

April 12, 2010

Consolidated Financial Results for Fiscal 2009

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: **Kazuo Takahashi, Director, Administration Div.**
 Annual Meeting of Shareholders: **June 24, 2010**
 Date of issue of Financial Report: **June 24, 2010**
 Start of cash dividend payments: **May 31, 2010**

1. Financial results for fiscal 2009 (April 1, 2009–March 31, 2010)

(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 2009	¥31,339	+1.1%	¥7,974	+6.3%	¥8,020	+5.2%	¥4,921	+37.3%
Fiscal 2008	31,009	+6.9%	7,501	+3.7%	7,627	+4.7%	3,584	-11.6%

	Net income per share (Yen)	Net income per share (fully diluted) (Yen)	ROE (%)	Ordinary income/Total assets (%)	Operating income/Net sales (%)
Fiscal 2009	¥315.74	—	8.9%	12.3%	25.4%
Fiscal 2008	238.47	—	7.1	12.4	24.2

Note: Gain/loss on investments based on equity method

Fiscal 2009: ¥—million

Fiscal 2008: ¥—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 2009	¥68,259	¥58,506	85.7%	¥3,718.27
Fiscal 2008	61,941	51,505	83.1	3,425.71

Note: Equity capital at year-end

Fiscal 2009: ¥58,492 million

Fiscal 2008: ¥51,493 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 2009	¥8,173	¥-3,713	¥ 750	¥17,405
Fiscal 2008	6,023	-2,270	-2,344	12,182

2. Cash dividends

(Cut-off date)	Cash dividends per share (Yen)					Total dividends paid (full year) (Millions of yen)	Payout ratio (consolidated)	Dividends paid/ Net assets (consolidated) (%)
	1st quarter	2nd quarter	3rd quarter	Year-end	Full year			
Fiscal 2008	¥23.00	¥23.00	¥23.00	¥23.00	¥ 92.00	¥1,382	38.6%	2.7%
Fiscal 2009	23.00	23.00	23.00	23.00	92.00	1,447	29.1	2.6
Fiscal 2010 (est.)	25.00	25.00	25.00	25.00	100.00		30.6	

Note: Cash dividend figures for fiscal 2010 include ¥2.00 commemorative dividends to be paid in each quarter, for an annual total of ¥8.00 per share.

3. Forecast for fiscal 2010 (April 1, 2010–March 31, 2011)

(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	¥15,960	0.7%	¥4,310	7.2%	¥4,340	9.6%	¥2,590	9.0%	¥164.64
Full year	32,200	2.7	8,550	7.2	8,610	7.4	5,140	4.4	326.74

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 (changes to major basic items for preparing quarterly financial reports)

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 2009: 16,341,155

Fiscal 2008: 16,341,155

2. Number of treasury shares outstanding

Fiscal 2009: 610,158

Fiscal 2008: 1,309,568

(Reference) Summary of Non-Consolidated Financial Results

1. Financial results for fiscal 2009 (April 1, 2009–March 31, 2010)

(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)		(% change)		(% change)		(% change)
Fiscal 2009	¥31,046	+2.2%	¥7,379	+4.5%	¥7,488	+3.4%	¥4,477	+34.7%
Fiscal 2008	30,374	+5.9	7,061	+5.0	7,241	+6.1	3,325	-11.3

	Net income per share (Yen)	Net income per share (fully diluted) (Yen)
Fiscal 2009	¥287.30	—
Fiscal 2008	221.20	—

(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 2009	¥66,009	¥56,229	85.2%	¥3,574.46
Fiscal 2008	59,798	49,787	83.3	3,312.18

Note: Equity capital at year-end

Fiscal 2009: ¥56,229 million

Fiscal 2008: ¥49,787 million

2. Forecast for fiscal 2010 (April 1, 2010–March 31, 2011)

(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	¥15,920	2.0%	¥4,030	7.8%	¥4,080	11.3%	¥2,420	11.8%	¥153.84
Full year	32,100	3.4	8,000	8.4	8,160	9.0	4,850	8.3	308.31

Appropriate use of business forecasts; other special items

*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

(1) Operating Results

In the fiscal year under review, the Japanese economy showed some signs of bottoming out from a period of deterioration. However, conditions remained very challenging due to ongoing worldwide recession stemming from the global financial and economic crises, as well as the impact of sharp foreign exchange fluctuations on corporate earnings. Meanwhile, deflationary pressures continued to mount, with no indications of improvement in employment conditions and worker incomes.

Conditions in the medical industry remained difficult due to restraint in medical expenditures. Meanwhile, the outbreak of a new influenza strain in the first quarter of the year had a major impact on medical diagnosis and treatment. Due to these and other factors, companies associated with the medical equipment industry have faced increasing pressure to enhance efficiency and streamline operations.

Amid these conditions, the Hogy Medical Group offered a range of products that contribute to safety of patients and medical practitioners and help medical institutions streamline and save labor in their operations. As a result, consolidated net sales amounted to ¥31,339 million, up 1.1% year-on-year, representing the 49th consecutive annual increase in revenue since the Company's establishment. Sales of surgical-use kit products performed well, achieving a 4.3% year-on-year sales increase, to ¥13,808 million. This owed mainly to the popularity of Operamaster, a solution-based service for medical institutions incorporating products, logistics, and information management. In the third and fourth quarters of the fiscal year, we signed Operamaster contracts with 16 medical institutions and cancelled contracts with six others. Because the newly contracted institutions perform numerous surgical procedures, we expect sales to increase in the future. However, we predict that actual sales increases will take some time, given the high number of large-scale hospitals contracted. For surgical-use non-wovens, we reinforced our "Surrem strategy," based on the concept of low price, high function, and high quality. Accordingly, sales of these products amounted to ¥10,893 million, around the same level as the previous year. Moreover, an outbreak of a new influenza strain in the first quarter provided a significant boost to sales of other non-wovens, which grew 18.4%, to ¥1,713 million. However, other sales declined 26.4%, to ¥916 million, due to the partial sale of a consolidated subsidiary's business in July 2009.

With respect to cost of sales, the cost of sales ratio improved year-on-year, owing to enhanced productivity stemming from an increase in production volume. During the term, we focused on efficient expense allocations in the selling, general, and administrative expenses category. Consequently, consolidated operating income rose 6.3%, to ¥7,974 million.

In other income/expenses, the main item was a foreign exchange loss of ¥62 million. As a result, ordinary income increased 5.2%, to ¥8,020 million.

Among extraordinary items, the main item was an ¥83 million lump amortization of negative goodwill. In the previous year, the Group reported a ¥1,620 million loss on the valuation of investment securities. As a result, net income for the year under review, climbed 37.3%, to ¥4,921 million, the highest figure since our foundation.

Outlook

Looking ahead, we expect conditions to remain unpredictable despite anticipation of improvements in some areas of the Japanese economy. Similarly, conditions in the medical industry will remain challenging, with a polarization trend gaining momentum despite an increase in the medical treatment remuneration—the first rise in 10 years—which should help improve the business environment for medical institutions. Meanwhile, companies in the medical equipment industry will continue facing pressure to enhance efficiency and streamline operations.

As we approach our 50th year of operation, we at the Hogy Medical Group will step up efforts to raise corporate value. At the same time, we will assertively promote our Operamaster strategy, as well as our Surrem strategy, in order to distinguish ourselves from the competition.

Our consolidated forecasts for the fiscal year to March 2011 are as follows:

Net sales	¥32,200 million	(up 2.7%)
Operating income	¥ 8,550 million	(up 7.2%)
Ordinary income	¥ 8,610 million	(up 7.4%)
Net income	¥ 5,140 million	(up 4.4%)

(2) Financial Position

At March 31, 2010, total assets amounted to ¥68,259 million, up ¥6,317 million from a year earlier. During the period, current assets increased ¥5,247 million, to ¥33,363 million. This was due mainly to disposal of treasury stock and a rise in cash and bank deposits associated with operating activities, which together amounted to ¥5,265 million. Fixed assets rose ¥1,069 million, to ¥34,895 million. Within this figure, tangibles were up ¥1,048 million, to ¥30,121 million, due mainly to a purchases of equipment for the New Tsukuba Sterilization Center, which accounted for ¥1,862 million of the increase. Intangibles rose ¥94 million, to ¥597 million, and investments and other assets declined ¥73 million, to ¥4,176 million.

At fiscal year-end, total liabilities amounted to ¥9,752 million, down ¥683 million. Current liabilities increased ¥779 million, to ¥8,006 million. Main factors included a ¥1,150 million increase in accrued income tax and a ¥265 million decrease in equipment-related payables. Long-term liabilities fell ¥1,462 million, to ¥1,746 million. Major factors included ¥1,000 million in repayments of long-term debt and a ¥383 million decrease in reserve for employees' retirement benefits.

Net assets at the end of the year totaled ¥58,506 million, up ¥7,000 million from a year earlier. Items boosting net assets included disposal of treasury stock (¥3,183 million) and net income (¥4,921 million), while items holding down net assets included cash dividends paid (¥1,431 million). As a result, the equity ratio rose from 83.1% to 85.7%.

Cash Flows

Cash and cash equivalents at the end of the fiscal year stood at ¥17,405 million, up ¥5,223 million from a year earlier.

(Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to ¥8,173 million, up ¥2,149 million from the previous year. Major items included ¥8,103 million in income before income taxes and minority interests, ¥2,557 million in depreciation, and a ¥121 million decrease in inventories, which contrasted with ¥2,266 million in income taxes paid and a ¥22 million increase in notes and accounts receivable.

(Cash Flows from Investing Activities)

Net cash used in investing activities totaled ¥3,713 million, up ¥1,442 million from the previous year. Main factors included ¥3,713 million in outlays related to the New Sterilization Center in Tsukuba. This investment was financed by internal capital and part of funds raised through the sale of treasury stock on June 15, 2009.

(Cash Flows from Financing Activities)

Net cash provided by financing activities was ¥750 million, compared with ¥2,344 million in net cash used in such activities in the previous fiscal year. The main factor was the disposal of treasury stock in the first quarter of the period, which raised ¥3,183 million. Major outlays included repayments of long-term debt and cash dividends paid. Funds raised through the disposal of treasury stock were allocated to construction of the New Sterilization Center in Tsukuba.

For the next fiscal year, we expect net cash provided by operating activities to be around ¥7,000 million, reflecting our business performance. Net cash used in investing activities is expected to total around ¥3,100 million, due to purchases related to the New Sterilization Center in Tsukuba and replacement of existing equipment. We expect net cash used in financing activities to be around ¥2,500 million, mainly influenced by cash dividends paid and repayments of borrowings.

Cash Flow Indicators

	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009
Equity ratio (%)	81.1	80.7	83.1	85.7
Equity ratio based on market price (%)	152.0	136.3	141.9	103.2
Debt coverage (years)	0.9	0.5	0.5	0.2
Interest coverage ratio (times)	338.1	127.3	117.0	224.4

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. 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 ¥92.00 per share, consisting of four quarterly ¥23.00 dividends. (We have already paid dividends for the first three quarters, and the year-end dividend is scheduled for payment on May 31, 2010.) In the next fiscal year, we plan to pay ¥23.00 quarterly dividends, for total annual dividends of ¥92.00 per share. We also plan to pay ¥2.00 commemorative dividends in each quarter, for an annual total of ¥8.00 per share.

(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.

Also, if products handled by the Hogy Medical Group are subject to a recall due to defectiveness or other reason, the Group’s business performance could be affected as a result. 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 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, natural disaster, or outbreaks of new strains of influenza in Indonesia, the Group’s business performance could be affected.

Inability to manufacture and supply at domestic manufacturing bases

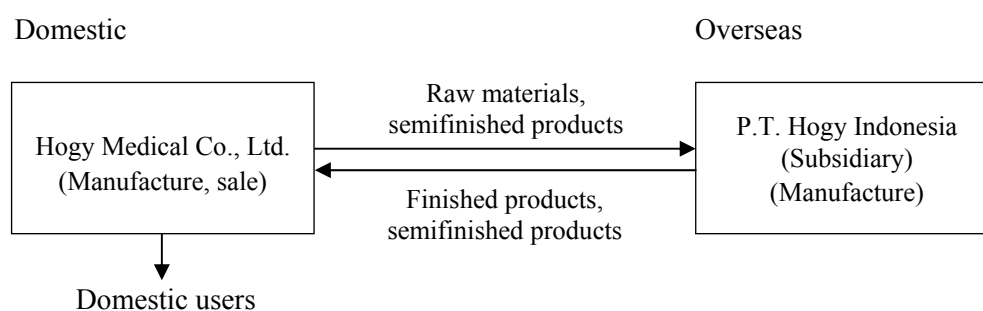
The Hogy Medical Group’s manufacturing and distribution bases are concentrated in Miho and Ushiku in Ibaraki Prefecture. In the event of temporary cessation of manufacturing or product supply due to an earthquake, fire, flood, or other natural disaster in this region, the Group’s business performance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

2. The Hogy Medical Group

The Hogy Medical Group consists of Hogy Medical (the “Company”) and its 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 as an important manufacturing base for the Company.

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 need to boost revenue and income by increasing the number of surgical procedures they perform. 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 and raise our market share.

For companies in the medical equipment industry, the importance of safety and legal compliance continues to increase. 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

The Group's key objectives 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.

- Further reinforce Operamaster and Surrem strategies
- Develop new products
- Ensure stable supply of safe products
- Enhance Group-wide productivity
- Implement capital expenditure plan aimed at meeting performance targets
- Respond appropriately to external conditions
- Reinforce internal control system and compliance
- Nurture human resources and educate employees

(5) Items Related to Parent Company

No relevant items

4. Consolidated Financial Statements

(1) Balance Sheets

(Millions of yen, rounded down)

	Fiscal 2008 (At March 31, 2009)	Fiscal 2009 (At March 31, 2010)
ASSETS		
Current assets		
Cash and bank deposits	¥12,501	¥17,766
Notes and accounts receivable	9,096	9,124
Goods and merchandise	3,151	3,075
Products in progress	351	308
Materials and supplies	2,252	2,259
Deferred income taxes	310	386
Others	453	446
Allowance for doubtful accounts	-1	-2
Total current assets	28,115	33,363
Fixed assets		
Tangibles		
Buildings and structures	23,988	24,788
Accumulated depreciation	-11,627	-12,414
Buildings and structures (net)	12,360	12,374
Machinery and vehicles	19,174	19,903
Accumulated depreciation	-13,641	-15,007
Machinery and vehicles (net)	5,532	4,896
Land	7,684	9,410
Construction in progress	3,128	3,137
Others	2,478	2,489
Accumulated depreciation	-2,112	-2,187
Others (net)	366	302
Total tangibles	29,073	30,121
Intangibles		
Software	328	276
Software in progress	159	306
Telephone subscription rights	13	13
Others	0	0
Total intangibles	502	597
Investments and other assets		
Investment securities	2,096	2,698
Guaranty deposit	552	547
Deferred income taxes	106	67
Prepaid pension costs	494	148
Others	1,043	767
Allowance for doubtful accounts	-42	-51
Total investments and other assets	4,250	4,176
Total fixed assets	33,826	34,895
Total assets	¥61,941	68,259

(Millions of yen, rounded down)

	Fiscal 2008 (At March 31, 2009)	Fiscal 2009 (At March 31, 2010)
LIABILITIES		
Current liabilities		
Notes and accounts payable	¥ 3,694	¥3,452
Long-term borrowings due within one year	1,000	1,000
Accrued income tax	841	1,991
Reserve for employees' bonuses	478	455
Reserve for directors' bonuses	90	90
Equipment-related notes payable	448	182
Other current liabilities	674	834
Total current liabilities	7,227	8,006
Long-term liabilities		
Long-term borrowings	1,925	925
Deferred income taxes	53	29
Reserve for employees' retirement benefits	417	34
Negative goodwill	97	—
Long-term payables	394	394
Other long-term liabilities	320	362
Total long-term liabilities	3,208	1,746
Total liabilities	10,436	9,752
NET ASSETS		
Shareholders' equity		
Common stock	7,123	7,123
Capital surplus	8,336	8,336
Earned surplus	43,725	46,598
Treasury stock	-7,110	-3,313
Total shareholders' equity	52,074	58,744
Valuation/translation gains or losses		
Net unrealized gains or losses on securities	-16	345
Deferred hedging gains or losses	227	80
Translation adjustments	-790	-678
Total valuation/translation gains or losses	-580	-252
Minority interests	11	14
Total net assets	51,505	58,506
Total liabilities and net assets	¥61,941	¥68,259

(2) Statements of Income

(Millions of yen, rounded down)

	Fiscal 2008 (April 1, 2008– March 31, 2009)	Fiscal 2009 (April 1, 2009– March 31, 2010)
Net sales	¥31,009	¥31,339
Cost of sales	15,474	15,143
Gross profit	15,534	16,195
Selling, general, and administrative expenses	8,033	8,220
Operating income	7,501	7,974
Other income		
Interest income	8	7
Dividend income	53	44
Amortization of negative goodwill	27	13
Lease revenue	5	5
Gain on repayment of insurance policies at maturity	36	31
Others	52	54
Total other income	184	157
Other expenses		
Interest expenses	50	35
Foreign exchange loss	0	62
Lease costs	4	3
Others	3	10
Total other expenses	58	111
Ordinary income	7,627	8,020
Extraordinary income		
Gain on transfer from allowance for doubtful accounts	9	—
Gain on sale of fixed assets	2	5
Lump amortization of negative goodwill	—	83
Insurance marginal profit	—	8
Total extraordinary income	12	97
Extraordinary expenses		
Loss on sale of fixed assets	1	3
Loss on disposal of fixed assets	21	10
Loss on valuation of investment securities	1,620	—
Total extraordinary expenses	1,643	13
Income before income taxes and minority interests	5,996	8,103
Income taxes	2,288	3,247
Income tax adjustment	121	-67
Total income taxes	2,409	3,180
Minority interests	1	2
Net income	3,584	4,921

(3) Statements of Changes in Shareholders' Equity

(Millions of yen, rounded down)

	Fiscal 2008 (April 1, 2008– March 31, 2009)	Fiscal 2009 (April 1, 2009– March 31, 2010)
Shareholders' equity		
Common stock		
Balance at end of previous term	¥ 7,123	¥7,123
Changes during term in review		
Total changes during term	—	—
Balance at end of term in review	7,123	7,123
Capital surplus		
Balance at end of previous term	8,336	8,336
Changes during term in review		
Total changes during term	—	—
Balance at end of term in review	8,336	8,336
Earned surplus		
Balance at end of previous term	41,479	43,725
Changes during term in review		
Distribution of earned surplus	-1,337	-1,431
Net income	3,584	4,291
Disposal of treasury stock	-0	-617
Total changes during term	2,246	2,872
Balance at end of term in review	43,725	46,598
Treasury stock		
Balance at end of previous term	-7,104	-7,110
Changes during term in review		
Purchase of treasury stock	-8	-2
Disposal of treasury stock	1	3,800
Total changes during term	-6	3,797
Balance at end of term in review	-7,110	-3,313
Total shareholders' equity		
Balance at end of previous term	49,834	52,074
Changes during term in review		
Distribution of earned surplus	-1,337	-1,431
Net income	3,584	4,921
Purchase of treasury stock	-8	-2
Disposal of treasury stock	1	3,183
Total changes during term	2,240	6,670
Balance at end of term in review	52,074	58,744

(Millions of yen, rounded down)

	Fiscal 2008 (April 1, 2008– March 31, 2009)	Fiscal 2009 (April 1, 2009– March 31, 2010)
Valuation/translation gains or losses		
Net unrealized gains or losses on securities		
Balance at end of previous term	-425	-16
Changes during term in review		
Changes during term not related to shareholders' equity (net)	408	362
Total changes during term	408	362
Balance at end of term in review	-16	345
Deferred hedging gains or losses		
Balance at end of previous term	¥ 265	¥ 227
Changes during term in review		
Changes during term not related to shareholders' equity (net)	-38	-146
Total changes during term	-38	-146
Balance at end of term in review	227	80
Translation adjustments		
Balance at end of previous term	-57	-790
Changes during term in review		
Changes during term not related to shareholders' equity (net)	-733	112
Total changes during term	-733	112
Balance at end of term in review	-790	-678
Total valuation/translation gains or losses		
Balance at end of previous term	-217	-580
Changes during term in review		
Changes during term not related to shareholders' equity (net)	-363	327
Total changes during term	-363	327
Balance at end of term in review	-580	-252
Minority interests		
Balance at end of previous term	14	11
Changes during term in review		
Changes during term not related to shareholders' equity (net)	-2	2
Total changes during term	-2	2
Balance at end of term in review	11	14
Total net assets		
Balance at end of previous term	49,631	51,505
Changes during term in review		
Distribution of earned surplus	-1,337	-1,431
Net income	3,584	4,921
Purchase of treasury stock	-8	-2
Sales of treasury stock	1	3,183
Changes during term not related to shareholders' equity (net)	-365	330
Total changes during term	1,874	7,000
Balance at end of term in review	51,505	58,506

(4) Statements of Cash Flows

(Millions of yen, rounded down)

	Fiscal 2008 (April 1, 2008– March 31, 2009)	Fiscal 2009 (April 1, 2009– March 31, 2010)
Operating activities		
Income before income taxes and minority interests	¥ 5,996	¥8,103
Depreciation	2,936	2,557
Amortization of negative goodwill	-27	-97
Retirement benefits, net of payments	-35	-36
Increase (decrease) in allowance for doubtful accounts	-3	9
Interest and dividend income	-61	-51
Interest expenses	50	35
Loss on valuation of investment securities	1,620	—
Exchange gain	-4	74
Loss on sale of tangible fixed assets	-2	-1
Loss on disposal of tangible fixed assets	22	10
Changes in assets and liabilities:		
Notes and accounts receivable	-709	-22
Inventories	-341	121
Notes and accounts payable	28	-248
Accrued consumption tax payables and others	-138	-39
Other current assets	-72	-25
Other current liabilities	73	-2
Other investments and others	-129	-19
Other long-term liabilities	6	40
Other	-79	14
Subtotal	9,128	10,422
Interest and dividends received	61	53
Interest paid	-51	-36
Incomes taxes paid	-3,115	-2,266
Net cash provided by operating activities	6,023	8,173
Investing activities		
Increase in time deposits	-33	-44
Proceeds from withdrawals from time deposits	15	3
Purchase of tangible fixed assets	-2,150	-3,491
Proceeds from sale of tangible fixed assets	7	25
Purchase of intangible fixed assets	-145	-189
Expenditures by loans receivable	-20	-8
Collection of loans receivable	16	8
Increase (decrease) in other investments	40	-17
Net cash used in investing activities	-2,270	-3,713
Financing activities		
Repayments of long-term debt	-1,000	-1,000
Sales of treasury stock	1	3,183
Purchase of treasury stock	-8	-2
Cash dividends paid	-1,337	-1,430
Others	—	0
Net cash used in financing activities	-2,344	750
Effect of exchange rate changes on cash and cash equivalents	-66	12
Net change in cash and cash equivalents	1,343	5,223
Cash and cash equivalents at beginning of year	10,838	12,182
Cash and cash equivalents at end of year	12,182	17,405

5. Non-Consolidated Financial Statements

(1) Balance Sheets

(Millions of yen, rounded down)

	Fiscal 2008 (At March 31, 2009)	Fiscal 2009 (At March 31, 2010)
ASSETS		
Current assets		
Cash and bank deposits	¥11,473	¥16,955
Notes receivable	4,824	4,927
Accounts receivable	4,060	4,104
Goods and merchandise	3,083	3,089
Products in progress	206	180
Materials and supplies	1,472	1,543
Advances paid	126	14
Prepaid expenses	99	126
Deferred income taxes	261	327
Currency swaps	61	49
Forward exchange contracts	64	43
Others	10	13
Allowance for doubtful accounts	-1	-2
Total current assets	25,744	31,371
Fixed assets		
Tangibles		
Buildings	21,415	21,535
Accumulated depreciation	-9,953	-10,606
Buildings (net)	11,461	10,929
Structures	1,002	1,002
Accumulated depreciation	-785	-811
Structures (net)	216	190
Machinery and equipment	18,264	18,482
Accumulated depreciation	-13,016	-14,296
Machinery and equipment (net)	5,248	4,185
Vehicles and transport equipment	165	178
Accumulated depreciation	-123	-123
Vehicles and transport equipment (net)	41	54
Tools, instruments, and fixtures	2,357	2,358
Accumulated depreciation	-2,016	-2,081
Tools, instruments, and fixtures (net)	340	276
Land	7,342	9,064
Construction in progress	2,708	2,844
Total tangibles	27,359	27,545
Intangibles		
Software	328	276
Software in progress	159	306
Telephone subscription rights	13	13
Others	0	0
Total intangibles	502	597

(Millions of yen, rounded down)

	Fiscal 2008 (At March 31, 2009)	Fiscal 2009 (At March 31, 2010)
Investments and other assets		
Investment securities	2,096	2,698
Shares of affiliated companies	737	737
Capital subscriptions	1	1
Long-term loans	4	3
Long-term loans to employees	41	40
Long-term loans to affiliated companies	1,326	1,618
Bankruptcy rehabilitation claims	10	15
Long-term prepaid expenses	23	14
Deferred income taxes	104	67
Prepaid pension costs	494	148
Guaranty deposit	552	547
Insurance reserve fund	424	436
Golf club memberships	165	165
Currency swaps	139	30
Forward exchange contracts	111	10
Others	0	10
Allowance for doubtful accounts	-42	-51
Total investments and other assets	6,191	6,494
Total fixed assets	34,054	34,637
Total assets	¥59,798	¥66,009

(Millions of yen, rounded down)

	Fiscal 2008 (At March 31, 2009)	Fiscal 2009 (At March 31, 2010)
LIABILITIES		
Current liabilities		
Notes payable	¥ 2,081	¥ 2,094
Accounts payable	1,463	1,541
Long-term borrowings due within one year	1,000	1,000
Accrued payables	263	466
Accrued expenses	169	172
Accrued income tax	788	1,939
Accrued consumption tax	166	126
Advances received	0	0
Deposits received	23	26
Income received in advance	0	0
Reserve for employees' bonuses	478	455
Reserve for directors' bonuses	90	90
Equipment-related notes payable	448	182
Total current liabilities	6,973	8,097
Long-term liabilities		
Long-term borrowings	1,925	925
Reserve for employees' retirement benefits	396	—
Long-term payables	394	394
Other long-term liabilities	320	362
Total long-term liabilities	3,037	1,682
Total liabilities	10,011	9,779
NET ASSETS		
Shareholders' equity		
Common stock	7,123	7,123
Capital surplus		
Capital reserve	8,336	8,336
Total capital reserve	8,336	8,336
Earned surplus		
Earned reserve	564	564
Other earned surplus		
Other general reserve	19,300	19,300
Earned surplus carried forward	21,364	23,793
Total earned surplus	41,228	43,658
Treasury stock	-7,110	-3,313
Total shareholders' equity	49,577	55,803
Valuation/translation gains or losses		
Net unrealized gains or losses on securities	-16	345
Deferred hedging gains or losses	227	80
Total valuation/translation gains or losses	210	425
Total net assets	49,787	56,229
Total liabilities and net assets	¥59,798	¥66,009

(2) Statements of Income

(Millions of yen, rounded down)

	Fiscal 2008 (April 1, 2008– March 31, 2009)	Fiscal 2009 (April 1, 2009– March 31, 2010)
Net sales		
Product sales	¥28,046	¥28,537
Commodity sales	2,328	2,509
Total net sales	30,374	31,046
Cost of sales		
Product inventory at beginning of term	1,564	1,801
Commodity inventory at beginning of term	468	431
Manufacturing costs during term	14,351	14,237
Commodity purchases during term	1,472	1,598
Total	17,855	18,069
Transfer to other accounts	343	319
Product inventory at end of term	1,801	1,915
Commodity inventory at end of term	431	387
Total cost of sales	15,279	15,446
Gross profit	15,094	15,600
Selling, general, and administrative expenses	8,033	8,220
Operating income	7,061	7,379
Other income		
Interest income	12	37
Interest income from securities	0	0
Dividend income	121	107
Foreign exchange marginal profit	8	—
Lease revenue	5	5
Gain on repayment of insurance policies at maturity	36	31
Others	51	53
Total other income	237	236
Other expenses		
Interest expenses	49	34
Foreign exchange loss	—	82
Lease costs	4	3
Others	2	6
Total other expenses	56	127
Ordinary income	7,241	7,488
Extraordinary income		
Gain on transfer from allowance for doubtful accounts	9	—
Gain on sale of fixed assets	0	0
Insurance marginal profit	—	8
Total extraordinary income	10	8
Extraordinary expenses		
Loss on sale of fixed assets	1	3
Loss on disposal of fixed assets	21	10
Loss on valuation of investment securities	1,620	—
Total extraordinary expenses	1,643	13
Income before income taxes and minority interests	5,608	7,483
Income taxes	2,123	3,039
Income tax adjustment	160	–34
Total income taxes	2,283	3,005
Net income	3,325	4,477

(3) Statements of Changes in Shareholders' Equity

(Millions of yen, rounded down)

	Fiscal 2008 (April 1, 2008– March 31, 2009)	Fiscal 2009 (April 1, 2009– March 31, 2010)
Shareholders' equity		
Common stock		
Balance at end of previous term	¥ 7,123	¥7,123
Changes during term in review		
Total changes during term	—	—
Balance at end of term in review	7,123	7,123
Capital surplus		
Capital reserve		
Balance at end of previous term	8,336	8,336
Changes during term in review		
Total changes during term	—	—
Balance at end of term in review	8,336	8,336
Total capital surplus		
Balance at end of previous term	8,336	8,336
Changes during term in review		
Total changes during term	—	—
Balance at end of term in review	8,336	8,336
Earned surplus		
Earned reserve		
Balance at end of previous term	564	564
Changes during term in review		
Total changes during term	—	—
Balance at end of term in review	564	564
Other earned surplus		
Other general reserve		
Balance at end of previous term	19,300	19,300
Changes during term in review		
Total changes during term	—	—
Balance at end of term in review	19,300	19,300
Earned surplus carried forward		
Balance at end of previous term	19,376	21,364
Changes during term in review		
Distribution of earned surplus	-1,337	-1,431
Net income	3,325	4,477
Disposal of treasury stock	-0	-617
Total changes during term	1,987	2,429
Balance at end of term in review	21,364	23,793
Total earned surplus		
Balance at end of previous term	39,241	41,228
Changes during term in review		
Distribution of earned surplus	-1,337	-1,431
Net income	3,325	4,477
Disposal of treasury stock	-0	-617
Total changes during term	1,987	2,429
Balance at end of term in review	41,228	43,658

(Millions of yen, rounded down)

	Fiscal 2008 (April 1, 2008– March 31, 2009)	Fiscal 2009 (April 1, 2009– March 31, 2010)
Treasury stock		
Balance at end of previous term	¥-7,104	¥-7,110
Changes during term in review		
Purchase of treasury stock	-8	-2
Disposal of treasury stock	1	3,800
Total changes during term	-6	3,797
Balance at end of term in review	-7,110	-3,313
Total shareholders' equity		
Balance at end of previous term	47,596	49,577
Changes during term in review		
Distribution of earned surplus	-1,337	-1,431
Net income	3,325	4,477
Purchase of treasury stock	-8	-2
Disposal of treasury stock	1	3,183
Total changes during term	1,980	6,226
Balance at end of term in review	49,577	55,803
Valuation/translation gains or losses		
Net unrealized gains or losses on securities		
Balance at end of previous term	-425	-16
Changes during term in review		
Changes during term not related to shareholders' equity (net)	408	362
Total changes during term	408	362
Balance at end of term in review	-16	345
Deferred hedging gains or losses		
Balance at end of previous term	265	227
Changes during term in review		
Changes during term not related to shareholders' equity (net)	-38	-146
Total changes during term	-38	-146
Balance at end of term in review	227	80
Total valuation/translation gains or losses		
Balance at end of previous term	-160	210
Changes during term in review		
Changes during term not related to shareholders' equity (net)	370	215
Total changes during term	370	215
Balance at end of term in review	210	425
Total net assets		
Balance at end of previous term	47,436	49,787
Changes during term in review		
Distribution of earned surplus	-1,337	-1,431
Net income	3,325	4,477
Purchase of treasury stock	-8	-2
Sales of treasury stock	1	3,183
Changes during term not related to shareholders' equity (net)	370	215
Total changes during term	2,350	6,442
Balance at end of term in review	49,787	56,229