

2. Dividend

	Dividend per share			Total dividend payment (million yen)	Dividend payout ratio (consolidated)	Dividend to equity (consolidated)
	Interim (Yen)	Year-end (Yen)	Annual (Yen)			
FY2006	16.00	20.00	36.00	1,816	20.0%	2.7%
FY2007	20.00	28.00	48.00	2,451	26.8%	3.3%
FY2008 (Forecast)	24.00	24.00	48.00	—	25.6%	—

Note:

FY2007 Year-end dividend contains commemorative dividend 8.00 yen per share.

3. Business Forecast for the Year Ended March 31, 2009

(unit: million yen)

	Net Sales		Operating income		Ordinary income		Net income		Net income per share(Yen)
Fiscal 2 nd quarter (cumulative)	56,000	5.7%	7,000	8.4%	7,000	1.1%	4,200	-11.7%	82.18
Annual	118,000	6.6%	16,000	6.4%	15,800	8.6%	9,600	5.1%	187.84

Note:

Percentage figures in the above tables indicate increase/decrease over the corresponding period of the previous year.

4. Other Information

(1) Changes in scope of consolidation: No

(2) Changes in accounting procedures

1) Changes due to the amendment of accounting methods: Yes

2) Other changes: Yes

(3) Numbers of shares outstanding (Ordinary shares)

Number of shares outstanding at end of year (including treasury stock): 51,203,108 shares for FY2007 and 50,654,596 shares for FY2006.

Number of treasury stock at end of year: 95,891 shares for FY2007 and 91,217 shares for FY2006.

※ (Note)

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.

1. Financial performance

(1) Performance analysis

① Summary of financial performance during FY2007

<Consolidated result>

(unit: million yen)

	FY2007	FY2006	Increase / decrease	Increase-decrease ratio
Sales	110,724	101,041	9,683	9.6%
Operating income	15,033	12,714	2,318	18.2%
Ordinary income	14,545	13,577	967	7.1%
Net income	9,131	9,008	123	1.4%

During fiscal year 2007, Japanese economy marked a moderate growth in first half year corresponding with fair export and investment; however, economy has started indicating a bear sign in second half year such in a stock market or in yen evaluation. US economy indicated recession, such in housing market and consumer spending. European economy maintained fair condition mainly led from investment and consumer spending. Asian economy maintained high growth, such region in China or India. On the healthcare segment, Japanese market is still on restructuring stage with optimization for healthcare public expenditure. Besides, dynamism of healthcare capitalization is shifting, from disease treatment to preventive medicine such in a new government policy for lifestyle related disease, may provide new demand for healthcare investment. Developed countries such as Europe and North America are tightening healthcare expenditure; emerging regions such as China or Asian Pacific are on development of healthcare infrastructure.

Upon abovementioned circumstances, we SYSMEX have been operating with reinforcement of alliances with our key global partners. We renewed exclusive distributorship agreement with Roche Diagnosis of Switzerland fore sales and service at overseas markets, which renews determination of distribution territories and product portfolio; settled a new distributorship agreement for urinalysis products with bioMérieux of France for microbiology segment, concluded distributorship agreement with IDEXX Laboratory Inc. of United States of America: leading global veterinary diagnostics company. Also we have capitalized our local distributor in Austria, Hungary, Czech Republic and Slovakia as our subsidiaries, and also established new subsidiary in Canada. In Japanese market, we have provided integrated sales for whole laboratory segment; we have had a slight irritant situation for new product launch at coagulation and immunology. Sales amount was 35,961 million yen (5.0% less than previous fiscal year). In Americas, we have provided proactive sales activity with penetration for IHNs (Integrated Healthcare Networks) and other group healthcare networks and Latin American Market; in Europe, we expanded direct sales territory and support networks, and penetration toward emerging market such as Middle East and Africa. In China and Asian Pacific markets, we have improved organization for sales and service. For the result of these efforts, net sales at overseas marked 74,762 million yen (18.4% more than previous fiscal year), 67.5% of consolidated sales (5.0 point more than previous fiscal year). Consolidated net sales marked 110,724 million yen (9.6% more than previous fiscal year). At profit indices, growth of profit was surpassed from cost increase, from revenue increase and cost reduction, consolidated operating income was 15,033 million yen (18.2% more than previous fiscal year), ordinary income 14,545 million yen (7.1% more than previous fiscal year), and net income 9,131 million yen (1.4% more than previous fiscal year) .

② Geographical segments information

<Performance by geographical segment>

(unit: million yen)

		FY 2007	FY 2006	Increase / decrease	Increase- decrease ratio
Japan	Sales	37,552	39,395	-1,843	-4.7%
	Operating income	7,870	7,431	438	5.9%
Americas	Sales	20,844	19,158	1,686	8.8%
	Operating income	991	593	398	67.1%
Europe	Sales	39,174	31,584	7,589	24.0%
	Operating income	4,620	3,547	1,073	30.3%
China	Sales	8,127	6,848	1,279	18.7%
	Operating income	823	781	42	5.4%
Asia Pacific	Sales	5,024	4,053	970	23.9%
	Operating income	546	332	213	64.3%

Note: Sales amount presents external sales.

<Japan>

Restructuring for public healthcare expenditure is tightening market situation, corresponding it, external sales marked 37,552 million yen, 4.7% less than the previous fiscal year.

Operating income marked 7,870 million yen, 5.9% more than previous fiscal year due to revenue increase which includes increase of internal sales toward overseas affiliates was surpassed from cost increase at selling, general and administrative expense.

<Americas>

Sales marked 20,844 million yen, 8.8% more than the previous fiscal year. Success hematology business has become tractor to grow; surpassed negative effect from USD devaluation, operating income marked 991 million yen, 67.1% more than previous fiscal year due to sales increase and cost reduction.

<Europe>

Sales marked 39,174 million yen, 24.0% more than previous fiscal year due to hematology and urinalysis sales increase, currency situation provided positive condition as well. Operating income marked 4,620 million yen, 30.3% more than previous fiscal year due to sales increase and cost reduction.

<China>

Sales marked 8,127 million, 18.7% more than previous fiscal year with market situation post healthcare restructuring.

Operating income marked 823 million yen, 5.4% more than previous fiscal year due to sales increase.

<Asia Pacific>

Sales marked 5,024 million yen, 23.9% more than the previous fiscal year due to hematology sales increase, which is from reinforcement of sales force, prized a large tender in Malaysia.

Operating income marked 546 million yen, 64.3% more than previous fiscal year due to sales increase and cost reduction

③ Research and Development

We SYSMEX Group commit research and development to provide high-value testing for the optimization and standardization of medical services. In accordance with this commitment, we are conducting research and development for new diagnostic technology to continue challenge for the latest technology establishment. We are challenging to provide our products that anticipate customers' requirement. Through these activities, we aim to contribute to enhancing the quality of life, extending life period, and contribute the efficiency of healthcare economics. We are expanding from the domain of conventional screening tests and implementing research and development of new diagnostic technology for disease management.

We are promoting the development of new testing technology and products, mainly in the four areas of hematological and immunological diseases, cancer, chronic diseases, and infectious diseases. During the current fiscal year, we developed technology for detection of immature cells and minimal number of cells that is effective for diagnosis in the area of hematological and immunological diseases by applying cell analysis technology based on flow cytometry. In the cancer area, we implemented clinical research on colon and stomach cancer with a view to expanding the application scope of technology for rapid detection of lymph node metastasis, which we had already commercialized for breast cancer. With the same purpose in view, we also began clinical research on detection of intra-abdominal metastasis of stomach cancer. In regard to our technology based on cell cycle profiling for diagnosing the risk of recurrence in cancer patients, we started a clinical trial focusing on technology for the prognosis of breast cancer recurrence. Moreover, we promoted the development of cervical cancer screening technology by applying flow cytometry, and conducted clinical research. In the area of chronic diseases, we pursued the development of a minimally-invasive blood glucose measurement device that alleviates the burden on patients. We also developed a prototype system for simulation of diabetes and implemented clinical research in Japan and overseas. Furthermore, based on the agreements signed during the previous fiscal year with Affymetrix Inc. (HQ: Santa Clara, California, United States) for joint R&D of DNA-chip technologies, we started R&D efforts to provide those chips for clinical use. In the area of infectious diseases, we unveiled three products in our POCTEM S Series of rapid testing kits for respiratory infections: 1) POCTEM S Influenza, for detection of influenza viruses in about 10 minutes; 2) POCTEM S RSV, for detection of RS viruses in infancy and childhood; and 3) POCTEM S Adeno, for detection of the adenovirus, which causes so-called "pool fever." We also succeeded in the commercialization of chemiluminescent immunoassay technology, thereby launching a fully automated immunoassay analyzer, HISCL-2000i, which has the highest sensitivity, measurement speed, and trace sample analysis capability among all types of equipment used for immunochemistry testing at medium-sized hospitals.

During the current fiscal year, our technology concerning reagents for measuring immature cells in the blood, which is used in reagents especially for instruments such as the XE-2100, our multi-parameter automated hematology analyzer, was awarded the 2007 Minister's Prize for Science and Technology (in the Development Category) of the Commendation for Science and Technology in a ceremony hosted by the Ministry of Education, Culture, Sports, Science and Technology.

During the current fiscal year, research and development expense marked 9,721 million yen: 8.3 percent of consolidated sales amount.

④ Forecast for fiscal year 2008

< Consolidated financial statement forecast >

(unit: million yen)

	FY2008	FY2007	Increase / decrease	Increase-decrease ratio
Sales	118,000	110,724	7,275	6.6%
Operating income	16,000	15,033	966	6.4%
Ordinary income	15,800	14,545	1,254	8.6%
Net income	9,600	9,131	468	5.1%

The macro economy is prospected to maintain a fair condition at emerging countries or material exporting countries; besides that, developed countries are in obscure situation for growth due to high material prices, credit crunch or any other negative events. At Healthcare segment, developed countries such in Japan, US and Europe is prospected to expand the demand for in-vitro diagnostics from preventive medicines, despite continuing healthcare expenditure remodeling.

Upon this forecast, we at SYSMEX is scoping to be a leading company at healthcare testing, which is based on three core strategies, 1: No.1 at Global Niche, 2: Focus to Asia and 3: Focus to Life Science. We are going to penetrate local market identified by geographic area: Japan, Americas, Europe, China and Asian Pacific with expansion of product portfolio, sales and service and structure and penetration of local character and demand. We are going to enhance R&D structure with SYSMEX Techno Park (scheduled to found on October 2008) in order to centralize core technology to promote high value diagnostic technology.

Forecast of Fiscal year 2008 is:

Consolidated sales: 118,000 million yen, 6.6% more than previous fiscal year;
 Operating income: 16,000 million yen, more than 6.4% previous fiscal year;
 Ordinary income: 15,800 million yen, 8.6%, more than previous fiscal year;

And net income 9,600 million yen, 5.1%, more than previous fiscal year; simulated with annual average exchange rate as 1 US dollar for 100 yen and 1 Euro for 157 yen.

(2) Financial condition analysis

① Total assets and shareholders equity

(unit: million yen)

	FY2007	FY2006	Increase / decrease	Increase- decrease ratio
Total assets	109,027	101,225	7,801	7.7%
Total equity	79,117	72,396	6,720	9.3%
Equity ratio	72.2%	70.5%	—	—

Total assets increased by 7,801 million Yen to 109,027 million Yen compared to previous fiscal year end, mainly due to 5,301 million Yen increase in tangible fixed assets including the new R&D facilities, SYSMEX Techno park, 1,056 million Yen increase in goodwill regarding acquisition to take a full ownership through stock exchange, and acquisitions of central Europe companies, 2,069 million Yen increase in intangible assets including 1.039 million Yen increase of software.

Liabilities were increased by 1,081 million Yen to 29,910 million Yen compared to previous fiscal year, mainly due to 515 million Yen increase in notes and accounts payable trade and 548 million Yen increase in accrued expenses.

Total equity increased by 6,720 million Yen to 79,117 million Yen mainly due to 1,857 million Yen increase in capital surplus, 6,942 million Yen increase in earned surplus and decrease in 1,063 million Yen of foreign currency translation adjustment and decrease in 924 million Yen of minority interest. Equity ratio was increased by 1.7 point to 72.2% compared to 70.5% of previous fiscal year.

② Cash flows

<Summary of Statements of Cash Flows >

(unit: million yen)

	FY 2007	FY 2006	Increase / decrease
Cash flows from operating activities	11,634	10,085	1,549
Cash flows from investing activities	-12,883	-6,630	-6,252
Cash flows from financing activities	-1,316	-457	-858
Total cash and cash equivalents at the end of term	9,679	12,714	-3,035

The balance of cash and cash equivalents (hereinafter: Cash) decreased by 3,035 million Yen to 9,679 million Yen compared to previous fiscal year. Each activity of cash flows is showing as follows:

**Note: 8 million Yen increase in cash and cash equivalents due to fiscal year-end change for subsidiaries was not included in the following cash flows.

[Cash flows from operating activities]

Cash inflow as a result of operating activities was 11,634 million Yen which is 1,549 million Yen more than previous year due to 13,924 million Yen of net income before income taxes and minority interest which is 156 million Yen more than previous year and 2,462 million Yen increase in notes and accounts receivable which was 1,929 million Yen less than previous year end and 1,917 million Yen increase in inventories which was 1,619 million Yen more than previous year end and 1,468 million Yen increase in notes and accounts payable which is 777 million Yen more than previous year.

[Cash flows from investing activities]

Cash outflow as a result of investing activities was 12,883 million Yen which was 6,252 million Yen more than previous year due to 8,265 million Yen of payments for purchases of tangible fixed assets which was 3,636 million Yen more than previous year and 2,460 million Yen of payments for purchases of intangible fixed assets which is 972 million Yen more than previous year end and 1,315 million Yen of cash flow from equity investment in subsidiaries which was 782 million Yen more than previous year.

[Cash flows from financing activities]

Cash outflow as a result of financing activities was 1,316 million Yen which was 858 million Yen more than previous year due to 491 million Yen of increase of short-term loans which was 118 million Yen less than previous year, 299 million Yen of revenue for proceeds from issuing stocks associated with stock options which was 794 million Yen less than previous year and 2,031 million Yen of dividends paid which was 428 million Yen more than previous year.

<Cash Flow indices>

(unit: million yen)

	FY2003	FY2004	FY2005	FY2006	FY2007
Equity ratio (%)	71.0	72.3	71.6	70.5	72.2
Equity ratio at market price (%)	93.6	196.7	293.4	214.2	169.1
Interest-bearing debt to cash flow ratio (year)	44.9	9.8	8.4	6.6	9.3
Interest coverage ratio	108.1	308.6	486.8	362.2	621.4

*Equity ratio: Shareholders' Equity / Total assets

(Shareholders' Equity = Net assets - share warrant - minority interests)

*Equity ratio at market price: Share Aggregate Market Value / Total Assets

* Interest-bearing debt to cash flow ratio: Balance of Interest-Bearing Liabilities / Cash flows from operating activities (No description in an interim period)

*Interest Coverage Ratio: Cash Flow from Operating Activities/Interest Payments

(1) Indices are calculated with consolidated financial figures.

(2) Total Market Value of shares is calculated as term-end price multiplied with total number of shares issued as of the term-end.

(3) Cash Flow from Operating Activities is referred from the cash flow statement summary.

(4) Balance of Interest-Bearing Liabilities is as Liabilities with interest in Consolidated Balance Sheet.

(5) Interest Payments is as amount of interest paid Consolidated Cash Flow Statement.

(3) Basic policy on distribution of profit and dividends for fiscal years 2007 and 2008

We aim to maintain a proper balance between active investment to sustain steady high-level growth and the return of profit to our shareholders as our earning power increases. In terms of returns to shareholders, we intend to provide a stable dividend on a continuous basis and are shooting for a consolidated payout ratio of 20% under our basic policy of sharing the fruits of our operations in line with business performance.

True to this policy, we intend to raise the subject at 41st Ordinary General Meeting of Shareholders to produce a year-end dividend for 28 yen, which includes the regular dividend for 20 yen and a 40th anniversary memorial dividend of 8 yen. Accordingly, the total dividend for the full year will be 48 yen per share, an increase of 12 yen from the 36 yen full year dividend for fiscal 2007, and a dividend ratio will be 26.8% on a consolidated basis.

Per abovementioned policy, we define the plan for an annual dividend for 48 yen per share for fiscal 2008 (interim: 24 yen, year-end: 24 yen), in accordance with current forecast.

We will retain our commitment in order to continue our effort to meet our shareholders' expectation.

(4) Business and other risks

The following are major risk factors faced in the development of business by the SYSMEX Group which could possibly exert a significant influence upon our business results and financial position.

① Overseas sales

The SYSMEX Group is engaged primarily in the development, manufacture, and sales of diagnostic instruments and reagents. We market our products outside of Japan through our overseas affiliates and distributors, and our overseas sales ratio is on the rise every year: 59.7% for FY2005, 62.5% for FY2006, and X% for FY2007. Because of this increase, we hedge exchange risks through forward markets, but the possibility remains that fluctuations in the forex market could affect the business results and financial position of the SYSMEX Group.

② Impact of the medical system reform

In Japan, there are many significant changes underway in the environment surrounding medical services, such as the rapidly aging population coupled with a low birthrate, advances in medical technology, and growing demands for quality of care for patients. Against this background, the authorities continue to promote a reform of the medical service system for the purposes of rationalizing medical costs and more efficiently providing high-quality medical services. Our business results and financial position could also be influenced by this reform.

The future will presumably bring continued measures for rationalization of medical costs and demands for higher efficiency in hospital management, improved medical services, and new testing demands. In this climate, while bolstering our investments in definitive diagnosis for cancer and other areas in the life science field, we are striving to provide total solutions which encompass diagnostic instruments and reagents, information technology, and after-sales support, and also to retain the ability for finely-tuned accommodation of diversifying demands.

③ Quality of products

Due to the high requirements for reliability of diagnostic instruments and reagents, which the SYSMEX Group supplies, we have established an infallible quality

management structure to assure the quality of our products.

Should a quality issue arise in our products, however, such could have an impact on our business performance.

To prevent this from happening, we have developed and implemented a system for fulfilling quality requirements of related laws in each of the countries in which we operate and international standards, such as the Pharmaceutical Affairs Law and ISO 13485. In addition, we monitor quality information from markets both at home and abroad and from inside the company on a daily basis so that we can accumulate technical information for improved design quality and make thorough quality checks before full-scale production and market introduction begin.

④ Stable supply of products

The SYSMEX Group markets its diagnostic instruments and reagents in over 150 countries and regions throughout the world. To ensure a stable supply of such products to the market, we have developed in-house infrastructures.

We procure materials for these products from approximately 300 Japanese suppliers and 50 overseas suppliers. The possibility exists that it may become difficult for us to ensure a stable supply of products, owing to difficulties in procuring materials as suppliers suspend business or materials supply, among other factors, and/or tighter environmental regulations concerning our products.

For this reason, we are making constant efforts to strengthen communications with our suppliers, share information with suppliers and affiliated companies, and establish a global supply structure in the reagent business. With regard to environmental regulations, we have created a full-time project to deal with different sets of requirements of each regulation and take necessary action as dictated by priority.

⑤ Measures for risks in the use of information systems

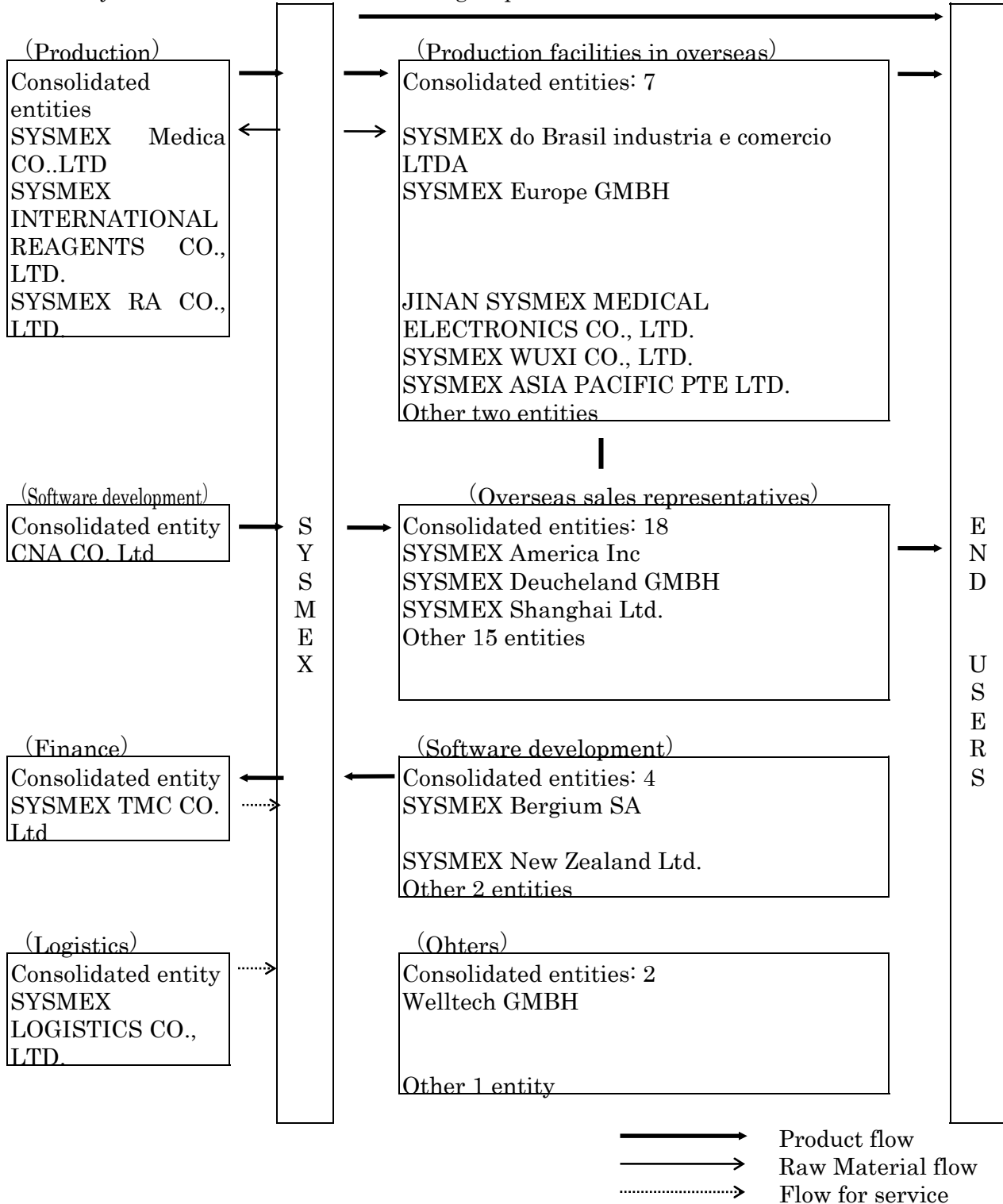
The SYSMEX Group has introduced various information systems for information communications, support of our core business, and approval procedures, such as the collective decision-making system, and a significant portion of the business information is transmitted through networks.

In order to minimize the possible impact that a disturbance of information systems and network circuits or computer viruses and unauthorized access to our information systems could have on our networks, we are tightening internal control by way of stricter user management and fingerprint verification units for limited access, as well as back-up of our networks, thorough daily operational management, and security measures including the installation of virus gateways.

2. SYSMEX group structure

SYSMEX group contains headquarters (SYSMEX Corporation), 37 subsidiaries; our core business is healthcare industry which provides products for in-vitro diagnostics.

Headquarters has core function for Development, Production, Sales and service after sales, Japanese subsidiaries has function for part of development, manufacturing and leasing. At overseas 25 subsidiaries have function for reagents production and sales administration by territory, 4 subsidiaries have function for software development. Following chart is summary for business chain in SYSMEX group.



3. Corporate philosophy and strategy

(1) Corporate philosophy

We have established the SYSMEX Way, corporate philosophy on April 1st 2007. SYSMEX way is success from our "Three confidence" which is nominated since our foundation. In addition, in accordance with the SYSMEX Way we have established "Our Core Behaviors" which states our promise to our diversity of stakeholders.

Systemex Way	
【Mission】	Shaping the advancement of healthcare.
【Value】	We continue to create unique and innovative values, while building trust and confidence.
【Mind】	With passion and flexibility, we demonstrate our individual competence and unsurpassed teamwork

We are heading for social confidence in accordance with SYSMEX Way.

(2) Target in mid-term plan

We set a target by the end of fiscal year 2009 to achieve Consolidates sales amount as 140 billion yen, consolidated ordinary income as 20.5 billion yen.

(3) Mid-term strategy and objectives

We at SYSMEX is heading to be unique global enterprise based on No'1 in global niche, Focus on Asia Focus on Life Science as fundamental strategy.

Objectives for above fundamental strategy are as follows:

① Strengthen R&D function

We continue investment for R&D, such as establishment of "Techno-Park" for enhancement of our core-technologies; this investment will make our feature visible to be independent of Life Science business. Also this R&D enhancement enable to acceleration of both new product launch and practice of new technology use.

② Penetration by region

We have been managing world market by five regions: Japan, Americas, Europe, China and Asian Pacific. We are heading to become exclusive supplier in Hematology, Coagulation, also become a leading company in Urinalysis in all five regions.

We are heading to become a leading company in Asia (body of Japan, China and Asian pacific) as our home field.

We are heading to penetrate our business field through enrichment of technology, product lineup and sales force by alliance with partner companies or M&A.

③ ERP integration with standardization of group operation

We have started a project for ERP integration with standardization of group operation in order to penetrate efficiency of operation with implementation of standard of operation, as a resource of our growth.

④ Adaptation for environment requirement and strengthen risk management

We accelerate our activity for adaptation for environmental requirement and strengthen risk management in accordance with our new philosophy "SYSMEX Way" and "Our Core Behaviors".

Consolidated Balance Sheets

(unit: million yen)

Items	Previous term (as of March 31, 2007)		Current term (as of March 31, 2008)		Increase or Decrease Amount
	Amount	%	Amount	%	
(Assets)					
I Current assets					
Cash	12,793		9,694		
Notes and accounts receivable trade	31,910		32,965		
Marketable securities	41		71		
Inventories	16,563		18,341		
Deferred tax assets	3,668		4,492		
Prepaid expenses	788		796		
Short-term loans receivable	2		2		
Others	861		1,058		
Allowance for doubtful debts	-508		-500		
Total current assets	66,120	65.3	66,923	61.4	802
II Fixed assets					
Tangible fixed assets					
Buildings and structures	17,145		18,670		
Accumulated depreciation	-8,981		-9,414		
Net buildings and structures	8,164		9,256		
Machinery, equipment and vehicles	6,270		7,645		
Accumulated depreciation	-3,981		-4,551		
Net machinery, equipment and vehicles	2,288		3,093		
Tools, furniture and fixtures	14,976		15,958		
Accumulated depreciation	-11,189		-11,738		
Net tools, furniture and fixtures	3,786		4,219		
Land	7,871		7,909		
Construction in progress	1,669		4,603		
Total tangible fixed assets	23,780	23.5	29,082	26.7	5,301
Intangible fixed assets					
Consolidation goodwill	475		1,532		
Software	3,052		4,091		
Others	197		171		
Total Intangible fixed assets	3,726	3.7	5,795	5.3	2,069
Investments					
Investments in securities	3,004		3,077		
Long-term loans receivable	3		4		
Deferred tax assets	115		255		
Long-term prepaid expenses	179		154		
Investment real estate	2,136		2,124		
Prepaid pension cost	465		—		
Others	1,697		1,612		
Allowance for doubtful debts	-3		-3		
Total investments	7,598	7.5	7,226	6.6	-371
Total fixed assets	35,104	34.7	42,103	38.6	6,999
Total assets	101,225	100.0	109,027	100.0	7,801

(Note) fractions of one million yen are rounded off

(unit: million yen)

Items	Previous term (as of March 31,2007)		Current term (as of March 31,2008)		Increase or Decrease Amount
	Amount	%	Amount	%	
(Liabilities)					
I Current liabilities					
Notes and accounts payable trade	10,731		11,247		
Short-term loans payable	79		546		
Corporation taxes payable	3,244		2,061		
Deferred tax liabilities	3		2		
Accrued expenses	2,794		3,343		
Reserve for bonuses	2,403		2,643		
Reserve for bonuses to directors	163		182		
Reserve for product warranties	541		423		
Others	5,672		5,790		
Total current liabilities	25,634	25.3	26,241	24.1	607
II Fixed liabilities					
Long-term loans payable	82		13		
Deferred tax liabilities	1,387		1,701		
Reserve for retirement benefits	143		354		
Reserve for directors' retirement benefits	264		247		
Others	1,317		1,351		
Total fixed liabilities	3,195	3.2	3,668	3.3	473
Total liabilities	28,829	28.5	29,910	27.4	1,081
(Equity)					
I Shareholders' equity					
Capital stock	8,501		8,651		149
Capital surplus	11,731		13,588		1,857
Earned surplus	48,794		55,737		6,942
Treasury stock	-163		-185		-21
Total shareholders' equity	68,864	68.0	77,791	71.4	8,927
II Valuation and translation adjustments					
Unrealized gain or loss of investments in securities	805		351		
Foreign currency translation adjustment	1,674		610		
Total valuation and translation adjustments	2,480	2.5	962	0.9	-1,518
III Share subscription rights					
	—	—	236	0.2	236
IV Minority interests					
	1,051	1.0	127	0.1	-924
Total equity	72,396	71.5	79,117	72.6	6,720
Total liabilities and equity	101,225	100.0	109,027	100.0	7,801

(Note) fractions of one million yen are rounded off

Consolidated Statements of Income

(unit: million yen)

Items	Previous term (as of March 31, 2007)		Current term (as of March 31, 2008)		Increase or Decrease
	Amount	%	Amount	%	Amount
I Sales	101,041	100.0	110,724	100.0	9,683
II Cost of sales	43,497	43.0	45,396	41.0	1,899
Gross profit	57,543	57.0	65,327	59.0	7,784
III Selling, general and administrative expenses	44,828	44.4	50,293	45.4	5,465
Operating income	12,714	12.6	15,033	13.6	2,318
IV Non-operating income					
Interest income	107		179		
Dividends earned	41		46		
Royalties earned	48		34		
Income from investment real estate	393		384		
Investment profit on equity method	29		29		
Foreign exchange gain	374		—		
Others	190		206		
Total non-operating income	1,185	1.1	880	0.8	-304
V Non-operating expenses					
Interest expense	27		33		
Cash discount	28		28		
Maintenance cost of investment real estate	169		155		
Foreign exchange loss	—		1,048		
Others	97		103		
Total non-operating expenses	322	0.3	1,369	1.3	1,047
Ordinary income	13,577	13.4	14,545	13.1	967
VI Extraordinary profits					
Gain on sales of investment securities	117		—		
Gain on sales of fixed assets	27		6		
Reversal of allowance for doubtful debts	42		33		
Investment income from change of equity	2		—		
Income from settlement	180		—		
Total extraordinary profits	370	0.4	40	0.1	-330
VII Extraordinary losses					
Write-down of securities	38		145		
Loss on sales of investment securities	—		7		
Loss on disposal of fixed assets	141		174		
Voluntary product recall expenses	—		334		
Total extraordinary losses	180	0.2	661	0.6	480
Net income before income taxes and minority interest	13,768	13.6	13,924	12.6	156
Income taxes	5,139		5,245		
Deferred income taxes	-424		-428		
Total income taxes	4,715	4.7	4,816	4.4	101
Minority interest	44	0.0	-24	0.0	-69
Net income	9,008	8.9	9,131	8.2	123

(Note) fractions of one million yen are rounded off

Consolidated Statements of Changes in Equity

FY2006 (from April 1 to March 31, 2007)

(unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Balance, March 31, 2006	7,954	11,184	41,550	-150	60,538
Changes of items during the period					
Issuance of stock	546	546			1,093
Dividends from appropriation of surplus			-798		-798
Dividends from retained earnings			-804		-804
Bonuses to Directors from appropriation of surplus			-159		-159
Net income			9,008		9,008
Repurchase of treasury stock				-12	-12
Disposal of treasury stock		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during the period	546	546	7,244	-12	8,325
Balance, March 31, 2007	8,501	11,731	48,794	-163	68,864

	Valuation and translation adjustments			Minority interest	Total Equity
	Unrealized gain or loss of investments in securities	Foreign currency translation adjustment	Total Valuation and translation adjustments		
Balance, March 31, 2006	1,234	872	2,107	860	63,507
Changes of items during the period					
Issuance of stock					1,093
Dividends from appropriation of surplus					-798
Dividends from retained earnings					-804
Bonuses to Directors from appropriation of surplus					-159
Net income					9,008
Repurchase of treasury stock					-12
Disposal of treasury stock					0
Net changes of items other than shareholders' equity	-429	802	372	190	563
Total changes of items during the period	-429	802	372	190	8,888
Balance, March 31, 2007	805	1,674	2,480	1,051	72,396

(Note) fractions of one million yen are rounded off

FY2007 (from April 1 to March 31, 2008)

(unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Balance, March 31, 2007	8,501	11,731	48,794	-163	68,864
Changes of items during the period					
Issuance of new shares by exercise of warrants	149	149			299
Issuance of new shares for share exchange		1,706			1,706
Dividends from retained earnings			-2,031		-2,031
Net income			9,131		9,131
Repurchase of treasury stock				-22	-22
Disposal of treasury stock		0		0	0
Decrease in retained earnings due to fiscal year-end change for subsidiary			-157		-157
Net changes of items other than shareholders' equity					
Total changes of items during the period	149	1,857	6,942	-21	8,927
Balance, March 31, 2008	8,651	13,588	55,737	-185	77,791

	Valuation and translation adjustments			Share subscription rights	Minority interest	Total Equity
	Unrealized gain or loss of investments in securities	Foreign currency translation adjustment	Total Valuation and translation adjustments			
Balance, March 31, 2007	805	1,674	2,480	—	1,051	72,396
Changes of items during the period						
Issuance of new shares by exercise of warrants						299
Issuance of new shares for share exchange						1,706
Dividends from retained earnings						-2,031
Net income						9,131
Repurchase of treasury stock						-22
Disposal of treasury stock						0
Decrease in retained earnings due to fiscal year-end change for subsidiary						-157
Net changes of items other than shareholders' equity	-454	-1,063	-1,518	236	-924	-2,206
Total changes of items during the period	-454	-1,063	-1,518	236	-924	6,720
Balance, March 31, 2008	351	610	962	236	127	79,117

(Note) fractions of one million yen are rounded off

Consolidated Statements of Cash Flows

(unit: million yen)

Items	Previous term (as of March 31, 2007)	Current term (as of March 31, 2008)	Increase or Decrease
I Cash flows from operating activities			
Net income before income taxes and minority interest	13,768	13,924	
Depreciation and amortization	4,008	3,958	
Amortization of consolidation goodwill	7	479	
Increase/decrease in reserve for bonuses	294	291	
Increase/decrease in reserve for bonuses to directors	163	18	
Increase/decrease in reserve for directors' retirement benefits	-19	-17	
Increase/decrease in reserve for retirement benefits	-24	163	
Increase/decrease in Prepaid pension cost	-465	465	
Increase/decrease in allowance for doubtful debts	46	21	
Interest income and dividends earned	-149	-225	
Interest expense	27	33	
Investment profit/loss on equity method	-29	-29	
Gain/loss on sales of investment securities	-117	7	
Write-down of securities	38	145	
Loss on disposal of fixed assets	141	174	
Increase/decrease in notes and accounts receivable	-4,392	-2,462	
Increase/decrease in inventories	-297	-1,917	
Increase/decrease in notes and accounts payable	690	1,468	
Increase/decrease in consumption taxes payable/receivable	160	-112	
Bonuses to directors	-159	-	
Others	934	1,462	
Subtotal	14,627	17,849	3,222
Interest and dividends received	145	218	
Interest paid	-27	-18	
Corporation taxes paid	-4,660	-6,415	
Cash flow from operating activities	10,085	11,634	1,549
II Cash flows from investing activities			
Payments for funding of time deposit	-40	-44	
Proceeds from refund of time deposit	30	108	
Payments for purchases of tangible fixed assets	-4,628	-8,265	
Proceeds from sale on tangible fixed assets	73	20	
Payments for purchases of intangible fixed assets	-1,487	-2,460	
Payments for purchases of investment securities	-	-993	
Proceeds on investment securities sold	304	77	
Cash flow from equity investment in subsidiaries	-533	-1,315	
Others	-349	-10	
Cash flow from investing activities	-6,630	-12,883	-6,252
III Cash flows from financing activities			
Net increase/decrease of short-term loans	-118	491	
Proceeds from long-term loans	191	-	
Repayment of long-term loans	-64	-66	
Proceeds from issuing stocks	1,093	299	
Proceeds from minority shareholders on issuing stocks of subsidiaries	59	13	
Payments for repurchases of treasury stocks	-12	-21	
Dividends paid	-1,603	-2,031	
Dividend paid to minority shareholders	-3	-	
Cash flow from financing activities	-457	-1,316	-858
IV Translation adjustments on cash and cash equivalents	301	-479	-781
V Increase/decrease in cash and cash equivalents	3,298	-3,044	-6,342
VI Cash and cash equivalents at beginning of year	9,416	12,714	3,298
VII Increase of cash and cash equivalents due to fiscal year-end change for subsidiaries	-	8	8
VIII Cash and cash equivalents at end of year	12,714	9,679	-3,035

(Note) fractions of one million yen are rounded off

Segment Information

1. Information about operations by geographic area

Previous term (from April 1, 2006 to March 31, 2007)

(unit: million yen)

	Japan	Americas	Europe	China	Asia Pacific	Total	Eliminations/ Corporate	Consolidated
Sales and Operating income								
Sales								
Net Sales to outside customers	39,395	19,158	31,584	6,848	4,053	101,041	—	101,041
Interarea transfer	25,532	215	428	13	147	26,338	(26,338)	—
Total net sales	64,928	19,373	32,013	6,862	4,201	127,379	(26,338)	101,041
Operating expenses	57,496	18,780	28,466	6,081	3,868	114,693	(26,366)	88,326
Operating income	7,431	593	3,547	781	332	12,686	(-28)	12,714
Assets	77,131	10,299	19,102	5,543	3,543	115,620	(14,395)	101,225

Current term (from April 1, 2007 to March 31, 2008)

(unit: million yen)

	Japan	Americas	Europe	China	Asia Pacific	Total	Eliminations/ Corporate	Consolidated
Sales and Operating income								
Sales								
Net Sales to outside customers	37,552	20,844	39,174	8,127	5,024	110,724	-	110,724
Interarea transfer	29,327	165	411	13	255	30,172	(30,172)	-
Total net sales	66,880	21,010	39,586	8,140	5,279	140,897	(30,172)	110,724
Operating expenses	59,009	20,019	34,965	7,317	4,732	126,044	(30,353)	95,690
Operating income	7,870	991	4,620	823	546	14,852	(-180)	15,033
Assets	80,425	10,453	23,598	5,819	3,800	124,096	(15,069)	109,027

2. Net Sales to Foreign Customers

Previous term (from April 1, 2006 to March 31, 2007)

(unit: million yen)

	Americas	Europe	China	Asia Pacific	Total
Net Sales to Foreign Customers	19,227	31,659	6,848	5,432	63,168
Consolidated Sales	—	—	—	—	101,041
The rate of net sales to foreign customers to consolidated sales	19.0%	31.3%	6.8%	5.4%	62.5%

Current term (from April 1, 2007 to March 31, 2008)

(unit: million yen)

	Americas	Europe	China	Asia Pacific	Total
Net Sales to Foreign Customers	20,908	39,234	8,127	6,491	74,762
Consolidated Sales	—	—	—	—	110,724
The rate of net sales to foreign customers to consolidated sales	18.9%	35.4%	7.3%	5.9%	67.5%