

Financial Highlights

Bunka Shutter Co., Ltd. and Consolidated Subsidiaries

Years ended March 31	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Net sales	¥ 119,627	¥ 120,209	\$ 1,196,270
Operating income	2,987	4,221	29,870
Net income	1,249	1,964	12,490
	Yen		U.S. dollars
	2008	2007	2008
Amounts per share:			
Net income	¥ 18.17	¥ 28.56	\$ 0.18
Cash dividends	12.00	12.00	0.12

Note: U.S. dollar figures are translated for convenience only, at the rate of ¥100 to U.S. \$1.

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To Our Shareholders

Overview of the Company Group: Progress and Results of Operations

For this consolidated fiscal year, Japan's economy was on a moderate recovery trend in the first half as for capital investments and personal consumption, thanks to improved corporate profits; however, toward the second half of the year, the sharp rise in the yen and stock prices moved broadly downward due to the worldwide financial uncertainty about the consequences of the Subprime home mortgage crisis in the United States, and moreover, factors creating uncertainty over the future of the economy--including the spiraling crude oil and steel price--have accumulated, and the situation is even tougher for corporate profits.

Following the spike in the crude oil price and concern about a slowdown in the US economy, the recovery trend stalled out at the term end. In the meantime, domestic demand for petroleum products decreased as a result of constricted consumption because of the sharp rise in the price of gasoline and automotive fuel consumption performance improvements, and, additionally, demand for kerosene decreased due to the sharp rise in price and the conversion of heating equipment. On top of this, demand for diesel fuel shrank due to a decrease in car ownership numbers, and demand for heavy fuel oil. A shrank due to fuel conversion to other energy sources and energy-saving advances, and, as a whole, demand dropped off considerably from the previous term.

In our industry as well, the business environment continues to be harsh, due to the rising oil price and raw material prices for such things as steel, aluminum and stainless, and due to the sharp drop in the number of construction starts under the impact of delays, etc. resulting from stricter building permit application procedures.

In this business environment, we underperformed the previous year's operational results for net sales by 0.5%, at 119,627 million yen, and income before income taxes also decreased by 29.6% year-on-year, to 3,008 million yen, affected by rising raw material prices and product purchase prices and other factors in this market, which is on a shrinking trend, despite the effects of the decrease of corporate costs and uplift in sales prices.

Moreover, net income was 1,249 million yen, down by 36.4% year-on-year, due to a remeasurement of the realization of deferred tax assets.

Performance by business segment

An overview by business segment is as below:

(Shutters Business)

In the shutters business, although there was an increase in demand due to the fact that the installation of tamper prevention device for fire protection shutters, etc., was made obligatory, under the impact of the decrease in the number of construction starts, the trend remains downward, roughly, and resulting net sales were 54,172 million yen (6.5% decrease year-on-year), while operating income also presented a decrease by 23.5% year-on-year, to 3,630 million yen.

(Construction Related Materials Business)

In the construction related materials business, since doors for large-scale commercial facilities and partitions were solid, in commercial building materials, we achieved an increase in net sales by 5.0% year-on-year, to 42,627 million yen; however, under the impact of the increase in cost of sales/net sales due to rising raw material prices and the increase in the composition ratio to net sales of the commercial

building materials group, which has a higher outsourcing ratio, operating income decreased by 25.5% year-on-year, to 892 million yen.

(Service Business)

In the service business, in the situational change where the existing building market has been expanding due to increased sense of satisfaction with existing buildings, repairs and maintenance, etc. were positive, and including the results of Bunka Shutter Services Co., Ltd., etc., we achieved net sales of 10,864 million yen (an 8.4% increase year-on-year), with operating income also outperforming the previous year's results by 28.1%, to 908 million yen.

(Refurbishments Business)

In the refurbishments business, the package products called "Anshin Kakaku" (secure price), in which product price, construction price and various expenses are packaged, continued to be favorable at Yutori Form Co., Ltd., and as a result, the net sales of the business were 8,219 million yen (an 8.7% increase year-on-year), and operating income dramatically increased to 263 million yen, from 81 million yen for the previous year.

(Other Businesses)

In the other businesses, since stainless products for building entrances and other products were trending downward, net sales were 3,745 million yen, a decrease by 8.2% year-on-year, and operating income presented also decreased by 33.6% year-on-year, to 237 million yen.

We would like to inform that at a meeting of Board of Directors of the Company held on March 24, 2008, a resolution was adopted that BX Kouun K.K., a wholly-owned subsidiary, will be established and will succeed to the business of Koun Seisakusho K.K. The succession of business will be effective as of April 17, 2008, and by succession of the relevant company, which has a strong brand in the stainless building materials industry, we will reinforce and expand the related business of our Group.

Looking to the future

With the long-term vision of aiming at being a "comfortable environment solutions group" in which we can provide safety and security to customers, our Group has been working on management strategies to achieve this vision.

"Comfortable environment solutions" means activities for realization of a comfortable environment for customers, and we will promote provision of products and services centering on the two concepts of "Life In" and "Lifelong Partner."

"Life In" means activities, upon the further evolution of the idea of "Market In," that provide products and services that conform to market needs and that produce and provide products and services based on a thorough understanding of the life patterns and the living environment of customers with a sense of grasping the daily lives of customers overall and a stance of consideration for these.

Furthermore, "Lifelong Partnership" means activities to heighten and continue customer trust through a continuation of Life In activities and having long relationships with customers-in other words, activities that contribute to society, including customers, continuously.

FY2008 is the final year of the first Medium-term Management Plan toward realization of the "Comfortable Environment Solutions Group" long-term vision, and under the basic theme of "return to our origins as a manufacturer," we will continue to promote efforts for achievement of plans that emphasize sales expansion, corporate cost cutting, and infrastructure reinforcement.

For expansion of sales, we will aim at standardization of sales prices by providing differentiated products that emphasize customer satisfaction, unaffected by price competition.

For our product lineup, in addition to “Air Keeper Daimajin,” we added new products to our lineup, such as “Esprit,” a lightweight shutter for residential garages that aims at harmonization with the exterior appearance of residences, “Tech Moku”, the eco exterior building material made from recycled raw materials, the free accordion door “Hiku-Osu” for hospitals and welfare facilities, and “high speed low vibration grille shutter,” which is optimal for condominium parking lots, etc., and with these we will promote further expansion of products with high added-value.

Additionally, to our existing shutters, we will expand safety and security checks centering on the Products History Management System and ID Tags, the identification recognition tag, and meanwhile we will carry out efforts to increase the rate of electric operation.

Meanwhile, in the aspect of decreasing corporate costs, for the purpose of improving productivity, in the product development and manufacturing division, and in all divisions of the Group such as design, sales, construction, repairs and maintenance, operations will be reexamined so that highly profitable systems can be built.

For infrastructure reinforcement, through formulation of the “CSR Charter” in 2006, efforts for CSR has been spreading in the Group, and tope make these efforts have a lasting effect, further education and training will be carried out.

Moreover, in order to establish a system to handle “Internal Controls Relating to Financial Reporting” applicable as of FY2008, we will achieve “pursuit of efficiency,” “ensuring properness,” “compliance with laws” and “preservation of assets” in the business overall for promotion of faithful corporate management.

As shown in the above, our Group will, as the “Comfortable Environment Solutions Group,” continue to work to gain customer trust, be considerate to the environment, and coexist with society, through such things as making a contribution to society.

In meeting the challenges of the fiscal year ahead, we look forward to the continued understanding and support of our shareholders.

June, 2008

Tetsuya Mogi
President

Consolidated Balance Sheets

Bunka Shutter Co., Ltd. and Consolidated Subsidiaries
As of March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	2008
ASSETS			
Current assets:			
Cash (Note 3)	¥ 11,640	¥ 9,763	\$ 116,400
Trade notes and accounts receivable (Note 19)	34,227	37,177	342,270
Inventories	10,881	11,678	108,810
Deferred income taxes (Note 12)	910	991	9,100
Other current assets	2,720	2,430	27,200
Less allowance for doubtful receivables	223	243	2,230
Total current assets	60,155	61,796	601,550
Property, plant and equipment, net of accumulated depreciation; ¥26,820 million (\$268,200 thousand) in 2008 and ¥25,857 million in 2007 (Note 8):			
Buildings and structures	8,925	9,416	89,250
Machinery, equipment and vehicles	1,905	1,921	19,050
Tools, furniture and fixtures	705	724	7,050
Land	7,787	7,789	77,870
Construction in progress	297	153	2,970
Net property, plant and equipment	19,619	20,003	196,190
Intangible assets, net	997	1,007	9,970
Investments and other assets:			
Investments in securities (Notes 4 and 5)	6,477	9,686	64,770
Deferred income taxes (Note 12)	6,424	5,940	64,240
Prepaid pension cost (Note 13)	1,307	—	13,070
Other investments and other assets	2,640	2,886	26,400
Less allowance for doubtful receivables	600	649	6,000
Total investments and other assets	16,248	17,863	162,480
Total assets	¥ 97,019	¥ 100,669	\$ 970,190

See accompanying notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	2008
LIABILITIES AND NET ASSETS			
Current liabilities:			
Trade notes and accounts payable (Note 19)	¥ 22,689	¥ 24,117	\$ 226,890
Short-term debt and current installments of long-term debt (Notes 7 and 8)	1,662	1,713	16,620
Accrued income taxes (Note 12)	427	602	4,270
Accrued expenses	5,433	5,748	54,330
Accrued employees' bonuses	1,919	2,062	19,190
Accrued directors' bonuses	78	100	780
Accrued losses on construction contracts	103	82	1,030
Other current liabilities (Note 19)	2,579	2,587	25,790
Total current liabilities	<u>34,890</u>	<u>37,011</u>	<u>348,900</u>
Non-current liabilities:			
Long-term debt (Notes 7 and 8)	1	12	10
Liabilities for retirement and severance benefits:			
Employees (Note 13)	15,878	15,781	158,780
Directors and corporate auditors	779	873	7,790
Other non-current liabilities (Note 8)	2,432	2,487	24,320
Total non-current liabilities	<u>19,090</u>	<u>19,153</u>	<u>190,900</u>
Total liabilities	<u>53,980</u>	<u>56,164</u>	<u>539,800</u>
Shareholders' equity:			
Common stock (Note 14):			
Authorized 145,092,000 shares; issued 72,196,487 shares in 2008 and 2007	15,052	15,052	150,520
Capital surplus (Note 14)	14,164	14,162	141,640
Retained earnings (Note 15)	14,396	13,972	143,960
Treasury stock at cost; 3,500,303 shares in 2008 and 3,451,231 shares in 2007	(1,252)	(1,224)	(12,520)
Total shareholders' equity	<u>42,360</u>	<u>41,962</u>	<u>423,600</u>
Valuation and translation adjustments			
Net unrealized gain on other securities (Note 4)	679	2,543	6,790
	<u>679</u>	<u>2,543</u>	<u>6,790</u>
Total net assets	<u>43,039</u>	<u>44,505</u>	<u>430,390</u>
Commitments and contingent liabilities			
(Note 18)			
Total liabilities and net assets	<u>¥ 97,019</u>	<u>¥ 100,669</u>	<u>\$ 970,190</u>

Consolidated Statements of Income

Bunka Shutter Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	2008
Net sales	¥ 119,627	¥ 120,209	\$1,196,270
Cost of sales (Note 10)	89,889	88,917	898,890
Gross profit	29,738	31,292	297,380
Selling, general and administrative expenses (Notes 9 and 10)	26,751	27,071	267,510
Operating income	2,987	4,221	29,870
Other income (deductions):			
Interest income	61	28	610
Dividend income	138	122	1,380
Interest expense	(73)	(65)	(730)
Gain on sale of investment securities and other, net	36	—	360
Loss on devaluation of investment securities	(105)	(36)	(1,050)
Other, net (Note 11)	(36)	2	(360)
	21	51	210
Income before income taxes	3,008	4,272	30,080
Income taxes (Note 12):			
Current	893	1,521	8,930
Deferred	866	787	8,660
	1,759	2,308	17,590
Net income	¥ 1,249	¥ 1,964	\$ 12,490

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

Bunka Shutter Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2008 and 2007

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at March 31, 2006	¥ 15,052	¥ 14,160	¥ 12,933	¥ (1,200)	¥ 40,945
Changes arising during year:					
Cash dividends paid	—	—	(825)	—	(825)
Bonuses paid to directors	—	—	(100)	—	(100)
Net income	—	—	1,964	—	1,964
Purchase of treasury stock	—	—	—	(26)	(26)
Disposition of treasury stock	—	2	—	2	4
Net changes other than shareholders' equity	—	—	—	—	—
Total changes during the year	—	2	1,039	(24)	1,017
Balance at March 31, 2007	15,052	14,162	13,972	(1,224)	41,962
Changes arising during year:					
Cash dividends paid	—	—	(825)	—	(825)
Net income	—	—	1,249	—	1,249
Purchases of treasury stock	—	—	—	(33)	(33)
Disposition of treasury stock	—	2	—	5	7
Net changes other than shareholders' equity	—	—	—	—	—
Total changes during the year	—	2	424	(28)	398
Balance at March 31, 2008	¥ 15,052	¥ 14,164	¥ 14,396	¥ (1,252)	¥ 42,360

	Millions of yen		
	Valuation and translation adjustments		
	Net unrealized gain on other securities	Total	Total net assets
Balance at March 31, 2006	¥ 3,114	¥ 3,114	¥ 44,059
Changes arising during year:			
Cash dividends paid	—	—	(825)
Bonuses paid to directors	—	—	(100)
Net income	—	—	1,964
Purchase of treasury stock	—	—	(26)
Disposition of treasury stock	—	—	4
Net changes other than shareholders' equity	(571)	(571)	(571)
Total changes during the year	(571)	(571)	446
Balance at March 31, 2007	2,543	2,543	44,505
Changes arising during year:			
Cash dividends paid	—	—	(825)
Net income	—	—	1,249
Purchases of treasury stock	—	—	(33)
Disposition of treasury stock	—	—	7
Net changes other than shareholders' equity	(1,864)	(1,864)	(1,864)
Total changes during the year	(1,864)	(1,864)	(1,466)
Balance at March 31, 2008	¥ 679	¥ 679	¥ 43,039

	Thousands of U.S. dollars (Note 1)				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at March 31, 2007	\$ 150,520	\$ 141,620	\$ 139,720	\$ (12,240)	\$ 419,620
Changes arising during year:					
Cash dividends paid	—	—	(8,250)	—	(8,250)
Net income	—	—	12,490	—	12,490
Purchases of treasury stock	—	—	—	(330)	(330)
Disposition of treasury stock	—	20	—	50	70
Net changes other than shareholders' equity	—	—	—	—	—
Total changes during the year	—	20	4,240	(280)	3,980
Balance at March 31, 2008	\$ 150,520	\$ 141,640	\$ 143,960	\$ (12,520)	\$ 423,600

	Thousands of U.S. dollars (Note 1)		
	Valuation and translation adjustments		
	Net unrealized gain on other securities	Total	Total net assets
Balance at March 31, 2007	\$ 25,430	\$ 25,430	\$ 445,050
Changes arising during year:			
Cash dividends paid	—	—	(8,250)
Net income	—	—	12,490
Purchases of treasury stock	—	—	(330)
Disposition of treasury stock	—	—	70
Net changes other than shareholders' equity	(18,640)	(18,640)	(18,640)
Total changes during the year	(18,640)	(18,640)	(14,660)
Balance at March 31, 2008	\$ 6,790	\$ 6,790	\$ 430,390

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Bunka Shutter Co., Ltd. And Consolidated Subsidiaries
Years ended March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	2008
Cash flows from operating activities:			
Income before income taxes	¥ 3,008	¥ 4,272	\$ 30,080
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation and amortization	1,559	1,437	15,590
Provision for doubtful accounts	(70)	(86)	(700)
Increase (decrease) in accrued employees' bonuses	(143)	50	(1,430)
Increase (decrease) in accrued directors' bonuses	(22)	100	(220)
Decrease in provision for employees' retirement and severance benefits	(1,210)	(928)	(12,100)
Interest and dividends income	(199)	(150)	(1,990)
Interest expenses	73	65	730
Loss on devaluation of investments in securities	105	36	1,050
Loss on devaluation of membership rights	0	27	0
Gain on sale of investments in securities	(37)	—	(370)
Loss on disposal of property, plant and equipment	28	41	280
(Increase) decrease in trade notes and accounts receivable	3,068	(3,544)	30,680
(Increase) decrease in inventories	807	(419)	8,070
Increase (decrease) in trade notes and accounts payable	(1,547)	1,127	(15,470)
Bonuses paid to directors and corporate auditors	—	(100)	—
Other, net	(717)	321	(7,170)
Sub-total	4,703	2,249	47,030
Interest and dividends income received	198	149	1,980
Interest paid	(73)	(64)	(730)
Income taxes paid	(913)	(2,225)	(9,130)
Net cash provided by operating activities	3,915	109	39,150

(To be continued)

(Continued)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	2008
Cash flows from investing activities:			
Proceeds from time deposits	(83)	7	(830)
Proceeds from sale of investments in securities	337	—	3,370
Purchases of investments in securities	(335)	(161)	(3,350)
Proceeds from sale of property, plant and equipment	36	19	360
Capital expenditures	(918)	(987)	(9,180)
Purchases of intangible fixed assets	(210)	(220)	(2,100)
Payment for loans receivable	(166)	(109)	(1,660)
Proceeds from collection of loans receivable	129	121	1,290
Other, net	27	—	270
Net cash used in investing activities	<u>(1,183)</u>	<u>(1,330)</u>	<u>(11,830)</u>
Cash flows from financing activities:			
Net increase (decrease) in short-term loans payable	(18)	16	(180)
Repayments of long-term debt	(85)	(139)	(850)
Purchase of treasury stocks	(11)	(21)	(110)
Dividends paid to shareholders	(825)	(825)	(8,250)
Net cash used in financing activities	<u>(939)</u>	<u>(969)</u>	<u>(9,390)</u>
Net increase (decrease) in cash and cash equivalents	1,793	(2,190)	17,930
Cash and cash equivalents at beginning of year	9,580	11,770	95,800
Cash and cash equivalents at end of year (Note 3)	<u>¥ 11,373</u>	<u>¥ 9,580</u>	<u>\$ 113,730</u>

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Bunka Shutter Co., Ltd. and Consolidated Subsidiaries
March 31, 2008 and 2007

1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The accompanying consolidated financial statements have been restructured and translated into English from the consolidated financial statements of Bunka Shutter Co., Ltd. (the “Company”) prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Japanese Financial Instruments and Exchange Law.

In preparing the accompanying consolidated financial statements, certain reclassifications have been made in the financial statements issued domestically in Japan in order to present them in a form which is more familiar to readers outside Japan. In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2008, which was ¥100 to U.S. \$1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. Summary of significant accounting policies

a) Consolidation

The accompanying consolidated financial statements include the accounts of the Company and all of its subsidiaries (the “Companies”) which are domestic companies controlled by the Company through substantial ownership of more than 50% of the voting rights or through ownership of high percentage of the voting rights and the existence of certain conditions evidencing control by the Company of the decision-making body of such companies.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries are recorded based on the fair value at the time the Company acquired control of the respective subsidiaries.

The consolidated financial statements include the accounts of the Company, and 13 subsidiaries and 12 subsidiaries in the years ended March 31, 2008 and 2007, respectively.

Investments in affiliated companies (2 in 2008 and 2007) are not accounted for by the equity method but stated at cost since they are not material compared to consolidated net income or retained earnings.

All significant intercompany transactions and accounts have been eliminated.

The difference between the cost and the underlying net assets at the date of investments in subsidiaries or affiliates is allocated to identifiable assets and liabilities based on fair market value at the date of investments. The unallocated portion of the difference, which is recognized as goodwill or negative goodwill, is being amortized over 5 years.

b) Cash and cash equivalents

In preparing the consolidated statements of cash flows, cash on hand, readily-available deposits and short-term highly liquid investments with maturities of not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

c) Securities

The Companies classify their debt and equity securities in one of the following three categories, in accordance with the Japanese Accounting Standard for Financial Instruments.

- (a) Debt securities intended to be held to maturity (hereafter, “held-to-maturity debt securities”) are stated at amortized cost.
- (b) Equity securities issued by affiliated companies which are not accounted for using the equity method are stated at weighted-average cost.
- (c) Other securities, which are defined as securities other than held-to-maturity debt securities and equity securities issued by affiliated companies are stated at fair market value, if their fair market values are readily available. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. Other securities with no available fair market values are stated at gross-average cost.

If the market value of held-to-maturity debt securities, equity securities issued by affiliated companies and other securities, declines significantly, such securities are stated at fair market value and the difference between fair market value and the carrying amount is recognized as loss in the period of the decline. If the fair market value of equity securities issued by affiliated companies not on the equity method is not readily available, such securities should be written down to net asset value with a corresponding charge in the consolidated statements of income in the event net asset value declines significantly. In these cases, such fair market value or the net asset value will be the carrying amount of the securities at the beginning of the next year.

d) Inventories

Inventories are stated at cost. Cost is determined primarily by the gross-average method with respect to finished products and work in process, and primarily by the specific-identification method with respect to merchandise and supplies. Raw materials are stated at the latest purchase price.

e) Allowance for doubtful receivables

Allowance for doubtful accounts is provided in an amount sufficient to cover probable losses on collection by estimating individually uncollectible amounts in addition to applying actual rate of bad debts incurred in the past to the remaining receivables.

f) Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation is computed by the declining-balance method at rates based on the estimated useful lives of the respective assets except for buildings acquired after March 31, 1998, which are depreciated using the straight-line method.

The estimated useful lives are as follows:

Buildings and structures	3-65 years
Machinery, equipment and vehicles	3-13 years

Pursuant to an amendment to the Corporation Tax Law, the Company and its domestic consolidated subsidiaries changed the estimated residual value of property, plant and equipment which was acquired on or after April 1, 2007 from 5% of the acquisition cost to ¥1. As a result of the change, both operating income and income before income taxes and minority interests decreased by ¥28 million (\$280 thousand).

Pursuant to an amendment to the Corporation Tax Law, property, plant and equipment acquired on or before March 31, 2007 which were depreciated to the allowable limit (95% of the acquisition cost) in a particular business year can be further depreciated down to ¥1 evenly over five years starting from the following business year. As a result of the change, both operating income and income before income taxes and minority interests decreased by ¥92 million (\$920 thousand).

g) Leases

Finance leases which do not transfer ownership to lessees are accounted for in the same manner as operating leases.

h) Intangible assets

Intangible assets are carried at cost less amortization. The expenses for internal use computer software are deferred and amortized by the straight-line method over the estimated useful lives (five years).

i) Directors' bonuses

Directors' bonuses are accounted for as an expense of the accounting period in which such bonuses were accrued. Effective for the year ended March 31, 2007, the Company has adopted an accounting standard for directors' bonuses. As a result, operating profit and income before income taxes decreased by ¥100 million compared with the amounts which would have been recorded under the previous method.

j) Income taxes

The Companies recognize deferred income taxes for the temporary differences between the financial statement basis and the tax basis of assets and liabilities. The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences.

k) Retirement and severance benefits

Under the terms of the Companies' retirement and severance benefits plan, eligible employees are entitled, under most circumstances, upon mandatory retirement or earlier voluntary retirement, to retirement benefits based on their current rate of pay, length of service and cause of termination.

The Companies recognize the liabilities for employees' retirement and severance benefits based on the estimated amounts of projected benefit obligation and the fair value of the plan assets as of each balance sheet date.

Directors and corporate auditors of the Companies are entitled to lump-sum payments at the time of severance, subject to shareholders' approval. The liabilities for such benefits are determined based on the Companies' internal rules.

The Company resolved to abolish the retirement and severance benefit for directors and corporate auditors as of June 29, 2006, when the annual shareholders' meeting was held. Thereafter, there have been no changes in provision for retirement and severance benefit for directors and corporate auditors of the Company except for reversals of the provision.

l) Foreign currency translation

All monetary assets and liabilities, regardless of short-term or long-term, denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing as of the year-end.

m) Accrued losses on construction contracts

Accrual of losses on uncompleted construction contracts at the year-end is made when it is highly possible that estimated cost of sales exceeds contracted sales and such losses can be reasonably estimated.

n) Accounting standard for presentation of net assets in balance sheet

Effective from the year ended March 31, 2007, the Company and its consolidated subsidiaries adopted the new accounting standard, "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Statement No.5 issued by the Accounting Standards Board of Japan on December 9, 2005), and the implementation guidance for the accounting standard for presentation of net assets in the balance sheet (the Financial Accounting Standard Implementation Guidance No. 8 issued by the Accounting Standards Board of Japan on December 9, 2005), (collectively, the "New Accounting Standards").

Under the New Accounting Standards, the balance sheet comprises three sections, which are the assets, liabilities and net assets sections. Previously, the balance sheet comprised the assets, liabilities, minority interests, as applicable, and the shareholders' equity sections.

The amount of net assets as of March 31, 2007 was the same as the amount of the shareholders' equity that would have been presented if the previous presentation rules had been applied at that date.

o) Amounts per share

In computing net income per share of common stock, the weighted-average number of shares outstanding during each financial period has been used. Diluted net income per share is not presented since the Companies had no dilutive shares outstanding.

p) Reclassification and restatement

Certain prior year amounts have been reclassified to conform to the current year presentation.

These reclassifications had no impact on previously reported results of operations or retained earnings.

3. Cash and cash equivalents

Cash on the consolidated balance sheets and cash and cash equivalents on the consolidated statements of cash flows are reconciled as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Cash	¥ 11,640	¥ 9,763	\$ 116,400
Less: Time deposits with maturities of over three months	(267)	(183)	(2,670)
Cash and cash equivalent	¥ 11,373	¥ 9,580	\$ 113,730

4. Securities

(1) The following tables summarize acquisition costs, book values (fair values) of other securities with fair value as of March 31, 2008 and 2007:

Type	2008		
	Millions of yen		Difference
	Acquisition cost	Book value	
Securities with book values (fair values) exceeding acquisition costs:			
Equity securities	¥ 2,255	¥ 3,852	¥ 1,597
Securities with book values (fair values) not exceeding acquisition costs:			
Equity securities	2,072	1,613	(459)

Type	2007		
	Millions of yen		
	Acquisition cost	Book value	Difference
Securities with book values (fair values) exceeding acquisition costs:			
Equity securities	¥ 3,267	¥ 7,615	¥ 4,348
Securities with book values (fair values) not exceeding acquisition costs:			
Equity securities	787	706	(81)

Type	2008		
	Thousands of U.S. dollars		
	Acquisition cost	Book value	Difference
Securities with book values (fair values) exceeding acquisition costs:			
Equity securities	\$ 22,550	\$ 38,520	\$ 15,970
Securities with book values (fair values) not exceeding acquisition costs:			
Equity securities	20,720	16,130	(4,590)

- (2) The following tables summarize book values of other securities with no available fair values as of March 31, 2008 and 2007

Type	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
	Non-listed equity securities	¥ 1,008	¥ 1,362

- (3) Total sales of other securities in the year ended March 31, 2008 amounted to ¥337 million (\$3,370 thousand) and the related gains amounted to ¥37 million (\$370 thousand). There were no sales of other securities in the year ended March 31, 2007.

5. Investments in affiliates

The aggregate carrying amounts of investments in affiliates at March 31, 2008 and 2007 are ¥4 million (\$40 thousand) and ¥4 million, respectively.

6. Leases

a) Finance leases

The Company leases certain tools, furniture and fixtures under finance leases which do not transfer ownership to lessees.

If such finance leases were capitalized at March 31, 2008 and 2007, they would have been recorded on the financial statements as follows:

2008:	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Tools, furniture and fixtures:		
Acquisition cost	¥ 2,193	\$ 21,930
Accumulated depreciation	<u>1,231</u>	<u>12,310</u>
Book value	<u>¥ 962</u>	<u>\$ 9,620</u>
	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Machinery, equipment and vehicles:		
Acquisition cost	¥ 567	\$ 5,670
Accumulated depreciation	<u>283</u>	<u>2,830</u>
Book value	<u>¥ 284</u>	<u>\$ 2,840</u>
	<u>Millions of yen</u>	
2007:		
Tools, furniture and fixtures:		
Acquisition cost	¥ 2,734	
Accumulated depreciation	<u>1,562</u>	
Book value	<u>¥ 1,172</u>	
	<u>Millions of yen</u>	
Machinery, equipment and vehicles:		
Acquisition cost	¥ 465	
Accumulated depreciation	<u>224</u>	
Book value	<u>¥ 241</u>	

Lease payments, depreciation equivalents and amounts representing interest under the finance leases which are accounted for in the same manner as operating leases for the years ended March 31, 2008 and 2007 are as follows:

	<u>Millions of yen</u>		<u>Thousands of U.S. dollars</u>
	<u>2008</u>	<u>2007</u>	<u>2008</u>
Lease payments	¥ 765	¥ 761	\$ 7,650
Depreciation equivalents	709	718	7,090
Amounts representing interest	29	29	290

The scheduled payments of the lease obligations, including interest, at March 31, 2008 and 2007, were as follows:

	Millions of yen	Thousands of U.S. dollars
2008:		
Within one year	¥ 607	\$ 6,070
Over one year	655	6,550
	<u>¥ 1,262</u>	<u>\$ 12,620</u>
2007:	Millions of yen	
Within one year	¥ 690	
Over one year	750	
	<u>¥ 1,440</u>	

b) Operating leases

1) Lessee

The scheduled payments of the lease obligations, including interest, at March 31, 2008 and 2007, were as follows:

	Millions of yen	Thousands of U.S. dollars
2008:		
Within one year	¥ 16	\$ 160
Over one year	52	520
	<u>¥ 68</u>	<u>\$ 680</u>
2007:	Millions of yen	
Within one year	¥ 15	
Over one year	68	
	<u>¥ 83</u>	

2) Lessor

The scheduled receipts of the lease receivables, including interest, at March 31, 2008 and 2007, were as follows:

	Millions of yen	Thousands of U.S. dollars
2008:		
Within one year	¥ 316	\$ 3,160
Over one year	3,653	36,530
	<u>¥ 3,969</u>	<u>\$ 39,690</u>
2007:	Millions of yen	
Within one year	¥ 316	
Over one year	3,969	
	<u>¥ 4,285</u>	

7. Short-term and long-term debts

Short-term debt is represented by bank loans which are due within one year. The weighted average interest rate of short-term debt at March 31, 2008 and 2007 is 1.3% and 1.1%, respectively.

Long-term debts at March 31, 2008 and 2007 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Long-term loans due through 2012 from banks at interest rates of mainly 1.2% to 4.2%	¥ 12	¥ 97	\$ 120
Less amount due within one year	(11)	(85)	(110)
	<u>¥ 1</u>	<u>¥ 12</u>	<u>\$ 10</u>

The annual maturities of long-term debt at March 31, 2008 were as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2011	¥ 1	\$ 10

8. Pledged assets

The following assets, at their respective net book values, were pledged as collateral for obligations of the Companies at March 31, 2008 and 2007.

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Land	¥ 1,029	¥ 1,029	\$ 10,290
Buildings and structures	2,030	2,146	20,300
Machinery, equipment and vehicles	225	271	2,250
Tools, furniture and fixtures	1	1	10
	<u>¥ 3,285</u>	<u>¥ 3,447</u>	<u>\$ 32,850</u>

The obligations secured by such collateral were as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Short-term debt	¥ 960	¥ 930	\$ 9,600
Long-term debt	11	96	110
Other non-current liabilities	1,564	1,660	15,640
	¥ 2,535	¥ 2,686	\$ 25,350

9. Selling, general and administrative expenses

Significant components of selling, general and administrative expenses are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Depreciation and amortization	¥ 502	¥ 485	\$ 5,020
Allowance for doubtful receivables	127	160	1,270
Bad debt loss	11	69	110
Remuneration for directors and corporate auditors, bonuses and salaries	12,529	12,729	125,290
Pension cost	837	909	8,370
Provision for directors and corporate auditors' retirement benefits	15	36	150

10. Research and development costs

Costs relating to research and development activities charged to income for the years ended March 31, 2008 and 2007 were ¥1,586 million (\$15,860 thousand) and ¥1,568 million, respectively.

11. Other income (deductions) - Other, net

The following is a summary of “Other income (deductions) - Other, net” for the years ended March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Rental income	¥ 89	¥ 60	\$ 890
Insurance income	43	85	430
Loss on sale and disposal of property, plant and equipment	(31)	(49)	(310)
Additional retirement benefits	(28)	(32)	(280)
Large scale repairs expenses	(111)	(96)	(1,110)
Miscellaneous	2	34	20
	¥ (36)	¥ 2	\$ (360)

12. Income taxes

The Company and its consolidated subsidiaries are subject to Japanese corporate, inhabitant and business taxes based on income which, in the aggregate, result in a statutory tax rate of approximately 40.49% in 2008 and 2007.

Significant components of the Companies’ deferred tax assets and liabilities as of March 31, 2008 and 2007 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Deferred tax assets:			
Employees’ retirement benefits	¥ 5,874	¥ 6,366	\$ 58,740
Loss on devaluation of investment securities	513	886	5,130
Accrued employees’ bonuses	780	837	7,800
Allowance for doubtful receivables	41	63	410
Directors and corporate auditors’ retirement benefits	316	354	3,160
Impairment loss on fixed assets	69	95	690
Unrealized loss on other securities	182	33	1,820
Other	641	623	6,410
	8,416	9,257	84,160
Less- valuation allowance	(807)	(545)	(8,070)
Total deferred tax assets	7,609	8,712	76,090
Deferred tax liabilities:			
Unrealized gain on other securities	257	1,763	2,570
Deferred gain on land	18	18	180
Total deferred tax liabilities	275	1,781	2,750
Net deferred tax assets	¥ 7,334	¥ 6,931	\$ 73,340

The following table summarizes the significant differences between the statutory tax rates and the Company's effective tax rates for financial statement purposes in the years ended March 31, 2008 and 2007.

	<u>2008</u>	<u>2007</u>
Statutory tax rate	40.49%	40.49%
Per capita inhabitant tax	5.66	3.98
Expenses not deductible for tax purposes	5.31	3.84
Income not credited for tax purposes	(0.89)	(0.55)
Valuation allowance	8.74	8.41
Tax credits	(1.48)	(1.77)
Others	0.66	(0.37)
Effective tax rate	<u>58.49%</u>	<u>54.03%</u>

13. Employees' retirement and severance benefits

The Company and 5 consolidated subsidiaries have defined benefit pension plans, which consist of lump-sum indemnities plans and corporate pension plans under the Corporate Defined Benefit Pension Plan Law, 5 consolidated subsidiaries have defined benefit pension plans which consist of lump-sum indemnities plans, and 4 consolidated subsidiaries have no retirement benefit plans.

Welfare pension fund was established in August 1971, and in April 1990, 15% of total retirement and severance benefits were converted into the fund. In January 2004, the welfare pension fund plan was converted into the corporate pension plan.

The liabilities for retirement and severance benefits as of March 31, 2008 and 2007 consisted of the following:

	<u>Millions of yen</u>		<u>Thousands of U.S. dollars</u>
	<u>2008</u>	<u>2007</u>	<u>2008</u>
Projected benefit obligation	¥ (23,031)	¥ (22,824)	\$ (230,310)
Plan assets	6,985	7,418	69,850
Unfunded projected benefit obligation	(16,046)	(15,406)	(160,460)
Unrecognized actuarial differences	1,581	(242)	15,810
Unrecognized prior service cost	(106)	(133)	(1,060)
Prepaid pension cost	1,307	—	13,070
Employees' retirement benefits	<u>¥ (15,878)</u>	<u>¥ (15,781)</u>	<u>\$ (158,780)</u>

Net periodic pension cost for the years ended March 31, 2008 and 2007 were comprised of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Service cost – benefits earned during the year	¥ 1,003	¥ 1,005	\$ 10,030
Interest cost on projected benefit obligation	455	454	4,550
Expected return on plan assets	(211)	(172)	(2,110)
Amortization of actuarial differences	171	225	1,710
Amortization of prior service cost	(27)	(26)	(270)
Net periodic pension cost	¥ 1,391	¥ 1,486	\$ 13,910

Significant assumptions of pension plans used to determine these amounts in fiscal 2008 and 2007 are as follows:

	2008	2007
Periodic allocation method for projected benefit	Straight-line	Straight-line
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	3.0%	3.0%
Period for amortization of unrecognized prior service cost	10 years	10 years
Period for amortization of unrecognized actuarial differences	10 years	10 years

14. Common stock

The Japanese Corporate Law (“the Law”) became effective on May 1, 2006, replacing the Japanese Commercial Code (“the Code”). The Law is generally applicable to events and transactions occurring after April 30, 2006 and for fiscal years ending after that date.

Under the Law and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

15. Retained earnings

Under the Law, in cases where a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in-capital and legal earnings reserve must be set aside as additional paid-in-capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with the Law and regulations.

(a) Dividends paid during the year ended March 31, 2007

The following was approved by the general meeting of stockholders held on June 29, 2006.

(a) Total dividends	¥413 million
(b) Cash dividends per common share	¥6
(c) Record date	March 31, 2006
(d) Effective date	June 30, 2006

The following was approved by the Board of Directors held on November 14, 2006.

(a) Total dividends	¥413 million
(b) Cash dividends per common share	¥6
(c) Record date	September 30, 2006
(d) Effective date	December 11, 2006

(b) Dividends paid during the year ended March 31, 2008

The following was approved by the general meeting of stockholders held on June 28, 2007.

(a) Total dividends	¥412 million (\$4,120 thousand)
(b) Cash dividends per common share	¥6 (\$0.06)
(c) Record date	March 31, 2007
(d) Effective date	June 29, 2007

The following was approved by the Board of Directors held on November 12, 2007.

(a) Total dividends	¥412 million (\$4,120 thousand)
(b) Cash dividends per common share	¥6 (\$0.06)
(c) Record date	September 30, 2007
(d) Effective date	December 11, 2007

(c) Dividends to be paid after the balance sheet date but the record date for the payment belongs to the year ended March 31, 2008

The following was approved by the general meeting of stockholders held on June 27, 2008.

(a) Total dividends	¥412 million (\$4,120 thousand)
(b) Dividend source	Retained earnings
(c) Cash dividends per common share	¥6 (\$0.06)
(d) Record date	March 31, 2008
(e) Effective date	June 30, 2008

16. Net income per share information

(a) Net income per share

Basic net income per share, and reconciliation of the numbers and the amounts used in the basic net income per share computations for the years ended March 31, 2008 and 2007 are as follows:

	Yen		U.S. dollars
	2008	2007	2008
Basic net income per share	¥ 18.17	¥ 28.56	\$ 0.18

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Net income	¥ 1,249	¥ 1,964	\$ 12,490
Net income not applicable to common stockholders	—	—	—
Net income applicable to common stockholders	¥ 1,249	¥ 1,964	\$ 12,490

	Number of shares	
	2008	2007
Weighted average number of shares outstanding on which basic net income per share is calculated	68,730,194	68,759,166

(b) Net assets per share

Net assets per share at March 31, 2008 and 2007 are as follows:

	Yen		U.S. dollars
	2008	2007	2008
Net assets per share	¥ 626.52	¥ 647.38	\$ 6.26

17. Segment information

(a) Industry segments

The Companies had categorized its business into the four segments of “shutters,” “construction related materials,” “refurbishments” and “other.” Effective from the year ended March 31, 2008, “service” segment, which was previously included in “other” presented separately because operating income of “service” segment became over 10% of total operating income.

The shutter segment produces, manufactures and sells various kinds of shutters and other shutter-related products. The construction related materials segment manufactures and sells materials used for construction of office buildings and houses. The service segment provides the maintenance and repair services for the shutters. The refurbishments segment provides refurbishment services. The others segment mainly operates leasing.

Information by industry segment for the year ended March 31, 2008 is summarized as follows:

Millions of yen

For 2008	Shutters	Construction related materials	Service	Refurbishments	Others	Elimination or corporate	Consolidated
Sales:							
Outside customers	¥ 54,172	¥ 42,627	¥ 10,864	¥ 8,219	¥ 3,745	¥ –	¥ 119,627
Inter-segment	2,129	3	962	4	100	(3,198)	–
Total	56,301	42,630	11,826	8,223	3,845	(3,198)	119,627
Operating expenses	52,671	41,738	10,918	7,960	3,608	(255)	116,640
Operating income	¥ 3,630	¥ 892	¥ 908	¥ 263	¥ 237	¥ (2,943)	¥ 2,987
Total identifiable assets	¥ 39,872	¥ 25,264	¥ 6,465	¥ 1,830	¥ 4,342	¥ 19,246	¥ 97,019
Depreciation	630	425	54	13	102	349	1,573
Capital expenditures	417	593	44	5	22	155	1,236

Thousands of U.S. dollars

For 2008	Shutters	Construction related materials	Service	Refurbishments	Others	Elimination or corporate	Consolidated
Sales:							
Outside customers	\$541,720	\$426,270	\$108,640	\$ 82,190	\$ 37,450	\$ –	\$1,196,270
Inter-segment	21,290	30	9,620	40	1,000	(31,980)	–
Total	563,010	426,300	118,260	82,230	38,450	(31,980)	1,196,270
Operating expenses	526,710	417,380	109,180	79,600	36,080	(2,550)	1,166,400
Operating income	\$ 36,300	\$ 8,920	\$ 9,080	\$ 2,630	\$ 2,370	\$ (29,430)	\$ 29,870
Total identifiable assets	\$398,720	\$252,640	\$ 64,650	\$ 18,300	\$ 43,420	\$ 192,460	\$ 970,190
Depreciation	6,300	4,250	540	130	1,020	3,490	15,730
Capital expenditures	4,170	5,930	440	50	220	1,550	12,360

Notes: 1. The non-categorized operating expenses of ¥2,939 million (\$29,390 thousand) for the year ended March 31, 2008 in the Elimination or corporate line consist primarily of administrative operation expenses of the Company.

2. Corporate assets of ¥20,214 million (\$202,140 thousand) as of March 31, 2008 in the Elimination or corporate line consist primarily of surplus funds (cash and deposits, and securities), long-term investments (investment securities etc.) and assets relating to the administrative operations.

3. For the year ended March 31, 2008, as described in Note 1 (g), the Company and its domestic consolidated subsidiaries changed the estimated residual value of property, plant and equipment which was acquired on or after April 1, 2007 from 5% of the acquisition cost to ¥1. As a result of these changes, operating income of each segment decreased as follows:

	<u>Millions of yen</u>	<u>Thousand of U.S. dollars</u>
Shutters	¥ 10	\$ 100
Construction related materials	15	150
Service	1	10

Decrease in operating income of “refurbishments” and “other” segments were immaterial.

4. For the year ended March 31, 2008, as described in Note 1 (g), plant and equipment acquired on or before March 31, 2007 which were depreciated to the allowable limit (95% of the acquisition cost) in a particular business year can be further depreciated down to ¥1 evenly over five years starting from the following business year. As a result of these changes, operating income of each segment decreased as follows:

	<u>Millions of yen</u>	<u>Thousand of U.S. dollars</u>
Shutters	¥ 42	\$ 420
Construction related materials	28	280
Service	4	40
Other	7	70

Decrease in operating income of “refurbishments” segment was immaterial.

Segment information by industry for the year ended March 31, 2007 which are restated to conform to the segmentation for the year ended March 31, 2008 are as follows:

	<u>Millions of yen</u>						
For 2007	<u>Shutters</u>	<u>Construction related materials</u>	<u>Service</u>	<u>Refurbishments</u>	<u>Others</u>	<u>Elimination or corporate</u>	<u>Consolidated</u>
Sales:							
Outside customers	¥ 57,944	¥ 40,604	¥ 10,022	¥ 7,561	¥ 4,078	¥ –	¥ 120,209
Inter-segment	2,009	6	671	2	116	(2,804)	–
Total	59,953	40,610	10,693	7,563	4,194	(2,804)	120,209
Operating expenses	55,207	39,411	9,985	7,482	3,837	66	115,988
Operating income	<u>¥ 4,746</u>	<u>¥ 1,199</u>	<u>¥ 708</u>	<u>¥ 81</u>	<u>¥ 357</u>	<u>¥ (2,870)</u>	<u>¥ 4,221</u>
Total identifiable assets	¥ 40,481	¥ 26,531	¥ 5,701	¥ 1,594	¥ 4,367	¥ 21,995	¥ 100,669
Depreciation	573	355	41	14	102	367	1,452
Capital expenditures	914	218	102	12	37	136	1,419

Information by industry segment for the year ended March 31, 2007 was summarized as follows:

For 2007	Millions of yen					
	Shutters	Construction related materials	Refurbishments	Others	Elimination or corporate	Consolidated
Sales:						
Outside customers	¥ 57,944	¥ 40,604	¥ 7,561	¥ 14,100	¥ –	¥ 120,209
Inter-segment	2,009	6	2	787	(2,804)	–
Total	59,953	40,610	7,563	14,887	(2,804)	120,209
Operating expenses	55,207	39,411	7,482	13,822	66	115,988
Operating income	¥ 4,746	¥ 1,199	¥ 81	¥ 1,065	¥ (2,870)	¥ 4,221
Total identifiable assets	¥ 40,481	¥ 26,531	¥ 1,594	¥ 10,068	¥ 21,995	¥ 100,669
Depreciation	573	355	14	143	367	1,452
Capital expenditures	914	218	12	139	136	1,419

(b) Geographical segments

Geographical segment information is not shown, due to both domestic sales and assets located in Japan are over 90% of all segments for the years ended March 31, 2008 and 2007. The Company has no overseas subsidiaries.

(c) Overseas sales

Overseas sales are less than 10% of consolidated sales for the years ended March 31, 2008 and 2007.

18. Commitments and contingent liabilities

It is a common practice in Japan for companies, in the ordinary course of business, to receive promissory notes in the settlement of trade accounts receivable and to transfer them by endorsement to suppliers in the settlement of accounts payable.

The Company and its consolidated domestic subsidiaries were contingently liable for notes receivable endorsed amounting to ¥209 million (\$2,090 thousand) and ¥181 million as of March 31, 2008 and 2007, respectively.

19. Notes receivable and notes payable with the maturity on the balance sheet date

Since banks were closed on March 31, 2007, the amounts of notes receivable and notes payable with the maturity on March 31, 2007 are included in the consolidated financial statements. The amounts of notes receivable and notes payable with the maturity on the balance sheet date are as follows:

	Millions of yen
	2007
Notes receivable	¥ 1,138
Notes payable	¥ 385
Construction notes payable	¥ 11

Independent Auditors' Report

To the Board of Directors of
Bunka Shutter Co., Ltd.:

We have audited the accompanying consolidated balance sheet of Bunka Shutter Co., Ltd. and consolidated subsidiaries as of March 31, 2008, and related consolidated statements of income, changes in net assets and cash flows for the year then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Bunka Shutter Co., Ltd. and consolidated subsidiaries as of March 31, 2008, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

As more fully described in Note 17 to the consolidated financial statements, effective in the year ended March 31, 2008, the Company has changed its classification of segmentation in the segment information by industry.

The accompanying consolidated financial statements as of and for the year ended March 31, 2008 have been translated into United States dollars solely for the convenience of the reader. We have recomputed the translation and, in our opinion, the consolidated financial statements expressed in yen have been translated into United States dollars on the basis described in Note 1 to the consolidated financial statements.

Toyo Horwath
Tokyo, Japan
June 4, 2008

Independent Auditors' Report

To the Shareholders and Board of Directors of Bunka Shutter Co., Ltd.:

We have audited the accompanying consolidated balance sheets of Bunka Shutter Co., Ltd. and subsidiaries as of March 31, 2007 and 2006, and the related consolidated statements of income, statements of changes in net assets and cash flows for the years then ended, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Bunka Shutter Co., Ltd. and subsidiaries as of March 31, 2007 and 2006, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2007 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Tokyo, Japan
June 28, 2007

Directors and Corporate Auditors

As of June 27, 2008

Chairman of the Board of Directors	Kingo Iwabe	
Vice-Chairman of the Board of Directors	Susumu Kametani	
President	Tetsuya Mogi	
Director-Executive operating officer	Nobuo Fukuda	
Directors-Managing operating officers	Yoshihiro Kaga	Toshinori Yagi
Directors-Senior operating officers	Shiro Ito	Toshihiko Shiozaki
Corporate Auditors	Nobuyuki Takeshita Hideo Iida	Toshiyuki Fukushima Toshiyuki Matsuda

Corporate Data

As of March 31, 2008

Head Office:	17-3, Nishikata 1-chome, Bunkyo-ku, Tokyo 113-8535, Japan Tel: (03) 5844-7200
Established:	April 18, 1955
Common Stock:	¥15,052 million
Number of Shares Outstanding:	72,196,487 shares
Number of Employees:	2,113
Number of Branch Offices:	43 locations throughout Japan
Number of Plants:	8 plants throughout Japan
Stock Listing:	Tokyo Stock Exchange First Section