

## Financial Flash Report for the Fiscal Year Ended March 31, 2009

April 27, 2009

Company name: EIKEN CHEMICAL CO., LTD.	Listing: TSE, First Section
Securities Code: 4549	<a href="http://www.eiken.co.jp/en/">http://www.eiken.co.jp/en/</a>
Representative: Tetsuya Teramoto, President & CEO	
Contact: Hiroyuki Watanabe, General Manager, Public Relations Division	e-mail: <a href="mailto:koho@eiken.co.jp">koho@eiken.co.jp</a>
Scheduled date of Ordinary General Meeting of Shareholders: June 23, 2009	
Scheduled date of dividend payment: June 9, 2009	
Scheduled date of filing of Annual Securities Report: June 24, 2009	

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

### 1. Consolidated Performance for the Fiscal Year Ended March 31, 2009 (Apr. 1, 2008 – Mar. 31, 2009)

#### (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	%
Fiscal year ended Mar. 2009	26,113	3.5	1,828	(10.8)	2,030	8.2	1,137	(31.9)
Fiscal year ended Mar. 2008	25,223	2.3	2,050	12.8	1,877	(3.0)	1,670	54.5

	Net income per share	Diluted net income per share	ROE	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 2009	57.44	57.24	6.0	7.2	7.0
Fiscal year ended Mar. 2008	84.30	84.18	9.0	7.0	8.1

Reference: Investment profit or loss on equity method (million yen): Mar. 2009: - Mar. 2008: -

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2009	27,895	18,407	65.8	1,010.84
As of Mar. 31, 2008	28,234	19,367	68.5	959.78

Reference: Shareholders' equity (million yen): Mar. 31, 2009: 18,349 Mar. 31, 2008: 19,340

#### (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
Fiscal year ended Mar. 2009	1,887	(1,176)	(1,959)	5,418
Fiscal year ended Mar. 2008	1,007	446	99	6,674

### 2. Dividends

(Record date)	Dividend per share					Total dividends (annual)	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen			
Fiscal year ended Mar. 2008	-	10.00	-	15.00	25.00	498	29.7	2.7
Fiscal year ended Mar. 2009	-	15.00	-	10.00	25.00	483	43.5	2.5
Fiscal year ending Mar. 2010 (forecast)	-	12.00	-	13.00	25.00		39.8	

### 3. Projected Consolidated Performance for the Fiscal Year Ending March 31, 2010 (Apr. 1, 2009 – Mar. 31, 2010)

(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
First half	13,930	3.5	1,293	11.0	1,347	0.1	777	6.3	42.80
Full year	26,780	2.6	1,940	6.1	2,000	(1.5)	1,140	0.3	62.80

#### 4. Others

(1) Changes in consolidated subsidiaries (changes in scope of consolidation): None

(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 (common shares)

1) Number of shares outstanding (including treasury stock) at the end of the period

Mar. 31, 2009: 21,770,719 shares Mar. 31, 2008: 23,770,719 shares

2) Number of treasury stock at the end of the period

Mar. 31, 2009: 3,617,656 shares Mar. 31, 2008: 3,619,647 shares

#### (Reference) Non-consolidated Financial Summaries

##### 1. Non-consolidated Performance for the Fiscal Year Ended March 31, 2009 (Apr. 1, 2008 – Mar. 31, 2009)

(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	%
Fiscal year ended Mar. 2009	26,113	3.5	1,917	(6.8)	2,111	0.6	1,217	(37.4)
Fiscal year ended Mar. 2008	25,223	17.3	2,057	15.2	2,099	10.5	1,946	80.1

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 2009	61.52	61.31
Fiscal year ended Mar. 2008	98.25	98.10

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2009	28,236	18,765	66.3	1,030.59
As of Mar. 31, 2008	28,359	19,509	68.7	966.82

Reference: Shareholders' equity (million yen): Mar. 31, 2009: 18,708 Mar. 31, 2008: 19,482

##### 2. Projected Non-consolidated Performance for the Fiscal Year Ending March 31, 2010

(Apr. 1, 2009 – Mar. 31, 2010)

(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
First half	13,930	3.5	1,340	11.6	1,390	0.5	820	6.7	45.17
Full year	26,770	2.5	2,010	4.8	2,060	(2.5)	1,200	(1.5)	66.10

#### \* Cautionary statement with respect to forward-looking statements

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 pages 3 and 4 "1. Operating Results, (1) Analysis of operating results" for further information concerning these projections.

## 1. Operating Results

### (1) Analysis of operating results

In the fiscal year that ended on March 31, 2009, there were increasing signs of weakness in Japan's economy during the first half as the high cost of crude oil and other raw materials caused corporate earnings and capital expenditures to decline. In the fiscal year's second half, there was a sharp downturn in Japan's economy due to the global financial crisis. Earnings and production plummeted and unemployment rose primarily because economic weakness in other countries sparked a steep drop in exports from Japan.

In the clinical diagnostic reagents market, there were two positive events. First, the Japanese government made only a small reduction in payments for medical tests as part of the April 2008 revisions in national health insurance medical service fees. Second, the number of individuals undergoing medical tests increased following the April 2008 start of Japan's system of special health examinations and guidance on staying healthy. However, prices are falling and competition is becoming more heated. The rising cost of raw materials is another problem. Overcoming these challenges will require actions that can make business operations more efficient and streamlined.

In response, the EIKEN Group concentrated on expanding sales of major products in Japan and overseas and on sales of new products with the aim of increasing sales.

As a result, consolidated net sales increased 3.5% year over year to 26,113 million yen in the current fiscal year, the nine straight year of positive growth.

By product category, sales of reagents for microbiological investigations increased 1.2% to 4,472 million yen because of higher sales of diagnostic reagent for drug sensitivity tests "Dry Plate" and rapid diagnostic reagents. Sales of general-purpose reagents decreased 7.8% to 1,834 million yen due to a decline in sales of urinalysis test strip "Uropaper". Sales of immunological and serological reagents increased 6.2% to 13,757 million yen because of strong sales of two major products: a diagnostic reagent to detect fecal occult blood "OC Series" and diagnostic reagents made by Tosoh Corporation exclusively for medical devices. Sales of diagnostic reagents for biomedical testing decreased 3.9% to 934 million yen because of competitive pressure on prices and a decline in the use of these reagents by the development of equipment. In the culture media for equipment, food and the environment category, sales decreased 3.2% to 2,678 million yen due to fierce price-based competition. In the others category (medical devices, genetic products, etc.), sales were up 15.2% to 2,435 million yen.

Overseas sales increased 34.7% to 1,538 million yen, mainly the result of higher sales of fecal occult blood analyzers and diagnostic reagents.

The cost of sales increased 0.8 percentage point despite actions aimed at holding down these expenses, such as measures to improve manufacturing efficiency at three factories in Japan and at EIKEN SHANGHAI CO., LTD. However, there was an increase in sales of purchased products, equipment and other products that have a relatively high cost of sales ratio. A decline in prices of EIKEN products and services along with the higher cost of raw materials and packaging materials also contributed to the increase in the cost of sales ratio.

Operating income decreased 10.8% to 1,828 million yen, the result of measures to use selling, general and administrative expenses more efficiently. Ordinary income increased 8.2% to 2,030 million yen, an all-time high, because of a research and development subsidy from FIND\* that was recorded as non-operating income. Net income was down 31.9% to 1,137 million yen. Net income in the previous fiscal year included extraordinary income from a gain on the sale of the head office building and site.

\* FIND: The Foundation for Innovative New Diagnostics (FIND), a non-profit organization for the development of innovative testing methods for use in developing countries

## Outlook for the new year ending March 31, 2010

Japan's economic downturn is expected to continue in the new fiscal year as capital expenditures fall and consumer spending remains lackluster. In the clinical diagnostic reagents market as well, the growth rate is expected to be low because of the global recession. Furthermore, although there are no revisions this year in medical service fees of the Japanese national health insurance system, prices for medical services continue to decline as competition becomes more heated. Making our operations even more efficient and streamlined will be vital to overcoming these challenges.

To provide the basis for accomplishing these goals, we announced on March 12, 2009 the EIKEN WAY, a new management vision for building an even more powerful base for business operations. The same day, we also announced the EIKEN ROADMAP 2009, which is a set of basic goals for transforming EIKEN into a global organization over the next 10 years.

In the fiscal year ending on March 31, 2010, which is the first year of these two initiatives, we will take many actions that are aimed to raising the speed and productivity of our operations. We will also work on reforms that will make our businesses more global.

Based on this outlook, we forecast net sales of 26,780 million yen (up 2.6%), operating income of 1,940 million yen (up 6.1%), ordinary income of 2,000 million yen (down 1.5%), and net income of 1,140 million yen (up 0.3%).

We expect overseas sales of 1,870 million yen (up 21.6%).

## (2) Analysis of financial condition

Consolidated cash and cash equivalents decreased 1,256 million yen year over year to 5,418 million yen as of March 31, 2009.

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

### Cash flows from operating activities

Net cash provided by operating activities increased 87.3% to 1,887 million yen. Although income before income taxes and other adjustments decreased 34.2% to 1,903 million yen, cash flows increased because the previous fiscal year included a deduction of 1,591 million yen for gain on sales of tangible fixed assets; the increase in trade receivables decreased to 208 million yen from the previous fiscal year because there were no liquidations of receivables; and there was a 313 million yen increase in trade payables.

Depreciation and amortization totaled 906 million yen.

### Cash flows from investing activities

Net cash used in investing activities was 1,176 million yen. There were payments of 785 million yen for production and research facilities, and payments of 299 million yen for purchase of marketable securities.

### Cash flows from financing activities

Net cash used in financing activities was 1,959 million yen due to dividend payments of 604 million yen and payments of 1,344 million yen for the purchase of treasury stock.

## Cash flow indicators

	FY3/05	FY3/06	FY3/07	FY3/08	FY3/09
Equity ratio (%)	75.1	74.7	69.1	68.5	65.8
Market value-based equity ratio (%)	110.0	103.2	101.0	62.6	40.2
Interest-bearing debt to cash flow ratio (years)	0.2	0.3	0.1	0.2	0.1
Interest coverage ratio	911.8	684.1	1,418.1	383.1	647.8

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.”

For the fiscal year that ended on March 31, 2009, we plan to pay a year-end dividend of 10 yen per share. On December 2, 2008, shareholders received an interim dividend of 10 yen per share and a 5 yen per share dividend to commemorate the 70th anniversary of our establishment. As a result, the annual dividend applicable to this fiscal year will be 25 yen per share.

For the fiscal year ending on March 31, 2010, we plan to pay an interim ordinary dividend of 12 yen and a year-end ordinary dividend of 13 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 EIKEN 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 to 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.

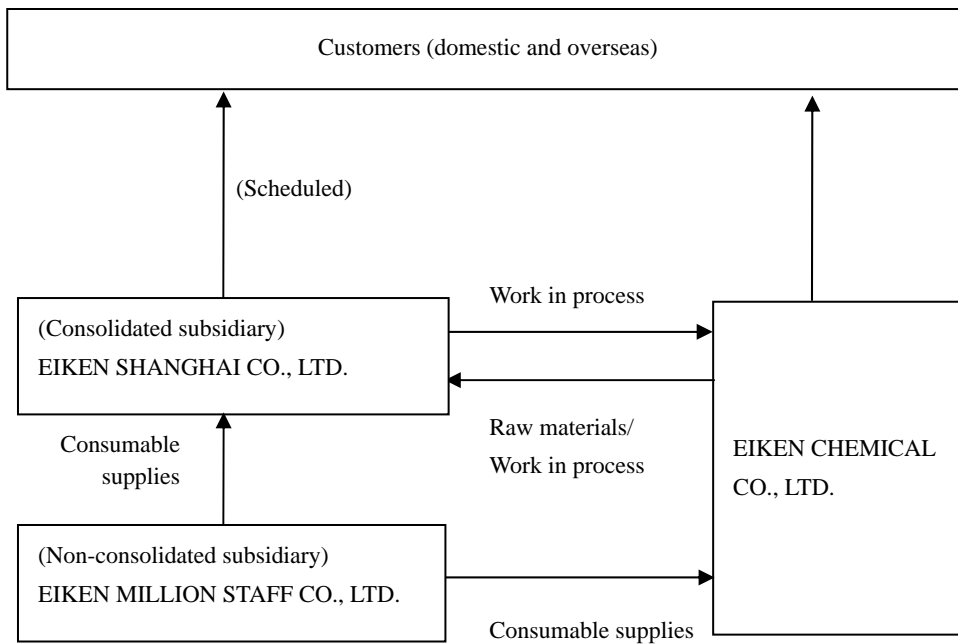
## 2. Corporate Group

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.

Consolidated subsidiary EIKEN SHANGHAI CO., LTD., which is engaged mainly in the manufacture of the Company's diagnostic reagents. In addition, this company plans to sell these reagents 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 management policy of the EIKEN Group, as stated in the new management vision called EIKEN WAY, is to protect the health of the public through health care services. The EIKEN Group is dedicated to leveraging expertise as a medical testing pioneer in order to increase corporate value by protecting the health of the public with products and services that customers can trust.

#### **(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 7.0% in the fiscal year ended March 31, 2009.

#### **(3) Medium- and long-term management strategies**

EIKEN ROADMAP 2009 uses the 2018 fiscal year, which is the Company's 80th anniversary, as a target year. The central objective of the roadmap is to transform EIKEN into a global organization by fiscal 2018 that can leverage expertise as a medical testing pioneer in order to protect the health of the public. To accomplish this, the roadmap defines two core business domains: clinical tests and food and environmental tests. In these domains, we aim to achieve consistent growth and improvements in profitability as well as to launch businesses that can drive the next stage of growth.

We have established the following fundamental strategic goals.

- 1) Increase the market share of EIKEN products in Japan
- 2) Expand global operations
- 3) Further upgrade core technologies
- 4) Improve productivity
- 5) Establish superior competitive positions in markets
- 6) Launch new businesses and create new markets
- 7) Forge strategic alliances
- 8) Make the corporate brand more powerful

#### **(4) Important issues**

Starting in the fiscal year ending on March 31, 2010, which is the first year of EIKEN ROADMAP 2009, group companies will concentrate on the following goals. We will transform these goals into an action plan with the aim of transforming EIKEN into a global organization.

- 1) Expand global operations
- 2) Supply more value-added products and services
- 3) Improve productivity
- 4) Train employees based on a "skill development vision"
- 5) Establish an integrated risk management system
- 6) Earn ISO 14001 certification for environmental management systems



## 4. Consolidated Financial Statements

## (1) Consolidated Balance Sheets

(Millions of yen)

	FY3/08 (As of Mar. 31, 2008)	FY3/09 (As of Mar. 31, 2009)
Assets		
Current assets		
Cash and bank deposits	6,574	5,418
Notes and accounts receivable	7,474	7,683
Lease investment assets	-	33
Marketable securities	100	-
Inventories	4,743	-
Merchandise and finished goods	-	3,110
Work in process	-	1,197
Raw materials and supplies	-	737
Deferred taxed assets	361	411
Other current assets	148	159
Allowance for doubtful accounts	(16)	(15)
Total current assets	19,387	18,735
Fixed assets		
Tangible fixed assets		
Buildings and structures	12,218	12,409
Accumulated depreciation	(8,490)	(8,785)
Buildings and structures, net	3,727	3,623
Machinery, equipment and vehicles	4,892	5,107
Accumulated depreciation	(4,204)	(4,279)
Machinery, equipment and vehicles, net	688	828
Tools, furniture and fixtures	2,873	2,812
Accumulated depreciation	(2,422)	(2,462)
Tools, furniture and fixtures, net	451	350
Land	1,140	1,140
Lease assets	-	82
Accumulated depreciation	-	(12)
Lease assets, net	-	69
Construction in progress	50	39
Total tangible fixed assets	6,058	6,050
Intangible fixed assets	547	465
Investments and other assets		
Investment securities	*1 239	*1 414
Prepaid pension cost	1,073	1,043
Other	934	1,193
Allowance for doubtful accounts	(7)	(7)
Total investments and other assets	2,241	2,644
Total fixed assets	8,846	9,160
Total assets	28,234	27,895

*(Millions of yen)*

	FY3/08 (As of Mar. 31, 2008)	FY3/09 (As of Mar. 31, 2009)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable	4,813	5,127
Lease obligations	-	53
Accrued income taxes	578	512
Reserve for bonuses	648	668
Allowance for returned goods	5	5
Other current liabilities	1,495	1,672
<b>Total current liabilities</b>	<b>7,539</b>	<b>8,038</b>
<b>Fixed liabilities</b>		
Lease obligations	-	179
Deferred tax liabilities	650	579
Long-term accounts payable	408	399
Other fixed liabilities	268	291
<b>Total fixed liabilities</b>	<b>1,326</b>	<b>1,450</b>
<b>Total liabilities</b>	<b>8,866</b>	<b>9,488</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	6,897	6,897
Capital surplus	8,432	7,892
Retained earnings	8,549	7,035
Treasury stock	(4,681)	(3,437)
<b>Total shareholders' equity</b>	<b>19,197</b>	<b>18,388</b>
<b>Valuation and translation adjustments</b>		
Unrealized holding gain (loss) on other securities	55	10
Foreign currency translation adjustment	87	(48)
<b>Total valuation and translation adjustments</b>	<b>142</b>	<b>(38)</b>
Stock acquisition rights	27	57
<b>Total net assets</b>	<b>19,367</b>	<b>18,407</b>
<b>Total liabilities and net assets</b>	<b>28,234</b>	<b>27,895</b>

**(2) Consolidated Statements of Income***(Millions of yen)*

	FY3/08 (Apr. 1, 2007 – Mar. 31, 2008)		FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)	
Net sales		25,223		26,113
Cost of sales		14,312		15,014
Gross profit		10,911		11,099
Reversal of allowance for returned goods		10		5
Provision for allowance for returned goods		5		5
Adjusted gross profit		10,916		11,099
Selling, general and administrative expenses	*1,*2	8,865	*1,*2	9,270
Operating income		2,050		1,828
Non-operating income				
Interest income		5		9
Dividend income		34		3
Subsidy income		-		205
Other		41		47
Total non-operating income		81		266
Non-operating expenses				
Interest expense		2		2
Commitment fee		4		3
Loss on credits sold		7		-
Loss on valuation of derivatives		-		43
Loss on cancellation of insurance		7		-
Amortization of start-up expenses		207		-
Foreign exchange adjustments		-		9
Other		25		4
Total non-operating expenses		254		64
Ordinary income		1,877		2,030
Extraordinary income				
Gain on sales of fixed assets	*3	1,591		-
Reversal of allowance for doubtful accounts		-		0
Gain on bad debts recovered		-		9
Liquidation dividends		-		5
Total extraordinary income		1,591		16
Extraordinary loss				
Loss on sales and retirement of fixed assets	*4	29	*4	20
Impairment loss	*5	22	*5	1
Final directors' retirement allowance payment	*6	408		-
Loss on bad debt		77		-
Loss on valuation of investment securities		29		4
Head office transfer cost		-		89
Payments of customs duties for prior periods		-		14
Other		6		11
Total extraordinary losses		574		143
Income before income taxes and other adjustments		2,895		1,903
Income taxes-current		845		856
Income taxes-deferred		380		(89)
Total income taxes		1,225		766
Net income		1,670		1,137

**(3) Consolidated Statements of Changes in Shareholders' Equity***(Millions of yen)*

	FY3/08 (Apr. 1, 2007 – Mar. 31, 2008)	FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)
<b>Shareholders' equity</b>		
<b>Capital stock</b>		
Balance at the end of previous period	6,897	6,897
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	6,897	6,897
<b>Capital surplus</b>		
Balance at the end of previous period	8,586	8,432
Changes of items during the period		
Disposal of treasury stock	(154)	(539)
Total changes of items during the period	(154)	(539)
Balance at the end of current period	8,432	7,892
<b>Retained earnings</b>		
Balance at the end of previous period	7,272	8,549
Changes of items during the period		
Dividends from surplus	(393)	(604)
Net income	1,670	1,137
Disposal of treasury stock	-	(2,047)
Total changes of items during the period	1,277	(1,514)
Balance at the end of current period	8,549	7,035
<b>Treasury stock</b>		
Balance at the end of previous period	(5,328)	(4,681)
Changes of items during the period		
Purchases of treasury stock	(0)	(1,344)
Disposal of treasury stock	647	2,588
Total changes of items during the period	646	1,244
Balance at the end of current period	(4,681)	(3,437)
<b>Total shareholders' equity</b>		
Balance at the end of previous period	17,428	19,197
Changes of items during the period		
Dividends from surplus	(393)	(604)
Net income	1,670	1,137
Purchases of treasury stock	(0)	(1,344)
Disposal of treasury stock	492	1
Total changes of items during the period	1,769	(809)
Balance at the end of current period	19,197	18,388

(Millions of yen)

	FY3/08 (Apr. 1, 2007 – Mar. 31, 2008)	FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	148	55
Changes of items during the period		
Net changes of items other than shareholders' equity	(92)	(45)
Total changes of items during the period	(92)	(45)
Balance at the end of current period	55	10
Foreign currency translation adjustment		
Balance at the end of previous period	-	87
Changes of items during the period		
Net changes of items other than shareholders' equity	87	(135)
Total changes of items during the period	87	(135)
Balance at the end of current period	87	(48)
Total valuation and translation adjustments		
Balance at the end of previous period	148	142
Changes of items during the period		
Net changes of items other than shareholders' equity	(5)	(181)
Total changes of items during the period	(5)	(181)
Balance at the end of current period	142	(38)
Stock acquisition rights		
Balance at the end of previous period	-	27
Changes of items during the period		
Net changes of items other than shareholders' equity	27	30
Total changes of items during the period	27	30
Balance at the end of current period	27	57
Total net assets		
Balance at the end of previous period	17,576	19,367
Changes of items during the period		
Dividends from surplus	(393)	(604)
Net income	1,670	1,137
Purchases of treasury stock	(0)	(1,344)
Disposal of treasury stock	492	1
Net changes of items other than shareholders' equity	21	(151)
Total changes of items during the period	1,790	(960)
Balance at the end of current period	19,367	18,407

**(4) Consolidated Statements of Cash Flows***(Millions of yen)*

	FY3/08 (Apr. 1, 2007 – Mar. 31, 2008)	FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)
Cash flows from operating activities		
Income before income taxes and other adjustments	2,895	1,903
Depreciation and amortization	803	906
Impairment loss	22	1
Amortization of start-up expenses	207	-
Increase (decrease) in allowance for doubtful accounts	2	(0)
Increase (decrease) in allowance for returned goods	(5)	0
Increase (decrease) in reserve for bonuses	33	20
Increase (decrease) in reserve for retirement benefits	(23)	-
Stock compensation cost	27	31
Interest and dividend income	(39)	(13)
Interest expense	2	2
Insurance received and dividend	(5)	-
Liquidation dividends	-	5
Exchange loss (gain)	14	(6)
Loss (gain) on valuation of derivatives	-	43
Loss on retirement of tangible fixed assets	29	20
Loss (gain) on sales of tangible fixed assets	(1,591)	-
Loss (gain) on valuation of investment securities	29	4
Decrease (increase) in trade receivables	(1,249)	(208)
Decrease (increase) in inventories	211	(301)
Decrease (increase) in other current assets	105	(12)
Decrease (increase) in investments and other assets	(333)	(70)
Increase (decrease) in trade payables	102	313
Increase (decrease) in other current liabilities	(184)	152
Increase (decrease) in other fixed liabilities	458	14
Subtotal	1,512	2,798
Interests and dividends received	37	14
Interests paid	(2)	(2)
Income taxes paid	(552)	(922)
Income taxes redeemed	12	-
Cash flows provided by operating activities	1,007	1,887

(Millions of yen)

	FY3/08 (Apr. 1, 2007 – Mar. 31, 2008)	FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)
Cash flows from investing activities		
Proceeds from sales and redemption of marketable securities	2	-
Payments for purchase of tangible fixed assets	(604)	(785)
Proceeds from sales of tangible fixed assets	1,771	-
Payments for purchase of intangible fixed assets	(133)	(47)
Increase in long-term bank deposits	(500)	-
Payments for purchase of investment securities	-	(299)
Payments for loans receivable	(4)	-
Proceeds from collection of loans receivable	4	-
Payments for deferred assets	(109)	-
Proceeds from liquidation dividend	-	6
Other payments	(37)	(50)
Other proceeds	56	-
Net cash provided by (used in) investing activities	446	(1,176)
Cash flows from financing activities		
Proceeds from (payments for) disposition (purchase) of treasury stock	492	(1,344)
Dividends paid	(393)	(604)
Other	-	(10)
Net cash provided by (used in) financing activities	99	(1,959)
Effect of exchange rate changes on cash and cash equivalents	(7)	(8)
Increase (decrease) in cash and cash equivalents	1,545	(1,256)
Cash and cash equivalents at the beginning of the period	4,952	*1 6,674
Cash and cash equivalents of newly consolidated subsidiaries at beginning of the year	177	-
Cash and cash equivalents at the end of the period	*1 6,674	*1 5,418

**Notes to Consolidated Statement of Changes in Shareholders' Equity**

FY3/08 (Apr. 1, 2007 – Mar. 31, 2008)

## 1. Type and number of outstanding shares and treasury stock

	Number of shares as of Mar. 31, 2007 (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares as of Mar. 31, 2008 (Shares)
Outstanding shares				
Common shares	23,770,719	-	-	23,770,719
Total	23,770,719	-	-	23,770,719
Treasury stock				
Common shares	4,119,250	413	500,016	3,619,647
Total	4,119,250	413	500,016	3,619,647

Note: The increase in the number of common shares of treasury stock (413 shares) is due to the acquisition of odd lot shares (413 shares.) The decrease in the number of common shares (500,016 shares) is due to the disposal of treasury stock pursuant to the Board of Directors resolution (500,000 shares) and the transfer of odd-lot shares in response to purchase requests (16 shares).

## 2. Items related to acquisition rights for new shares and treasury stock

Item	Stock acquisition rights (itemized)	Type of shares under stock acquisition rights	Number of shares under stock acquisition rights (Shares)				Balance as of Mar. 31, 2008 (Millions of yen)
			As of Mar. 31, 2007	Increase	Decrease	As of Mar. 31, 2008	
Reporting company	Stock acquisition rights by way of stock options	-	-	-	-	-	27
	Total	-	-	-	-	-	27

## 3. Dividends

## (1) Dividends payment

Resolution	Type of share	Total amount of dividend (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting on Apr. 19, 2007	Common shares	196	10	Mar. 31, 2007	Jun. 6, 2007
Board of Directors meeting on Oct. 25, 2007	Common shares	196	10	Sep. 30, 2007	Dec. 4, 2007

## (2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of share	Total amount of dividend (Millions of yen)	Source of funds	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting on Apr. 25, 2008	Common shares	302	Retained earnings	15	Mar. 31, 2008	Jun. 6, 2008



FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)

## 1. Type and number of outstanding shares and treasury stock

(Shares)

	Number of shares as of Mar. 31, 2008	Increase	Decrease	Number of shares as of Mar. 31, 2009
Outstanding shares				
Common shares *1	23,770,719	-	2,000,000	21,770,719
Total	23,770,719	-	2,000,000	21,770,719
Treasury stock				
Common shares *2	3,619,647	2,000,157	2,002,148	3,617,656
Total	3,619,647	2,000,157	2,002,148	3,617,656

Notes: 1. The decrease in the number of common shares outstanding (2,000,000 shares) is due to the retirement of treasury stock pursuant to the Board of Directors resolution.

2. The increase in the number of common shares of treasury stock (2,000,157 shares) is due to the acquisition of treasury stock pursuant to the Board of Directors resolution (2,000,000 shares) and the acquisition of odd lot shares (157 shares). The decrease in the number of common shares of treasury stock (2,002,148 shares) is due to the retirement of treasury stock pursuant to the Board of Directors resolution (2,000,000 shares), the disposal of treasury stock resulting from exercise of stock options (2,000 shares) and the transfer of odd-lot shares in response to purchase requests (148 shares).

## 2. Items related to acquisition rights for new shares and treasury stock

Item	Stock acquisition rights (itemized)	Type of shares under stock acquisition rights	Number of shares under stock acquisition rights (Shares)				Balance as of Mar. 31, 2009 (Millions of yen)
			As of Mar. 31, 2008	Increase	Decrease	As of Mar. 31, 2009	
Reporting company	Stock acquisition rights by way of stock options	-	-	-	-	-	57
Total		-	-	-	-	-	57

## 3. Dividends

## (1) Dividends payment

Resolution	Type of share	Total amount of dividend (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting on Apr. 25, 2008	Common shares	302	15	Mar. 31, 2008	Jun. 6, 2008
Board of Directors meeting on Oct. 27, 2008	Common shares	302	15	Sep. 30, 2008	Dec. 2, 2008

## (2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of share	Total amount of dividend (Millions of yen)	Source of funds	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting on Apr. 27, 2009	Common shares	181	Retained earnings	10	Mar. 31, 2009	Jun. 9, 2009

## Notes to Consolidated Statements of Cash Flows

(Millions of yen)

FY3/08 (Apr. 1, 2007 – Mar. 31, 2008)		FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)	
*1. Reconciliation of balance sheet items to cash and cash equivalents in consolidated statements of cash flows (As of March 31, 2008)		*1. Reconciliation of balance sheet items to cash and cash equivalents in consolidated statements of cash flows (As of March 31, 2009)	
Cash and bank deposits	6,574	Cash and bank deposits	5,418
Marketable securities	100	Marketable securities	-
Cash and cash equivalents	6,674	Cash and cash equivalents	5,418

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