EIKEN CHEMICAL CO.,LTD.

Financial Flash Report for the Fiscal Year Ended March 31, 2008

April 25, 2008

Company name: EIKEN CHEMICAL CO., LTD. Listing: TSE, First Section
Securities Code: 4549 URL: http://www.eiken.co.jp/en/
Representative: Tetsuya Teramoto, President & CEO
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Scheduled date of Ordinary General Meeting of Shareholders: June 20, 2008
Scheduled date of dividend payment: June 6, 2008
Scheduled date of filing of Annual Securities Report: June 23, 2008

(All amounts are rounded down to the nearest million yen)

1. Consolidated Performance for the Year Ended March 31, 2008 (Apr. 1, 2007 – Mar. 31, 2008)

(1) Consolidated operating results

(Percentage figures for net sales, operating income, ordinary income and net income indicate year-over-year rates of change)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended Mar. 2008	25,223	2.3	2,050	12.8	1,877	(3.0)	1,670	54.5
Year ended Mar. 2007	24,650	4.7	1,817	(9.1)	1,934	(4.6)	1,080	(11.8)

	Net income per share	Diluted net income per share	ROE	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Year ended Mar. 2008	84.30	84.18	9.0	7.0	8.1
Year ended Mar. 2007	46.57	-	5.4	7.0	7.4

Reference: Investment profit or loss on equity method (million yen): Mar. 2008: - Mar. 2007: -

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2008	28,234	19,367	68.5	959.78
As of Mar. 31, 2007	25,436	17,576	69.1	894.43

Reference: Shareholders' equity (million yen): Mar. 2008: 19,340 Mar. 2007: 17,576

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the period
	Million yen	Million yen	Million yen	Million yen
Year ended Mar. 2008	1,007	446	99	6,674
Year ended Mar. 2007	2,526	(460)	(5,629)	4,952

2. Dividends

	Dividend per share					Total dividends (annual)	Payout ratio (consolidated)	Dividend on equity (consolidated)
(Record date)	First quarter	Interim	Third quarter	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended Mar. 2007	-	8.00	-	10.00	18.00	386	38.6	2.2
Year ended Mar. 2008	-	10.00	-	15.00	25.00	498	29.7	2.7
Year ending Mar. 2009 (forecast)	-	15.00	-	10.00	25.00	-	43.1	-

Notes: 1. Breakdown of dividends for the year ended Mar. 2008 Special dividend 5.00 yen
2. Breakdown of dividends for the year ending Mar. 2009 (forecast) Commemorative dividend 5.00 yen

3. Projected Consolidated Performance for the Year Ending March 31, 2009 (Apr. 1, 2008 – Mar. 31, 2009)

(Percentage figures indicate year-over-year rates of change)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
6-month period	13,491	3.1	1,341	(5.7)	1,345	(8.0)	730	21.9	36.23
Full year	26,163	3.7	2,051	0.0	2,089	11.3	1,168	(30.1)	57.96

4. Others

(1) Changes in consolidated subsidiaries (changes in scope of consolidation): Yes
Newly added: 1 (EIKEN SHANGHAI CO., LTD.)
Note: Please refer to "Corporate Group" on page 7 for further information.

(2) Changes in accounting principles, procedures and presentation methods for preparation of consolidated financial statements
1) Changes caused by revision of accounting standards: Yes
2) Other changes: None

(3) Number of shares outstanding at the end of the period (common shares)
1) Outstanding shares (including treasury stock)
Mar. 2008: 23,770,719 shares Mar. 2007: 23,770,719 shares
2) Treasury stock
Mar. 2008: 3,619,647 shares Mar. 2007: 4,119,250 shares

(Reference) Non-consolidated Financial Summaries

1. Non-consolidated Performance for the Year Ended March 31, 2008 (Apr. 1, 2007 – Mar. 31, 2008)

(1) Non-consolidated operating results (Percentage figures indicate year-over-year rates of change)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended Mar. 2008	25,223	17.3	2,057	15.2	2,099	10.5	1,946	80.1
Year ended Mar. 2007	21,494	5.8	1,785	0.1	1,899	4.8	1,080	(11.8)

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended Mar. 2008	98.25	98.10
Year ended Mar. 2007	46.58	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2008	28,359	19,509	68.7	966.82
As of Mar. 31, 2007	24,510	17,529	71.5	892.03

Reference: Shareholders' equity (million yen): Mar. 2008: 19,482 Mar. 2007: 17,529

2. Projected Non-consolidated Performance for the Year Ending March 31, 2009 (Apr. 1, 2008 – Mar. 31, 2009)

(Percentage figures indicate year-over-year rates of change)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
6-month period	13,491	3.1	1,382	(2.8)	1,386	(5.0)	771	18.9	38.26
Full year	26,163	3.7	2,100	2.1	2,138	1.8	1,217	(37.5)	60.39

<u>* Cautionary statement with respect to forward-looking statements</u>

These projected performance figures are based on information available to the Company's management at the time of preparing this report. There are many uncertain factors inherent in forecasting, and there might be cases in which actual results differ from forecast values. Please refer to page 3 "1. Operating Results, (1) Analysis of operating results" for further information concerning these projections.

1. Operating Results

(1) Analysis of operating results

During the fiscal year, Japan's economy continued to expand slowly in the first half as strong corporate earnings supported growth in capital expenditures and an improvement in employment levels. However, the economy began to weaken in the second half. Turmoil in financial markets sparked by the U.S. subprime mortgage crisis and the sharply higher cost of crude oil and other raw materials impacted corporate earnings and capital expenditures.

In the clinical diagnostic reagents market, the operating environment remained challenging. The number of tests is climbing, but ongoing measures by the Japanese government to hold down healthcare costs are leading to more intense competition, including price-based competition. In this environment, there is an even greater need for clinical diagnostic companies to use mergers and acquisitions with Japanese and foreign firms to become more efficient and streamlined.

To increase sales in this environment, the Group worked on increasing sales of mainstay products in Japan and of new products. Other actions targeted growth in sales outside Japan.

As a result, consolidated net sales increased 2.3% to 25,223 million yen in the current fiscal year, the eighth straight year of positive growth.

By product category, sales of culture media for microbiological investigations declined 1.1% to 4,421 million yen due to price declines and competition with other companies. Sales of general-purpose reagents increased 7.3% to 1,990 million yen mainly because of higher sales of Uropaper, a urinalysis test strip sold jointly with Otsuka Pharmaceutical Co., Ltd. Sales of immunological and serological reagents increased 5.8% to 12,958 million yen due to higher sales of a diagnostic reagent to detect fecal occult blood and of diagnostic reagents made by Tosoh Corporation specially for medical devices. Sales of diagnostic reagents for biomedical testing were down 9.3% to 972 million yen due mainly to intense price-based competition. In the culture media for equipment, food and the environment category, sales of food and environmental culture media increased but sales of equipments fell because of intense price-based competition. The result was a 0.7% decrease in sales to 2,765 million yen. In the others category (medical devices, genetic products, etc.), sales decreased 4.8% to 2,114 million yen. Sales of medical devices increased but there was a decline in one-time revenues from patents.

Overseas sales increased 9.9% to 1,141 million yen, the result of higher sales of fecal occult blood analyzers and diagnostic reagents.

Regarding expenses, many actions were taken to reduce the cost of sales. One step was the April 1, 2007 merger with EIKEN KIZAI CO., LTD. with the aim of using resources more efficiently and raising the efficiency of manufacturing activities. However, benefits were offset by growth in sales of purchased products and devices, which have a relatively high cost rate, and by a decline in sales prices and higher raw material costs. The result was a 2.2 percentage point increase in the cost of sales ratio.

Operating income increased 12.8% to 2,050 million yen, the result of measures to use selling, general and administrative expenses more efficiently. Ordinary income was down 3.0% to 1,877 million yen, mainly the result of non-operating expenses of 207 million yen for the start of operations at EIKEN SHANGHAI CO., LTD. There was an extraordinary gain of 1,591 million yen on the sale of the head office site and building and an extraordinary loss of 574 million yen including a final retirement allowance payment to directors of 408 million yen due to the termination of the Company's retirement system for directors. The result was a 54.5% increase in net income to 1,670 million yen.

Outlook for the new year ending March 31, 2009

The outlook for the Japanese economy is becoming increasingly unclear because of the weakening U.S. economy and the much higher cost of crude oil and other raw materials. Due to these factors, Japan's economy is expected to enter a recessionary phase. In the clinical diagnostic reagents market, there was only a small reduction in testing payments in the April 2008 medical service fee revisions of the Japanese national health insurance system. Furthermore, there may be an increase in the number of individuals undergoing tests due to the special health examination and insurance guidance system that began in Japan in April 2008. However, further price declines are foreseen along with more heated competition. At the same time, there will probably be more mergers and acquisition in Japan's clinical diagnostic reagent industry, including with foreign companies, as companies are forced to make their operations even more efficient and rational.

To succeed, the Group will pursue synergies across its reagent and medical equipment and device development, manufacturing and sales operations. To increase sales, one goal is to capture an even larger market share for core products in Japan (fecal occult blood diagnostic reagents, Uropaper, immunological reagents and culture media). Other goals are to supply products for more health examination items and increase sales of food and environmental products. We also plan to sell fecal occult blood analyzers and diagnostic reagents outside Japan. With regard to manufacturing activities, the central goals are to boost productivity and lower the cost of manufacturing products. We expect that EIKEN SHANGHAI CO., LTD., which began production activities in March 2008, will play a major role in achieving these goals.

Based on this outlook, for the fiscal year ending March 31, 2009, we forecast net sales of 26,163 million yen (up 3.7%), operating income of 2,051 million yen (0.0%) and ordinary income of 2,089 million yen (up 11.3%). In the fiscal year that ended March 31, 2008, there was a substantial extraordinary gain on the sale of the head office site and building. Since we do not expect any significant extraordinary gains or losses in the following fiscal year, the net income forecast is 1,168 million yen (down 30.1%).

(2) Analysis of financial condition

Balance sheet figures include figures at the beginning of the fiscal year for EIKEN SHANGHAI CO., LTD., which was newly consolidated in the this fiscal year.

Consolidated cash and cash equivalents increased 1,722 million yen, or 34.8%, to 6,674 million yen as of March 31, 2008.

The following is a summary of cash flows for the fiscal year under review.

Cash flows from operating activities

Net cash provided by operating activities decreased 60.1% to 1,007 million yen. Income before income taxes and other adjustments was up 59.4% to 2,895 million yen, but there was an increase of 1,249 million yen in trade receivables because there were no liquidations, and a deduction of 1,591 million yen to adjust for the gain on the sale of tangible fixed assets.

Depreciation and amortization totaled 803 million yen.

Cash flows from investing activities

Net cash provided by investing activities was 446 million yen. There were payments of 604 million yen for production and research facilities and 500 million yen for long-term deposits, but proceeds of 1,771 million yen from the sale of head office site and buildings.

Cash flows from financing activities

Net cash provided by financing activities was 99 million yen. Parent company dividend payments totaled 393 million yen, but there were proceeds of 492 million yen from the sale of treasury stock through a private placement to Otsuka Pharmaceutical Co., Ltd.

Cash flow indicators

	Year ended Mar. 2004	Year ended Mar. 2005	Year ended Mar. 2006	Year ended Mar. 2007	Year ended Mar. 2008
Equity ratio (%)	73.3	75.1	74.7	69.1	68.5
Market value–based equity ratio (%)	91.8	110.0	103.2	101.0	62.6
Interest-bearing debt to cash flow ratio (years)	0.1	0.2	0.3	0.1	0.2
Interest coverage ratio	2,126.5	911.8	684.1	1,418.1	383.1

Equity ratio: Shareholders' equity/Total assets
Market value–based equity ratio: Total market capitalization/Total assets
Interest-bearing debt to cash flow ratio: Interest-bearing debt /Cash flows
Interest coverage ratio: Cash flows/Interest payment

Notes: 1. All of the above indicators are calculated for the respective values on a consolidated basis.
2. "Total market capitalization" are calculated based on the number of shares outstanding (excluding treasury stock)
3. Operating cash flow is used for "Cash flow."
4. "Interest-bearing debt" indicates the liabilities for which interest is paid on all the liabilities posted in the consolidated balance sheets.

(3) Fundamental policy for distribution of earnings and dividends for the current and the next fiscal years

The Company positions the return of earnings to shareholders as one of its highest management priorities. The fundamental policy is to pay a stable dividend while retaining sufficient earnings to create a sounder financial position and support the expansion of business operations. The fundamental policy also includes the payment of an interim and year-end dividend from retained earnings every year. Based on this policy, the Company has established the target of maintaining a consolidated dividend payout ratio of at least 30%. As the body to determine these dividend payments, the Company's Articles of Incorporation stipulates that "in accordance with Article 459, Paragraph 1 of the Company Law, dividends from retained earnings, etc. will be paid based on resolutions of the Board of Directors."

In the fiscal year that ended March 31, 2008, earnings included an extraordinary gain of 1,591 million yen on the sale of the head office. The Company plans to use these proceeds to upgrade and expand production facilities and for other purposes. But to return earnings to shareholders as well, the Company has decided to pay a special dividend of 5 yen per share. Therefore, the year-end dividend will be 15 yen per share, the sum of a 10 yen ordinary dividend and the 5 yen special dividend. Since an interim dividend of 10 yen per share was paid on December 4, 2007, this will result in a dividend per share of 25 yen applicable to the fiscal year.

In the new fiscal year ending March 31, 2009, the Company plans to pay interim and year-end ordinary dividends of 10 yen each. In addition, to commemorate the Company's 70th anniversary in February 2009, a 5 yen commemorative dividend is to be paid with the interim dividend. This will result in an annual dividend per share of 25 yen.

Retained earnings will be used effectively for R&D activities, capital expenditures and measures to improve efficiency in order to further strengthen the base of operations over the medium to long term.

(4) Business risk

The following is a list of the primary risks that may affect the Group's financial condition and results of operations.

1) Measures to hold down healthcare expenses

Sales prices in the pharmaceuticals and clinical diagnostic reagent industries are affected by revisions to medical service fees under the provisions of the Health Insurance Law. In recent years, the Japanese government has enacted major revisions to the country's healthcare system while consistently lowering drug prices and testing fees, two elements of fees paid for medical services. The enactment of more initiatives to hold down healthcare expenses in Japan may have a negative impact on the Group's financial condition and results of operations.

2) Competition to develop and sell products

Due to technological progress, there is intense competition to develop new pharmaceuticals and clinical diagnostic reagents. Companies are competing to develop and sell both original and generic products. Depending on the outcome of this competition, there may be a negative impact on the Group's financial condition and results of operations.

3) Quality problems

The Group manufactures products under strict quality management standards prescribed by the Pharmaceutical Affairs Law and GMP (the Good Manufacturing Practice standards for pharmaceutical manufacturing and quality management). Nevertheless, there is no assurance that these activities will prevent all problems involving product quality. If there is a significant incident involving product quality, there may be a negative impact on the Group's financial condition and results of operations due to a decline in sales, increase in expenses or other effect on operations.

4) Significant litigation

In conjunction with its business activities in Japan and other countries, the Group may be the target of litigation involving product liability, labor relations, intellectual property, commercial activities, and other matters. Such litigation may have a negative impact on the Group’s financial condition and results of operations.

5) Personal information

In the course of its business activities, the Group acquires a variety of personal information. The Group strictly complies with the Personal Information Protection Law, which was enacted in April 2005, and associated rules and regulations. The Group also has an effective administrative framework to prevent the improper use of this information. Despite these actions, there is still a possibility of a leak of personal information due to an unforeseen event. Liability payments and the loss of public trust resulting from a leak may have a negative impact on the Group’s financial condition and results of operations.

6) Natural disasters and accidents

Factories and other business facilities of the Group may be forced to suspend or reduce operations due to damage caused by a major typhoon, earthquake or other natural disaster, a serious accident involving workers, an equipment malfunction, or some other incident. Such events may have a negative impact on the Group’s financial condition and results of operations.

7) Overseas operations

The Group conducts extensive sales activities in North America, Europe, and Asia. In September 2004, the Group established a subsidiary in China that will manufacture and sell diagnostic reagents. These overseas operations are vulnerable to unexpected revisions in laws and regulations; unfavorable political and economic developments; foreign exchange rate volatility; wars, terrorism and social unrest; infectious diseases; and other socially disruptive events. Such events may have a negative impact on the Group’s financial condition and results of operations.

8) Intellectual property

The Group’s products are protected by patents, utility model rights, and other rights that expire after a certain period of time. The Group carefully manages these intellectual properties and constantly checks for infringements by other companies on the Group’s intellectual property as well as infringements by the Group’s products on third-party intellectual property. However, an intellectual property infringement by the Group or a third-party infringement on Group intellectual property may have a negative impact on the Group’s financial condition and results of operations.

There are many risks other than those listed above that may have a negative impact on the Group’s financial condition and results of operations at present or in the future. The above risks represent only items that the Company believes are potentially significant at the end of the current fiscal year. This is not a complete list of risks that may affect the Group.

2. Corporate Group

The EIKEN Group consists of the Company (EIKEN CHEMICAL CO., LTD.), a consolidated subsidiary (EIKEN SHANGHAI CO., LTD.) and a non-consolidated subsidiary (EIKEN MILLION STAFF CO., LTD.). Group companies are primarily engaged in the manufacture and sales of diagnostic reagents.

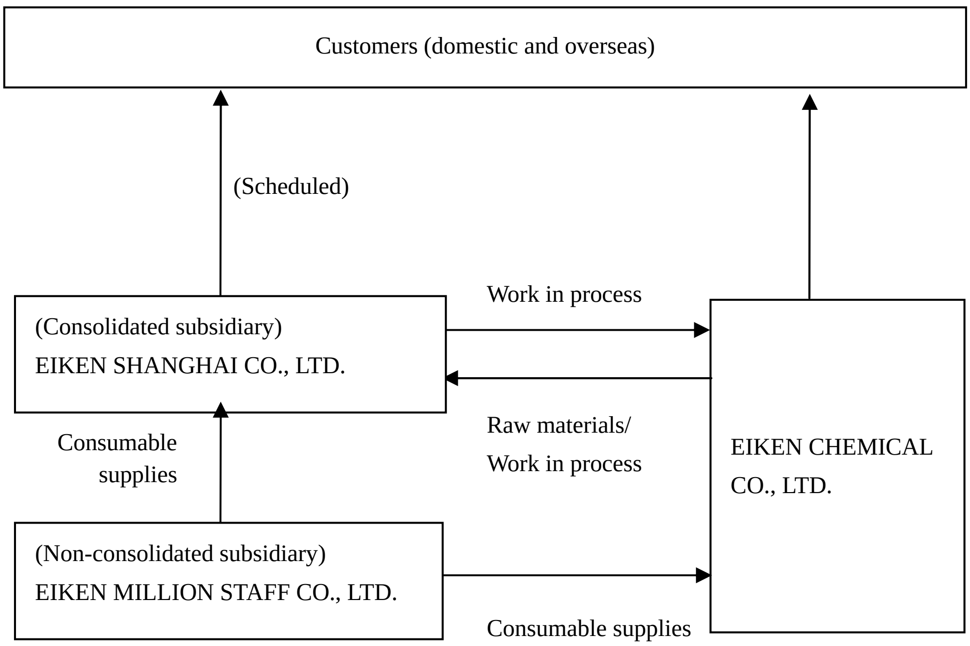
The Company merged with EIKEN KIZAI CO., LTD., which was a consolidated subsidiary, on April 1, 2007. As a result, this company is included in the non-consolidated financial statements beginning with this fiscal year. In addition, EIKEN SHANGHAI CO., LTD., which was a non-consolidated subsidiary, became a consolidated subsidiary to manufacture the Company's diagnostic regents.

In previous fiscal years, operating results included sales and earnings for the "Equipment and miscellaneous products division." However, this division has become less than 10% of net sales, operating income and assets for all business segments. Furthermore, the integration of business units associated with the merger with EIKEN KIZAI CO., LTD. resulted in the shift of part of this division's operations to the diagnostic reagent business. Due to these changes, we are no longer reporting results for this division beginning with the fiscal year under review.

Consolidated subsidiary EIKEN SHANGHAI CO., LTD., which is engaged mainly in the manufacture of the Company's diagnostic reagents, began operations in March 2008. In addition, this company plans to sell these regents in the future. Non-consolidated subsidiary EIKEN MILLION STAFF CO., LTD. is primarily engaged in non-life insurance sales as well as the purchase and sales of OA equipment-related products.

The following diagram shows the relationships of the respective businesses.

[Business Schematic Diagram]



3. Management Policy

(1) Basic management policy

The basic philosophy of the EIKEN Group is to contribute to good health and medical care by making testing more widespread and advanced. The Group accomplishes this objective by supplying customers with outstanding products, technologies, information, and other forms of support. In accordance with this philosophy, we are dedicated to using this stance to increase corporate value, contribute to the prosperity of customers and business partners, and fulfill our obligations to shareholders.

(2) Targeted management indicators

Even in the current severe market environment, the Company aims to quickly raise the full-year operating margin to at least 10% by emphasizing profitability. The operating margin was 8.1% in the fiscal year ended March 31, 2008.

(3) Medium- and long-term management strategies

Our goal is to become more competitive and differentiate our products and services from those of competitors in order to continue growing as a leader in the clinical diagnostic reagents market. We are also dedicated to translating our management philosophy into activities that increase our corporate value and contribute to the prosperity of our business partners and shareholders.

1) Improve customer satisfaction

We will adopt the standpoint of our customers, clearly defining customer value and supplying the value that customers demand.

2) Nurture and utilize human resources

We will develop a workforce of people with world-class skills and effectively utilize these people.

3) Refine exclusive technologies and skills

We will strengthen our R&D capabilities to create and utilize innovative technologies.

4) Social responsibility

We will operate in a sound and ethical manner and maintain a governance system that reflects the needs of society.

5) Growth and development

We will maintain an operating framework that generates earnings by constantly focusing on expenses. We will earn a suitable profit to support the company’s development and enhance the lives of employees, while fulfilling our obligations to business partners and shareholders.

(4) Important issues

To achieve the goals of the above medium- and long-term management strategies, we will focus on the following issues. We will create action plans to reach our goals and improve corporate value.

1) Customer satisfaction improvement campaign
2) Foster the development of human resources by establishing an education and training system that includes education and training programs and on-the-job training
3) Use reorganizations and personnel exchanges to optimize and energize operations
4) Develop original products with even greater quality and added value by upgrading the creativity and technical skills of engineers
5) Conduct joint research with partner companies and joint development programs with The Foundation for Innovative New Diagnostics (FIND), a non-profit organization for the development of innovative testing methods for use in developing countries
6) Develop products in line with brand strategies and global strategies
7) Reinforce internal controls and conduct a rigorous compliance program (adhere to standards of business conduct)

8) Establish a risk management system

9) Make corporate social responsibility an integral part of operations

10) Grow in overseas markets to expand the scale of operations and form more sales alliances with other companies

11) Improve efficiency by integrating the three business sites in Tokyo

12) Pursue synergies across reagent and medical equipment and device development, manufacturing and sales operations (optimize operations and become more competitive)

13) Cut the cost of sales (improve productivity, fully utilize EIKEN SHANGHAI CO., LTD., etc.)

14) Create a growth strategy (roadmap) for the next ten years

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen, %)

Item	Previous fiscal year (As of Mar. 31, 2007) Amount		%	Current fiscal year (As of Mar. 31, 2008) Amount		%	Change Amount
Assets							
I Current assets							
1. Cash and bank deposits		4,952			6,574		
2. Notes and accounts receivable		6,225			7,474		
3. Marketable securities		2			100		
4. Inventories		4,955			4,743		
5. Deferred tax assets		370			361		
6. Other current assets		261			148		
7. Allowance for doubtful accounts		(10)			(16)		
Total current assets		16,757	65.9		19,387	68.7	2,629
II Fixed assets							
1. Tangible fixed assets							
(1) Buildings and structures	12,025			12,218			
Accumulated depreciation	8,529	3,496		8,490	3,727		
(2) Machinery, equipment and vehicles	4,807			4,892			
Accumulated depreciation	4,157	650		4,204	688		
(3) Tools, furniture and fixtures	3,071			2,873			
Accumulated depreciation	2,601	469		2,422	451		
(4) Land		1,210			1,140		
(5) Construction in progress		10			50		
Total tangible fixed assets		5,837	23.0		6,058	21.5	220
2. Intangible fixed assets		287	1.1		547	1.9	259
3. Investments and other assets							
(1) Investment securities		425			239		
(2) Investments in equity of subsidiaries and affiliates		798			-		
(3) Deferred taxed assets		4			-		
(4) Prepaid pension cost		909			1,073		
(5) Other		424			934		
(6) Allowance for doubtful accounts		(9)			(7)		
Total investments and other assets		2,553	10.0		2,241	7.9	(311)
Total fixed assets		8,678	34.1		8,846	31.3	168
Total assets		25,436	100.0		28,234	100.0	2,798

(Millions of yen, %)

	Previous fiscal year (As of Mar. 31, 2007)		Current fiscal year (As of Mar. 31, 2008)		Change
Item	Amount	%	Amount	%	Amount
Liabilities					
I Current liabilities					
1. Notes and accounts payable	4,711		4,813		
2. Accrued income taxes	285		578		
3. Reserve for bonuses	614		648		
4. Allowance for returned goods	10		5		
5. Other current liabilities	1,649		1,495		
Total current liabilities	7,270	28.6	7,539	26.7	269
II Fixed liabilities					
1. Deferred tax liabilities	347		650		
2. Reserve for retirement benefits	23		-		
3. Long-term accounts payable	-		408		
4. Other fixed liabilities	218		268		
Total fixed liabilities	589	2.3	1,326	4.7	737
Total liabilities	7,859	30.9	8,866	31.4	1,007
Net assets					
I Shareholders' equity					
1. Capital stock	6,897	27.1	6,897	24.4	-
2. Capital surplus	8,586	33.8	8,432	29.9	(154)
3. Retained earnings	7,272	28.6	8,549	30.3	1,277
4. Treasury stock	(5,328)	(21.0)	(4,681)	(16.6)	646
Total shareholders' equity	17,428	68.5	19,197	68.0	1,769
II Valuation and translation adjustments					
1. Unrealized holding gain (loss) on other securities	148	0.6	55	0.2	(92)
2. Foreign currency translation adjustment	-	-	87	0.3	87
Total valuation and translation adjustments	148	0.6	142	0.5	(5)
III Stock acquisition rights	-	-	27	0.1	27
Total net assets	17,576	69.1	19,367	68.6	1,790
Total liabilities and net assets	25,436	100.0	28,234	100.0	2,798

(2) Consolidated Statements of Income

(Millions of yen, %)

Item	Previous fiscal year (Apr. 1, 2006 – Mar. 31, 2007) Amount		%	Current fiscal year (Apr. 1, 2007 – Mar. 31, 2008) Amount		%	Change Amount
I Net sales		24,650	100.0		25,223	100.0	573
II Cost of sales		13,442	54.5		14,312	56.7	869
Gross profit		11,207	45.5		10,911	43.3	(296)
Reversal of allowance for returned goods		8			10		2
Provision for allowance for returned goods		10			5		(5)
Adjusted gross profit		11,205	45.5		10,916	43.3	(288)
III Selling, general and administrative expenses		9,387	38.1		8,865	35.2	(521)
Operating income		1,817	7.4		2,050	8.1	233
IV Non-operating income							
1. Interest income	0			5			
2. Dividend income	4			34			
3. Research subsidies	93			-			
4. Other	46	144	0.6	41	81	0.3	(63)
V Non-operating expenses							
1. Interest expense	1			2			
2. Commitment fee	3			4			
3. Loss on credits sold	8			7			
4. Loss on cancellation of directors' life insurance	-			7			
5. Amortization of start-up expenses	-			207			
6. Cost for reduction in investment unit	4			-			
7. Fees from purchase of treasury stock	4			-			
8. Other	3	27	0.1	25	254	1.0	226
Ordinary income		1,934	7.9		1,877	7.4	(57)

(Millions of yen, %)

Item	Previous fiscal year (Apr. 1, 2006 – Mar. 31, 2007) Amount		%	Current fiscal year (Apr. 1, 2007 – Mar. 31, 2008) Amount		%	Change Amount
VI Extraordinary income							
1. Gain on sales of fixed assets	19			1,591			
2. Gain on sales of investment securities	110			-			
3. Insurance received and dividends	33			-			
4. Other	1	165	0.7	-	1,591	6.3	1,426
VII Extraordinary loss							
1. Loss on sales and retirement of fixed assets	34			29			
2. Impairment loss	-			22			
3. Final directors' retirement allowance payment	-			408			
4. Directors' retirement allowances	33			-			
5. Loss on disposal of inventories	12			-			
6. Loss on valuation of inventories	107			-			
7. Expenses for land purification	7			-			
8. Loss on bad debt	-			77			
9. Loss on valuation of investment securities	-			29			
10. Prior-year purchase price adjustment	40			-			
11. Other	47	283	1.2	6	574	2.2	290
Income before income taxes and other adjustments		1,816	7.4		2,895	11.5	1,078
Income taxes-current	616			845			
Income taxes-deferred	118	735	3.0	380	1,225	4.9	489
Net income		1,080	4.4		1,670	6.6	589

(3) Consolidated Statements of Changes in Shareholders' Equity

Previous fiscal year (Apr. 1, 2006 – Mar. 31, 2007)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006	6,897	8,586	6,571	(78)	21,977
Changes in the current fiscal year					
Dividends from surplus			(379)		(379)
Net income			1,080		1,080
Purchases of treasury stock				(5,250)	(5,250)
Disposal of treasury stock		0		0	0
Changes (net) in items other than shareholders' equity					
Total changes in the current fiscal year	-	0	701	(5,250)	(4,548)
Balance as of March 31, 2007	6,897	8,586	7,272	(5,328)	17,428

	Valuation and translation adjustments	Total net assets
	Unrealized holding gain (loss) on other securities	
Balance as of March 31, 2006	133	22,111
Changes in the current fiscal year		
Dividends from surplus		(379)
Net income		1,080
Purchases of treasury stock		(5,250)
Disposal of treasury stock		0
Changes (net) in items other than shareholders' equity	14	14
Total changes in the current fiscal year	14	(4,534)
Balance as of March 31, 2007	148	17,576

Current fiscal year (Apr. 1, 2007 – Mar. 31, 2008)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2007	6,897	8,586	7,272	(5,328)	17,428
Changes in the current fiscal year					
Dividends from surplus			(393)		(393)
Net income			1,670		1,670
Purchases of treasury stock				(0)	(0)
Disposal of treasury stock		(154)		647	492
Changes (net) in items other than shareholders' equity					
Total changes in the current fiscal year	-	(154)	1,277	646	1,769
Balance as of March 31, 2008	6,897	8,432	8,549	(4,681)	19,197

	Valuation and translation adjustments			Stock acquisition rights	Total net assets
	Unrealized holding gain (loss) on other securities	Foreign currency translation adjustment	Total valuation and translation adjustments		
Balance as of March 31, 2007	148	-	148	-	17,576
Changes in the current fiscal year					
Dividends from surplus					(393)
Net income					1,670
Purchases of treasury stock					(0)
Disposal of treasury stock					492
Changes (net) in items other than shareholders' equity	(92)	87	(5)	27	21
Total changes in the current fiscal year	(92)	87	(5)	27	1,790
Balance as of March 31, 2008	55	87	142	27	19,367

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Previous fiscal year (Apr. 1, 2006 – Mar. 31, 2007)	Current fiscal year (Apr. 1, 2007 – Mar. 31, 2008)
Item	Amount	Amount
I Cash flows from operating activities		
Income before income taxes and other adjustments	1,816	2,895
Depreciation and amortization	721	803
Impairment loss	-	22
Amortization of start-up expenses	-	207
Increase (decrease) in allowance for doubtful accounts	(18)	2
Increase (decrease) in allowance for returned goods	2	(5)
Increase (decrease) in reserve for bonuses	(1)	33
Increase (decrease) in reserve for retirement benefits	5	(23)
Stock compensation cost	-	27
Interest and dividend income	(4)	(39)
Interest expense	1	2
Insurance received and dividend	(33)	(5)
Exchange gain (loss)	(0)	14
Gain on redemption of marketable securities	(0)	-
Loss on sales of tangible fixed assets	18	-
Loss on retirement of tangible fixed assets	15	29
Gain on sales of tangible fixed assets	(19)	(1,591)
Gain on sales of investment securities	(110)	-
Loss on valuation of investment securities	-	29
Loss on sales of intangible fixed assets	1	-
Decrease (increase) in trade receivables	807	(1,249)
Decrease (increase) in inventories	(151)	211
Decrease (increase) in other current assets	203	105
Decrease (increase) in investments and other assets	(378)	(333)
Increase (decrease) in trade payables	406	102
Increase (decrease) in other current liabilities	295	(184)
Increase (decrease) in other fixed liabilities	(24)	458
Subtotal	3,551	1,512
Interests and dividends received	38	37
Interests paid	(1)	(2)
Income taxes paid	(1,061)	(552)
Income taxes redeemed	-	12
Cash flows provided by operating activities	2,526	1,007

(Millions of yen)

Item	Previous fiscal year (Apr. 1, 2006 – Mar. 31, 2007) Amount	Current fiscal year (Apr. 1, 2007 – Mar. 31, 2008) Amount
II Cash flows from investing activities		
Proceeds from sales and redemption of marketable securities	5	2
Payments for purchase of tangible fixed assets	(524)	(604)
Proceeds from sales of tangible fixed assets	52	1,771
Payments for purchase of intangible fixed assets	(12)	(133)
Proceeds from sales of intangible fixed assets	0	-
Proceeds from sales of investment securities	127	-
Increase in long-term bank deposits	(100)	(500)
Payments for loans receivable	-	(4)
Proceeds from collection of loans receivable	-	4
Payments for start-up expenses	-	(109)
Payments for other investments	(16)	(37)
Proceeds from other investments	6	56
Net cash provided by (used in) investing activities	(460)	446
III Cash flows from financing activities		
Proceeds from (payments for) disposition (purchase) of treasury stock	(5,250)	492
Dividends paid by parent company	(379)	(393)
Net cash provided by (used in) financing activities	(5,629)	99
IV Effect of exchange rate changes on cash and cash equivalents	0	(7)
V Increase (decrease) in cash and cash equivalents	(3,563)	1,545
VI Cash and cash equivalents at the beginning of the year	8,516	4,952
VII Cash and cash equivalents of newly consolidated subsidiaries at beginning of the year	-	177
VIII Cash and cash equivalents at the end of the year	4,952	6,674

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