

FINANCIAL STATEMENTS

FOR

THE 52ND FISCAL YEAR

FROM 1 APRIL 2007
TO 31 MARCH 2008

日 東 工 器 株 式 会 社

NITTO KOHKI CO.,LTD.

BALANCE SHEET

AS AT 31 MARCH 2008
(In Millions Japanese Yen)

ASSETS		LIABILITIES and NET ASSETS	
account title	amount	account title	amount
CURRENT ASSETS	24,572	CURRENT LIABILITIES	3,694
Cash & Deposits	9,989	Notes Payable, Trade	130
Notes Receivable, Trade	3,667	Accounts Payable, Trade	1,161
Accounts Receivable, Trade	4,144	Accounts Payable, Other	374
Marketable Securities	3,296	Income Taxes Payable	900
Finished Goods	2,337	Accrued Expenses	597
Raw Materials	296	Deposits Received	44
Work in Progress	41	Accrued Bonuses	425
Advance Payments	20	Accrued Bonuses to Directors	17
Prepaid Expenses	31	Other	42
Short-term Loans--subsidiaries	285	LONG-TERM LIABILITIES	989
Deferred Tax Assets	282	Allowance for Employee's Retirement Benefits	752
Other	181	Allowance for Directors' Retirement Benefits	141
FIXED ASSETS	13,421	Other	95
Tangible Fixed Assets	5,873	TOTAL LIABILITIES	4,683
Buildings	859	NET ASSETS	
Structures	44	Common Stock	1,850
Machinery & Equipment	8	Capital Surplus	1,925
Vehicles and Delivery Equipment	8	Additional Paid-in Capital	1,925
Tools, Furniture, Fixtures and Other	585	Retained Earnings	29,288
Land	2,876	Legal Reserve	462
Construction in Progress	1,490	Reserve for Equalization of Dividends	220
Intangible Fixed Assets	71	Reserve for Compression of Tangible Fixed Assets	16
Computer Software	53	Voluntary Reserve	27,800
Other	17	Reserve for Interim Dividends	18
Investments and Other Assets	7,476	Unappropriated Retained Earnings	770
Investments in Securities	1,174	Treasury Stock	▲ 2
Investments in Subsidiaries	5,177	Total Shareholders' Equity	33,061
Long-term Loans	518	Unrealized Holding Gains on Securities	248
Long-term Prepaid Expenses	17		
Guaranty Deposits	60	Total Net Assets	33,310
Accumulated Funds of Insurance	28		
Deferred Tax Assets	394		
Other	121		
Allowance for Doubtful Accounts	▲ 14		
TOTAL ASSETS	37,994	TOTAL LIABILITIES AND NET ASSETS	37,994

INCOME STATEMENT

FROM : 1 APRIL 2007

TO : 31 MARCH 2008

(In Millions Japanese Yen)

account title	amount	
Net Sales		25,959
Cost of Sales		14,666
Gross Profit		11,292
Selling, General and Administrative expenses		7,270
Operating income		4,021
Non-operating Income		
Interest Income	78	
Other	649	728
Non-operating Expenses		
Cash Discounts	102	
Other	230	332
Ordinary Income		4,417
Extraordinary Income		
Gain on Sales of Investments in Securities	2	2
Extraordinary Losses		
Loss on Disposal of Fixed Assets	17	
Impairment of Assets	23	
Other	2	43
Income before Income Taxes		4,376
Income Taxes-current	1,683	
Income Taxes-deferred	▲ 13	1,669
Net Income		2,706

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FROM : 1 APRIL 2007

TO : 31 MARCH 2008

(In Millions Japanese Yen)

	Shareholders' Equity							
	Capital	Capital Surplus	Legal Reserve	Retained Earnings				
				Other Retained Earnings				
				Reserve for Interim Dividends	Reserve for Equalization of Dividends	Reserve for Advanced Depreciation on Tangible Fixed Assets	Voluntary Reserve	Unappropriated Retained Earnings
Balance at Beginning of Period	1,850	1,925	462	1	220	17	26,300	2,640
Changes in the Period								
Reserve for Interim Dividends				455				▲ 455
Reversal of Reserve for Interim Dividends				▲ 437				437
Reversal of Reserve for Advanced Depreciation on Tangible Fixed Assets						▲ 1		1
Dividends from Surplus								▲ 888
Reserve for Voluntary Reserve							1,500	▲ 1,500
Net Income								2,706
Repurchase of Treasury Stock								
Retirement of Treasury Stock								▲ 2,172
Net Changes of Items Other than Shareholders' Equity								
Total Changes in the Period				17		▲ 1	1,500	▲ 1,869
Balance at End of Period	1,850	1,925	462	18	220	16	27,800	770

	Shareholders' Equity		Difference of Valuation, Translation and Other Adjustments	Total Net Assets
	Treasury Stock	Total Shareholders' Equity	Unrealized Holding Gains on Securities	
Balance at Beginning of Period	▲ 214	33,203	526	33,729
Changes in the Period				
Reserve for Interim Dividends				
Reversal of Reserve for Interim Dividends				
Reversal of Reserve for Advanced				
Deprecation on Tangible Fixed Assets				
Dividends from Surplus		▲ 888		▲ 888
Reserve for Voluntary reserve				
Net Income		2,706		2,706
Repurchase of Treasury Stock	▲ 1,960	▲ 1,960		▲ 1,960
Retirement of Treasury Stock	2,172			
Net Changes of Items Other than Shareholders' Equity			▲ 277	▲ 277
Total Changes in the Period	211	▲ 141	▲ 277	▲ 419
Balance at End of Period	▲ 2	33,061	248	33,310

BALANCE SHEET (Consolidated)

Fiscal Year Ended March 2008

(In Millions Japanese Yen)

ASSETS		LIABILITIES and Net Assets	
account title	amount	account title	amount
<u>Current Assets</u>	<u>34,115</u>	<u>Current Liabilities</u>	<u>5,796</u>
Cash & Deposits	15,459	Notes Payable and Accounts Payable, Trade	2,466
Notes Receivable and Accounts Receivable, Trade	8,732	Income Taxes Payable	1,186
Marketable Securities	3,296	Accrued Bonuses	639
Inventories	5,619	Accrued Bonuses to Directors	17
Deferred Tax Assets	698	Other	1,485
Other	326		
Allowance for Doubtful Accounts	▲ 18	<u>Long-term Liabilities</u>	<u>1,510</u>
		Allowance for Employee's Retirement Benefits	1,229
<u>Fixed Assets</u>	<u>11,922</u>	Allowance for Director's Retirement Benefits	155
<u>Tangible Fixed Assets</u>	<u>9,610</u>	Deferred Tax Liabilities	16
Buildings and Structures	2,292	Other	108
Machinery and Vehicle Equipments	826	<u>TOTAL LIABILITIES</u>	<u>7,306</u>
Tools, Furniture, Fixtures and Others	730		
Land	4,193	<u>NET ASSETS</u>	
Construction in Progress	1,566	<u>Common Stock</u>	<u>1,850</u>
<u>Intangible Fixed Assets</u>	<u>88</u>	<u>Capital Surplus</u>	<u>1,925</u>
<u>Investments and Other Assets</u>	<u>2,223</u>	<u>Retained Earnings</u>	<u>33,761</u>
Investments in Securities	1,175	<u>Treasury Stock</u>	<u>▲ 2</u>
Long-term Loans	261	<u>Total Shareholders' Equity</u>	<u>37,534</u>
Deferred Tax Assets	534	<u>Unrealized Holding Gains on Securities</u>	<u>248</u>
Other	266	<u>Translation Adjustment</u>	<u>689</u>
Allowance for Doubtful Accounts	▲ 14	<u>Minority Interests</u>	<u>258</u>
		<u>Total Net Assets</u>	<u>38,730</u>
<u>TOTAL ASSETS</u>	<u>46,037</u>	<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>46,037</u>

STATEMENT OF INCOME (Consolidated)

Fiscal Year Ended March 2008

(In Millions Japanese Yen)

account title	amount	
Net Sales		31,019
Cost of Sales		15,980
Gross Profit		15,039
Selling, General and Administrative Expenses		9,173
Operating Income		5,866
Non-operating Income		
Interest Income	208	
Other	244	453
Non-operating Expenses		
Cash Discounts	102	
Other	274	377
Ordinary Income		5,942
Extraordinary Income		5
Extraordinary Losses		51
Income before Income Taxes		5,897
Income Taxes-current	2,413	
Income Taxes-deferred	▲ 75	2,337
Minority Interests		24
Net Income		3,535

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Consolidated)

FROM : 1 APRIL 2007

TO : 31 MARCH 2008

(In Millions Japanese Yen)

	Shareholders' Equity				
	Capital	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at Beginning of Period	1,850	1,925	33,286	▲ 214	36,847
Changes in the Period Cash					
Dividends			▲ 888		▲ 888
Net Income			3,535		3,535
Repurchase of Treasury Stock				▲ 1,960	▲ 1,960
Retirement of Treasury Stock			▲ 2,172	2,172	
Net Changes of Items Other than Shareholders' Equity					
Total Changes in the Period			474	211	686
Balance at End of Period	1,850	1,925	33,761	▲ 2	37,534

	Difference of Valuation, Translation and Other Adjustments			Minority Interests	Total Net Assets
	Unrealized Holding Gains on Securities	Translation Adjustment	Total Difference of Valuation, Translation and Other Adjustments		
Balance at Beginning of Period	526	663	1,189	256	38,294
Changes in the Period Cash					
Dividends					▲ 888
Net Income					3,535
Repurchase of Treasury Stock					▲ 1,960
Retirement of Treasury Stock					
Net Changes of Items Other than Shareholders' Equity	▲ 277	25	▲ 251	1	▲ 250
Total Changes in the Period	▲ 277	25	▲ 251	1	436
Balance at End of Period	248	689	938	258	38,730

STATEMENT OF CASH FLOWS (Consolidated)

Fiscal Year Ended March 2008

(In Millions Japanese Yen)

account title	amount
Cash Flows from Operating Activities:	
Income before Income Taxes	5,897
Depreciation and Amortization	904
Net Increase in Provisions	119
Net Increase in Assets	▲ 466
Net Increase in Liabilities	▲ 286
Others	▲ 102
Sub Total	6,066
Interest and Dividends Received	221
Interest Paid	▲ 12
Income Taxes Paid	▲ 2,193
Net Cash provided by Operating Activities	4,081
Cash flows from Investing Activities:	
Increase in Time Deposits	▲ 7,418
Decrease in Time Deposits	5,794
Payments for Purchases of Fixed Assets	▲ 2,099
Others	▲ 263
Net Cash Used in Investing Activities	▲ 3,986
Cash flows from Financing Activities:	
Payments for Purchase of Treasury Stock	▲ 1,987
Dividends Paid	▲ 888
Others	▲ 8
Net Cash Used in Financing Activities	▲ 2,884
Effect of Exchange Rate Changes on Cash and Cash Equivalents	22
Net Increase in Cash and Cash Equivalents	▲ 2,767
Cash and Cash Equivalents at the Beginning of the Year	18,042
Cash and Cash Equivalents at the End of the Year	15,275