

## Financial Statement for the Fiscal Year Ended March 31, 2008

May 23, 2008

Trade Name: **Nihon Micro Coating Co., Ltd.**

Stock Exchange: JQ

Stock Code: 5381

( URL <http://www.mipox.co.jp> )

Name and Title of Representative: Nobuyoshi Watanabe, President

Contact: Susumu Orito, Deputy General Manager Tel: (042)-543-4711

Annual General Meeting of Stockholders Jun 27, 2008

Start of distribution of dividends Jun 30, 2008

Filing of Securities Report Jun 30, 2008

### 1. Summary of Consolidated Financial Results.

#### 1. Financial Result for the Fiscal Year Ended March 31, 2008

##### (1) Consolidated Operating Result

Amounts to nearest Million yen

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year ended								
March 31, 2008	6,083	( 27.0 )	915	( )	1,103	( )	1,296	( )
March 31, 2007	8,329	( 7.1 )	518	( 39.1 )	541	( 39.7 )	340	( 35.6 )

	Net Income Per Share	Diluted Net Income Per Share	Ratio of Net Income to Shareholders' Equity	Ratio of Ordinary Income to Total Assets	Ratio of Ordinary Income to Sales
	Yen	Yen	%	%	%
Fiscal Year ended					
March 31, 2008	127. 33		17.3	9.3	15.0
March 31, 2007	33. 48		4.2	4.2	6.2

(Note) Equity in net losses of affiliates (Millions of Yen): As of March 31, 2008 124 As of March 31, 2007 (0)

##### (2) Consolidated Consolidated Financial Position

	Total Assets	Total Net Assets	Shareholders' Equity Ratio	Total Net Assets Per Share
	Millions of Yen	Millions of Yen	%	Yen
Fiscal Year ended				
March 31, 2008	11,714	6,713	57.3	658. 75
March 31, 2007	11,981	8,261	69.0	811. 39

(Note) Equity capital (Millions of Yen): As of March 31, 2008 6,707 As of March 31, 2007 8,261

##### (3) Cash Flows

	Cash Flow from Operating Activities	Cash Flow from Investment Activities	Cash flow from Financing Activities	Cash and Cash Equivalents at End of Fiscal Year
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Fiscal Year ended				
March 31, 2008	58	613	1,278	2,255
March 31, 2007	302	591	1,262	1,549

### 2. Dividends

	Cash dividends per share			Total Dividends (For the Year)	Payout ratio (Consolidated)	Dividends per net assets (Consolidated)
	Interim	Year ended	For the Year			
Fiscal Year ended	Yen	Yen	Yen	Millions of Yen	%	%
March 31, 2007		9. 00	9. 00	91	26.9	1.1
March 31, 2008		5. 00	5. 00	50		
March 31, 2009 (estimate)		5. 00	5. 00			

### 3. Financial forecasts for the Consolidated Fiscal Year Ending March 31, 2009

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income Per Share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Year ending									
September 30, 2008	2,310	( 25.5 )	215	( )	234	( )	252	( )	24. 84
March 31, 2009	5,640	( 7.3 )	157	( )	188	( )	226	( )	22. 25

4. Other

(1) Changes in Scope of Consolidation and Application of Equity Method : No

(2) Changes in Accounting Rules, Procedures, Presentation Method, etc. for Consolidated Financial Statements

Changes in consolidated accounting methods : Yes

Changes other than above : No

(3) Number of shares issued and outstanding ( common stock )

Number of shares outstanding ( Including treasury stock )	As of March 31, 2008	10,696,320 shares
	As of March 31, 2007	10,696,320 shares
Treasury stock at end of period	As of March 31, 2008	514,628 shares
	As of March 31, 2007	514,358 shares

(Reference) Non-Consolidated Financial Statement

1. Non-Consolidated Financial Result for the Fiscal Year Ended March 31, 2008

(1) Non-Consolidated Operating Result

Amounts to nearest Million yen

Fiscal Year ended	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2008	4,934	( 33.6 )	1,026	( )	998	( )	940	( )
March 31, 2007	7,427	( 7.6 )	295	( 58.7 )	423	( 43.4 )	256	( 43.7 )

Fiscal Year ended	Net Income Per Share	Diluted Net Income Per Share
	Yen	Yen
March 31, 2008	92. 39	
March 31, 2007	25. 17	

(2) Non-Consolidated Financial Position

	Total Assets	Total Net Assets	Shareholders' Equity Ratio	Total Net Assets Per Share
	Millions of Yen	Millions of Yen	%	Yen
As of March 31, 2008	11,787	7,001	59.3	687. 01
As of March 31, 2007	11,721	8,063	68.8	791. 91

(Note) Equity capital (Millions of Yen): As of March 31, 2008 6,994 As of March 31, 2007 8,063

2. Financial Forecasts for the Non-Consolidated Fiscal Year Ending March 31, 2009

Year ending	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income Per Share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
September 30, 2008	1,518	( 40.1 )	205	( )	225	( )	230	( )	22. 59
March 31, 2009	4,166	( 15.6 )	193	( )	232	( )	241	( )	23. 75

## Consolidated Financial Statement for the Fiscal Year ended March 31, 2008

(1) Consolidated Balance Sheet

(Unit: Thousand Yen)

	As of March 31, 2007			As of March 31, 2008			Increase ( Decrease)	
	Amount	Composition (%)		Amount	Composition (%)		Amount	
<b>(Assets)</b>								
<b>Current Assets</b>								
1 Cash and Cash Equivalents		1,695,741			2,908,705			1,212,963
2 Notes Receivable and Accounts Receivable		1,995,385			1,833,413			161,971
3 Inventories		1,705,331			1,235,300			470,030
4 Deferred Tax Assets		145,665			13,048			132,616
5 Others		169,249			378,122			208,872
Doubtful Notes and Accounts		8,798			6,277			2,520
<b>Total Current Assets</b>		<b>5,702,574</b>	<b>47.6</b>		<b>6,362,313</b>	<b>54.3</b>		<b>659,738</b>
<b>Fixed Assets</b>								
<b>1 Tangible Fixed Assets</b>								
(1) Buildings and Structures	5,692,644			5,626,272			66,372	
(2) Equipment and Vehicles	1,543,974			1,534,635			9,338	
(3) Construction in Progress	—			171,994			171,994	
(4) Others	414,894			413,783			1,110	
Accumulated Depreciation	4,172,972	3,478,541		4,459,277	3,287,409		286,305	191,133
(5) Land		1,444,289			1,454,819			10,530
<b>Total Tangible Fixed Assets</b>		<b>4,922,831</b>	<b>41.1</b>		<b>4,742,228</b>	<b>40.5</b>		<b>180,603</b>
<b>2 Intangible Fixed Assets</b>								
(1) Others		228,756			175,668			53,088
<b>Total Intangible Fixed Assets</b>		<b>228,756</b>	<b>1.9</b>		<b>175,668</b>	<b>1.5</b>		<b>53,088</b>
<b>3 Investments and Other Assets</b>								
(1) Investment Securities		661,319			106,528			554,791
(2) Deferred Tax Assets		222,657			1,022			221,635
(3) Others		254,911			338,667			83,756
Allowance for Doubtful Debts		11,777			11,777			—
<b>Total Investments and Other Assets</b>		<b>1,127,111</b>	<b>9.4</b>		<b>434,441</b>	<b>3.7</b>		<b>692,670</b>
<b>Total Fixed Assets</b>		<b>6,278,699</b>	<b>52.4</b>		<b>5,352,337</b>	<b>45.7</b>		<b>926,361</b>
<b>Total Assets</b>		<b>11,981,274</b>	<b>100.0</b>		<b>11,714,650</b>	<b>100.0</b>		<b>266,623</b>

	As of March 31, 2007		As of March 31, 2008		Increase ( Decrease)	
	Amount	Composition ( % )	Amount	Composition ( % )	Amount	
<b>(Liabilities)</b>						
Current Liabilities						
1	Notes Receivable and Accounts Receivable	657,143		548,548	108,595	
2	Short-term Borrowings	450,000		2,350,000	1,900,000	
3	Current Portion of Long- term Borrowings	488,773		355,122	133,651	
4	Accrued Income Taxes and Other Taxes	59,192		13,376	45,816	
5	Reserve for Employees' Bonuses	120,000		107,000	13,000	
6	Reserve for Directors' Bonuses	17,000		—	17,000	
7	Others	276,297		245,752	30,544	
	<b>Total Current Liabilities</b>	<b>2,068,407</b>	<b>17.3</b>	<b>3,619,798</b>	<b>30.9</b>	<b>1,551,391</b>
Fixed Liabilities						
1	Long-term Borrowings	1,123,798		738,676	385,122	
2	Lease Obligation	—		110,744	110,744	
3	Deferred Tax Liabilities	13,991		30,256	16,264	
4	Reserve for Employees' Retirement Benefits	202,513		223,146	20,633	
5	Accrued Directors' Retirement Benefits	311,050		278,074	32,976	
	<b>Total Fixed Liabilities</b>	<b>1,651,353</b>	<b>13.8</b>	<b>1,380,897</b>	<b>11.8</b>	<b>270,456</b>
	<b>Total Liabilities</b>	<b>3,719,761</b>	<b>31.0</b>	<b>5,000,696</b>	<b>42.7</b>	<b>1,280,934</b>
<b>(Net Assets)</b>						
Shareholders' Equity						
1	Capital Stock	1,998,700	16.7	1,998,700	17.1	—
2	Capital Surplus	2,953,700	24.7	2,953,700	25.2	—
3	Earned Surplus	3,550,825	29.6	2,134,984	18.2	1,415,840
4	Treasury Stock	481,141	4.0	481,255	4.1	114
	<b>Total Shareholders' Equity</b>	<b>8,022,084</b>	<b>67.0</b>	<b>6,606,129</b>	<b>56.4</b>	<b>1,415,955</b>
Valuation and Foreign Currency Translation						
1	Revaluation of Other Investment Securities	66,695	0.6	30,791	0.2	35,903
2	Foreign Currency Translation Adjustments	172,733	1.4	70,279	0.6	102,453
	<b>Total Valuation and Foreign Currency Translation</b>	<b>239,428</b>	<b>2.0</b>	<b>101,071</b>	<b>0.8</b>	<b>138,357</b>
	New Stock Reservation Right	—	—	6,754	0.1	6,754
	<b>Total Net Assets</b>	<b>8,261,513</b>	<b>69.0</b>	<b>6,713,954</b>	<b>57.3</b>	<b>1,547,558</b>
	<b>Total Liabilities and Net Assets</b>	<b>11,981,274</b>	<b>100.0</b>	<b>11,714,650</b>	<b>100.0</b>	<b>266,623</b>

## ( 2 ) Consolidated Statements of Income

(Unit: Thousand Yen)

	Fiscal Year Ended March 31, 2007 ( From April 1, 2006 to March 31, 2007 )			Fiscal Year Ended March 31, 2008 ( From April 1, 2007 to March 31, 2008 )			Increase ( Decrease)	
	Amount		Composition ( % )	Amount		Composition ( % )	Amount	
Net Sales		8,329,063	100.0		6,083,320	100.0		2,245,743
Cost of Sales		5,277,546	63.4		4,731,325	77.8		546,221
Gross Profit		3,051,516	36.6		1,351,994	22.2		1,699,521
Selling and General Administrative Expenses								
1 Freight Outwards	128,263			56,165			72,097	
2 Payroll and Bonus	705,037			717,000			11,963	
3 Provision for Bonus Reserve	30,600			23,882			6,717	
4 Provision for Directors' Bonus Reserve	17,000			—			17,000	
5 Expenses for Employees' Retirement Benefits	17,670			36,844			19,173	
6 Depreciation Expenses	114,740			136,755			22,014	
7 Research and Development Expenses	706,968			556,716			150,251	
8 Others	812,454	2,532,735	30.4	739,841	2,267,206	37.2	72,612	265,528
Operating Income or Losses ( )		518,780	6.2		915,212	15.0		1,433,993
Non-Operating Income								
1 Interest Income	8,688			10,121			1,432	
2 Rent Income	19,807			20,194			386	
3 Foreign Currency Exchange Gain	3,510			—			3,510	
4 Others	34,037	66,044	0.8	43,776	74,093	1.2	9,739	8,048
Non-Operating Expenses								
1 Interest Expenses	36,313			34,492			1,820	
2 Commitment line Expenses	—			2,626			2,626	
3 Foreign Currency Exchange Losses	—			94,637			94,637	
4 Investment loss on Equity Method	—			124,377			124,377	
5 Others	7,310	43,623	0.5	6,032	262,166	4.3	1,277	218,543
Ordinary Income or Losses ( )		541,202	6.5		1,103,285	18.1		1,644,487

(Unit: Thousand Yen)

	Fiscal Year Ended March 31, 2007 ( From April 1, 2006 to March 31, 2007 )			Fiscal Year Ended March 31, 2008 ( From April 1, 2007 to March 31, 2008 )			Increase ( Decrease)	
	Amount		Composition ( % )	Amount		Composition ( % )	Amount	
Extraordinary Gains								
1 Gain on Doubtful Debts	—			1,422			1,422	
2 Gain on Sale of Fixed Assets	—			3,085			3,085	
3 Gain on Sale of Investment Securities	—			9,000			9,000	
4 Gain from Sale of Business	—	—	—	229,659	243,168	4.0	229,659	243,168
Extraordinary Losses								
1 Loss on Sale of Fixed Assets	—			103			103	
2 Loss on Disposal of Fixed Assets	2,488			18,972			16,483	
3 Doubtful Debts	280			—			280	
4 Loss on Valuation of Membership	—	2,768	0.0	15,650	34,725	0.6	15,650	31,956
Net Income or Losses Before Tax ( )		538,433	6.5		894,843	14.7		1,433,276
Income Taxes-Current	183,690			30,386			153,304	
Corporate Tax Refunds	—			29,887			29,887	
Deferred Income Taxes	—			7,061			7,061	
Income Taxes-Deferred	13,869	197,559	2.4	394,035	401,596	6.6	380,166	204,036
Net Income or Losses ( )		340,873	4.1		1,296,439	21.3		1,637,312

## ( 3 ) Consolidated Statement of Changes in Shareholders' Equity

Consolidated Fiscal Year ( From April 1, 2006 to March 31, 2007 )

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Earned Surplus	Treasury Stock	Total Shareholders' Equity
Balance as of March 31,2006 (Thousand Yen)	1,998,700	2,953,700	3,368,329	480,415	7,840,313
Changes during the period					
Dividends of Retained Earnings	—	—	132,377	—	132,377
Director's Bonuses	—	—	26,000	—	26,000
Net Income	—	—	340,873	—	340,873
Purchase of Treasury Stock	—	—	—	725	725
Net Changes in Items other than Shareholders' Equity	—	—	—	—	—
Total Changes during the period (Thousand Yen)	—	—	182,496	725	181,770
Balance as of March 31,2007 (Thousand Yen)	1,998,700	2,953,700	3,550,825	481,141	8,022,084

	Valuation and Translation Adjustments			Total Net Assets
	Revaluation of Other Investment Securities	Foreign Currency Translation Adjustments	Total Valuation and Translation Adjustments	
Balance as of March 31,2006 (Thousand Yen)	82,194	128,527	210,722	8,051,035
Changes during the period				
Dividends of Retained Earnings	—	—	—	132,377
Director's Bonuses	—	—	—	26,000
Net Income	—	—	—	340,873
Purchase of Treasury Stock	—	—	—	725
Net Changes in Items other than Shareholders' Equity	15,498	44,205	28,706	28,706
Total Changes during the period (Thousand Yen)	15,498	44,205	28,706	210,477
Balance as of March 31,2007 (Thousand Yen)	66,695	172,733	239,428	8,261,513

## Consolidated Fiscal Year ( From April 1, 2007 to March 31, 2008 )

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Earned Surplus	Treasury Stock	Total Shareholders' Equity
Balance as of March 31,2007 (Thousand Yen)	1,998,700	2,953,700	3,550,825	481,141	8,022,084
Changes during the period					
Dividends of Retained Earnings	—	—	91,637	—	91,637
Net Losses	—	—	1,296,439	—	1,296,439
Net decrease from newly consolidated subsidiaries	—	—	27,763	—	27,763
Purchase of Treasury Stock	—	—	—	114	114
Net Changes in Items other than Shareholders' Equity	—	—	—	—	—
Total Changes during the period (Thousand Yen)	—	—	1,415,840	114	1,415,955
Balance as of March 31,2008 (Thousand Yen)	1,998,700	2,953,700	2,134,984	481,255	6,606,129

	Valuation and Translation Adjustments			New Stock Reservation Right	Total Net Assets
	Revaluation of Other Investment Securities	Foreign Currency Translation Adjustments	Foreign Currency Translation Adjustments		
Balance as of March 31,2007 (Thousand Yen)	66,695	172,733	239,428	—	8,261,513
Changes during the period					
Dividends of Retained Earnings	—	—	—	—	91,637
Net Losses	—	—	—	—	1,296,439
Net decrease from newly consolidated subsidiaries	—	—	—	—	27,763
Purchase of Treasury Stock	—	—	—	—	114
Net Changes in Items other than Shareholders' Equity	35,903	102,453	138,357	6,754	131,602
Total Changes during the period (Thousand Yen)	35,903	102,453	138,357	6,754	1,547,558
Balance as of March 31,2008 (Thousand Yen)	30,791	70,279	101,071	6,754	6,713,954

## ( 4 ) Consolidated Statement of Cash Flows

(Unit: Thousand Yen)

	Fiscal Year Ended March 31, 2007 ( From April 1, 2006 to March 31, 2007 )	Fiscal Year Ended March 31, 2008 ( From April 1, 2007 to March 31, 2008 )	Increase ( Decrease )
	Amount	Amount	Amount
<b>Cash Flow from Operating Activities</b>			
1 Net Income or Losses Before Taxes	538,433	894,843	1,433,276
2 Depreciation Expense	496,431	492,946	3,484
3 Increase/Decrease in Allowance for Employees' Bonuses (Decrease( ))	10,000	13,000	3,000
4 Increase/Decrease in Allowance for Directors' Bonuses (Decrease( ))	17,000	17,000	34,000
5 Increase/Decrease in Allowance for Employees' Retirement Benefits (Decrease( ))	10,830	20,633	9,802
6 Interest and Dividends Earned	15,942	10,121	5,821
7 Interest Expenses	36,313	34,492	1,820
8 Foreign Currency Translation Losses(Gain ( ))	5,112	1,281	6,394
9 Investment loss on Equity Method(Gain ( ))	—	124,377	124,377
10 Gain from Sale of Business	—	229,659	229,659
11 Increase/Decrease in Accounts Receivable (Increase( ))	1,120,379	161,925	958,453
12 Increase/Decrease in Inventories (Increase( ))	800,871	470,707	1,271,579
13 Increase/Decrease in Accounts Payable (Decrease( ))	572,261	56,914	515,347
14 Increase/Decrease in Advance Receipt (Decrease( ))	2,192	294	2,486
15 Cash paid for Director's Bonuses	26,000	—	26,000
16 Others	122,616	52,926	69,690
Sub Total	674,615	29,631	644,984
17 Interest and Dividends Received	15,883	9,322	6,560
18 Interest Paid	35,444	34,154	1,290
19 Income Taxes Paid	352,309	63,340	288,968
Net Cash Provided by Operating Activities	302,744	58,540	361,285
<b>Cash Flows from Investing Activities</b>			
1 Payments for Time Deposits	64	510,006	509,941
2 Proceeds from Time Deposits Refunds	—	2,512	2,512
3 Payments for Investment Securities	14,085	—	14,085
4 Proceeds from Investment Securities	—	309,000	309,000
5 Payments for Tangible Fixed Assets	280,916	281,263	346
6 Proceeds from Tangible Fixed Assets	—	5,943	5,943
7 Payments for Intangible Fixed Assets	157,504	8,668	148,836
8 Payments for Investment in Affiliate	129,934	—	129,934
9 Payments for Incorporation of Affiliate company	—	300,000	300,000
10 Proceeds from Sale of Business	—	135,094	135,094
11 Increase/Decrease in Other Investments (Increase( ))	9,190	34,152	43,343
Net Cash Provided by Investing Activities	591,697	613,235	21,537
<b>Cash Flows from Financing Activities</b>			
1 Proceeds from Short-term Loans	300,000	2,200,000	1,900,000
2 Repayments of Short-term Loans	1,519,861	300,000	1,219,861
3 Proceeds from Long-term Loans	700,000	—	700,000
4 Repayments of Long-term Loans	609,431	518,773	90,658
6 Payments for Purchases Treasury Stock	725	114	610
7 Payments for Lease Obligation	—	10,679	10,679
8 Amount Paid for Dividend Payable by Parent Company	132,268	92,186	40,081
Net Cash Provided by Financing Activities	1,262,285	1,278,246	2,540,531
Effect of Exchange Rate Changes on Cash and Equivalents	5,196	40,554	45,750
Increase/Decrease in Cash and Cash Equivalents (Decrease( ))	1,546,042	565,916	2,111,958
Cash and Cash Equivalents at Beginning of Year	3,095,669	1,549,626	1,546,042
Increase/Decrease in Cash and Cash Equivalents for Consolidation of a new Subsidiary (Decrease( ))	—	139,553	139,553
Cash and Cash Equivalents at Mid year Ending (Year Ending)	1,549,626	2,255,096	705,469

## Non-Consolidated Financial Statement for the Fiscal year ended March 31, 2008

(1) Non-Consolidated Balance Sheet

(Unit: Thousand Yen)

Item	As of March 31, 2007		As of March 31, 2008		Increase ( Decrease)	
	Amount	Composition ( % )	Amount	Composition ( % )	Amount	
( Assets )						
Current Assets						
1 Cash and Cash Equivalents	1,329,561		2,506,178		1,176,616	
2 Notes Receivable	165,860		70,652		95,207	
3 Accounts Receivable, Trade	1,835,763		1,689,643		146,120	
4 Merchandise	91,420		18,110		73,309	
5 Finished Goods	132,898		106,729		26,169	
6 Semi-Finished Goods	169,937		219,264		49,326	
7 Raw Materials	184,868		127,020		57,847	
8 Work in Progress	656,456		497,221		159,235	
9 Supplies	64,662		17,824		46,837	
10 Advance	21,000		—		21,000	
11 Prepaid Expenses	41,670		20,904		20,765	
12 Deferred Tax Assets	79,769		—		79,769	
13 Other Accounts Receivable	169,754		304,177		134,423	
14 Others	8,500		26,425		17,925	
Doubtful Notes and Accounts	5,543		3,379		2,164	
<b>Total Current Assets</b>	<b>4,946,581</b>	<b>42.2</b>	<b>5,600,774</b>	<b>47.5</b>	<b>654,193</b>	
Fixed Assets						
1 Tangible Fixed Assets						
(1) Buildings	5,262,112		5,206,947		55,165	
Accumulated Depreciation Expense	2,610,188	2,651,924	2,802,404	2,404,543	192,216	247,381
(2) Structures	225,190		225,190		—	
Accumulated Depreciation Expense	150,606	74,584	161,503	63,687	10,897	10,897
(3) Machinery and Equipment	1,192,563		1,170,165		22,398	
Accumulated Depreciation Expense	813,244	379,319	860,003	310,162	46,758	69,156
(4) Automotive Equipment	30,624		21,855		8,769	
Accumulated Depreciation Expense	23,928	6,696	18,354	3,501	5,573	3,195
(5) Tools	332,582		335,937		3,355	
Accumulated Depreciation Expense	272,213	60,368	289,149	46,788	16,935	13,580
(6) Land	1,444,289		1,454,819		10,530	
(7) Construction in Progress	—		1,916		1,916	
<b>Total Tangible Fixed Assets</b>	<b>4,617,182</b>	<b>39.4</b>	<b>4,285,417</b>	<b>36.4</b>	<b>331,764</b>	

(Unit: Thousand Yen)

Item	Period	As of March 31, 2007		As of March 31, 2008		Increase ( Decrease)	
		Amount	Composition ( % )	Amount	Composition ( % )	Amount	
2	Intangible Fixed Assets						
	(1) Patent Property	4,005		1,560		2,445	
	(2) Software	221,867		171,492		50,375	
	(3) Telephone Rights	1,763		1,763		—	
	Total Intangible Fixed Assets	227,636	1.9	174,815	1.5	52,820	
3	Investments and Other Assets						
	(1) Investment Securities	467,074		106,528		360,546	
	(2) Investment in Affiliated Company	1,012,621		1,309,208		296,586	
	(3) Long-term Prepaid Expenses	8,661		5,564		3,097	
	(4) Deferred Tax Assets	221,204		—		221,204	
	(5) Long-term Other Accounts Receivable	—		141,848		141,848	
	(6) Insurance Reserve Fund	162,637		130,470		32,167	
	(7) Golf-Club Membership	24,143		24,143		—	
	(8) Others	45,830		20,584		25,246	
	Allowance for Doubtful Debts	11,777		11,777		—	
	Total Investments and Other Assets	1,930,396	16.5	1,726,571	14.6	203,825	
	Total Fixed Assets	6,775,215	57.8	6,186,804	52.5	588,410	
	Total Assets	11,721,796	100.0	11,787,579	100.0	65,783	

Item	As of March 31, 2007		As of March 31, 2008		Increase ( Decrease)	
	Amount		Amount		Amount	
		Composition ( % )		Composition ( % )		
( Liabilities )		%		%		
Current Liabilities						
1 Accounts Payable	692,452		532,466		159,986	
2 Short-term Borrowings	450,000		2,350,000		1,900,000	
3 Current Position of Long-term Borrowings	488,773		355,122		133,651	
4 Accrued Liabilities	124,349		95,568		28,781	
5 Accrued Expenses	38,920		33,227		5,692	
6 Income Taxes Payable	56,000		3,264		52,735	
7 Advances	23,205		28,893		5,688	
8 Reserve for Employees' Bonuses	120,000		107,000		13,000	
9 Reserve for Directors' Bonuses	17,000		—		17,000	
10 Others	10,495		19,315		8,820	
Total Current Liabilities	2,021,196	17.2	3,524,859	29.9	1,503,662	
Fixed Liabilities						
1 Long-term Borrowings	1,123,798		738,676		385,122	
2 Deferred Income Taxes Liabilities	—		21,133		21,133	
3 Reserve for Employees' Retirement Benefits	202,513		223,146		20,633	
4 Reserve for Directors' Retirement Benefits	311,050		278,074		32,976	
Total Fixed Liabilities	1,637,361	14.0	1,261,029	10.7	376,331	
Total Liabilities	3,658,558	31.2	4,785,889	40.6	1,127,330	
(Net Assets)						
Shareholders' Equity						
1 Capital Stock	1,998,700	17.1	1,998,700	17.0	—	
2 Capital Surplus						
(1) Capital Appropriation	2,953,700		2,953,700		—	
Total Capital Surplus	2,953,700	25.2	2,953,700	25.0	—	
3 Earned Surplus						
(1) Earned Surplus Reserve	60,000		60,000		—	
(2) Other Earned Surplus						
Contingent Reserve	2,510,000		2,610,000		100,000	
Un-appropriated Profits	955,284		176,999		1,132,283	
Total Earned Surplus	3,525,284	30.0	2,493,000	21.1	1,032,283	
4 Treasury Stock	481,141	4.1	481,255	4.1	114	
Total Shareholders' Equity	7,996,542	68.2	6,964,144	59.0	1,032,398	
Valuation and Translation Adjustments						
1 Revaluation of Other Investment Securities	66,695		30,791		35,903	
Total Valuation and Translation Adjustments	66,695	0.6	30,791	0.3	35,903	
New Stock Reservation Right	—	—	6,754	0.1	6,754	
Total Net Assets	8,063,238	68.8	7,001,690	59.4	1,061,547	
Total Liabilities and Net Assets	11,721,796	100.0	11,787,579	100.0	65,783	

## (2) Non-Consolidated Statement of Income

(Unit: Thousand Yen)

Item	Period	Fiscal Year Ended March 31, 2007 ( From April 1, 2006 to March 31, 2007 )		Fiscal Year Ended March 31, 2008 ( From April 1, 2007 to March 31, 2008 )		Increase ( Decrease)	
		Amount	Composition ( % )	Amount	Composition ( % )	Amount	
Net Sales		7,427,967	100.0	4,934,096	100.0	2,493,870	
Cost of Sales		4,981,408	67.1	4,182,893	84.8	798,515	
Gross Profit		2,446,558	32.9	751,203	15.2	1,695,355	
Selling and General Administrative Expenses		2,150,752	28.9	1,777,766	36.0	372,985	
Operating Income or Losses ( )		295,805	4.0	1,026,563	20.8	1,322,369	
Non-Operating Income							
1 Interest Income		992		2,666		1,673	
2 Dividends Income		128,470		112,642		15,827	
3 Rent Income		7,698		7,762		63	
4 Foreign Currency Exchange Gain		16,370		—		16,370	
5 Entrusted Business Income		—		9,354		9,354	
6 Others		15,859	169,390	2.3	20,068	152,494	3.1
Non-Operating Expenses							
1 Interest Expenses		34,524		34,444		80	
2 Commitment line Expenses		—		2,626		2,626	
3 Foreign Currency Exchange Losses		—		81,093		81,093	
4 Others		7,204	41,728	0.6	6,028	124,192	2.5
Ordinary Income or Losses ( )		423,468	5.7	998,261	20.2	1,421,729	
Extraordinary Gains							
1 Gain on Doubtful Debts		—		1,753		1,753	
2 Gain on Sale of Fixed Assets		—		450		450	
3 Gain on Sale of Investment Securities		—		9,000		9,000	
4 Gain from Sale of Business		—	—	405,282	416,486	8.4	405,282
Extraordinary Losses							
1 Loss on Sale of Fixed Assets		—		103		103	
2 Loss on Disposal of Fixed Assets		985		9,535		8,550	
3 Doubtful Debts		280		—		280	
4 Loss on Valuation of Membership		—	1,265	0.0	15,650	25,288	0.5
Net Income or Losses Before Tax ( )		422,202	5.7	607,064	12.3	1,029,266	
Income Taxes-Current		153,289		9,659		143,630	
Corporate Tax Refunds		—		29,887		29,887	
Deferred Income Taxes		—		7,061		7,061	
Refunded Corporate Tax		12,654	165,944	2.3	346,749	333,582	6.8
Net Income or Losses ( )		256,258	3.4	940,646	19.1	1,196,904	

## ( 3 ) Non Consolidated Statement of Changes in Shareholders' Equity

Non Consolidated Fiscal Year ( From April 1, 2006 to March 31, 2007 )

	Shareholders' Equity		
	Capital Stock	Capital Surplus	
		Capital Appropriation	Total Capital Surplus
Balance as of March 31,2006 (Thousand Yen)	1,998,700	2,953,700	2,953,700
Changes during the period			
Dividends of Retained Earnings	—	—	—
Director's Bonuses	—	—	—
Contingent reserve	—	—	—
Net Income	—	—	—
Purchase of Treasury Stock	—	—	—
Net Changes in Items other than Shareholders' Equity	—	—	—
Total Changes during the period (Thousand Yen)	—	—	—
Balance as of March 31,2007 (Thousand Yen)	1,998,700	2,953,700	2,953,700

	Shareholders' Equity					
	Earned Surplus				Treasury Stock	Total Shareholders' Equity
	Earned Surplus Reserve	Other Earned Surplus		Total Earned Surplus		
		Contingent reserve	Earned Surplus carried Forward			
Balance as of March 31,2006 (Thousand Yen)	60,000	2,410,000	957,402	3,427,402	480,415	7,899,386
Changes during the period						
Dividends of Retained Earnings	—	—	132,377	132,377	—	132,377
Director's Bonuses	—	—	26,000	26,000	—	26,000
Contingent reserve	—	100,000	100,000	—	—	—
Net Income	—	—	256,258	256,258	—	256,258
Purchase of Treasury Stock	—	—	—	—	725	725
Net Changes in Items other than Shareholders' Equity	—	—	—	—	—	—
Total Changes during the period (Thousand Yen)	—	100,000	2,118	97,881	725	97,156
Balance as of March 31,2007 (Thousand Yen)	60,000	2,510,000	955,284	3,525,284	481,141	7,996,542

	Valuation and Translation Adjustments		Total Net Assets
	Revaluation of Other Investment Securities	Total Valuation and Translation Adjustments	
Balance as of March 31,2006 (Thousand Yen)	82,194	82,194	7,981,580
Changes during the period			
Dividends of Retained Earnings	—	—	132,377
Director's Bonuses	—	—	26,000
Contingent reserve	—	—	—
Net Income	—	—	256,258
Purchase of Treasury Stock	—	—	725
Net Changes in Items other than Shareholders' Equity	15,498	15,498	15,498
Total Changes during the period (Thousand Yen)	15,498	15,498	81,657
Balance as of March 31,2007 (Thousand Yen)	66,695	66,695	8,063,238

Non Consolidated Fiscal Year ( From April 1, 2007 to March 31, 2008 )

	Shareholders' Equity		
	Capital Stock	Capital Surplus	
		Capital Appropriation	Total Capital Surplus
Balance as of March 31,2007 (Thousand Yen)	1,998,700	2,953,700	2,953,700
Changes during the period			
Dividends of Retained Earnings	—	—	—
Contingent reserve	—	—	—
Net Losses	—	—	—
Purchase of Treasury Stock	—	—	—
Net Changes in Items other than Shareholders' Equity	—	—	—
Total Changes during the period (Thousand Yen)	—	—	—
Balance as of March 31,2008 (Thousand Yen)	1,998,700	2,953,700	2,953,700

	Shareholders' Equity					
	Earned Surplus				Treasury Stock	Total Shareholders' Equity
	Earned Surplus Reserve	Other Earned Surplus		Total Earned Surplus		
		Contingent reserve	Earned Surplus carried Forward			
Balance as of March 31,2007 (Thousand Yen)	60,000	2,510,000	955,284	3,525,284	481,141	7,996,542
Changes during the period						
Dividends of Retained Earnings	—	—	91,637	91,637	—	91,637
Contingent reserve	—	100,000	100,000	—	—	—
Net Losses	—	—	940,646	940,646	—	940,646
Purchase of Treasury Stock	—	—	—	—	114	114
Net Changes in Items other than Shareholders' Equity	—	—	—	—	—	—
Total Changes during the period (Thousand Yen)	—	100,000	1,132,283	1,032,283	114	1,032,398
Balance as of March 31,2008 (Thousand Yen)	60,000	2,610,000	176,999	2,493,000	481,255	6,964,144

	Valuation and Translation Adjustments		New Stock Reservation Right	Total Net Assets
	Revaluation of Other Investment Securities	Total Valuation and Translation Adjustments		
Balance as of March 31,2007 (Thousand Yen)	66,695	66,695	—	8,063,238
Changes during the period				
Dividends of Retained Earnings	—	—	—	91,637
Contingent reserve	—	—	—	—
Net Losses	—	—	—	940,646
Purchase of Treasury Stock	—	—	—	114
Net Changes in Items other than Shareholders' Equity	35,903	35,903	6,754	29,149
Total Changes during the period (Thousand Yen)	35,903	35,903	6,754	1,061,547
Balance as of March 31,2008 (Thousand Yen)	30,791	30,791	6,754	7,001,690