HOGY MEDICAL Co., Ltd.
7-7, Akasaka 2-chome, Minato-ku,
Tokyo 107-8615, Japan

October 12, 2006

Interim Consolidated Financial Results for Fiscal 2006

Name: **Hogy Medical Co., Ltd.**
Listing: **First Section, Tokyo Stock Exchange**
Stock code number: **3593**
Phone: **+81-3-6229-1300**
URL: **http://www.hogy.co.jp**
Representative: **Jun-ichi Hoki, President and COO**
Contact: **Kazuo Takahashi, Executive Officer, Administration Div.**
Meeting of Board of Directors for Consolidated Financial Results: **October 12, 2006**
U.S. accounting standards: **Not applied**

1. Interim financial results for fiscal 2006 (April 1–September 30, 2006)

(1) Results of operations

(Millions of yen, except per share data, rounded down)

	Net sales		Operating income		Ordinary income	
		(% change)		(% change)		(% change)
Fiscal 2006—interim	¥13,422	+3.1%	¥2,957	–6.3%	¥3,026	–7.9%
Fiscal 2005—interim	13,023	+5.5	3,157	+12.0	3,286	+10.1
Fiscal 2005—full year	26,434		6,200		6,438	

	Net income		Net income per share (Yen)	Net income per share (fully diluted) (Yen)
		(% change)		
Fiscal 2006—interim	¥1,784	–11.7%	¥114.41	¥ —
Fiscal 2005—interim	2,020	+5.2	129.84	119.06
Fiscal 2005—full year	3,909		246.83	227.41

Notes: 1. Gain/loss on investments based on equity method
Fiscal 2006—interim: ¥—million
Fiscal 2005—interim: ¥—million
Fiscal 2005—full year: ¥—million
2. Weighted-average number of shares outstanding (consolidated)
Fiscal 2006—interim: 15,594,062
Fiscal 2005—interim: 15,563,272
Fiscal 2005—full year: 15,567,955
3. Changes in accounting method: Not applicable
4. Percentage figures shown in the net sales, operating income, ordinary income, and net income columns indicate year-on-year changes for those items.

(2) Financial position

(Millions of yen, except per share data, rounded down)

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share (Yen)
Fiscal 2006—interim	¥56,187	¥49,373	87.8%	¥3,165.07
Fiscal 2005—interim	63,121	45,633	72.3	2,932.16
Fiscal 2005—full year	55,939	47,383	84.7	3,037.60

Note: Number of shares outstanding at term-end (consolidated)
Fiscal 2006—interim: 15,595,394
Fiscal 2005—interim: 15,563,026
Fiscal 2005—full year: 15,576,799

(3) Cash flows

(Millions of yen, rounded down)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at term-end
Fiscal 2006—interim	¥1,681	¥–1,608	¥ –576	¥ 5,540
Fiscal 2005—interim	2,620	–2,055	–376	16,039
Fiscal 2005—full year	5,738	–4,998	–10,670	6,055

(4) Included in scope of consolidation or applicable under equity method

Consolidated subsidiaries: 1
Non-consolidated subsidiaries: 0
Affiliates: 0

(5) Changes in scope of consolidation or equity method

Consolidated subsidiaries
Newly included: 0
Newly exempted: 0
Affiliates (based on equity method)
Newly included: 0
Newly exempted: 0

2. Forecast for fiscal 2006 (April 1, 2006–March 31, 2007)

(Millions of yen, rounded down)

	Net sales	Ordinary income	Net income
Fiscal 2006	¥27,000	¥6,210	¥3,690

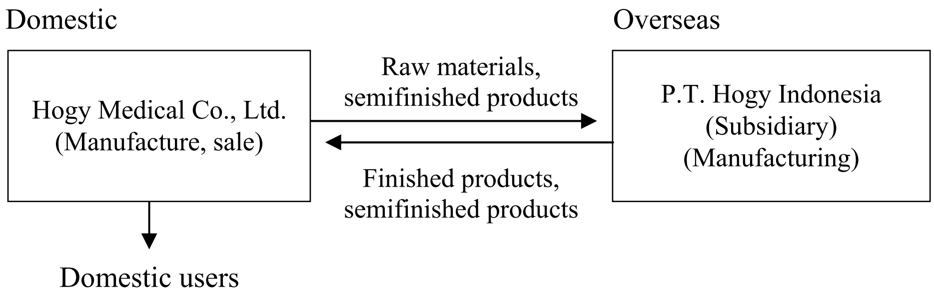
Note: Forecast net income per share (full year): ¥236.61

*The above estimates are based on information available to the Company on the date of the report's announcement. Due to unforeseen circumstances, however, actual results may differ from such estimates. For more information related to the above figures, please refer to page 5 of this report.

1. Organizational Structure of the Hogy Medical Group

The Hogy Medical Group consists of Hogy Medical (the "Company") and its consolidated subsidiary, P.T. Hogy Indonesia (the "Subsidiary"). Main Group businesses are the manufacture and sale of various items for medical use, namely consumables, medical equipment, medical recording paper, and non-woven fabric products. The Company entrusts part of its non-woven fabric products and consumables manufacturing operations to the subsidiary. Practically all of the products made by that subsidiary are supplied to the Company. Therefore, this subsidiary can be regarded at the Company's manufacturing base.

The Group's structure and interrelationships are shown below.



2. Management Policies

(a) Basic Policy
Hogy Medical is committed to "fostering medical progress and promoting the health and happiness of people through its business activities, thus contributing to social prosperity." Through its campaign to combat the spread of in-hospital infections, the Company places top priority on assuring the safety of patients and medical facility personnel. We also offer a line of products that enable medical institutions to enhance their streamlining and energy-saving efforts.

(b) Basic Profit Appropriation Policy
Our basic policy with respect to profit appropriation emphasizes a strategy of paying cash dividends, and since our foundation we have adhered to our corporate motto of "ensuring harmonious coexistence with customers, shareholders, employees, and corporations." To this end, we continue to actively and consistently reward our shareholders for their patronage, and have set a consolidated dividend payout ratio of 30%.

In addition, we introduced a stock option plan, with the intention of raising will and morale by providing benefits to directors and employees. These measures are designed to improve our business performance.

(c) Policy on Reduction of Minimum Share Unit
With respect to reducing the minimum trading unit of our shares, we recognize the importance of ensuring liquidity of our shares and providing an environment that facilitates investment. We are studying all relevant factors, including stock price, number of shareholders, and financial conditions, with a view to reducing the minimum share unit. However, specific policies and timing are yet to be determined.

(d) Key Performance Indicators
Two financial indicators prioritized by management are earnings per share (EPS) and return on equity (ROE). Our objective is to raise EPS and ROE to at least ¥500 and 10%, respectively.

(e) Medium to Long-Term Strategies and Objectives

We accord high emphasis to product life cycles, acknowledging that even the most superior products cannot sustain long-term growth. With this in mind, we have implemented a strategy of "getting next-generation growth products on stream while sales of mainstay items are expanding." We believe this strategy will enable us to achieve revenue and profit growth over the medium and long terms. To this end, we are concentrating our management resources on new product development.

To achieve these objectives, we are pursuing a marketing strategy aimed at making Operamaster—a product, distribution, and information system centered around full-kit offerings—into a main pillar of our business. Full-kit products, the core component of Operamaster, incorporate the sterilized medical supplies used in operating rooms. Operamaster is based on the concept of creating sets of products tailored to specific doctors and diseases. In addition to enhancing operating efficiency and saving labor costs, full-kit products help make surgical procedures safer. At the same time, they contribute to the improvement of hospital management because they eliminate need for product-specific inventory management. We are also improving distribution efficiency. We have established a system whereby our Tsukuba facility manufactures full-kit systems in four days. Therefore, hospitals can now place orders directly to Hogy from dedicated information terminals, for delivery on the day before surgery. This system is expected to alleviate hospitals' inventory burdens. In addition to an online ordering system, we are improving our information capabilities by unifying our surgery schedule, personnel, and cost management systems. This is expected to facilitate operating room scheduling and improve productivity. We will more effectively control receipt and transfer of materials, in order to eliminate inventory-related waste and facilitate cost-based accounting. In summary, a key priority for Hogy Medical is to ensure the proliferation of Operamaster as a solution-based service for medical institutions, who will be required to streamline operations and enhance management efficiency in the future. In addition, we are applying our "Surrem strategy"—based on the concept of low price, high function, and high quality—to mainly non-woven fabric products, in order to more effectively meet the needs of medical institutions.

The revised Pharmaceutical Affairs Law, enacted in April 2005, highlights the growing importance of safety and legal compliance among companies in the medical equipment industry. In this in mind, Hogy Medical will renew its focus on the stable supply of safe products. In addition, we will continue pursuing cost-reduction activities and further upgrade internal monitoring systems in order to ensure transparency of operations.

(f) Items Related to Parent Company

No relevant items

3. Performance and Financial Position

(a) Performance

1-1 Overview

In the interim period under review, the Japanese economy showed a recovery trend, driven by higher capital investments stemming from recovery in corporate performances, as well as improved employment conditions. However, the business environment remained uncertain due to prolonged increases in crude oil prices and concerns about hikes in interest rates.

Conditions in the medical equipment industry remain difficult due to recent actions by the central government to restructure the medical industry in order to lower medical expenses. Medical treatment remuneration was revised downward in April 2006, placing more and more pressure on companies associated with the medical equipment industry to enhance operating efficiency. In addition, the revised Pharmaceutical Affairs Law was enacted in April 2005, highlighting the growing importance of safety and legal compliance among companies in the industry.

For the interim period, the Hogy Medical Group posted a 14.8% year-on-year increase in sales of surgical-use kit products. Operamaster, a solution-based service for medical institutions incorporating products, logistics, and information management, was well received. The number of Operamaster contracts reached 53 by September 30, 2006 (up from 41 on March 31). In surgical-use non-wovens, we introduced, new gowns and drapes, at the end of the period, with a view to expanding sales in the second half of the fiscal year. These actions are consistent with our Surrem strategy, based on the concept of low price, high function, and high quality.

As a result, consolidated interim net sales amounted to ¥13,422 million, up 3.1% from the previous corresponding period.

On the earnings side, we continued striving to enhance production efficiency and otherwise reduce costs. We also kept selling, general, and administrative expenses within our forecasts thanks to efficient expense allocations. In the non-operating category, we generated income associated with the maturity of insurance policies for Group directors. Among extraordinary items, we made provision for allowance for doubtful accounts to cover part of our receivables.

Consequently, consolidated operating income for the period declined 6.3%, to ¥2,957 million, and ordinary income fell 7.9%, to ¥3,026 million. Net income was down 11.7%, to ¥1,784 million.

1-2 Outlook

In the remainder of the fiscal year and beyond, the Japanese economy is expected to continue recovering, although some observers have a cautious view about the outlook, due to ever-soaring oil prices and concerns about rising interest rates.

Conditions in the medical equipment industry will remain severe, and companies involved in the industry will face greater pressure than ever to enhance the efficiency of their operations. To prevail, we at the Hogy Medical Group will continue promoting our Operamaster and Surrem strategies, in order to distinguish ourselves from the competition.

Our consolidated forecasts for the fiscal year to March 2007 are as follows:

Net sales	¥27,000 million	(up 2.1%)
Operating income	¥6,110 million	(down 1.5%)
Ordinary income	¥6,210 million	(down 3.5%)
Net income	¥3,690 million	(down 5.6%)

(b) Financial Position

Total assets at interim term-end stood at ¥56,187 million, up ¥248 million from the end of the previous fiscal year. Current assets rose ¥840 million, to ¥21,476 million. This was due mainly to a ¥1,083 million increase in notes and accounts receivable attributable in part to a ¥748 million increase in notes receivable owing to the final day of the interim term falling on a non-business day, as well as a ¥513 million decrease in cash and bank deposits due to payment of income tax and purchases of tangible fixed assets for a new distribution center.

Fixed assets declined ¥592 million, to ¥34,711 million. Within this figure, tangibles were down ¥442 million, to ¥31,674 million, intangible grew ¥52 million, to ¥372 million, and investments and other assets fell ¥202 million, to ¥2,664 million.

At interim term-end, total liabilities amounted to ¥6,814 million, down ¥1,729 million. Current liabilities were down ¥817 million, to ¥5,688 million, due mainly to a decline in equipment-related notes payable owing to the settlement of bills (¥480 million). Long-term liabilities amounted to ¥1,126 million, falling ¥912 million due mainly to a decline in deferred hedging income of ¥1,050 million.

Net assets at the end of the term totaled ¥49,373 million. Items boosting net assets included interim net income (¥1,784 million) and deferred hedging income associated with a change in accounting treatment (¥902 million). Items holding down net assets included cash dividends paid (¥685 million). As a result, the equity ratio grew to 87.8%, from 84.7% at the end of the previous fiscal year.

(Statements of Cash Flows)

Cash and cash equivalents at the end of the interim term under review stood at ¥5,540 million, down ¥514 million from the end of the previous fiscal year.

(Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to ¥1,681 million, down ¥939 million from the previous corresponding period. Factors in this result included ¥3,000 million in income before income taxes and minority interests and ¥1,397 million in depreciation, which contrasted with a ¥1,093million increase in notes and accounts receivable and ¥1,319 million in income taxes paid.

(Cash Flows from Investing Activities)

Net cash used in investing activities totaled ¥1,608 million, up ¥446 million from the previous corresponding period. This was primarily due to purchases of tangible fixed assets for the new distribution center.

(Cash Flows from Financing Activities)

Net cash used in financing activities was ¥576 million, from ¥376 million in the previous corresponding period. This stemmed mainly from cash dividends paid.

In the year ahead, we expect net cash provided by operating activities to be around ¥6,500 million, reflecting our business performance. Net cash used in investing activities is expected to total around ¥2,000 million, due to purchases of tangible fixed assets for the new distribution center. We expect cash flows from financing activities to be mainly influenced by cash dividends paid.

The following table shows trends in key cash flow indicators for the Group.

	Fiscal 2003—interim (Six months to Sept. 2003)	Fiscal 2004—interim (Six months to Sept. 2004)	Fiscal 2005—interim (Six months to Sept. 2005)	Fiscal 2006—interim (Six months to Sept. 2006)	Fiscal 2005—Full year (Year to March 2006)
Equity ratio (%)	69.2	69.8	72.3	87.8	84.7
Equity ratio based on market price (%)	124.9	121.0	153.3	151.8	183.5
Debt repayment term (years)	—	—	—	—	—
Interest coverage ratio	—	—	—	—	—

Notes:
Equity ratio: Shareholders' equity/Total assets
Equity ratio based on market price: Total shareholders' equity at fair value/Total assets
Debt repayment term: Interest-bearing debt/Cash flows from operating activities
Interest coverage ratio: Cash flows from operating activities/Interest paid

1. Each index is calculated based on consolidated financial figures.
2. Market value of total stock is calculated by multiplying the stock price (closing price at the end of the term) by the number of shares outstanding at the end of the term.
3. Operating cash flow is calculated using net cash provided by operating activities (listed in the Interim Consolidated Statements of Cash Flows). Interest-bearing debt refers to all debt that incurs interest (listed in the Interim Consolidated Balance Sheets). For interest paid, the amount shown in the Interim Consolidated Statements of Cash Flows is used.
4. Years of debt redemption figures are based on annual operating cash flow figures. To calculate interim term debt repayment terms, we multiply the annual figures by two.

(c) Business Risks

The business performance, share price, and financial position of the Hogy Medical group can be potentially affected by various risks, such as those described below. (The description below contains forward-looking statements, deemed valid by the Group as of the end of the interim period under review.)

1. Legal Regulations

The Hogy Medical Group handles a variety of items, including kit products, medical-use non-woven fabric products, and rubber surgical gloves. Most of these items are governed by regulations contained in the Pharmaceutical Affairs Law. In addition, the manufacture and sale of such items is subject to approval by the Ministry of Health, Labor and Welfare, as well as permission from the governors of the prefectures in which such products are made. If such approvals and permits are not granted by the relevant authority, or if previously granted approvals or permits are revoked, the Group's business performance could be affected.

2. Disruption of supply of main materials and raw materials

The Hogy Medical Group uses a non-woven fabric, made by U.S. company DuPont, as the principal material in its mainstay non-woven fabric products, because the material is physically and functionally suited for this purpose. The Group receives supplies of this material from DuPont Kabushiki Kaisha, DuPont's Japanese subsidiary. In July 1991, Hogy Medical and DuPont Japan Limited (now DuPont Kabushiki Kaisha) signed a memorandum of understanding to the effect that DuPont would be the exclusive supplier to Hogy Medical of non-woven fabrics for medical use. This agreement has served to ensure a stable supply of materials, However, in the event that circumstances hinder the supply of materials, or if time is required to find alternative materials, the Group's business performance could be affected.

Moreover, if a supplier of materials contained in the Group's kit products initiates a non-conformance report or product recall, the Group will need to recall kit products containing such materials, which could potentially affect its business performance.

3. Inability to manufacture at overseas manufacturing base

The Hogy Medical Group's entrusts part of its manufacturing of medical-use non-woven fabric products and consumables to its manufacturing subsidiary in Indonesia. In the event of temporary cessation of manufacturing or product supply due to unanticipated changes to laws or regulations, or the occurrence of an uncontrollable accident caused by political unrest, terrorism, violence, war, or a natural disaster in Indonesia, the Group's business performance could be affected.

4. Inability to manufacture and supply at domestic manufacturing bases

The Hogy Medical Group's manufacturing and distribution bases are concentrated in Miho and Ushiku in Ibaraki Prefecture. In the event of temporary cessation of manufacturing or product supply due to an earthquake, fire, flood or other natural disaster in this region and the absence of manufacturing bases in other regions, the Group's business performance could be affected.

4. Consolidated Interim Financial Statements

(1) Balance Sheets

(Millions of yen, rounded down)

	Fiscal 2005—interim (September 30, 2005)		Fiscal 2006—interim (September 30, 2006)		Fiscal 2005 (March 31, 2006)	
		% of total		% of total		% of total
ASSETS						
Current assets						
Cash and bank deposits	¥15,378		¥5,812		¥6,325	
Notes and accounts receivable	7,999		8,828		7,744	
Marketable securities	937		—		—	
Inventories	5,317		6,084		5,651	
Deferred income taxes	342		203		302	
Other current assets	356		549		616	
Allowance for doubtful accounts	–6		–1		–5	
Total current assets	30,325	48.0%	21,476	38.2%	20,635	36.9%
Fixed assets						
Tangibles						
Buildings and structures	13,438		14,402		13,575	
Machinery and vehicles	4,404		9,217		7,633	
Land	7,456		7,465		7,470	
Construction in progress	4,363		110		2,917	
Others	534		478		520	
Total property, plant and equipment	30,197	47.9	31,674	56.4	32,116	57.4
Intangibles	247	0.4	372	0.7	319	0.6
Investments and other assets						
Investment securities	207		204		207	
Deferred income taxes	266		—		262	
Other assets	1,947		2,561		2,467	
Allowance for doubtful accounts	–70		–100		–70	
Total investments and other assets	2,351	3.7	2,664	4.7	2,866	5.1
Total fixed assets	32,795	52.0	34,711	61.8	35,303	63.1
Total assets	¥63,121	100.0%	¥56,187	100.0%	¥55,939	100.0%

(Millions of yen, rounded down)

	Fiscal 2005—interim (September 30, 2005)	% of total	Fiscal 2006—interim (September 30, 2006)	% of total	Fiscal 2005 (March 31, 2006)	% of total
LIABILITIES						
Current liabilities						
Notes and accounts payable	¥ 3,185		¥ 3,535		¥ 3,449	
Convertible bonds due within 1 year	10,000		—		—	
Accrued income tax	1,262		1,247		1,304	
Reserve for employees’ bonuses	431		423		359	
Reserve for directors’ bonuses	—		45		—	
Other current liabilities	959		436		1,391	
Total current liabilities	15,838	25.1%	5,688	10.1%	6,505	11.6%
Long-term liabilities						
Deferred income taxes	149		330		150	
Reserve for employees’ retirement benefits	223		126		183	
Reserve for directors’ retirement bonuses	362		395		378	
Other long-term liabilities	902		273		1,327	
Total long-term liabilities	1,638	2.6	1,126	2.0	2,038	3.7
Total liabilities	17,476	27.7	6,814	12.1	8,544	15.3
MINORITY INTERESTS						
Minority interests	11	0.0	—	—	12	0.0
SHAREHOLDERS’ EQUITY						
Common stock	7,123	11.3	—	—	7,123	12.7
Capital surplus	8,336	13.2	—	—	8,336	14.9
Earned surplus	34,859	55.2	—	—	36,374	65.0
Net unrealized gain or loss on securities	2	0.0	—	—	2	0.0
Translation adjustments	–94	–0.1	—	—	59	0.1
Treasury stock	–4,593	–7.3	—	—	–4,512	–8.0
Total shareholders’ equity	45,633	72.3	—	—	47,383	84.7
Total liabilities, minority interests, and shareholders’ equity	¥63,121	100.0%	—	—	¥55,939	100.0%
NET ASSETS						
Shareholders’ equity						
Common stock	—	—	7,123	12.7	—	—
Capital surplus	—	—	8,336	14.8	—	—
Earned surplus	—	—	37,404	66.6	—	—
Treasury stock	—	—	–4,402	–7.8	—	—
Total shareholders’ equity	—	—	48,461	86.3	—	—
Valuation/translation gains or losses						
Net unrealized gains or losses on securities	—	—	0	0.0	—	—
Deferred hedging gains or losses	—	—	902	1.6	—	—
Translation adjustments	—	—	–4	–0.0	—	—
Total valuation/translation gains or losses	—	—	898	1.6	—	—
Minority interests	—	—	12	0.0	—	—
Total net assets	—	—	49,373	87.9	—	—
Total liabilities and net assets	—	—	¥56,187	100.0%	—	—

(2) Statements of Income

(Millions of yen, rounded down)

	Fiscal 2005—interim (April 1–September 30, 2005)		Fiscal 2006—interim (April 1–September 30, 2006)		Fiscal 2005 (April 1, 2005–March 31, 2006)	
		% of total		% of total		% of total
Net sales	¥13,023	100.0%	¥13,422	100.0%	¥26,434	100.0%
Cost of sales	6,267	48.1	6,668	49.7	12,860	48.6
Gross profit	6,756	51.9	6,753	50.3	13,574	51.4
Selling, general, and administrative expenses	3,599	27.7	3,796	28.3	7,373	27.9
Operating income	3,157	24.2	2,957	22.0	6,200	23.5
Other income	134	1.0	73	0.6	278	1.1
Other expenses	5	0.0	4	0.0	40	0.2
Ordinary income	3,286	25.2	3,026	22.6	6,438	24.4
Extraordinary income	28	0.2	4	0.0	29	0.1
Extraordinary expenses	3	0.0	30	0.2	20	0.1
Income before income taxes and minority interests	3,310	25.4	3,000	22.4	6,446	24.4
Income taxes	1,289	9.9	1,265	9.4	2,500	9.5
Income tax adjustment	–0	–0.0	–49	–0.3	35	0.1
Minority interests	0	0.0	0	0.0	1	0.0
Net income	¥ 2,020	15.5%	¥ 1,784	13.3%	¥ 3,909	14.8%

(3) Statements of Changes in Interim Retained Earnings and Shareholders' Equity

Retained Earnings

(Millions of yen, rounded down)

	Fiscal 2005—interim (April 1–September 30, 2005)		Fiscal 2005 (April 1, 2005–March 31, 2006)	
CAPITAL SURPLUS				
Balance at beginning of term		¥ 8,336		¥ 8,336
Balance at end of term		8,336		8,336
EARNED SURPLUS				
Balance at beginning of term		33,279		33,279
Increase in earned surplus				
Net income	2,020	2,020	3,909	3,909
Decrease in earned surplus				
Cash dividends paid	373		747	
Bonuses to directors	67		67	
Loss on disposal of treasury stock	0	440	0	814
Balance at end of term		¥34,859		¥36,374

Statements of Changes in Interim Shareholders' Equity

(April 1–September 30, 2006)

(Millions of yen, rounded down)

	Shareholders' equity				
	Common stock	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Balance at March 31, 2006	¥7,123	¥8,336	¥36,374	–¥4,512	¥47,321
Changes during interim term					
Distributed of retained earnings			–685		–685
Earnings appropriated for directors' bonuses			–67		–67
Interim net income			1,784		1,784
Purchase of treasury stock				–2	–2
Disposal of treasury stock			–1	112	111
Changes during interim term not related to shareholders' equity (net)					
Total changes during interim term	—	—	1,030	109	1,140
Balance at September 30, 2006	7,123	8,336	37,404	–4,402	48,461

	Valuation/translation gains or losses				Minority interests	Total net assets
	Net unrealized gains or losses on securities	Deferred hedging gains or losses	Translation adjustments	Total valuation/translati on gains or losses		
Balance at March 31, 2006	¥2	¥—	¥59	¥ 61	¥12	¥47,395
Changes during interim term						
Distributed of retained earnings						–685
Earnings appropriated for directors' bonuses						–67
Interim net income						1,784
Purchase of treasury stock						–2
Disposal of treasury stock						111
Changes during term not related to shareholders' equity (net)	–1	902	–63	837	0	838
Total changes during interim term	–1	902	–63	837	0	1,978
Balance at September 30, 2006	0	902	–4	898	12	49,373

(4) Statements of Cash Flows

(Millions of yen, rounded down)

	Fiscal 2005—interim (April 1– September 30, 2005)	Fiscal 2006—interim (April 1– September 30, 2006)	Fiscal 2005 (April 1, 2005– March 31, 2006)
Operating activities			
Income before income taxes and minority interests	¥ 3,310	¥3,000	¥6,446
Depreciation	995	1,397	2,316
Retirement benefits, net of payments	–89	–39	–107
Increase (decrease) in allowance for doubtful accounts	–1	26	–1
Increase (decrease) in reserve for directors' bonuses	—	45	—
Interest and dividend income	–17	–7	–31
Gain on sales of investment securities	–26	—	–26
Exchange gain	–75	1	–177
Gain on sales of fixed assets	–1	–0	–1
Loss on disposal of fixed assets	3	0	20
Changes in assets and liabilities:			
Notes and accounts receivable	–640	–1,093	–371
Inventories	264	–458	1
Notes and accounts payable	247	97	483
Accrued consumption tax receivables and others	—	92	–98
Accrued consumption tax payables and others	–182	—	–300
Other current assets	5	–20	15
Other current liabilities	48	42	15
Other investments and others	–9	–20	–38
Other liabilities	39	–3	25
Bonuses paid to directors	–67	–67	–67
Subtotal	3,804	2,993	8,103
Interest and dividends received	17	7	31
Incomes taxes paid	–1,201	–1,319	–2,396
Net cash provided by operating activities	2,620	1,681	5,738
Investing activities			
Increase in time deposits	–35	–2	–38
Proceeds from withdrawals from time deposits	—	1	10
Proceeds from sale of investment securities	167	—	167
Purchase of tangible fixed assets	–2,142	–1,594	–4,956
Proceeds from sale of tangible fixed assets	4	0	4
Purchases of intangible fixed assets	–54	–111	–123
Expenditures for loans receivable	–18	–112	–166
Collection of loans receivable	3	116	93
Decrease in other investments	20	93	10
Net cash used in investing activities	–2,055	–1,608	–4,998
Financing activities			
Redemption of convertible bonds	—	—	–9,997
Sales of treasury stock	0	111	80
Purchase of treasury stock	–3	–2	–6
Cash dividends paid	–373	–685	–747
Net cash used in financing activities	–376	–576	–10,670
Effect of exchange rate changes on cash and cash equivalents	104	–10	240
Net change in cash and cash equivalents	293	–514	–9,690
Cash and cash equivalents at beginning of term	15,745	6,055	15,745
Cash and cash equivalents at end of term	¥16,039	¥5,540	¥ 6,055