HOGY MEDICAL Co., Ltd.
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Tokyo 107-8615, Japan

October 11, 2007

Interim 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.**
Date of issue of Semiannual Financial Report: **December 14, 2007**
Start of cash dividend payments: **November 30, 2007**

1. Interim financial results for fiscal 2007 (April 1–September 30, 2007)

(1) Results of operations

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

	Net sales		Operating income		Ordinary income		Net income	
		(% change from previous year)		(% change)		(% change)		(% change)
Fiscal 2007–Interim	¥14,105	+5.1%	¥3,386	+14.5%	¥3,421	+13.1%	¥2,053	+15.1%
Fiscal 2006–Interim	13,422	+3.1	2,957	–6.3	3,026	–7.9	1,784	–11.7
Fiscal 2007–Full year	27,293	—	6,058	—	6,139	—	3,621	—

	Net income per share	Net income per share (fully diluted)
	(Yen)	(Yen)
Fiscal 2007–Interim	¥136.56	—
Fiscal 2006–Interim	114.41	—
Fiscal 2007–Full year	234.69	—

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

(2) Financial position (term-end)

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

	Total assets	Net assets	Equity ratio	Nett assets per share (Yen)
Fiscal 2007–Interim	¥59,991	¥49,122	81.9%	¥3,266.61
Fiscal 2006–Interim	56,187	49,373	87.8	3,165.07
Fiscal 2007–Full year	59,231	48,031	81.1	3,194.04

Note: Equity capital at term-end
Fiscal 2007–Interim: ¥49,108 million
Fiscal 2006–Interim: ¥49,360 million
Fiscal 2007–Full year: ¥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–Interim	¥3,390	¥ –997	¥–1,101	¥9,146
Fiscal 2006–Interim	1,681	–1,608	–576	5,540
Fiscal 2007–Full year	5,355	–4,642	1,035	7,825

2. Cash dividends

	Cash dividends per share (Yen)				
(Cut-off date)	1st quarter	Interim	3rd quarter	Year-end	Full year
Fiscal 2006	20.00	20.00	20.00	20.00	80.00
Fiscal 2007	20.00	20.00	—	—	80.00
Fiscal 2007 (est.)	—	—	20.00	20.00	

3. Forecast for fiscal 2007 (April 1, 2007–March 31, 2008)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
Full year	¥28,670	5.0%	¥7,000	15.5%	¥6,990	13.8%	¥4,140	14.3%	¥276.12

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–Interim: 16,341,155
   Fiscal 2006–Interim: 16,341,155
   Fiscal 2007–Full year: 16,341,155
2. Number of treasury shares outstanding
   Fiscal 2007–Interim: 1,307,742
   Fiscal 2006–Interim: 745,761
   Fiscal 2007–Full year: 1,307,466

HOGY

(Reference) Summary of Non-Consolidated Financial Results

1. Interim financial results for fiscal 2007 (April 1–September 30, 2007)

(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–Interim	¥14,069	+5.0%	¥3,152	+13.2%	¥3,176	+11.6%	¥1,881	+13.5%
Fiscal 2006–Interim	13,397	+3.0	2,784	–4.9	2,847	–6.7	1,657	–10.8
Fiscal 2007–Full year	27,210	—	5,636	—	5,785	—	3,405	—

	Net income per share (Yen)
Fiscal 2007–Interim	¥125.13
Fiscal 2006–Interim	106.27
Fiscal 2007–Full year	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–Interim	¥57,265	¥46,819	81.8%	¥3,114.38
Fiscal 2006–Interim	53,845	47,520	88.3	3,047.12
Fiscal 2007–Full year	57,076	46,002	80.6	3,059.99

Note: Equity capital at term-end
Fiscal 2007–Interm: ¥46,819 million
Fiscal 2006–Interm: ¥47,520 million
Fiscal 2007–Full year: ¥46,002 million

2. Forecast for fiscal 2007 (April 1, 2007–March 31, 2008)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
Full year	¥28,600	5.1%	¥6,570	16.6%	¥6,630	14.6%	¥3,910	14.8%	¥260.97

*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.

1. Performance and Financial Position

(1) Operating Results

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 soaring prices of crude oil and raw materials and other factors.

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. Medical treatment remuneration was revised downward in April 2006, placing 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 13.4% 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 80 by September 30, 2007 (up from 66 on March 31). 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 perform well in the period under review.

As a result, consolidated interim net sales amounted to ¥14,105 million, up 5.1% year-on-year.

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. We also posted extraordinary income on the reversal of allowance for doubtful accounts.

Consequently, consolidated operating income for the interim period increased 14.5%, to ¥3,386 million, and ordinary income grew 13.1%, to ¥3,421 million. Net income rose 15.1%, to ¥2,053 million.

Outlook for Full Year

Looking ahead, the Japanese economy is expected to continue recovering, although some observers have a cautious view about the outlook, due to economic slowdown in the United States and concerns about rising interest rates. 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 2008 are as follows:

Net sales	¥28,670 million	(up 5.0%)
Operating income	¥ 7,000 million	(up 15.5%)
Ordinary income	¥ 6,990 million	(up 13.8%)
Net income	¥ 4,140 million	(up 14.3%)

(2) Financial Position

As of September 30, 2007, total assets stood at ¥59,991 million, up ¥759 million from March 31, 2007. Current assets rose ¥1,900 million, to ¥24,961 million. This was due mainly to a ¥1,327 million increase in cash and bank deposits, as well as a ¥483 million increase in notes and accounts receivable related to operating activities.

Fixed assets declined ¥1,140 million, to ¥35,029 million. Within this figure, tangibles fell ¥514 million, to ¥29,946 million, as depreciation costs exceeded purchases of property, plant, and equipment. Intangibles decreased ¥107 million, to ¥425 million, and investments and other assets were down ¥518 million, to ¥4,657 million.

At interim term-end, total liabilities amounted to ¥10,869 million, down ¥330 million. Current liabilities rose ¥487 million, to ¥6,622 million. Major factors included a ¥347 million increase in notes and accounts payable and a ¥143 million rise in accrued income tax. Long-term liabilities decreased ¥818 million, to ¥4,246 million. Major factors included a ¥500 million fall in long-term debt due to repayment of principal. At its meeting held in May 2007, the Board of Directors passed a resolution to abolish the system for directors' retirement bonuses. At the Annual General Shareholders' Meeting held in June, shareholders voted to make one-time discontinuation payments in relation to said abolition. Accordingly, the Company confirmed its retirement bonus obligations, and transferred the reserve for directors' retirement bonuses to long-term payables ($397 million).

Net assets at interim term-end totaled ¥49,122 million, up ¥1,090 million over the period. Items boosting net assets included interim net income (¥2,053 million), while items holding down net assets included cash dividends paid (¥601 million). As a result, the equity ratio rose to 81.9%, from 81.1% at the end of the previous fiscal year.

(Cash Flows)

Cash and cash equivalents at the end of the interim period stood at ¥9,146 million, up ¥1,320 million from the end of the previous fiscal year.

(Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to ¥3,390 million, up ¥1,708 million from the previous corresponding period. Factors in this result included ¥3,436 million in income before income taxes and minority interests and ¥1,351 million in depreciation, which contrasted with a ¥470 million decrease in notes and accounts receivable and ¥1,215 million in income taxes paid.

(Cash Flows from Investing Activities)

Net cash used in investing activities totaled ¥997 million, a ¥611 million improvement from the previous corresponding period. Main factors included purchases of tangible fixed assets.

(Cash Flows from Financing Activities)

Net cash used in financing activities was ¥1,101 million, up ¥524 million. Major outlays included repayments of long-term debt and cash dividends paid.

For the entire fiscal year, 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 regular maintenance and purchases of equipment. We expect cash flows from 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–Interim
Equity ratio (%)	72.2	84.7	81.1	81.9
Equity ratio based on market price (%)	139.9	183.5	152.0	147.4
Debt coverage (years)	—	—	0.9	1.3
Interest coverage ratio (times)	—	—	338.1	96.8

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 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 Statements of Cash Flows). Interest-bearing debt refers to all debt that incurs interest (listed in the Balance Sheets). For interest paid, the amount shown in the 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 previous fiscal year.

For the year to March 2008, we plan to pay total dividends of ¥80.00 per share, consisting of four quarterly ¥20.00 dividends. (We have already paid the dividend for the first quarter.)

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

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, making DuPont 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.

· 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

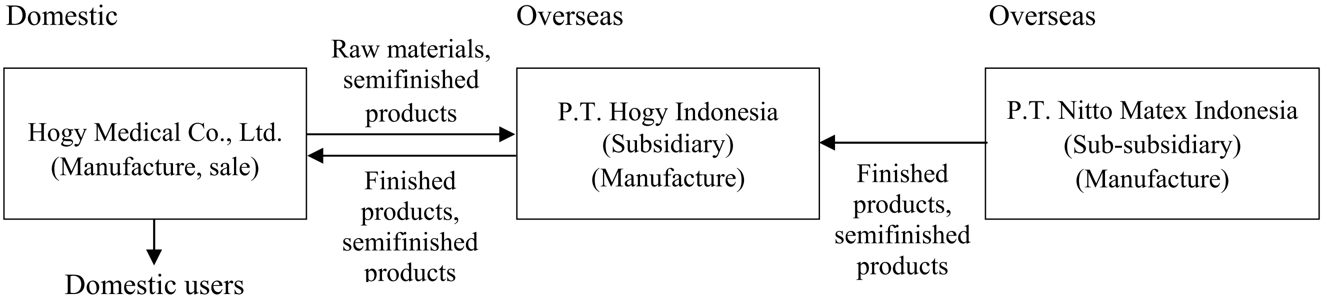
The Hogy Medical Group's manufacturing and distribution bases are concentrated in Miho and Ushiku in Ibaraki Prefecture. In the event of temporary cessation of manufacturing or product supply due to an earthquake, fire, flood or other natural disaster in this region, the Group's business performance 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. Nitto Matex Indonesia (the “sub-subsidiary”), which was acquired by the subsidiary on July 1, 2007. 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 almost half 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.

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 medical institution 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. In 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 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

4. Consolidated Interim Financial Statements

(1) Balance Sheets

(Millions of yen, rounded down)

	Fiscal 2006—interim (September 30, 2006)		Fiscal 2007—interim (September 30, 2007)		Fiscal 2006 (March 31, 2007)	
		% of total		% of total		% of total
ASSETS						
Current assets						
Cash and bank deposits	¥ 5,812		¥ 9,440		¥8,113	
Notes and accounts receivable	8,828		9,408		8,924	
Inventories	6,084		5,421		5,327	
Deferred income taxes	203		189		151	
Other current assets	549		505		549	
Allowance for doubtful accounts	–1		–4		–5	
Total current assets	21,476	38.2%	24,961	41.6%	23,061	38.9%
Fixed assets						
Tangibles						
Buildings and structures	14,402		13,574		13,969	
Machinery and vehicles	9,217		7,876		8,586	
Land	7,465		7,480		7,472	
Construction in progress	110		632		4	
Others	478		382		427	
Total property, plant and equipment	31,674	56.4	29,946	49.9	30,460	51.4
Intangibles	372	0.7	425	0.7	533	0.9
Investments and other assets						
Investment securities	204		2,205		2,793	
Deferred income taxes	—		14		—	
Other assets	2,561		2,512		2,484	
Allowance for doubtful accounts	–100		–74		–102	
Total investments and other assets	2,664	4.7	4,657	7.8	5,176	8.8
Total fixed assets	34,711	61.8	35,029	58.4	36,170	61.1
Total assets	¥56,187	100.0%	¥59,991	100.0%	¥59,231	100.0%

(Millions of yen, rounded down)

	Fiscal 2006—interim (September 30, 2006)		Fiscal 2007—interim (September 30, 2007)		Fiscal 2006 (March 31, 2007)	
		% of total		% of total		% of total
LIABILITIES						
Current liabilities						
Notes and accounts payable	¥ 3,535		¥ 3,347		¥ 2,999	
Long-term debt due within 1 year	—		1,000		1,000	
Accrued income tax	1,247		1,341		1,198	
Reserve for employees' bonuses	423		418		366	
Reserve for directors' bonuses	45		45		90	
Other current liabilities	436		470		480	
Total current liabilities	5,688	10.1%	6,622	11.0	6,135	10.4%
Long-term liabilities						
Long-term debt	—		3,425		3,925	
Deferred income taxes	330		118		358	
Reserve for employees' retirement benefits	126		8		79	
Reserve for directors' retirement bonuses	395		—		412	
Long-term payables	—		397		—	
Other long-term liabilities	273		296		289	
Total long-term liabilities	1,126	2.0	4,246	7.1	5,065	8.5
Total liabilities	6,814	12.1	10,869	18.1	11,200	18.9
NET ASSETS						
Shareholders' equity						
Common stock	7,123	12.7	7,123	11.9	7,123	12.0
Capital surplus	8,336	14.8	8,336	13.9	8,336	14.1
Earned surplus	37,404	66.6	40,078	66.8	38,626	65.2
Treasury stock	–4,402	–7.8	–7,101	–11.8	–7,099	–12.0
Total shareholders' equity	48,461	86.3	48,436	80.8	46,986	79.3
Valuation/translation gains or losses						
Net unrealized gains or losses on securities	0	0.0	–331	–0.6	22	0.0
Deferred hedging gains or losses	902	1.6	818	1.4	926	1.6
Translation adjustments	–4	–0.0	183	0.3	82	0.2
Total valuation/translation gains or losses	898	1.6	671	1.1	1,031	1.8
Minority interests	12	0.0	13	0.0	13	0.0
Total net assets	49,373	87.9	49,122	81.9	48,031	81.1
Total liabilities and net assets	¥56,187	100.0%	¥59,991	100.0%	59,231	100.0%

(2) Statements of Income

(Millions of yen, rounded down)

	Fiscal 2006—interim (April 1–September 30, 2006)		Fiscal 2007—interim (April 1–September 30, 2007)		Fiscal 2006 (April 1, 2006–March 31, 2007)	
		% of total		% of total		% of total
Net sales	¥13,422	100.0%	¥14,105	100.0%	¥27,293	100.0%
Cost of sales	6,668	49.7	6,809	48.3	13,490	49.4
Gross profit	6,753	50.3	7,295	51.7	13,803	50.6
Selling, general, and administrative expenses	3,796	28.3	3,909	27.7	7,745	28.4
Operating income	2,957	22.0	3,386	24.0	6,058	22.2
Other income	73	0.6	71	0.5	116	0.4
Other expenses	4	0.0	36	0.2	34	0.1
Ordinary income	3,026	22.6	3,421	24.3	6,139	22.5
Extraordinary income	4	0.0	22	0.2	0	0.0
Extraordinary expenses	30	0.2	7	0.1	37	0.1
Income before income taxes and minority interests	3,000	22.4	3,436	24.4	6,102	22.4
Income taxes	1,265	9.4	1,373	9.7	2,484	9.1
Income tax adjustment	–49	–0.3	9	0.1	–5	–0.0
Minority interests	0	0.0	0	0.0	1	0.0
Net income	¥ 1,784	13.3%	¥ 2,053	14.6%	¥ 3,621	13.3%

(3) 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					
Distribution 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/translation gains or losses		
Balance at March 31, 2006	¥2	¥—	¥59	¥ 61	¥12	¥47,395
Changes during interim term						
Distribution 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

(April 1–September 30, 2007)

(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 interim term					
Distribution of retained earnings			–601		–601
Interim net income			2,053		2,053
Purchase of treasury stock				–1	–1
Changes during interim term not related to shareholders' equity (net)					
Total changes during interim term	—	—	1,451	–1	1,450
Balance at September 30, 2007	7,123	8,336	40,078	–7,101	48,436

	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, 2007	¥22	¥926	¥ 82	¥1,031	¥13	¥48,031
Changes during interim term						
Distribution of retained earnings						–601
Interim net income						2,053
Purchase of treasury stock						–1
Changes during term not related to shareholders' equity (net)	–353	–107	101	–360	0	–359
Total changes during interim term	–353	–107	101	–360	0	1,090
Balance at September 30, 2007	–331	818	183	671	13	49,122

Statements of Changes in Shareholders' Equity–Fiscal 2006

(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

(4) Statements of Cash Flows

(Millions of yen, rounded down)

	Fiscal 2006—interim (April 1– September 30, 2006)	Fiscal 2007—interim (April 1– September 30, 2007)	Fiscal 2006 (April 1, 2006– March 31, 2007)
Operating activities			
Income before income taxes and minority interests	¥3,000	¥3,436	¥6,102
Depreciation	1,397	1,351	2,914
Retirement benefits, net of payments	–39	–483	–66
Increase (decrease) in allowance for doubtful accounts	26	–22	31
Increase (decrease) in reserve for directors' bonuses	45	–45	90
Interest and dividend income	–7	–26	–15
Interest expenses	—	33	23
Exchange gain	1	–16	–19
Gain on sales of fixed assets	–0	–0	–0
Loss on disposal of fixed assets	0	7	15
Changes in assets and liabilities:			
Notes and accounts receivable	–1,093	–470	–1,175
Inventories	–458	–57	330
Notes and accounts payable	97	360	–446
Accrued consumption tax receivables and others	92	—	98
Accrued consumption tax payables and others	—	56	126
Other current assets	–20	–15	–7
Other current liabilities	42	52	1
Other investments and others	–20	–11	–22
Other long-term liabilities	–3	404	12
Bonuses paid to directors	–67	—	–67
Other	—	60	—
Subtotal	2,993	4,614	7,928
Interest and dividends received	7	26	15
Interest paid	—	–35	–15
Incomes taxes paid	–1,319	–1,215	–2,573
Net cash provided by operating activities	1,681	3,390	5,355
Investing activities			
Increase in time deposits	–2	–6	–23
Proceeds from withdrawals from time deposits	1	—	6
Purchases of investment securities	—	—	–2,551
Purchase of tangible fixed assets	–1,594	–734	–1,828
Proceeds from sale of tangible fixed assets	0	3	0
Purchases of intangible fixed assets	–111	–69	–340
Expenditures for loans receivable	–112	–1	–118
Collection of loans receivable	116	4	121
Decrease in other investments	93	–193	92
Net cash used in investing activities	–1,608	–997	–4,642

(Millions of yen, rounded down)

	Fiscal 2006—interim (April 1– September 30, 2006)	Fiscal 2007—interim (April 1– September 30, 2007)	Fiscal 2006 (April 1, 2006– March 31, 2007)
Financing activities			
Proceeds from long-term debt	—	—	5,000
Repayments of long-term debt	—	–500	–75
Sales of treasury stock	111	—	112
Purchase of treasury stock	–2	–1	–2,700
Cash dividends paid	–685	–600	–1,300
Net cash used in financing activities	–576	–1,101	1,035
Effect of exchange rate changes on cash and cash equivalents	–10	29	21
Net change in cash and cash equivalents	–514	1,320	1,770
Cash and cash equivalents at beginning of term	6,055	7,825	6,055
Cash and cash equivalents at end of term	¥5,540	¥9,146	¥7,825