



Annual Report 2015

For the year ended March 31, 2015

Sysmex Corporation

Annual Report 2015

Concerted Maximization of Corporate Value: Our Recipe for Growth



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Sysmex Corporation

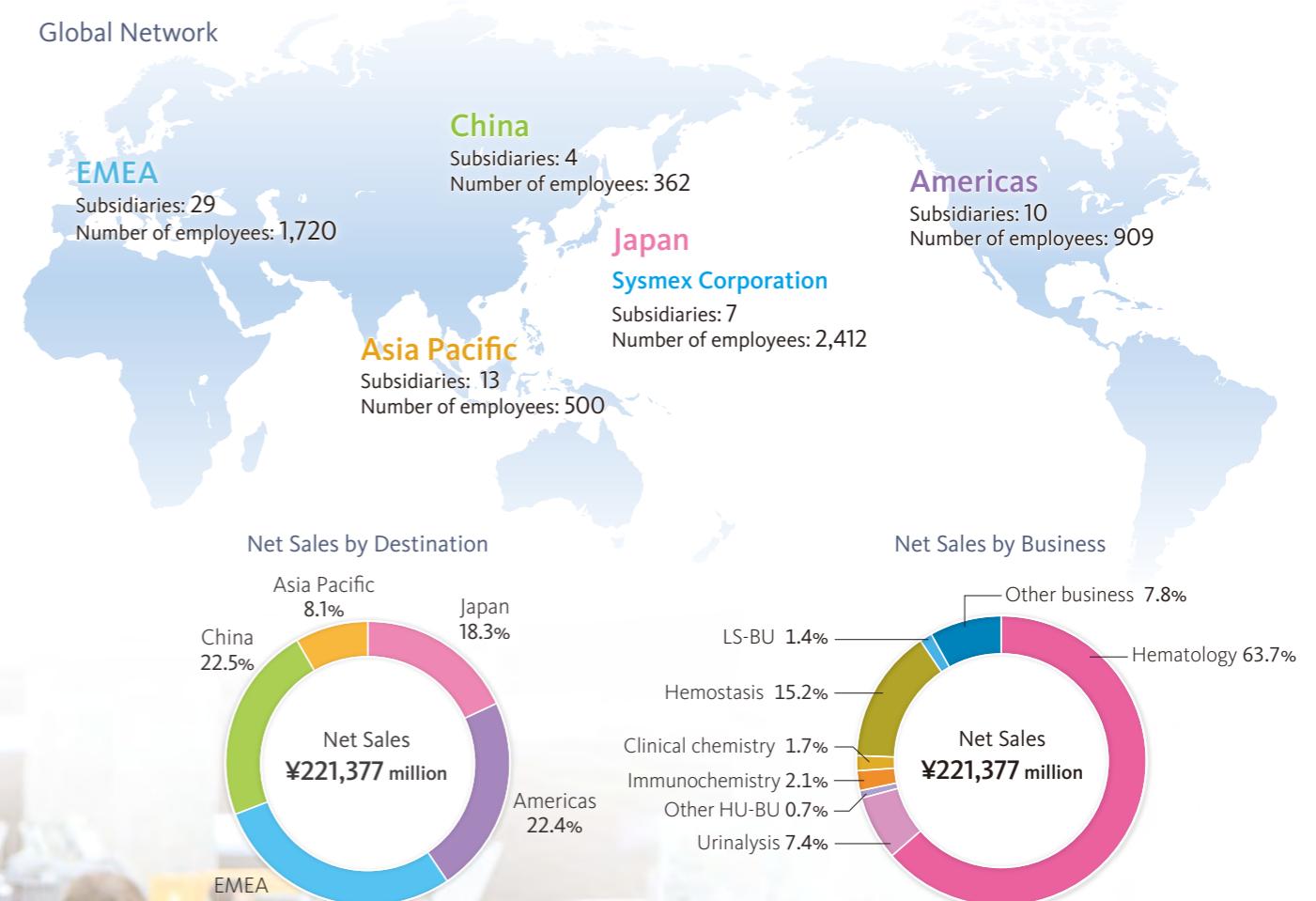
In its quest for further growth, Sysmex delivers value by anticipating challenges in its operating environment and remaining at the forefront of change.

Sysmex Corporation (“the Company”) is an integrated supplier of the instruments, reagents and software that are essential to testing processes performed during health checkups, treatment and ongoing disease management.

Since its establishment in 1968, Sysmex has concentrated on **the field of diagnostics**, where the Company has played an integral role in **the testing of blood and urine samples**. While reinforcing its research and development capabilities and enhancing its production, Sysmex has expanded into the fields of **urinalysis, immunochemistry, clinical chemistry and hemostasis**, and has extended its operations onto a global scale.

The Sysmex Group comprises **64 companies in 43 countries throughout the world**, operating in the advanced countries of Europe and the Americas. In addition, the Group is aggressively building its business in emerging markets, including China, India, Eastern Europe and Russia by creating global networks for its R&D, production, sales and support functions. **Sysmex products are used by medical institutions in more than 190 of the world's countries**. In the field of hematology, which involves the analysis of red and white blood cells, the **Group holds the top share of the global market**.

Sysmex's operating environment is growing ever more complex and uncertain, but in its quest for further growth, the Sysmex Group **responds swiftly to emerging challenges** as it aims toward the **concerted maximization of corporate value**.



11-Year Growth and Highlights

											(Thousands of U.S. dollars) ^{*1}
For the years ended March 31,	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
For the year:											
Net sales	¥ 76,935	¥ 87,888	¥ 101,041	¥ 110,724	¥ 111,843	¥ 116,206	¥ 124,694	¥ 134,744	¥ 145,578	¥ 184,538	¥ 221,377
Operating income	9,104	10,724	12,715	15,033	15,134	15,740	18,289	19,206	21,805	32,871	44,411
Net income	5,731	7,423	9,008	9,132	8,014	9,765	11,412	12,007	14,166	20,574	26,638
Net increase (decrease) in cash and cash equivalents	(3,261)	(499)	3,299	(3,044)	(269)	4,403	5,103	2,922	12,469	2,241	13,672
Cash and cash equivalents, end of year	10,458	9,416	12,715	9,679	9,410	13,813	18,916	21,838	34,307	36,548	50,220
Capital expenditure	2,729	5,638	4,546	8,244	9,340	4,540	5,840	7,909	8,945	13,366	13,907
Depreciation	3,296	3,592	3,959	3,924	7,189	7,067	6,871	7,031	7,945	9,961	11,259
R&D expenditure	6,509	8,184	9,026	9,221	10,771	11,238	12,380	11,904	12,119	13,260	14,692
At year-end:											
Total assets	77,660	87,447	101,225	109,027	118,522	120,702	130,060	142,285	173,011	210,759	247,984
Shareholders' equity	56,149	62,647	71,344	78,753	79,183	86,358	93,534	101,834	118,801	145,757	168,527
Interest-bearing liabilities	657	695	669	1,081	10,344	2,565	1,971	1,026	769	1,960	716
										(Yen)	(U.S. dollars)
Per share data:											
Shareholders' equity (yen)	¥ 2,244.9	¥ 1,251.8 ^{*2}	¥ 1,411.0	¥ 1,541.0	¥ 1,548.2	¥ 1,684.9	¥ 910.7 ^{*2}	¥ 990.5	¥ 1,151.4	¥ 703.8 ^{*2}	¥ 812.4
Net income (basic) (yen)	225.1	145.5 ^{*2}	179.6	178.9	156.7	190.8	111.2 ^{*2}	116.9	137.6	99.5 ^{*2}	128.5
Net income (diluted) (yen)	224.0	143.8 ^{*2}	178.0	178.3	156.5	190.5	111.0 ^{*2}	116.6	137.1	99.2 ^{*2}	128.0
Cash dividends applicable to the year ^{*3} (yen)	5.00	6.50 ^{*2}	9.00	12.00	12.50	14.00	15.00 ^{*2}	17.00	20.00	27.00 ^{*2}	38.00
Dividend ratio (%)	17.8	17.9	20.0	26.8	31.9	29.4	27.0	29.1	29.1	27.1	29.6
Other data:											
Shareholders' equity ratio (%)	72.3	71.6	70.5	72.2	66.8	71.5	71.9	71.6	68.7	69.2	68.0
Return on equity (ROE) (%)	10.7	12.5	13.4	12.2	10.1	11.8	12.7	12.3	12.8	15.6	17.0
Return on assets (ROA) ^{*4} (%)	7.7	9.0	9.5	8.7	7.0	8.2	9.1	8.8	9.0	10.7	11.6
Yen/U.S. dollar	108.2	113.3	117.0	114.3	100.5	92.9	85.7	79.1	83.1	100.2	109.9
Yen/euro	134.5	137.9	150.1	161.5	143.5	131.2	113.1	109.0	107.2	134.4	138.8
Number of employees	3,115	3,334	3,580	3,916	4,148	4,578	4,960	5,324	5,594	6,211	6,739
Note: Including part-time employees											
Greenhouse gas emissions (t-CO ₂) ^{*5}								15,988	20,194	21,472	

Notes:

*1. U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥120 = US\$1, the approximate rate of exchange on March 31, 2015.

*2. Two-for-one stock split.

*3. Dividend (actual) converted to post-split basis.

*4. ROA = Net Income/Total Assets (Yearly Average)×100

*5. Factories, all Sysmex Corporation business offices, subsidiaries in Japan and regional headquarters.

We deliver value by sustaining high levels of growth and further increasing our profitability by remaining at the forefront of change.

Sales and Earnings Forecast for the Fiscal Year Ending March 31, 2016

2016

Net sales **¥245.0 billion**

Operating income **¥50.0 billion**

Net income^{*6} **¥31.8 billion**

Operating margin **20.4%**

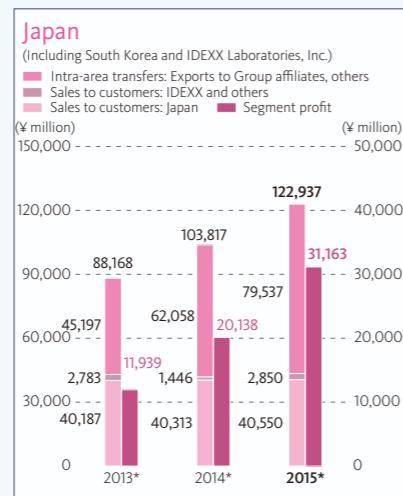
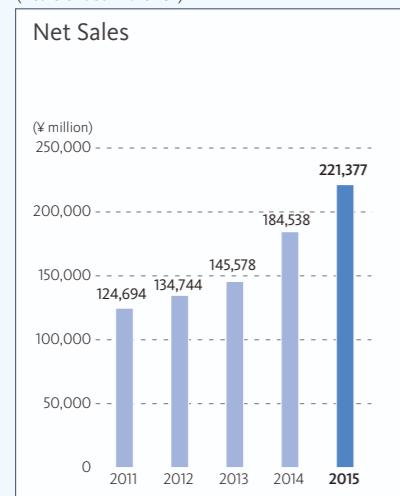
Net income margin^{*6} **13.0%**

Return on equity (ROE) **17.9%**

Assumed exchange rates: US\$1 = ¥115.0; €1 = ¥130.0
(Announced in May 2015)

*6. The "net income" figure for the fiscal year ending March 31, 2016, is "net income attributable to owners of the parent" following application of the Accounting Standard for Business Combinations.

(Years ended March 31)



* Revision in intragroup transaction prices



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Editorial Policy

In producing this report, Sysmex has endeavored to take a proactive approach in its disclosure to stakeholders, augmenting the report with non-financial information as well as providing operating performance and other financial information.

Forward-Looking Statements

Statements in this annual report, other than those of historical fact, are forward-looking statements about the future performance of Sysmex that are based on management's assumptions and beliefs in light of information currently available, and involve both known and unknown risks and uncertainties. Actual events and results may differ materially from those anticipated in these statements.

With technological innovation taking place on a daily basis and rapidly growing emerging markets coming to the fore, the business environment in which Sysmex operates is changing at a dizzying pace. We embrace this change in the spirit of Sysmex's corporate philosophy, "Shaping the advancement of healthcare," as we work together as a group to enhance our corporate value and take our business to the next stage of growth.



Corporate Philosophy and Core Behaviors

Our corporate philosophy, the “Sysmex Way,” consists of three parts: the Mission, which defines our social *raison d'être* and states how we hope to contribute to society; the Value, which describes the values and management style that we must abide by; and the Mind, which expresses the mind-set and code of conduct that every employees within the Sysmex Group must observe.

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.

Core Behaviors

To Our Customers

We deliver reassurance to our customers, through unmatched quality, advanced technologies, superior support, and actions that consistently reflect the viewpoint of our customers.

We constantly look out for our customers' true needs, and seek to generate new solutions to satisfy those needs.

To Our Employees

We honor diversity, respect the individuality of each employee, and provide them with a workplace where they can realize their full potential.

We value the spirit of independence and challenge, provide employees with opportunities for self-fulfillment and growth, and reward them for their accomplishments.

To Our Business Partners

We deliver commitment to our client companies through broad-ranging partnerships.

We strive to be a company that can grow in step with our trade partners, through respect and mutual trust.

To Our Shareholders

Our shareholders can rest assured that we will continue to improve the soundness and transparency of our management policies, while promoting information disclosure and close communications.

We commit ourselves to a consistent yet innovative style of management, in order to achieve sustainable growth and increased shareholder value.

To Society

We carry out our business in strict compliance with laws and regulations, as well as in adherence to high ethical standards.

As a responsible member of society, we play an active role in resolving environmental issues and other problems that impact our society today.

Message from the Chairman and CEO

In the fiscal year ended March 31, 2015, Sysmex posted its 15th consecutive year of increases in net sales, and operating income rose for the 14th year in a row. We also announced the Sysmex Group's new mid-term management plan, which concludes in the fiscal year ending March 31, 2018. The key objectives of this plan are to reinforce growth and profitability, invest in growth and promote transformation.

In line with the mission of Sysmex's corporate philosophy, “Shaping the advancement of healthcare,” we are working toward the development of healthcare and aim to contribute to a healthy life for people around the world. Ever since its establishment in 1968, Sysmex has created broad range of products and services in the *in-vitro* diagnostics (IVD) field based on advanced technologies. We now offer these products and services in more than 190 countries around the world.

In the fiscal year ended March 31, 2015, we drew up a mid-term management plan through the fiscal year ending March 31, 2018, aiming to maintain the Group's high rate of growth and increase profitability still further, invest in growth and promote transformation in the years ahead. This plan develops the positioning of the long-term management targets formulated in 2011 and establishes initiatives for the next three years. By the final year of the plan, the fiscal year ending March 31, 2018, the Group aims to achieve net sales of

¥300.0 billion, operating income of ¥63.0 billion and ROE of 18.0%.

► Ongoing Growth in the Healthcare Market

Overall, the world economy saw a modest recovery in the fiscal year ended March 31, 2015. The U.S. economy grew favorably, with corporate activity in an expansionary phase, Europe experienced a gradual recovery, and the economy of the Asia Pacific region expanded, centered on the ASEAN nations. The global healthcare market is characterized by rising healthcare demand in advanced countries, driven by graying populations and the growing demand for more efficient testing to hold down healthcare costs, and the importance of testing is likely to become more pronounced as personalized healthcare progresses. In China and the emerging markets of Southeast Asia and Latin America, economic growth is prompting healthcare infrastructure developments and leading to increasingly

External Environment

Macro Environment

Global Economy

- Advanced countries' economies in a stable growth phase
- Increasing growth potential in emerging markets

Exchange Rate Trends

- Ongoing yen depreciation and falling crude oil prices
- Expanding revenues and profits by Japanese export-oriented companies

Technology Trends

- Accelerating speed of technological innovation and commercialization
- Wearable devices and other changes in information and communication technology

Healthcare and IVD* Environment

Advanced Countries

- Growing demand for more efficient testing to hold down healthcare costs
- Increasing importance of testing (diagnostics) to the development of personalized healthcare

Emerging Markets

- Rising demand for testing due to economic growth

Competitive Environment

- Increasingly vigorous M&A and companies from other sectors entering the market
- Dominance of companies in emerging markets

Technological Innovation

- Advances in genetic/molecular diagnostic technologies

Further growth expected in the healthcare and IVD markets

Message from the Chairman and CEO

sophisticated healthcare. We expect these trends to continue. The competitive landscape is likely to be increasingly challenging and be marked by vigorous M&A activity, new market entrants from other sectors and the dominance of companies in emerging markets. At the same time, we anticipate new growth opportunities, owing to progress in genetic/molecular diagnostic technologies, advances in regenerative medicine and the proactive application of information technology.

Sysmex plans to continue achieving high growth by anticipating market changes and adopting unique strategies, such as expanding its product portfolio and proposing appropriate solutions and advanced support to customers.

► Review of the Previous Mid-Term Management Plan and Operating Results in the Fiscal Year Ended March 31, 2015

Looking back on the two years since 2013, when we announced our previous mid-term management plan, we have expanded sales of our flagship model in the hematology field, the XN-Series, across all regions and increased profitability. We enhanced our product lineup in the hemostasis and urinalysis fields, and in the immunochemistry field we added unique reagent parameters in Japan and other parts of Asia, augmented the HISCL-Series and undertook initiatives targeting further growth. We also acquired Inostics, which possesses BEAMing^{*1} technology, and Partec, a pioneer in flow cytometry^{*2}, as part of a wholehearted effort to expand our technology platforms with a view toward personalized healthcare. As a result and thanks in part to the positive impact of exchange rates, we achieved the targets of our previous mid-term management plan slated to end in the fiscal year ending March 31, 2016, one year early. Under this

plan, our targets were net sales of ¥220.0 billion and operating income of ¥40.0 billion.

In the fiscal year ended March 31, 2015, partly due to the impact of yen depreciation net sales grew 20.0%, to ¥221.4 billion, with double-digit growth centered on overseas regions. Operating income surged 35.1%, to ¥44.4 billion, buoyed by the effects of higher sales and yen depreciation.

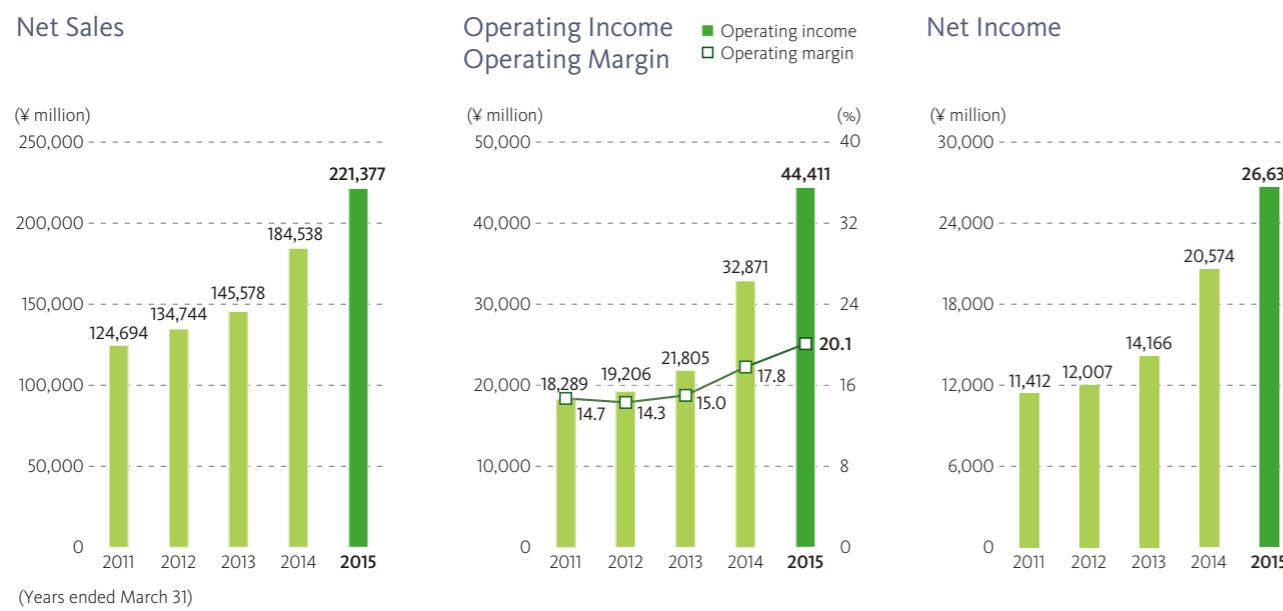
^{*1} BEAMing: An acronym for "Bead, Emulsion, Amplification, and Magnetics," this gene analysis method combines digital PCR (ultrahigh-sensitivity PCR) and flow cytometry technologies. (See page 28 for details.)

^{*2} Flow cytometry (FCM): Method involving the flow dispersion of minute particles and the use of laser light to optically analyze the minute flows. Used primarily to observe individual cells.

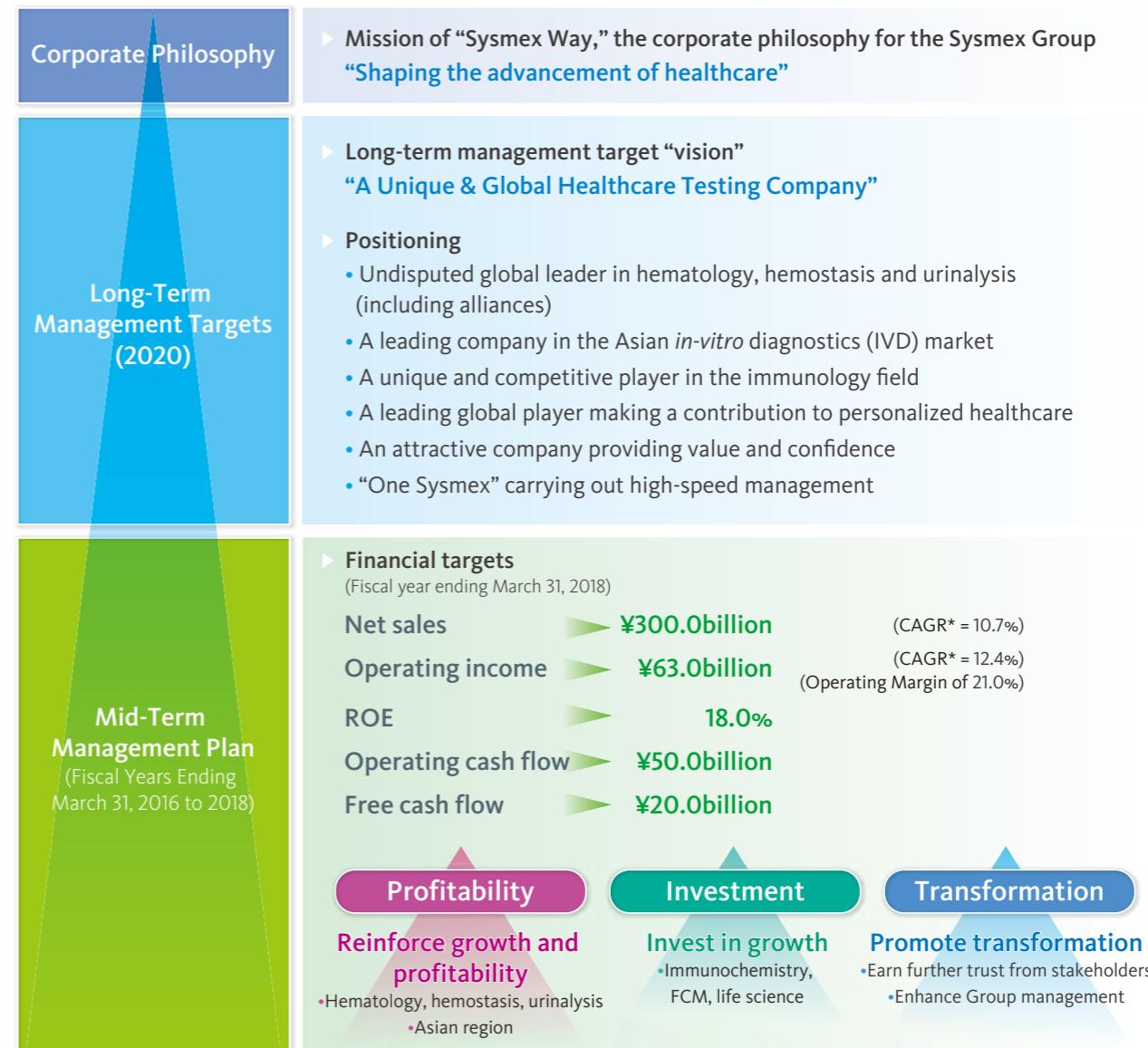
► Establishing a New Mid-Term Plan for Further Growth

Sysmex's long-term management vision for 2020 is to be "A Unique & Global Healthcare Testing Company." To achieve further growth amid the major changes in our operating environment, we have recast our 2020 positioning as described on the following page. In line with the Sysmex Group's mid-term management plan, to achieve our positioning for 2020 we will concentrate on three points: reinforce growth and profitability, invest in growth and promote transformation.

First, to reinforce growth and profitability we will further strengthen our position in the fields of hematology, hemostasis and urinalysis, where Sysmex's share of the global market is already high. In Asia, where we have made solid inroads, we aim to be the leading company in our field. Next, we will invest in further growth in the immunochemistry field, which is the largest market in the IVD domain; in the clinical-use flow cytometry domain, where we anticipate synergies with the Company's



Long-Term Management Targets: Sysmex's Ideals for 2020



Exchange rate assumptions: 1USD=¥115, 1EUR=¥130, 1CNY=¥18.5
*CAGR (compound annual growth rate): For fiscal years ending March 31, 2015 to 2018

technologies; and in the life science field, where rapid advances are taking place in personalized healthcare and other technologies. We will also promote transformation of the Group to realize this growth, aiming to earn additional trust from our stakeholders and endeavor to enhance Group management.

By making proactive investments to increase profitability and augment sustainable corporate value while enhancing shareholder returns, we have revised our target payout ratio on a consolidated basis from 20% to 30%. We are also aiming for ROE of 18.0%.

In the area of corporate governance, we will endeavor to enhance sustainable corporate value by revising our internal control system and adopting other measures to augment

management soundness and transparency, as well as proactively increasing dialogue with shareholders and investors.

Based on the "Sysmex Way," the corporate philosophy for the Sysmex Group, and "Our Core Behaviors," which states our promise to stakeholders, the Group mid-term management plan aims to accelerate the Group's effort to achieve its long-term positioning, preparing the Company to move to the next stage.

July 2015

Hisashi Ietsugu
Chairman and CEO



An Interview with the Chairman and CEO

In the initial year of our new mid-term management plan, management will move forward aggressively.

Q Please describe the Company's initiatives in the fiscal year ended March 31, 2015.

A In the fiscal year ended March 31, 2015, we expanded our production facilities and sales and support networks. We also undertook energetic measures to augment our technology platform with a view to realizing personalized healthcare.

We established a new instrument factory, i-Square, in the Japanese city of Kakogawa, increasing the Group's instrument manufacturing capacity to meet growing global demand for IVD instruments. This new facility, combined with factory expansions at domestic affiliated companies, will eventually triple the Group's overall instrument production capacity. We also expanded our reagent factory in Singapore in September 2014 and our reagent factory in Germany in July 2015, accelerating moves to build up a stable supply structure.

During the year, we established subsidiaries in Latin America, including Colombia, as well as in Australia. In addition to augmenting our sales and support structures in these

ways, we reinforced our direct sales and support network in India to expand business in non-hematology fields.

R&D activities included the launch of the XN-L-Series, a compact model in our mainstay hematology field. With this product, we aim to increase market share, particularly in emerging markets. In immunochemistry, we introduced the HISCL®-800, a compact yet high-performance analyzer for immunochemistry testing. In Japan, we augmented our lineup of unique testing parameters by introducing the HISCL TARC assay kit for atopic dermatitis. In the hemostasis field, we made progress with emerging market and other global market launches. Within the CS-Series, we introduced a desktop model, the CS-2400/2500, and the compact CS-1600.

As part of our efforts to make a full-fledged entry into the area of personalized healthcare, we concluded an agreement between our subsidiary, Sysmex Inostics, and Merck KGaA to jointly develop and commercialize a blood-based RAS biomarker test for patients with metastatic colorectal cancer. We also expanded our technology platform by investing in RIKEN GENESIS Co., Ltd., which has a track record in genetic analysis.

Profitability

Q What are your strategies for the businesses that will serve as bases of profitability under the new mid-term management plan?

A Sysmex now provides products with high levels of quality and usability, as well as advanced after-sales support, to customers in more than 190 countries.

As a result, we have acquired high market shares in the hematology, hemostasis and urinalysis fields. Going forward, we will strive to reinforce our position in these markets and ensure that they are bases of profitability.

First of all, in the hematology field we will accelerate introduction of our flagship model, the XN-Series. In addition to providing measurements with high clinical utility, such as for low white blood cell counts, the XN-Series boasts good usability and embraces our modular concept, which allows individual instruments to be combined freely, meeting broad-ranging customer needs. We have

introduced concentrated reagents to improve operational efficiency and we have worked to reduce downtime due to instrument breakdowns by offering network services that facilitate preventive maintenance checks and are equipped with a failure prediction function. The XN-Series, which has earned plaudits from customers since its launch in 2011, contributes to increases in Sysmex's sales and profitability. The 2014 launch of a compact model, the XN-L-Series, should further boost our market share, specifically in emerging markets.

In the hemostasis field, we have extended our selling region for the CS-Series to the Americas and emerging markets. To continue expanding our hemostasis business, we are heightening our presence by leveraging alliances. In the urinalysis field, as well, we are augmenting our product lineup and expanding sales and support services globally as we work to shore up our business base.

Furthermore, by taking advantage of synergies between our own technologies and those possessed by Partec, which we acquired in 2013, we expect to extend the reach of our clinical-use flow cytometry products globally.



i-Square



Profitability

Q Please describe how Sysmex will become the leading company in the Asian IVD market.

A Sysmex was an early entrant to the Asian market. In the 1990s, when the Chinese market was still small, we developed products to meet their needs. We also built a reagent factory in China and conducted scientific support in the aim of raising the quality of healthcare. We have succeeded in riding the waves of this market's growth in recent years, entrenching our presence even more firmly. In other parts of Asia, we established a local subsidiary to coordinate business throughout the 11 countries in the Asia Pacific region. Responding to rising demand, in September 2014 we relocated and expanded our reagent factory in Singapore, tripling its capacity.

As the only top-10 IVD company headquartered in Asia, we will leverage our geographic advantage to build up our comprehensive proposals, not only in our core businesses of hematology, hemostasis and urinalysis, but also in the immunochemistry field, which is a future focus. We will develop products tailored to meet regional needs, round out our product portfolio in each field and reinforce our sales and support networks. Furthermore, to increase the quality of testing, we will promote scientific support activities to provide physicians and laboratory technologists with information on the latest trends in hematology.

Investment

Q What are Sysmex's strengths in the immunochemistry field, which is expected to grow?

A As a way of measuring proteins in the blood, immunochemistry testing has a wide range of applications, from the diagnosis of infectious diseases, cancers and other diseases to their courses of treatment. As such, this testing plays an essential role in the early detection of diseases and determination of therapies. Sysmex's HISCL-Series automated immunoassay system allows for highly sensitive testing of all parameters in only 17

minutes and can perform tests even on small samples, which heightens operability. We expanded our series lineup with the September 2014 launch of the HISCL-800, a compact model. One strength in this area is unique reagent parameters that other companies do not have, such as a hepatic fibrosis marker^{*1} (M2BPGi) and an atopic dermatitis marker^{*2} (HISCLR TARC).

Going forward we will strengthen our support services by utilizing online support, which should further accelerate our business in the immunochemistry field. In addition to Japan, we plan to establish a firm position in this area by making a full-scale launch into the immunochemistry field in China and other Asian emerging markets.

*1 Hepatic fibrosis marker: A reagent that measures the progression of diseases caused by viral hepatitis (hepatic fibrosis), which could advance to chronic hepatitis and cirrhosis, the cause of hepatic cancer.

*2 TARC assay: A hematology test using during health monitoring to determine numerically the degree of inflammation from atopic dermatitis.

Investment

Q What does Sysmex aim to achieve in personalized healthcare?

A Technological innovation offers opportunities for growth. Sysmex aims to become an advanced global player that contributes to personalized healthcare. Our involvement to date includes applying the One-Step Nucleic Acid Amplification (OSNA) method, a unique technology we developed in 2008 in a system that—for the first time in Japan—enabled the automated rapid detection of breast cancer lymph node metastasis. Products employing this method are in place at some 300 hospitals and healthcare institutions around the world. Now in use for breast, colon and stomach cancer, we are working to extend the method's application to other types of cancer and expanding our sales region overseas.

In 2013, we welcomed into the Sysmex Group a company named Inostics (now Sysmex Inostics), which possesses BEAMing technology. We are utilizing this technology to expand the gene testing business. We already have collaborative development agreements in place with Bayer HealthCare and Merck KGaA, through which we are pursuing the development of companion diagnostic drugs*. In October 2014, Sysmex established a lab-assay base in Kobe, adding Japan to

its bases in Germany and the United States.

In personalized healthcare, we are stepping up R&D in the aim of establishing proprietary testing methods to realize the use of liquid biopsy to detect cancer and other diseases by testing blood or other bodily fluids.

* Companion diagnostic drugs: Drugs for clinical testing used to predict the efficacy and side effects of drugs before using them for treatment, or for monitoring the effects of treatment, particularly to test drugs developed at the same time as drugs for treatment.

Transformation

Q What do you believe is necessary for Sysmex to remain an attractive company going forward?

A I believe it is important to continue providing value and confidence to our customers and other stakeholders. High marks from its stakeholders

is one reason Sysmex has been able to enjoy rapid growth. We aim to maintain the trust of our stakeholders as we build brand value, enhance corporate value and further strengthen communications with diverse stakeholders. To augment customer satisfaction, we will build up our global support services network and redouble our scientific activities in response to advances in the life science and immunochemistry fields.

The scale of the Sysmex Group's operations has ballooned in recent years. Against this backdrop, we are adopting an approach we call "One Sysmex" to maximize teamwork throughout the Group and ensure highly efficient and swift management.

To achieve these goals, we will recruit and cultivate globally effective human resources. We also intend to strengthen risk management and reinforce Group management functions by making use of information and communication technologies.



Q Would you please outline Sysmex's financial policy?

A We will reinforce growth and boost profitability, as well as investing aggressively in R&D, capital expenditures and M&A activities for future growth.

We will also promote transformation through IT infrastructure and human resource recruiting and development. In addition, Sysmex has revised its dividend policy, raising the target consolidated payout ratio from 20% to 30%. Going forward, we aim to invest aggressively to enhance corporate value and ensure appropriate returns to shareholders, and maintain an ROE target of 18.0%.

As we move to a new development stage, I ask you to view our business from a mid- to long-term perspective and continue to support our endeavors.



Business Activities

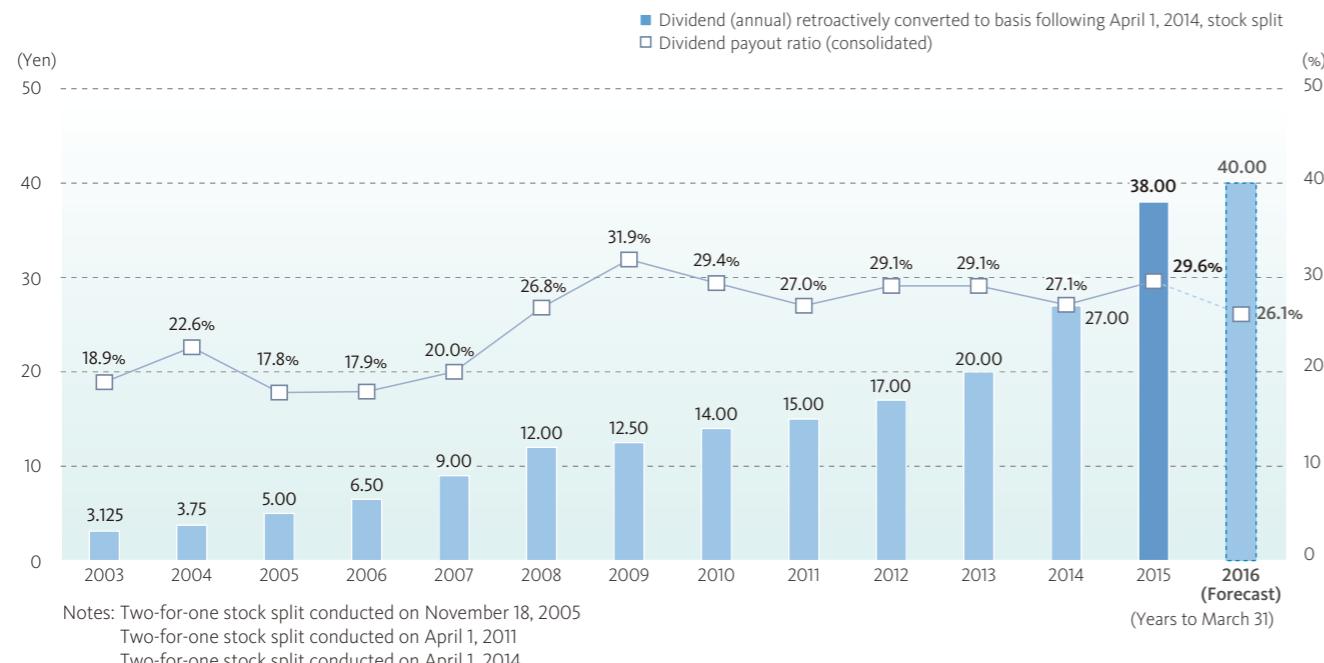
Ensuring Customer Value with Leading-Edge Products

We provide the instruments, reagents and service and support needed for tests to customers around the world. In recent years, we have also been moving ahead with research to create new tests for cancer and other illnesses.

Misato Nishikawa
Production Control,
Instrument Production

Dividend Policy and Dividend Forecast

Sysmex aims to maintain a proper balance between aggressive investment, which is designed to sustain steady high growth, and returns to our shareholders as our earning power increases. 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 30% under our basic policy of sharing the successes of our operations in line with business performance.



Milestones of Growth

Era of Dramatic Advances (2000s to the Present)

● Mar. 2000 Promoted to the First Section of the Tokyo Stock Exchange and the Osaka Securities Exchange.	● Apr. 2007 Established a Group Corporate Philosophy, the "Sysmex Way."	● Jun. 2007 Formed a global partnership with bioMérieux for urinary screening in microbiology.	● Oct. 2008 Renewed the new corporate logo on the occasion of the 40th anniversary of the Company's establishment. 	● Apr. 2010 Established Long-Term Environmental Objectives.	● Jul. 2010 Launched joint business with IDEXX, leader in animal diagnostics.	● Apr. 2011 Transfer from Katakura Industries Co., Ltd. of its Research Institute of Biological Science.	● Aug. 2013 Established Medicaroid Corporation with Kawasaki Heavy Industries, Ltd., with a view to developing medical robots.	● Sep. 2013 Converted Partec GmbH, a pioneer in FCM technology, to a subsidiary.	● Oct. 2013 Converted Inostics GmbH, a molecular diagnostic technology, to a subsidiary.
● Apr. 2002 Consolidated Sysmex International Reagents as a subsidiary.	● Jan. 2008 Formed a commercial joint venture with bioMérieux for the Japanese <i>in-vitro</i> diagnostics market.	● May 2005 Establishment of the Solution Center in Kobe and concentration of the marketing planning, customer support and scientific support functions. 	● Oct. 2007 Released HISCL-2000i, a fully automated immunoassay analyzer. 	● Oct. 2008 Established Technopark, Sysmex's core R&D base; double the size of previous facilities. 	● Nov. 2008 First insurance coverage in Japan for the Sysmex system for rapid detection of breast cancer lymph node metastasis. 	● May 2011 Launched the XN-series of flagship models in the hematology field. 	● Jun. 2014 Sysmex's new instrument factory, i-Square, opened in the city of Kakogawa. 		
● Apr. 2005 Introduction of the executive officer system as a means of strengthening corporate governance.		● Aug. 2006 Released the industry's first coagulation analyzer with a multi-wavelength pre-analytical check, the CS-2000i.							
● Jan. 2000 Founded a Shanghai subsidiary, Sysmex Shanghai. 									
● Mar. 2000 Opened Central Research Laboratories in Kobe									
● Jun. 2003 Consolidation of two local subsidiaries in the US to establish Sysmex America. Rebuilding of the sales and support structure in the US.									

(¥ billion)

— 230

— 220

— 210

— 200

— 190

— 180

— 170

— 160

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Rapid Growth Period (1990s)

● Mar. 1995 Signed an agreement with Dade International, a US-based company (now Siemens) for collaboration in selling coagulation product lines.	● Jul. 1996 Listed stock on the Second Section of the Tokyo Stock Exchange.	● Oct. 1996 Hisashi Ietsugu becomes president, now Chairman and CEO. 	● May 1998 Signed a basic agreement with F. Hoffmann-La Roche of Switzerland for global collaboration in marketing and joint R&D in hematology field.
● Nov. 1995 Listed stock on the Second Section of the Osaka Securities Exchange.			● Oct. 1998 Change of company name to Sysmex Corporation to mark the 30th anniversary of founding.
● Aug. 1990 Launch of an integrated hematology system that fully automated the entire process from the counting of blood cells through preparation of smear samples. 	● May 1991 Established the UK subsidiary, now Sysmex UK, commencing direct sales overseas.	● Jun. 1995 Established a joint venture, operating reagent business, now Jinan Sysmex Medical Electronics, in China. 	● Feb. 1998 Established a Singaporean subsidiary, operating reagent business including manufacturing, now Sysmex Asia Pacific.
● Feb. 1991 Established a reagent factory in Ono, Japan.	● Jul. 1993 Completed the Neumünster Factory, in Germany, the base for reagent production in Europe. 	● Nov. 1995 Launch of the world's first analyzer of tangible constituents of urine that fully automated inspections of urinary sediments. 	● Feb. 1999 Released XE-2100, an automatic multi-item blood cell analyzer developed as a product of the 21st century. 

The Early Years (1960s to 1980s)

● Feb. 1968 TOA Medical Electronics was established for the purpose of marketing medical electronics devices, now Sysmex.	● Feb. 1978 Launch of the Sysmex brand to mark the 10th anniversary of founding.
● Dec. 1963 TOA Electric successfully developed and commercialized Automated Hematology Analyzer "CC-1001" the first blood cell counter in Japan. 	● Oct. 1979 Established a US subsidiary, now Sysmex America.
● May 1973 Established the Kakogawa instrument Factory in Japan.	● Oct. 1980 Established a European subsidiary, Sysmex Europe.
● Oct. 1979 Established a US subsidiary, now Sysmex America.	● Apr. 1986 Opened R&D base in the city of Kobe, now Technopark.
● Oct. 1984 Launch of the automated coagulation analyzer marks entry into the hemostasis segment. 	● Mar. 1987 Launch of the immunochemistry analyzer, which utilized an original immunoassay method, marks entry into the immunochemistry segment. 

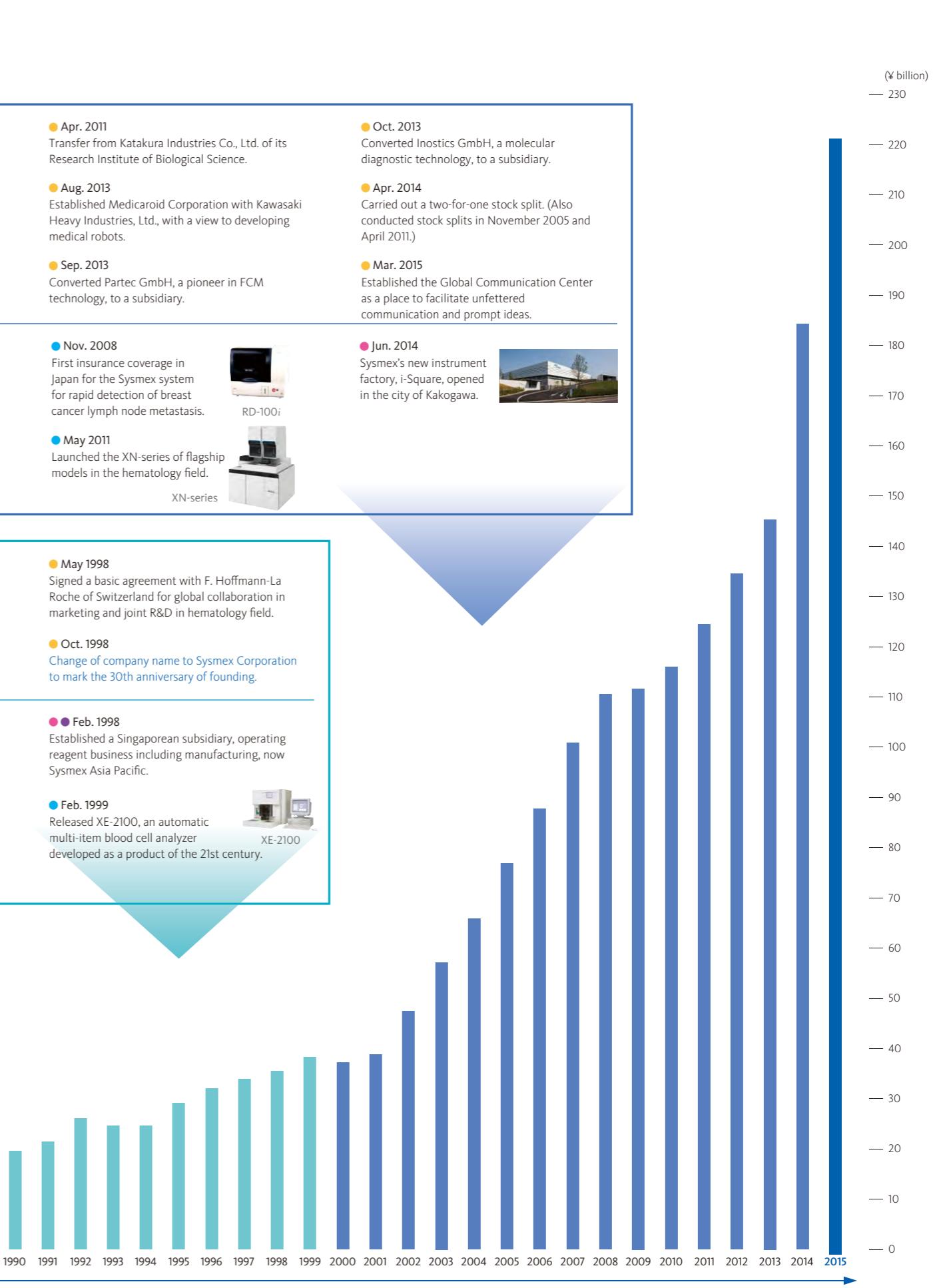
● Management ● R&D ● Production ● Marketing

1963 1964 1965 1966 1967 1968 1969 1970 1971 1972 1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984 1985 1986 1987 1988 1989

Net Sales

Note: 1 Sales from 1963 to 1968 are not counted as Sysmex sales.

2 Figures from 1969 to 1994 are on a non-consolidated basis, and on a consolidated basis from 1995.



Sysmex at a Glance

Business Segments

Sysmex derives 92% of its revenues from the diagnostics field in the business of testing samples of human body fluids, such as blood and urine, with hospital and commercial laboratories as its principal customers. More specifically, our main field of business is hematology, which involves measuring the number and type of red, white and other blood cells. This business accounts for 64% of net sales.

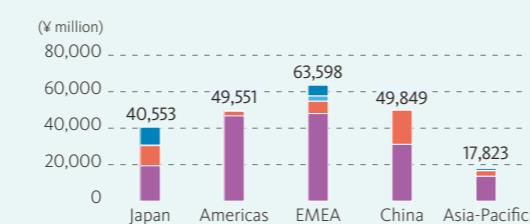
Hematology uses specific reagents, and the sale of hematology instruments leads to an automatic and sustainable source of revenue through the sales of reagents and provision of maintenance services. Furthermore, in addition to our mainstay field of hematology and IVD* operations in such fields as urinalysis, immunochemistry, clinical chemistry and hemostasis, we are reinforcing our commercialization of the life science field.

Sysmex also operates in the IT field, providing testing information systems and proposing solutions to meet demand for network systems to manage medical data.

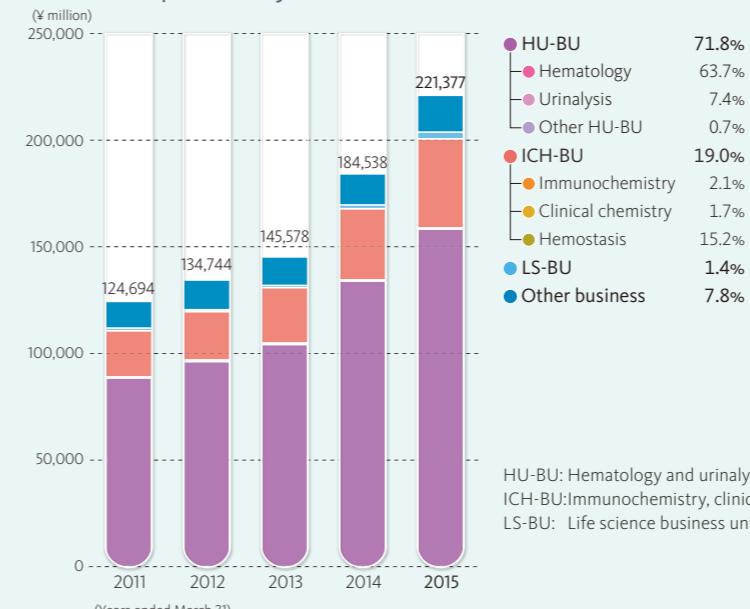
* Acronym for *in-vitro* diagnostics.

Net Sales by Destination and Business

(Year ended March 31, 2015)	Japan	Americas	EMEA	China	Asia-Pacific
HU-BU	19,366	46,769	47,997	31,120	13,612
Hematology	17,257	44,549	43,426	23,646	12,084
Urinalysis	2,108	2,167	3,182	7,474	1,497
Other HU-BU	0	51	1,387	—	30
ICH-BU	11,030	2,539	6,774	18,726	3,029
Immunochemistry	2,765	—	8	1,883	64
Clinical chemistry	1,586	—	212	1,399	522
Hemostasis	6,678	2,539	6,553	15,443	2,442
Life Science-BU	256	1	2,873	—	10
Other business	9,900	241	5,952	2	1,171



Sales Composition by Business



(Years ended March 31)	2011	2012	2013	2014	2015
HU-BU	89,060	96,762	104,769	134,504	158,865
Hematology	79,569	85,897	93,832	119,593	140,965
Urinalysis	9,490	10,864	10,937	14,489	16,430
Other HU-BU	—	—	—	421	1,469
ICH-BU	21,933	23,189	26,364	33,720	42,100
Immunochemistry	2,704	2,047	2,072	2,116	4,722
Clinical chemistry	3,242	3,498	3,080	3,703	3,720
Hemostasis	15,987	17,643	21,211	27,899	33,657
LS-BU	1,204	850	1,060	1,726	3,141
Other business	12,496	13,941	13,383	14,586	17,269

HU-BU: Hematology and urinalysis business unit

ICH-BU: Immunochemistry, clinical chemistry and hemostasis business unit

LS-BU: Life science business unit

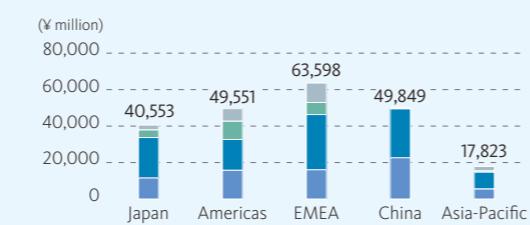
Product Segments

Sysmex enjoys a unique business model. On one hand, we conduct a stock type of business in which we sell the instruments needed for IVD, offer the specific reagents needed for long-term testing and provide support and maintenance services. Reagents are more conducive to economies of scale than instruments, and deliver higher gross profit margins. At the same time, instrument sales drive increased reagent usage. Therefore, this segment should generate stable earnings growth and higher profitability.

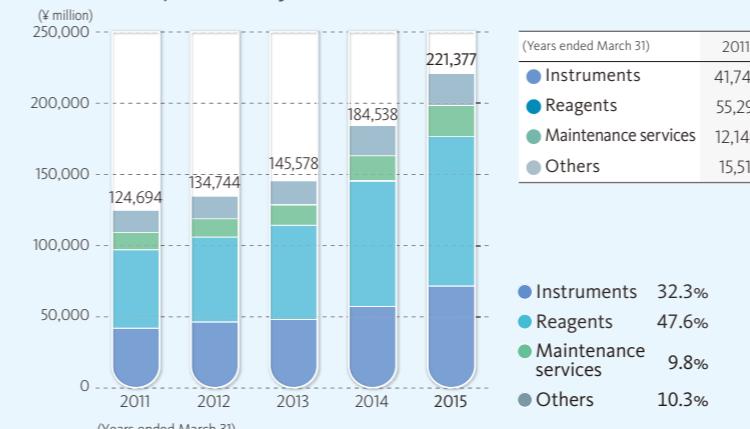
Sales of reagents and the provision of maintenance and other services currently account for 68% of net sales. Industrywide, sales are trending upward, with instrument sales focused on the second and fourth quarters of the fiscal year.

Net Sales by Destination and Product

(Year ended March 31, 2015)	Japan	Americas	EMEA	China	Asia-Pacific
Instruments	11,550	15,746	16,054	22,624	5,483
Reagents	22,160	16,913	30,269	26,805	9,228
Maintenance services	4,155	10,001	6,612	357	677
Others	2,687	6,889	10,661	61	2,434



Sales Composition by Product



(Years ended March 31)	2011	2012	2013	2014	2015
Instruments	41,749	46,142	47,867	57,089	71,461
Reagents	55,291	59,906	66,505	88,163	105,378
Maintenance services	12,140	12,823	14,130	18,079	21,804
Others	15,514	15,873	17,076	21,207	22,734



Regional Segments by Destination

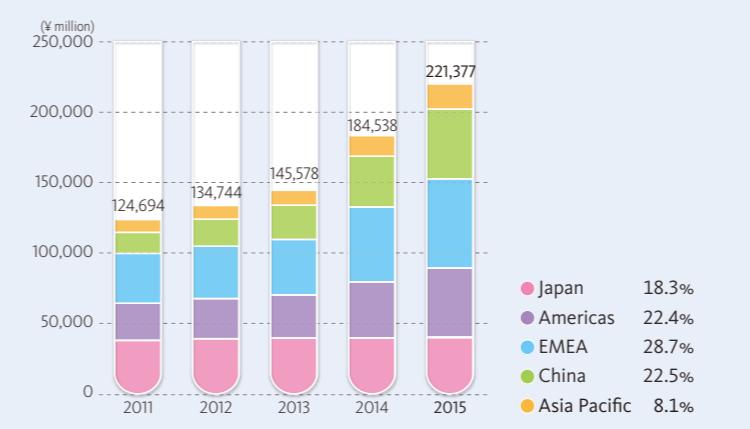
Sysmex supplies products and services to customers in more than 190 countries. Sales in three key regions—Japan, EMEA and the Americas—account for 69% of net sales*. We are also accelerating business development in China, which is experiencing remarkably strong economic growth, and the Asia Pacific region. We are steadily increasing our presence in emerging markets**, which currently account for 34% of net sales.

*1 Net sales by destination is defined as the sales amount recorded by Group companies to customers in a particular region. However, net sales by geographical region refers to the sales amount made by a Group company in a particular location.

**2 Emerging markets: China, Southeast Asia, South Asia, Latin America, East Europe, Russia, Middle East, Africa
Advanced countries: Other than those above

Sales Composition by Destination

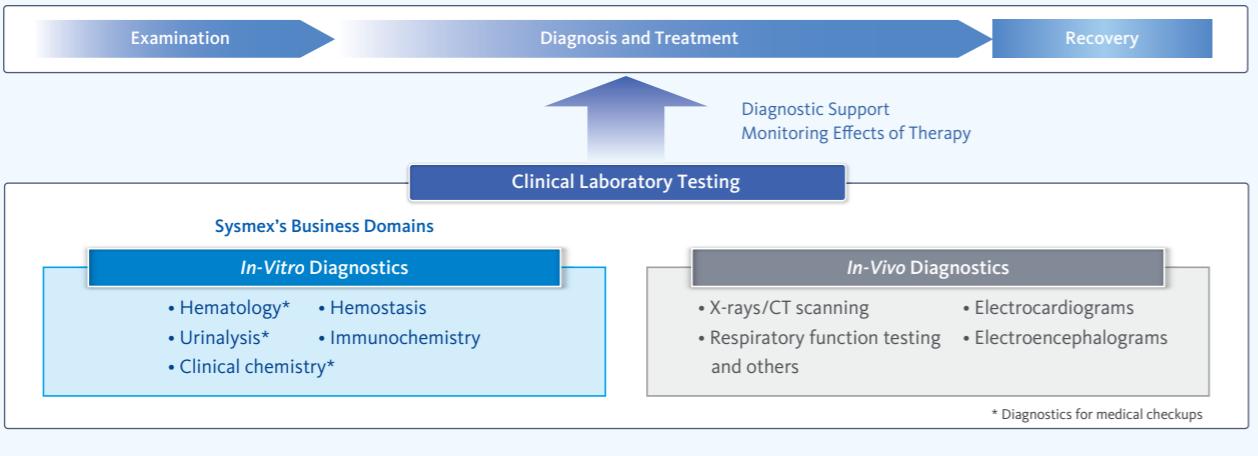
(Years ended March 31)	2011	2012	2013	2014	2015
Japan	38,541	39,735	40,190	40,317	40,554
Americas	26,535	28,607	30,765	39,927	49,552
EMEA	35,414	37,370	39,587	53,386	63,598
China	15,093	19,299	24,430	36,269	49,849
Asia Pacific	9,111	9,733	10,606	14,639	17,824



Market Overview and Sysmex's Position

Clinical testing, used in medical diagnosis and treatment or in monitoring the effects of drug administration, is essential to the realization of a healthy society. Clinical testing can be broadly divided into two categories: *in-vitro* diagnostics (IVD) that involve the examination of blood, urine or cell samples taken from the body and *in-vivo* tests that involve direct examination using X-rays, electrocardiograms (ECGs) or brain waves. Sysmex's primary business is in the IVD domain.

Clinical Laboratory Testing Categories



Sysmex's business in the IVD domain involves the provision of instruments, reagents and laboratory systems around the globe in such fields as hematology, urinalysis, immunochemistry, clinical chemistry and hemostasis. At present, Sysmex is among the top 10 IVD companies in the world, and the only leader that hails from Asia.

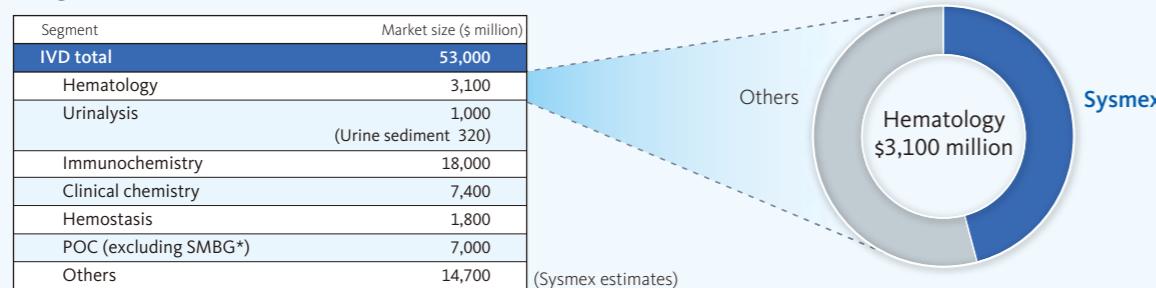
Leveraging the strength of this geographical advantage, we were an early proponent of a strategic focus on Asia. The Group is developing its business as an integrated supplier in various fields in Japan, China and the Asia Pacific region.

In the Americas and EMEA, however, we maximize our management resources by strategically concentrating our sales efforts on fields of particular expertise: hematology, urinalysis and hemostasis.

Sysmex currently ranks within the global top 10 in the IVD market. In hematology, we are the world leader in terms of market share. However, competition is growing ever more intense, with developed countries' demographics changing due to graying populations and falling rates of childbirth, business becoming increasingly global, and companies from other fields of business are entering the market.

Sysmex is responding to these challenges by reinforcing its own sales network and aggressively leveraging the benefits of alliances with other companies. By strengthening our sales channels and rounding out our product portfolio, we are steadily enhancing our global presence.

Diagnostics Market



* Self monitoring of blood glucose

Product Strategies

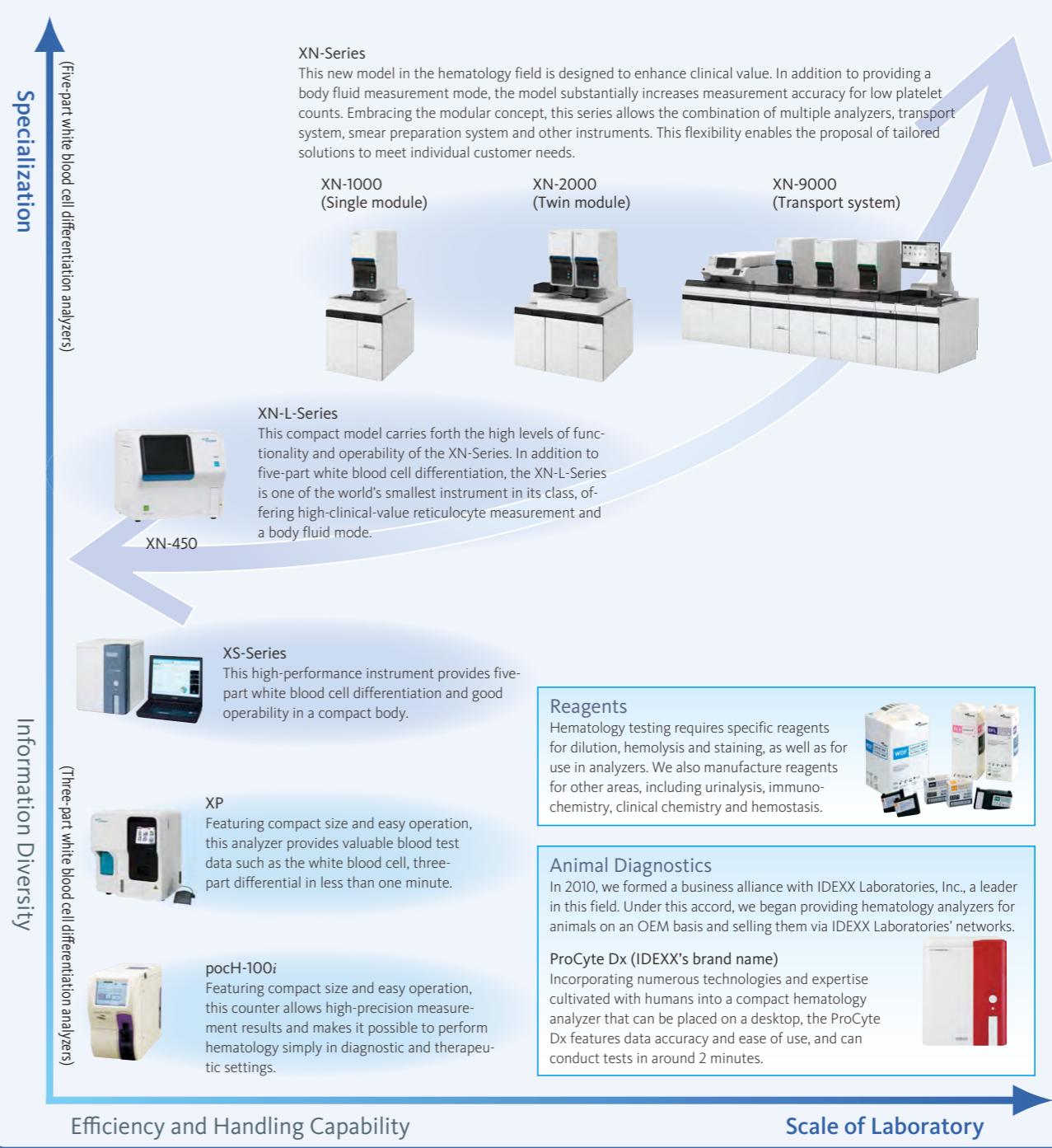
► HU Business Unit

● Hematology

Hematology tests are a type of screening that counts red, white or other blood cells to determine whether a more detailed examination is necessary. In addition to instruments, these tests require specific reagents, which constitutes an ongoing demand. Sysmex estimates that the global hematology market accounts for annual sales of \$3,100 million. Furthermore, the market is dominated by only three major suppliers: Sysmex, Beckman Coulter (Danaher) and Abbott. Nevertheless, we became the global leader in the field of hematology in 2007, and we are steadily expanding our share of the market.

Hematology analyzers typically are identified by the number of white blood cell types they distinguish: three or five.

Three-part white blood cell differentiation analyzers employ relatively simple testing principles and have the advantage of being compact and having low running costs, as they require few reagents. Five-part white blood cell differentiation analyzers, on the other hand, have a higher clinical significance, as they offer the more accurate and precise measurement of five types of white blood cell, enabling various complaints and blood disorders to be analyzed in more detail. In addition, analysis systems (five-part white blood cell differentiation instrument transport systems) mainly at large-scale facilities are realizing efficiency gains through the use of robotics.



Product Strategies

HU Business Unit

Urinalysis

Urinalysis entails testing for the presence of sugar, protein or blood in urine and can be broadly divided into two types: qualitative urinalysis and quantitative urinalysis. The first type involves dipping a test paper into urine to determine whether the abovementioned solids are present. In the second, the quantities of these substances are analyzed. Sysmex estimates that the global urinalysis market accounts for sales of \$1,000 million, with urinalysis sediment making up \$320 million. We introduced the world's first urine formed sediment analysis system—the UF series—that uses the flow cytometry method. This series enjoys

an excellent reputation with customers and has the leading share of the global market for urine sediment analysis.



UF-1000i
The UF-1000i automatically measures red blood cells, white blood cells and other formed elements in the urine. The instrument provides information useful in diagnosing and treating urinary-tract infections and diseases of the renal/urinary system.

Other HU-BU

Advances in information technology have generated demand in the healthcare industry for IT-driven medical information networks. Such networks contribute to effective diagnoses by collecting and analyzing test data and consolidating this information into a convenient database. Sysmex plans to accelerate its IT deployment to expand business with hospitals, clinics and remote medical care capabilities.



La-vietal LS
La-vietal is a clinical testing instrument system that links clinical testing instruments and other systems to provide an efficient operating environment.

ICH Business Unit

Immunochemistry

Immunochemistry tests are performed on blood serum, the supernatant fluid isolated after blood separation. Antigen-antibody reactions are used to test for the presence of HIV and hepatitis and to look for cancer markers.

Manufacturers of analyzers apply their own measurement principles, and specific reagents depend on the principles used. Sysmex estimates annual sales in the global immunochemistry

market at \$18,000 million—making it the largest category in the IVD field, and the market is expected to expand.

We aim to concentrate on developing sales in Japan of the HISCL-Series of fully automated immunoassay analyzers that enable highly sensitive, high-speed assays. Going forward, we intend to augment our lineup of related reagents as we continue making a full-fledged entry into the China and AP regions.



HISCL-5000

Capable of measurement using minute samples, highly sensitive and providing rapid measurement results in only 17 minutes, the HISCL-5000 simultaneously measures up to 24 parameters and connects flexibly to transport systems. By meeting laboratories' needs in a flexible manner, this instrument contributes to more efficient testing operations. Furthermore, the functionality for connecting with Sysmex's unique SNCs support service is provided as standard, allowing product operating status to be monitored on line.



HISCL-800

In addition to carrying forward HISCL-Series characteristics, the HISCL-800 is space saving, with a footprint approximately 60% the width of the HISCL-5000. The model is well suited not only to regular testing but also to a variety of needs at healthcare institutions, including urgent testing and testing for specific parameters.

Clinical Chemistry

Clinical chemistry involves examining the enzymes, sugars and proteins in blood serum and plasma to determine the nutritional status, liver and kidney functions, and testing for contraction of conditions such as hyperlipidemia and arteriosclerosis.

Like hematology, clinical chemistry is commonly performed around the world not only at times of illness, but also during routine health checkups. Accordingly, the total number of examinations is extremely high.

Sysmex estimates that the global clinical chemistry market accounts for sales of \$7,400 million, making it the next-largest market in the IVD domain, after immunochemistry. Among other

contributors to demand growth is that as standards of living improve, emerging economies are likely to experience increases in such diseases as diabetes.

Sysmex has signed agreements with JEOL Ltd. and Furuno Electric Co., Ltd., involving automated clinical chemistry analyzers and is leveraging its sales network in China as well as AP region to boost sales.



Reagents

ICH Business Unit

Hemostasis

Hemostasis involves testing for two blood functions: coagulation or clotting; and fibrinolysis, the process by which blood clots are broken down. By testing specimens of blood plasma, it is possible to diagnose hemophilia and thrombosis and to monitor their treatment. Furthermore, testing blood beforehand enables healthcare professionals to determine whether blood is likely to coagulate properly during surgery.

As a rule, hemostasis tests can be performed using general-purpose reagents, rather than specific reagents.



CS-5100
The top of the CS series product line, the CS-5100 is capable of high-speed handling of tests such as those that include D-Dimer, a parameter for determining thrombotic tendency.



CS-1600
Carrying forward the core performance and functionality of the CS-5100, the CS-1600 is more compact and easy to use. This model targets laboratories that run a relatively small number of tests, as well as use as a backup instrument.



CA-600
In addition to providing the functions that are needed for hemostasis, these analyzers are some of world's most compact. Operation is simple, making these analyzers ideal for emergency laboratories and for use at small and mid-size institutions that test infrequently.

LS Business Unit

In 2006, the Sysmex-developed system for rapid detection of breast cancer lymph node metastasis based on the OSNA method was launched in EMEA. This system was covered by the Japanese national health insurance program two years later, in 2008, and we are steadily introducing this system to markets in EMEA and Japan. In 2013, insurance coverage expanded to include the rapid detection of lymph node metastasis of colon and stomach cancer, as well as breast cancer.

In addition, in 2013 we commenced sales (for research) in Japan of a gene expression analysis assay service (Curebest™ 95GC Breast), that provides research data that can be used to predict the recurrence of breast cancer.



LYNOAMP BC



ASTRIM FIT

This non-invasive blood vessel monitor measures hemoglobin concentrations and blood-vessel width through near-infrared spectroscopic images simply by placing a finger on the detector. There is no need for blood sampling.

Other Business

Peripheral artery monitoring devices that can measure estimated values for hemoglobin levels without blood sampling are being introduced and used in various locations as advisory tools for monitoring athletic condition and dietary habits.

In 2011, Sysmex accepted the transfer from Katakura Industries Co., Ltd., of the protein production services that until then had been contracted to the company. Based on these operations, we launched the ProCube business, providing numerous pharmaceutical companies with proteins used in drug development and testing.

Sysmex's State-of-the-Art Technologies

Depending on blood cell type, anywhere from several thousand to several million blood cells exist per microliter (0.001 milliliter) of blood. Hematology tests are essential for determining the number of blood cells that are responsible for oxygen transport, or hemostasis. Sysmex employs two basic technologies—flow cytometry and sheath flow DC detection—to achieve precise measurements at the microliter level.

Flow Cytometry: One of Sysmex's Core Technologies

Blood cells can be broadly divided into three categories: red blood cells, white blood cells and platelets. Platelets are the smallest in diameter, at around 2 micrometers, while white blood cells are the largest, at around 15 micrometers.

Flow Cytometry Method

With flow cytometry, the target cells are stained with a special reagent and then irradiated using a laser diode to capture information on cell size and internal structure. This method detects the five different types* of white blood cell, as well as of any abnormal cells. Flow cytometry provides clinically distinct information depending on the numbers of each of the five types of white blood cells and differs according to the presence of inflammation, viruses or allergies. Although in the past sheath flow DC detection was the only method used in counting platelets, flow cytometry substantially increases the level of precision at low values, as it can be used to measure low platelet counts. This approach allows preventive platelet transfusions to be reduced, thereby reducing the side effects of transfusions and raising patient QOL. In the field of urinalysis, flow cytometry is used in fully automated urine cell analyzers. This technology could be used in the future in instruments to enhance the efficiency of cervical cancer screening tests. In this way, Sysmex flow cytometry is becoming a core technology that has a wide range of potential applications.

Flow Cytometry Method Acquisition Parameters

- Shrinkage of red blood cells and platelets by means of a surface-acting agent
- Nucleic acid staining of the white blood cells to be classified and analysis and classification of forward-scattered light, lateral-scattered light, and lateral fluorescent light signals using a semiconductor laser

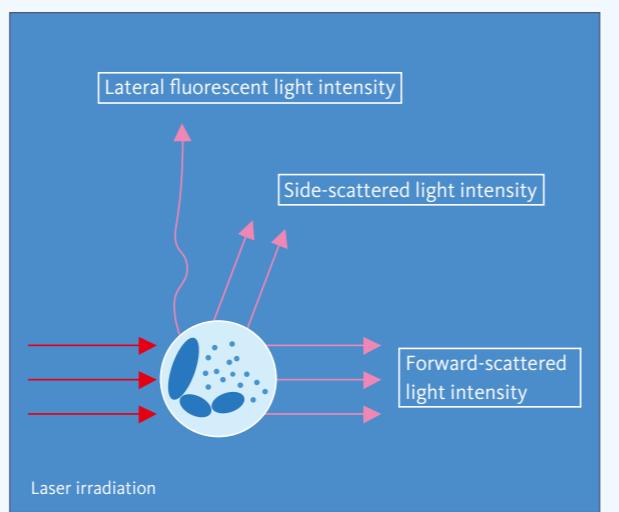
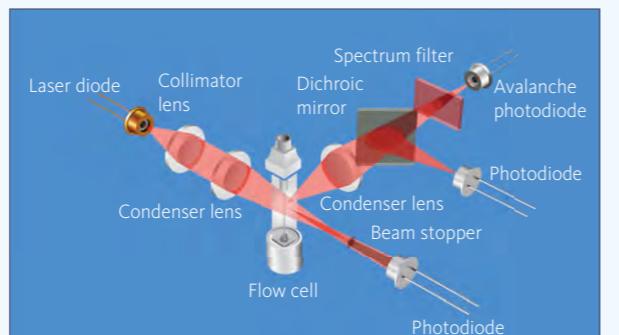
Lateral fluorescent light intensity	Information on RNA and DNA amounts
Side-scattered light intensity	Information concerning the internal structure of cells (nucleus shape, presence of cell granules, etc.)
Forward-scattered light intensity	Information on cell size

Hematology testing requires the separation of blood cells by type according to size and cell information, and their numbers must be measured accurately.

In its mainstay field of hematology, Sysmex employs flow cytometry to measure the number of white blood cells and platelets.

In 2013 Sysmex acquired Partec GmbH, a pioneer in FCM technology. By combining the technologies that Sysmex has cultivated to date with those that Partec possesses, we expect to generate synergies and create new value.

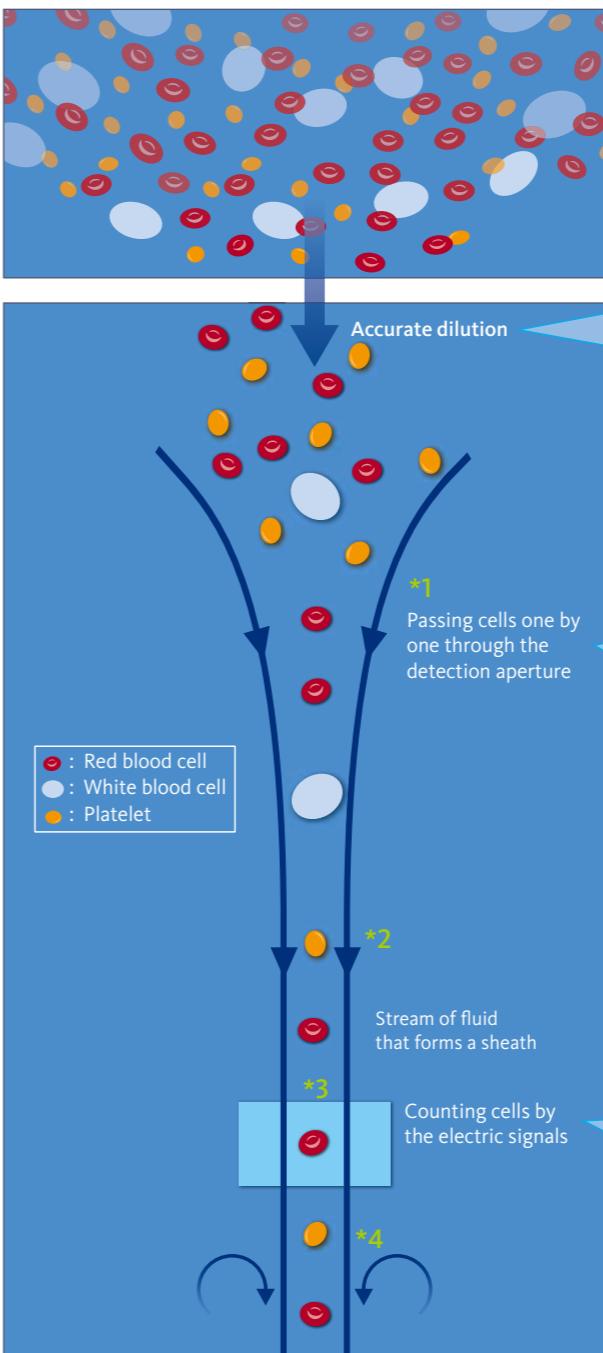
* Each of the five types of white blood cell—neutrophil, lymphocyte, monocyte, eosinophil and basophil—has a different shape and function.



Basic Principles Underpinning Sysmex's Hematology: Sheath Flow DC Detection

Red blood cells, which are produced by stem cells located in the marrow of bones such as the sternum, femur and tibia, are a major constituent of the blood. These cells transport oxygen to tissue cells throughout the body and move carbon dioxide out.

Three Processes in Counting Red Blood Cells



A lower red blood cell count means that oxygen flow is reduced, resulting in anemia. Conversely, an excess of red blood cells (polycythemia) can impair blood flow and clog blood vessels. The sheath flow electrical resistance method distinguishes red blood cells from other types of cells in the blood and is the basic principle used for determining red blood cell counts.

Accurate Dilution

Blood must first be diluted a certain amount to allow accurate measurement of the number and size of cells. This process reduces the number of cells per volume of blood and minimizes errors caused by blood cells piling up on top of each other. Accurate dilution requires meticulous measurement of the quantity of blood and of the solution, or reagent. This process requires micro-level precision in the design of the measuring chamber and uses an apparatus that minimizes degradation and abrasion.

Individual Passage through the Detection Aperture

Regardless of how accurately it has been diluted, a measured sample (the diluted blood solution) will contain a large number of cells. Lining up the cells in a row beforehand simplifies the process of counting them, so a stream of fluid*¹ that forms a sheath around the flowing blood cells is generated to align the cells. The cells flow along the stream*² toward the detection aperture, where cells are counted, and pass through its center.*³ Unidirectional flow prevents the stream*⁴ of blood cells from flowing backward through the aperture once they have passed through it.

Counting Cells by Electric Signal

Blood cells do not transmit electric current easily, so cells in the test sample cause resistance in a current applied across the detection aperture through which they must pass. Therefore, blood cells can be counted by measuring the number of times an electric resistance is generated. Larger blood cells produce greater resistances, allowing the system to distinguish cells by type.

Sysmex's State-of-the-Art Technologies

Sysmex Inostics, which is pursuing leading-edge R&D in cancer gene testing, possesses BEAMing technology for the analysis of minute quantities of cancer-derived genes circulating in the blood.

In recent years, expectations have been growing about the realization of personalized healthcare that could provide treatments optimized for individual patients to improve patient quality of life (QOL) and curtail medical expenses. Sysmex acquired Inostics in 2013 to expand its *in-vitro* diagnostic technology platform toward the realization of personalized healthcare.

Sysmex Inostics is making progress on BEAMing technology that identifies and analyzes minute quantities of cancer genetic markers in the blood with extremely high sensitivity and developed a business centered on a lab assay service. Sysmex Inostics has a clinical testing laboratory at Johns Hopkins University—a world leader in medicine—where it collaborates with some of the world's most prominent cancer researchers as it pushes forward with R&D involving leading-edge cancer gene testing.

BEAMing is a digital PCR technology that combines a tiny amount of gene with a magnetic bead inside a special bubble, and then amplifies and detects the specific genetic marker with ultrahigh sensitivity. In the past, cancer genetic marker

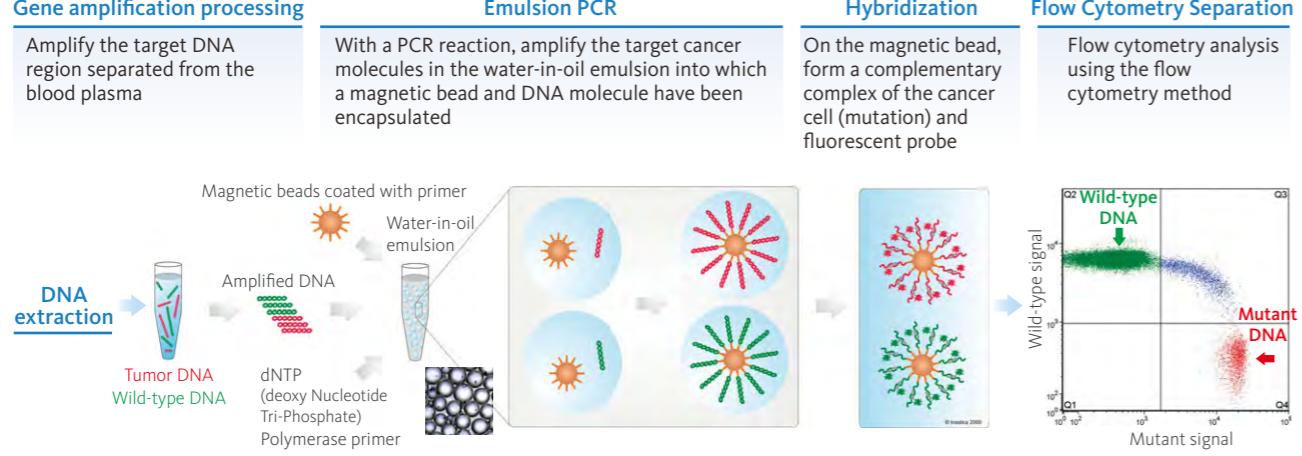
tests were performed by removing a tissue specimen during surgery. However, BEAMing technology allows cancer genetic marker testing to be carried out using blood, with ultrahigh sensitivity at the same level as traditional tissue testing. Tests that rely on blood reduce the burden on the patient at the time of specimen collecting and facilitate repeat testing, allowing for the monitoring of cancer treatment, including the early detection of cancer recurrence.

Previously, the analysis process employed in BEAMing technology was largely manual. By applying Sysmex's accumulated expertise in the automation of testing equipment, we are working to provide a new solution by reducing labor requirements and shortening the time required for this process.

In 2014, Sysmex established a lab-assay base in Kobe, adding Japan to its bases in Germany and the United States.

Going forward, Sysmex will continue working to develop and promote high-value testing that will contribute to improvements in QOL for patients, the standardization of medical services and the development of personalized healthcare.

Flow of the BEAMing Method



Customer Feedback

Asahikawa Medical University Hospital has introduced an XN-Series multiparameter automated hematology analyzer. We asked the hospital to describe the background for this decision, as well as their impressions about the instrument's operation.

"Asahikawa Medical University Hospital has a core philosophy of contributing to regional healthcare and cultivating leading-edge medical professionals. Department of Medical Laboratory and Blood Center, which conducts testing around the clock, 365 days a year, strives to provide rapid and high-quality test data to meet demand in highly specialized clinical settings".

Yoshie Kawahara
Department of Medical Laboratory and Blood Center
Asahikawa Medical University Hospital



Q *What was the background for your decision to introduce the XN-Series?*

A There were two main factors behind our decision to introduce the XN-Series. The first had to do with shortening turnaround time between receipt of specimens and reporting. In the past, our reporting times on blood tests were slow, and our doctors were asking us to accelerate the process. The second factor was the call for us to improve the personnel structure for testing operations along with the mass update of our hematology analyzers.

Q *Now that the XN-Series is in place, how are the results?*

A We had heard that the XN-Series had an automatic retest function so that after assessing the initial measurement results, a second test could be performed automatically if the sample needed to be retested. Until now, this process had been performed manually, requiring samples for retesting to be picked up and reintroduced, and we looked forward to eliminating this problem. Since introducing the XN-3000, we have been able to use the automatic retest function for 98% of retested samples,

increasing efficiency in line with our expectations. Also, the instrument eliminated the need to manually pick up samples, which reduced labor requirements. Introducing the XN-3000 enabled us to shorten our average turnaround time from 37 minutes, 4 seconds to 20 minutes, 5 seconds. This faster reporting of test results satisfied our doctors.

Q *How would you evaluate the precision of the measured data?*

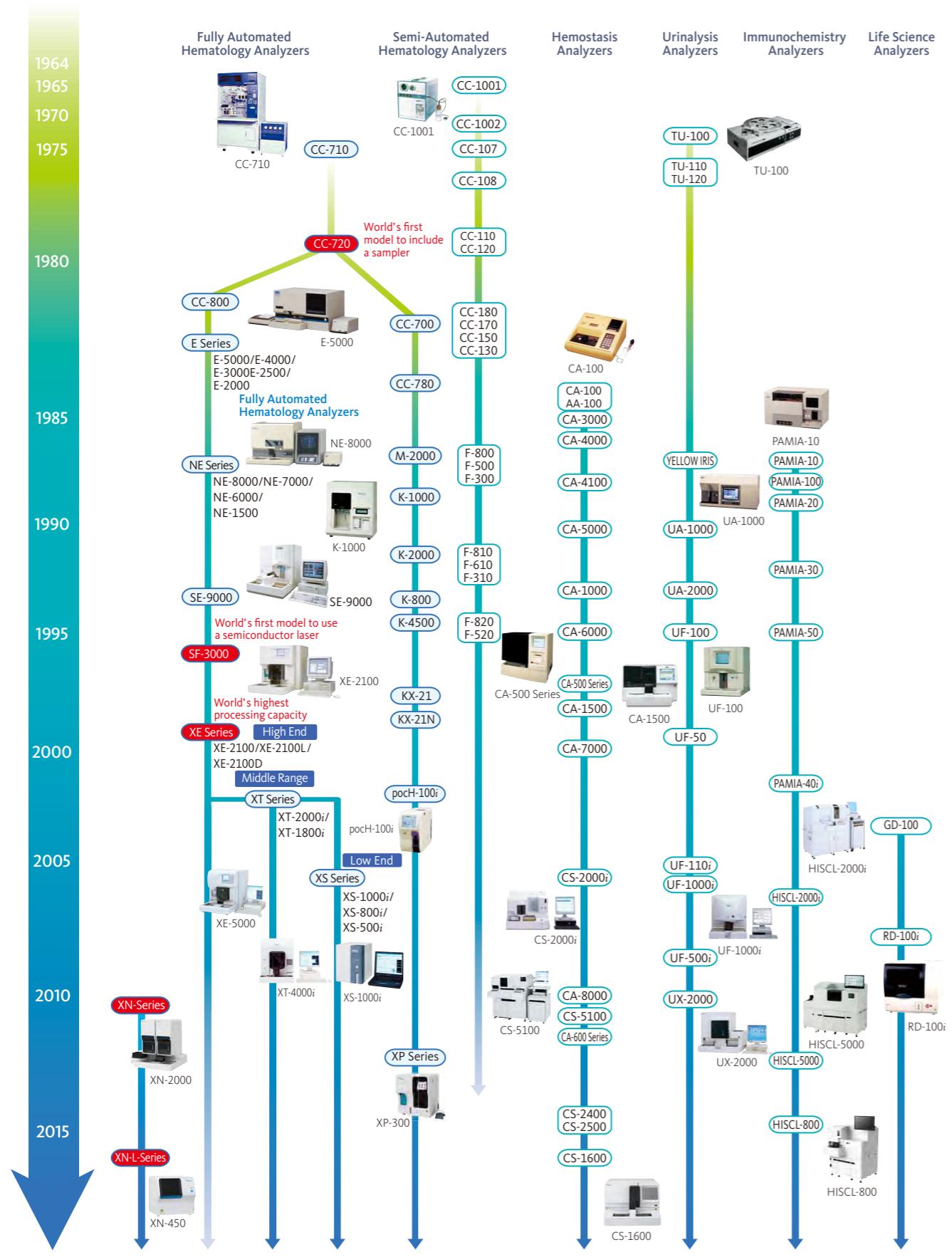
A In hematology and medical oncology testing, treatment often results in samples with low white blood cell and platelet counts. Using the PLT-F channel^{*1} for platelets and the low-WBC mode^{*2} for white blood cells provides highly precise data, and we are very satisfied.

*1 PLT-F channel: By using a different detection method than conventional methods, substantially increases measurement accuracy for low platelet counts, associated with such diseases as thrombocytopenia.

*2 Low-WBC mode: Using this mode allows the number of neutrophils in samples with low white blood cell counts to be reported, something that in the past was problematic for automated hematology analyzers, allowing for chemotherapy monitoring and engraftment monitoring following transplants. Using this mode helps reduce the number of working hours required for visual classification and allows for the delivery of swift and accurate test results.

Functional Structure

Development of Instruments



Developing Value-Adding Technologies



As a comprehensive diagnostics supplier, we have built an integrated business encompassing R&D, production, sales and after-sales support to provide products and services of high value to healthcare facilities around the world.

Masaki Umezawa
Product Development,
Hematology Product Engineering,
HU Business Unit

Throughout its R&D, production, sales and after-sales support processes, Sysmex works to build customer satisfaction and instill confidence and trust.

Our products are the primary source of our strength as a company. We develop in-house the instruments, reagents and software that are needed for *in-vitro* diagnostics, and have built all operations—from production to sales and after-sales

support—ourselves. Furthermore, delivering customer feedback to our R&D divisions quickly enables us to continuously augment product performance, operability and functionality, and develop high-value-added products rapidly and efficiently.

Our delivery network also is extensive. With operations at 64 locations in 43 countries, Sysmex provides products and services to customers in some 190 countries. One of our greatest strengths is our globally integrated structure spanning the R&D, production, sales and support functions.

We currently hold the leading share of the hematology markets in four of the regions in which we operate: Japan, EMEA, China and Asia. We are number two in the United States, and boast the top overall share of the global market.

Global Supply Chain



Research and Development

Through its focus on improving test quality, Sysmex has established core technologies, developed a range of “industry-first” laboratory test technologies, created advanced and highly valuable diagnostic technologies and is actively engaged in life science R&D.

Sysmex's imitable R&D activities began in 1963 when it became the first company in Japan to commercialize hematology analyzers. Since then, the Company has worked to improve diagnostic test quality at the microscopic level of blood cells by establishing core technologies for particle measurement or bioassays and developing a range of “industry-first” laboratory test technologies.

Sysmex is leveraging the abundant expertise it has cultivated in the development of products to bring efficiency to the increasingly complicated diagnostic testing environment. Another goal is to contribute to increased efficiency and lower costs not only in the testing laboratory, but also by leveraging networks throughout the entire hospital for customers ranging from small clinics to large medical institutions.

Sysmex considers R&D to be a key source of Company growth, and each year, we invest approximately 10% of net sales in R&D.



Sysmex has extended its business domains beyond hematology to cover such laboratory test fields as urinalysis, immunochemistry, clinical chemistry, hemostasis and others. We are now working to broaden our R&D activities even further to create new diagnostic technologies for disease management including hematology, immune diseases, infectious diseases, cancer and diabetes.

Technopark, the core R&D center for the Sysmex Group, integrates the different technologies employed in our instruments, reagents and software, coupled with joint R&D initiatives, enabling us to constantly incorporate customer feedback into our product offerings. This congregation of researchers and engineers in a host of fields—electrical, mechanical, biological, chemical and IT, among others—encourages interaction and drives the creative fusion that generates new technologies. Sysmex is also working toward the establishment of a global R&D structure. Centered at Technopark in Japan, we are building a global R&D structure linked with other facilities in Japan and overseas, including the R&D Center Europe, R&D Center Americas and the Diagnostic Reagent Development Center in China.

As part of our aggressive M&A and alliance activities to expand our technology platforms for personalized healthcare, in 2013, we converted to subsidiaries two German companies, Inostics GmbH and Partec GmbH. We are also stepping up collaboration with outside research institutions to promote innovative technological developments that will create new market opportunities.

In our organizational structure, the HU Business Unit oversees operations in the fields of hematology and urinalysis; the ICH Business Unit handles business in immunochemistry, clinical chemistry and hemostasis; and the LS Business Unit supervises activities in the life science field. Each business unit is a specialized organization that handles the overall management of its testing fields, including strategic planning, product planning, product development, reagent production and global product introductions. Through this approach, in each testing field we aim to bolster the level of specialization and increase the speed of decision-making and execution.

R&D Facilities

Sysmex creates high-value-added diagnostic technologies and develops instruments and reagents mainly at the core Technopark facility. By enhancing links with research and development centers in Japan and overseas, Sysmex works to develop innovative technologies that will create new markets.

Technopark (Japan)

Based on the concept of the “Creation of ‘Knowledge’ and Its Inheritance,” Technopark was established as the center of R&D activities for the Sysmex Group in 2008, the 40th year of establishment. In addition to having more than half of its area dedicated to green space, laboratory and office space is located on the same floor, providing an optimal R&D environment.



Sysmex New Zealand (New Zealand)

Sysmex New Zealand is a Sysmex Group company that specializes in information technology. Mainly in Asian markets, the company develops laboratory information systems in local languages and tailored to other regional requirements.



R&D Center Americas (the United States)

Sysmex established this center in 2013 to promote joint research with U.S. healthcare institutions in personalized and preventive medicine, as well as to strategically evaluate technologies possessed by local companies in order to quickly acquire useful new technologies.



R&D Center Europe (Germany)

The R&D Center Europe was opened in 2006 in Germany as the Company's first overseas research facility. This center cooperates with research and other institutions in the development of new testing technologies targeting diseases and other problems that are uncommon in Japan.



Partec GmbH Görlitz (Germany)

We converted this company to a subsidiary in 2013. A pioneer in flow cytometry technology, Partec has accumulated leading-edge expertise in the development of flow cytometry products. The company also has a strong presence in emerging markets and developing countries in the area of testing for infectious diseases.



Sysmex Inostics GmbH (Germany)

This subsidiary possesses highly sensitive PCR technologies for measuring cancer genes circulating in the blood, as well as other advanced molecular diagnostic technologies. We converted this company to a subsidiary in 2013.



Diagnostic Reagent Development Center in China (China)

In 2009, Sysmex opened this center, located within Sysmex Wuxi Co., Ltd., in preparation for our entry in the immunochemistry field.



Joint Establishment of Medicaroid with a View to Developing Medical Robots

In 2013, Sysmex and Kawasaki Heavy Industries, Ltd., together established Medicaroid Corporation to pursue the development of medical robots. This company will build frameworks for the development, design, manufacture, sale and after-sales service of medical robots, for which global demand is expected to increase.



<http://www.medicaroid.com/en/>

Sysmex's Initiatives toward Personalized Healthcare



Sysmex's corporate philosophy defines the Company's mission as "shaping the advancement of healthcare," and we have adopted "creating new diagnostic technologies using liquid biopsy" as a pillar of our R&D strategy for proactively pursuing development toward the realization of personalized healthcare.

Q Sysmex aims to realize personalized healthcare. How will this change healthcare?

A Until now, diagnosis and treatment has typically been specific to individual illnesses. The trend has been to target healthcare that works for everyone, but this approach has its limits. Having entered the post-genome area, healthcare is now advancing to the stage of using gene, cell and protein analysis to specify and differentiate illnesses in a more detailed manner by looking at patient characteristics. In other words, it has become possible for healthcare to take genetic background and environmental factors into account.

For example, we are nearing the stage of realizing testing that can be used in diagnosing the general risk of developing diseases and in the early detection of recurrence. When using medications to treat disease, drugs are being selected based on their predicted efficacy and side effects. These types of testing are heralded for allowing healthcare to be optimized for individual patients, thereby reducing the physical burden, and curtailing healthcare costs.

Q Could you explain liquid biopsy* and how it will drive personalized healthcare?

A In recent years, it has been recognized that the blood and other body fluids contains disease-derived components (genes, proteins and cells) that have leaked in from diseased areas. As a result, it has become possible to test blood and body fluids to determine the presence of disease—something that in the past was only possible by conducting tissue biopsies. Collecting samples for the testing of blood and body fluids, known as liquid biopsy, places less of a burden on the patient. This approach, which facilitates repeat testing (monitoring) has garnered a great deal of interest. However, the quantities of the disease-derived components in the blood and bodily fluids are minuscule, which makes testing difficult and requires measurement methods that are more highly sensitive than those used in the past.

Sysmex is pursuing the realization of liquid biopsy as a pillar of its R&D strategy toward personalized healthcare.

* Liquid biopsy: Detection of cancer or other diseases by testing blood or other bodily fluids. This type of testing is less invasive than conventional physical biopsies.

Q What initiatives is Sysmex undertaking to make liquid biopsy a reality?

A As one of its technology platforms, for some time Sysmex has been pursuing R&D involving measurement technologies for genes, proteins and cells. To further accelerate our growth as a company, we have also been taking a proactive approach in M&A and alliance activities.

In 2013, we added to the Sysmex Group Inostics (now Sysmex Inostics), which possesses BEAMing* technology, and stepped up our collaboration with pharmaceutical companies to jointly develop reagents that measure the effectiveness of anti-cancer agents. That same year, we acquired Partec (now Sysmex Partec), a pioneer in flow cytometer technology, and we are expanding its functionality with the aim of increasing our business opportunities.

Furthermore, in 2014 we invested in RIKEN GENESIS Co., Ltd., which has a strong track record in gene analysis.

By combining the new technologies these companies possess with Sysmex's own technologies, we expect to generate synergies and create unique, proprietary technologies.

Going forward, through high-value testing, Sysmex will

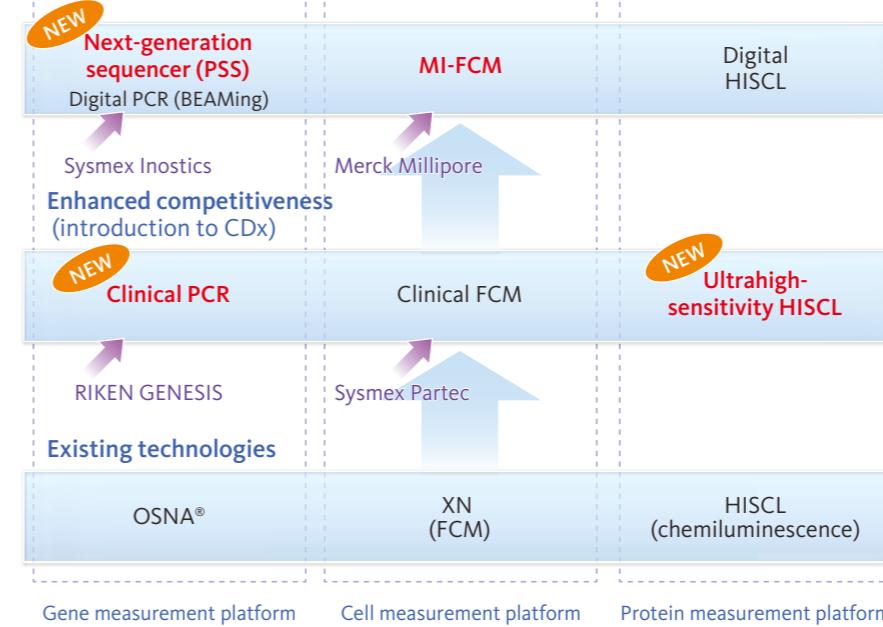
continue working to improve patient quality of life and contribute to the development of personalized healthcare.

* BEAMing: An acronym for "Bead, Emulsion, Amplification, and Magnetics," this gene analysis method combines digital PCR (ultrahigh-sensitivity PCR) and flow cytometry technologies. (See page 28 for details.)



Technology Platform Enhancement

Toward liquid biopsy (leading to personalized healthcare)



Unique technologies

In-licensed technologies

+

Sysmex technologies

PSS: Plasma-Safe-SeqS
MI-FCM: Molecular imaging flow cytometry

Purchasing, Production and Logistics

Rigorous quality control and global supply chain management systems allow Sysmex to swiftly provide a stable supply of products of consistently high quality to customers in more than 190 countries.

A consistent supply of top-quality diagnostic and medical-treatment test products is essential to medical care support. Sysmex stably procures the components and raw materials of a quality appropriate to the development of a company in healthcare field and conducts its procurement activities in a manner that allows customers throughout the world to use its products with confidence. In 2013, we revised our Procurement Policies, which serve as a basis for cooperation with suppliers on enhancing levels of quality, cost competitiveness and technology, as well as for establishing a stable procurement system and advancing CSR initiatives. We also confirm quality and procurement aspects from the R&D stage, and select suppliers that are highly cost-competitive. We also aim to quickly launch new products into mass production, transforming the engineering chain, including raw materials purchasing and through concurrent engineering.

► Instruments Offering High “Made in Japan” Quality

For the manufacture of instruments, we have introduced leading-edge production and quality control technologies to provide products that are of high quality and offer high added value. For this reason, we manufacture our instruments in Japan. We produce internally those parts that use proprietary technologies or for which stable sourcing is problematic. This reduces the risk of technology outflows and lessens procurement risk, while allowing us to maintain stable quality. For other parts, however, we maintain cooperative relationships with parts makers who can meet our stringent quality requirements, thereby ensuring a stable supply.

“Made in Japan” and the Sysmex brand have become bywords for quality, and our products are recognized worldwide for their reliability.

We are significantly boosting our manufacturing capacity to meet growing global demand for IVD instruments. To this end, we commenced operations at i-Square, our new instrument factory, in June 2014. This move, combined with the expansion of two factories operated by domestic subsidiaries, enable us to gradually increase the Group’s instrument production capacity to three times its former level.

As some 80% of the instruments we produce are destined for overseas markets, we are erecting a quality control

system to ensure compliance with the legal frameworks in individual countries.

► Manufacturing Goes Digital, Reducing Work Time

The Kakogawa Factory uses Smart Pro, a production support system that Sysmex developed in-house, to support factory associates, manage processes and assist quality management. We began using 3D CAD design data created at the development stage to make work processes more visual, helping to shorten the time employees require to commit these processes to memory and contributing greatly to their ability to absorb multiple skills. Monitors located alongside workbenches depict assembly and other processes in 3D, with an audio explanation accompanying each process. This arrangement makes work processes easier for new associates to understand, and helps to maintain quality and boost productivity.

We also use our information technologies to configure networks linking manufacturing facilities to the products themselves. This configuration automates the final product adjustment and testing processes, which cuts down significantly on time to shipment.

► Global Reagent Manufacturing to Ensure Stable Product Supplies

In its reagent production, Sysmex employs thorough quality management and makes every effort to provide reagents consistently and stably. Our core production facilities in



Japan are the Ono Factory and the Seishin Factory of Sysmex International Reagents, a subsidiary. The Ono Factory handles the mass production of reagents using labor-saving facilities. In 2012, we began operating a new automated production line at the plant that makes reagent packages (paper containers and reagent cartridges), including the concentrated reagent used in our flagship XN-Series, which should significantly increase productivity. Meanwhile, our Seishin Factory handles the production of reagents requiring advanced, specialized knowledge that are used in non-hematology fields, such as immunochemistry, clinical chemistry and hemostasis. Sysmex is also expanding its overseas production bases to meet growing overseas demand and improve its ability to compete. The Company currently has nine production facilities in seven countries. By introducing at overseas facilities the expertise in manufacturing technologies that we have cultivated and the quality assurance systems that are in place at our Ono and Seishin factories, we are working to achieve a high-quality, efficient production system on a global basis.



► Improving Our Global Supply Chain Management Systems by Reorganizing Logistics Locations and Reconfiguring Supply flow

With regard to the physical function of delivering products to customers, we are reviewing logistics bases and reconfiguring the flow of supplies at individual overseas locations to ensure the stable provision of products to customers around the world. While maintaining appropriate inventories of instruments made in Japan at each location in which we operate, we will also utilize a warehouse facility within i-Square—our new instrument plant—to deliver products efficiently around the world. For reagents, we have in place a distribution system whereby we manufacture products in individual countries for timely delivery.

Furthermore, we are revising our package designs. As well as improvements to make packaging stronger, we are adopting environmentally friendly reusable packaging and recyclable steel packaging. We are also reviewing packing sizes and improving external descriptions to increase storage and shipping efficiency.

In addition to fulfilling our responsibility for providing products, we will continue forging ahead with efforts to create a logistics structure that contributes to low costs and high quality.



Japan’s Manufacturing Prowess

Our medical instruments involve numerous parts, each requiring extremely high levels of precision and quality. Sourcing these products is possible thanks to the technological prowess of Japan’s small and medium-sized parts manufacturers.

Many of Japan’s small and medium-sized companies are world technology leaders, and we have forged partnerships with many of these companies, building up a network that delivers win-win results.

The XN-Series, for example, is a product of collaboration with business partners who have strong technological capabilities and with whom we have relationships going back many years. Such cooperation resulted in the development of a piercer that can accurately aspirate blood samples measuring only a few microliters. A special titanium alloy improves robustness and rigidity, and the elaborate and smooth processing of its interior surface at a diameter of less than 1 mm enables more precise testing results.



Purchasing, Production and Logistics

■ Purchasing Production and Logistics Facilities

Instrument Production

i-Square (Japan)

The Group's core instrument facility, which commenced operations in June 2014, uses quality control systems to produce highly reliable instruments based on international and industrywide quality control standards, and the laws and regulations of destination countries. This plant and the Kakogawa



Reagent Production Facilities in Japan

Ono Factory (Sysmex International Reagents)

The Ono Factory in Japan is dedicated to the production of about 1,300 reagents, centered on high-volume products for the hematology and urinalysis segments. In 2012, we raised reagent production capacity to 1.5 times the previous level.



The factory seeks to simultaneously increase quality, reduce costs and mass produce by optimizing automated and manual operations.

Factory together provide the capacity to supply some 550 products to markets around the world and employs flexible production systems.



Seishin Factory (Sysmex International Reagents)

The Seishin Factory is mainly responsible for the production of reagents and draws on wide-ranging production technologies to produce a line of around 850 products ranging from clinical chemistry to immunochemistry reagents, hemostasis reagents and reagents for use as quality control materials. The factory has also constructed a flexible production system to meet requirements for highly diverse, low-volume manufacturing.



Overseas Reagent Production Facilities

In order to ensure a timely and stable supply of reagents throughout the global market, Sysmex operates reagent factories in Germany, the United States, Brazil, China, Singapore and India.

Americas

Sysmex operates two reagent factories in the Americas, which represent the world's largest market. Establishing a factory in Chicago in 1993, the Company doubled its capacity in 2007 to meet growing demand and enhance cost competitiveness.



Another reagent plant went on line in Brazil in 2000 in anticipation of future growth in the region.

EMEA

In Europe, the location of Sysmex's first venture overseas, we established a reagent factory in Schleswig-Holstein, Germany, in 1993. To meet rising demand for reagents, we increased the plant's capacity in 2007 and 2015.



China

The first of these was established in Jinan in 1995, followed by a plant in Wuxi in 2003. We have expanded the Jinan Factory, which in 2012 increased its production capacity to five times its level in 2010. The Wuxi



Factory was the first operated by a non-Chinese company to receive local pharmaceutical manufacturing approval.



Asia Pacific

To meet anticipated future demand growth, in 2014 we relocated the Singapore Factory, which opened in 1998, enabling us to gradually triple output compared with current levels. This

Reviewing Our Logistics Processes and Systems to Provide Increasingly Diverse Solutions

We are reviewing our logistics processes and systems from a global perspective, promoting efficiency and reducing their environmental impact.

In 2012, Sysmex launched an internal project to shorten the lead times in its supply chain by reconfiguring its global logistics structure and improving processes. Since then, we have pushed forward with initiatives to restructure overall logistics, gradually revising our global logistics structure and improving packaging. In addition to improving logistics, this initiative has reduced environmental impact. We are moving ahead in a staged manner with comprehensive measures that involve logistics departments, materials departments, factories and affiliated companies overseas.

For instance, in addition to substantially shortening lead times, locally procuring some accessories for instruments has lowered CO₂ emissions by reducing transport distances.

Enhancing our loading simulations has enabled us to adjust the timing of product shipments, increase our loading ratio in shipping containers and decrease the number of shipments. Furthermore, in August 2014 we established a warehouse within i-Square, our new factory in the city of Kakogawa. We have created an efficient logistics structure so that for exports, container packaging and customs procedures can all be handled at the factory in an integrated manner. We have also set up a system for direct transport to customers in Japan. Taking full advantage of having our manufacturing facilities near the Port of Kobe has allowed us to establish efficient transport routes for exports.

We are also reviewing sizes and designs of packaging to conserve materials and boost the recycling ratio. Optimized instrument package sizes lead to improvements in storage and loading ratios. Introducing package designs that consider the unique needs of export destinations also contributes to resource savings and a higher recycling ratio. To prevent damage during shipment overseas, in some regions, we have introduced steel packaging that can be recycled as materials by the recipient. In Japan, we have introduced reusable packaging.

Recognizing its growing responsibility to supply products on a global scale, in the future Sysmex plans to continue improving its logistics efficiency and minimizing its environmental footprint.



Sales and After-Sales Support

Sysmex does more than just sell products; we provide maintenance and other technical support, as well as scientific support to deliver consistently accurate test results and instill confidence. We offer high added value as a provider of IVD solutions.

When testing is interrupted, whatever the reason, physicians become unable to diagnose their patients. We address this situation by providing after-sale services and scientific support, which inspire the trust and confidence of customers throughout the world. Confirming this satisfaction, survey results demonstrate that Sysmex has earned a solid reputation with its customers for meeting their expectations for instrument performance, as well as for overall service performance.

In line with ongoing medical advances, healthcare is growing more sophisticated, and treatment regimens are changing and becoming more diverse. Customers in developed countries are demanding ever more advanced and highly specialized testing, more efficient testing and even higher healthcare service levels.

Instead of simply aiming to reduce the time from the start of testing to the delivery of results, we strive to shorten the lead time between a patient's arrival at the reception desk and the delivery of test results. To this end, to ensure that the lab

technologist can conduct testing efficiently we do not merely engage in the sales of diagnostic instruments and reagents, but provide total solutions that employ information technology to network the entire laboratory. This improves healthcare services in a number of ways, such as reducing patient waiting time and providing information on test results to the doctor. At present, we take this overarching approach mainly in our proposals to customers in developed countries. In contrast, in emerging markets where healthcare demand is rising rapidly in line with economic growth, in addition to providing high-quality products without defects, products that have such specifications as high processing capacity and swift after-sales services are needed. In addition to providing products that meet regional demands such as these, we operate flexibly by combining proprietary and distributor sales networks. In these ways, Sysmex concentrates on meeting the needs of individual countries, building confidence and instilling confidence among its customers.

▶ Delivering Specialized, High-Value-Added Solutions Cultivated in Japan throughout the World

Sysmex maintains seven branches and 12 sales offices in Japan, constituting a top-class sales and support network in the domain of *in-vitro* diagnostics. We are in the process of extending to the rest of the world the value-added proposal-making skills and highly specialized support services we have cultivated in Japan, as we strive to build sales and support service networks that are carefully matched to the needs of individual markets.

In Japan, the Customer Support Center responds to inquiries around the clock, 365 days a year.* Knowledgeable specialists answer questions not only about instruments and reagents, but also about scientific matters. Sysmex has established a system for rapidly dispatching service engineers by stepping up cooperation between the Customer Support Center and Sysmex offices and sales offices across Japan.

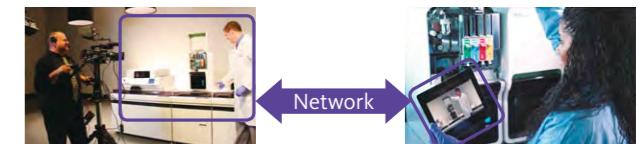
Sysmex operates call centers in Japan, the United States, China, Germany and Singapore, and dispatches service engineers to customer premises as necessary. In the United States, where customer support functions must cover extensive areas, close collaboration between call centers and service engineers allows Sysmex to respond rapidly to customer requests. In addition, the Company is rolling out on a global scale the Sysmex Network Communication Systems (SNCS), a support service that connects the Customer Support Center and customers' products via the web for the online provision of remote instrument maintenance and quality control. The

SNCS is used by many customers and has earned a strong reputation. The Company has launched the SNCS in Japan, the United States, European and other advanced countries, as well as in Asian and other emerging markets and is steadily expanding the installed base.

In 2012, we relocated Sysmex America, Inc., our regional headquarters for the Americas, in order to expand its operations. The expansion includes a new multipurpose building that houses the company's virtual training studio. The virtual training initiative provides customers with convenient, on line, instructor-led education on the use of Sysmex products to better meet the needs of North American customers, who are spread over an extensive area.

* Service for customers who have specific contracts.

Sysmex America, Inc.,

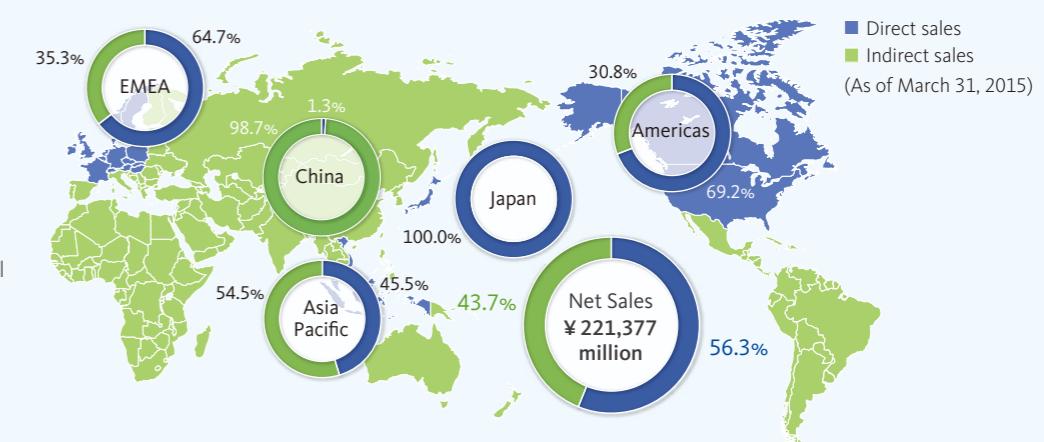


Virtual training studio

Customers

Sales Strategies

Sysmex employs sales strategies tailored to the characteristics of the regions and countries where it operates. In Japan, North America and parts of Europe and the Asia Pacific, we conduct direct sales, with Sysmex salespeople maintaining close relationships with customers. In other parts of the world—particularly in emerging market areas—we have found indirect sales, which leverages the long experience and expertise of local distributors, to be an effective approach. In China, for example, we employ more than 100 local distributors. In Latin America and Russia, among other regions, we have alliances in place to take advantage of the sales networks operated by leading global pharmaceutical manufacturers.



Customer Assessment in the United States (by IMV ServiceTrak™)

• Survey of Customer Satisfaction

A survey of customer satisfaction published in 2015 has shown that Sysmex is ranked No. 1 in the United States for instrument performance meeting expectations.

Instrument Performance Meets Expectations

■ Sysmex ■ Competitor 1 ■ Competitor 2 ■ Competitor 3 ■ Competitor 4 ■ Industry Avg.

A six-point scale was used for the years from 2000 to 2012. This was revised to a 10-point scale in 2013 to 2015.

2000–2012: 1=Very Poor 2=Poor 3=Fair 4=Good 5=Very Good 6=Excellent

2013–2015: 1 (Very Poor) through 10 (Excellent)

Sysmex has Rated Highest for the Past 16 Years



Founded in 1977, IMV continues to be a leading supplier of comprehensive clinical diagnostic and medical imaging market research reports and site-specific databases for the healthcare industry.

Sales and After-Sales Support

► Sponsoring Scientific Seminars for Advancement of Healthcare

To promote higher levels of healthcare service, Sysmex provides an ISO support service for healthcare institutions that are creating quality management systems. Leveraging the expertise we have gained through ISO 9001 and ISO 14001 certification, as well as our experience as a manufacturer of medical instruments, we consult with organizations on earning certification under ISO 9001 and ISO 15189, as well as other standards. Our services have been instrumental in helping a number of customers gain ISO certification.

Sysmex sponsors hematology seminars around the world to provide physicians and laboratory technologists with information on the latest trends in hematology. The Company began conducting annual seminars in Japan in 1978 and expanded this program to China in 1998. In 2014, we held the Sysmex 17th Scientific Seminar in China in Kunming, which

was attended by approximately 780 people. At the seminar, we provided up-to-date information related to healthcare and clinical testing to doctors, nurses, laboratory technologists and other participants in China. Sysmex now conducts seminars and other activities periodically in Thailand, Indonesia, India and other Asian countries and holds symposiums in EMEA and the Americas.

Sysmex Network Communication Systems

SNCS puts the Customer Support Center online, enabling Sysmex to manage the precision of customer equipment in real time, automatically monitor equipment and provide information over the web.

● Online Quality Control

Precision management data is transmitted automatically over the Internet on a daily basis. The system conducts sample surveys to determine precision. Customers can browse up-to-the-moment survey results.

● Online Support

Analyzers retain a host of data, such as error logs, number of operations and set values. This information is transmitted automatically to our server, allowing us to understand the status of customer equipment and, if conditions warrant, offer advice to minimize potential damage.

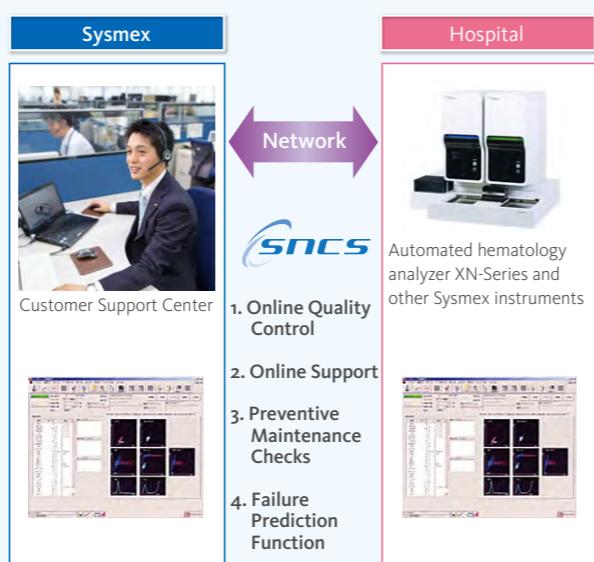
● Preventive Maintenance Checks

When an instrument shuts down, information on the number of operations is automatically sent to Sysmex, so that we can determine replacement intervals based on the rated number of operations.

● Failure Prediction Function

Linking the failure prediction function with field support enables us to remotely monitor the status of the analyzer components of each instrument. We provide preemptive maintenance at the first sign an instrument is behaving in an abnormal fashion.

Sysmex Network Communication Systems



Cementing Group Value with Trustworthy Management



We consider reinforcing corporate governance one of our most important management topics. We aim to maximize the overall corporate value of the Group through management robustness, improved management speed and efficiency.

Kensuke Iizuka
Corporate Business Planning
Executive Vice President

Corporate Governance

Management Organization

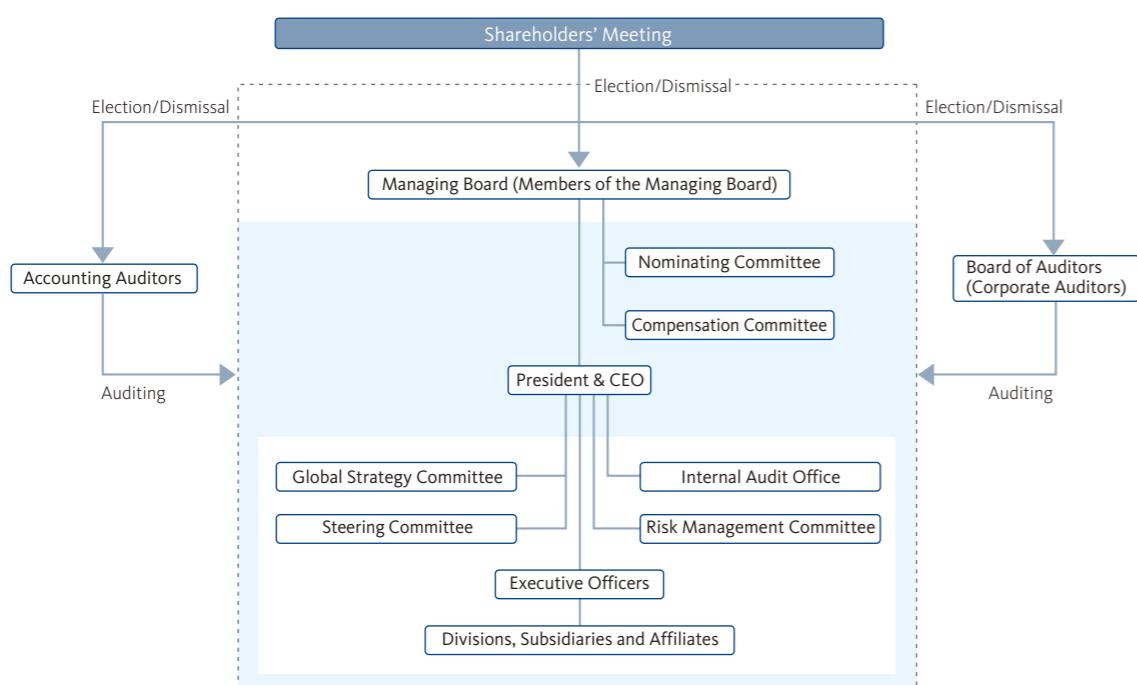
Sysmex has adopted the corporate auditor system. The current management organization consists of nine members of the Managing Board (one of whom is an outside member of the Managing Board), four corporate auditors (including two outside auditors), and 20 executive officers (seven of whom are also members of the Managing Board), and the Company has adopted the executive officer system to increase the speed of decision making in the conduct of business and respond quickly to changes in the business environment. In addition, by appointing outside members of the Managing Board, we have reinforced the Managing Board supervisory function, and we have strengthened the auditor supervisory function by appointing external auditors.

Matters Concerning Business Execution, Auditing, Appointments, Supervision and Other Functions

Managing Board

The Managing Board consists of nine members. The board meets regularly once a month to deliberate on important management issues and convenes extraordinary meetings as necessary. The Managing Board met 14 times in the fiscal year ended March 31, 2015.

Corporate Governance Structure



► Global Strategy Committee

The Global Strategy Committee consists of the chairman and CEO and senior executive officers. As a rule, this committee meets once a month to deliberate on the Group's management direction and important strategic issues. The Global Strategy Committee met 13 times in the fiscal year ended March 31, 2015.

► Steering Committee

The Steering Committee consists of the chairman and CEO and executive officers. The committee meets once a month, in principle, serving as a consultative body to the chairman and CEO to deliberate on important matters concerning the Group's business. The Steering Committee met 19 times in the fiscal year ended March 31, 2015.

► Group Management Reporting Committee

The Group Management Reporting Committee consists of the chairman and CEO and executive officers, directors of overseas regional headquarters, people in charge of domestic affiliated companies and division managers. The committee meets once a quarter, in principle, reporting important matters concerning the Group's operations. The Operating Committee met four times in the fiscal year ended March 31, 2015.

► Operating Committee

The Operating Committee consists of managers of divisions. The Committee meets once a month to find solutions to cross-functional problems. The Managing Board met 12 times in the fiscal year ended March 31, 2015.

► Board of Auditors

The Board of Auditors consists of four corporate auditors, two of whom are outside auditors. The corporate auditors attend the Managing Board and Steering Committee meetings and maintain systems for appropriately supervising the conduct of business on the part of the members of the Managing Board. The corporate auditors also maintain close communications with the Internal Audit Office, exchanging information and opinions as necessary, and confirm and evaluate the appropriateness of business execution. The Board of Auditors will continue to enhance management soundness by engaging in appropriate supervision of the execution of business as stipulated by law. The Board of Auditors works closely with the accounting auditors on the audit plans report (annual) and the audit results reports (annual), exchanging information and opinions as necessary, such as when conducting internal control audits related to financial reporting.

► Certified Public Accountants Audit

The Company has contracted with Deloitte Touche Tohmatsu LLC to perform a certified public accountants audit. In addition to conducting an audit of the entire Sysmex Group, the Company maintains an environment that makes it possible to rapidly cope with changes in the accounting system. The Company has contracts in place with several law offices and maintains a structure to solicit and obtain advice on important matters as necessary.

Compensation Paid to the Members of the Board and Corporate Auditors

Executive category	Total executive compensation (Millions of yen)	Compensation breakdown, by category (Millions of yen)				Number of executives
		Basic compensation	Stock options	Bonuses	Retirement benefits	
Members of the Managing Board (excluding outside members)	799	236	125	437	—	8
Corporate auditors (excluding outside corporate auditors)	36	36	—	—	—	2
Outside executives	11	11	—	—	—	4

Executive Compensation

Sysmex determines executive compensation amounts and calculation methods by making a clear link between operating performance and responsibility for achievement. Compensation for members of the Managing Board divides broadly into fixed and variable portions. Fixed compensation is determined on the basis of a member's position, while variable compensation varies depending on performance. Compensation for corporate auditors comprises only a fixed portion. Compensation amounts are discussed and determined by the Managing Board following deliberation by the Compensation Committee.

Reasons for Appointing Outside Members of the Managing Board and Outside Corporate Auditors

Susumu Nishiura

Susumu Nishiura was appointed as an outside director in the hope that he would execute his duties as an outside director adequately utilizing his abundant experiences and deep insight in corporate management.

Kuniaki Maenaka

Kuniaki Maenaka was appointed as an outside corporate auditor in the hope that he would make use of his accounting and financial expertise as a certified public accountant to contribute to management soundness and transparency.

Koichi Onishi

Koichi Onishi was appointed as an outside corporate auditor in the hope that he would audit the Company adequately utilizing his abundant experience and deep insight as a corporate manager.

Messages from an Outside Members of the Managing Board and Outside Corporate Auditors



Susumu Nishiura
Member of the Managing
Board (Outside)

Steering Committee meetings are a time of lively, forward-looking discussion, and the Managing Board takes due account of the results of Steering Committee considerations in making its decisions. During discussions, I consider it important to ensure that my viewpoint incorporates increasing sales, securing profits and ensuring the appropriateness of investments in growth for enhancing corporate value.

The positioning of our long-term management targets and the content of the mid-term management plan that went into effect in the fiscal year ending March 31, 2016, are aimed at additional business expansion. Achieving these goals may require large-scale investments in growth, but confirming the effects of these investments and their profitability are also an important part of my assignment. Also, in recent years Sysmex has globalized and rapidly expanded its fields of operation. Internal rules need to be renewed and structures reset to take these developments into account. As an outside member of the Managing Board, I intend to concentrate specifically on the internal control system, particularly compliance, as well as the risk management system.



Kuniaki Maenaka
Corporate Auditor (Outside)

My role as an outside corporate auditor is to look objectively at the conclusions handed down through the management decision-making process from a third-party, shareholder-oriented perspective. At the same time, in filling the role I believe I invigorate the internal corporate culture and management sentiment in a novel way.

I aim to speak and act in ways that reflect my work experience, which is entirely as an accountant working in the overseas business arena, by concentrating in particular on how overseas markets and overseas stakeholders view our management, whether our actions match their expectations and whether we are properly fulfilling our social responsibilities worldwide.

I intend to continue conducting my tasks from the viewpoint of whether management is operating in an accountable manner in the scrutinizing eyes of overseas and domestic stakeholders and whether management is contributing to increases in corporate value. Also, I will work to ensure that the risk that tends to occur at quantitative and qualitative development stages is being appropriately understood and preemptively addressed and remain alert to any sign of problems relating to internal control.



Koichi Onishi
Corporate Auditor (Outside)

This was the first year of my appointment, and I spent a significant amount of time getting the lay of the land. I visited the Company's domestic branches, sales offices and Group companies, making a real effort to put aside any opinions I might have formed and consider the true state of things where they occur and look at conditions in an objective light.

At meetings of the Steering Committee and Managing Board, I make it a point to ask questions from a proactive governance- and compliance-oriented perspective; this may simply be a matter of course for people within the Company.

As one might expect in a rapidly growing company, there is a pervading and palpable sense of energy among the employees. I believe it may be necessary for the front line of business to ensure that various regulations and further measures are in place. Going forward, I intend to continue viewing the Company from an outsider's perspective, while doing my utmost to enhance corporate value via thorough corporate governance and compliance.

Internal Control Systems

▶ Systems for Ensuring That the Execution of Duties by Members of the Managing Board and Employees Is Compliant with the Law and the Articles of Incorporation

Sysmex defines compliance as "the conduct of open and aboveboard business activities on the basis of observance of laws and regulations and high ethical standards" and maintains a system to ensure compliance as described below.

The Company perceives compliance breaches as one of its leading risks of losing society's trust. Accordingly, under the risk management structure for companies throughout the Group we have established a Compliance Committee as the organization for overseeing compliance, and we are promoting and reinforcing Group compliance.

We have formulated a Group Compliance Code that applies to executives and employees and conduct education and training to ensure thorough compliance. We have in place an internal reporting system that aims to quickly detect and correct violations of the law or Articles of Incorporation, and conduct audits of the compliance structure through the Internal Audit Office.

▶ Systems for the Retention and Management of Information Relating to the Execution of Duties by Members of the Managing Board

Sysmex has established global document management regulations. In accordance with these regulations, the Company appropriately stores and manages the minutes of Managing Board and other important meetings, as well as information related to the execution of operations by members of the Managing Board, maintaining this information in a state available for inspection as necessary for an appropriate period of time.

▶ Regulations Concerning the Management of Risk and Other Systems

To maintain a structure concerning risk management, the entire Group complies with risk management regulations established by the Risk Management Committee for the integrated management of risk throughout the Company and works to mitigate risks. The Risk Management Committee endeavors to discover foreseeable risks, select the most important of these risks, clarify the sections responsible for coping with risks, establish countermeasures and confirm the executive status of these countermeasures.

▶ Systems to Ensure That Members of the Managing Board Execute Their Duties Efficiently

The Company has positioned the Managing Board as the institution to make important management decisions and supervise the execution of operations. The Company has introduced the executive officer system to be capable of making swifter operating decisions and respond quickly to changes in the business environment.

With respect to the management of business, the Company ensures the efficient execution of business and clarifies the Group decision-making process in accordance with the organization regulations, scope of authority regulations, affiliated company management regulations and others. The Company establishes mid-term plans and annual management plans, periodically confirms the progress made with those plans, and takes any necessary measures.

▶ Systems to Ensure the Appropriateness of Business Activities in the Corporate Group

The Company ensures groupwide compliance in accordance with the global compliance code applied to all the members of the Managing Board and employees of the Group. In conformance with regulations established with respect to risk management, the Company maintains groupwide risk management systems based on those regulations. Internal audit offices are in place at subsidiaries, and Sysmex's Internal Audit Office supervises groupwide auditing activities from a regional and companywide perspective.

Based on regulations related to the management of subsidiaries, the Company respects the autonomy of the management of subsidiaries and affiliates and ensures the appropriateness of business activities throughout the corporate group by such means as receiving periodic reports on the details of the business of subsidiaries and advance discussion concerning important matters.

▶ Employee Assistance of Corporate Auditors

Employees of the Internal Audit Office may assist the Company's corporate auditors in their audits if necessary.

At the request of the corporate auditors, the Company provides full-time staff to assist the Board of Auditors. Employees assigned to provide such assistance serve the corporate auditors as instructed, and the members of the Managing Board discuss with the corporate auditors in advance personnel matters related to such support staff (including appointment, transfers and reprimands).

Corporate Governance

► Policy on Handling Audit Expenses

To ensure support for the expenses necessary for the corporate auditors to execute their duties, each year the Company sets a budget in accordance with the audit plan. Appropriate procedures are also in place for handling additional expenses, if necessary for the corporate auditors to execute their duties.

► Items Related to Reporting to the Corporate Auditors and Systems for Ensuring Effective and Efficient Auditing by the Corporate Auditors

If a corporate auditor discovers a violation of the law or the Articles of Incorporation by an employee or executive or a material fact that poses risk of causing significant damage to the Company, the corporate auditor promptly receives a report of that fact in accordance with the prescribed regulations and procedures.

The corporate auditors attend Managing Board and other important meetings, read important documents such as approval requests, and may request reports from members of the Managing Board and employees as necessary.

Compliance

Based on our Corporate philosophy, the "Sysmex Way," we define our view of compliance as "respecting laws and regulations and going about our business boldly with a strong sense of ethics." In accordance with this definition, we have established a Global Compliance Code, in which particularly important conformance rules for all executives and employees to abide by are compiled. We conduct training programs to ensure the thorough permeation of the code within the organization. The code also applies to overseas Group companies, constructing an integrated compliance structure for the entire

Group. We established the Compliance Committee in 2013. In addition, we are encouraging compliance in a manner that reinforces the relationship between people responsible for Group compliance and the people responsible for compliance at affiliated companies. In 2014, we revised our global compliance code, adding text to describe our thoughts on ethics in relation to research and development, prevention of bribery, adherence to international guidelines such as the Universal Declaration on Human Rights, as well as research and development. We also set forth a bylaw for revising this code once every two years, in principle, to respond to changes in our internal and external environments.

In principle, Sysmex handles compliance-related problems internally. However, to address potential issues that are difficult to resolve within the organization, as an internal reporting system Sysmex has established "Campanula Lines" as points of contact. Employees can contact these two lines—internal and external—for advice or to make a report via telephone, post or e-mail. All information received is handled anonymously to protect the personal information of those providing the information and ensure against any disadvantageous treatment. We have also set up internal reporting lines at Group companies overseas.

Sysmex has formulated internal control regulations on export controls, and these have been approved by and registered with the proper authorities, the Ministry of Economy, Trade and Industry. We have also established a Security Export Control Committee, which operates under the Compliance Committee. Based on our internal control regulations, we reinforce export controls and thoroughly confirm the purposes for which recipients will use exported products and technologies.

We conduct workshops and e-learning to raise awareness

of security export controls and U.S. re-export regulations.

Additionally, we perform audits to ensure controls are thorough. Furthermore, to strengthen the security export system for the Group as a whole, we have introduced management systems that link with enterprise resource planning (ERP) systems at regional headquarters overseas and promote thorough and efficient controls.

Sysmex will continue to ensure thorough compliance to remain a Company that stakeholders consider highly trustworthy.

Risk Management

To control groupwide risk management activities, Sysmex established a Risk Management Committee, which is chaired by a Risk Management Officer, the Group's chief executive in charge of risk management. The Risk Management Committee identifies major risks having the potential to significantly impact the Group's business and consistently observes the results of risk response and monitoring by individual divisions and affiliated companies.

We have constructed a system to ensure compliance with laws and standards around the world with regard to quality, and we act accordingly. With regard to quality management systems, essentially all Group companies with development and manufacturing functions have in place management systems in accordance with the international standards ISO 9001 or ISO

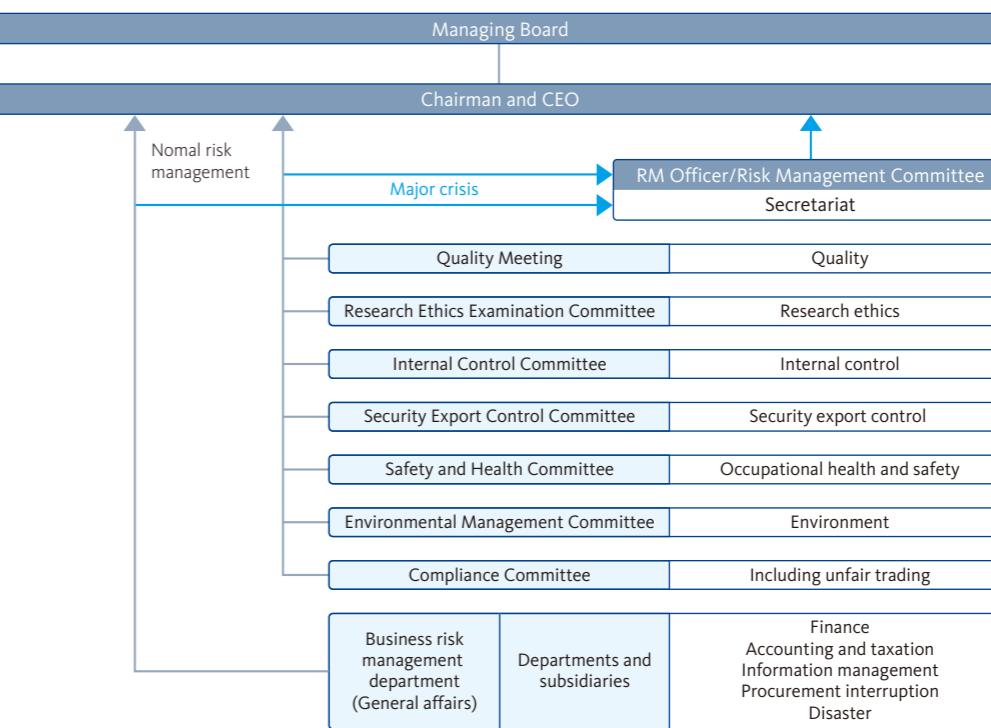
13485*. Of our 56 Group companies, 37 are certified under ISO 9001 and 18 under ISO 13485. To confirm that these management systems are operating appropriately, quality activities at principal Group companies include management reviews and quality audits. The Company has introduced quality training to promote an understanding of QMS, build individual employee awareness of these systems and ultimately raise quality control levels. In addition to quality policy training for all employees groupwide, we also conduct specialized quality training for specific departments and job types. Furthermore, to share quality-related information throughout the Group and reinforce our systems, each year we hold a conference attended by Sysmex headquarters, each regional headquarters and people from quality-related divisions at affiliated companies.

We make it a rule to disclose any information that we believe will affect investment decisions in light of our own standards, as well as to observe applicable laws and regulations concerning securities trading and the Rules on Timely Disclosure of Corporate Information by the Issuer of Listed Security and the Like established by stock exchanges.

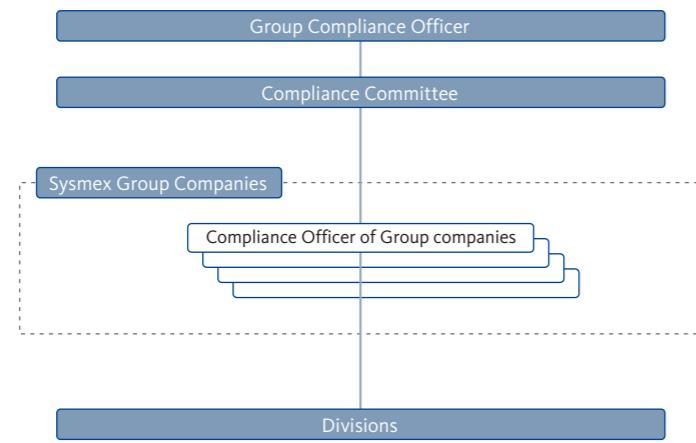
Sysmex will reinforce its risk and quality management procedures to ensure the ongoing trust of a wide range of stakeholders.

* ISO 1385: Quality management system for the manufacture of medical devices.

Risk Management Structure



Compliance Structure



Members of the Managing Board



Front row, from left: Masayoshi Hayashi, Hisashi Ietsugu, Yukio Nakajima

Back row, from left: Kenji Tachibana, Mitsuru Watanabe, Koji Tamura, Kazuya Obe, Kaoru Asano, Susumu Nishiura

Hisashi Ietsugu

Chairman, President and CEO

Sep. 1986 Joined the Company, Member of the Managing Board
 Mar. 1990 Member of the Managing Board and Senior Executive Officer
 Managing Director
 Apr. 1996 Member of the Managing Board and Senior Executive Officer
 Senior Managing Director (Representative Director)
 Jun. 1996 President and CEO
 Apr. 2013 Chairman, President and CEO (current)

Masayoshi Hayashi

Member of the Managing Board and Senior Executive Officer

Senior Managing Director

Feb. 1972 Joined the Company
 Jun. 1997 Member of the Managing Board
 Executive Vice President of Business Development
 Apr. 2005 Member of the Managing Board and Executive Officer
 Apr. 2007 Member of the Managing Board and Senior Executive Officer
 Managing Director
 Apr. 2011 Member of the Managing Board and Senior Executive Officer
 Senior Managing Director (current)

Yukio Nakajima

Member of the Managing Board and Senior Executive Officer

Senior Managing Director

Corporate Business Planning, Human Resources & General Affairs
 Corporate Executive Office
 Apr. 1973 Joined the Company
 Jun. 1999 Member of the Managing Board
 Executive Vice President of Corporate Business Planning
 Apr. 2001 Member of the Managing Board
 Executive Vice President of Corporate Business Planning
 Vice President of Corporate Communication
 Apr. 2005 Member of the Managing Board and Executive Officer
 Vice President of Corporate Business Planning
 Apr. 2009 Member of the Managing Board and Senior Executive Officer
 Managing Director
 Apr. 2013 Member of the Managing Board and Senior Executive Officer
 Senior Managing Director (current)

Koji Tamura

Member of the Managing Board and Senior Executive Officer

Managing Director

LS business Unit

Sep. 1990 Joined the Company
 Apr. 1993 President of TOA Medical Electronics(Europe) GmbH
 (present Sysmex Europe GmbH)
 Jun. 2001 Member of the Managing Board
 Executive Vice President of International Business Management
 Apr. 2003 Member of the Managing Board
 Executive Vice President of International Business Management
 Vice President of IT Business Strategy Development
 Apr. 2005 Member of Managing Board and Executive Officer
 Apr. 2009 Member of the Managing Board and Senior Executive Officer
 Managing Director (current)

Kazuya Obe

Member of the Managing Board and Senior Executive Officer

Managing Director

International Business Management

Apr. 1991 Joined the Company
 Apr. 1996 President of TOA Medical Electronics (Europe) GmbH
 (present Sysmex Europe GmbH)
 Oct. 2002 Chairman of the Board of Sysmex Corporation of America
 (present Sysmex America, Inc.)
 Apr. 2005 Executive Officer
 Executive Vice Chairman & CEO of Sysmex America, Inc.
 Apr. 2009 Member of the Managing Board and Executive Officer
 Apr. 2013 Member of the Managing Board and Senior Executive Officer
 Managing Director (current)

Mitsuru Watanabe

Member of the Managing Board and Senior Executive Officer

Managing Director

HU Business Unit

Apr. 1980 Joined the Company
 Apr. 2005 Executive Officer
 Executive Vice President of R&D Strategic Planning
 Apr. 2009 Executive Officer in charge of R&D Strategic Planning
 Jun. 2009 Member of the Managing Board and Executive Officer
 Apr. 2013 Member of the Managing Board and Senior Executive Officer
 Managing Director (current)

Kaoru Asano

Member of the Managing Board and Senior Executive Officer

Managing Director

R&D Strategic Planning

Aug. 1987 Joined the Company
 Apr. 2009 Executive Officer, Manager of Central Research Laboratories
 Apr. 2011 Executive Officer
 Executive Vice President of R&D Strategic Planning
 Apr. 2013 Senior Executive Officer
 Manager of Central Research Laboratories
 Jun. 2014 Member of the Managing Board and Senior Executive Officer
 Apr. 2015 Member of the Managing Board and Senior Executive Officer
 Managing Director (current)

Kenji Tachibana

Member of the Managing Board and Senior Executive Officer

Managing Director

Business Strategy Development

Executive Vice President of Business Strategy Development
 Mar. 1980 Joined the Company
 Apr. 1998 President of Sysmex Singapore PTE Ltd
 (present Sysmex Asia Pacific Pte Ltd.)
 Apr. 2011 Executive Officer
 Executive Vice President of IVD Business Development
 Apr. 2013 Senior Executive Officer
 Executive Vice President of Business Strategy Development
 Jun. 2014 Member of the Managing Board and Senior Executive Officer
 Executive Vice President of Business Strategy Development
 Apr. 2015 Member of the Managing Board and Senior Executive Officer
 Managing Director
 Executive Vice President of Business Strategy Development (current)

Susumu Nishiura

Member of the Managing Board (Outside)

Apr. 1969 Joined TOA Electric Co., Ltd. (presently TOA Corporation)
 Jun. 1998 Member of the Managing Board
 Jun. 2004 Member of the Managing Board and Senior Executive Officer
 Managing Director
 Jun. 2008 Member of the Managing Board and Senior Executive Officer
 Senior Managing Director
 Jun. 2010 Retired from TOA Corporation
 Jun. 2013 Joined the Company, Member of the Managing Board (current)

(As of June 19, 2015)

Corporate Auditors



From left: Kuniaki Maenaka, Katsuo Uhara, Masami Kitagawa, Koichi Onishi

Katsuo Uhara

Standing Corporate Auditor

Mar.1981 Joined the Company
Apr. 1993 President & CEO of TOA Medical Electronics (USA), Inc.
(present Sysmex America, Inc.)
Apr. 2005 Executive Officer, Executive Vice President of SCM
Apr. 2011 President and CEO of Sysmex TMC Co., Ltd.
Jun. 2012 Standing Corporate Auditor of Sysmex Corporation (current)

Masami Kitagawa

Standing Corporate Auditor

Apr. 1975 Joined the Company
Apr. 2005 Executive Officer
Executive Vice President of Sales & Marketing Development
Apr. 2009 Executive Officer
Executive Vice President of Business Management (Japan)
Apr. 2010 Executive Officer
Apr. 2011 President and CEO of Sysmex International Reagents Co., Ltd.
Jun. 2012 Standing Corporate Auditor of the Company (current)

Kuniaki Maenaka

Corporate Auditor (Outside)

Apr. 1975 Joined Price Waterhouse (present Japan Assurance Arata)
Sep. 1977 Joined Tohmatsu Awoki & Co.
(present Deloitte Touche Tohmatsu LLC), Osaka Office
Jun. 1989 Partner
Sep. 2010 Retired from Deloitte Touche Tohmatsu LLC
Jun. 2012 Joined the Company, Corporate Auditor (current)

Koichi Onishi

Corporate Auditor (Outside)

Jul. 1971 Joined Kobe Steel Ltd.
Jun. 2002 Officer
Apr. 2004 Senior Officer
Apr. 2007 Executive Officer
Jun. 2010 Retired from Executive Officer of Kobe Steel Ltd.
Jun. 2010 President of Nippon Koushuha Steel Co., Ltd.
Jun. 2013 Executive Corporate Adviser
Jun. 2014 Joined the Company, Corporate Auditor (current)

(As of June 19, 2015)

Executive Officers



Front row, from left: Yukio Hamaguchi, Takashi Goda, Michiaki Ishida, Junzo Yamamoto, Iwane Matsui
Back row, from left: Juergen Schulze, Hiroshi Nagao, Yukitoshi Kamao, Keiji Fujimoto, Ikuo Otani, Hiroshi Kanda, John Kershaw, Mamoru Kubota

Yukitoshi Kamao

Executive Officer

Executive Vice President of Corporate Business Administration

Hiroshi Kanda

Executive Officer

Executive Vice President of ICH Business Unit Hemostasis
Product Engineering

Hiroshi Nagao

Executive Officer

Executive Vice President of SCM

John Kershaw

Executive Officer

President and CEO of Sysmex America, Inc.

Juergen Schulze

Executive Officer

President and CEO of Sysmex Europe GmbH

Mamoru Kubota

Executive Officer

Executive Vice President of LS Business Unit Life Science
Product Engineering

Michiaki Ishida

Senior Executive Officer

ICH Business Unit

Takashi Goda

Senior Executive Officer

Research & Industry Business
Solution Development

Junzo Yamamoto

Senior Executive Officer

Manufacturing Management
Instrument Production
SCM

Yukio Hamaguchi

Executive Officer

President of Sysmex International Reagents CO., Ltd.

Iwane Matsui

Executive Officer

Business Management (Japan)
Sales & Marketing

Keiji Fujimoto

Executive Officer

Regulatory Affairs & Quality Assurance
Scientific Affairs
Customer Support

Ikuo Otani

Executive Officer

Executive Vice President of Human Resources & General Affairs

(As of June 19, 2015)

Operating Risks

▶ Overseas Sales

Sysmex sells to overseas customers through its overseas affiliates and distributors. For this reason, Sysmex hedges against the risk of currency fluctuations through exchange contracts and other means. Nevertheless, the Company's operating results and financial position are affected by foreign exchange fluctuations. The proportion of consolidated net sales contributed by overseas sales is rising each year, from 72.4% in the fiscal year ended March 31, 2013, to 78.2% in the fiscal year ended March 31, 2014, and 81.7% in the fiscal year ended March 31, 2015.

For this reason, Sysmex hedges against the risk of currency fluctuations through exchange contracts and other means. Nevertheless, the Group's operating results and financial position are affected by foreign exchange fluctuations.

▶ The Impact of Healthcare System Reform

Against a backdrop of a sharp decline in the birthrate and rapid aging of the population, advances in medical technology, increased demand from patients for a higher-quality healthcare and other changes in the healthcare environment, Japanese healthcare system reform continues. Such reforms are designed to optimize healthcare costs and efficiently provide high-quality healthcare services. The Company's earnings and financial position could be affected* by such healthcare system reforms.

Amid ongoing healthcare cost optimization measures and demands for greater efficiency in hospital management, more advanced medical care and new clinical testing procedures, Sysmex will promote its life science business, including definitive diagnostic tests for cancer. We will also strive to meticulously respond to diversifying needs by providing total solutions that combine instruments and reagents, information technology and after-sales support.

* The Japanese medical fee system is amended every other year. The impact on Sysmex of the most recent revisions, in 2014, was slight. Diagnostic tests are covered by a fee for the provision of the test, unlike the fixed reimbursement prices set for pharmaceuticals. Therefore, any changes made to test fees by amendments to the medical fee system should not have a direct effect on Company earnings.

▶ Product Quality

The instruments and reagents that Sysmex supplies must be extremely reliable, so the Company has introduced a comprehensive quality management system. However, earnings could be affected if problems with product quality were to arise nevertheless.

To avoid this situation, Sysmex works to maintain product quality in accordance with international standards and local laws and ordinances. Sysmex studies and analyzes information related to reliability and safety from Japanese and overseas markets, as well as from within the Company; collates technical information that may improve design quality; and implements rigorous quality checks at the start of product mass production and prior to product launch to reinforce its quality guarantees.

▶ Stable Product Supply

Sysmex markets its products to customers in more than 190 countries and works to ensure the stable supply of these products to customers. The Company might experience difficulties with procurement if, for example, business operations were suspended at suppliers, interrupting the supply of raw materials. If production facilities sustained damage due to large-scale natural disasters, fires or other major calamities, our ability to supply products to the market could be impaired.

For these reasons, Sysmex hedges this risk by sourcing raw materials from multiple companies. We are also enhancing initiatives to prevent damage to production bases and to restore facilities in the event damage is incurred.

▶ Measures to Counter Risks Associated with the Use of Information Systems

Sysmex employs information technology in its decision-making procedures, such as transmitting information, supporting core businesses and completing approval documents via the Company's internal network.

The Company has therefore introduced countermeasures to minimize the potential operational impacts of network or information system disruption, computer viruses or unauthorized external access to information systems. Sysmex has in place secondary, alternate network routes; implements daily system administration procedures; runs security measures including virus gateways; and works to reinforce its internal controls, for example by controlling access through strict user management procedures and fingerprint authorization.

Sharing Value throughout Society



Founded in Kobe more than 40 years ago, Sysmex is now continuing a transformation. We are moving our operations to a new stage, in order to fulfill our social responsibilities and contribute to a comfortable and healthy society, thereby enhancing corporate value.

Tripathi Meenakshi
Network Solution Development,
Solution Development

Brand Equity

The Sysmex brand is a symbol of our efforts to advance the Company to the next stage. The brand also signifies a promise to all stakeholders of our efforts to fulfill their expectations.

The Sysmex corporate logo expresses our deep commitment to pioneering efforts as a frontrunner in healthcare as we continue to develop innovative testing and diagnostic technologies to raise the level of human health and instill greater confidence. The shape reminds us of the infinity symbol, “∞,” and illustrates the unlimited possibilities of Sysmex. The motif evokes the evolution of life from the ocean to the land as well as the landscape of Kobe, the birthplace of Sysmex.

Sysmex products and services are used by healthcare institutions in more than 190 countries. We also have a diverse range of stakeholders, including the business partners with which we have alliances in place and conduct joint research, and the shareholders and regional communities that support our activities. The Sysmex brand conveys our determination to enhance our corporate value to contribute to society and meet the expectations of stakeholders throughout the world.



Intellectual Property Activities

► Sysmex seeks to boost brand equity through careful attention to its trademarks, patents and other intellectual property rights.

In line with its expanding business domains and global development, Sysmex has established basic principles to share with employees its fundamental thoughts on intellectual property activities and do its utmost to strengthen the Group through these activities.

In accordance with these basic principles, the Company's liaises with R&D divisions, globally uncovers latent intellectual property opportunities and surveys the intellectual property rights of third parties. We also define clearly the basic policy on handling intellectual property for the Sysmex Group and strive to increase the efficiency with which we manage these assets in order to maximize their value.

In addition to reinforcing the liaison function (supporting idea generation, converting intellectual property into rights and leveraging these assets), Sysmex takes a proactive stance on intellectual property education activities, which are part of our effort to quickly convert research successes into valuable intellectual property rights. The Company has introduced a patent award system to boost the motivation of R&D engineers and heighten awareness of intellectual

property. We also have in place incentive schemes for inventors to reward them for their patents' contributions to business, including bonuses for patent awards and based on patent performance.

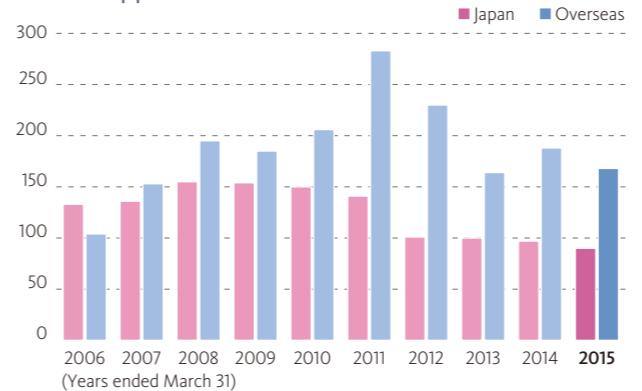
Sysmex holds 1,908 patents worldwide, concentrated in Japan, the United States and EMEA. We are striving to ensure worldwide flexibility in R&D and operational development by also acquiring patent rights in the rapidly developing China and Asia Pacific regions.

In recent years, counterfeit Sysmex reagents have been discovered in China, Indonesia, Malaysia and other countries. The use of such counterfeit reagents cannot guarantee the reliability of testing results. We work with local government institutions and judicial organs ensure thorough enforcement. We also caution medical institutions against the use of counterfeit reagents by placing advertisements in local newspapers.

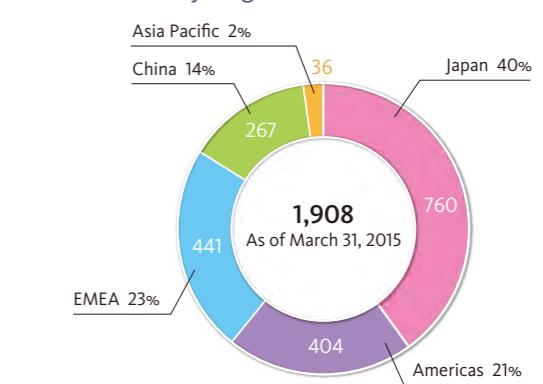
As our business has grown globally and our presence has increased, cases have arisen of other companies imitating our company name and logo. In such cases, we take a firm stand to prevent deterioration of our brand value.

As a research-driven company, Sysmex is reinforcing its intellectual property management and supporting the knowledge-building efforts of its employees. We believe that persevering in these areas will help us sustain our global competitiveness.

Patent Applications



Patents Held, by Region



Socially Responsible Activities

We aim to instill confidence in stakeholders throughout the world. In accordance with beliefs firmly held since our founding, as a healthcare specialist we work toward a healthy and prosperous society.

We believe that our corporate responsibility involves delivering products that are consistent with the Sysmex brand and conducting business activities that contribute to a healthy and prosperous society. To this end, Sysmex fosters a corporate culture where each employee can feel a sense of fulfillment in their work and emphasizes excellent communications with all stakeholders as it conducts its corporate activities.

Developing Human Resources

► **Sysmex fosters a corporate culture where employees can feel a sense of fulfillment in their work, based on mutual agreement and common understanding.**

At present, around 50% of the approximately 6,700 Sysmex Group employees are stationed at overseas companies. As it becomes more global, the Company will attract an even greater range of personnel from an increased diversity of countries and cultures. Sysmex has codified particularly important rules and action guidelines for compliance that it expects executives and employees to adhere to in the Global Compliance Code. This code defines prohibitions on various types of discrimination and proscribes unjust working conditions. We strive to adhere thoroughly to these principles and work to ensure fair working conditions and treatment. Sysmex aims to provide a working environment that is amenable to a wide variety of human resources, recruiting and stationing them regardless of nationality, gender or physical disability.



Global Communication Center

Sysmex believes that recruiting, retaining and developing human resources is among its most fundamental tasks. The Company strives to create an environment that encourages individual employees to develop their strengths. In addition, Sysmex supports individual diversity and accordingly works to build an atmosphere that encourages autonomy and a spirit of challenge, as well as a system that rewards employees for their successes. To this end, we believe it is management's responsibility to nurture individual strengths and maximize them through incorporation into the overall organization. Against this backdrop, in 2013 Sysmex Corporation introduced a new human resource development system that links "assignment and transfer," "evaluation and feedback," "cultivation and education" to cultivate human resources in a systematic and effective manner. The education and training program comprises three types of training—selective, rank-based and elective—designed to nurture personnel in a planned and gradual manner.

Sysmex concentrates on cultivating the human resources who are at the core of its global business. In 2011, we introduced the Global Apprentice system for sending young Japanese employees overseas to gain work experience, and since 2012 we have promoted exchanges of Japanese and overseas personnel by instituting the Global Personnel Exchange Program for strengthening ties through deeper mutual understanding. In April 2015, we established a Global Communication Center as a center for human resource development and interchange. This center is intended as a place for people of diverse cultures and values to gather, to foster



new insights that will lead to new values and deepen cultural awareness through the joining of creative forces.

As one of our efforts to encourage the success of women, we are undertaking initiatives to cultivate female leaders. In the fiscal year ended March 31, 2015, Sysmex Corporation's percentage of female managers* increased by 0.5 percentage point, from 4.8% to 5.3%. For the Group as a whole, the percentage of female managers stood at 11.6%, up 1.0 percentage point from the previous year's 10.6%.

* Managers indicate people in positions as directors or above. For Japan, the percentage is of regular employees and employees on loan. For the Americas and China, figures also include executives, and for EMEA and Asia Pacific, the figures include executives and employees on fixed-term contracts. These figures exclude Hyphen, Inostics and Partec.

As part of its efforts to develop a positive working environment, Sysmex has also introduced flex-time systems to enable employees to adjust their work hours for childcare and long-term nursing care responsibilities in Japan. In this way, the Company is working to improve its systems in support of a better work-life balance. In 2009, we opened Sysmex Kids' Park, an internal childcare facility where parents can go about their work assured that their children are being nurtured in an appropriate care-giving environment.

These initiatives are being adopted at overseas locations, as well. Sysmex Europe and Sysmex Germany are particularly proactive in supporting child-rearing and health promotion measures. Sysmex America aims to provide an excellent workplace for its employees. Evincing the strong ties between the company and its employees, in the fiscal year ended March 31, 2014, Sysmex America was selected in the Chicago Tribune Top Workplaces 2013 survey of regional organizations, sponsored by the *Chicago Tribune*.

Social Contributions

► **Sysmex is involved in healthcare, with its headquarters in Kobe but conducting operations and making social contributions on a global scale.**

Sysmex contributes to the advancement of medical care and supports activities related to science, culture and the environment in a manner befitting a global healthcare company.

Since 1984, Sysmex has provided assistance for research into electronic measuring technology through the Nakatani Foundation for Advancement of Measuring Technologies in Biomedical Engineering. The foundation's goal is to contribute to the development of Japan's economy and society and to improve the quality of life (QOL) of the Japanese people. The late Taro Nakatani, the Company's founder and first president, established the Nakatani Foundation using funds contributed by himself, Sysmex and others. Since its inception 31 years ago, this year, the foundation has provided cumulative grant funding* totaling ¥745.67 million, supporting 347 research projects.

* The amount of cumulative grant funding includes special research grants, which extend over two years.

Sysmex provides funds to the Kobe University School of Medicine for an endowed course in laboratory medicine. The purpose of the course is to contribute to the advancement of diagnosis and medical care by developing evaluation methods for new clinical testing in advanced medical fields.

Sysmex officially registered as a member of the United Nations Global Compact in 2011, thereby demonstrating our increased emphasis on activities pertaining to corporate social responsibility (CSR). The



"Sysmex Against Cancer," a Cancer-Fighting Campaign

In the fiscal year ended March 31, 2015, employee volunteers at 21 Group companies in the EMEA region launched the cancer-fighting campaign "Sysmex Against Cancer." As part of this campaign, employees are planning a host of events, publicized via a dedicated website, to solicit donations. These funds are donated to the World Cancer Research Fund*, which raises awareness about cancer prevention and supports research.



Sysmex Group employees who participated in the NN Marathon Rotterdam



Contribution presentation ceremony

On April 12, 2015, one of the campaign's largest projects so far was held to raise funds through the 2015 NN Marathon Rotterdam. Some 96 Sysmex employees ran in the marathon.

Through activities such as these, as of April 2015 the number of events had grown to 162, and €241,377 had been raised by the end of the NN Marathon Rotterdam. Sysmex plans to maintain this campaign to help stamp out cancer.

* The World Cancer Research Fund is a non-profit organization headquartered in London, the United Kingdom. The fund promotes awareness of cancer-prevention measures and provides funding for scientific research on the relationship between cancer and such factors as food, exercise and obesity.

Socially Responsible Activities

Global Compact was first announced by then Secretary-General Kofi Anan in an address to The World Economic Forum in January 1999, and was officially launched at UN Headquarters in New York in July 2000. By joining the Global Compact, business and non-business entities commit to upholding 10 principles in the areas of human rights, labor, the environment and anticorruption.

Sysmex is also a proactive participant in a variety of charitable initiatives. For example, employees in the United States voluntarily take part in a fund-raising campaign organized by the Leukemia & Lymphoma Society (LLS), a large-scale NPO and others. Their efforts to attract donors through unique event- and web-based efforts have contributed substantially to the organization's fund-raising efforts, with donations totaling approximately US\$79,000 in the fiscal year ended March 31, 2015. In recognition of these efforts, in 2015 our U.S. subsidiary was ranked for the seventh consecutive year on the Companies That Care Award, which is sponsored by Companies That Care, a U.S. NPO. This annual award honors companies with the characteristics of a "company that cares," including social contributions and sustaining a good work environment.

Sysmex has been selected for inclusion in the Asia Pacific Index of the Dow Jones Sustainability Indexes (DJSI), a leading global index of socially responsible investment for the three years since 2012. DJSI is an index developed through collaboration between Dow Jones Indexes of the United States and RobecoSAM, a Swiss research specialist in the area of socially responsible investment. The index evaluates companies

**MEMBER OF
Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM

from three perspectives: the economy, the environment and society. Companies evaluated as having superior sustainability are selected for inclusion in the index.



Kobe Marathon 2014

Members of the Asia Pacific Index include excellent companies selected from among leading corporations in the Asia Pacific region. In the fiscal year ended March 31, 2015, this index included 148 companies, 65 of which were Japanese. Encouraged by these results, Sysmex will continue moving forward with its efforts to enhance corporate value through corporate contribution activities.

Indicating the importance it places on relations with local communities, each year Sysmex holds events aimed at strengthening communications. In May 2014, we opened the garden at Technopark, our R&D center and had about 600 visitors. Sysmex America and Sysmex Brazil also hold company tours for children and students.

In 2005, the Company established the Sysmex Women's Track & Field Team, welcoming Athens Olympic Games gold medalist Mizuki Noguchi. The team supports the training of young athletes who aim to become world-class competitors. Sysmex has been a special sponsor of the Kobe Marathon since its inauguration four years ago. The 2014 Kobe Marathon, which took place in November 2014, again attracted around 20,000 entrants. In addition to providing the runners' bibs, we exhibited at a booth in the Kobe Marathon EXPO, which was held to coincide with the marathon. Sysmex employees volunteered their time to support these activities in a number of ways.

Environmental Conservation

► We are putting in place a global environmental management system to fulfill our social responsibilities with regard to environmental preservation.

Sysmex considers its social responsibility toward environmental conservation a management priority. In our efforts to achieve harmony with the global environment, we work to reduce the environmental impact of each stage of our

Sysmex Group Environmental Action Plan (Sysmex Eco-Vision 2020)/ Mid-term Environmental Objectives

	Sysmex Eco-Vision 2020 Long-Term Environmental Objectives (Fiscal Year Ending March 31, 2021) (Revised Edition)	Mid-term Environmental Objectives (Fiscal Years to March 31, 2014–2016)	Activities/Achievements in Fiscal Year Ended March 31, 2015
Environment consciousness in product life cycle process	Promote eco-friendly products and service models	Promote eco-friendly products and service models	<ul style="list-style-type: none"> Promoted efforts toward RoHS directive compliance Promoted product development for reduced power consumption Promoted a switchover of protein raw materials used in reagents from animal derivatives to artificially synthesized protein Promoted reduction in materials used in product containers and packaging Promoted eco-friendly service models
	Reduce carbon dioxide emissions for logistics by 50% (per unit of freight ton-km: Japan domestic and inter-regional transportation)* Base year: Fiscal year ended March 31, 2011	Reduce carbon dioxide emissions for logistics by 30% (per unit of freight ton-km: Japan domestic and inter-regional transportation)* Base year: Fiscal year ended March 31, 2011	<ul style="list-style-type: none"> For exports, promoted shift from air to ocean transport <p>Result in fiscal year ended March 31, 2015: 0.14 (t-CO₂/thousand ton-kilometers)</p> <p>Base year (fiscal year ended March 31, 2011): 0.14 (t-CO₂/thousand ton-kilometers)</p> <p>Unchanged against base year (Emissions were down 5.9%, from 5,400 t-CO₂ in the base year to 5,083 t-CO₂.)</p>
Environment consciousness at business offices	Reduce greenhouse gas emissions at business offices by 50% (per unit of consolidated sales)* Base year: Fiscal year ended March 31, 2009	Reduce greenhouse gas emissions at business offices by 25% (per unit of consolidated sales)* Base year: Fiscal year ended March 31, 2009	<ul style="list-style-type: none"> Installed equipment (including thorough air conditioning controls, installation of energy efficient fluorescent lighting, placement of occupancy sensors to activate stairwell lighting) as measures against global warming (each business office) Purchased electricity from power companies using renewables (Sysmex Europe) Reduced CO₂ emissions by using solar power (Sysmex Europe Reagent Factory) <p>Result in fiscal year ended March 31, 2015: 7.28 (t-CO₂/¥100 million)</p> <p>Base year (fiscal year ended March 31, 2009): 10.07 (t-CO₂/¥100 million)</p> <p>Down 28% against base year</p>
	Achieve a recycle rate of 93% or higher at all business offices*	Achieve a recycle rate of 90% or higher at all business offices*	<ul style="list-style-type: none"> Conducted review of waste disposal companies (Technopark) Reuse of packaged on outsourced items (Sysmex, Wuxi) <p>Result in fiscal year ended March 31, 2015: 90.3%</p>
	Reduce water usage at reagent factories by 10% (per unit of amount of production)* Base year: Fiscal year ended March 31, 2009	Reduce water usage at reagent factories by 3% (per unit of amount of production)* Base year: Fiscal year ended March 31, 2009	<ul style="list-style-type: none"> Installed water purifying equipment (Jinan Sysmex) Reused industrial waste water after treatment (Sysmex India) <p>Result in fiscal year ended March 31, 2015: 21.4 (m³/ thousands of boxes)</p> <p>Base year (fiscal year ended March 31, 2009): 21.5 (m³/thousands of boxes)</p> <p>Down approximately 1% against base year</p>

*1 Sysmex Corporation

*2 Business offices: All factories and major business offices

Thirteen domestic and overseas Group factories (six in Japan; one each in Germany, the United States and Brazil; two in China; one each in Singapore and India)
Seven domestic and overseas Group offices (three in Japan; one each in Germany, the United States, China and Singapore)

*3 Business offices: All factories and major business offices where products and/or chemical substances are handled
Thirteen domestic and overseas Group factories (six in Japan; one each in Germany, the United States and Brazil; two in China; one each in Singapore and India)
Three domestic Group offices

*4 Reagent factories

Nine domestic and overseas Group factories (two in Japan; one each in Germany, the United States and Brazil; two in China; one each in Singapore and India)

Socially Responsible Activities

Environmental Impact of Business Activities

INPUT

For the year ended March 31,	2014	2015
Electricity use (thousands kWh) ^{*1}	34,519	35,988
City gas (thousands m ³) ^{*1}	1,185	852
LPG (m ³) ^{*1}	5,671	6,268
LNG (m ³) ^{*1}	0	0
Heavy oil (kL) ^{*1}	0	0
Kerosene (kL) ^{*1}	68	70
Diesel (kL) ^{*1}	19	19
Gasoline for domestic fleet (kL) ^{*4}	795	778
Diesel for domestic fleet (kL) ^{*4}	11.7	19.7
Water use (thousands m ³) ^{*3}	346	368
Office paper (t) ^{*5}	50	49
PRTR (t) ^{*4}	7.9	0.15

Sysmex's business activities
Design ▶ Production ▶ Transportation ▶ Use ▶ Disposal

OUTPUT

For the year ended March 31,	2014	2015
Greenhouse gas emissions from business offices (t-CO ₂) ^{*1}	20,194	21,472
CO ₂ emissions from domestic company cars (t-CO ₂) ^{*4}	1,830	1,856
Total waste emissions (t) ^{*2}	1,274	1,353
Recycling rate (%) ^{*2}	89.1	90.0
Wastewater volume (thousands m ³) ^{*3}	144	164
PRTR (t) ^{*4}	4.8	0

*1 Factories, all Sysmex Corporation business offices, subsidiaries in Japan and regional headquarters

*2 Factories, all Sysmex Corporation business offices (excluding offices, branches, sales offices and service centers in recycling rate).

*3 Factories and principal business offices handling products and chemical substances

*4 Factories in Japan and all Sysmex Corporation business offices

*5 Sysmex Group offices in Japan that have acquired ISO 14001 certification

operations—from product design, development, procurement and production to sales, support and product usage.

In the Sysmex Group Environmental Action Plan (Sysmex Eco-Vision 2020), we have set forth our long-term environmental objectives, including environmental consciousness in product life cycle processes and environmental consciousness at business offices. We have also established mid-term environmental objectives with further breakdowns and are working to achieve these goals.

Sysmex also has acquired certification under the international ISO 14001 standard for environmental management systems at principal business offices. In addition, we are formulating a groupwide system to promote environmental activities, including an annual environmental audit.

The year 2008 marked the opening of Technopark, our R&D facility that is designed to fit in with the environment and the surrounding community. In addition to eco-friendly materials and an energy-saving design, the greenery, lakes and other natural spaces that make up more than half its surrounds add to its harmony with neighboring areas. Such environmental considerations have earned Technopark the highest level for the environmental performance of buildings under a Japanese standard named CASBEE, for the Comprehensive Assessment System for Built Environment Efficiency.

In a bid to reduce emissions and use resources effectively, we have launched zero-emissions initiatives at our factories. We also promote emissions separation and recovery and other recycling efforts. For its flagship model in the hematology field, the XN-Series, Sysmex has switched the packaging on some of its reagents from conventional polyethylene to paper packaging, and introduced concentrated reagents. These moves substantially reduce the changing frequency, thereby reducing waste, making our products more environmentally considerate.

Investor Relations Activities

► We strive to sustain growth and increase corporate value. Our investor relations activities aim to proactively disclose information to enhance management soundness and transparency, communicate our corporate directions to shareholders and promote a management style that is both steady and innovative.

Sysmex recognizes investor relations as an important facet of corporate management and is active in its investor relations efforts, in line with its investor relations policy.

The department is charged with disclosing appropriate information in a timely manner, communicating directly with shareholders and other investors, and promptly providing feedback to management regarding the Company's external assessment.

One focus of the Company's communications with shareholders and other investors is to explain a complex business in a straightforward manner. In addition to briefing analysts and institutional investors about operating results, the investor relations department provides technical briefings on areas such as the life sciences and hosts tours to research and manufacturing facilities. Overseas, the department holds investor relations meetings, attends conferences held by securities firms and seeks opportunities to foster an understanding of the Company's strengths by providing individual explanations at industry exhibitions or tours of local factories. For individual investors and other shareholders, the department holds business results briefings in Tokyo and Kobe, prepares shareholder reports, as well as extensive video content on its website, all with the aim of introducing the Company's business in an easily understandable way.

The Company earned the Japan Investor Relations Association (JIRA)'s "Best IR Award" the second time in fiscal 2011, following an award for fiscal 2006. For the third year in a row, in the 2014 Awards for Excellence in Corporate Disclosure, sponsored by the Securities Analysts Association of Japan, Sysmex was selected for excellence in disclosure to individual investors. We were given high marks for our

Position of Sysmex IR Activities

Externally

A management strategy tool for reinforcing the management base by ensuring appropriate share price formation

- Raise corporate value (which equals market capitalization)



- Sustainable growth and profitability improvements
- Appropriate investment for future growth

Internally
A management innovation tool that works by feeding back external evaluations and requests

chairman and CEO's explanations in his own words to individual investors at the Company's briefing meetings, the use of easy-to-understand materials employing photos and diagrams, and the simple explanation of the strengths of the Company's business model and revenue structure. The Company also ranked second within the medical products sector in terms of the quality of disclosure on individual business segments. We believe this positive feedback reflects the extremely

Investor Relations Policy

1. IR Goals and Basic Policy

The basic policy of Sysmex in IR activities is to disclose corporate information on performance, financial position, forecasts of the future and management strategies in a fair, prompt, accurate and easy-to-understand manner, to ensure accountability to shareholders and other investors and gain proper understanding about management and business activities.

2. Basis of Information Disclosure

Sysmex discloses corporate information in accordance with applicable laws and regulations concerning securities trading and the Rules on Timely Disclosure of Corporate Information by the Issuer of Listed Securities and the Like ("Timely Disclosure Rules") established by the stock exchange. The Company also seeks to disclose corporate information not required by the Timely Disclosure Rules fairly and promptly, to help shareholders and other investors better understand the Company.

3. Methods of Information Disclosure

Sysmex releases corporate information required under the Timely Disclosure Rules via TD-net, operated by the Tokyo Stock Exchange. The Company posts information through TD-net on its website as promptly as possible. The Company also provides corporate information not subject to the Timely Disclosure Rules on its website.

4. IR Quiet Period

Sysmex observes a quiet period from the day after the closing date of each quarter until the release of earnings statements. During this period, the Company will refrain from replying to questions or commenting on earnings projections. However, in the event that results are expected to deviate significantly from the projections during the quiet period, the Company will release appropriate information.

Socially Responsible Activities

high importance our management team places on investor relations, their high level of participation in IR activities and the Company's voluntary disclosure of information. Sysmex's annual report also earned awards for 2014 in the world's largest annual report competition—a Silver in the Health Care (Equipment & Supplies) segment of the Vision Awards (sponsored by the League of American Communications Professionals LLC of the United States).

To raise the level of the Company's investor relations activities further, in addition to proactive external information disclosure Sysmex will concentrate on responding to feedback to ensure the results of its investor relations activities are reflected in its capital policies and management.



Ceremony in which we received an award for excellence in disclosure to individual investors

Promoting Direct Dialogue with Various Stakeholders

Sysmex values opportunities for direct dialogue with stakeholders. We incorporate opinions and requests received into our business activities.

Major Dialogue Achievements in Fiscal Year Ended March 31, 2015

Customers

- Conducted survey on degree of customer satisfaction in each region (Sysmex Corporation and overseas Group companies in each region)
- Held scientific seminars in each region (Sysmex Corporation and overseas Group companies in each region)
- Ongoing customer training program incorporating customer feedback in each region (Sysmex Corporation and overseas Group companies in each region)
- Held user group meetings to communicate accurate product knowledge (Sysmex Thailand)

Employees

- Investigated desire concerning career design, including interest in working overseas or changing jobs through a voluntary reporting given to all employees, with results made use of in HR rotation (Sysmex Corporation)
- Opened the Global Communication Center in the city of Ashiya, in Japan, as a place for people of diverse cultures and values to congregate, break from everyday operations and roles, and engage in discussion and the expansion of personal networks (Sysmex Corporation)
- Held briefings and opinion exchange meetings related to the human resource development system at various offices (Sysmex Corporation)
- Conducted collective bargaining with the labor union and held labor-management meetings on topics such as workplace environment improvement (Sysmex Corporation)
- Held dialogues with labor unions (Sysmex Vietnam, Jinan Sysmex, Sysmex Wuxi)

Business Partners

- Held procurement policy briefings for business partners in Japan to enhance their understanding of CSR procurement (Sysmex Corporation)
- Held briefings for all assemblers, sharing important information on managing process changes on medical instrument unit assemblies (Sysmex Medica)
- Conducted meetings with distributors to explain the Sysmex business plan, among other matters (Sysmex RUS)
- Held a business partner meeting (Sysmex Asia Pacific)

Shareholders and Investors

- Held the 47th Ordinary General Meeting of Shareholders (Sysmex Corporation)
- Held the 12th Technology Presentation for institutional investors and analysts (Sysmex Corporation)
- Held informational meetings for individual investors (Sysmex Corporation)
- Conducted two tours during the year for shareholders (Sysmex Corporation)

Members of the Local Community

- Held event for local community interaction at R&D core Technopark (Sysmex Corporation)
- Participated in math and science education-focused "7th Science Fair in Hyogo" event for high school students (Sysmex Corporation)
- Participated in the "Aim High Urban Mentoring Initiative" conducted by a U.S. NPO and advised local high school students (Sysmex America)

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11-Year Consolidated Financial Data

												(Thousands of U.S. dollars)*
	(Millions of yen)											
For the years ended March 31,	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2015
For the year:												
Net sales	¥ 76,935	¥ 87,888	¥ 101,041	¥ 110,724	¥ 111,843	¥ 116,206	¥ 124,694	¥ 134,744	¥ 145,578	¥ 184,538	¥ 221,377	\$ 1,844,808
Operating income	9,104	10,724	12,715	15,033	15,134	15,740	18,289	19,206	21,805	32,871	44,411	370,092
Net income	5,731	7,423	9,008	9,132	8,014	9,765	11,412	12,007	14,166	20,574	26,638	221,983
Net increase (decrease) in cash and cash equivalents	(3,261)	(499)	3,299	(3,044)	(269)	4,403	5,103	2,922	12,469	2,241	13,672	113,933
Cash and cash equivalents, end of year	10,458	9,416	12,715	9,679	9,410	13,813	18,916	21,838	34,307	36,548	50,220	418,500
Capital expenditure	2,729	5,638	4,546	8,244	9,340	4,540	5,840	7,909	8,945	13,366	13,907	115,892
Depreciation	3,296	3,592	3,959	3,924	7,189	7,067	6,871	7,031	7,945	9,961	11,259	93,824
R&D expenditure	6,509	8,184	9,026	9,221	10,771	11,238	12,380	11,904	12,119	13,260	14,692	122,433
Net cash provided by (used in) operating activities	6,692	8,275	10,085	11,635	13,194	21,230	18,135	17,059	25,806	36,564	38,641	322,008
Net cash provided by (used in) investing activities	(5,631)	(7,859)	(6,630)	(12,883)	(13,545)	(6,603)	(8,916)	(10,372)	(12,524)	(33,940)	(19,544)	(162,867)
Net cash provided by (used in) financing activities	(4,377)	(1,191)	(458)	(1,316)	723	(10,091)	(3,475)	(3,814)	(3,117)	(2,898)	(7,554)	(62,950)
At year-end:												
Total assets	77,660	87,447	101,225	109,027	118,522	120,702	130,060	142,285	173,011	210,759	247,984	2,066,533
Shareholders' equity	56,149	62,647	71,344	78,753	79,183	86,358	93,534	101,834	118,801	145,757	168,527	1,404,392
Interest-bearing liabilities	657	695	669	1,081	10,344	2,565	1,971	1,026	769	1,960	716	5,967
											(Yen)	(U.S. dollars)
Per share data:												
Shareholders' equity (yen)	¥ 2,244.9	¥ 1,251.8* ²	¥ 1,411.0	¥ 1,541.0	¥ 1,548.2	¥ 1,684.9	¥ 910.7* ²	¥ 990.5	¥ 1,151.4	¥ 703.8* ²	¥ 812.4	\$ 6.77
Net income (basic) (yen)	225.1	145.5* ²	179.6	178.9	156.7	190.8	111.2* ²	116.9	137.6	99.5* ²	128.5	1.07
Net income (diluted) (yen)	224.0	143.8* ²	178.0	178.3	156.5	190.5	111.0* ²	116.6	137.1	99.2* ²	128.0	1.07
Cash dividends applicable to the year* ³ (yen)	5.00	6.50* ²	9.00	12.00	12.50	14.00	15.00* ²	17.00	20.00	27.00* ²	38.00	0.32
Dividend ratio (%)	17.8	17.9	20.0	26.8	31.9	29.4	27.0	29.1	29.1	27.1	29.6	
Other data:												
Shareholders' equity ratio (%)	72.3	71.6	70.5	72.2	66.8	71.5	71.9	71.6	68.7	69.2	68.0	
Return on equity (ROE) (%)	10.7	12.5	13.4	12.2	10.1	11.8	12.7	12.3	12.8	15.6	17.0	
Return on assets (ROA)* ⁴ (%)	7.7	9.0	9.5	8.7	7.0	8.2	9.1	8.8	9.0	10.7	11.6	
Price-earnings ratio (PER) (times)	27.2	35.3	23.8	20.1	20.0	28.7	26.5	28.6	42.1	33.1	51.9	
Price-book value ratio (PBR) (times)	2.7	4.1	3.0	2.3	2.0	3.3	3.2	3.4	5.0	4.7	8.2	
Number of employees	3,115	3,334	3,580	3,916	4,148	4,587	4,960	5,324	5,594	6,211	6,739	
Note: Including part-time employees												

Notes:

*1. U.S. dollar amounts represent translations of Japanese yen, for convenience only, at the rate of ¥120 = US\$1, the approximate rate of exchange on March 31, 2015.

*2. Two-for-one stock split

*3. Dividend (actual) converted to post-split basis.

*4. ROA = Net Income/Total Assets (Yearly Average)×100

Management's Discussion and Analysis

Financial Policy

Sysmex regards increasing its market capitalization to maximize corporate value as an important management objective and pays careful attention to stable cash flow generation. We consider it important to share this goal with all stakeholders, including shareholders, customers, business partners, local communities and employees, while sustaining medium- to long-term growth. To that end, Sysmex has in place measures to communicate with stakeholders on the Company's current situation and the direction it should pursue. These measures include enhancing timely disclosure, the website, shareholder newsletters, financial data, periodic briefings on business results and conference calls, visits to institutional investors and briefings for individual investors.

Sustaining medium- to long-term growth requires a level of R&D expenditure sufficient to prevail in global competition. We must consistently create new technologies and products and stimulate the growth of our critical mass to absorb increases in selling, general and administrative (SG&A) expenses. In recent years, our sales growth in overseas markets has been striking and succeeded in sustaining steady growth. Sysmex is aggressively making forward-looking investments not only in the hematology segment, the current key business domain, but also in non-hematology segments such as urinalysis, immunochemistry, clinical chemistry and hemostasis and in new forms of medical testing in the life science field.

Sysmex pays attention not only to business scale, but also to asset and capital efficiency and liability and capital soundness. The Company holds an A+ issuer rating from Rating & Investment Information, Inc. (R&I), and reviews and renews this rating each year. Having a high rating reduces the cost of raising funds in the capital markets and helps build trust among our shareholders and with the world at large. To enhance its rating

in upcoming years, Sysmex will construct a flexible and more robust financial base, paying attention to expanding business scale while considering the balance between sales and income, and assets, liabilities and equity. Specifically, the Company regards net sales, operating income, operating margin, return on equity (ROE) and free cash flow (FCF) as important management indicators and aims to maintain a balance between scale and efficiency by ensuring the optimal combination of sales and income and of assets, liabilities and equity.

Overview

Looking at economic conditions during the fiscal year ended March 31, 2015, in the United States, employment conditions continued to improve, and the corporate sector was in an expansionary phase. The European economy also sustained a slight ongoing recovery. In China, economic growth decelerated but the economy trended upward, bolstered by government financial policies and measures. The Asia Pacific region experienced a modest expansion in economic activity, centering on ASEAN countries. In general, overseas economies were characterized by gradual ongoing recovery. The Japanese economy continued on its path to recovery thanks to improvements in employment and income conditions and an upturn in capital investment.

On the healthcare front, in advanced countries in Europe and the United States, efforts are underway to curtail medical expenses and reform health insurance systems. In the United States, efforts to reduce the number of people without medical insurance are moving into high gear. In China, medical system reform that is underway, including to the medical insurance system, aims to build infrastructures that provide uniform medical services in cities and farming villages throughout the country. Therefore, although some causes

for uncertainty remain, the foundations of healthcare-related demand remain solid. The Japanese government is positioning the healthcare industry as a pillar of its strategies for national growth, which is expected to invigorate healthcare-related industries going forward.

The Sysmex Group has established and commenced manufacturing at i-Square, its new instrument factory in the city of Kakogawa, Hyogo Prefecture, increasing the Group's instrument manufacturing capacity to meet growing demand for *in-vitro* diagnostic (IVD) instruments in the Japanese and overseas markets. We have completed factory expansions at two domestic affiliated companies, Sysmex Medica Co., Ltd., and Sysmex RA Co., Ltd., boosting the Sysmex Group's overall IVD instrument production capacity. With these factories, plus our existing Kakogawa Factory, we are making a full-fledged transition to a four-factory structure that will gradually enable us to approximately triple our IVD instrument production capacity compared with our pre-expansion level.

Sysmex has invested in RIKEN GENESIS Co., Ltd., a subsidiary of Toppan Printing Co., Ltd. Through this capital alliance, we will promote technological development to further improve the quality and efficiency of gene analysis testing. At the same time, we aim to accelerate initiatives targeting personalized healthcare.

During the fiscal year the Group recorded consolidated net sales of ¥221,377 million, up 20.0% year on year. Operating income rose 35.1%, to ¥44,411 million; and net income increased 29.5%, to ¥26,638 million. Total asset turnover increased from 0.96 time to 0.97 time, and return on equity (ROE) advanced from 15.6% in the preceding year to 17.0% during the fiscal year under review.

Net Sales by Destination*

Looking at net sales by destination, in Japan, sales of *in-vitro* diagnostic (IVD) instruments were down year on year, as healthcare institutions curtailed capital investments due to fiscal 2014 revisions to medical compensation under the national healthcare system and the consumption tax hike. However, sales of IVD reagents in the hematology, hemostasis and immunochemistry fields in line with an increase in the installed instrument base. As a result, sales in Japan grew 0.6% year on year, to ¥40,554 million.

In overseas markets, we made progress in the strengthening of sales and support structures and the provision of solutions, leading to higher sales of instruments centered on the fields of hematology and hemostasis. Sales of reagents and services also rose, benefiting from an increase in the installed instrument base. These factors caused the Sysmex Group's overseas sales to surge 25.4% year on year, to ¥180,823 million. The overseas sales ratio accordingly rose 3.5 percentage points, to 81.7%.

Looking at overseas sales by destination, sales in the Americas amounted to ¥49,552 million, up ¥9,625 million, or 24.1% year on year; in EMEA ¥63,598 million, up ¥10,212 million, or 19.1%; in China ¥49,849 million, up ¥13,580 million, or 37.4%; and in Asia-Pacific ¥17,824 million, up ¥3,185 million, or 21.8%.

* Net sales by destination is defined as the sales amount recorded by Group companies to customers in a particular region. However, net sales by geographical region refers to the sales amount made by a Group company in a particular location.



Sysmex website



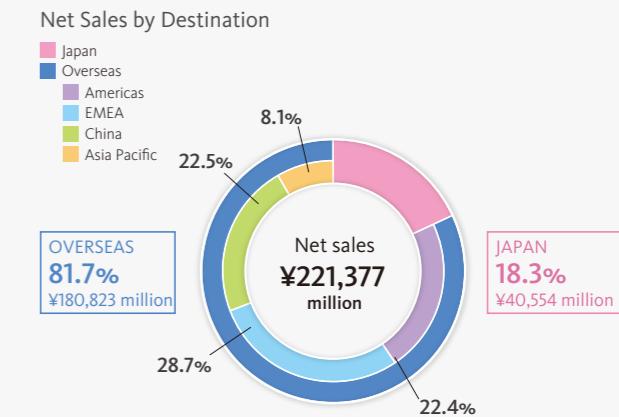
Shareholder newsletter



Financial data (English/Japanese) posted in the "IR Library" on the Sysmex website

Rating Institution	Rating
Rating & Investment Information Inc. (R&I)	A+

Rating Information
(As of May 31, 2015)
Rating symbols and definitions:
Rating A+; The credit quality is high. It is also accompanied by some excellent factors.



Net Sales by Geographical Region

Japan

Although sales of IVD instruments were down year on year owing to such factors as healthcare institutions tended to curtail capital investments, an increase in the installed instrument base led to higher sales of reagents in the hematology, hemostasis and immunochemistry fields, and export sales rose. Sales in the segment consequently expanded 3.9% year on year, to ¥43,400 million.

On the profit front, such factors as the growth of export sales to Group companies and higher trademark royalty income led to a 54.8% rise in segment profit (operating income), to ¥31,163 million.

Americas

In the United States, sales of instruments were up, particularly in the hematology field, and an increase in the installed instrument base led to higher sales of reagents and support services, pushing up sales in the country. In Central and South America,

the Group acquired government projects in Mexico and Costa Rica, and sales rose in Colombia, boosting sales in the Americas 21.8% year on year, to ¥47,014 million.

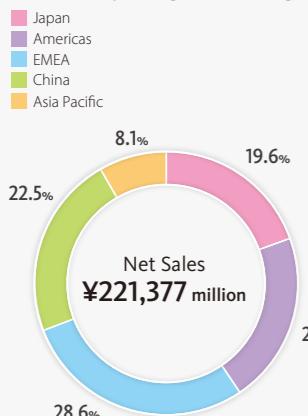
Segment profit (operating income) fell 3.0%, to ¥2,402 million, as the increase in operating expenses outpaced the effect of higher sales.

EMEA

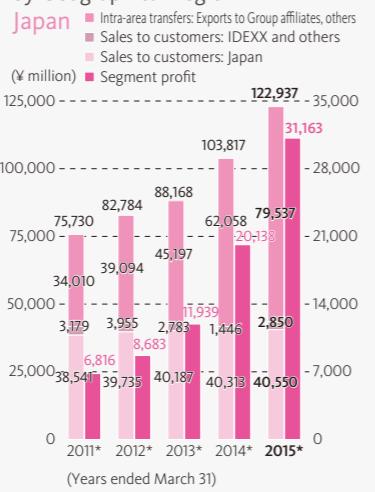
Sales rose in the United Kingdom, France and Germany, and in Turkey sales benefited from our commencement of direct sales and support services. Also, sales expanded in Saudi Arabia, the United Arab Emirates and other parts of the Middle East, as well as Africa. Accordingly, segment sales were robust, centering on the hematology and hemostasis fields, growing 18.9%, to ¥63,257 million.

Segment profit (operating income), however, fell 39.6%, to ¥5,199 million, due to higher payments of Group trademark royalties and rising operating expenses accompanying business expansion.

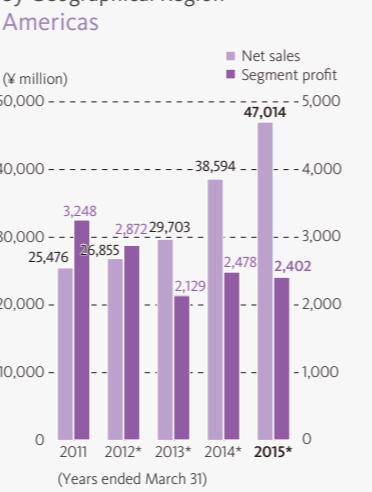
Net Sales by Geographical Region



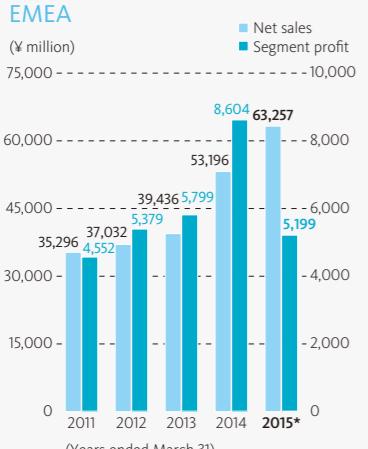
Sales and Segment Profit by Geographical Region



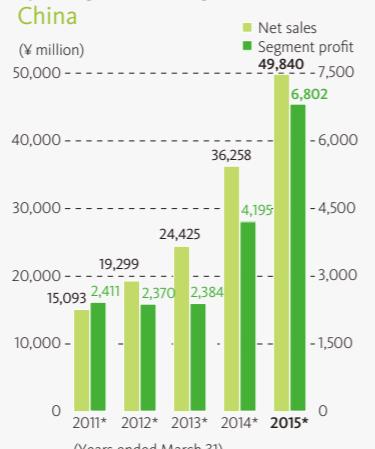
Sales and Segment Profit by Geographical Region



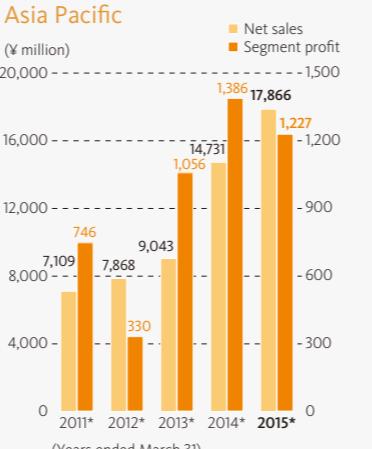
Sales and Segment Profit by Geographical Region



Sales and Segment Profit by Geographical Region



Sales and Segment Profit by Geographical Region



* Revision in intragroup transaction prices

China

In this market, sales remained sluggish in some areas. However, sales of instruments grew in the hematology field, and the launch of a fully automated immunochemistry analyzer (the HISCL) pushed up instrument sales in the immunochemistry field. Furthermore, sales of reagents were firm as a result of a greater installed instrument base. Segment sales accordingly grew 37.5%, to ¥49,840 million.

Segment profit (operating income) expanded 62.1%, to ¥6,802 million, as higher sales more than compensated for the increased operating expenses.

Asia Pacific

Sales in the hematology field increased in Southeast Asia, owing to higher sales in Thailand and Malaysia and enhanced direct sales and services in Vietnam. Hematology sales also grew in India, as well as in Australia, thanks to the acquisition of bid projects for diagnostic centers. Robust sales of the XN-Series automated hematology analyzer also boosted sales in the hematology field in South Korea. As a result, sales grew 21.3%, to ¥17,866 million.

Segment profit (operating income) dropped 11.5%, to ¥1,227 million, as intragroup transaction prices were revised and operating expenses expanded to cover the building of sales and support structures, outpacing the effect of higher sales.

Profits and Losses

Net Sales

In Japan, sales of *in-vitro* diagnostic (IVD) instruments were down year on year, as healthcare institutions curtailed capital investments. However, sales of IVD reagents in the

hematology, hemostasis and immunochemistry fields in line with an increase in the installed instrument base.

In overseas markets, we made progress in the strengthening of sales and support structures and the provision of solutions, leading to higher sales of instruments centered on the fields of hematology and hemostasis. Sales of reagents and services also rose, benefiting from an increase in the installed instrument base.

As a result, during the fiscal year the Group recorded consolidated net sales of ¥221,377 million, up ¥36,839 million, or 20.0% year on year.

Cost of Sales and SG&A Expenses

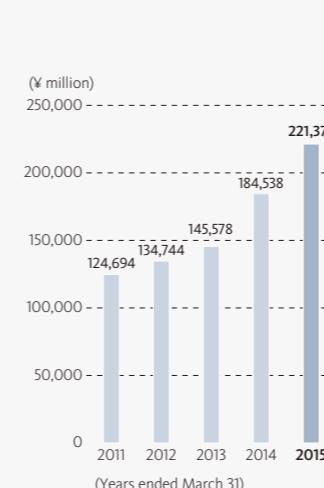
Cost of sales rose ¥25,417 million, or 36.3%, to ¥95,359 million. In addition to higher sales, ¥13,046 million of this increase was due to a change in the method of recording after-sales service expenses on instruments. Included in the past as selling, general and administrative (SG&A) expenses, from the year under review we have included these expenses within cost of sales. The cost of sales ratio accordingly increased 5.2 percentage points, to 43.1%.

Despite reinforcing our sales and support structures, SG&A expenses decreased ¥118 million, or 0.1%, to ¥81,607 million, owing to our change in the method of presenting after-sales service expenses. As a percentage of net sales, SG&A expenses dropped 7.5 percentage points, from 44.3% to 36.8%.

Income

Operating income expanded ¥11,540 million, or 35.1% year on year, to ¥44,411 million, as higher sales more than offset increases in cost of sales and SG&A expenses, and the

Net Sales



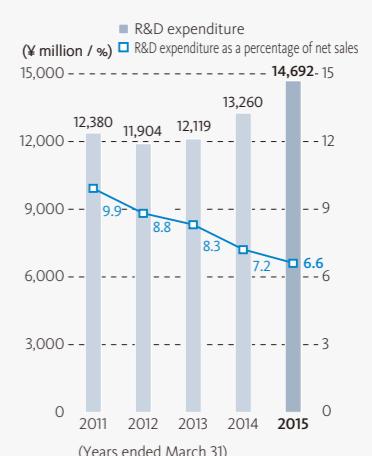
SG&A Expenses

SG&A Ratio



R&D Expenditure

R&D Expenditure as a Percentage of Net Sales



operating margin improved 2.3 percentage points, to 20.1%. Furthermore, compared with the preceding fiscal year exchange rates had a ¥7,076 positive effect on income.

Total income taxes rose ¥6,213 million during the year, or 48.2%, to ¥19,090 million. As a result, net income grew ¥6,064 million from the preceding fiscal year, or 29.5%, to ¥26,638 million.

R&D Expenditure

To enhance its product portfolio, during the year Sysmex developed new products and pursued R&D centering on clinical testing and the life sciences, fields targeted for future growth. As a result, R&D expenditure amounted expanded ¥1,432 million, or 10.8%, to ¥14,692 million. R&D expenditure as a percentage of net sales decreased 0.6 percentage points, from 7.2% to 6.6%.

Dividend Policy

We aim to maintain a proper balance between internal reserves for R&D and capital expenditure, which are designed to sustain steady high growth, and returns to our shareholders as our earning power increases. 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 30% under our basic policy of sharing the successes of our operations in line with business performance.

As a basic policy, Sysmex pays twice-yearly dividends from retained earnings, an interim dividend and a year-end dividend. The year-end dividend is decided upon approval of the annual shareholders' meeting, and the interim dividend upon approval by the members of the Managing Board.

In accordance with this policy and in light of business performance during the year under review, we announced dividends for the year of ¥38 per share, which includes an interim dividend of ¥16. As a result, the consolidated payout ratio was 29.6%.

Going forward, Sysmex will continue to effectively invest its internal reserves in the implementation of highly competitive product development and global business strategies, aiming to respond to anticipated changes in the business environment.

Liquidity and Sources of Capital

Fund Procurement and Liquidity Management

The Company raises working capital as necessary through short-term bank loans and other means. Consolidated subsidiaries obtain bank loans as needed to secure working capital, but in October 2003, the Company introduced a cash management system to increase efficiency by unifying financing and capital management at affiliates in Japan.

For long-term capital requirements such as capital investment, the Company decides the funding method after taking into account the investment recovery period and risk. During the year, the Company financed capital expenditure and R&D activities primarily from cash provided by operating activities.

Assets, Liabilities and Equity

As of March 31, 2015, total assets amounted to ¥247,984 million, up ¥37,225 million from a year earlier. The main reasons were an increase in cash and cash equivalents of ¥13,672 million, ¥7,567 million higher trade accounts receivable, ¥2,568 million higher inventories, ¥5,252 million increase in buildings

and structures, ¥4,758 million expansion in furniture and fixtures and ¥960 million higher investment securities.

Total liabilities were up ¥13,924 million, to ¥78,433 million at March 31, 2015, due mainly to a ¥2,612 million increase in trade accounts payable, ¥1,939 million higher income taxes payable, a ¥2,399 million expansion in accrued expenses and ¥2,915 million rise in deferred tax liabilities in long-term liabilities.

Total equity came to ¥169,551 million at March 31, 2015, up ¥23,301 million from a year earlier. The principal reasons for the increase were a rise of ¥19,728 million in retained earnings. The equity ratio as of March 31, 2015, was 68.0%, down 1.2 percentage points from the 69.2% recorded as of March 31, 2014.

Cash Flows

As of March 31, 2015, cash and cash equivalents amounted to ¥50,220 million, up ¥13,672 million from March 31, 2014. Cash flows from various activities are described in more detail below.

Cash Flows from Operating Activities

Net cash provided by operating activities was ¥38,641 million, ¥2,077 million more than in the preceding fiscal year. As principal factors, income before income taxes and minority interests provided ¥45,728 million, ¥12,277 million more than in the preceding fiscal year, and depreciation and amortization provided ¥12,955 million, ¥1,559 million more than in the preceding fiscal year. The increase in notes and accounts receivable used ¥6,850 million, compared with ¥713 million provided by a decrease in the previous year, and income taxes paid used ¥15,552 million, ¥5,319 million more than in the preceding fiscal year.

Cash Flows from Investing Activities

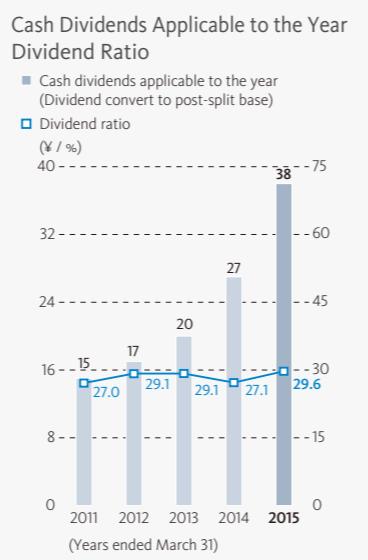
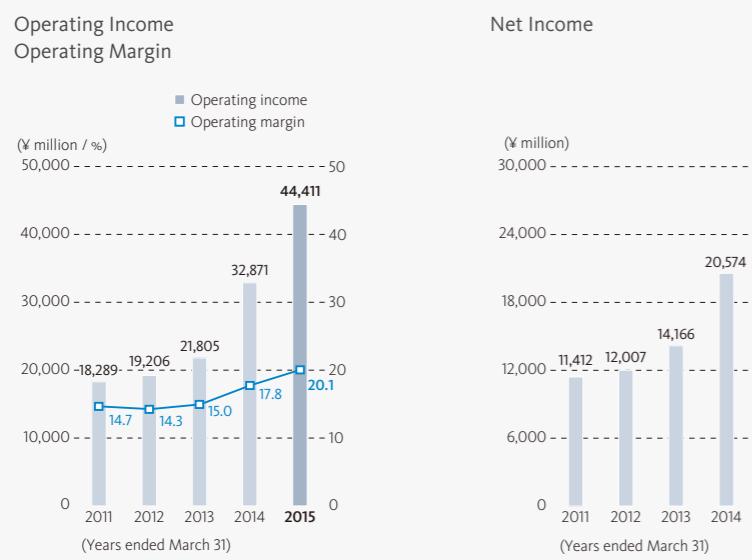
Net cash used in investing activities was ¥19,544 million, ¥14,396 million less than in the preceding fiscal year. Among major factors were purchases of property, plant and equipment, which used ¥13,033 million, down ¥250 million. The purchases of investment securities used ¥2,350 million, ¥2,308 million more than in the preceding fiscal year, and acquisitions, net of cash acquired used ¥342 million, ¥16,301 million less than in the preceding fiscal year.

Cash Flows from Financing Activities

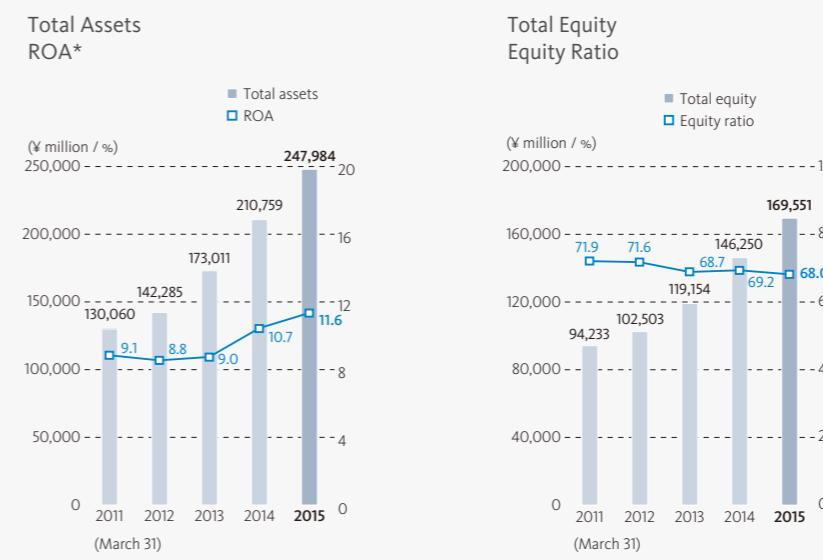
Net cash used in financing activities was ¥7,554 million, up ¥4,656 million from the previous year. This was mainly due to a net decrease in short-term bank loans of ¥1,000 million, compared with a net increase of ¥855 million in the year ended March 31, 2014, and dividends paid of ¥6,734 million, which used ¥2,190 million more in cash than in the preceding fiscal year.

Capital Expenditure and Depreciation

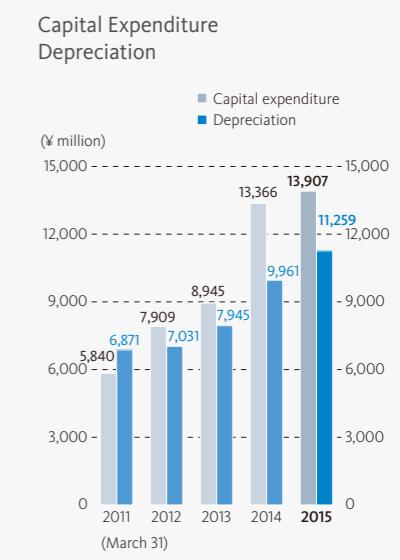
Capital expenditure (investment in property, plant and equipment, including construction in progress) was up ¥541 million year on year, or 4.1%, to ¥13,907 million. The principal reason for this rise was our construction of a new factory, i-Square, to increase IVD instrument production capacity in response to growing domestic and overseas demand. In addition, in response to growing business in overseas markets, we invested in the expansion of overseas subsidiaries' factories for producing IVD reagents, and sales promotion expenditures grew, as well. Depreciation increased ¥1,298 million, or 13.0%, to ¥11,259 million.



Note: Two-for-one stock split conducted on April 1, 2014 and 2011.



* Net Income/Total Assets (Yearly Average)×100



Consolidated Financial Statements

Consolidated Balance Sheet

Sysmex Corporation and Consolidated Subsidiaries

March 31, 2015	Millions of Yen		Thousands of U.S. Dollars (Note 1)	Millions of Yen		Thousands of U.S. Dollars (Note 1)		
	2015	2014		2015	2014			
ASSETS								
CURRENT ASSETS:								
Cash and cash equivalents (Note 14)	¥ 50,220	¥ 36,548	\$ 418,500					
Short-term investments (Note 5)	294	282	2,450					
Receivables (Note 14):								
Trade notes	2,802	2,854	23,350					
Trade accounts	50,069	42,502	417,242					
Associated companies	171	161	1,425					
Other	351	254	2,925					
Allowance for doubtful accounts	(576)	(889)	(4,800)					
Investments in lease (Notes 13 and 14)	5,413	4,640	45,108					
Inventories (Note 6)	29,888	27,320	249,067					
Deferred tax assets (Note 12)	8,988	8,012	74,900					
Prepaid expenses and other current assets	6,529	4,139	54,408					
Total current assets	154,149	125,823	1,284,575					
PROPERTY, PLANT AND EQUIPMENT:								
Land	11,260	11,264	93,834					
Buildings and structures	38,008	32,756	316,733					
Machinery and equipment	10,524	9,461	87,700					
Furniture and fixtures	47,446	42,688	395,383					
Lease assets	2,629	2,536	21,908					
Construction in progress	4,137	4,678	34,475					
Total	114,004	103,383	950,033					
Accumulated depreciation	(54,942)	(49,609)	(457,850)					
Net property, plant and equipment	59,062	53,774	492,183					
INVESTMENTS AND OTHER ASSETS:								
Investment securities (Notes 5 and 14)	5,243	4,283	43,692					
Investments in unconsolidated subsidiaries and associated companies	1,932	390	16,100					
Goodwill (Note 7)	12,114	13,115	100,950					
Software	7,113	5,969	59,275					
Asset for retirement benefits (Note 9)	961	14	8,008					
Deferred tax assets (Note 12)	267	132	2,225					
Other assets	7,143	7,259	59,525					
Total investments and other assets	34,773	31,162	289,775					
TOTAL	¥ 247,984	¥ 210,759	\$ 2,066,533					

See notes to consolidated financial statements.

	2015	2014	2015
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Short-term bank loans (Note 8)			¥ 1,000
Current portion of long-term debt (Note 8)			51
Current portion of long-term lease obligations (Note 14)	¥ 51	57	\$ 425
Payables (Note 14):			
Trade notes	1,470	1,388	12,250
Trade accounts	14,340	11,728	119,500
Associated companies	166	154	1,383
Construction and other	6,122	4,398	51,017
Income taxes payable (Note 14)	9,639	7,700	80,325
Accrued expenses	14,832	12,433	123,600
Deferred tax liabilities (Note 12)	102	8	850
Other current liabilities	18,448	15,093	153,733
Total current liabilities	65,170	54,010	543,083
LONG-TERM LIABILITIES:			
Long-term debt (Note 8)			105
Long-term lease obligations (Note 14)	199	251	1,658
Liability for retirement benefits (Note 9)	563	734	4,692
Deferred tax liabilities (Note 12)	8,994	6,079	74,950
Other long-term liabilities	3,507	3,330	29,225
Total long-term liabilities	13,263	10,499	110,525
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 13 and 15)			
EQUITY (Notes 10, 11, 18 and 20):			
Common stock, authorized, 598,688,000 shares; issued, 207,894,432 shares in 2015 and 207,553,632 shares in 2014*	10,483	10,243	87,358
Capital surplus	15,424	15,184	128,533
Stock acquisition rights	1,024	493	8,533
Retained earnings	129,705	109,977	1,080,875
Treasury stock - at cost: 443,380 shares in 2015 and 440,556 shares in 2014*	(281)	(270)	(2,342)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	1,367	1,134	11,392
Deferred gain on derivatives under hedge accounting	1	8	8
Foreign currency translation adjustments	10,428	8,653	86,901
Defined retirement benefit plans	1,400	836	11,667
Total	169,551	146,250	1,412,925
Minority interests		0	
Total equity	169,551	146,250	1,412,925
TOTAL	¥ 247,984	¥ 210,759	\$ 2,066,533

* Shares have been restated, as appropriate, to reflect a two-for-one stock split effected April 1, 2014.

Consolidated Financial Statements

Consolidated Statement of Income

Sysmex Corporation and Consolidated Subsidiaries

	Millions of Yen	
	Thousands of U.S. Dollars (Note 1)	
Year Ended March 31, 2015	2015	2014
NET SALES	¥ 221,377	¥ 184,538
COST OF SALES	95,359	69,942
Gross profit	126,018	114,596
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	81,607	81,725
Operating income	44,411	32,871
OTHER INCOME (EXPENSES):		
Interest and dividend income	309	230
Interest expense	(44)	(41)
Foreign exchange gain (loss)-net	932	411
Other-net	120	(20)
Other income (expenses)-net	1,317	580
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	45,728	33,451
INCOME TAXES (Note 12):		
Current	17,119	13,735
Deferred	1,971	(858)
Total income taxes	19,090	12,877
NET INCOME BEFORE MINORITY INTERESTS	26,638	20,574
MINORITY INTERESTS IN NET INCOME	(0)	0
NET INCOME	¥ 26,638	¥ 20,574
PER SHARE OF COMMON STOCK (Notes 2.w and 18):	Yen	
Basic net income*	¥ 128.49	¥ 99.47
Diluted net income*	128.02	99.16
Cash dividends applicable to the year*	38.00	27.00

* Per share figures have been restated, as appropriate, to reflect a two-for-one stock split effected April 1, 2014.

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Sysmex Corporation and Consolidated Subsidiaries

	Number of Shares of Common Stock Outstanding*	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Millions of Yen			
							Unrealized Gain on Available-for-Sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans
Year Ended March 31, 2015										
BALANCE, APRIL 1, 2013	206,361,440	¥ 9,712	¥ 14,652	¥ 353	¥ 93,947	¥ (260)	¥ 709	¥ 41	¥ 119,154	¥ 0
Net income						20,574			20,574	20,574
Cash dividends, ¥22.00 per share*						(4,544)			(4,544)	(4,544)
Purchase of treasury stock	(3,304)						(10)		(10)	(10)
Disposal of treasury stock	140		1			0			1	1
Exercise of warrants	754,800	531	531						1,062	1,062
Net change in the year				140		425	8,612	¥ 836	10,013	(0)
BALANCE, MARCH 31, 2014										
(APRIL 1, 2014, as previously reported)	207,113,076	10,243	15,184	493	109,977	(270)	1,134	8,653	836	146,250
Cumulative effect of accounting change (Note 2.l.(c))						(195)				(195)
BALANCE, APRIL 1, 2014 (as restated)	207,113,076	10,243	15,184	493	109,782	(270)	1,134	8,653	836	146,055
Net income						26,638			26,638	26,638
Cash dividends, ¥32.50 per share*						(6,734)			(6,734)	(6,734)
Purchase of treasury stock	(2,824)						(11)		(11)	(11)
Exercise of warrants	340,800	240	240						480	480
Increase due to decrease in associated companies accounted for by the equity method						19			19	19
Net change in the year				531		233	¥ 1,775	564	3,104	(0)
BALANCE, MARCH 31, 2015	207,451,052	¥ 10,483	¥ 15,424	¥ 1,024	¥ 129,705	¥ (281)	¥ 1,367	¥ 1,400	¥ 10,428	¥ 1,400
										¥ 169,551

Consolidated Statement of Comprehensive Income

Sysmex Corporation and Consolidated Subsidiaries

	Millions of Yen	
	Thousands of U.S. Dollars (Note 1)	
Year Ended March 31, 2015	2015	2014
NET INCOME BEFORE MINORITY INTERESTS	¥ 26,638	¥ 20,574
OTHER COMPREHENSIVE INCOME (Note 16):		
Unrealized gain on available-for-sale securities	233	425
Deferred gain on derivatives under hedge accounting	1	8
Foreign currency translation adjustments	1,775	8,612
Defined retirement benefit plans	564	
Total other comprehensive income	2,573	9,037
COMPREHENSIVE INCOME	¥ 29,211	¥ 29,611
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :		
Owners of the parent	¥ 29,211	¥ 29,611
Minority interests	(0)	(0)

See notes to consolidated financial statements.

	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Thousands of U.S. Dollars (Note 1)				
						Unrealized Gain on Available-for-Sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	
BALANCE, MARCH 31, 2014										
(APRIL 1, 2014, as previously reported)	\$ 85,358	\$ 126,533	\$ 4,108	\$ 916,475	\$ (2,250)	\$ 9,450		\$ 72,108	\$ 6,967	\$ 1,218,749
Cumulative effect of accounting change (Note 2.l.(c))						(1,625)				(1,625)
BALANCE, APRIL 1, 2014 (as restated)	85,358	126,533	4,108	914,850	(2,250)	9,450		72,108	6,967	1,217,124
Net income						221,983				221,983
Cash dividends, \$0.27 per share*						(56,116)				(56,116)
Purchase of treasury stock						(92)				(92)
Exercise of warrants	2,000	2,000							4,000	4,000
Increase due to decrease in associated companies accounted for by the equity method						158			158	158
Net change in the year			4,425			1,942	\$ 8	14,793	4,700	25,868
BALANCE, MARCH 31, 2015	\$ 87,358	\$ 128,533	\$ 8,533	\$ 1,080,875	\$ (2,342)	\$ 11,392	\$ 8	\$ 86,901	\$ 11,667	\$ 1,412,925

* Shares and per share figures have been restated, as appropriate, to reflect a two-for-one stock split effected April 1, 2014.

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Sysmex Corporation and Consolidated Subsidiaries

Year Ended March 31, 2015	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 45,728	¥ 33,451	\$ 381,067
Adjustments for:			
Income taxes - paid	(15,552)	(10,233)	(129,600)
Depreciation and amortization	12,955	11,396	107,957
Loss on disposal of property, plant and equipment	143	204	1,192
Changes in assets and liabilities:			
(Increase) decrease in notes and accounts receivable	(6,850)	713	(57,083)
(Increase) decrease in inventories	(1,785)	1,644	(14,875)
Increase (decrease) in notes and accounts payable	2,517	(2,937)	20,975
(Decrease) increase in liability for retirement benefits	(640)	35	(5,333)
Other-net	2,125	2,291	17,708
Net cash provided by operating activities	38,641	36,564	322,008
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(13,033)	(13,283)	(108,609)
Purchases of software and other assets	(3,456)	(3,813)	(28,800)
Purchases of investment securities	(2,350)	(42)	(19,583)
Acquisitions, net of cash acquired (Note 17)	(342)	(16,643)	(2,850)
Other-net	(363)	(159)	(3,025)
Net cash used in investing activities	(19,544)	(33,940)	(162,867)
FINANCING ACTIVITIES:			
(Decrease) increase in short-term bank loans - net	(1,000)	855	(8,333)
Repayments of long-term debt	(148)	(13)	(1,233)
Payments of lease obligations	(57)	(63)	(475)
Exercise of warrants	396	877	3,300
Dividends paid	(6,734)	(4,544)	(56,116)
Other-net	(11)	(10)	(93)
Net cash used in financing activities	(7,554)	(2,898)	(62,950)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS			
	2,129	2,515	17,742
NET INCREASE IN CASH AND CASH EQUIVALENTS	13,672	2,241	113,933
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	36,548	34,307	304,567
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 50,220	¥ 36,548	¥ 418,500

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Sysmex Corporation and Consolidated Subsidiaries
Year Ended March 31, 2015**1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2014 consolidated financial statements to conform to the classifications used in 2015.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Sysmex Corporation (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥120 to \$1, the approximate rate of exchange at March 31, 2015. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation—The accompanying consolidated financial statements as of March 31, 2015, include the accounts of the Company and its 59 (56 in 2014) significant subsidiaries (collectively the "Group"). Consolidation of the remaining subsidiaries would not have a material effect on the accompanying consolidated financial statements.

Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investments in three (three in 2014) associated companies are accounted for by the equity method.

Investments in four (four in 2014) unconsolidated subsidiaries are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary and associated company at the date of acquisition, and is carried at cost less accumulated amortization, which is calculated by the straight-line method over 5 or 20 years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.

b. Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements

In May 2006, the Accounting Standards Board of Japan (the "ASB") issued ASB Practical Issues Task Force (PITF) No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements." PITF No. 18 prescribes that the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial

gain or loss of pensions that has been directly recorded in the equity; (c) expensing capitalized development costs of research and development (R&D); (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting; and (e) exclusion of minority interests from net income, if contained in net income.

c. Unification of Accounting Policies Applied to Foreign Associated Companies for the Equity Method—In March 2008, the ASB issued ASB Statement No. 16, "Accounting Standard for Equity Method of Accounting for Investments." The new standard requires adjustments to be made to conform the associate's accounting policies for similar transactions and events under similar circumstances to those of the parent company when the associate's financial statements are used in applying the equity method unless it is impracticable to determine such adjustments. In addition, financial statements prepared by foreign associated companies in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America tentatively may be used in applying the equity method if the following items are adjusted so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; (c) expensing capitalized development costs of R&D; (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting; and (e) exclusion of minority interests from net income, if contained in net income.

d. Business Combination—In October 2003, the Business Accounting Council issued a Statement of Opinion, "Accounting for Business Combinations," and in December 2005, the ASB issued ASB Statement No. 7, "Accounting Standard for Business Combinations" and ASB Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures."

The accounting standard for business combinations allowed companies to apply the pooling-of-interests method of accounting only when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests.

For business combinations that do not meet the uniting-of-interests criteria, the business combination is considered to be an acquisition and the purchase method of accounting is required. This standard also prescribes the accounting for combinations of entities under common control and for joint ventures.

In December 2008, the ASB issued a revised accounting standard for business combinations, ASB Statement No. 21, "Accounting Standard for Business Combinations." Major accounting changes under the revised accounting standard are as follows: (1) The revised standard requires accounting for business combinations only by the purchase method. As a result, the pooling-of-interests method of accounting is no longer allowed. (2) The previous accounting standard required R&D costs to be charged to income as incurred. Under the revised standard, in-process R&D costs acquired in the business combination are capitalized as an intangible asset. (3) The previous accounting standard provided for a bargain purchase gain (negative goodwill) to be systematically amortized over a period not exceeding 20 years. Under the revised standard, the acquirer recognizes the bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase price allocation. The revised standard was applicable to business combinations undertaken on or after April 1, 2011.

e. Cash Equivalents—Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits, commercial paper and bond funds, all of which mature or become due within three months of the date of acquisition.

f. Marketable and Investment Securities—Marketable and investment securities are classified and accounted for, depending on management's intent, as follows: (1) trading securities, which are held for the purpose of earning capital gains in the near term, are reported at fair value, and the related unrealized gains and losses are included in earnings; (2) held-to-maturity debt securities, for which there is a positive intent and ability to hold to maturity, are reported at amortized cost; and (3) available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Nonmarketable available-for-sale securities are stated at cost determined by the moving-average method. For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

g. Allowance for Doubtful Accounts—The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Group's past credit loss experience and an evaluation of potential losses in the receivables outstanding.

h. Inventories—Inventories are stated at cost determined by the average cost method or net selling value for the Company and its consolidated domestic subsidiaries, and at the lower of cost, determined by the moving-average method, or market for consolidated foreign subsidiaries.

i. Property, Plant and Equipment—Property, plant and equipment are stated at cost. Depreciation is computed by the straight-line method over the estimated useful lives of the assets. The range of useful lives is from 31 to 50 years for buildings and structures, from 5 to 11 years for machinery and equipment, and from 2 to 15 years for furniture and fixtures.

Equipment held for lease is depreciated by the straight-line method over the respective lease periods.

j. Long-lived Assets—The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

k. Software—Software to be sold is amortized at the greater of either the proportional amount to be amortized in proportion of the actual sales of the software to be made during the current year to the estimated total sales over the estimated salable years or the amount to be amortized using the straight-line method over the estimated salable years. The estimated salable years are principally three years.

Software for internal use is amortized by the straight-line method over the estimated usable years. The estimated usable years are principally five years.

l. Retirement and Pension Plans—The Company has defined benefit pension plans for employees' retirement benefits and accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. Actuarial gains and losses are amortized on a straight-line basis over five years within the average remaining service period. Past service costs are amortized on a straight-line basis over five years within the average remaining service period.

Certain consolidated subsidiaries have unfunded lump-sum payment plans for employees' retirement benefits and accounted for the liability for retirement benefits based on the required amount in accordance with the retirement allowance regulations.

In May 2012, the ASB issued ASB Statement No. 26, "Accounting Standard for Retirement Benefits" and ASB Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the accounting standard for retirement benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and were followed by partial amendments from time to time through 2009.

- (a) Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and any resulting deficit or surplus is recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).
- (b) The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts are recognized in profit or loss over a certain period no longer than the expected average remaining service period of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have not yet been recognized in profit or loss are included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period, are treated as reclassification adjustments (see Note 16).
- (c) The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods, the discount rate and expected future salary increases.

This accounting standard and the guidance for (a) and (b) above are effective for the end of annual periods beginning on or after April 1, 2013, and for (c) above are effective for the beginning of annual periods beginning on or after April 1, 2014, or for the beginning of annual periods beginning on or after April 1, 2015, subject to certain disclosure in March 2015, all with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Company applied the revised accounting standard and guidance for retirement benefits for (a) and (b) above, effective March 31, 2014, and for (c) above, effective April 1, 2014.

With respect to (c) above, the Company changed the method of attributing the expected benefit to periods from a point basis to a benefit formula basis, the method of determining the discount rate from using the period which approximates the expected average remaining service period to using a single weighted average discount rate reflecting the estimated timing and amount of benefit payment, and recorded the effect of (c) above as of April 1, 2014, in retained earnings. As a result, liability for retirement benefits as of April 1, 2014, increased by ¥303 million (\$2,525 thousand), and retained earnings as of April 1, 2014, decreased by ¥195 million (\$1,625 thousand). The effects on operating income and income before income taxes and minority interests for the year ended March 31, 2015, were minor. In addition, the effects on basic net income per share and diluted net income per share for the year ended March 31, 2015, were minor.

Unfunded retirement benefits for the Company's directors are provided at the estimated amount which would be required if such individuals retired at the balance sheet date. However, the Company abolished its unfunded retirement benefit plan on June 24, 2005. No additional provisions have been recorded for retirement benefits to be paid to the Company's directors since then. The liability for directors' retirement benefits is the amount provided in proportion to the term that present directors had been in place before June 24, 2005.

m. Asset Retirement Obligations—In March 2008, the ASB issued ASB Statement No. 18, "Accounting Standard for Asset Retirement Obligations" and ASB Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations." Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from

the acquisition, construction, development and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

n. Stock Option—ASB Statement No. 8, "Accounting Standard for Stock Options" and related guidance are applicable to stock options granted on and after May 1, 2006.

This standard requires companies to recognize compensation expense for employee stock options based on the fair value at the date of grant and over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to nonemployees based on the fair value of either the stock option or the goods or services received. In the balance sheet, the stock options are presented as stock acquisition rights as a separate component of equity until exercised.

o. Research and Development—R&D costs are charged to income as incurred. Such costs were ¥14,692 million (\$122,433 thousand) and ¥13,260 million for the years ended March 31, 2015 and 2014, respectively.

p. Leases—In March 2007, the ASB issued ASB Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions.

(1) Finance Leases as Lessee

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the notes to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions be capitalized by recognizing lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases that existed at the transition date and do not transfer ownership of the leased property to the lessee to continue to be accounted for as operating lease transactions.

(2) Finance Leases as Lessor

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were treated as sales. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if sold" information was disclosed in the notes to the lessor's financial statements. The revised accounting standard requires that all finance leases that are deemed to transfer ownership of the leased property to the lessee are recognized as lease receivables, and all finance leases that are not deemed to transfer ownership of the leased property to the lessee are recognized as investments in lease.

q. Bonuses to Directors—Bonuses to directors are accrued at the end of the year to which such bonuses are attributable.

r. Construction Contracts—In December 2007, the ASB issued ASB Statement No. 15, "Accounting Standard for Construction Contracts" and ASB Guidance No. 18, "Guidance on Accounting Standard for Construction Contracts." Under this new accounting standard, construction revenue and construction costs should be recognized by the percentage-of-completion method if the outcome of a construction contract can be estimated reliably. When total construction revenue, total construction costs and the stage of completion of the contract at the balance sheet date can be reliably measured, the outcome of a construction contract is deemed to be estimated reliably. If the outcome of a construction contract cannot be reliably estimated, the completed-contract method should be applied. When it is probable that the total construction costs will exceed total construction revenue, an estimated loss on the contract should be immediately recognized by providing for a loss on construction contracts.

s. Income Taxes—The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

t. Foreign Currency Transactions—All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income to the extent that they are not hedged by forward exchange contracts.

u. Foreign Currency Financial Statements—The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity.

Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate.

v. Derivatives and Hedging Activities—The Group uses foreign exchange forward contracts and interest rate swaps to manage its exposure to fluctuations in foreign exchange and interest rates. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: (1) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statement of income; and (2) for derivatives used for hedging purposes, if such derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

Interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements is recognized and included in interest expense or income.

w. Per Share Information—Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if warrants were exercised. Diluted net income per share of common stock assumes full exercise of outstanding warrants.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective fiscal years,

including dividends to be paid after the end of the year, retroactively adjusted for stock splits.

x. Accounting Changes and Error Corrections—In December 2009, ASBJ issued ASBJ Statement No. 24, “Accounting Standard for Accounting Changes and Error Corrections” and ASBJ Guidance No. 24, “Guidance on Accounting Standard for Accounting Changes and Error Corrections.” Accounting treatments under this standard and guidance are as follows:

(1) Changes in Accounting Policies

When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions.

(2) Changes in Presentation

When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation.

(3) Changes in Accounting Estimates

A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of Prior-Period Errors

When an error in prior-period financial statements is discovered, those statements are restated.

y. New Accounting Pronouncement

Accounting Standards for Business Combinations and Consolidated Financial Statements—In September, 2013, the ASBJ issued revised ASBJ Statement No. 21, “Accounting Standard for Business Combinations,” revised ASBJ Guidance No. 10, “Guidance on Accounting Standards for Business Combinations and Business Divestitures,” and revised ASBJ Statement No. 22, “Accounting Standard for Consolidated Financial Statements.” Major accounting changes are as follows:

(a) *Transactions with noncontrolling interest*—A parent’s ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of minority interest is adjusted to reflect the change in the parent’s ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Under the current accounting standard, any difference between the fair value of the consideration received or paid and the amount by which the minority interest is adjusted is accounted for as an adjustment of goodwill or as profit or loss in the consolidated statement of income. Under the revised accounting standard, such difference shall be accounted for as capital surplus as long as the parent retains control over its subsidiary.

(b) *Presentation of the consolidated balance sheet*—In the consolidated balance sheet, “minority interest” under the current accounting standard will be changed to “noncontrolling interest” under the revised accounting standard.

(c) *Presentation of the consolidated statement of income*—In the consolidated statement of income, “income before minority interest” under the current accounting standard will be changed to “net income” under the revised accounting standard, and “net income” under the current accounting standard will be changed to “net income attributable to owners of the parent” under the revised accounting standard.

(d) *Provisional accounting treatments for a business combination*—If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. Under the current accounting standard guidance, the impact of adjustments to provisional amounts recorded in a business combination on profit or loss is recognized as profit or loss in the year in which the measurement is completed. Under the revised accounting standard guidance, during the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust

the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date.

(e) *Acquisition-related costs*—Acquisition-related costs are costs, such as advisory fees or professional fees, which an acquirer incurs to effect a business combination. Under the current accounting standard, the acquirer accounts for acquisition-related costs by including them in the acquisition costs of the investment. Under the revised accounting standard, acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred.

The above accounting standards and guidance for (a) transactions with noncontrolling interest, (b) presentation of the consolidated balance sheet, (c) presentation of the consolidated statement of income, and (e) acquisition-related costs are effective for the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted from the beginning of annual periods beginning on or after April 1, 2014, except for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income. In the case of earlier application, all accounting standards and guidance above, except for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income, should be applied simultaneously.

Either retrospective or prospective application of the revised accounting standards and guidance for (a) transactions with noncontrolling interest and (e) acquisition-related costs is permitted. In retrospective application of the revised standards and guidance, the accumulated effects of retrospective adjustments for all (a) transactions with noncontrolling interest and (e) acquisition-related costs which occurred in the past shall be reflected as adjustments to the beginning balance of capital surplus and retained earnings for the year of the first-time application. In prospective application, the new standards and guidance shall be applied prospectively from the beginning of the year of the first-time application.

The revised accounting standards and guidance for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income shall be applied to all periods presented in financial statements containing the first-time application of the revised standards and guidance.

The revised standards and guidance for (d) provisional accounting treatments for a business combination are effective for a business combination which occurs on or after the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted for a business combination which occurs on or after the beginning of annual periods beginning on or after April 1, 2014.

The Company expects to apply the revised accounting standards and guidance for (a), (b), (c) and (e) above from April 1, 2015, and for (d) above for a business combination which will occur on or after April 1, 2015, and is in the process of measuring the effects of applying the revised accounting standards and guidance in future applicable periods.

3. ACCOUNTING CHANGE

After-Sales Service Expense—Prior to April 1, 2014, expenses related to after-sales service on instruments were recorded in selling, general and administrative expenses. Effective April 1, 2014, however, the Company and its consolidated subsidiaries changed to record these expenses in cost of sales.

This accounting change was made to reflect the fact that increasing customer demand has made after-sales services a more material part of sales. Furthermore, for the year ended March 31, 2015, the Company introduced a new system for calculating expenses related to after-sales service, thereby clarifying the relationship between sales and cost of sales and allowing gross profit to be presented more appropriately.

As the Company and its consolidated subsidiaries adopted this new system for calculating after-sales services consistently at the beginning of the year

ended March 31, 2015, and as gathering sufficient information to apply this method for the year ended March 31, 2014, is not practical, this new accounting policy has not been applied retrospectively, and is applied only to financial statements from the beginning of the year ended March 31, 2015. As no after-sales services were in progress as of March 31, 2014, this accounting change had no effect on the retained earnings among the equity section.

As a result, compared with the previous method, cost of sales for the year ended March 31, 2015, increased by ¥13,046 million (\$108,717 thousand) and gross profit and selling, general and administrative expenses for the year ended March 31, 2015, decreased by ¥13,046 million (\$108,717 thousand). This accounting change has no effect on operating income and income before income taxes and minority interests for the year ended March 31, 2015.

Shipping Costs for Delivering Products to Customers—Prior to April 1, 2014, the Company and its certain consolidated subsidiaries recorded the cost of shipping products that had been sold to customers in selling, general and administrative expenses, while other consolidated subsidiaries recorded these costs in cost of sales. Effective April 1, 2014, however, the Company and its all consolidated subsidiaries unified the accounting to record these costs in cost of sales.

This accounting change was made to reflect the Company’s product supply activities in the financial statements more appropriately triggered by the reform of the trade terms between the Company and its subsidiaries.

This accounting change has been applied retrospectively.

As a result, cost of sales for the year ended March 31, 2014, increased by ¥1,128 million and gross profit and selling, general and administrative expenses for the year ended March 31, 2014, decreased by ¥1,128 million. This accounting change had no effect on operating income and income before income taxes and minority interests for the fiscal year ended March 31, 2014. Furthermore, this accounting change had no cumulative effect from periods prior to the financial statements presented.

4. CHANGES IN PRESENTATION

Prior to April 1, 2014, “Asset for retirement benefits” was included in “Other assets” among the investments and other assets section of the consolidated balance sheet. Since during this fiscal year ended March 31, 2015, the amount increased significantly, such amount is disclosed separately in the investments and other assets section of the consolidated balance sheet as of March 31, 2015. The amount included in “Other assets” as of March 31, 2014, was ¥14 million.

Prior to April 1, 2014, “Purchases of investment securities” was included in “Other - net” among the investing activities section of the consolidated statement of cash flows. Since during this fiscal year ended March 31, 2015, the amount increased significantly, such amount is disclosed separately in the investing activities section of the consolidated statement of cash flows for the year ended March 31, 2015. The amount included in “Other - net” for the year ended March 31, 2014, was ¥42 million.

5. SHORT-TERM INVESTMENTS AND INVESTMENT SECURITIES

Short-term investments and investment securities as of March 31, 2015 and 2014, consisted of the following:

	Millions of Yen	Thousands of U.S. Dollars	
	2015	2014	2015
Current:			
Time deposits other than cash equivalents	¥ 53	¥ 151	\$ 442
Investment trust	241	131	2,008
Total	¥ 294	¥ 282	\$ 2,450
Non-current:			
Marketable equity securities	¥ 3,595	¥ 3,341	\$ 29,958
Unquoted equity securities	1,648	942	13,734
Total	¥ 5,243	¥ 4,283	\$ 43,692

The costs and aggregate fair values of investment securities as of March 31, 2015 and 2014, were as follows:

	Millions of Yen		
	2015	Unrealized Gains	Unrealized Losses
Available-for-sale - Equity securities	¥ 1,569	¥ 2,026	¥ 3,595

	Millions of Yen		
	2014	Unrealized Gains	Unrealized Losses
Available-for-sale - Equity securities	¥ 1,569	¥ 1,772	¥ (0) ¥ 3,341

	Thousands of U.S. Dollars		
	2015	Unrealized Gains	Unrealized Losses
Available-for-sale - Equity securities	\$ 13,075	\$ 16,883	\$ 29,958

The information for available-for-sale securities which were sold during the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		
	2015	Realized Gains	Realized Losses
Available-for-sale - Equity securities	¥ 1	¥ 0	

	Millions of Yen		
	2014	Realized Gains	Realized Losses
Available-for-sale - Equity securities	¥ 2	¥ 1	

	Thousands of U.S. Dollars		
	2015	Realized Gains	Realized Losses
Available-for-sale - Equity securities	\$ 8	\$ 0	

The impairment losses on available-for-sale equity securities for the year ended March 31, 2014, were ¥46 million.

6. INVENTORIES

Inventories as of March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		
	2015	2014	2015
Finished products and merchandise	¥ 22,737	¥ 21,242	\$ 189,475
Work in process	2,870	1,726	23,917
Raw materials	3,801	3,648	31,675
Supplies	480	704	4,000
Total	¥ 29,888	¥ 27,320	\$ 249,067

7. GOODWILL

Goodwill as of March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Goodwill on purchase of a specific business	¥ 301	¥ 594	\$ 2,508
Consolidation goodwill	11,813	12,521	98,442
Total	¥ 12,114	¥ 13,115	\$ 100,950

Goodwill on purchase of a specific business and consolidation goodwill are amortized using the straight-line method over 5 or 20 years.

8. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans at March 31, 2014, consisted of bank overdrafts. The annual interest rates applicable to the short-term bank loans ranged from 0.21% to 0.22% at March 31, 2014.

Long-term debt as of March 31, 2014, consisted of the following:

	Millions of Yen	
Loans from banks, due through 2021, with interest ranging from 0.02% to 5.45% for 2014:		
Collateralized	¥ 155	
Unsecured	1	
Total	156	
Less current portion	(51)	
Long-term debt, less current portion	¥ 105	

The carrying amounts of assets pledged as collateral for the bank loans at March 31, 2015, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Land	¥ 26	\$ 217
Buildings and structures - net of accumulated depreciation	259	2,158
Machinery and equipment - net of accumulated depreciation	17	142
Total	¥ 302	\$ 2,517

The Group did not have collateralized bank loans as of March 31, 2015.

9. RETIREMENT AND PENSION PLANS

The Company and its certain consolidated subsidiaries have retirement benefit plans for employees. Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service and certain other factors. Employees are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age or by death.

The Company has defined benefit pension plans and its certain consolidated subsidiaries have unfunded lump-sum payment plans or defined contribution pension plans.

(1) The changes in defined benefit obligation for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Balance at beginning of year (as previously reported)	¥ 11,980	¥ 11,373	\$ 99,833
Cumulative effect of accounting change	303		2,525
Balance at beginning of year (as restated)	12,283	11,373	102,358
Current service cost	939	877	7,825
Interest cost	148	164	1,233
Actuarial (gains) losses	458	(1)	3,817
Benefits paid	(554)	(512)	(4,617)
Others	(214)	79	(1,783)
Balance at end of year	¥ 13,060	¥ 11,980	\$ 108,833

(2) The changes in plan assets for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Balance at beginning of year	¥ 11,362	¥ 9,746	\$ 94,683
Expected return on plan assets	341	292	2,842
Actuarial (gains) losses	1,577	992	13,142
Contributions from the employer	752	835	6,267
Benefits paid	(472)	(503)	(3,934)
Balance at end of year	¥ 13,560	¥ 11,362	\$ 113,000

(3) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Funded defined benefit obligation	¥ 12,599	¥ 11,348	\$ 104,992
Plan assets	(13,560)	(11,362)	(113,000)
	(961)	(14)	(8,008)
Unfunded defined benefit obligation	461	632	3,842
Net liability (asset) arising from defined benefit obligation	¥ (500)	¥ 618	\$ (4,166)

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Liability for retirement benefits	¥ 461	¥ 632	\$ 3,842
Asset for retirement benefits	(961)	(14)	(8,008)
Net liability (asset) arising from defined benefit obligation	¥ (500)	¥ 618	\$ (4,166)

(4) The components of net periodic benefit costs for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Service cost	¥ 939	¥ 877	\$ 7,825
Interest cost	148	164	1,233
Expected return on plan assets	(341)	(292)	(2,842)
Recognized actuarial (gains) losses	(353)	179	(2,942)
Amortization of prior service cost	6	6	50
Net periodic benefit costs	¥ 399	¥ 934	\$ 3,324

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2015 and 2014

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Prior service cost	¥ 6		\$ 50
Actuarial (gains) losses	766		6,383
Total	¥ 772		\$ 6,433

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2015 and 2014

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Unrecognized prior service cost	¥ (10)	¥ (16)	\$ (83)
Unrecognized actuarial (gains) losses	2,080	1,314	17,333
Total	¥ 2,070	¥ 1,298	\$ 17,250

(7) Plan assets

a. Components of plan assets

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2014
Domestic debt investments	29%		31%
Domestic equity investments	30		26
Foreign debt investments	11		12
Foreign equity investments	25		26
Others	5		5
Total	100%		100%

b. Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(8) Assumptions used for the years ended March 31, 2015 and 2014, are set forth as follows:

	2015	2014
Discount rate	1.0%	1.5%
Expected rate of return on plan assets	3.0	

Year Ended March 31, 2014

The funded status of the multi-employer plan calculated as of March 31, 2013, was as follows:

	Millions of Yen	
	The Pension Fund of Japan Electronics Information Technology Industry	Osaka Pharmaceutical Welfare Pension Fund Association
Plan assets	¥ 213,152	¥ 257,829
Sum of actuarial liabilities of pension plan and minimum actuarial reserve	248,260	354,525
Net balance	¥ (35,108)	¥ (96,696)

The net balance above is mainly caused by past service cost of ¥85,115 million and a deficiency brought forward of ¥44,705 million. Past service cost under the plan is amortized on a straight-line basis over 20 years for The Pension Fund of Japan Electronics Information Technology Industry or over 18 years for Osaka Pharmaceutical Welfare Pension Fund Association, and the special contributions of ¥7 million, which are utilized for such amortization, were expensed in the consolidated statement of income of the Group.

The contribution ratio of the Group in the multi-employer plan calculated as of March 31, 2013, was as follows:

	The Pension Fund of Japan Electronics Information Technology Industry	Osaka Pharmaceutical Welfare Pension Fund Association
The contribution ratio of the Group in the multi-employer plan	5.05%	0.15%

The ratios above do not represent the actual actuarial liability ratio of the Group.

The Company also has recorded a liability for an unfunded retirement benefit plan covering all of its directors in the amount of ¥102 million (\$850 thousand) and ¥102 million as of March 31, 2015 and 2014, respectively.

10. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during

the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria including (1) having the Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (noncash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

On April 1, 2014, the Company made a two-for-one stock split by way of a free share distribution based on the resolution of the Board of Directors' meeting held on March 5, 2014.

11. STOCK OPTION

The stock options outstanding as of March 31, 2015, are as follows:

Stock Option	Persons Granted	Number of Options Granted (Shares*)	Date of Grant	Exercise Price*	Exercise Period
2007 Stock Option	9 directors 152 employees 18 directors of subsidiaries 42 employees of subsidiaries	2,932,800	July 30, 2007	¥ 1,163 (\$ 9.69)	From July 30, 2009 to July 29, 2015
2013 Stock Option	6 directors 203 employees 34 directors of subsidiaries 43 employees of subsidiaries	1,460,000	September 13, 2013	¥ 3,110 (\$ 25.92)	From September 13, 2015 to September 12, 2021

The stock option activity is as follows:

	2007 Stock Option (Shares*)	2013 Stock Option (Shares*)
For the year ended March 31, 2014		
Non-vested		
March 31, 2013 - Outstanding		
Granted	1,460,000	
Canceled	(8,000)	
Vested		
March 31, 2014 - Outstanding	1,452,000	
Vested		
March 31, 2013 - Outstanding	1,436,400	
Vested		
Exercised	(754,800)	
Canceled	(4,000)	
March 31, 2014 - Outstanding	677,600	

For the year ended March 31, 2015

	2007 Stock Option (Shares*)	2013 Stock Option (Shares*)
For the year ended March 31, 2015		
Non-vested		
March 31, 2014 - Outstanding	1,452,000	
Granted		
Canceled	(14,000)	
Vested		
March 31, 2015 - Outstanding	1,438,000	
Vested		
March 31, 2014 - Outstanding	677,600	
Vested		
Exercised	(340,800)	
Canceled		
March 31, 2015 - Outstanding	336,800	
Exercise price*		
¥ 1,163	¥ 3,110	
(\$ 9.69)	(\$ 25.92)	
Average stock price at exercise*		
¥ 4,517		
(\$ 37.64)		
Fair value price at grant date		
¥ 98,325	¥ 174,900	
(\$ 819.38)	(\$ 1,457.50)	

* Shares, exercise price and average stock price at exercise have been restated, as appropriate, to reflect a two-for-one stock split effected April 1, 2014.

The Assumptions Used to Measure Fair Value of 2007 Stock Option

Estimate method:	Black-Scholes option pricing model
Volatility of stock price:	26.14%
Estimated remaining outstanding period:	five years
Estimated dividend:	¥ 36 per share
Risk free interest rate:	1.403%

The Assumptions Used to Measure Fair Value of 2013 Stock Option

Estimate method:	Black-Scholes option pricing model
Volatility of stock price:	34.51%
Estimated remaining outstanding period:	five years
Estimated dividend:	¥ 36 per share
Risk free interest rate:	0.250%

12. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 35.6% and 38.0% for the years ended March 31, 2015 and 2014, respectively. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2015 and 2014, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Deferred tax assets (current):			
Unrealized intercompany profits	¥ 4,887	¥ 4,155	\$ 40,725
Inventories	555	579	4,625
Accrued bonuses	1,196	1,184	9,967
Accrued enterprise tax	575	451	4,792
Other	1,864	1,659	15,533
Total	9,077	8,028	75,642
Deferred tax assets (non-current):			
Depreciation	147	85	1,225
Liability for retirement benefits	117	91	975
Software	930	829	7,750
Investment securities	299	330	2,492
Other	1,890	1,365	15,750
Less valuation allowance	(593)	(224)	(4,942)
Total	2,790	2,476	23,250
Deferred tax liabilities (current)	191	24	1,592
Deferred tax liabilities (non-current):			
Net unrealized gain on available-for-sale securities	653	630	5,442
Revaluation of land for consolidation	400	400	3,333
Revaluation of intangible assets for consolidation	1,151	1,229	9,592
Asset for retirement benefits	313	5	2,608
Investment loss for subsidiaries capital reduction by corporation tax law	342	377	2,850
Undistributed earnings of consolidated foreign subsidiaries	7,558	4,570	62,983
Other	1,100	1,212	9,167
Total	11,517	8,423	95,975
Net deferred tax assets	¥ 159	¥ 2,057	\$ 1,325

Since the actual effective tax rate at March 31, 2014, differed from the normal effective statutory tax rate by less than 5%, disclosure of details is omitted.

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the year ended March 31, 2015, is as follows:

Normal effective statutory tax rate	35.6%
Expenses not deductible for income tax purposes	0.9
Per capita levy	0.1
Foreign tax credit	(0.3)
R&D tax credit	(1.7)
Amortization of goodwill	1.1
Effect of tax rate reduction	0.5
Tax effect on undistributed earnings of foreign subsidiaries	6.8
Different tax rates applied to foreign subsidiaries	(3.1)
Change in valuation allowance	0.9
Other - net	1.0
Actual effective tax rate	41.8%

Tax reform laws enacted in 2014 in Japan changed the normal effective statutory tax rate for the fiscal year beginning on or after April 1, 2014, from approximately 38.0% to 35.6%. The effect of this change was to decrease deferred tax assets in the consolidated balance sheet as of March 31, 2014, by ¥152 million and to increase income taxes-deferred in the consolidated statement of income for the year then ended by ¥152 million.

New tax reform laws enacted in 2015 in Japan changed the normal effective statutory tax rate for the fiscal year beginning on or after April 1, 2015, to approximately 33.0% and for the fiscal year beginning on or after April 1, 2016, to approximately 32.2%. The effect of these changes was to decrease deferred tax assets, net of deferred tax liabilities, by ¥69 million (\$575 thousand) and increase accumulated other comprehensive income for unrealized gain on available-for-sale securities by ¥68 million (\$567 thousand), deferred gain on derivatives under hedge accounting by ¥0 million (\$0 thousand), defined retirement benefit plan by ¥67 million (\$558 thousand) in the consolidated balance sheet as of March 31, 2015, and to increase income taxes-deferred in the consolidated statement of income for the year then ended by ¥204 million (\$1,700 thousand).

13. LEASES

(Lessee)

The Group leases certain furniture, fixtures and other assets.

The minimum rental commitments under noncancelable operating leases are as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2015	2015
Due within one year	¥ 1,682	\$ 14,017
Due after one year	10,225	85,208
Total	¥ 11,907	\$ 99,225

(Lessor)

The net investments in lease are summarized as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2015	2014
Gross lease receivables	¥ 4,812	¥ 4,434
Estimated residual values	1,020	848
Unearned interest income	(419)	(642)
Investments in lease	¥ 5,413	¥ 4,640
		§ 45,108

Maturities of investment in lease for finance leases that are not deemed to transfer ownership of the leased property to the lessee are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2016	¥ 1,495	\$ 12,458
2017	1,273	10,608
2018	986	8,217
2019	710	5,917
2020	249	2,075
2021 and thereafter	99	825
Total	¥ 4,812	\$ 40,100

Future rental income under operating leases (including imputed interest income):

	Millions of Yen	Thousands of U.S. Dollars
	2015	2015
Due within one year	¥ 2	\$ 17
Due after one year	1	8
Total	¥ 3	\$ 25

14. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Group Policy for Financial Instruments

The Group invests cash surpluses in low-risk financial assets, mainly short-term deposits and uses financial instruments, mainly short-term bank loans, for funding. Derivatives are used, not for speculative purposes, but to manage exposure to financial risks as described in (2) below.

(2) Nature and Extent of Risks Arising from Financial Instruments

Receivables, such as trade notes, trade accounts and investments in lease, are exposed to customer credit risk. Although receivables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, the position, net of payables in foreign currencies, is hedged by using forward foreign currency contracts. Marketable and investment securities, mainly listing shares, are exposed to the risk of market price fluctuations.

Payment terms of payables, such as trade notes and trade accounts, are mostly less than six months.

Maturities of finance lease obligations, which are mainly used for the funding of equipment investments, are less than eight years after the balance sheet date.

Derivatives mainly include forward foreign currency contracts, which are used to manage exposure to market risks from changes in foreign currency exchange rates of receivables.

Please see Note 15, "DERIVATIVES" for more details about instruments, hedged items and policy for hedge accounting and assessment procedures of hedge effectiveness.

(3) Risk Management for Financial Instruments

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Group manages its credit risk from receivables on the basis of internal guidelines, which include monitoring of payment term and balances of major customers by each business administration department to identify the default risk of customers at an early stage. The credit risk regarding subsidiaries is also managed in the same manner. With respect to financial investments, the Group manages its exposure to credit risk by prohibiting its funding to high credit rated bonds in accordance with its internal guidelines. Credit risk from derivatives is minimized because the Group deals only with large financial institutions.

Market risk management (foreign exchange risk)

Foreign currency trade receivables are exposed to market risk resulting from fluctuations in foreign currency exchange rates. Such foreign currency exchange risk, which is recognized with respect to each currency and each month, is hedged principally by forward foreign currency contracts. Forward foreign currency contracts are used when foreign currency trade receivables are certainly expected from forecasted transactions according to conditions in foreign currency exchange fluctuations.

Marketable and investment securities are managed by monitoring market values and financial position of issuers on a regular basis.

Derivative transactions have been approved by a predefined decision maker based on the internal guidelines, which prescribe the authority and the limit, and managed by regularly confirming the balance of each day by the finance department.

Liquidity risk management

Liquidity risk comprises the risk that the Group cannot meet its contractual obligations in full on their maturity dates. The Group manages its liquidity risk by holding adequate volumes of liquid assets in view of business income, expenditure, and equipment investment spending plan along with adequate financial planning by the corporate treasury department. Subsidiaries also report their financial plans to the Group. The finance department manages the liquidity risk by obtaining information of cash flows of the whole Group.

(4) Fair Values of Financial Instruments

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, other rational valuation techniques are used instead. The techniques include some changing factors and the fair values may be changed by adopting different assumptions. In addition, the contract amounts of derivatives in Note 15, "DERIVATIVES," do not directly indicate the market risk of derivatives.

(a) Fair value of financial instruments

The carrying amounts, fair values and unrealized gain/loss as of March 31, 2015 and 2014, are as follows. Note that financial instruments whose fair value cannot be reliably determined are not included (see (b)).

March 31, 2015	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	¥ 50,220	¥ 50,220	
Receivables:			
Trade notes	2,802		
Trade accounts	50,069		
Associated companies	171		
Allowance for doubtful accounts (*)	(576)		
Receivables - net	52,466	52,464	¥ (2)
Investments in lease	5,413	5,365	(48)
Investment securities -			
Available-for-sale securities	3,595	3,595	
Total	¥ 111,694	¥ 111,644	¥ (50)
Payables:			
Trade notes	¥ 1,470	¥ 1,470	
Trade accounts	14,340	14,340	
Associated companies	166	166	
Lease obligations	250	265	¥ 15
Income taxes payable	9,639	9,639	
Total	¥ 25,865	¥ 25,880	¥ 15
Derivatives (*)	¥ (51)	¥ (51)	

March 31, 2014	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	¥ 36,548	¥ 36,548	

Receivables:	
Trade notes	2,854
Trade accounts	42,502
Associated companies	161
Allowance for doubtful accounts (*)	(889)

Receivables - net	44,628	44,627	¥ (1)
Investments in lease	4,640	4,594	(46)
Investment securities -			
Available-for-sale securities	3,341	3,341	

Total	¥ 89,157	¥ 89,110	¥ (47)
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Payables:	
Trade notes	¥ 1,388
Trade accounts	11,728
Associated companies	154
Lease obligations	308
Income taxes payable	7,700
Total	¥ 21,278

Derivatives (*)	¥ (6)	¥ (6)
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Receivables

The carrying values are adopted for short-term receivables as they approximate fair value.

The fair values of long-term receivables, such as installment receivables, are measured at the present values discounted by risk-free rates and the future cash flows including credit risks.

Investments in Lease

The fair values of investments in lease are measured at the present values discounted by the interest rate after consideration of the remaining terms and credit risks.

Investment Securities

The fair values of equity securities are determined by securities exchange prices. Please see Note 5, "SHORT-TERM INVESTMENTS AND INVESTMENT SECURITIES," for securities categorized by purposes.

Liabilities

Payables and Income Taxes Payable

The carrying values are adopted for payables and income taxes payable as they approximate fair value because of their short maturities.

Lease Obligations

The fair values of lease obligations are measured at the present values of total principal discounted by the interest rate which would be used if a new lease transaction occurred.

Derivatives

Fair value information for derivatives is included in Note 15, "DERIVATIVES."

(b) Carrying amount of financial instruments whose fair value cannot be reliably determined

	Millions of Yen		Thousands of U.S. Dollars	
	2015	2014		2015
Investments in equity instruments that do not have a quoted market price in an active market	¥ 3,580	¥ 1,332		\$ 29,834

The above financial instruments are not included in investment securities because they do not have market values and it is difficult to estimate the future cash flows.

(5) Maturity Analysis for Financial Assets

	Millions of Yen				
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years	
March 31, 2015					
Cash and cash equivalents	¥ 50,220				
Receivables:					
Trade notes	2,802				
Trade accounts	49,105	¥ 964			
Associated companies	171				
Investments in lease	1,798	3,522		¥ 93	
Total	¥ 104,096	¥ 4,486		¥ 93	

	Millions of Yen				
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years	
March 31, 2014					
Cash and cash equivalents	¥ 36,548				
Receivables:					
Trade notes	2,854				
Trade accounts	42,018	¥ 484			
Associated companies	161				
Investments in lease	1,202	3,291	¥ 147		
Total	¥ 82,783	¥ 3,775	¥ 147		

	Thousands of U.S. Dollars				
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years	
March 31, 2015					
Cash and cash equivalents	¥ 418,500				
Receivables:					
Trade notes	23,350				
Trade accounts	409,209	\$ 8,033			
Associated companies	1,425				
Investments in lease	14,983	29,350	\$ 775		
Total	¥ 867,467	¥ 37,383	\$ 775		

15. DERIVATIVES

The Group enters into foreign currency forward contracts and foreign currency option contracts to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies.

All derivative transactions are entered into to hedge interest and foreign currency exposures incorporated within the Group's business. Accordingly, market risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities. The Group does not hold or issue derivatives for trading purposes.

Because the counterparties to these derivatives are limited to major international financial institutions, the Group does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Group have been made in accordance with internal policies which regulate the authorization and credit limit amount.

Derivative Transactions to Which Hedge Accounting is Not Applied

	Millions of Yen			
	Contract Amount	Contract Due after One Year	Fair Value	Unrealized Gain/Loss
March 31, 2015				
Foreign currency forward contracts-				
Selling U.S. dollars	¥ 5,111	¥ (52)	¥ (52)	

	Millions of Yen			
	Contract Amount	Contract Due after One Year	Fair Value	Unrealized Gain/Loss
March 31, 2014				
Foreign currency forward contracts-				
Selling U.S. dollars	¥ 3,081	¥ (6)	¥ (6)	

	Thousands of U.S. Dollars			
	Contract Amount	Contract Due after One Year	Fair Value	Unrealized Gain/Loss
March 31, 2015				
Foreign currency forward contracts-				
Selling U.S. dollars	\$ 42,592	\$ (433)	\$ (433)	

Derivative Transactions to Which Hedge Accounting is Applied

	Millions of Yen			
	Hedged Item	Contract Amount	Contract Due after One Year	Fair Value
March 31, 2015				
Foreign currency forward contracts-				
Selling U.S. dollars	¥ 721	¥ 721	¥ 1	

	Thousands of U.S. Dollars			
	Hedged Item	Contract Amount	Contract Due after One Year	Fair Value
March 31, 2015				
Foreign currency forward contracts-				
Selling U.S. dollars	\$ 6,008	\$ 6,008	\$ 8	

The fair value of derivative transactions is measured at the quoted price obtained from the financial institution.

The contract amounts of derivatives which are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risk.

16. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2015	2014
Unrealized gain on available-for-sale securities:		
Gains arising during the year	¥ 255	¥ 662
Reclassification adjustments to profit or loss	(0)	(1)
Amount before income tax effect	255	661
Income tax effect	(22)	(236)
Total	¥ 233	¥ 425
Deferred gain on derivatives under hedge accounting:		
Gains arising during the year	¥ (67)	\$ (558)
Reclassification adjustments to profit or loss	68	566
Amount before income tax effect	1	8
Income tax effect	(0)	(0)
Total	¥ 1	\$ 8
Foreign currency translation adjustments:		
Adjustments arising during the year	¥ 1,775	¥ 8,612
Total	¥ 1,775	¥ 8,612
Defined retirement benefit plans:		
Adjustments arising during the year	¥ 1,119	\$ 9,325
Reclassification adjustments to profit or loss	(347)	(2,892)
Amount before income tax effect	772	6,433
Income tax effect	(208)	(1,733)
Total	¥ 564	\$ 4,700
Total other comprehensive income	¥ 2,573	¥ 9,037

18. NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2015 and 2014, is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Income	Weighted- Average Shares*	EPS*	
For the year ended March 31, 2015:				
Basic EPS				
Net income available to common shareholders	¥ 26,638	207,311	¥ 128.49	\$ 1.07
Effect of dilutive securities				
Stock options		765		
Diluted EPS				
Net income for computation	¥ 26,638	208,076	¥ 128.02	\$ 1.07
For the year ended March 31, 2014:				
Basic EPS				
Net income available to common shareholders	¥ 20,574	206,828	¥ 99.47	
Effect of dilutive securities				
Stock options		645		
Diluted EPS				
Net income for computation	¥ 20,574	207,473	¥ 99.16	

* Shares and per share figures have been restated, as appropriate, to reflect a two-for-one stock split effected April 1, 2014.

19. RELATED PARTY DISCLOSURES

Transactions of the Company with related parties for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen	Thousands of U.S. Dollars	2015
	2015	2014	2015
Officers of the Company - Exercise of stock options	¥ 23	¥ 135	¥ 192
Significant officers of the Company's subsidiaries - Exercise of stock options	12	23	100

20. SUBSEQUENT EVENTS**Appropriations of Retained Earnings**

The following appropriation of retained earnings at March 31, 2015, was approved at the shareholders' meeting of the Company held on June 19, 2015:

	Millions of Yen	Thousands of U.S. Dollars	2015
Year-end cash dividends, ¥22.00 (\$0.18) per share	¥ 4,564	¥ 38,033	

21. SEGMENT INFORMATION

Under ASB Statement No. 17, "Accounting Standard for Segment Information Disclosures" and ASB Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

1. Description of reportable segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. The Group mainly produces and sells diagnostic instruments and reagents. The Company plans comprehensive strategies within Japan and conducts business activities there, and the four regional headquarters located in America, EMEA, China and Asia-Pacific plan comprehensive strategies for each region and conduct business activities in those regions.

Therefore, the Group consists of the geographical segments based on production and sales structures, which are "Japan," "Americas," "EMEA," "China" and "Asia-Pacific."

2. Methods of measurement for the amounts of sales, profit (loss), assets and other items for each reportable segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies," and the profits of the reportable segments are their operating incomes.

Intersegment sales or transfers are determined based on market prices or costs of goods manufactured.

As noted in Note 2.l.(c), the Company applied the revised accounting standard and guidance for retirement benefits effective April 1, 2014, and changed the methods of attributing the expected benefit to periods, the discount rate and expected future salary increases. The effects of this accounting change on the segment profit for the year ended March 31, 2015, were minor.

3. Information about sales, profit (loss), assets and other items is as follows:

	Millions of Yen					
	2015					
	Reportable Segment					
	Japan	Americas	EMEA	China	Asia-Pacific	Total
Sales:						
Sales to external customers	¥ 43,400	¥ 47,014	¥ 63,257	¥ 49,840	¥ 17,866	¥ 221,377
Intersegment sales or transfers	79,537	300	1,173	7	158	81,175
Total	¥ 122,937	¥ 47,314	¥ 64,430	¥ 49,847	¥ 18,024	¥ 302,552
Segment profit	¥ 31,163	¥ 2,402	¥ 5,199	¥ 6,802	¥ 1,227	¥ 46,793
Segment assets	130,888	34,522	69,094	35,611	18,386	288,501
Other:						
Depreciation	4,926	2,192	3,817	269	1,177	12,381
Amortization of goodwill	280		842		574	1,696
Investment of associates accounted for using the equity method	1,932					1,932
Increase in property, plant and equipment and intangible assets	8,901	1,702	5,803	233	1,900	18,539
	Millions of Yen					
	2014					
	Reportable Segment					
	Japan	Americas	EMEA	China	Asia-Pacific	Total
Sales:						
Sales to external customers	¥ 41,759	¥ 38,594	¥ 53,196	¥ 36,258	¥ 14,731	¥ 184,538
Intersegment sales or transfers	62,058	24	786	5	165	63,038
Total	¥ 103,817	¥ 38,618	¥ 53,982	¥ 36,263	¥ 14,896	¥ 247,576
Segment profit	¥ 20,138	¥ 2,478	¥ 8,604	¥ 4,195	¥ 1,386	¥ 36,801
Segment assets	100,887	29,743	65,359	23,468	16,198	235,655
Other:						
Depreciation	4,672	1,841	3,291	267	986	11,057
Amortization of goodwill	280		641		514	1,435
Investment of associates accounted for using the equity method	390					390
Increase in property, plant and equipment and intangible assets	10,144	1,858	4,487	165	1,936	18,590
	Thousands of U.S. Dollars					
	2015					
	Reportable Segment					
	Japan	Americas	EMEA	China	Asia-Pacific	Total
Sales:						
Sales to external customers	\$ 361,667	\$ 391,783	\$ 527,142	\$ 415,333	\$ 148,883	\$ 1,844,808
Intersegment sales or transfers	662,808	2,500	9,775	59	1,317	676,459
Total	\$ 1,024,475	\$ 394,283	\$ 536,917	\$ 415,392	\$ 150,200	\$ 2,521,267
Segment profit	\$ 259,692	\$ 20,017	\$ 43,325	\$ 56,683	\$ 10,225	\$ 389,942
Segment assets	1,090,733	287,683	575,784	296,758	153,217	2,404,175
Other:						
Depreciation	41,050	18,267	31,808	2,241	9,808	103,174
Amortization of goodwill	2,333		7,017		4,783	14,133
Investment of associates accounted for using the equity method	16,100					16,100
Increase in property, plant and equipment and intangible assets	74,175	14,184	48,358	1,942	15,833	154,492

Note: Reconciliations principally consist of intersegment transfers and unallocated corporate assets at ¥4,729 million (\$39,408 thousand) and ¥3,740 million for 2015 and 2014, respectively. The unallocated corporate assets are primarily composed of funds such as marketable equity securities.

Independent Auditor's Report

4. Information about products and services

	Millions of Yen				
	2015				
	Instruments	Reagents	Maintenance Services	Others	Total
Sales to external customers	¥ 71,461	¥ 105,378	¥ 21,804	¥ 22,734	¥ 221,377
 					
	Millions of Yen				
	2014				
	Instruments	Reagents	Maintenance Services	Others	Total
Sales to external customers	¥ 57,089	¥ 88,163	¥ 18,079	¥ 21,207	¥ 184,538
 					
	Thousands of U.S. Dollars				
	2015				
	Instruments	Reagents	Maintenance Services	Others	Total
Sales to external customers	\$ 595,508	\$ 878,150	\$ 181,700	\$ 189,450	\$ 1,844,808

5. Information about geographical areas

(1) Sales	Millions of Yen				
	2015				
Japan	America	China	Other	Total	
¥ 40,554	¥ 45,855	¥ 49,849	¥ 85,119	¥ 221,377	
 					
	Millions of Yen				
	2014				
Japan	America	China	Other	Total	
¥ 40,317	¥ 33,211	¥ 36,269	¥ 74,741	¥ 184,538	
 					
	Thousands of U.S. Dollars				
	2015				
Japan	America	China	Other	Total	
\$ 337,950	\$ 382,125	\$ 415,408	\$ 709,325	\$ 1,844,808	

Note: Sales are classified in countries or regions based on location of customers.

6. Information about major customers

There are no customers who occupy more than 10% of the consolidated sales.

7. Information on the balance of goodwill of reportable segments

	Millions of Yen						
	2015						
	Japan	Americas	EMEA	China	Asia-Pacific	Eliminations/ Corporate	Total
Goodwill at March 31, 2015	¥ 281		¥ 10,029		¥ 1,804		¥ 12,114
 							
	Millions of Yen						
	2014						
	Japan	Americas	EMEA	China	Asia-Pacific	Eliminations/ Corporate	Total
Goodwill at March 31, 2014	¥ 561		¥ 10,415		¥ 2,139		¥ 13,115
 							
	Thousands of U.S. Dollars						
	2015						
	Japan	Americas	EMEA	China	Asia-Pacific	Eliminations/ Corporate	Total
Goodwill at March 31, 2015	\$ 2,342		\$ 83,575		\$ 15,033		\$ 100,950

Deloitte Touche Tohmatsu LLC
Meijiyasudaseimei Kobe Building
8-3-5, Isogami-dori, Chuo-ku
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Japan

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Fax: +81 (78) 221 8225
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Sysmex Corporation:

We have audited the accompanying consolidated balance sheet of Sysmex Corporation and its consolidated subsidiaries as of March 31, 2015, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects the consolidated financial position of Sysmex Corporation and its consolidated subsidiaries as of March 31, 2015, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

As disclosed in Note 3 to the consolidated financial statements, Sysmex Corporation and its consolidated subsidiaries previously recorded after-sales service expense in selling, general and administrative expenses. Effective April 1, 2014, however, Sysmex Corporation and its consolidated subsidiaries changed to record these expenses in cost of sales. Our opinion is not modified in respect of this matter.

Convenience Translation

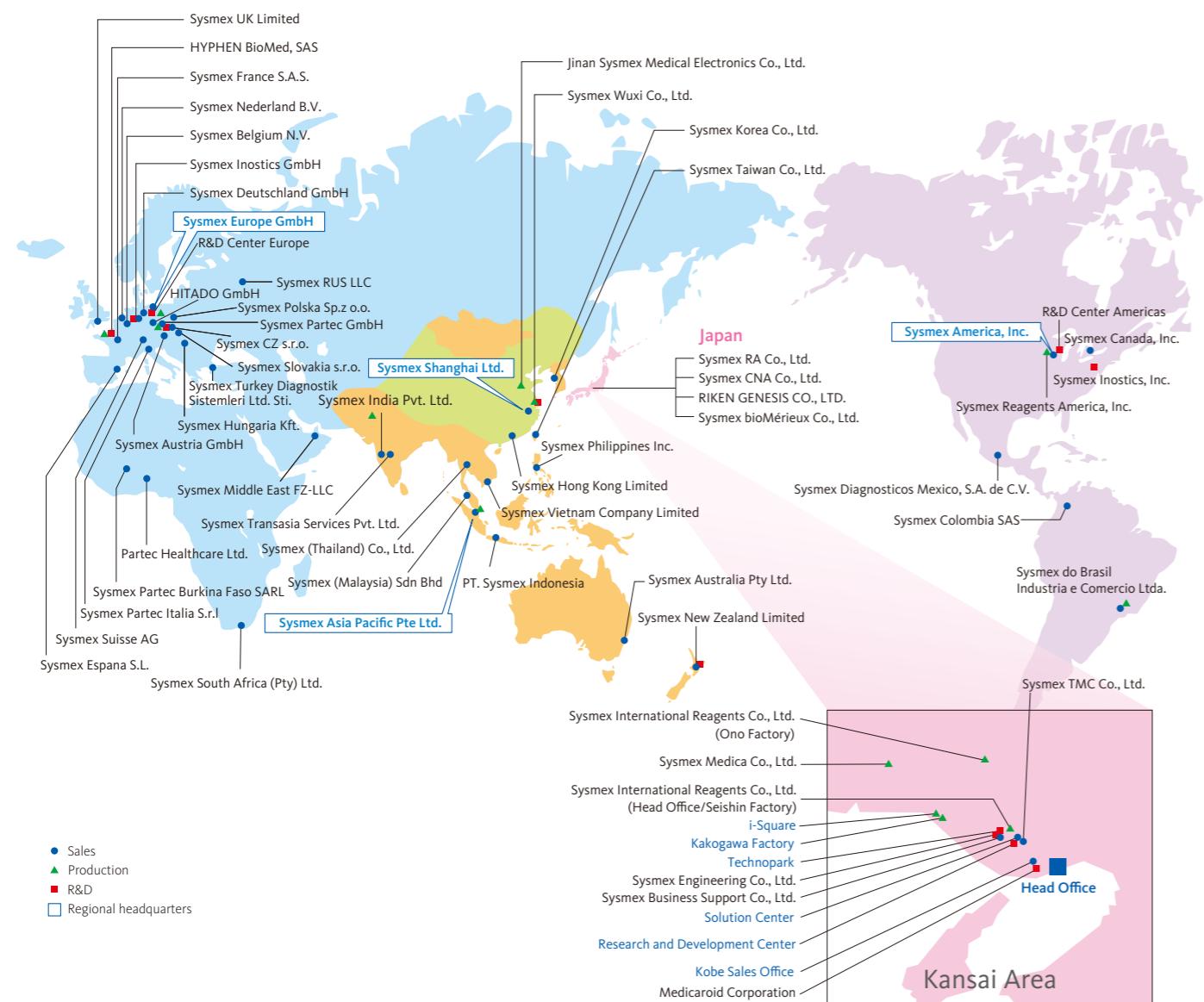
Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

June 19, 2015

Member of
Deloitte Touche Tohmatsu Limited

Sysmex Group Information

Global Network



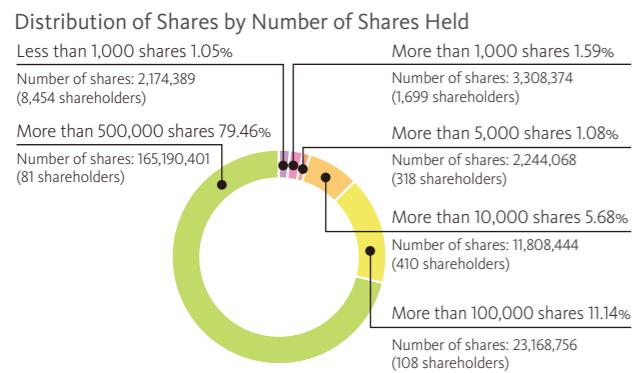
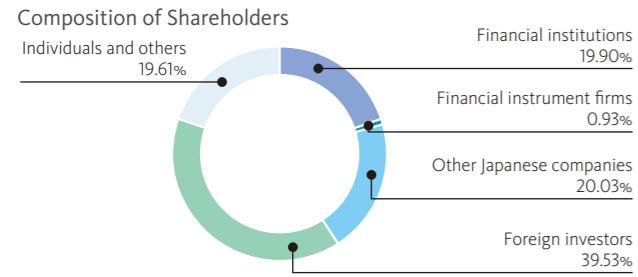
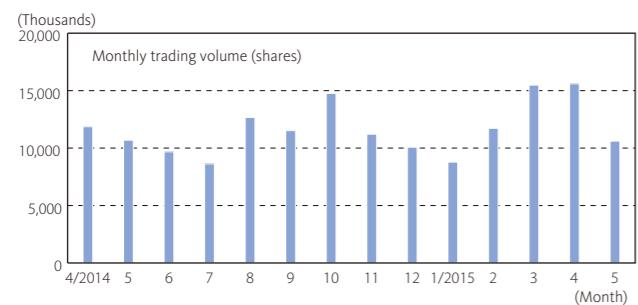
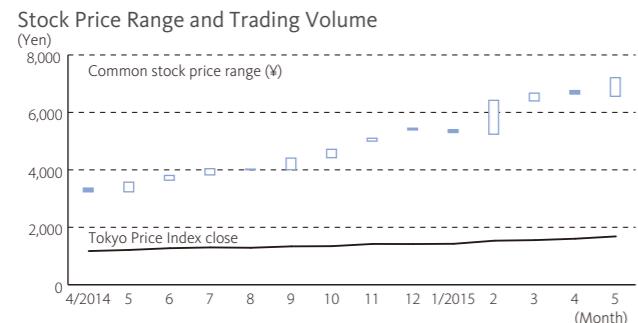
Domestic Offices			Location	TEL		
Head Office			1-5-1 Wakino-hama-Kaigandori, Chuo-ku, Kobe, Hyogo 651-0073, Japan	TEL: (+81) 78-265-0500		
Technopark			4-4-4 Takatsukadai, Nishi-ku, Kobe, Hyogo 651-2271	TEL: (+81) 78-991-1911		
Solution Center			1-3-2 Murotani, Nishi-ku, Kobe, Hyogo 651-2241	TEL: (+81) 78-992-5860		
Research and Development Center			1-1-2 Murotani, Nishi-ku, Kobe, Hyogo 651-2241	TEL: (+81) 78-991-2212		
i-Square			262-11 Mizuashi, Noguchi-cho, Kakogawa, Hyogo 675-0019	TEL: (+81) 79-456-8010		
Kakogawa Factory			314-2 Kitano, Noguchi-cho, Kakogawa, Hyogo 675-0011	TEL: (+81) 79-424-1171		
Protein Development Center			1548 Ooaza Shimokudomi, Sayama, Saitama 350-1332	TEL: (+81) 4-2954-2171		
Tokyo Office			1-2-2 Ohsaki, Shinagawa-ku, Tokyo 141-0032	TEL: (+81) 3-5434-8910		
Sendai Branch	Kita Kanto Branch	Tokyo Branch	Nagoya Branch	Osaka Branch	Hiroshima Branch	
Fukuoka Branch	Sapporo Sales Office	Morioka Sales Office	Nagano Sales Office	Niigata Sales Office	Chiba Sales Office	
Shizuoka Sales Office	Kanazawa Sales Office	Kyoto Sales Office	Kobe Sales Office	Takamatsu Sales Office	Okayama Sales Office	
Kagoshima Sales Office	Metropolitan Area Service Center					

Associated Foundation			
Nakatani Foundation for Advancement of Measuring Technologies in Biomedical Engineering	1-2-2 Ohsaki, Shinagawa-ku, Tokyo 141-0032, Japan		TEL: (+81) 3-5719-2125

Corporate name	Established	Equity ownership by Group	Location	TEL
Sysmex Corporation	1968	—	1-5-1 Wakino-hama-Kaigandori, Chuo-ku, Kobe, Hyogo 651-0073, Japan	TEL: (+81) 78-265-0500
Sysmex International Reagents Co., Ltd.	1969	100%	Head Office/Seishin Factory Ono Factory 17 Takumidai, Ono, Hyogo 675-1322, Japan	TEL: (+81) 78-991-2211
Sysmex RA Co., Ltd.	1978	100%	1850-3 Hirookanomura, Shiojiri, Nagano 399-0702, Japan	TEL: (+81) 263-54-2251
Sysmex Medica Co., Ltd.	1978	100%	323-3 Miyako, Yumesaki-cho, Himeji, Hyogo 671-2121, Japan	TEL: (+81) 79-335-2080
Sysmex TMC Co., Ltd.	1992	100%	1-3-2 Murotani, Nishi-ku, Kobe, Hyogo 651-2241, Japan	TEL: (+81) 78-992-5883
Sysmex CNA Co., Ltd.	1996	100%	2-3-7 Hakata Eki Mae, Hakata-ku, Fukuoka 812-0011, Japan	TEL: (+81) 92-476-1121
Sysmex Business Support Co., Ltd.	2013	100%	4-4-4 Takatsukadai, Nishi-ku, Kobe, Hyogo 651-2271, Japan	TEL: (+81) 78-992-5826
Sysmex Engineering Co., Ltd.	2014	100%	4-4-4 Takatsukadai, Nishi-ku, Kobe, Hyogo 651-2271, Japan	TEL: (+81) 78-991-2702
Medicaroid Corporation	2013	50%	5-5-2 Minatojima Minamimachi, Chuo-ku, Kobe, Hyogo 650-0047, Japan	TEL: (+81) 78-303-8770
RIKEN GENESIS CO., LTD.	2007	36.5%	1-7-22 Suehiro-cho, Tsurumi-ku, Yokohama-shi, Kanagawa, 230-0045, Japan	TEL: (+81) 45-521-8781
Sysmex bioMérieux Co., Ltd.	2008	34%	1-2-2 Ohsaki, Shinagawa-ku, Tokyo 141-0032, Japan	TEL: (+81) 3-6834-2666
Sysmex America, Inc.	2003	100%	577 Aptakisic Road, Lincolnshire, IL 60069, U.S.A.	TEL: (+1) 224-543-9500
Sysmex Reagents America, Inc.	1993	100%	Two Sysmex Way, Mundelein, IL 60060, U.S.A.	TEL: (+1) 847-367-2800
Sysmex Inostics, Inc.	2013	100%	855 N. Wolfe St., Suite 631, Baltimore, Maryland 21205, U.S.A.	TEL: (+1) 442-759-8650
Sysmex Canada, Inc.	2007	100%	5700 Explorer Drive, Suite #200, Mississauga, Ontario, L4W 0C6, Canada	TEL: (+1) 905-366-7900
Sysmex Diagnósticos Mexico, S.A. de C.V.	2014	100%	Paseo de la Reforma #250 esq. Niza, 8th Floor, Colonia Juarez, C.P. 06600, Mexico City, Mexico	TEL: (+52) 11525 36007106
Sysmex Colombia SAS	2014	100%	Calle 90 #12-28 Offices #11 and 16 Bogota, D.C. Cundinamarca, Colombia	TEL: (+57) 1 6581683
Sysmex do Brasil Industria e Comercio Ltda.	1998	100%	Rua Joaquim Nabuco, 615-Bairro Cidade Jardim-Sao Jose dos Pinhais-Parana- Brasil-CEP 83040-210	TEL: (+55) 41-2104-1314
Sysmex Europe GmbH	1980	100%	Bornbarch 1, 22848 Norderstedt, Germany	TEL: (+49) 40-527260
Sysmex Deutschland GmbH	1995	100%	Bornbarch 1, 22848 Norderstedt, Germany	TEL: (+49) 40-5341020
HITADO GmbH	2010	100%	Dreihausen 2, D-59519 Moehnesee, Germany	TEL: (+49) 2924-9705-0
Sysmex Partec GmbH	2013	100%	Am Flugplatz 13, 02828 Goerlitz, Germany	TEL: (+49) 3581-8746-0
Sysmex Inostics GmbH	2013	100%	Falkenried 88, D-20251 Hamburg, Germany	TEL: (+49) 40-413383-90
Sysmex UK Limited	1991	100%	Sysmex House, Garamonda Drive, Wymbs, Milton Keynes, MK8 8 DF, U.K.	TEL: (+44) 870-902-9210
Sysmex France S.A.S.	2000	100%	22, avenue des Nations Paris Nord II-B.P. 51414 Villepinte, 95944 Roissy CDG Cedex, France	TEL: (+33) 1-48-170190
HYPHEN BioMed, SAS	2010	100%	155 Rue d'Egrny-95000 Neuville sur Olse, France	TEL: (+33) 134-406-510
Sysmex Espana S.L.	2010	100%	Frederic Mompou, 4-8 Planta 2 08960 - Sant Just Desvern, Espana	TEL: (+34) 934-236-231
Sysmex Belgium N.V.	2009	100%	Park Rozendal, Building A Terhulpssteenweg 6a 1560 Hoeilaart, Belgium	TEL: (+32) 2-769-7474
Sysmex Nederland B.V.	2009	100%	Ecustraat 11, 4879 NP Etten Leur, The Netherlands	TEL: (+31) 76-508-6000
Sysmex Polska Sp.z o.o.	2005	100%	Kopernik Office Building, Al. Jerozolimskie 176, 02-486 Warsaw, Poland	TEL: (+48) 22-57284-00
Sysmex Suisse AG	2006	100%	Tödistrasse 50, 8810 Horgen, Switzerland	TEL: (+41) 44-718-38-38
Sysmex Austria GmbH	2007	100%	Odoakergasse 34-36 A-1160 Wien, Austria	TEL: (+43) 1-4861631
Sysmex Hungaria Kft.	2007	100%	Forum Offices Obuda Irodahaz, III kerulet, Becsi ut 271, 1037 Budapest, Hungary	TEL: (+36) 1-210-96-70
Sysmex CZ s.r.o.	2007	100%	Elgartova 683/4 Brno Czech Republic	TEL: (+420) 548-216-855
Sysmex Slovakia s.r.o.	2007	100%	Trencianska 47 821 09 Bratislava, Slovakia Republic	TEL: (+421) 2-6453-2881-2
Sysmex RUS LLC	2011	100%	1 Magistralny tupik, 11, bld. 10, office 1020 Russia, Moscow 123290	TEL: (+7) 495-7816772
Sysmex Turkey Diagnostik Sistemleri Ltd. Sti.	2014	100%	R.Bahce Mh. Sht. Yzb. S.Eroglu Cd. Sur Yapi Akel Is M. A Bl. K: 5 N. 6, Kavacik Beykoz Istanbul Turkey	TEL: (+90) 216-681-66-00
Sysmex Middle East FZ-LLC	2008	100%	Dubai Healthcare City, City Pharmacy Building C/P72, Office 304, P.O.Box 505119 Dubai, U.A.E.	TEL: (+971) 4-4370515
Sysmex South Africa (Pty) Ltd.	2006	100%	Fernridge Office Park, Block 2; 5 Hunter Avenue; Ferndale; Randburg 2194 RSA	TEL: (+27) 11-3299480
Sysmex Shanghai Ltd.	2000	100%	9th Floor, Azia Center, 1233 Lujiazu Ring Road, Shanghai, 200120, China	TEL: (+86) 21-6888-2626
Jinan Sysmex Medical Electronics Co., Ltd.	1995	100%	7493 Airport Road, Yaoqiang Town, Licheng District, Jinan City, Shandong Province, China; PC. 250107	TEL: (+86) 531-8873-4440
Sysmex Hong Kong Limited	1999	100%	Room 907, 9/F, Tower 1, Silvercord, 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong	TEL: (+852) 2543-5123
Sysmex Wuxi Co., Ltd.	2003	100%	#8-9, No. 93, Science Technology Stand-up Park, New District, Wuxi, Jiangsu, 214028, China	TEL: (+86) 510-8534-5837
Sysmex Asia Pacific Pte Ltd.	1998	100%	9 Tampines Grande #06-16 to #06-22 528735, Singapore	TEL: (+65) 6221-3629
Sysmex (Malaysia) Sdn Bhd	1998	100%	11A&15, Jln PJS 7/21, Bdr Sunway, 47500 Subang Jaya, Selangor, Malaysia	TEL: (+60) 3-5637-1788
Sysmex (Thailand) Co., Ltd.	1999	100%	12 Floor, Tonson Tower, 900 Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330, Thailand	TEL: (+66) 2539-1127
Sysmex Vietnam Company Limited	2010	100%	8th floor, 106 Nguyen Van Troi, Phu Nhuan District, Ho Chi Minh City, Vietnam	TEL: (+84) 8-3997-9400
PT. Sysmex Indonesia	2002	100%	Cyber 2 Tower, 5th Floor, Unit E Jl. HR. Rasuna Said Blok X5 No. 13 Jakarta Selatan 12950, Indonesia	TEL: (+62) 21-3002-6688
Sysmex Transasi Services Pvt. Ltd.	2009	51%	Office No.1002, 10th Floor, Damji Shamji Business Galleria, LBS Marg, Next to Toyo House, Kanjur Marg(W), Mumbai-400 078, India	TEL: (+91) 22-2822-4040
Sysmex India Pvt. Ltd.	1998	100%	Office No.1002, 10th Floor, Damji Shamji Business Galleria, LBS Marg, Next to Toyo House, Kanjur Marg(W), Mumbai-400 078, India	TEL: (+91) 22-6112-6666
Sysmex Philippines Inc.	2010	100%	30th Floor, MDC 100 Bldg. E. Rodriguez Jr. Ave. cor. Eastwood Ave. Bagumbayan, Quezon City, Philippines	TEL: (+63) 2-621-2460
Sysmex Taiwan Co., Ltd.	2000	100%	Song Jiang Road 318 13F-3, Zhong Shan District, Taipei, Taiwan	TEL: (+886) 2-2542-2339
Sysmex Korea Co., Ltd.	2013	100%	8F, Nobel Bldg, 16, Teheran-ro 78-gil, Gangnam-gu, Seoul, 135-840, Korea	TEL: (+82) 2-3498-5300
Sysmex Australia Pty Ltd.	2014	100%	Level 9, Avaya House 123 Epping Road North Ryde 2113 NSW, Australia	TEL: (+61) 2-8875-7756
Sysmex New Zealand Limited	2001	100%	382-386 Manukau Road, Epsom, Auckland 1344, New Zealand	TEL: (+64) 9-630-3554

Stock Information

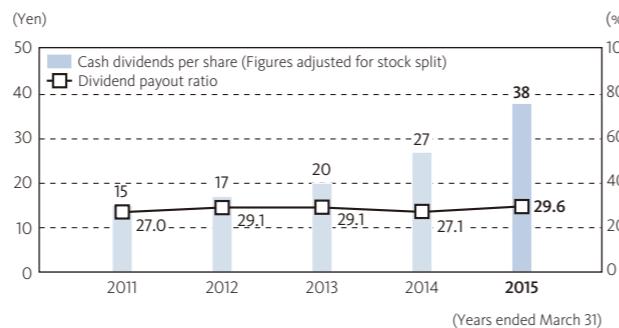
(As of March 31, 2015)



Principal Shareholders

Shareholders	Number of shares held (Thousands)	Percentage of shareholding
Japan Trustee Services Bank, Ltd.	21,644	10.41
The Kobe Yamabuki Foundation	12,000	5.77
Nakatani Foundation for Advancement of Measuring Technologies in Biomedical Engineering	11,830	5.69
Nakatani Kosan, Ltd.	10,297	4.95
JPMorgan Chase Bank 380055 (Standing proxy: Mizuho Corporate Bank, Custody & Proxy Dept.)	10,287	4.95
The Master Trust Bank of Japan, Ltd.	8,611	4.14
Kazuko Ietsugu	6,124	2.95
Taeko Wada	6,124	2.95
Kenji Itani	5,000	2.41
Ryoshin Co.	4,800	2.31

Cash Dividends per Share and Dividend Ratio (Consolidated)



Note: Two-for-one stock split conducted on April 2014 and 2011.

Dividend Policy
Sysmex aims to maintain a proper balance between aggressive investment, which is designed to sustain steady high growth, and returns to our shareholders as our earning power increases. 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 30% under our basic policy of sharing the successes of our operations in line with business performance.

Corporate Overview

(As of March 31, 2015)

Sysmex Corporation

Established	February 20, 1968
Number of Employees	5,903 (consolidated basis) 6,739 (including part-time employees and others)
Fiscal Year	April 1–March 31
Shareholders' Meeting	In June
Number of Shares Authorized	598,688,000 shares
Number of Shares Issued	207,894,432 shares
Paid-in Capital	¥10,483 million
Stock Listings	Tokyo Stock Exchange, First Section November 1995: Listed on Osaka Securities Exchange, Second Section July 1996: Listed on Tokyo Stock Exchange, Second Section March 2000: Listed on Tokyo Stock Exchange, First Section and Osaka Securities Exchange, First Section

Ticker Code

6869

Transfer Agent

Mitsubishi UFJ Trust and Banking Corporation

Independent Auditor

Deloitte Touche Tohmatsu LLC

Rating

A+ (Rating and Investment Information, Inc. (R&I))

Indexes

MSCI Standard Index

Russell/Nomura Japan Equity Indexes

FTSE4Good Index

DSI (Daiwa Stock Indices)

S&P Japan 500

Dow Jones Sustainability Asia Pacific Index

JPX-Nikkei Index 400

Ethibel Pioneer & Excellence

