

Half Year 2006 Business Results

Financial Highlights and Future Opportunities

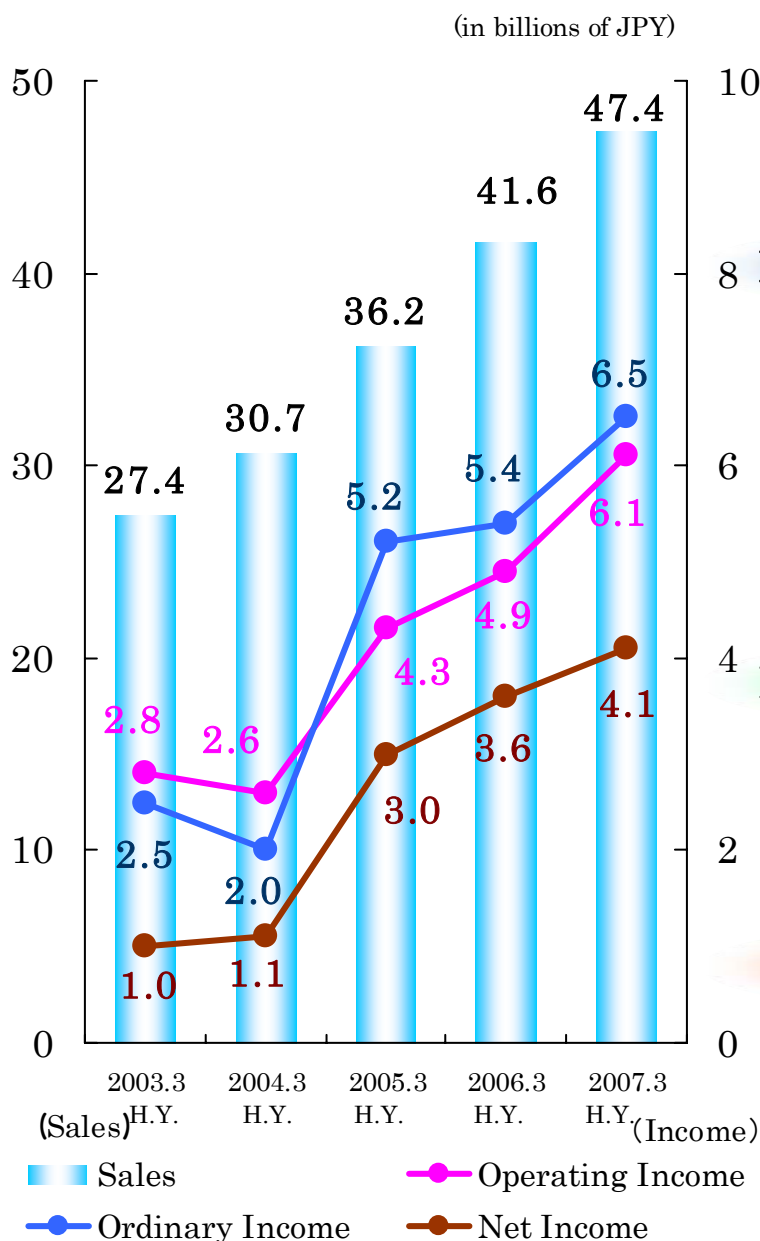
Hisashi Ietsugu
President and CEO
SYSMEX CORPORATION

- Outline of Half Year 2006 Results
- Results and Future Plans in Each Segment
 - Geographical segments
 - R&D segments
- FY2006 Consolidated Earnings Forecast

Forward-looking Statements

This material contains forward-looking statements about Sysmex Corporation and its group companies (the Sysmex Group). These forward-looking statements are based on current judgments and assumptions of the Sysmex Group in light of the information currently available to it, and involve known and unknown risks, uncertainties and other factors, including but not limited to: global economic conditions, competitive situations and changes in exchange rates. Such risks, uncertainties and other factors may cause our actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements.

Summary of Consolidated Statement FY2006 H.Y.



Exchange rate for FY2005 H.Y. :

US\$1=¥109.5、EUR1=¥135.7

Exchange rate for FY 2006 H.Y. :

US\$1= ¥115.4、EUR1=¥146.0

Profit&Loss Statement

- Recorded excellent results
 - ✓ Net sales have increased for 7 consecutive years
- Overseas sales increased by 4.7 billion yen (up 19.0%)
- Operating income ratio improved (11.9% → 12.9%)
 - ✓ Cost ratio improved : 41.9% → 41.5%
 - ✓ SG&A ratio improved : 46.2% → 45.6%

Balance Sheet

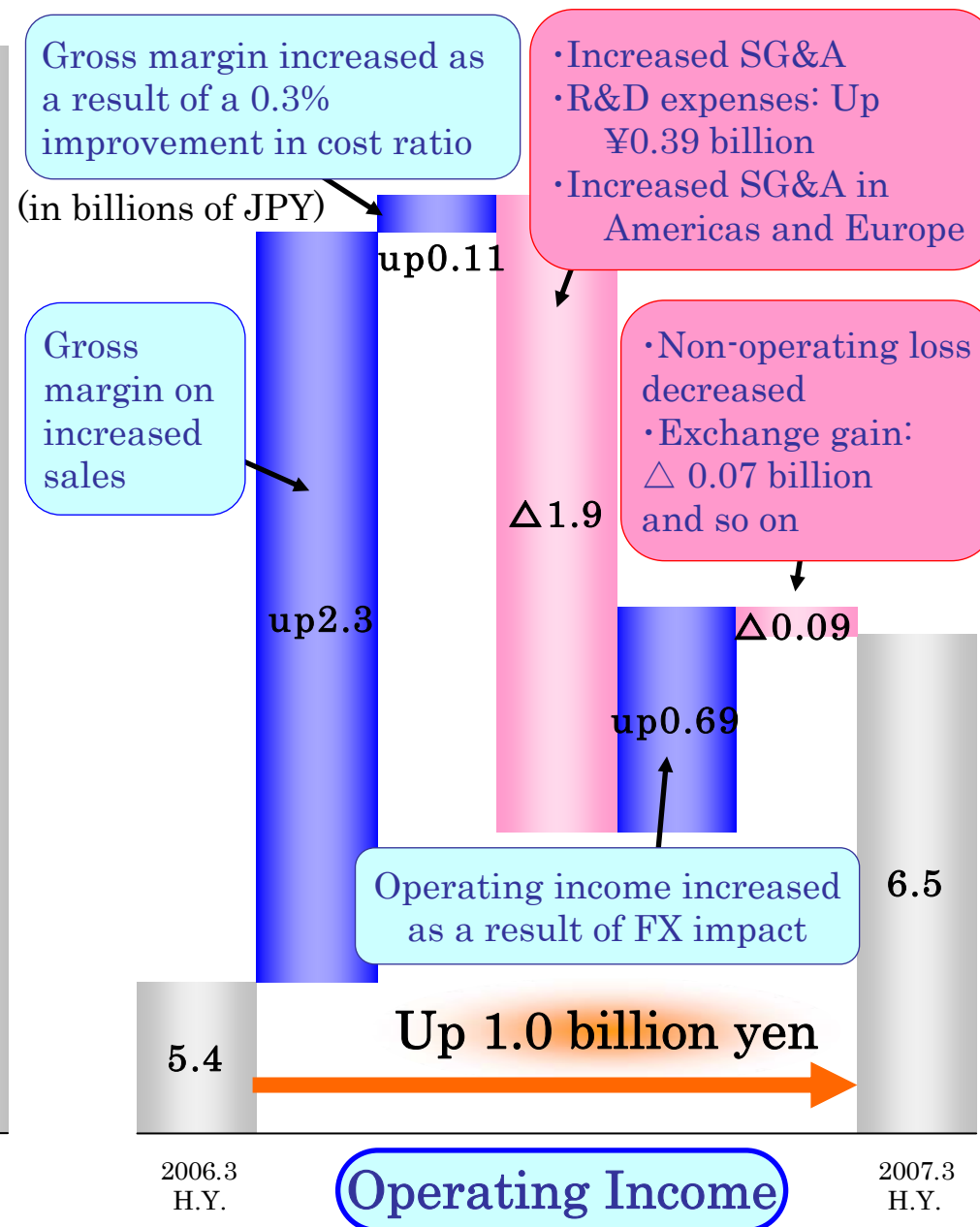
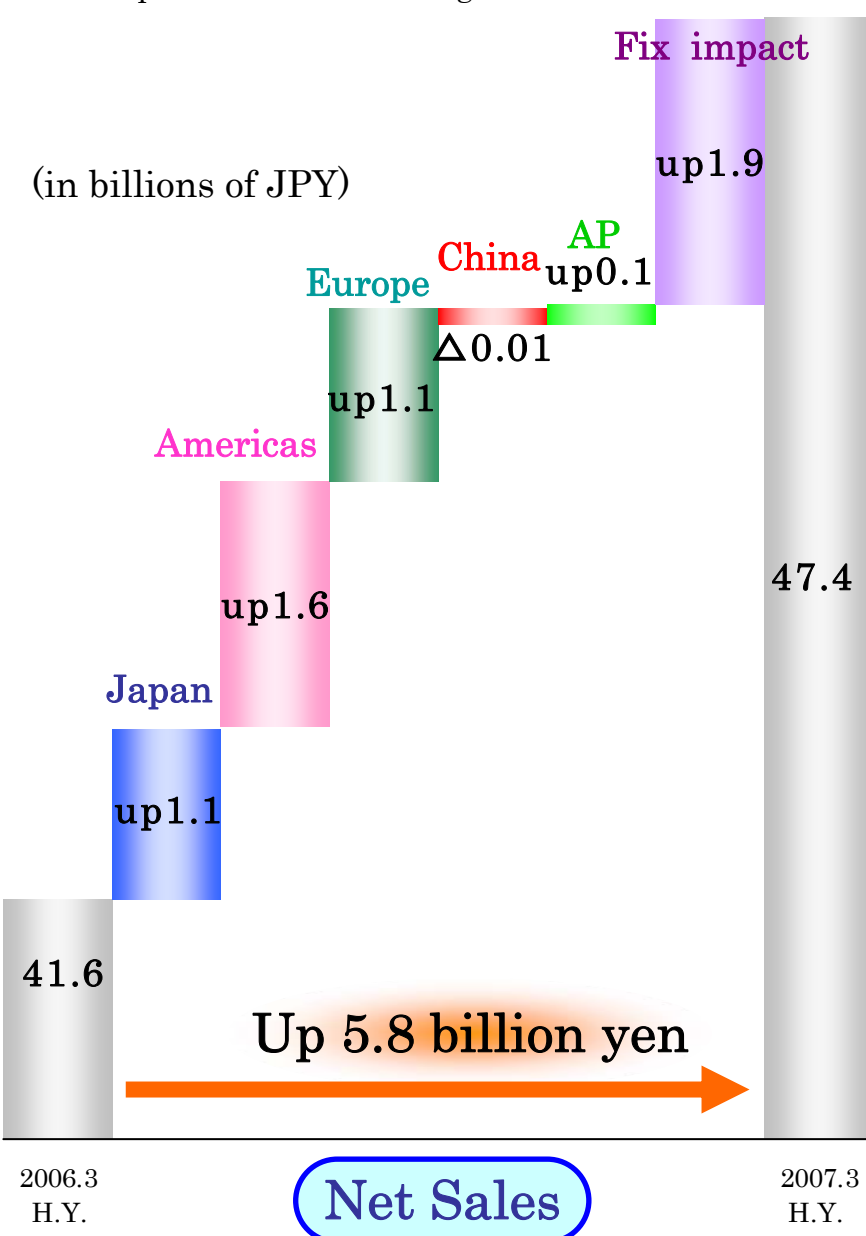
- Increased ROA (13.8% → 14.5%)
- Increased tangible fixed assets
 - ✓ Increased construction in progress for establishing new overseas factories: 0.67 billion yen

Cash Flow Statement

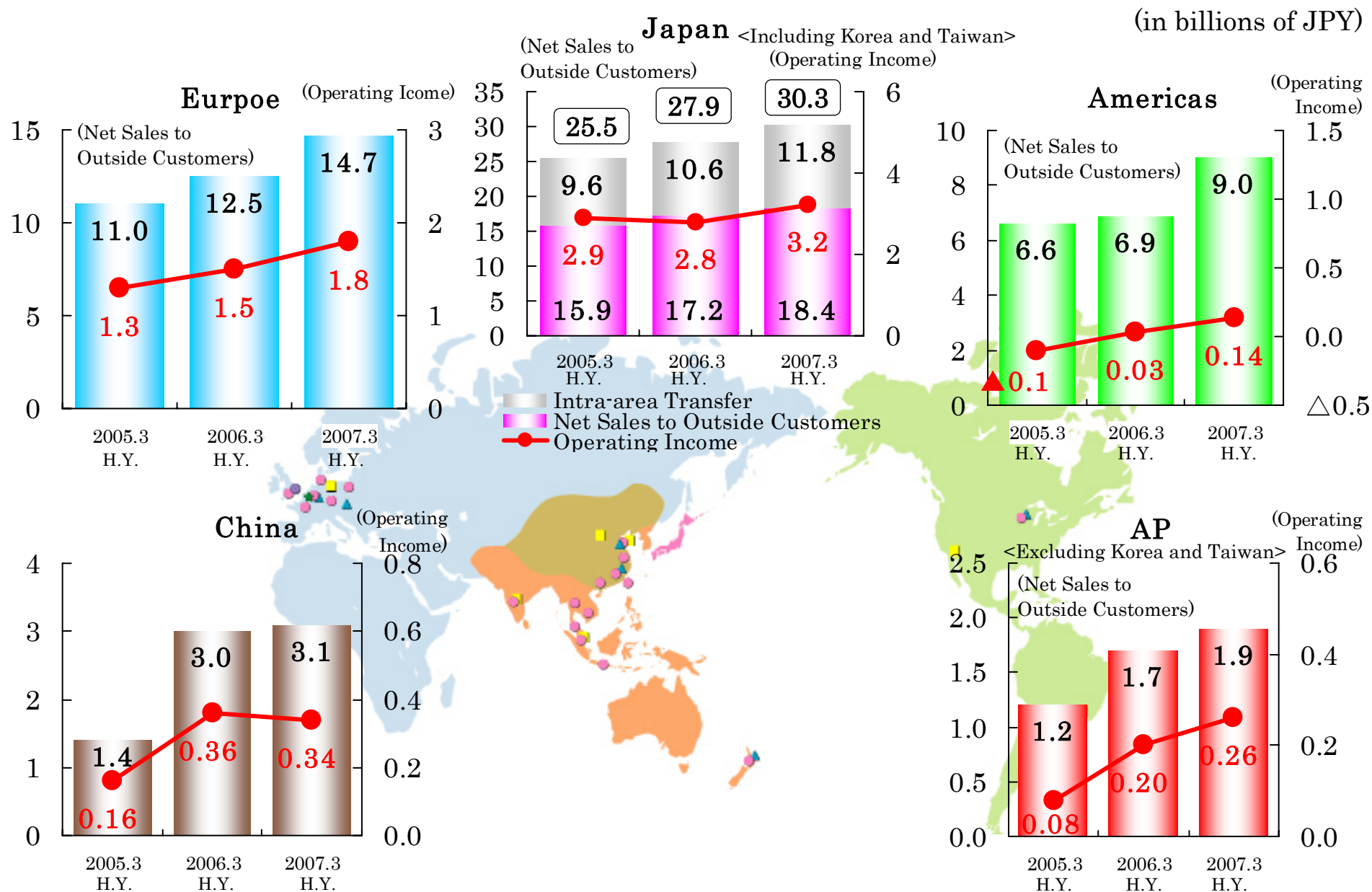
- Increased operating cash flow (up 4.22 billion yen → up 4.27 billion yen)
- Increased investments (△1.6 billion yen → △3.5 billion yen)
- Increased dividend (△0.62 billion yen → △0.79 billion yen)

Breakdown of Net Sales and Ordinary Income

※FX impact excluded from regional sales below

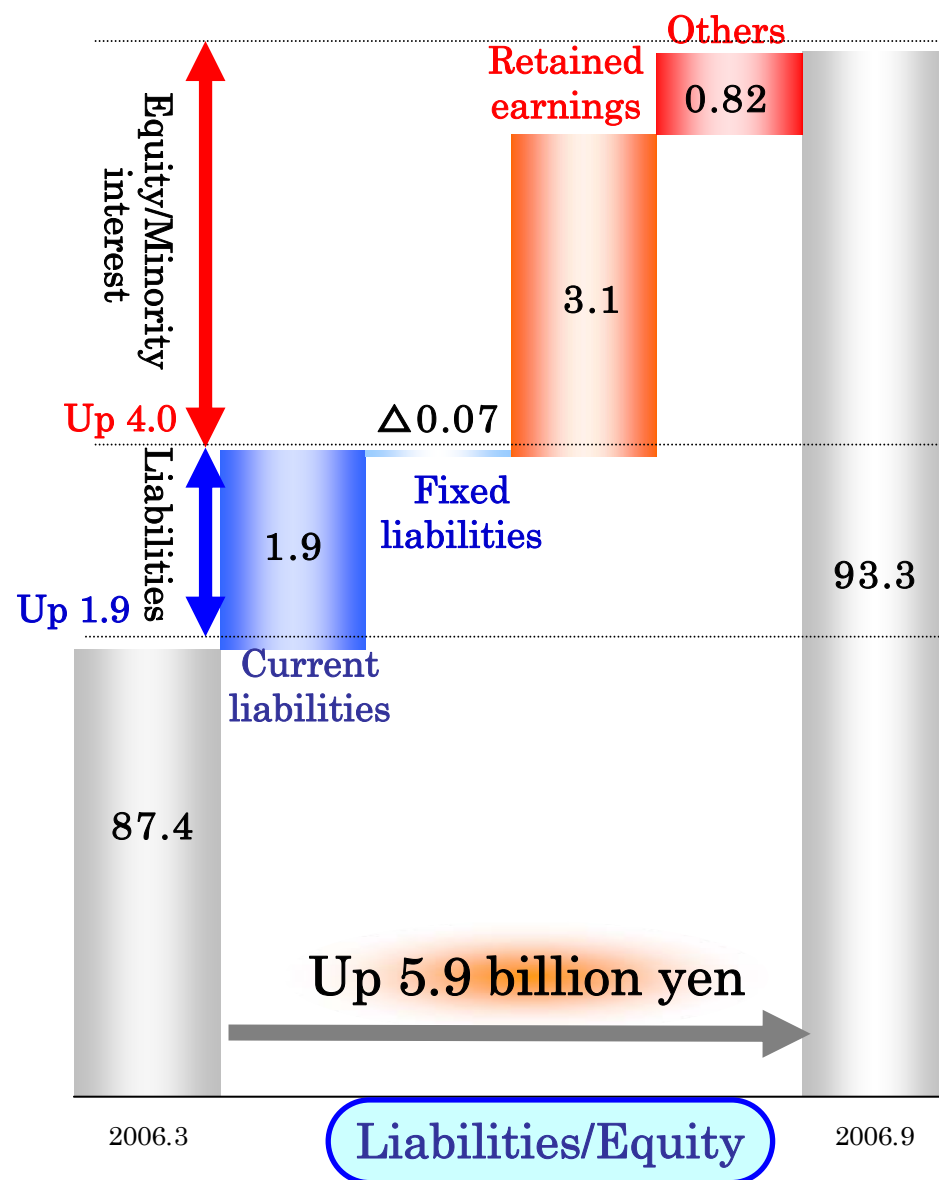
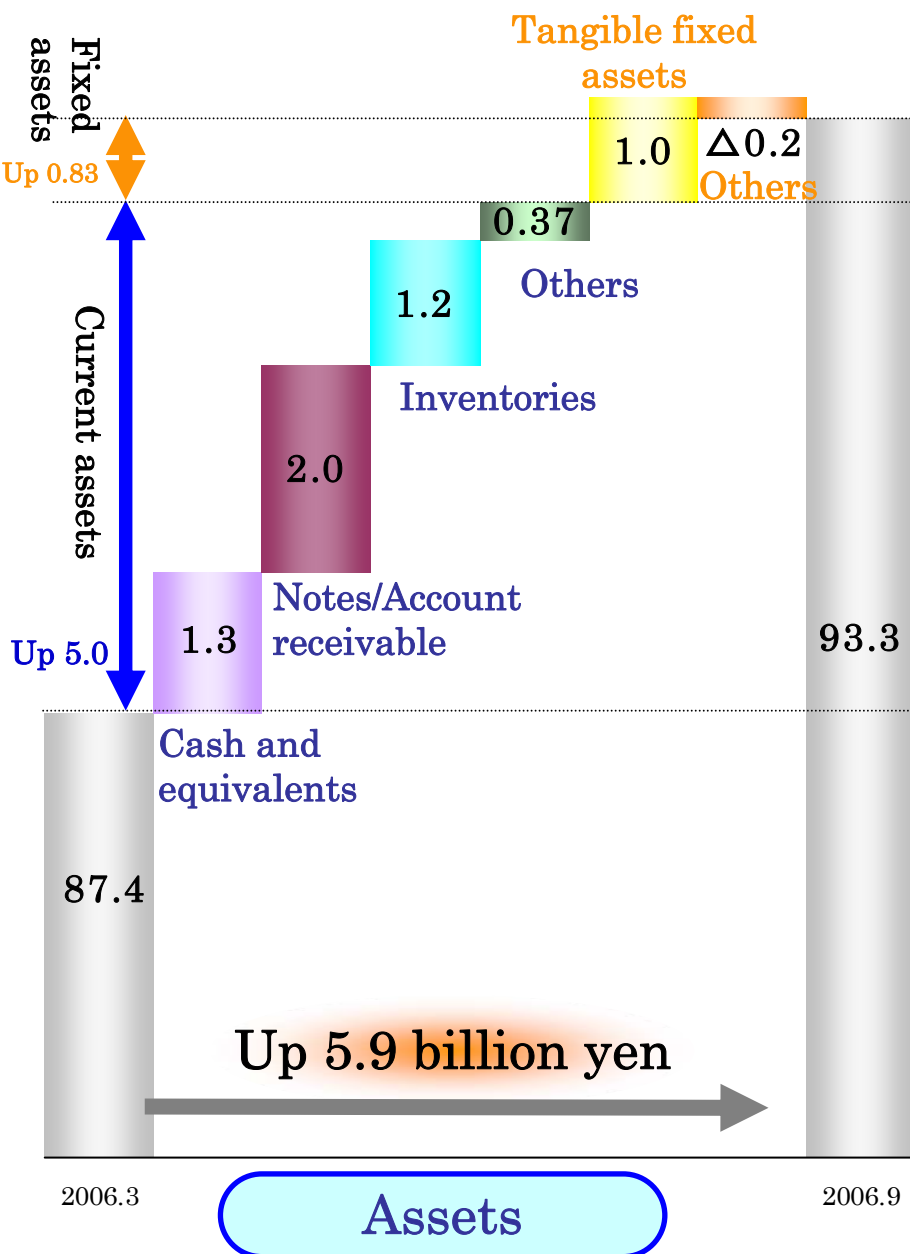


Geographical Segment Information



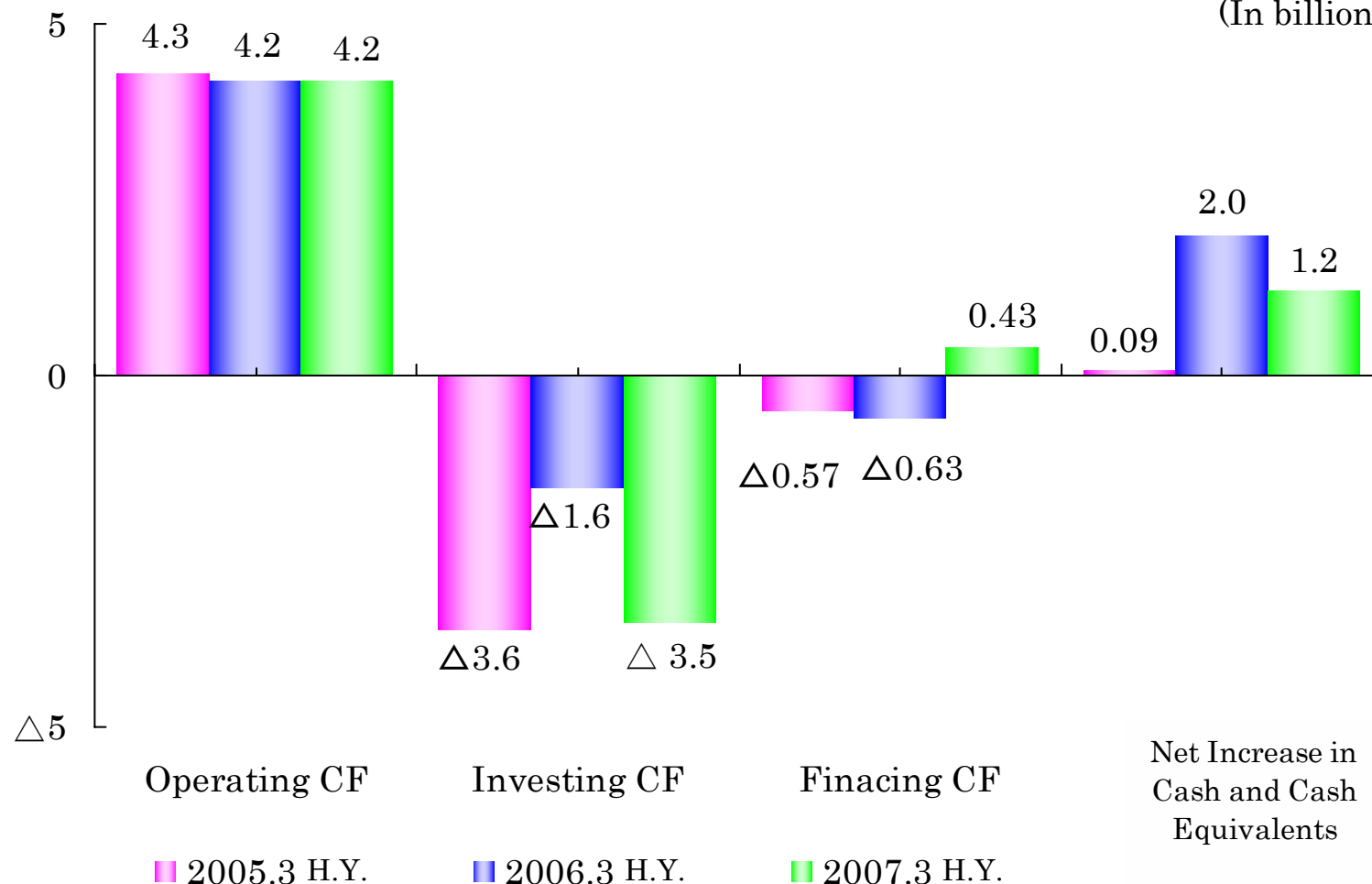
Breakdown of Balance Sheet (Consolidated)

(in billions of JPY)



Consolidated Cash Flow

(In billions of JPY)



※Net Increase in Cash and Cash Equivalents is factored into the calculation Foreign Currency Translation Adjustments Cash and Cash Equivalents.

Creating a cycle of reinvestment of cash flow as a growing company

New Products (to be) Released in FY2006

◆ Hematology segment



Automated hematology
analyzers

XS Series

Target area: Worldwide

Launch: Feb. 2006 in Japan,
Europe, and AP;

Aug. 2006 in US and China

◆ Coagulation segment



Coagulation analyzer

CS-2000i

Target area: Worldwide

Launch: Sep. 2006 in Japan;
Nov. 2006 in Europe

◆ Clinical chemistry segment



Clinical chemistry
analyzer

CHEMIX-800

Target area: China/AP

Launch: 2nd half of 2006

◆ Urinalysis segment



Urine cell analyzer

UF-1000i

Target area: Worldwide

Launch: Jun. 2006 in
Japan, Europe, and
AP

◆ Life Science segment



Gene amplification
detector ***RD-100i***

Target area: Worldwide

Launch: Apr. 2006 in
Europe

(Ref.) Immunochemistry segment



*Chemiluminescent
enzyme immunoassay
technology*

*Japan Society for Clinical
Laboratory Automation (in
Kobe in October)*

Americas *Sysmex's market recognition increasing!* **Sysmex**

<Topics>

- Entered into an exclusive sales agreement with Midwest Health System, an affiliate of the US's largest class hospital group HCA
- Experienced strong sales of the XT series in the small and medium hospital market
- Realized strong sales of urinalysis and coagulation analyzers
- Increased sales and after-sales support staffs of sales and after-sales support in the US to support sales activity coverage (approx. 30 persons)
- Carried out a promotional tour through the US using a demonstration bus
- Received bulk orders from the Costa Rican social security administration

Automated hematology analyzers

XT-2000i



Sysmex Express
(demonstration bus)



Fully automated coagulation
analyzer
CA-1500

Future endeavors

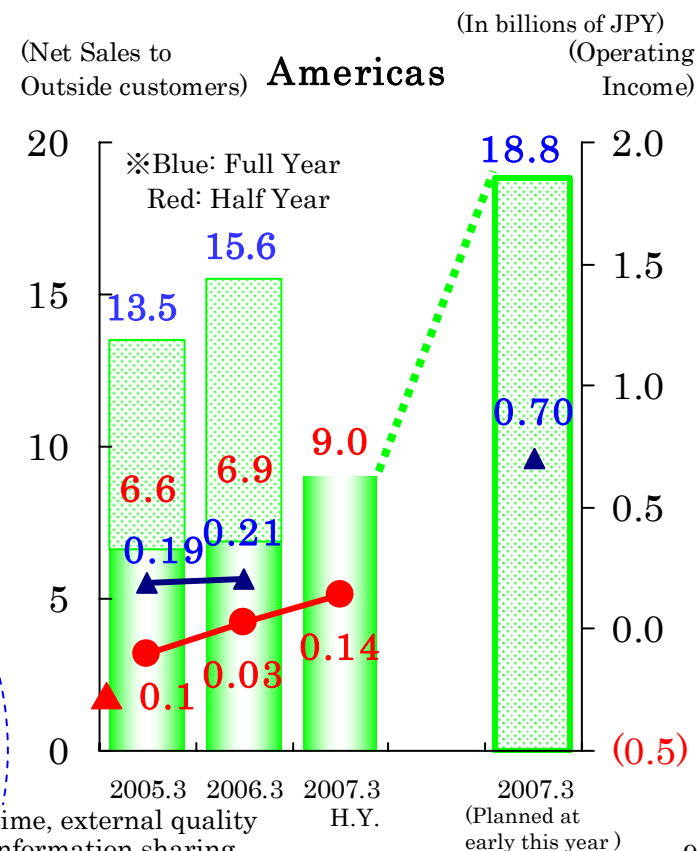
<Marketing>

- ◆ Share marketing information
- ◆ Enrich and optimize sales staff qualitatively
- ◆ Strengthen support and administration of distributors

<Product>

- ◆ Start full-scale marketing of the XS series
- ◆ Launch SNCS*

* Sysmex Network Communication Systems: Services including real-time, external quality control, automated monitoring of instruments, and Web-based information sharing

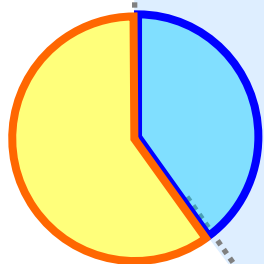


Topics Strategic Priorities in the Commercial Lab Market **Systemex**

【 Assumed customer concerns 】

Evaluation point	Concerns
Increased productivity	Not Concerns
Footprint saving	Not Concerns
Performance and quality of product	Not Concerns
Brand recognition	Concerns
Replacement cost	Concerns

- Study of customers' analyzer selection process
- Strengthening communication and gaining trust
- Accumulation of achievements and success in the US market
- Offering comprehensive streamlining solutions using the standardization concept and network-capable products



Diagnostics market in US

Network-capable
(SNCS)



Automated hematology analyzer
XS series

POL, Clinics

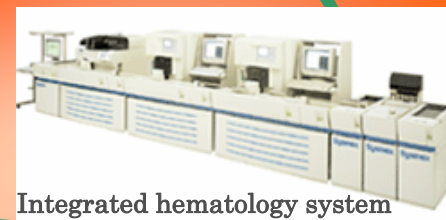
Satellite Laboratory

Core Laboratory

Laboratory Management Solution



Automated hematology analyzer
XE-2100



Integrated hematology system

Data Management Solution

Europe *Business steadily expanded by leveraging the Sysmex brand* Sysmex

<Topics>

- Saw strong sales of hematology analyzers through comprehensive proposal-oriented marketing
- Launched the system for rapid detection of breast cancer lymph node metastasis (April)
- Established Sysmex Digitana AG
- Established Sysmex South Africa
- Entered into Animal testing market



Gene amplification detector *RD-100i*



Automated hematology analyzer *XE-2100*



Automated hematology analyzer *XS-1000i*



Sysmex Digitana

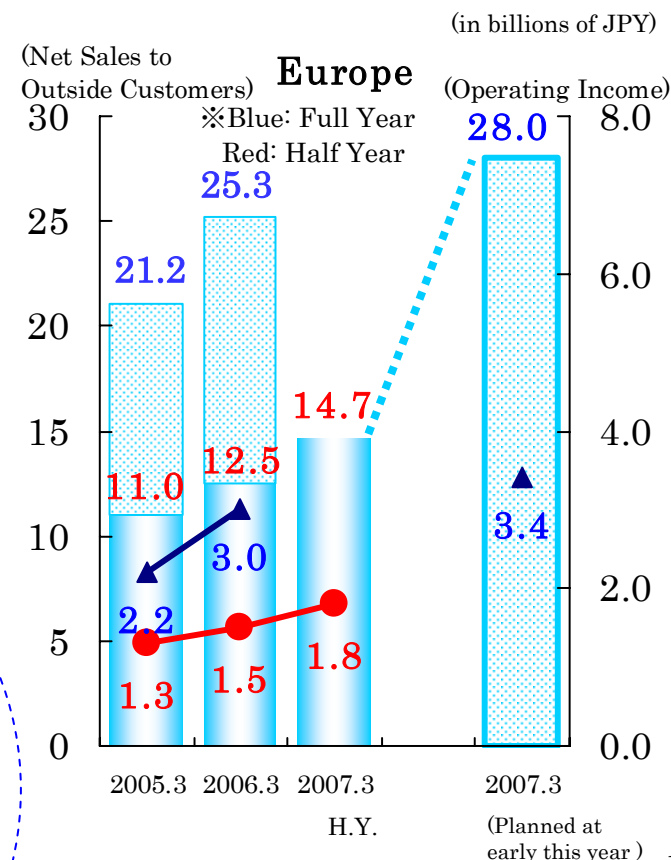
Future endeavors

<Marketing>

- ◆ Expand marketing areas (countries and area)
- ◆ Promote comprehensive proposal-oriented marketing
- ◆ Strengthen sales of Life Science products

<Product>

- ◆ Start full-scale marketing of the XS series
- ◆ Launch UF-1000i
- ◆ Launch CS-2000i



China *Influenced by the medical industry's "clean-up campaign"*

<Topics>

- Underwent cost suppression due to reduction of test expenses (insurance points)
- Experienced slow sales of instruments due to the medical industry's "clean-up campaign"
- Earned strong sales of the automated hematology analyzer XS series
- Received increased orders of coagulation analyzers for replacement and upgrading



Coagulation analyzer
CA-500 series



Automated hematology analyzer
XS-1000i

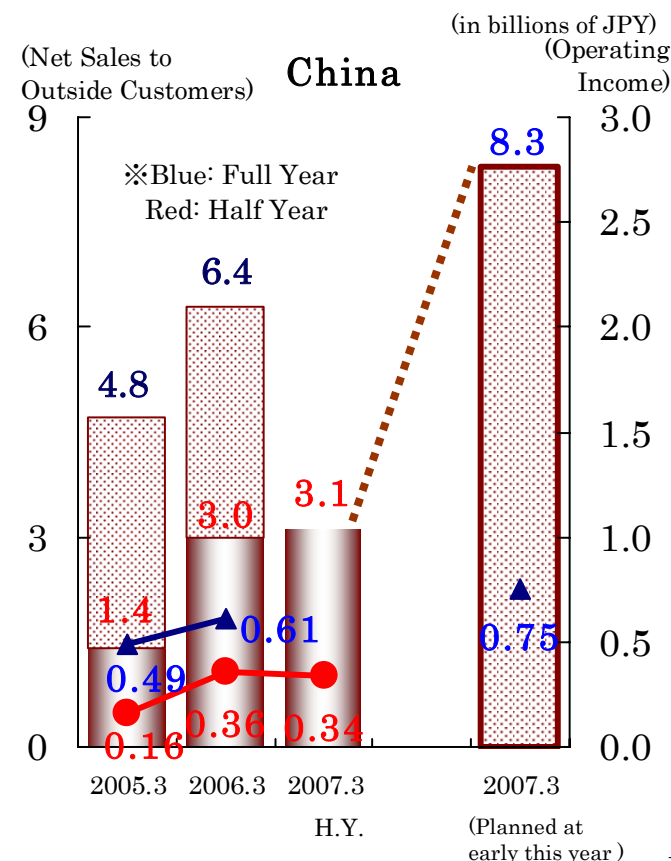
Future endeavors

<Marketing>

- ◆ Strengthen academic activity
- ◆ Differentiate support activities
- ◆ Establish a proposal-oriented marketing structure

<Product>

- ◆ Start full-scale marketing of the XS series
- ◆ Launch CHEMIX-800
- ◆ Start local manufacturing of clinical chemistry reagents



Background of the medical industry's "clean-up campaign" and its impacts on Sysmex

<Negative impacts>

- Hospitals refraining from purchasing instruments
- Some bids postponed

Qualitative change
and
expansion of targets
in Chinese market

<Positive impacts>

- Intermediate margins in distribution suppressed by the authorities
- Intensive investment into medical/sanitary services
 - A total of approx. 20 billion yuan invested
- Patients increasingly interested in better quality healthcare services
- Successful differentiation by the XS series

10th 5-year Plan
(2000-2005)

11th 5-year Plan
(2006-2010)

Creation of a sustainable economy/society that
harmonizes "reduction of economic disparities"
and "income doubling"

(Adopted at the National People's Congress in March 2006)

AP *Business opportunities in India accelerated* Sysmex

<Topics>

- Strengthen the marketing structure in India (Established Sysmex India)
 - ✓ Established a reagent factory in India
- Strong sales of the automated hematology analyzer XS series
- Promoted the solution business that uses the Laboratory Information System
 - ✓ Strong sales of packages with hematology and other diagnostics analyzers



A reagent factory (Sysmex India)



Coagulation analyzer
CA-500 series



Automated hematology analyzers
XS-1000i

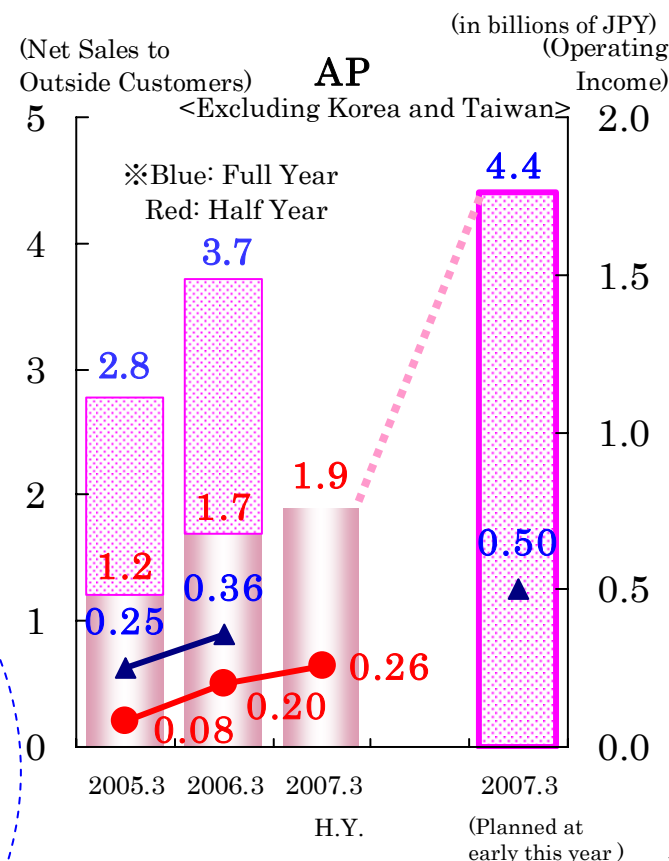
Future endeavors

<Sales power>

- ◆ Strengthen sales and support in India
- ◆ Enrich academic activity
- ◆ Stimulate demand for upgrading

<Product power>

- ◆ Launch CS-2000i
- ◆ Launch CHEMIX-800
- ◆ Launch UF-1000i



Japan

Strengthened business worthy of a comprehensive supplier

Sysmex

<Topics>

- Medical fee reimbursements decreased by 3.16%
- Received an increasing number of orders for large-scale combined solutions from large hospitals
- Received bulk orders for hematology analyzers from the blood center of Japan Red Cross Society
- Delivered hematology systems to a Japanese leading commercial lab (1st phase)
- Strengthened sales promotion of rapid influenza diagnostic kits for the upcoming influenza season



Integrated hematology system
HST series



Rapid influenza diagnostic kit
POCTEM Influenza A/B

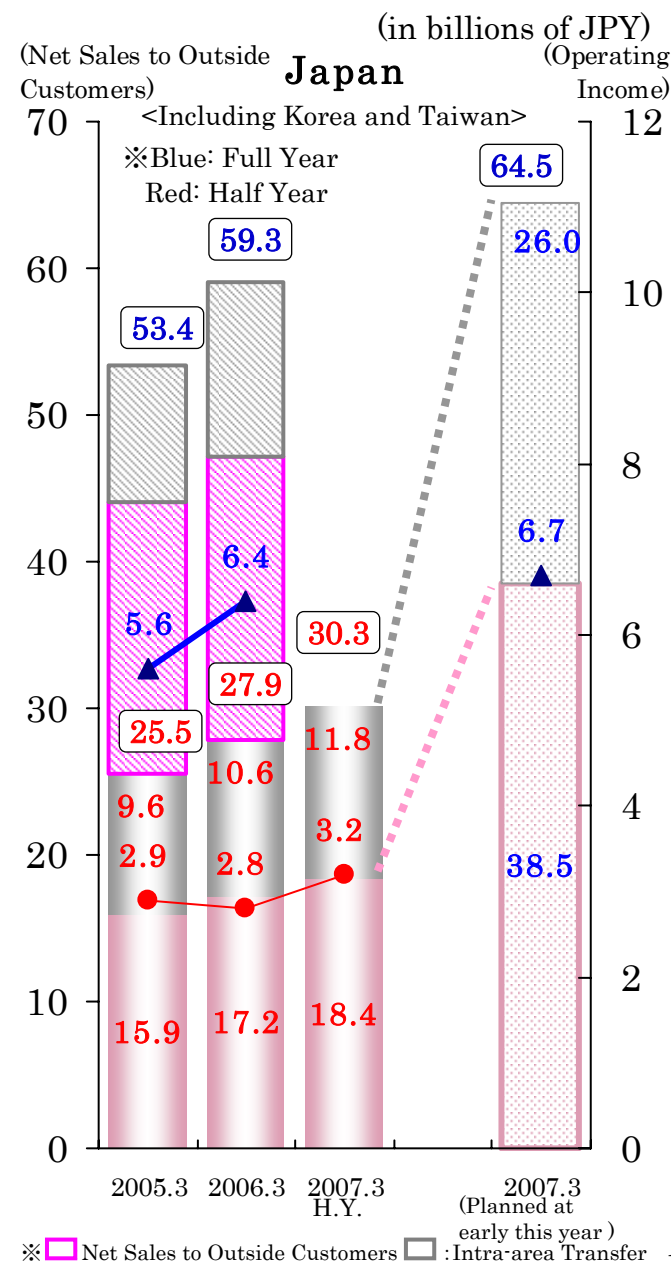
Future endeavors

<Sales power>

- ◆ Strengthen comprehensive proposal-oriented marketing
- ◆ Reinforce the veterinary and hospital businesses
- ◆ Encourage academic activities in immunochemistry

<Product power>

- ◆ Launch CS-2000i
- ◆ Start full-scale marketing of UF-1000i



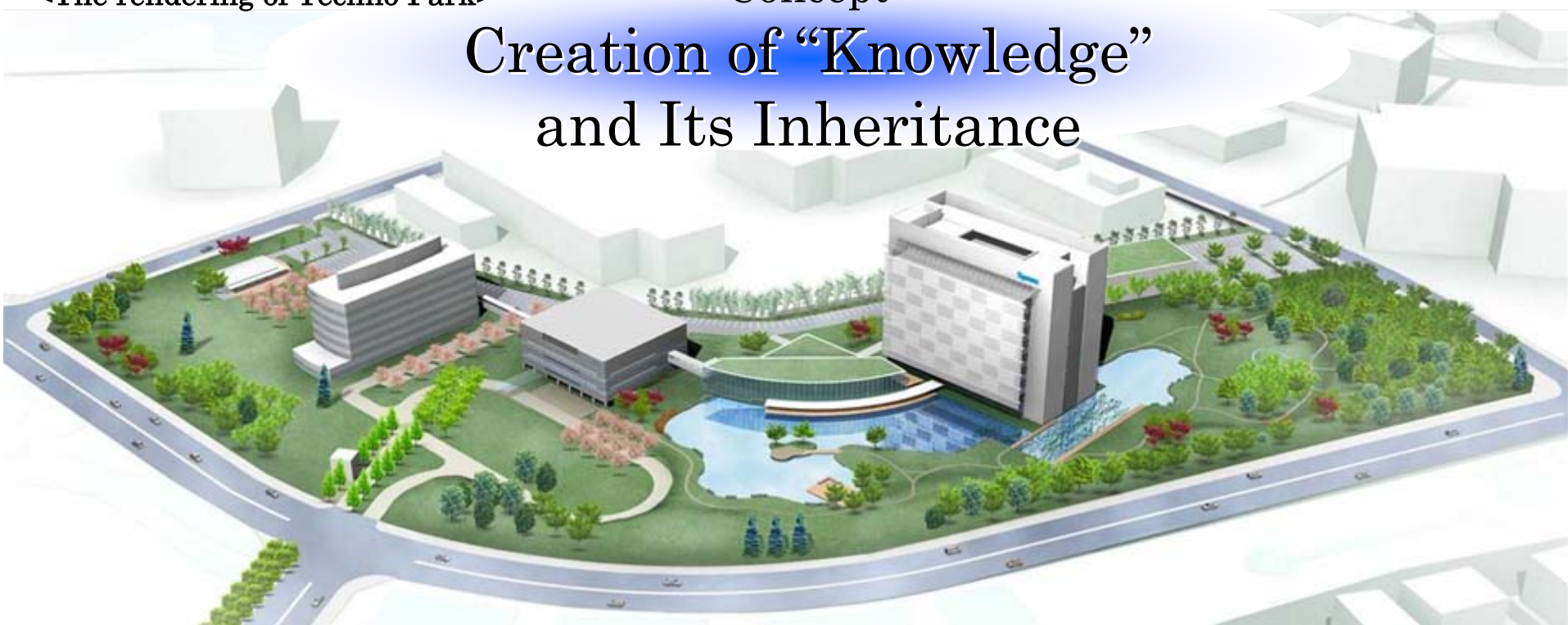
Outline of Techno Park

- Land area: approx. 72 thousand square meters, twice as large as the present R&D base
- New building structures: R&D building (10 floors), Special Laboratory Building (2 floors)
- Total investment for facilities and construction: approx. 10 billion yen (Capacity: approx. 1,000 persons)
- Period of construction: Sep. 2006 - end of Sep. 2008

<The rendering of Techno Park>

<Concept>

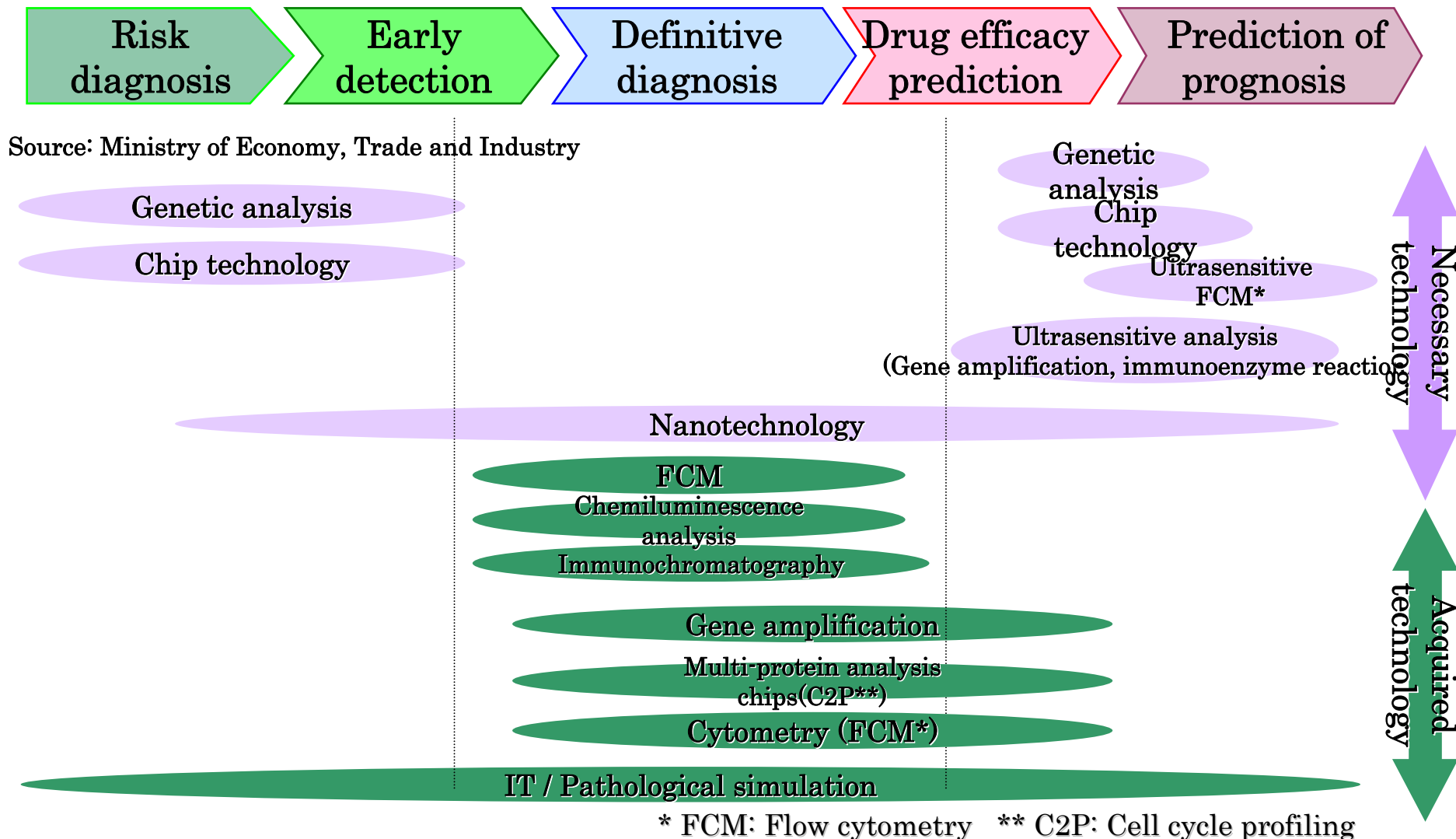
Creation of “Knowledge”
and Its Inheritance



Premises of the existing R&D base

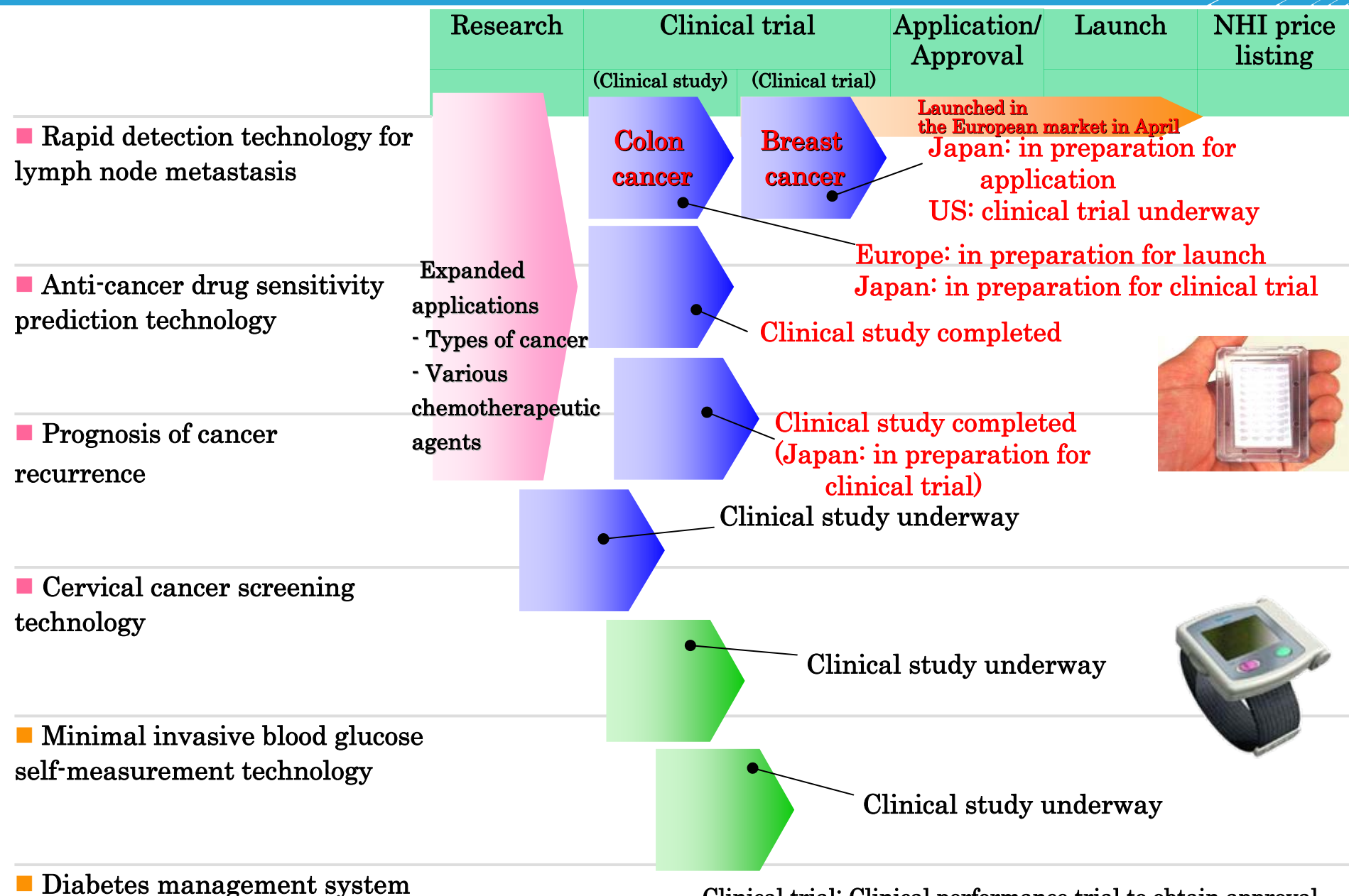
Newly expanded premises

Strategic Priorities in Strengthening R&D



Strengthen/Enrich the technological infrastructure as a Technology-Oriented Company

Progress in R&D



Current Status of Commercialization of Life Science

Progress after the launch of the system for rapid detection of breast cancer lymph node metastasis

Recognized as the highly added value testing

Market awareness activities
(Presentations at academic conferences and homepage)



Exhibition booth



Homepage of the Life Science

Standardization of methods to get listed on NHI price list

St.Gallen Oncology Conference
(Switzerland in Mar.)

SABCS (US in Dec.)

SHBCC (China in Nov.)

ISNS (Italy in Nov.)

Japan Society of Clinical
Oncology (in Oct.)

Breast cancer conference
(Germany in Sep.)

Japanese Cancer Association
(in Sep.)

Start-up of Life Science
homepage (in Sep.)

Japanese Breast Cancer
Society (in Jul.)

Japanese Society of
Pathology (in Apr.)

Gaining trust from customers !

RD-100i
launched in
Europe in
April '06

Initial sales in Life
Science business

1 unit in Netherlands
(for clinical use)

A clinical study
underway in
Netherlands, Germany,
France and UK

Expand target
markets

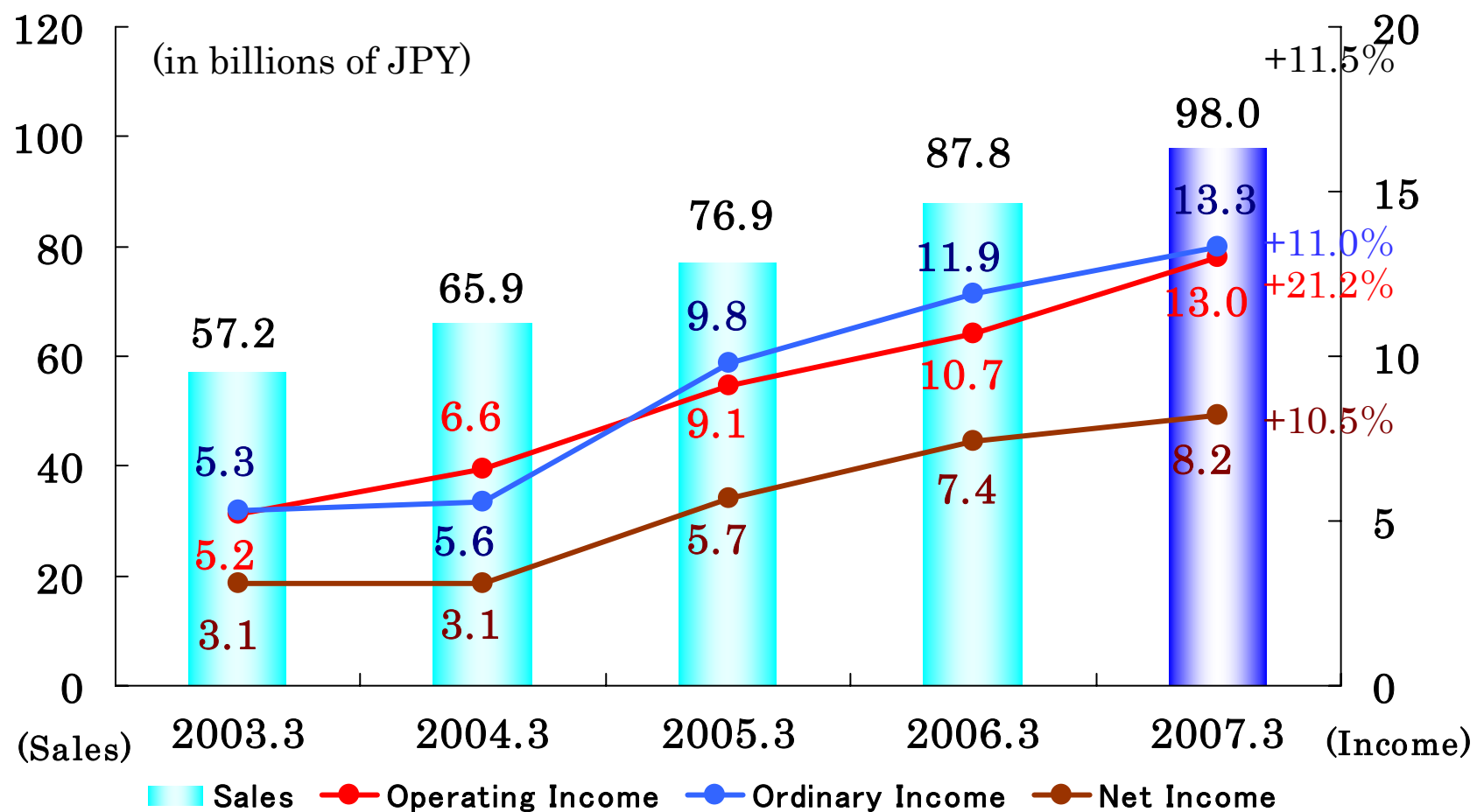
Increase and expansion
of customers (users)



Gene amplification detector
RD-100i

FY2006 Consolidated Earnings Forecast

FY2006 Consolidated Earnings Forecast			(Planned exchange rate: US\$1= ¥115, EUR1= ¥145)	
➤ Sales: ¥98 billion	➤ Operating income: ¥13.3 billion	➤ Net Income: ¥8.2 billion		
	➤ Ratio of Ordinary income: 13.6%	➤ Ratio of Net Income to Net Sales: 8.4%		
Investment plan	➤ Equipment: ¥5.6 billion	➤ R&D: ¥8.9 billion		



Projected Dividend for FY2006

	Interim dividend	Year-end dividend	Total
FY2006	¥16	¥16	¥32
FY2005	¥20	¥16 (including 2 yen commemorative dividend)	¥36
(Reference)			
Conversion to dividend after share split	¥10	¥16	¥26

(Note: Sysmex split its common shares on a 2 for 1 basis effective November 18, 2005, with the date of assignment on September 30, 2005.)

Challenging the Frontiers of Healthcare Testing

SYSMEX CORPORATION

<Contact>

IR & Corporate Communication Div.

Phone: 81-078-265-0500

Email: info@sysmex.co.jp

URL: <http://www.sysmex.co.jp>

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