain of influenza during the first half of the year had major implications for the healthcare industry. In Japan, the management of medical institutions continued to present difficulties, such as deteriorating financial conditions, hospital mergers and the combination or closure of some of their departments. On the positive side, however, in 2010 medical remuneration was revised upward for the first time in 10 years, and certain changes in the conventional government policy of seeking to curtail medical expenditure grew evident, as the new government's plans to reconstruct community medicine and the systems for providing various healthcare services, including emergency medical services, obstetrics and pediatrics departments, began materializing. In advanced countries in Europe and North America, efforts are underway to reduce healthcare costs and reform medical systems. The United States government has passed a medical reform bill that aims to reduce the number of people without medical insurance. In China, medical system reform that is underway aims to build infrastructures that provide uniform medical services in cities and farming villages throughout the country.

Under these circumstances, in Japan we expanded the range of our diagnostic reagents for HISCL-2000*i*, our fully automated immunoassay analyzer, thereby reinforcing our business strength in the immunochemistry market. In anticipation of the rapid growth in demand for influenza detection kits following the seasonal outbreak, we ramped up our production capacity by automating production lines. Overseas, we acquired two local sales subsidiaries responsible for businesses in the Benelux area (Belgium, the Netherlands and Luxemburg), and converted the companies to subsidiaries. These companies will enable us to further strengthen our sales activities through the direct provision of solutions to various challenges confronting medical institutions. In Germany, the single largest European market, we converted the HITADO Group to a subsidiary. Boasting a broad customer base that covers specialized clinics and physicians as well as large hospitals, HITADO focuses on products for rapid tests such as glucose monitoring, all being conducted "near-patient." Accordingly, we commenced new initiatives in the point-of-care testing (POCT) market through their sales system and network by making use of telemarketing and other approaches. We also established a new subsidiary, Sysmex España S.L., to reinforce the sales structure of our expanding life science business in the Spanish market, which is moving forward in the intraoperative diagnosis of sentinel lymph node breast cancer metastasis.

In Japan, the market environment remained difficult. However, our ongoing efforts to promote solutions led to higher reagent sales as the number of installations of hematology and other analyzers increased. Furthermore, due to the spread of the new influenza virus, sales of our influenza detection kit, POCTEM, increased. As a result, we posted net sales of ¥36,820 million, up 2.8% from the previous fiscal year.

In overseas markets, we made steady progress in the development of direct sales and support structures and the provision of solutions that meet clients' needs. As a result, sales moved steadily upward on a local currency basis due to increased sales of diagnostic reagents. Consequently, the Group's overseas sales were ¥79,354 million, up 4.4% from the preceding fiscal year. The overseas sales ratio was 68.3%, up 0.3 percentage points from the same period of the previous fiscal year.

As a result, during the year the Group recorded consolidated net sales of ¥116,174 million, up 3.9%. Operating income grew 3.8%, to ¥15,708 million; ordinary income rose 21.5%, to ¥15,772 million; and net income expanded 21.8%, to ¥9,764 million.

*POCT: Point of care testing. Testing that may be performed rapidly, easily, and accurately anywhere, such as the patient's bedside or practitioners' offices, and in emergency situations.

Performance by geographic segment

(1) Japan

In the hematology field, our main business domain, sales of diagnostic reagents increased, and sales of our influenza detection kit grew, owing to the spread of the new influenza virus. We therefore posted net sales of ¥38,594 million, up 2.7% from the preceding fiscal year.

Operating income, however, fell 37.2%, to ¥2,932 million, as yen appreciation caused a decline in export sales to Group companies.

(2) Americas

In the United States, sales grew on a local currency basis as the result of our focus on expanding direct sales territories and support networks, as well as our success in promoting solutions that meet customer needs. As a result, despite the decrease in sales in Latin America as a result of economic recession and the effects of yen appreciation, sales in the Americas grew 0.3%, to ¥23,443 million.

Owing to cost reductions, operating income increased 55.1%, to ¥2,775 million.

(3) Europe

Our shift to a direct sales and support structure through the acquisition of sales subsidiaries helped boost sales in the Benelux area, and we achieved sales increases in France, the United Kingdom and Others. Accordingly, the hematology business fared particularly well on a local currency basis. Despite the negative effect of yen appreciation on earnings, we posted net sales for the region of ¥36,445 million, up 3.0% from the previous fiscal year.

Bolstered by higher earnings, operating income grew 3.3%, to ¥5,303 million.

(4) China

Despite the negative effects of yen appreciation, in China we recorded net sales of ¥11,843 million, up 17.1% from the previous fiscal year, thanks to a substantial increase in sales of high-end hematology analyzers and diagnostic reagents.

We achieved an increase in operating income of ¥ 2,752 million (up 110.3% compared with the preceding term) as a result of the sales increase, cost reductions and lower selling, general and administrative expenses.

(5) Asia Pacific

Sales were strong in Southeast Asia and other markets. On a local currency basis, growth in sales of diagnostic reagents was particularly robust, and despite the negative effects of yen appreciation sales in this region grew 8.5%, to ¥5,846 million.

The combination of cost reductions and sales growth raised operating income 39.1%, to ¥899 million.

Forecast for the fiscal year ending March 31, 2011

(unit: million yen)

	FY2010	FY2009	Increase / decrease	Increase / decrease ratio
Sales	125,000	116,174	8,825	7.6%
Operating income	17,000	15,708	1,291	8.2%
Ordinary income	17,200	15,772	1,427	9.1%
Net income	10,800	9,764	1,035	10.6%

In our forecast for the fiscal year ending March 31, 2011, we recognize that uncertainty remains as to when the global economy will return to a growth phase, and whether this will be manifest in improved employment markets and a recovery in personal consumption. At the same time, we see some signs of improvement, including economic growth in China and other emerging countries, as well as more upbeat economic sentiment in Europe and the Americas.

Looking at the healthcare environment, however, demand for clinical testing is expected to remain firm, owing to graying populations in Japan and other developed countries in Europe and North America, the expansion of preventive medicine, and continued investments in healthcare infrastructure among newly-established markets.

Against this backdrop, the Sysmex Group aims to become a leading company in the healthcare testing market. In more concrete terms, guided by the three core growth strategies of “Global Niche No. 1,” “Focus on Asia,” and “Focus on Life Science,” we will promote the solution business in such a way that meets regional characteristics, build up our product portfolio, and expand sales and support networks in the five geographic areas of Japan, the Americas, Europe, China, and Asia Pacific. Through supply chain improvements, we will continue striving to enhance our profit structure by reducing our cost of sales ratio and cutting selling, general and administrative expenses.

For the upcoming fiscal year, we anticipate net sales of ¥125,000 million (up 7.6% year on year), operating income of ¥17,000 million (up 8.2%), ordinary income of ¥17,200 million (up 9.1%) and net income of ¥10,800 million (up 10.6%). Our assumptions for annual average exchange rates are US\$1=¥90 and €1 = ¥125.

(2) Financial condition analysis

(1) Assets, liabilities and equity

As of March 31, 2010, total assets amounted to ¥120,702 million, up ¥2,180 million from the end of the previous fiscal year. Major factors included a ¥4,376 million rise in cash and deposits and a ¥1,594 decrease in trade notes and accounts receivable.

Meanwhile, total liabilities were down ¥5,105 million, to ¥33,565 million. The main contributor to this decline was a ¥6,132 million reduction in short-term loans payable.

Total net assets came to ¥87,136 million at year-end, up ¥7,285 million. The principal reason for this rise was an ¥7,155 million increase in retained earnings. The equity ratio as of March 31, 2010, was 71.5%, up 4.7 percentage points from a year earlier.

(2) Cash flows

As of March 31, 2010, cash and cash equivalents amounted to ¥13,812 million, up ¥4,402 million from a year earlier. Cash flows from various activities are described in more detail below.

(Operating cash flow)

Net cash provided by operating activities was ¥21,229 million, up ¥8,035 million. The major source of cash was ¥15,355 million in income before income taxes, which was ¥3,008 million higher than during the preceding fiscal year. The Group posted a ¥2,685 million decrease in trade notes and accounts receivable, compared with an ¥2,334 million increase during the previous fiscal year.

(Investing cash flow)

Net cash used in investing activities came to ¥6,603 million, ¥6,941 million less than during the preceding year. The main use of cash was purchases of property, plant and equipment, which used ¥4,461 million, ¥4,931 million less than in the previous year.

(Financing cash flow)

Net cash used in financing activities amounted to ¥10,090 million, compared with ¥723 million provided by these activities the previous year. The main use of cash was the net decrease in short-term notes payable of ¥6,141 million, whereas a net increase in these loans provided ¥5,870 million in the preceding term.

<Summary of Statements of Cash Flows >

(unit: million yen)

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Equity ratio(%)	71.6	70.5	72.2	66.8	71.5
Equity ratio at market price (%)	293.4	214.2	169.1	135.8	233.2
Interest-bearing debt to cash flow ratio (year)	0.1	0.1	0.1	0.8	0.1
Interest coverage ratio	486.8	362.2	621.4	31.2	100.5

*Equity ratio: Shareholders' Equity / Total assets

(Shareholders' Equity = Net assets - share warrant - minority interests)

*Equity ratio at market price: Share Aggregate Market Value / Total Assets

* Interest-bearing debt to cash flow ratio: Balance of Interest-Bearing Liabilities / Cash flows 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.

(3) Basic policy on distribution of profit and dividends for the fiscal years to March 31, 2010 and 2011

We aim to maintain a proper balance between aggressive investments, which are designed to sustain steady high growth, and returns to our shareholders. In terms of returns to shareholders, we intend to provide a stable dividend on a continuous basis and aim for a consolidated payout ratio of 20% under our basic policy of sharing the successes of our operations in line with business performance.

True to this policy, we intend to raise the subject at 43rd Ordinary General Meeting of Shareholders to produce a year-end dividend for ¥31. Accordingly, the total dividend for the full year will be ¥56 per share, an increase of ¥6 from the ¥50 full year dividend for fiscal 2008, and a dividend ratio will be 29.4% on a consolidated basis.

We will retain our commitment in order to continue our effort to meet our shareholders' expectation.

(4) Business and other risks

The following are major risk factors faced in the development of business by the Sysmex Group which could possibly exert a significant influence upon our business results and financial position.

① Overseas sales

The Sysmex Group is engaged primarily in the development, manufacture, and sales of diagnostic instruments and reagents. We market our products outside of Japan through our overseas affiliates and distributors, and our overseas sales ratio is on the rise every year: 67.5% for FY2007, 68.0% for FY2008, and 68.3% for FY2009. Because of this increase, we hedge exchange risks through forward markets, but the possibility remains that fluctuations in the foreign exchange market could affect the business results and financial position of the Sysmex Group.

② Impact of the medical system reform

In Japan, there are many significant changes underway in the environment surrounding healthcare services, such as the rapidly aging population coupled with a low birthrate, advances in medical technology, and growing demands for quality of care for patients. Against this background, the authorities continue to promote a reform of the medical service system for the purposes of rationalizing healthcare costs and more efficiently providing high-quality healthcare services. Our business results and financial position could also be influenced by this reform.

The future will presumably bring continued measures for rationalization of healthcare costs and demands for higher efficiency in hospital management, improved healthcare services, and new testing demands. In this climate, while bolstering our investments in definitive diagnosis for cancer and other areas in the life science field, we are striving to provide total solutions which encompass diagnostic instruments and reagents, information technology, and after-sales support, and also to retain the ability for finely-tuned accommodation of diversifying demands.

③ Quality of products

Due to the high requirements for reliability of diagnostic instruments and reagents, which the Sysmex Group supplies, we have established an infallible quality management structure to assure the quality of our products.

Should a quality issue arise in our products, however, such could have an impact on our business performance.

To prevent this from happening, we have developed and implemented a system for fulfilling quality requirements of related laws in each of the countries in which we operate and international standards, such as the Pharmaceutical Affairs Law and ISO13485. In addition, we monitor quality information from markets both at home and abroad and from inside the company on a daily basis so that we can accumulate technical information for improved design quality and make thorough quality checks before full-scale production and market introduction begin.

④ Stable supply of products

The Sysmex Group markets its diagnostic instruments and reagents in over 150 countries and regions throughout the world. To ensure a stable supply of such products to the market, we have developed in-house infrastructures.

We procure materials for these products from approximately 300 Japanese suppliers and 50 overseas suppliers. The possibility exists that it may become difficult for us to ensure a stable supply of products, owing to difficulties in procuring materials as suppliers suspend business or materials supply, among other factors, and/or tighter environmental regulations concerning our products.

For this reason, we are making constant efforts to strengthen communications with our suppliers, share information with suppliers and affiliated companies, and establish a global supply structure in the reagent business. With regard to environmental regulations, we have created a full-time project to deal with different sets of requirements of each regulation and take necessary action as dictated by priority.

⑤ Measures for risks in the use of information systems

The Sysmex Group has introduced various information systems for information communications, support of our core business, and approval procedures, such as the collective decision-making system, and a significant portion of the business information is transmitted through networks.

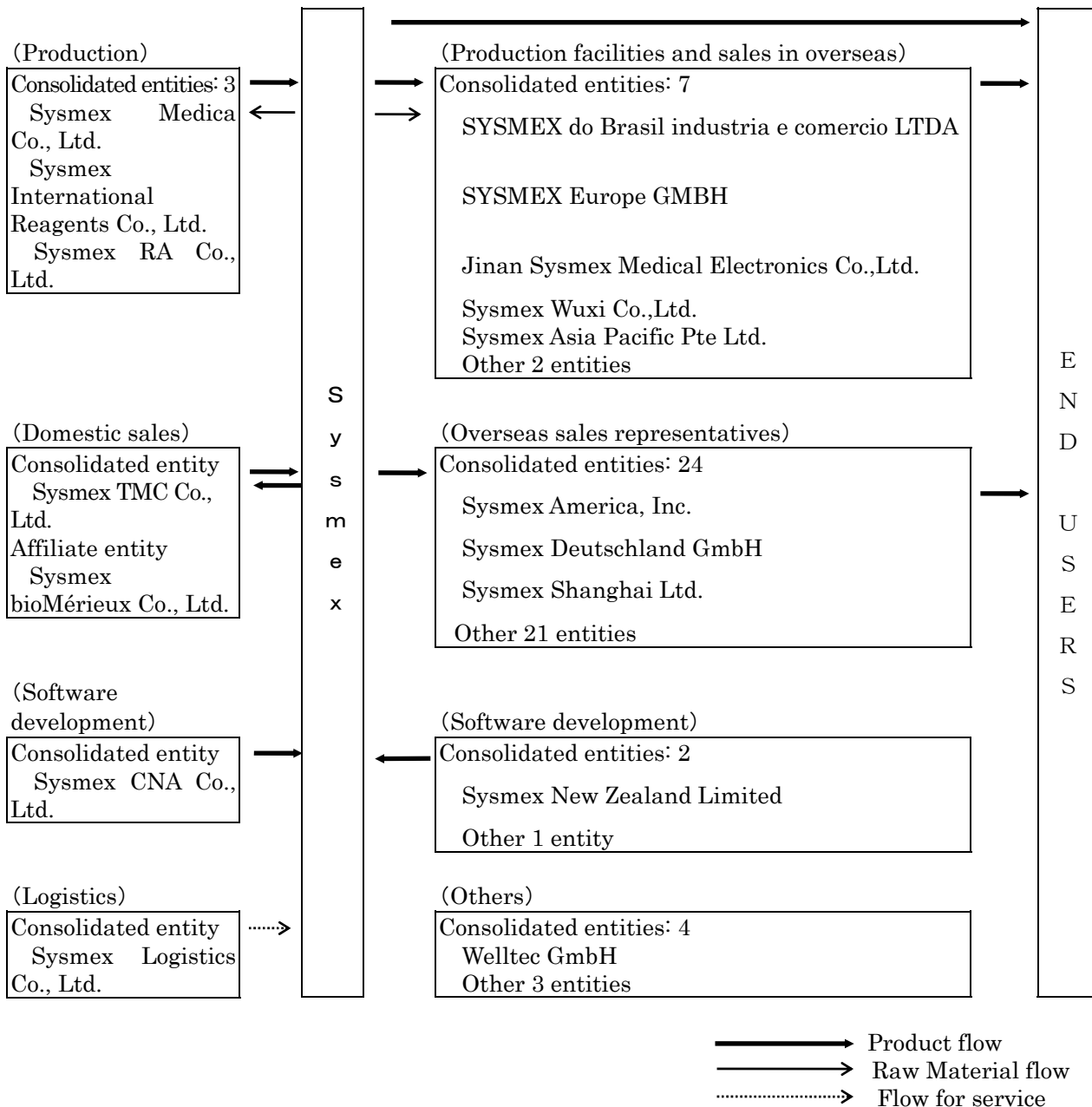
In order to minimize the possible impact that a disturbance of information systems and network circuits or computer viruses and unauthorized access to our information systems could have on our networks, we are tightening internal control by way of stricter user management and fingerprint verification units for limited access, as well as back-up of our networks, thorough daily operational management, and security measures including the installation of virus gateways.

2. Sysmex group structure

Sysmex group contains headquarters (Sysmex Corporation), 43 subsidiaries and one affiliate company, our core business is healthcare industry which provides products for in-vitro diagnostics.

Headquarters has core function for Development, Production, Sales and service after sales, Japanese subsidiaries has function for part of development, manufacturing and leasing. At overseas 31 subsidiaries have function for reagents production and sales administration by territory, 2 subsidiaries have function for software development.

Following chart is summary for business chain in Sysmex group.



3. Corporate philosophy and strategy

(1) Corporate philosophy

We have established the Sysmex Way, corporate philosophy on April 1st 2007. Sysmex way is success from our “Three confidence” which is nominated since our foundation. In addition, in accordance with the Sysmex Way we have established "Our Core Behaviors" which states our promise to our diversity of stakeholders.

Sysmex Way	
【Mission】	Shaping the advancement of healthcare.
【Value】	We continue to create unique and innovative values, while building trust and confidence.
【Mind】	With passion and flexibility, we demonstrate our individual competence and unsurpassed teamwork

We are heading for social confidence in accordance with Sysmex Way.

(2) Target in mid-term plan

We aim to achieve our consolidated net sales of JPY 140 billion and operating income of JPY 18.5 billion in the year ending March 2012, the final year of the plan.

(3) Mid-term strategy and objectives

The Sysmex Group aims to be a leading company in the healthcare testing market. Based on our three core growth strategies of “Global Niche No. 1,” “Focus on Asia,” and “Focus on Life Science,” we will promote the solution business in such a way that meets regional characteristics, build up our product portfolio, and expand sales and support networks in the five geographic areas of Japan, the Americas, Europe, China, and Asia Pacific. Furthermore, in December 2009 we opened the Diagnostic Reagent Development Center in China to expedite the development of diagnostic reagents that meet the needs of the Chinese market, which is expected to grow.

Key objectives for above core strategies are as follows:

① Sustaining growth in the hematology field

In order to consolidate our No. 1 position in the global hematology testing market, we will strive to increase our penetration in the US, the world's largest hematology testing market. Meanwhile, we will focus on increasing recognition of the Sysmex brand and expanding the network of our operations in newly-emerging markets, including Asia, the Middle East, Eastern Europe, and Latin America.

② Accelerating growth of non-hematology* fields in in-vitro diagnostics

In order to develop the next growth driver to follow hematology, the company will strive to increase its presence in non-hematology fields in in-vitro diagnostics. In the coagulation and urinalysis fields, the company will pursue global opportunities through alliances while at the same time seeking organic growth. In Japan and other Asian countries, the company will expand its solutions business in the immunochemistry and clinical chemistry fields.

* Non-hematology: in-vitro diagnostics fields excluding hematology but including coagulation, urinalysis, immunochemistry, clinical chemistry and others.

③ Accelerating the startup of the life science business

In fiscal 2008, our system for rapid detection of breast cancer lymph node metastasis based on the one-step nucleic acid amplification (OSNA*) method became the first of its kind to be covered under the Japanese national health insurance program. The company will introduce its system to the United States and other key markets around the world, in addition to Japan and Europe. The company will remain committed to early commercialization of the Life Science business through expansion of the scope of its target markets and product portfolio by increasing R&D efforts to enable application of the OSNA method to other types of cancer and establish groundbreaking techniques including those for cervical cancer screening tests.

*OSNA method: A rapid gene amplification technique that does not require the purification of genes (mRNA) that have been taken from a living organism

④ Strengthening R&D

In order to further reinforce its strength as a technology-oriented company, the company will put Technopark (completed in 2008) to full use. At Technopark the company will make R&D efforts to establish innovative testing technologies with a focus on hematological diseases, cancer, and diabetes and will speed up the R&D process by improving the product flow* among others.

* Product flow: A successive flow that begins by acquiring technologies based on business and technical strategies and continues through to product planning, development, production and introduction into the market.

⑤ Strengthening corporate structure

In order to strengthen its corporate structure by which to win the ever-intensifying competitions that may lie ahead, the company will accelerate its drive to reduce costs and increase operational efficiency. By conserving resources and reducing the weight of its products, the company will reduce environmental loading as well as manufacturing and logistics costs.

For tighter business administration of the Sysmex Group as it continues to expand globally, the company will introduce a mechanism for sharing management information via the global ERP (Enterprise Resource Planning) system and strengthen the risk management structure in response to the expansion of both the scope and scale of its business.

In order to ensure the continued development of the Sysmex Group, the company will restructure its personnel systems with a focus on human resources development, with the aim of developing personnel capable of leading changes and enhancing job satisfaction among its employees.

Consolidated Balance Sheets

(Unit: Millions of Yen)

Items	As of Mar. 31, 2009		As of Mar. 31, 2010		Increase or Decrease
	Amount	%	Amount	%	Amount
(Assets)					
I Current assets					
Cash and deposits	9,458		13,835		4,376
Notes and accounts receivable-trade	32,101		30,507		(1,594)
Lease investment assets	622		1,253		631
Short-term investment securities	104		134		30
Merchandise and finished goods	13,331		13,988		656
Work in process	1,252		1,264		11
Raw materials and supplies	3,757		3,524		(233)
Deferred tax assets	4,600		4,657		56
Prepaid expenses	915		1,063		148
Short-term loans receivable	2		3		0
Others	2,005		1,021		(983)
Allowance for doubtful accounts	(530)		(384)		146
Total current assets	67,622	57.1	70,870	58.7	3,247
II Noncurrent assets					
Property, plant and equipment					
Buildings and structures	25,507		25,594		
Accumulated depreciation	(9,030)		(9,767)		
Buildings and structures, net	16,476		15,827		(649)
Machinery, equipment and vehicles	9,225		6,094		
Accumulated depreciation	(5,027)		(4,038)		
Machinery, equipment and vehicles, net	4,197		2,056		(2,141)
Tools, furniture and fixtures	15,229		22,768		
Accumulated depreciation	(10,752)		(14,478)		
Tools, furniture and fixtures, net	4,476		8,290		3,813
Land	7,896		7,897		1
Lease assets	7,570		6,371		
Accumulated depreciation	(4,283)		(4,703)		
Lease assets, net	3,286		1,667		(1,619)
Construction in progress	278		274		(4)
Total Property, plant and equipment	36,612	30.9	36,013	29.8	(598)
Intangible assets					
Goodwill	1,097		1,741		644
Software	3,928		4,236		308
Others	246		240		(6)
Total Intangible assets	5,272	4.4	6,218	5.2	946
Investments and other assets					
Investment securities	3,256		3,348		92
Long-term loans receivable	3		3		(0)
Long-term prepaid expenses	139		317		177
Real estate for investment	2,116		2,102		(13)
Prepaid pension cost	4		—		(4)
Others	3,276		1,715		(1,561)
Deferred tax assets	220		115		(104)
Allowance for doubtful accounts	(3)		(3)		—
Total Investments and other assets	9,014	7.6	7,599	6.3	(1,414)
Total Noncurrent assets	50,899	42.9	49,832	41.3	(1,067)
Total assets	118,521	100.0	120,702	100.0	2,180

(Note) fractions of one million yen are rounded off

(Unit: Millions of Yen)

Items	As of Mar. 31, 2009		As of Mar. 31, 2010		Increase or Decrease
	Amount	%	Amount	%	Amount
(Liabilities)					
I Current liabilities					
Notes and accounts payable-trade	11,075		10,233		(842)
Short-term loans payable	6,149		16		(6,132)
Current portion of lease obligations	1,520		1,223		(297)
Income taxes payable	948		2,447		1,499
Deferred tax liabilities	3		3		0
Accrued expenses	3,782		4,077		294
Provision for bonuses	2,506		2,936		429
Provision for directors' bonuses	140		190		49
Provision for product warranties	150		149		(1)
Others	7,166		8,309		1,143
Total current liabilities	33,444	28.2	29,587	24.5	(3,856)
II Noncurrent liabilities					
Long-term loans payable	5		3		(1)
Lease obligations	2,150		805		(1,344)
Deferred tax liabilities	550		681		131
Provision for retirement benefits	224		639		414
Provision for directors' retirement benefits	196		160		(36)
Others	2,098		1,688		(410)
Total Noncurrent liabilities	5,226	4.4	3,978	3.3	(1,248)
Total liabilities	38,670	32.6	33,565	27.8	(5,105)
(Net assets)					
I Shareholders' equity					
Capital stock	8,685		8,824		139
Capital surplus	13,623		13,763		139
Retained earnings	59,120		66,276		7,155
Treasury stock	(196)		(204)		(8)
Total shareholders' equity	81,233	68.5	88,660	73.5	7,427
II Valuation and translation adjustments					
Valuation difference on available-for-sale securities	(44)		270		315
Deferred gains or losses on hedges	—		(13)		(13)
Foreign currency translation adjustment	(2,006)		(2,560)		(553)
Total valuation and translation adjustments	(2,050)	(1.7)	(2,303)	(1.9)	(252)
III Subscription rights to shares	577	0.5	666	0.5	88
IV Minority interests	89	0.1	112	0.1	22
Total net assets	79,850	67.4	87,136	72.2	7,285
Total liabilities and net assets	118,521	100.0	120,702	100.0	2,180

(Note) fractions of one million yen are rounded off

Consolidated Statements of Income

(Unit: Millions of Yen)

Items	Year ended Mar. 31, 2009		Year ended Mar. 31, 2010		Increase or Decrease Amount
	Amount	%	Amount	%	
I Net sales	111,842	100.0	116,174	100.0	4,332
II Cost of sales	40,838	36.5	42,480	36.6	1,642
Gross profit	71,004	63.5	73,694	63.4	2,689
III Selling, general and administrative expenses	55,870	50.0	57,985	49.9	2,115
Operating income	15,134	13.5	15,708	13.5	574
IV Non-operating income					
Interest income	140		106		(34)
Dividends income	54		52		(1)
Royalty income	35		31		(3)
Commission fee	113		—		(113)
Income from investment real estate	387		383		(4)
Others	202		259		57
Total non-operating income	934	0.8	833	0.7	(100)
V Non-operating expenses					
Interest expense	427		213		(214)
Sales discounts	27		29		1
Maintenance cost of investment real estate	162		158		(3)
Equity in losses of affiliates	45		60		15
Foreign exchange losses	2,227		253		(1,974)
Others	191		53		(137)
Total non-operating expenses	3,082	2.7	769	0.6	(2,313)
Ordinary income	12,985	11.6	15,772	13.6	2,786
VI Extraordinary profits					
Gain on sales of noncurrent assets	98		48		(49)
Gain on sales of investment securities	—		0		0
Reversal of allowance for doubtful accounts	11		65		54
Gain on reversal of subscription rights to shares	—		4		4
Total extraordinary profits	109	0.1	119	0.1	10
VII Extraordinary loss					
Loss on valuation of investment securities	15		376		360
Loss on valuation of membership	4		—		(4)
Loss on sales of investment securities	—		0		0
Loss on sales and retirement of noncurrent assets	386		160		(226)
Loss on valuation of inventories	341		—		(341)
Total extraordinary loss	747	0.7	536	0.5	(211)
Income before income taxes and minority interest	12,347	11.0	15,355	13.2	3,008
Income taxes-current	4,071		5,246		1,175
Income taxes for prior periods	—		400		400
Income taxes-deferred	234		(88)		(323)
Total income taxes	4,305	3.8	5,558	4.8	1,252
Minority interest	28	0.0	32	0.0	4
Net income	8,013	7.2	9,764	8.4	1,750

(Note) fractions of one million yen are rounded off

Consolidated Statements of Changes in Net Assets

Year ended March 31, 2009

(Unit: Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2008	8,651	13,588	55,737	(185)	77,791
Changes of accounting procedures of foreign consolidated subsidiaries			(1,972)		(1,972)
Changes of items during the period					
Issuance of new shares-exercise of subscription rights to shares	34	34			68
Dividends from surplus			(2,658)		(2,658)
Net income			8,013		8,013
Purchase of treasury stock				(12)	(12)
Disposal of treasury stock		1		1	3
Net changes of items other than shareholders' equity					
Total changes of items during the period	34	35	5,355	(10)	5,414
Balance at March 31, 2009	8,685	13,623	59,120	(196)	81,233

	Valuation and translation adjustments			Subscription rights to shares	Minority interest	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total valuation and translation adjustments			
Balance at March 31, 2008	351	610	962	236	127	79,117
Changes of accounting procedures of foreign consolidated subsidiaries						(1,972)
Changes of items during the period						
Issuance of new shares-exercise of subscription rights to shares						68
Dividends from surplus						(2,658)
Net income						8,013
Purchase of treasury stock						(12)
Disposal of treasury stock						3
Net changes of items other than shareholders' equity	(395)	(2,617)	(3,012)	341	(37)	(2,708)
Total changes of items during the period	(395)	(2,617)	(3,012)	341	(37)	2,705
Balance at March 31, 2009	(44)	(2,006)	(2,050)	577	89	79,850

(Note) fractions of one million yen are rounded off

Year ended March 31, 2010

(Unit: Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2009	8,685	13,623	59,120	(196)	81,233
Changes of items during the period					
Issuance of new shares-exercise of subscription rights to shares	139	139			279
Dividends from surplus			(2,609)		(2,609)
Net income			9,764		9,764
Purchase 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	139	139	7,155	(8)	7,427
Balance at March 31, 2010	8,824	13,763	66,276	(204)	88,660

	Valuation and translation adjustments				Subscription rights to shares	Minority interest	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total valuation and translation adjustments			
Balance at March 31, 2009	(44)	-	(2,006)	(2,050)	577	89	79,850
Changes of items during the period							
Issuance of new shares-exercise of subscription rights to shares							279
Dividends from surplus							(2,609)
Net income							9,764
Purchase of treasury stock							(8)
Disposal of treasury stock							0
Net changes of items other than shareholders' equity	315	(13)	(553)	(252)	88	22	(141)
Total changes of items during the period	315	(13)	(553)	(252)	88	22	7,285
Balance at March 31, 2010	270	(13)	(2,560)	(2,303)	666	112	87,136

(Note) fractions of one million yen are rounded off

Consolidated Statements of Cash Flows

(Unit: Millions of Yen)

Items	Year ended Mar. 31, 2009	Year ended Mar. 31, 2010	Increase or Decrease
I Net cash provided by (used in) operating activities			
Income before income taxes	12,347	15,355	3,008
Depreciation and amortization	7,225	7,066	(158)
Amortization of goodwill	466	566	99
Increase (decrease) in provision for bonuses	(51)	441	492
Increase (decrease) in provision for directors' bonuses	(41)	49	90
Increase (decrease) in provision for directors' retirement benefits	(50)	(36)	13
Increase (decrease) in provision for retirement benefits	(98)	344	443
Decrease (increase) in prepaid pension costs	(4)	—	4
Increase (decrease) in allowance for doubtful accounts	102	(144)	(247)
Interest and dividends income	(194)	(159)	35
Interest expenses	427	213	(214)
Equity in (earnings) losses of affiliates	45	60	15
Loss (gain) on sales of investment securities	—	(0)	(0)
Loss (gain) on valuation of investment securities	15	376	360
Loss on retirement of noncurrent assets	386	160	(226)
Decrease (increase) in notes and accounts receivable-trade	(2,334)	2,685	5,020
Decrease (increase) in inventories	(1,701)	(93)	1,607
Increase (decrease) in notes and accounts payable-trade	2,375	(2,073)	(4,449)
Increase (decrease) in consumption taxes payable (receivable)	(467)	729	1,197
Others	428	(425)	(854)
Subtotal	18,878	25,116	6,238
Interest and dividends received	175	162	(12)
Interest expenses paid	(423)	(211)	212
Income taxes paid	(5,436)	(3,838)	1,597
Net cash provided by (used in) operating activities	13,193	21,229	8,035
II Net cash provided by (used in) investment activities			
Payments into time deposits	(36)	(21)	14
Proceeds from withdrawal of time deposits	3	54	51
Purchase of property, plant and equipment	(9,392)	(4,461)	4,931
Proceeds from sales of property, plant and equipment	115	124	9
Purchase of intangible assets	(1,582)	(1,963)	(380)
Purchase of investment securities	(917)	—	917
Purchase of investments in subsidiaries	(72)	(355)	(282)
Others	(1,661)	19	1,680
Net cash provided by (used in) investment activities	(13,544)	(6,603)	6,941
III Net cash provided by (used in) financing activities			
Net increase (decrease) in short-term loans payable	5,870	(6,141)	(12,012)
Proceeds from long-term loans payable	50	4	(46)
Repayments of long-term loans payable	(56)	(55)	1
Repayments of lease obligations	(2,542)	(1,537)	1,005
Proceeds from issuance of common stock	68	256	188
Proceeds from stock issuance to minority shareholders	—	0	0
Purchase of treasury stock	(9)	(8)	1
Cash dividends paid	(2,658)	(2,609)	49
Net cash provided by (used in) financing activities	723	(10,090)	(10,814)
IV Effect of exchange rate change on cash and cash equivalents	(641)	(133)	508
V Net increase (decrease) in cash and cash equivalents	(268)	4,402	4,671
VI Cash and cash equivalents at beginning of term	9,679	9,410	(268)
VII Cash and cash equivalents at end of term	9,410	13,812	4,402

(Note) fractions of one million yen are rounded off

Segment Information

1. Information about operations by geographic area

Year ended March 31,2009

(Unit: Millions of Yen)

	Japan	Americas	Europe	China	Asia Pacific	Total	Eliminations/ Corporate	Consolidated
Sales and Operating income								
Sales								
Net Sales to outside customers	37,589	23,368	35,386	10,110	5,387	111,842	—	111,842
Inter-area transfer	31,501	2	521	9	183	32,217	(32,217)	—
Total net sales	69,090	23,370	35,908	10,119	5,571	144,060	(32,217)	111,842
Operating expenses	64,417	21,581	30,772	8,811	4,925	130,508	(33,799)	96,708
Operating income	4,672	1,789	5,135	1,308	646	13,552	1,581	15,134
Assets	80,339	14,860	24,789	7,601	3,809	131,400	(12,878)	118,521

Year ended March 31,2010

(Unit: Millions of Yen)

	Japan	Americas	Europe	China	Asia Pacific	Total	Eliminations/ Corporate	Consolidated
Sales and Operating income								
Sales								
Net Sales to outside customers	38,594	23,443	36,445	11,843	5,846	116,174	—	116,174
Inter-area transfer	27,857	6	479	4	159	28,508	(28,508)	—
Total net sales	66,452	23,450	36,925	11,848	6,006	144,682	(28,508)	116,174
Operating expenses	63,519	20,675	31,622	9,095	5,106	130,020	(29,554)	100,465
Operating income	2,932	2,775	5,303	2,752	899	14,662	1,046	15,708
Assets	77,833	14,929	25,404	8,385	4,813	131,367	(10,664)	120,702

2. Net Sales to Foreign Customers

Year ended March 31,2009

(Unit: Millions of Yen)

	Americas	Europe	China	Asia Pacific	Total
Net Sales to Foreign Customers	23,413	35,453	10,110	7,036	76,014
Consolidated Sales	—	—	—	—	111,842
The rate of net sales to foreign customers to consolidated sales	20.9%	31.7%	9.1%	6.3%	68.0%

Year ended March 31,2010

(Unit: Millions of Yen)

	Americas	Europe	China	Asia Pacific	Total
Net Sales to Foreign Customers	23,622	36,494	11,843	7,393	79,354
Consolidated Sales	—	—	—	—	116,174
The rate of net sales to foreign customers to consolidated sales	20.3%	31.4%	10.2%	6.4%	68.3%