

# Financial Report for the Six-Month Period Ended September 30, 2007 (Consolidated)

October 23, 2007

Stock Listings: First sections of the Tokyo stock and Osaka securities exchanges

Company Name: MAX CO., LTD.  
 Stock Code: 6454  
 Head Office: 6-6, Hakozaki-cho, Nihonbashi, Chuo-ku, Tokyo, JAPAN  
 URL: (<http://www.max-ltd.co.jp>)  
 Representative: Takashi Miida, CEO, President and Representative Director  
 Inquiries: Teruhiro Kamon, Director, General Manager Tel: +81-3-3669-0311  
 Date of Submission of Six-Month Marketable Securities Filings: December 14, 2007

## 1. Results for the Six Months Ended September 30, 2007 and 2006

### (1) Consolidated Operating Results

(Millions of yen, %)

	Six months ended September 30, 2007		Six months ended September 30, 2006		Year ended March 31, 2007	
Net sales	¥32,462	2.8%	¥31,577	9.0%	¥65,101	9.5%
Operating income	3,489	6.3	3,283	27.2	6,865	27.5
Ordinary income	3,611	0.7	3,585	25.8	7,541	28.0
Net income	2,154	0.1	2,152	26.5	4,472	25.4
Net income per share (yen)	¥41.85	—	¥41.79	—	¥86.86	—
Net income per share after full dilution (yen)	—	—	—	—	—	—

Note: Investment income from equity-method affiliates: ¥—million (six months ended September 30, 2007); ¥—million (six months ended September 30, 2006); ¥—million (year ended March 31, 2007).

### (2) Consolidated Financial Position

(Millions of yen)

	At September 30, 2007	At September 30, 2006	At March 31, 2007
Total assets	¥80,540	¥78,303	¥82,316
Net assets	63,681	61,509	64,226
Shareholders' equity ratio (%)	79.0%	78.5%	77.9%
Shareholders' equity per share (yen)	¥1,235.78	¥1,193.19	¥1,246.11

Note: Shareholders' equity: ¥63,595 million (at September 30, 2007); ¥61,438 million (at September 30, 2006); ¥64,145 million (at March 31, 2007)

### (3) Consolidated Cash Flows

(Millions of yen)

	At September 30, 2007	At September 30, 2006	At March 31, 2007
Net cash provided by operating activities	¥2,512	¥2,996	¥6,506
Net cash used in investing activities	(2,224)	(1,931)	(5,082)
Net cash used in financing activities	(1,927)	(1,512)	(1,537)
Cash and cash equivalents at end of period	¥5,163	¥6,140	¥6,496

## 2. Dividends

	Dividends per share (¥)	Total dividends paid	Consolidated payout ratio	Consolidated dividend/net asset ratio
	Annual	(Millions of yen)	(%)	(%)
Year ended March 31, 2006	¥31.00	¥1,596	45.7	2.7
Year ended March 31, 2007	35.00	1,801	40.3	2.9
Year ending March 31, 2008 (Est.)	35.00	1,801	42.9	2.8

### 3. Forecast of Consolidated Operating Results for the Fiscal Year Ending March 31, 2008

(Millions of yen)

	Year ending March 31, 2008	Year-on-year change
Net sales	¥67,000	2.9%
Operating income	7,000	2.0
Ordinary income	7,200	(4.5)
Net income	4,200	(6.1)
Net income per share (¥)	¥81.61	—

The above forecasts for consolidated performance were prepared based on information available at the time of this statement. Actual consolidated performance may differ from forecasts owing to a wide range of factors occurred. For further information, please refer to page 5.

### 4. Others

- (1) Changes in major subsidiaries during the period (changes in special consolidated subsidiaries attendant with change in scope of consolidation): No
- (2) Changes in principles, procedures, and presentation method of accounting related to the compilation of consolidated financial statements (Description of changes in important items that comprise the basic foundation in the compilation of consolidated financial statements)
  - (1) Changes attendant with revisions in accounting principles: Yes
  - (2) Other changes aside from (1) above: No
- (3) Number of shares outstanding (common stock)
  1. Period-end number of shares outstanding (including treasury stock):  
54,761,626 (at September 30, 2007); 54,761,626 (at September 30, 2006); 54,761,626 (at March 31, 2007)
  2. Period-end number of treasury stock:  
3,300,078 (at September 30, 2007); 3,271,033 (at September 30, 2006); 3,284,861 (at March 31, 2007)

Note: For an explanation of the number of shares used for computing net income per share (consolidated), please refer to "Per Share Information" on page 15.

## Operating Results and Consolidated Financial Position

### 1. Analysis of Operating Results

#### (1) Consolidated Performance in the Months Ended September 30, 2007

(Millions of yen)

	Six months ended September 30, 2007	Year-on-year change	
Net sales	¥32,462	2.8%	¥884
Operating income	3,489	6.3	205
Ordinary income	3,611	0.7	25
Net income	2,154	0.1	1
Net income per share (yen)	¥41.85	—	—

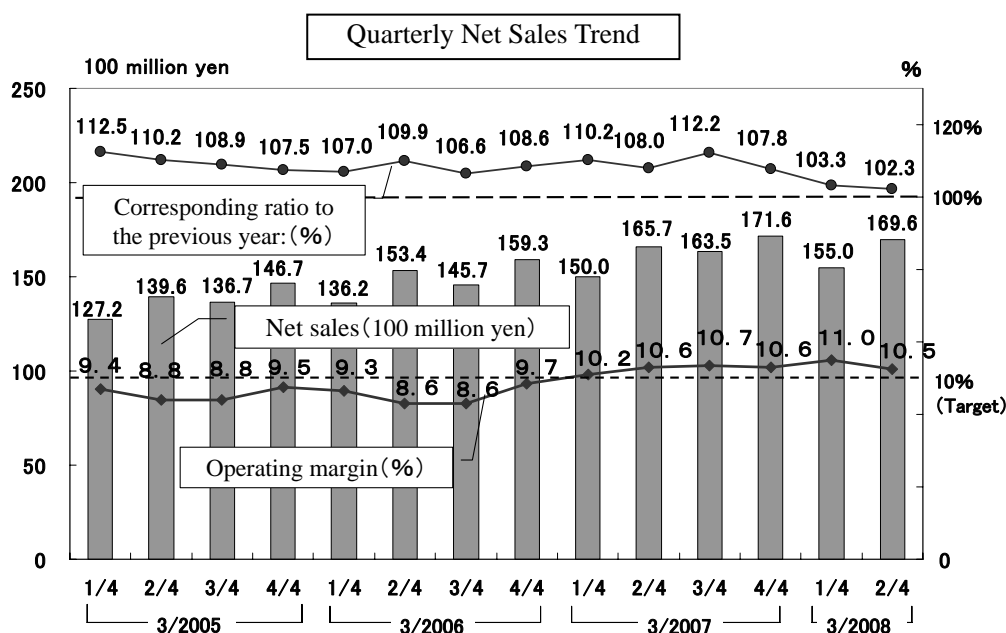
In the first half of the fiscal year ending March 31, 2008, earnings at exporters expanded, supported by yen weakness, but the domestic economy picture remained spotty amid slack consumer spending and private-sector capital expenditures together with higher prices for raw materials and supplies.

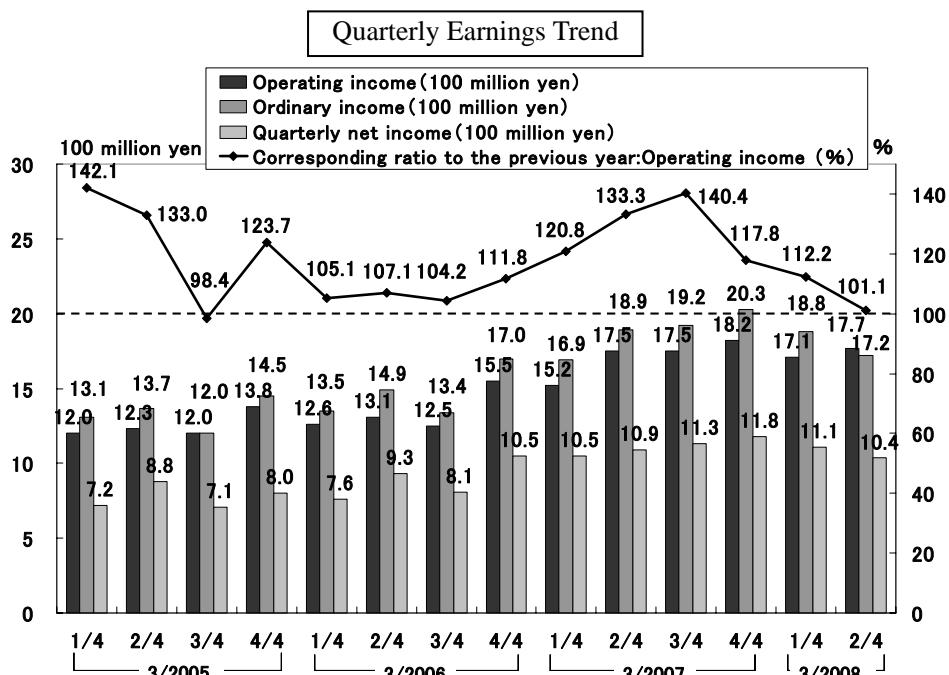
Against this backdrop, the number of new housing starts fell sharply as the amended building code, which scrutinizes building applications more closely, took effect in Japan and caused substantial delays in issuing approvals. The U.S. subprime mortgage loan problem also affected to the difficult environment.

These factors have had a substantial adverse impact on the Industrial Equipment Division, where many of the product lines are targeted at the housing market. Sales growth at this division, which has been steady until the previous fiscal year, has slowed, and higher prices for such raw materials as stainless steel and wire rods have squeezed profits, which had been rebounding.

At the Office Equipment Division, such new products as label printers, the compact stapler line 「Sakuri and Sakuri Flat」, and automatic staplers generated steady profits and drove growth in consolidated sales and profits.

Whereas the Company recorded non-operating income on foreign currency gains and portfolio investment profits in the first half of the fiscal year ended March 31, 2007, it booked non-operating expenses in the first half of the fiscal year ending March 31, 2008, on foreign currency losses. As a result, ordinary income was roughly even with that logged in the interim period of the previous year.





**(2) Earnings by Segment for the Six Months Ended September 30, 2007**

(Millions of yen, %)

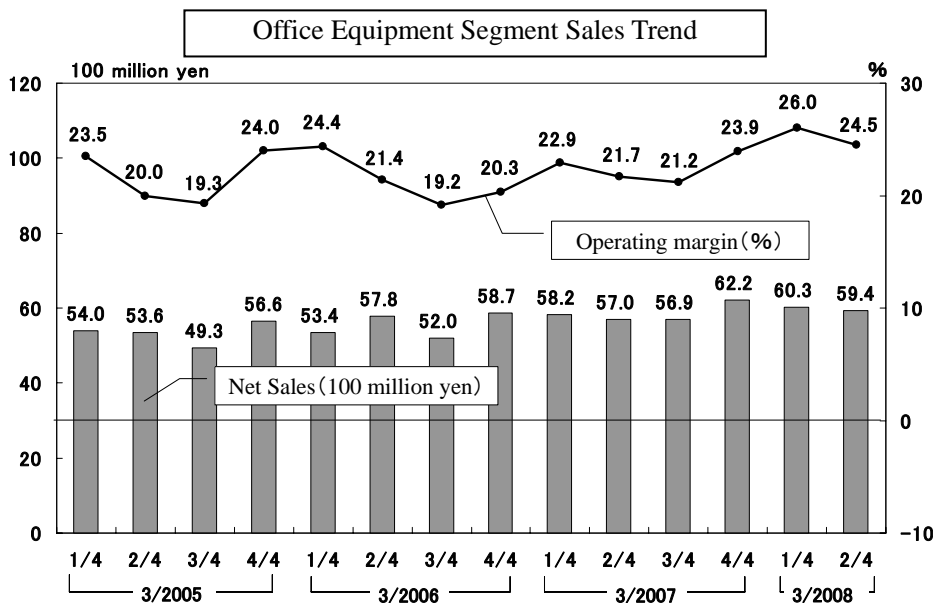
	Office Equipment			Industrial Equipment			Total		
	Six months ended September 30, 2007	Increase/Decrease compared to Six month ended September 30, 2006.		Six months ended September 30, 2007	Increase/Decrease compared to Six month ended September 30, 2006.		Six months ended September 30, 2007	Increase/Decrease compared to Six month ended September 30, 2006.	
Net sales	¥11,982	3.9%	¥448	¥20,479	2.2 %	¥437	¥32,462	2.8%	¥884
Operating income	3,029	17.8	457	459	(35.4)	(252)	3,489	6.3	205
Operating margin	25.3%	3.0	—	2.2%	(1.3)	—	10.7%	0.3	—

**Office Equipment Division**

In the domestic office equipment business, new products such as the compact stapler line 「Sakuri and Sakuri Flat」 based on universal design principles, and a label printer for food labels contributed to sales.

In the overseas office equipment business, we retained our top market share in Asia, and new products such as a stapler launched to enhance our brand contributed to sales.

In the automatic stapler business, sales of internal-binding simple-mechanism medium- and high-speed automatic staplers and staples continued to increase, following a strong performance in the previous fiscal year, amid the advance of color copiers and the growing need for print-on-demand (POD) applications.



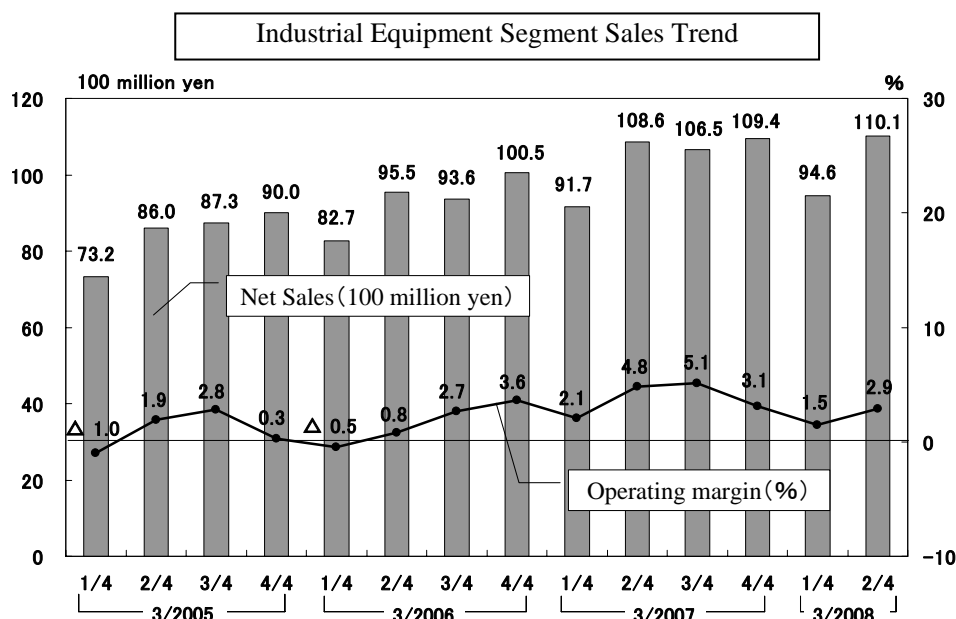
### Industrial Equipment Division

In the domestic industrial equipment business, sales of concrete rebar tying tools grew, but new housing starts fell sharply as the amended building code took effect in June and caused substantial delays in issuing approvals for building applications, and this pulled down sales of machines, such as nailers and compressors.

In the housing environmental equipment business, the drop in the number of new housing starts also had a negative impact, leading to a deceleration in the sales expansion of growth-stage products, such as bathroom dryers, heaters, and ventilators and 24-hour, total-heat-exchanger-type ventilation systems.

In the overseas industrial equipment business, North American sales of standard-pressure nailers were slack as the U.S. housing market sagged, but sales of high-pressure nailers, concrete pin nailers, and compressors expanded, and sales of concrete rebar tying tools increased in North America and Europe.

Operating income dropped on a sharp increase in prices of stainless steel and wire rods, which are raw materials for nails and staples.



### (3) Forecast for Consolidated Performance of Fiscal Year Ending March 31, 2008

(Millions of yen)

	March 31, 2008	Year-on-year change	
Net sales	¥67,000	2.9%	¥1,899
Operating income	7,000	2.0	135
Ordinary income	7,200	(4.5)	(341)
Net income	4,200	(6.1)	(272)
Net income per share (yen)	¥81.61	—	¥(5.25)

Although in Japan earnings at exporters are burgeoning and the incomes of salaried employees are gradually rising, the outlook for the fiscal year ending March 31, 2008, is uncertain in view of concerns of higher prices of raw materials and supplies, the decline in the number of domestic new housing starts, the ripple effects emanating from the U.S. subprime loan crisis on the U.S. and global economies, and volatility in foreign exchange levels.

Under these circumstances, the MAX Group is ratcheting up its efforts to increase earnings by delving deeper into its customer relationship management (CRM) activities and supply chain management (SCM) activities as well as urgently pushing forward with new product introductions.

### Office Equipment Division

MAX is upholding high profitability in its stapler and automatic stapler business, where its market shares are high. The Group is stepping up sales activities aimed at key customer accounts to harness diverse sales channels, such as stationery stores, supermarkets, convenience stores, and mail-order vendors in a push to expand sales of new stapler and label printer products.

## Industrial Equipment Division

The domestic nailer business and housing environmental equipment business were both squeezed in the first half of the fiscal year ending March 31, 2008, by the sharp decline in the number of new housing starts attendant with the amended building code taking effect and causing disruptions in building application approvals. While the number of new housing starts is expected to rebound in the second half, these two businesses will probably continue to face a difficult operating environment as the impact of the amended building code will probably persist to some extent and higher raw material prices are also likely to dampen activity.

At our overseas industrial equipment business, sales at the North American nailer business were slack, but we expect sales of concrete tools to expand in North America and Europe, driven by concrete rebar tying tools.

## 2. The Distribution of Profits

### (1) Basic Policy Regarding the Distribution of Profits

While the return of profits to our shareholders is one of our most important management policies and we emphasize return on shareholders' equity to net income (ROE), we maintain a policy of making dividend payments that are underpinned by growth in operations.

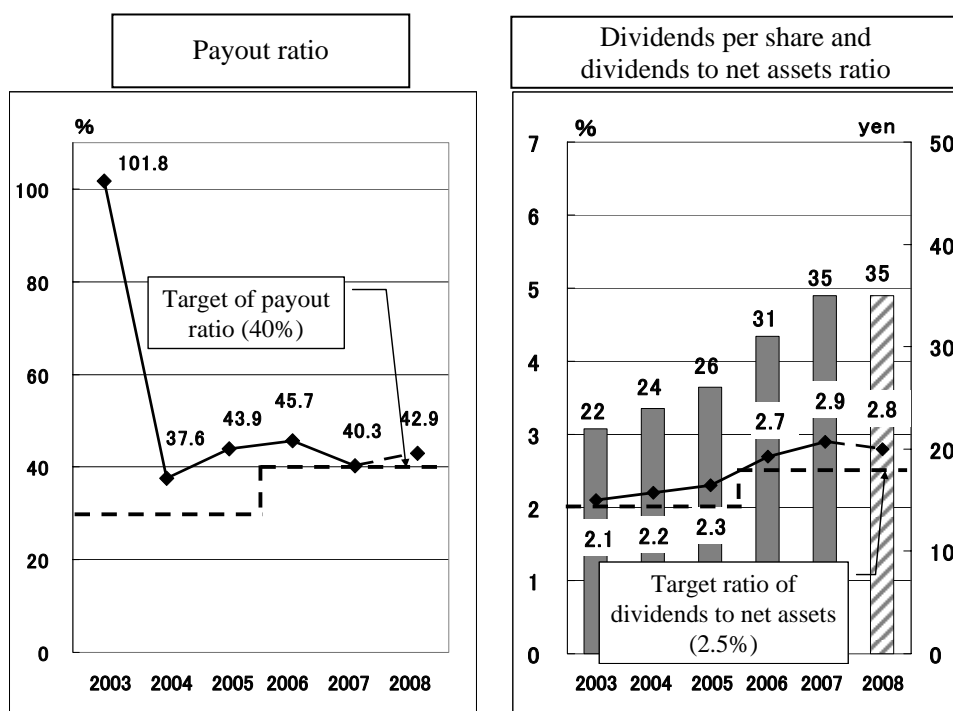
Practically speaking, in 1991, we announced "Programs to Return Profits to Shareholders through Numerical Standards Based on the Dividend Ratio," and linked the payment of dividends to increases in earnings. Furthermore, in 1993, we added "ratio of dividends to net assets" to our dividend policy, with the goal of stabilizing dividends.

In view of future earnings forecasts, investment plans, free cash flow, and other factors, in the fiscal year ended March 31, 2006, we initiated a new program for returning profits to shareholders based on the following changes on the basis of consolidated results: the dividend payout ratio was raised from 30% to a minimum of 40% and the ratio of dividends to net assets was changed from 2% to a targeted rate of 2.5%.

Concerning internal capital reserves, we will make use of our current business assets to develop new businesses, expanding into growth markets and other business fields to pay larger dividends to shareholders in the future.

### (2) Dividend Forecasts for the Fiscal Year Ending March 31, 2008

Regarding profit distributions in the current fiscal year, MAX will pay dividends based on the guidelines stated in the aforementioned Basic Policy Regarding the Distribution of Profit, which calls for a minimum dividend payout ratio of 40% and a ratio of dividends to net assets of 2.5%.



## Consolidated Balance Sheets

(Millions of yen)

	September 30, 2007		September 30, 2006		March 31, 2007		Change from March 31, 2007
							Increase (decrease)
<b>Assets</b>							
Current assets	<b>¥35,434</b>	<b>44.0%</b>	¥32,718	41.8%	¥36,561	44.4%	¥(1,127)
Cash and cash deposits	<b>5,163</b>		6,140		6,496		(1,333)
Notes and accounts receivable—trade	<b>15,013</b>		15,578		16,097		(1,084)
Marketable securities	<b>5,700</b>		2,906		4,909		791
Inventories	<b>7,542</b>		6,336		7,014		527
Other	<b>2,019</b>		1,780		2,068		(49)
Allowance for doubtful accounts	<b>(4)</b>		(24)		(25)		20
Fixed assets	<b>45,106</b>	<b>56.0</b>	45,584	58.2	45,754	55.6	(648)
Tangible fixed assets	<b>18,952</b>	<b>23.5</b>	18,159	23.2	18,436	22.4	516
Buildings and structures	<b>5,930</b>		5,286		5,094		835
Machinery, equipment and vehicles	<b>3,580</b>		3,104		3,003		577
Land	<b>6,909</b>		6,909		6,909		—
Construction in progress	<b>803</b>		845		1,701		(897)
Other	<b>1,729</b>		2,013		1,727		1
Intangible fixed assets	<b>262</b>	<b>0.3</b>	283	0.4	255	0.3	7
Investments and other assets	<b>25,891</b>	<b>32.1</b>	27,141	34.7	27,063	32.9	(1,172)
Investment securities	<b>21,409</b>		22,461		22,682		(1,272)
Long-term loans receivable	<b>1,075</b>		1,115		1,132		(56)
Other	<b>3,424</b>		3,629		3,267		157
Allowance for doubtful accounts	<b>(19)</b>		(65)		(19)		0
<b>Total assets</b>	<b>¥80,540</b>	<b>100.0</b>	¥78,303	100.0	¥82,316	100.0	¥(1,776)

## Consolidated Balance Sheets

(Millions of yen)

	September 30, 2007		September 30, 2006		March 31, 2007		Change from March 31, 2007
							Increase (decrease)
<b>Liabilities</b>							
Current liabilities	<b>¥11,838</b>	<b>14.7%</b>	¥12,304	15.7%	¥13,603	16.5%	¥(1,764)
Notes and accounts payable—trade	<b>4,006</b>		4,076		4,516		(510)
Short-term loans payable	<b>2,116</b>		2,050		2,150		(33)
Accounts payable—other	<b>1,607</b>		2,002		1,970		(363)
Income taxes payable	<b>1,409</b>		1,535		2,062		(653)
Consumption taxes payable	<b>118</b>		159		160		(41)
Reserve for employees' bonuses	<b>1,608</b>		1,591		1,785		(176)
Reserve for directors' and corporate auditors' bonuses	<b>34</b>		39		84		(49)
Other	<b>937</b>		849		873		63
Long-term liabilities	<b>5,020</b>	<b>6.2</b>	4,489	5.7	4,487	5.5	533
Long-term loans payable	<b>49</b>		150		50		(0)
Reserve for retirement benefits	<b>3,887</b>		3,880		3,980		(93)
Reserve for retirement benefits to directors and corporate auditors	<b>198</b>		208		219		(20)
Negative goodwill	<b>87</b>		94		91		(3)
Other	<b>789</b>		156		145		652
<b>Total liabilities</b>	<b>16,859</b>	<b>20.9</b>	16,794	21.4	18,090	22.0	(1,230)
<b>Net assets</b>							
Shareholders' equity							
Common stock	<b>12,367</b>		12,367		12,367		—
Capital surplus	<b>10,519</b>		10,519		10,519		0
Retained earnings	<b>44,445</b>		41,881		44,201		243
Treasury stock	<b>(2,910)</b>		(2,859)		(2,883)		(27)
Total shareholders' equity	<b>64,422</b>	<b>80.0</b>	61,909	79.1	64,206	78.0	215
Revaluations and adjustments							
Land revaluation difference	<b>(2,804)</b>		(2,170)		(2,170)		(633)
Revaluation difference on other securities	<b>1,871</b>		1,901		2,248		(377)
Foreign currency conversion adjustment	<b>106</b>		(202)		(137)		244
Total revaluations and adjustments	<b>(826)</b>	<b>(1.0)</b>	(471)	(0.6)	(60)	(0.1)	(766)
Minority interests	<b>86</b>	<b>0.1</b>	71	0.1	80	0.1	5
<b>Total net assets</b>	<b>63,681</b>	<b>79.1</b>	61,509	78.6	64,226	78.0	(545)
<b>Total liabilities and net assets</b>	<b>¥80,540</b>	<b>100.0</b>	¥78,303	100.0	82,316	100.0	¥(1,776)

## Consolidated Statements of Income

(Millions of yen)

	Six months ended September 30, 2007		Six months ended September 30, 2006		Increase (decrease)		Year ended March 31, 2007	
	¥	%	¥	%	¥	%	¥	%
<b>Net sales</b>	<b>¥32,462</b>	<b>100.0%</b>	¥31,577	100.0%	¥884	2.8%	¥65,101	100.0%
Cost of sales	<b>19,914</b>	<b>61.3</b>	19,506	61.8	408		40,441	62.1
Gross profit	<b>12,547</b>	<b>38.7</b>	12,070	38.2	476		24,659	37.9
<b>Selling, general and administrative expenses</b>	<b>9,057</b>	<b>27.9</b>	8,787	27.8	270		17,794	27.3
Operating income	<b>3,489</b>	<b>10.7</b>	3,283	10.4	205	6.3	6,865	10.5
<b>Non-operating income</b>	<b>256</b>	<b>0.8</b>	359	1.1	(103)		788	1.2
Interest income	<b>106</b>		77		29		170	
Dividend income	<b>83</b>		85		(2)		173	
Rental income	<b>26</b>		17		8		36	
Foreign exchange gain	—		50		(50)		154	
Amortization of negative goodwill	<b>3</b>		3		—		7	
Leveraged lease investment income	—		106		(106)		186	
Other non-operating income	<b>36</b>		18		18		59	
<b>Non-operating expenses</b>	<b>134</b>	<b>0.4</b>	57	0.2	76		111	0.2
Interest expenses	<b>27</b>		21		5		43	
Taxes and duties	<b>9</b>		12		(2)		23	
Foreign exchange loss	<b>57</b>		—		57		—	
Other non-operating expenses	<b>40</b>		24		16		43	
Ordinary income	<b>3,611</b>	<b>11.1</b>	3,585	11.4	25	0.7	7,541	11.6
<b>Special income</b>	<b>20</b>	<b>0.1</b>	7	0.0	13		243	0.4
Reversal of allowance for doubtful accounts	<b>20</b>		5		15		—	
Gain on sales of investment securities	—		2		(2)		243	
<b>Special losses</b>	<b>29</b>	<b>0.1</b>	39	0.1	(9)		57	0.1
Losses on disposal of fixed assets	<b>29</b>		22		6		40	
Revaluation loss on investment securities	—		16		(16)		16	
Net income before income taxes	<b>3,602</b>	<b>11.1</b>	3,554	11.3	48	1.4	7,728	11.9
<b>Corporate, inhabitant, and enterprise taxes</b>	<b>1,339</b>		1,536		(197)		3,328	
<b>Deferred income taxes</b>	<b>106</b>		(138)		244		(80)	
<b>Minority interests</b>	<b>3</b>		3		(0)		7	
<b>Net income</b>	<b>¥ 2,154</b>	<b>6.6</b>	¥ 2,152	6.8	¥ 1	0.1	¥4,472	6.9

## Consolidated Statements of Changes in Shareholders' Equity and Other Net Assets for the Interim Period

April 1, 2007 to September 30, 2007

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
<b>Balance at March 31, 2007</b>	<b>¥12,367</b>	<b>¥10,519</b>	<b>¥44,201</b>	<b>¥(2,883)</b>	<b>¥64,206</b>
Changes during the period:					
Dividends from retained earnings	—	—	(1,801)	—	(1,801)
Decrease due to newly consolidated subsidiaries	—	—	(109)	—	(109)
Purchase of treasury stock	—	—	—	(27)	(27)
Disposal of treasury stock	—	0	—	0	0
Net income for the period	—	—	2,154	—	2,154
Total changes during the period	—	0	243	(27)	215
<b>Balance at September 30, 2007</b>	<b>¥12,367</b>	<b>¥10,519</b>	<b>¥44,445</b>	<b>¥(2,910)</b>	<b>¥64,422</b>

(Millions of yen)

	Revaluations and adjustments				Minority interests	Net assets
	Land revaluation difference	Revaluation difference on other securities	Foreign currency conversion adjustment	Total revaluations and adjustments		
<b>Balance at March 31, 2007</b>	<b>¥(2,170)</b>	<b>¥2,248</b>	<b>¥(137)</b>	<b>¥ (60)</b>	<b>¥80</b>	<b>¥64,226</b>
Changes during the period:						
Dividends from retained earnings	—	—	—	—	—	(1,801)
Decrease due to newly consolidated subsidiaries	—	—	—	—	—	(109)
Purchase of treasury stock	—	—	—	—	—	(27)
Disposal of treasury stock	—	—	—	—	—	0
Net income for the period	—	—	—	—	—	2,154
Changes in other items during the period, net	(633)	(377)	244	(766)	5	(760)
Total changes during the period	(633)	(377)	244	(766)	5	(545)
<b>Balance at September 30, 2007</b>	<b>¥(2,804)</b>	<b>¥1,871</b>	<b>¥106</b>	<b>¥(826)</b>	<b>¥86</b>	<b>¥63,681</b>

## Consolidated Statements of Cash Flow

(Millions of yen)

	September 30, 2007	September 30, 2006	Increase (decrease)	Year ended March 31, 2007
<b>I. Cash flows from operating activities</b>				
Income before income taxes and minority interests	¥3,602	¥3,554	¥ 48	¥7,728
Depreciation expenses	1,112	1,037	75	2,215
Amortization of negative goodwill	(3)	(3)	—	(7)
Decrease in allowance for doubtful accounts	(20)	(6)	(14)	(50)
Decrease (increase) in accrued bonuses to employees and directors	(226)	133	(359)	372
Decrease (increase) in reserve for retirement benefits for employees, directors, and corporate auditors	(114)	285	(399)	397
Interest and dividend income	(189)	(162)	(27)	(344)
Interest expenses	27	21	5	43
Effect of exchange rate changes	2	0	1	0
Losses from the disposal of fixed assets	29	22	6	40
Gains from the sales of investment securities	—	—	—	(243)
Losses on revaluation of investment securities	—	—	—	16
Increase (decrease) in notes and accounts receivable—trade	729	(1,335)	2,065	(1,816)
Increase in inventories	181	562	(380)	(68)
Decrease in notes and accounts payable—trade	(819)	(114)	(704)	263
Decrease in consumption tax payable	(41)	103	(145)	103
Accrued bonuses to directors and auditors	—	(70)	70	(70)
Increase in other assets	229	243	(14)	228
Decrease (increase) increase in other liabilities	(160)	33	(193)	119
Subtotal	4,337	4,304	33	8,927
Interest and dividends received	200	170	30	357
Interest expenses paid	(26)	(23)	(2)	(45)
Corporate income taxes paid	(1,999)	(1,454)	(544)	(2,733)
Net cash provided by operating activities	2,512	2,996	(483)	6,506
<b>II. Cash flows from investing activities</b>				
Expenditures for the acquisition of marketable and investment securities	(2,405)	(4,224)	1,819	(7,642)
Proceeds from the redemption or sales of marketable and investment securities	1,505	3,304	(1,799)	5,119
Expenditures for the acquisition of tangible fixed assets	(1,380)	(1,030)	(349)	(2,550)
Proceeds from the sales of tangible fixed assets	—	7	(7)	3
Expenditure for a loans	(22)	(71)	48	(181)
Proceeds from the repayment of a loan	78	83	(5)	168
Net cash used in investing activities	(2,224)	(1,931)	(293)	(5,082)
<b>III. Cash flows from financing activities</b>				
Proceeds from a loan	—	100	(100)	100
Expenditure for the repayment of a loan	(100)	—	(100)	—
Expenditure for the acquisition of treasury stock	(27)	(19)	(8)	(43)
Proceeds from the sale of treasury stock	0	0	(0)	0
Amount paid for dividend payments	(1,799)	(1,594)	(205)	(1,595)
Net cash used in financing activities	(1,927)	(1,512)	(414)	(1,537)
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>	37	(4)	41	18
<b>V. Decrease in cash and cash equivalents</b>	(1,602)	(451)	(1,150)	(95)
<b>VI. Cash and cash equivalents at the beginning of the period</b>	6,496	6,592	(95)	6,592
<b>VII. Increase in cash and cash equivalents arising from inclusion of subsidiaries in consolidation</b>	268	—	268	—
<b>VIII. Balance of cash and cash equivalents at the end of the period</b>	¥5,163	¥6,140	¥ (977)	¥6,496

## Segment Data

### 1. Consolidated Business Operations by Segment

April 1, 2007 to September 30, 2007

(Millions of yen)

	Office Equipment	Industrial Equipment	Total	Elimination/ Corporate	Consolidated
Net sales and operating income					
(1) Net sales to outside customers	¥11,982	¥20,479	¥32,462	¥—	¥32,462
(2) Intersegment sales	—	—	—	—	—
Total	11,982	20,479	32,462	—	32,462
Operating expenses	8,952	20,019	28,972	—	28,972
Operating income	¥ 3,029	¥ 459	¥ 3,489	¥—	¥ 3,489

Note: Consolidated Accounting Period in First Half of Fiscal Year under Review (April 1, 2007, to September 30, 2007) attendant with corporate tax law amendments (the partial amendment to the income tax law and other legislation, Article 6 of the law as of March 30, 2007, as well as the partial amendment of the enforcement regulations for Japan's Corporate Tax Law, Ordinance 83 as of March 30, 2007), the MAX Group will switch to a method based on the revised corporate tax code for tangible fixed assets acquired since April 1, 2007, starting from the consolidated accounting period for the first half of the fiscal year ending March 31, 2008. Attendant with this changeover, operating expenses for office equipment increased ¥17 million and for industrial equipment climbed ¥29 million compared with the treatment under the previous method in the first half of the consolidated accounting period under review, and each of these increases reduced operating profit by commensurate amounts.

In addition, regarding tangible fixed assets acquired prior to March 31, 2007, the year after these assets have been depreciated to the maximum allowable amount under the previous law, we apply the straight-line method for five years to the remaining book value. In the first half of the fiscal year ending March 31, 2008, this change in method, compared with the previous one, increased operating expenses for office equipment by ¥35 million and for industrial equipment by ¥62 million, and each of these increases decreased operating profit by commensurate amounts.

April 1, 2006 to September 30, 2006

(Millions of yen)

	Office Equipment	Industrial Equipment	Total	Elimination/ Corporate	Consolidated
Net sales and operating income					
(1) Net sales to outside customers	¥11,534	¥20,042	¥31,577	¥—	¥31,577
(2) Intersegment sales	—	—	—	—	—
Total	11,534	20,042	31,577	—	31,577
Operating expenses	8,961	19,331	28,293	—	28,293
Operating income	¥ 2,572	¥ 711	¥ 3,283	¥—	¥ 3,283

April 1, 2006 to March 31, 2007

(Millions of yen)

	Office Equipment	Industrial Equipment	Total	Elimination/Corporate	Consolidated
Net sales and operating income					
(1) Net sales to outside customers	¥23,455	¥41,645	¥65,101	¥ —	¥65,101
(2) Intersegment sales	—	—	—	—	—
Total	23,455	41,645	65,101	—	65,101
Operating expenses	18,185	40,050	58,235	—	58,235
Operating income	¥ 5,270	¥ 1,595	¥ 6,865	¥—	¥ 6,865

Notes: 1. Method of Business Segment Classification

1) Business segments are classified by product line.

2) The leading products of each business segment

Business Category	Main Products
Office Equipment	Automatic staplers, staplers, staples, numbering machines, paper punches, ink pads, vermilion ink pads, time recorders, check writers, vinyl cutting machines, printing machines, label printers, card printers, tube marking machines, brush handwriting software, brush handwriting plotters, parallel rulers, plotters, etc.
Industrial Equipment	Pneumatic nailers, hand tackers, system nailers, collated screwdrivers, collated screw nailers, electric screwdrivers with automatic feeding, staples/nails/screws, air compressors, rebar tying tools, concrete pin drivers, gas nailers, hammer drills, vibrating drills, vegetable bunching machines, induction binders, bag-sealing machines, dryers/heaters/ventilators for bathrooms, 24-hour residential ventilation systems with air-to-air heat exchangers, floor-heating systems, disposal systems, smoke detectors for the home, etc.

## 2. Segment Data by Location

April 1, 2007 to September 30, 2007

(Millions of yen)

	Japan	Other	Total	Elimination/Corporate	Consolidated
Net sales and operating income					
(1) Net sales to outside customers	¥28,168	¥4,293	¥32,462	¥ —	¥32,462
(2) Intersegment sales	3,358	1,940	5,298	(5,298)	—
Total	31,526	6,233	37,760	(5,298)	32,462
Operating expenses	28,395	5,875	34,270	(5,298)	28,972
Operating income	¥ 3,131	¥ 357	¥ 3,489	¥ —	¥ 3,489

Notes: 1. Division by country or region is based on geographical proximity.

2. Main country and regional divisions other than Japan: U.S.A., Malaysia, Hong Kong, Thailand, Germany, Netherlands

(April 1, 2006, to September 30, 2006)

Since Japan accounted for more than 90% of total net sales in all segments, we omitted segment information by geographical region.

(April 1, 2006, to September 30, 2007)

Since Japan accounted for more than 90% of total net sales in all segments, we omitted segment information by geographical region.

### 3. Consolidated Overseas Net Sales

#### April 1, 2007 to September 30, 2007

(Millions of yen)

	The Americas	Asia	Other Regions	Total
I. Overseas net sales	¥2,521	¥3,838	¥2,926	¥ 9,287
II. Consolidated net sales				32,462
III. Overseas net sales as a percentage of consolidated net sales	7.8%	11.8%	9.0%	28.6%

#### April 1, 2006 to September 30, 2006

(Millions of yen)

	The Americas	Asia	Other Regions	Total
I. Overseas net sales	¥2,407	¥3,150	¥2,505	¥ 8,062
II. Consolidated net sales				31,577
III. Overseas net sales as a percentage of consolidated net sales	7.6%	10.0%	7.9%	25.5%

#### April 1, 2006 to March 31, 2007

(Millions of yen)

	The Americas	Asia	Other Regions	Total
I. Overseas net sales	¥4,631	¥6,510	¥5,124	¥16,266
II. Consolidated net sales				65,101
III. Overseas net sales as a percentage of consolidated net sales	7.1%	10.0%	7.8%	25.0%

- Notes: 1. Overseas net sales consist of sales by MAX and its consolidated subsidiaries in countries or regions outside of Japan.  
 2. The category for country or region depends on the geographical proximity.  
 3. The main categories can be defined as follows:  
     The Americas: United States and Canada  
     Asia: Malaysia and Singapore  
     Other Regions: Europe

## Per Share Information

(Yen)

	Six months ended September 30, 2007	Six months ended September 30, 2006	Year ended March 31, 2007
Net assets per share	¥1,235.78	¥1,193.19	¥1,246.11
Net income per share	41.85	41.79	86.86

Note: Net income per share assuming full dilution is not shown for the interim period under review because of the absence of latent shares.

Note: Key Assumptions Used in Calculating of the Following Items

### 1. Net Assets per Share

	Six months ended September 30, 2007	Six months ended September 30, 2006	Year ended March 31, 2007
Net asset total on interim consolidated balance sheet	63,681 million	61,509 million	64,226 million
Value of net assets attributed to common stock	63,595 million	61,438 million	64,145 million
Main item accounting for difference:			
Minority interests	86 million	71 million	80 million
Total outstanding common shares	54,761 thousand shares	54,761 thousand shares	54,761 thousand shares
Common shares held as treasury stock	3,300 thousand shares	3,271 thousand shares	3,284 thousand shares
Number of common shares used for calculation of net assets per share	51,461 thousand shares	51,490 thousand shares	51,476 thousand shares

### 2. Net Income per Share and Net Income per Share after Full Dilution

	Six months ended September 30, 2007	Six months ended September 30, 2006	Year ended March 31, 2007
Consolidated net income	2,154 million	2,152 million	4,472 million
Value of consolidated net income attributed to common stock	2,154 million	2,152 million	4,472 million
Average number of outstanding shares during the period	51,469 thousand shares	51,495 thousand shares	51,488 thousand shares

Disclosure omissions:

We have omitted notes pertaining to lease transactions and marketable securities from this report because the need for providing these disclosures in our interim abbreviated filing of our business results was not substantial.

In the case of the Max Group, there were no applicable items in the categories of transactions with related parties, derivative transactions, stock options, corporate integrations, or major post-balance sheet events.