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

April 11, 2008

Consolidated Financial Results for Fiscal 2007

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 CEO**
Contact: **Yukio Ishii, General Manager, Administration Div.**
Annual Meeting of Shareholders: **June 24, 2008**
Date of issue of Financial Report: **June 24, 2008**
Start of cash dividend payments: **May 30, 2008**

1. Financial results for fiscal 2007 (April 1, 2007–March 31, 2008)

(1) Results of operations

(Millions of yen, except per share data, rounded down; percentage figures denote year-on-year change)

	Net sales	(% change from previous year)	Operating income	(% change)	Ordinary income	(% change)	Net income	(% change)
Fiscal 2007	¥29,010	+6.3%	¥7,232	+19.4%	¥7,285	+18.7%	¥4,054	+12.0%
Fiscal 2006	27,293	+3.3	6,058	–2.3	6,139	–4.6	3,621	–7.4

	Net income per share (Yen)	Net income per share (fully diluted) (Yen)	ROE (%)	Ordinary income/ Total assets (%)	Operating income/ Net sales (%)
Fiscal 2007	¥269.73	—	8.3%	12.1%	24.9%
Fiscal 2006	234.69	—	7.6	10.7	22.2

Note: Gain/loss on investments based on equity method
Fiscal 2007: ¥—million
Fiscal 2006: ¥—million

(2) Financial position (year-end)

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

	Total assets	Net assets	Equity ratio	Nett assets per share (Yen)
Fiscal 2007	¥61,514	¥49,631	80.7%	¥3,300.59
Fiscal 2006	59,231	48,031	81.1	3,194.04

Note: Equity capital at year-end
Fiscal 2007: ¥49,617 million
Fiscal 2006: ¥48,018 million

(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 end of year
Fiscal 2007	¥8,407	¥–3,201	¥–2,205	¥10,838
Fiscal 2006	5,355	–4,642	1,035	7,825

2. Cash dividends

	Cash dividends per share (Yen)					Total dividends paid (full year)		Dividends paid/ Net assets
(Cut-off date)	1st quarter	Interim	3rd quarter	Year-end	Full year	(Millions of yen)	Payout ratio (consolidated)	(consolidated) (%)
Fiscal 2006	¥20.00	¥20.00	¥20.00	¥20.00	¥80.00	¥1,228	34.1%	2.6%
Fiscal 2007	20.00	20.00	20.00	20.00	80.00	1,202	29.7	2.5
Fiscal 2008 (est.)	23.00	23.00	23.00	23.00	92.00		29.7	

3. Forecast for fiscal 2008 (April 1, 2008–March 31, 2009)

(Millions of yen, rounded down; percentage figures denote year-on-year change)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
First 2 quarters	¥15,200	7.8%	¥3,890	14.9%	¥3,920	14.6%	¥2,180	6.2%	¥145.02
Full year	31,150	7.4	8,100	12.0	8,140	11.7	4,660	14.9	309.99

4. Other

(1) Important changes in scope of consolidation during period: No

(2) Changes in accounting principles, procedures, disclosure methods, etc., pertaining to preparation of consolidated financial statements

1. Changes associated with changes in accounting standards: Yes
2. Other changes: No

(3) Shares outstanding (common stock) at year-end

1. Number of shares outstanding (including treasury stock)
    Fiscal 2007: 16,341,155
    Fiscal 2006: 16,341,155
2. Number of treasury shares outstanding
    Fiscal 2007: 1,308,337
    Fiscal 2006: 1,307,466

(Reference) Summary of Non-Consolidated Financial Results

1. Financial results for fiscal 2007 (April 1, 2007–March 31, 2008)

(1) Results of operations

(Millions of yen, except per share data, rounded down; percentage figures denote year-on-year change)

	Net sales	(% change)	Operating income	(% change)	Ordinary income	(% change)	Net income	(% change)
Fiscal 2007	¥28,687	+5.4%	¥6,725	+19.3%	¥6,826	+18.0%	¥3,749	+10.1%
Fiscal 2006	27,210	+3.1	5,636	–1.6	5,785	–4.2	3,405	–6.9

	Net income per share (Yen)	Net income per share (fully diluted) (Yen)
Fiscal 2007	¥249.44	—
Fiscal 2006	220.68	—

(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 2007	¥58,770	¥47,436	80.7%	¥3,155.52
Fiscal 2006	57,076	46,002	80.6	3,059.99

Note: Equity capital at year-end
Fiscal 2007: ¥47,436 million
Fiscal 2006: ¥46,002 million

2. Forecast for fiscal 2008 (April 1, 2008–March 31, 2009)

(Millions of yen, except per share data, rounded down; percentage figures denote year-on-year change)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
First 2 quarters	¥15,020	6.8%	¥3,580	13.5%	¥3,590	13.0%	¥1,973	4.9%	¥131.25
Full year	30,800	7.4	7,500	11.5	7,580	11.0	4,300	14.7	286.04

*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 4."

Performance and Financial Position

1. Performance and Financial Position

(1) Operating Results

In the fiscal year under review, the Japanese economy continued to expand moderately, underpinned by higher capital investments stemming from recovery in corporate performances, as well as improved employment conditions. However, various factors led to heightened concerns about the economic outlook. Such factors included instability of international financial markets caused by the subprime loan crisis in the United States, as well as soaring prices of crude oil and raw materials.

Conditions in the medical equipment industry remain difficult due to the effects of reforms to the healthcare system in recent years aimed at restraining medical expenses. This has placed more and more pressure on companies associated with the medical equipment industry to enhance efficiency and streamline operations. 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 period, the Hogy Medical Group reported a 12.7% 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, performed well, achieving solid growth. The number of Operamaster contracts reached 96 by March 31, 2008 (up from 66 a year earlier). In surgical-use non-wovens, we introduced new gowns and drapes in the previous fiscal year under our “Surrem strategy,” based on the concept of low price, high function, and high quality. These products continued to be well received by medical institutions in the period under review.

As a result, consolidated net sales amounted to ¥29,010 million, up 6.3% year-on-year, representing the 47th consecutive annual increase in revenue since the Company’s establishment.

On the earnings side, we continued striving to enhance production efficiency and otherwise reduce costs. We also sought to ensure efficient expense allocations in the selling, general, and administrative expenses category, achieving our targets in this area. In the non-operating category, we generated a foreign exchange gain on assets denominated in foreign currencies and received dividend income. We also posted an extraordinary loss on the valuation of investment securities.

Consequently, consolidated operating income for the year increased 19.4%, to ¥7,232 million, and ordinary income grew 18.7%, to ¥7,285 million. Net income rose 12.0%, to ¥4,054 million. In the third quarter of the year under review, P.T. Nitto Matex Indonesia, which became a sub-subsidiary on July 1, 2007, was included in the scope of consolidation. That company, which changed its name to P.T. Hogy on February 25, 2008, contributed ¥264 million to consolidated net sales in the year under review.

Outlook

The outlook for the Japanese economy is becoming increasingly uncertain due to economic slowdown in the United States and surging prices of crude oil and raw materials. Conditions in the medical equipment industry will remain severe, as stated earlier, 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 assertively promote our Operamaster and Surrem strategies, in order to distinguish ourselves from the competition.

Our consolidated forecasts for the fiscal year to March 2009 are as follows:

Net sales	¥31,150 million	(up 7.4%)
Operating income	¥ 8,100 million	(up 12.0%)
Ordinary income	¥ 8,140 million	(up 11.7%)
Net income	¥ 4,660 million	(up 14.9%)

(2) Financial Position

As of March 31, 2008, total assets stood at ¥61,514 million, up ¥2,283 million from a year earlier. Current assets rose ¥2,901 million, to ¥25,962 million. This was due mainly to a ¥3,024 million increase in cash and bank deposits related to operating activities.

Fixed assets declined ¥618 million, to ¥35,551 million. Within this figure, tangibles fell ¥913 million, to ¥29,547 million, as depreciation costs exceeded purchases of property, plant, and equipment. Intangibles declined ¥69 million, to ¥463 million, and investments and other assets rose ¥364 million, to ¥5,540 million.

At fiscal year-end, total liabilities amounted to ¥11,883 million, up ¥683 million. Current liabilities rose ¥1,507 million, to ¥7,642 million. Major factors included a ¥712 million increase in notes and accounts payable and a ¥475 million rise in accrued income tax. Long-term liabilities decreased ¥824 million, to ¥4,240 million. Major factors included a ¥1,000 million fall in long-term debt due to repayment of principal.

Net assets at the end of the year totaled ¥49,631 million, up ¥1,599 million from a year earlier. Items boosting net assets included net income (¥4,054 million), while items holding down net assets included cash dividends paid (¥1,202 million). As a result, the equity ratio edged down to 80.7%, from 81.1%.

Cash Flows

Cash and cash equivalents at the end of the fiscal year stood at ¥10,838 million, up ¥3,013 million from a year earlier.

(Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to ¥8,407 million, up ¥3,052 million from the previous year. Factors in this result included ¥6,825 million in income before income taxes and minority interests and ¥2,728 million in depreciation, as well as a ¥497 million decrease in notes and accounts receivable and a ¥610 million increase in payables. In contrast, there was a ¥2,479 million decrease in income taxes paid.

(Cash Flows from Investing Activities)

Net cash used in investing activities totaled ¥3,201 million, down ¥1,440 million from the previous year. Main factors included purchases of investment securities and tangible fixed assets.

(Cash Flows from Financing Activities)

Net cash used in financing activities was ¥2,205 million. Major outlays included repayments of long-term debt and cash dividends paid.

For the next fiscal year, we expect net cash provided by operating activities to be around ¥7,500 million, reflecting our business performance. Net cash used in investing activities is expected to total around ¥3,000 million, due to the purchase of land for a new factory in Ushiku (Ibaraki Prefecture) and subsidiary-related investments in Indonesia. We expect net cash used in financing activities to be around ¥2,500 million, mainly influenced by cash dividends paid and payments of interest and principal on borrowings.

Cash Flow Indicators

	Fiscal 2004	Fiscal 2005	Fiscal 2006	Fiscal 2007
Equity ratio (%)	72.2	84.7	81.1	80.7
Equity ratio based on market price (%)	139.9	183.5	152.0	136.3
Debt coverage (years)	—	—	0.9	0.5
Interest coverage ratio (times)	—	—	338.1	127.3

Notes:
Equity ratio: Equity capital/Total assets
Equity ratio based on market price: Total stock value based on market price/Total assets
Debt coverage: Interest-bearing debt/Operating cash flow
Interest coverage ratio: Operating cash flow/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 year) by the number of shares outstanding at the end of the year.
3. Operating cash flow is calculated using net cash provided by operating activities (listed in the Consolidated Statements of Cash Flows). Interest-bearing debt refers to all debt that incurs interest (listed in the Consolidated Balance Sheets). For interest paid, the amount shown in the Consolidated Statements of Cash Flows is used.

(3) Basic Profit Appropriation Policy and Cash Dividends

The Company’s 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 we have set a consolidated dividend payout ratio of 30%. To ensure that the fruits of our performance are swiftly returned to shareholders, we commenced payment of quarterly cash dividends in the fiscal year ended March 2007.

For the year under review, we plan to pay total dividends of ¥80.00 per share, consisting of four quarterly ¥20.00 dividends. (We have already paid dividends for the first three quarters, and the year-end dividend is scheduled for payment in May 2008.) In the next fiscal year, we plan to pay ¥23.00 quarterly dividends, for total annual dividends of ¥92.00 per share.

In addition, we have 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.

(4) 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 period under review.)

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.

Disruption of supply of main materials and raw materials

Major fluctuations in the prices of crude oil, raw materials, or foreign exchange rates could have an impact on the Group's business performance.

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.

Inability to manufacture at overseas manufacturing base

Hogy Medical has a manufacturing subsidiary and a manufacturing sub-subsidiary in Indonesia. The Company entrusts part of its manufacturing of medical-use non-woven fabric products and consumables to the subsidiary and sub-subsidiary (via the subsidiary). 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.

Inability to manufacture and supply at domestic manufacturing bases

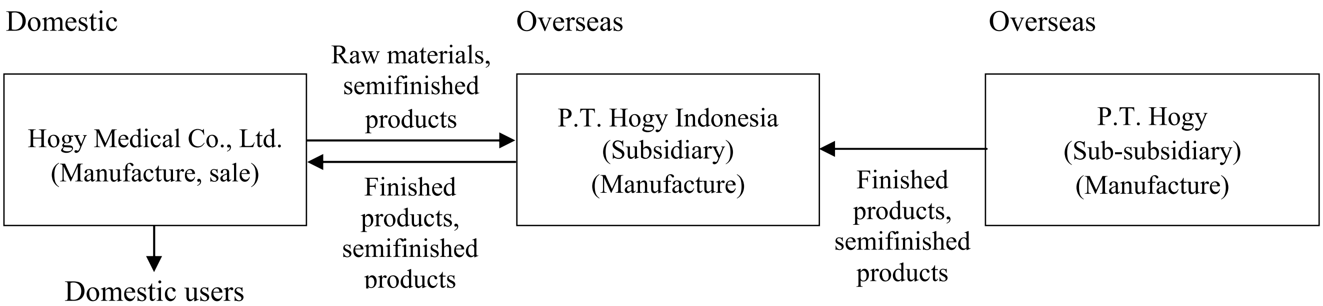
The Hogy Medical Group's manufacturing and distribution bases are concentrated in Miho and Ushiku in Ibaraki Prefecture. In the event of temporary cessation of manufacturing or product supply due to an earthquake, fire, flood or other natural disaster in this region, the Group's business performance could be affected, because the Group does not have manufacturing facilities in other parts of Japan.

2. The Hogy Medical Group

The Hogy Medical Group consists of Hogy Medical (the "Company"), its subsidiary, P.T. Hogy Indonesia (the "subsidiary"), and its sub-subsidiary, P.T. Hogy (the "sub-subsidiary," which became a sub-subsidiary on July 1, 2007; name changed from P.T. Nitto Matex Indonesia on February 25, 2008). 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. In addition, the sub-subsidiary mainly manufactures medical-use consumables and supplies the major portion of production to the subsidiary.

The Group's structure and interrelationships are shown below.



3. Management Policies

(1) 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 make and sell a line of products that enable medical institutions to enhance their streamlining and energy-saving efforts.

(2) 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.

(3) Medium- and Long-Term Strategies

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.

The Group will continue pursuing a marketing strategy focused on Operamaster—a product, distribution, and information system centered around full-kit offerings. 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 operations because they eliminate need for product-specific inventory management. We are also enhancing distribution efficiency. We have established a system whereby our Tsukuba facility manufactures full-kit systems in as little as 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. With this in mind, Hogy Medical will renew its focus on the stable supply of safe products. In addition, we will pursue ongoing cost-reduction activities and further upgrade internal monitoring and compliance systems in order to ensure transparency of operations.

(4) Issues to Address

On October 11, 2007, the Group announced its medium-term business plan, the key objectives of which are to create safe products that benefit society, coexist harmoniously with customers, raise employee satisfaction levels, achieve steady growth, and improve earnings. Specific goals cited in the plan are listed below. We will take assertive actions to achieve these goals and thus increase our corporate value.

- Step up promotion of Operamaster strategy
- Further reinforce Surrem strategy
- Develop new products
- Ensure stable supply of safe products
- Enhance production efficiency and otherwise target ongoing cost reductions
- Diversify sourcing of materials and lower sourcing costs
- Reinforce internal control system and compliance
- Nurture human resources and educate employees

(5) Items Related to Parent Company

No relevant items

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4. Consolidated Financial Statements

(1) Balance Sheets

(Millions of yen, rounded down)

	Fiscal 2006 (At March 31, 2007)		Fiscal 2007 (At March 31, 2008)		Increase/ Decrease
		% of total		% of total	
ASSETS					
Current assets	¥23,061	38.9%	¥25,962	42.2%	¥2,901
Cash and bank deposits	8,113		11,138		
Notes and accounts receivable	8,924		8,487		
Inventories	5,327		5,674		
Deferred income taxes	151		316		
Currency swaps	174		39		
Forward foreign exchange contracts	199		47		
Other assets	174		264		
Allowance for doubtful accounts	–5		–4		
Fixed assets	36,170	61.1	35,551	57.8	–618
Tangibles	30,460	51.4	29,547	48.0	–913
Buildings and structures	13,969		13,213		
Machinery and vehicles	8,586		7,231		
Land	7,472		7,671		
Construction in progress	4		1,025		
Others	427		404		
Intangibles	533	0.9	463	0.8	–69
Others	533		463		
Investments and other assets	5,176	8.8	5,540	9.0	364
Investment securities	2,793		3,038		
Guaranty deposit	547		543		
Deferred income taxes	—		498		
Prepaid pension costs	—		422		
Currency swaps	595		184		
Forward foreign exchange contracts	568		169		
Other assets	774		772		
Allowance for doubtful accounts	–102		–88		
Total assets	¥59,231	100.0%	¥61,514	100.0%	¥2,283

(Millions of yen, rounded down)

	Fiscal 2006 (At March 31, 2007)		Fiscal 2007 (At March 31, 2008)		Increase/ Decrease
		% of total		% of total	
LIABILITIES					
Current liabilities	¥ 6,135	10.4%	¥7,642	12.4%	¥1,507
Notes and accounts payable	2,999		3,711		
Bonds redeemable within one year	1,000		1,000		
Accrued income tax	1,198		1,674		
Reserve for employees' bonuses	366		404		
Reserve for directors' bonuses	90		90		
Equipment-related notes payable	65		102		
Other current liabilities	414		660		
Long-term liabilities	5,065	8.5	4,240	6.9	–824
Long-term borrowings	3,925		2,925		
Deferred income taxes	358		97		
Reserve for employees' retirement benefits	79		384		
Reserve for directors' retirement bonuses	412		—		
Negative goodwill	—		125		
Long-term payables	—		397		
Other long-term liabilities	289		310		
Total liabilities	11,200	18.9	11,883	19.3	683
NET ASSETS					
Shareholders' equity	46,986	79.3	49,834	81.0	2,847
Common stock	7,123	12.0	7,123	11.6	—
Capital surplus	8,336	14.1	8,336	13.6	—
Earned surplus	38,626	65.2	41,479	67.4	2,852
Treasury stock	–7,099	–12.0	–7,104	–11.6	–4
Valuation/translation gains or losses	1,031	1.8	–217	–0.3	–1,248
Net unrealized gains or losses on securities	22	0.0	–425	–0.7	–448
Deferred hedging gains or losses	926	1.6	265	0.5	–660
Translation adjustments	82	0.2	–57	–0.1	–139
Minority interests	13	0.0	14	0.0	1
Total net assets	48,031	81.1	49,631	80.7	1,599
Total liabilities and net assets	¥59,231	100.0%	¥61,514	100.0%	2,283

(2) Statements of Income

(Millions of yen, rounded down)

	Fiscal 2006 (April 1, 2006–March 31, 2007)			Fiscal 2007 (April 1, 2007–March 31, 2008)			Increase/Decrease	
			% of total			% of total		% change
Net sales		¥27,293	100.0%		¥29,010	100.0%	¥1,716	+6.3%
Cost of sales		13,490	49.4		14,093	48.6	603	4.5
Gross profit		13,803	50.6		14,916	51.4	1,113	+8.1
Selling, general, and administrative expenses		7,745	28.4		7,684	26.5	–60	–0.8
Operating income		6,058	22.2		7,232	24.9	1,173	+19.4
Other income								
Interest income	15			21				
Dividend income	0			20				
Amortization of negative goodwill	—			13				
Exchange gain	18			21				
Lease revenue	6			5				
Gain on repayment of insurance policies at maturity	35			—				
Others	39	116	0.4	37	122	0.4	6	+5.2
Other expenses								
Interest expenses	23			64				
Lease costs	3			4				
Others	7	34	0.1	0	68	0.2	34	+99.7
Ordinary income		6,139	22.5		7,285	25.1	1,145	+18.7
Extraordinary income								
Gain on transfer from allowance for doubtful accounts	—			8				
Gain on sale of fixed assets	0			1				
Gain on sale of investment securities	—	0	0.0	0	11	0.0	11	—
Extraordinary expenses								
Loss on disposal of fixed assets	15			9				
Loss on valuation of investment securities	—			462				
Provision for allowance for doubtful accounts	22	37	0.1	—	471	1.6	434	+1,155.2
Income before income taxes and minority interests		6,102	22.4		6,825	23.5	722	+11.8
Income taxes	2,484			2,954				
Income tax adjustment	–5	2,479	9.1	–185	2,769	9.5	289	+11.7
Minority interests		1	0.0		1	0.0	–0	–15.7
Net income		¥ 3,621	13.3%		¥ 4,054	14.0%	¥432	+12.0%

(3) Statements of Changes in Shareholders' Equity

(April 1, 2006–March 31, 2007)

(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 term					
Distribution of retained earnings			–1,301		–1,301
Earnings appropriated for directors' bonuses			–67		–67
Net income			3,621		3,621
Purchase of treasury stock				–2,700	–2,700
Disposal of treasury stock			–1	113	112
Changes during term not related to shareholders' equity (net)					
Total changes during term	—	—	2,252	–2,587	–334
Balance at March 31, 2007	7,123	8,336	38,626	–7,099	46,986

	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/translation gains or losses		
Balance at March 31, 2006	¥ 2	¥ —	¥59	¥ 61	¥12	¥47,395
Changes during term						
Distribution of retained earnings						–1,301
Earnings appropriated for directors' bonuses						–67
Net income						3,621
Purchase of treasury stock						–2,700
Disposal of treasury stock						112
Changes during term not related to shareholders' equity (net)	20	926	22	970	1	971
Total changes during term	20	926	22	970	1	636
Balance at March 31, 2007	22	926	82	1,031	13	48,031

Statements of Changes in Shareholders' Equity

(April 1, 2007–March 31, 2008)

(Millions of yen, rounded down)

	Shareholders' equity				
	Common stock	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Balance at March 31, 2007	¥7,123	¥8,336	¥38,626	¥–7,099	¥46,986
Changes during term					
Distribution of retained earnings			–1,202		–1,202
Net income			4,054		4,054
Purchase of treasury stock				–4	–4
Changes during term not related to shareholders' equity (net)					
Total changes during term	—	—	2,852	–4	2,847
Balance at March 31, 2008	7,123	8,336	41,479	–7,104	49,834

	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, 2007	¥22	¥926	¥82	¥1,031	¥13	¥48,031
Changes during term						
Distribution of retained earnings						–1,202
Net income						4,054
Purchase of treasury stock						–4
Changes during term not related to shareholders' equity (net)	–448	–660	–139	–1,248	1	–1,247
Total changes during term	–448	–660	–139	–1,248	1	1,599
Balance at March 31, 2008	–425	265	–57	–217	14	49,631

(4) Statements of Cash Flows

(Millions of yen, rounded down)

	Fiscal 2006 (April 1, 2006–March 31, 2007)	Fiscal 2007 (April 1, 2007–March 31, 2008)
Operating activities		
Income before income taxes and minority interests	¥6,102	¥6,825
Depreciation	2,914	2,728
Amortization of negative goodwill	—	–13
Retirement benefits, net of payments	–66	–529
Increase (decrease) in allowance for doubtful accounts	31	–9
Interest and dividend income	–15	–42
Interest expenses	23	64
Gain on sales of investment securities	—	–0
Loss on valuation of investment securities	—	462
Exchange gain	–19	–36
Gain on sale of tangible fixed assets	–0	–1
Loss on disposal of tangible fixed assets	15	9
Changes in assets and liabilities:		
Notes and accounts receivable	–1,175	497
Inventories	330	–303
Notes and accounts payable	–446	610
Accrued consumption tax receivables and others	98	—
Accrued consumption tax payables and others	126	177
Other current assets	–7	–65
Other current liabilities	91	73
Other investments and others	–22	–13
Other long-term liabilities	12	418
Bonuses paid to directors	–67	—
Other	—	60
Subtotal	7,928	10,911
Interest and dividends received	15	42
Interest paid	–15	–66
Incomes taxes paid	–2,573	–2,479
Net cash provided by operating activities	5,355	8,407
Investing activities		
Increase in time deposits	–23	–10
Proceeds from withdrawals from time deposits	6	—
Purchase of investment securities	–2,551	–1,780
Proceeds from sale of investment securities	—	329
Acquisition of newly consolidated subsidiary	—	–123
Purchase of tangible fixed assets	–1,828	–1,439
Proceeds from sale of tangible fixed assets	0	5
Purchase of intangible fixed assets	–340	–171
Expenditures by loans receivable	–118	–5
Collection of loans receivable	121	9
Increase (decrease) in other investments	92	–14
Net cash used in investing activities	–4,642	–3,201
Financing activities		
Proceeds from long-term debt	5,000	—
Repayments of long-term debt	–75	–1,000
Sales of treasury stock	112	—
Purchase of treasury stock	–2,700	–4
Cash dividends paid	–1,300	–1,201
Net cash used in financing activities	1,035	–2,205
Effect of exchange rate changes on cash and cash equivalents	21	12
Net change in cash and cash equivalents	1,770	3,013
Cash and cash equivalents at beginning of year	6,055	7,825
Cash and cash equivalents at end of year	¥7,825	¥10,838