

Financial Report for the Second Quarter of the Fiscal Year Ending March 31, 2009 (Consolidated)

October 22, 2008

Company Name: MAX CO., LTD.
 Stock Listing: First Sections of the Tokyo Stock Exchange
 Stock Code: 6454
 Head Office: 6-6, Hakozaki-cho, Nihonbashi, Chuo-ku, Tokyo, JAPAN
 URL: (<http://www.max-ltd.co.jp>)
 Representative Director: Takashi Miida, CEO, President and Representative Director
 Inquiries: Teruhiro Kamon, Managing Director, General Manager
 Tel: +81-3-3669-0311

Scheduled date to submit Quarterly Securities Report: November 13, 2008

1. Results for the Second Quarter of the Fiscal Year Ending March 31, 2009 (April 1, 2008 to September 30, 2008)

(1) Consolidated Operating Results (Six Months)

(Millions of yen, percentage figures are changes from the same period of the previous fiscal year)

	Six months ended September 30, 2008		Six months ended September 30, 2007	
Net sales	¥31,089	—%	¥32,462	2.8%
Operating income	2,761	—	3,489	6.3
Ordinary income	2,889	—	3,611	0.7
Net income	1,740	—	2,154	0.1
Net income per share (yen)	¥34.49	—	¥41.85	—
Net income per share after full dilution (yen)	—	—	—	—

(2) Consolidated Financial Position

(Millions of yen)

	At September 30, 2008	At March 31, 2008
Total assets	¥78,490	¥79,689
Net assets	62,433	63,071
Shareholders' equity ratio (%)	79.4%	79.0%
Shareholders' equity per share (yen)	¥1,235.97	¥1,248.31

For reference: Shareholders' equity: ¥62,345 million (as of September 30, 2008); ¥62,983 million (as of March 31, 2008).

2. Dividends

Base date	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total dividends
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2008	¥—	¥—	¥—	¥36.00	¥36.00
Year ending March 31, 2009	—	—	—	—	—
Year ending March 31, 2009 (Est.)	—	—	—	36.00	36.00

Note: Whether the dividend forecast for the quarter under review has been revised: No

3. Forecast of Consolidated Operating Results for the Fiscal Year Ending March 31, 2009 (April 1, 2008 to March 31, 2009)

(Millions of yen, percentage figures are changes from the same period of the previous fiscal year)

	Year ending March 31, 2009	
Net sales	¥63,500	(3.1)%
Operating income	5,200	(24.1)%
Ordinary income	5,300	(21.9)%
Net income	3,350	(16.5)%
Net income per share (yen)	¥66.41	—

Note: Whether the forecasts for consolidated earnings for the quarter under review have been revised: Yes

4. Others

- (1) Changes in important subsidiaries during the period (changes in special consolidated subsidiaries attendant with change in scope of consolidation): No
- (2) Application of simplified accounting procedures, or application of special accounting procedures in creating consolidated financial statements for the quarter under review: Yes
- (3) Changes in principles, procedures, and presentation method of accounting related to the compilation of consolidated quarterly financial statements (Description of changes in important items that comprise the basic foundation in the compilation of consolidated quarterly financial statements)
 1. Changes attendant with revisions in accounting principles: Yes
 2. Other changes aside from (1) above: No
- (4) Number of shares outstanding (common stock)
 1. Period-end number of shares outstanding (including treasury stock): 50,500,626 (as of September 30, 2008); 50,500,626 (as of March 31, 2008)
 2. Period-end number of treasury stock: 58,129 (as of September 30, 2008); 45,168 (as of March 31, 2008)
 3. Average number of outstanding common shares: 50,446,711 (as of September 30, 2008); 51,469,260 (as of March 31, 2008)

* Explanation on the appropriate use of earnings forecasts and other notices

- (1) Forecasts are based on information available on the date of publication. Actual performance may differ from forecasts due to various subsequent factors.
- (2) From this consolidated fiscal year, we are applying Accounting Standard for Quarterly Financial Reporting (Accounting Standards Board of Japan (ASBJ) Statement No. 12) and Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No. 14). We also produce our consolidated quarterly financial statements in accordance with "Rules for Quarterly Consolidated Financial Statement".

Qualitative Information / Financial Statements

1. Consolidated Operating Results

(1) Consolidated Operating Results (Six Months)

(Millions of yen)

	Six months ended September 30, 2008
Net sales	¥31,089
Operating income	2,761
Ordinary income	2,889
Net income	1,740
Net income per share (yen)	¥34.49

During the six months of the year, the effects of the financial crisis that originated in the United States spread worldwide, and global financial systems and securities markets were enveloped in widespread confusion. In addition, prices for raw materials, such as steel products and crude oil, rose rapidly as did product prices. These rises had a knock-on effect on the real economy, and we are currently seeing signs of a simultaneous worldwide economic recession.

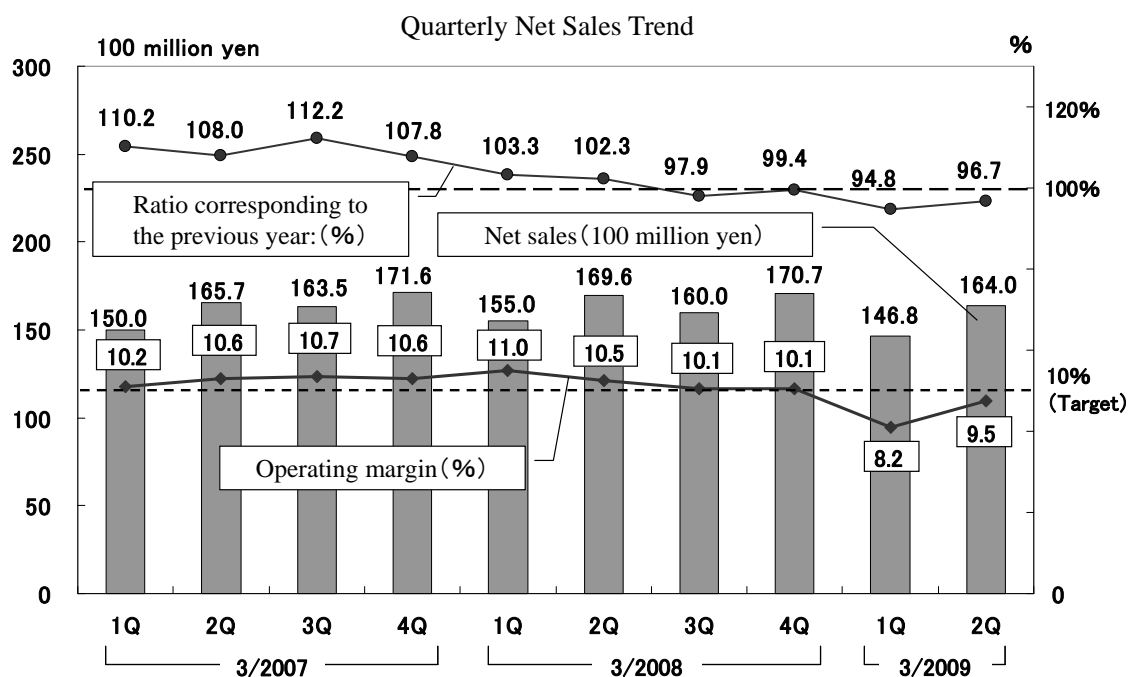
In this economic environment, the Company decided on a management policy of “forming deeper links with customers and thereby gaining increased client confidence” and devoted Companywide efforts to achieving better results through business growth and rebuilding our profit structure.

In our Office Product Division, sales remained flat compared with the same period of the prior year, but we achieved stable profitability through a year-on-year increase in income as we maintained the leading share in niche markets, such as staplers and electronic staplers, and pursued our business model of selling both equipment and expendable supplies.

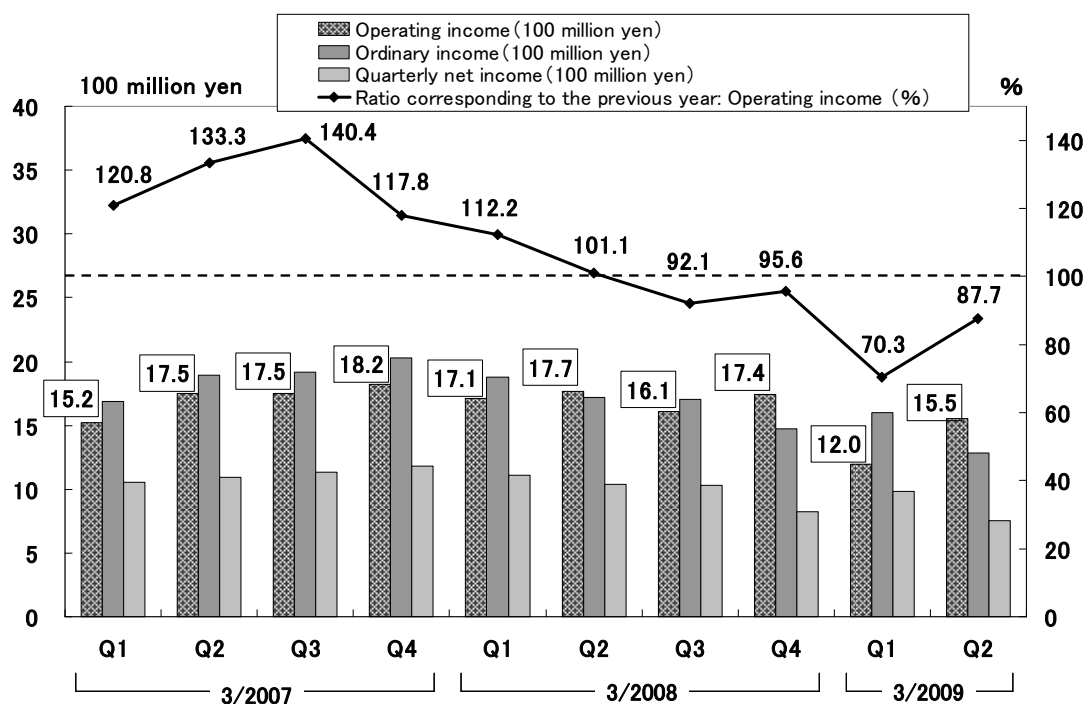
Our Industrial Product Division was adversely affected by the level of domestic new housing starts, which, despite beginning to recover from a sudden slump in the prior period, remained at a low level. Therefore, although our new housing environmental equipment business, which we are working to expand, was able to maintain the same level of sales as in the previous period, our domestic industrial equipment business saw a decline in revenue. Our overseas industrial equipment business also recorded a small decline in revenue due to the significant decrease in the number of new housing starts in the United States and the influence of lower selling prices due to the appreciation of the yen.

Although we worked to incorporate repeated rises in raw materials costs into sales prices and implemented further cost-cutting initiatives, the division as a whole recorded lower sales and lower income.

As a result of the above, the Company as a whole recorded lower sales and lower income.



Quarterly Earnings Trend



(2) Earnings for the six months by Division

(Millions of yen)

	Office Equipment	Industrial Equipment
Net sales	¥11,916	¥19,173
Operating income	3,046	(284)
Operating margin	25.6%	(1.5)%

Office Equipment Division

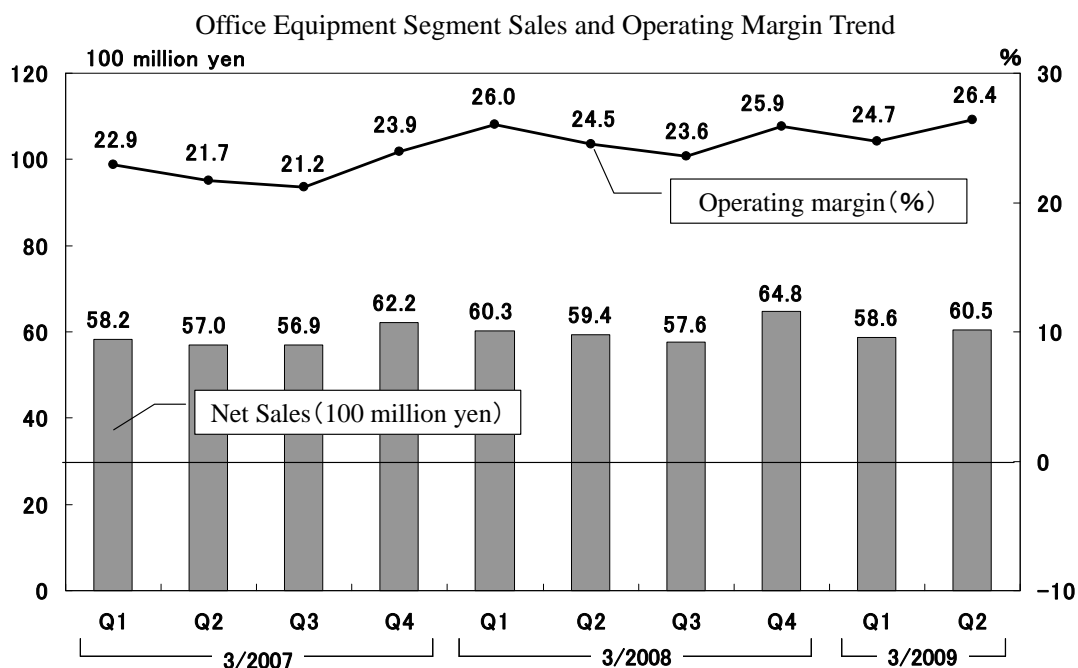
In the domestic office equipment business, the launch of 「Vaimo 11」, an unprecedented "next-generation" handy-type stapler that allows the stapling of 40 sheets, and its accompanying newly designed "No. 11" staples contributed to increased sales as did the growing tendency for major chain stores to introduce label printers, an area of the business we are trying to expand. This tendency was a result of heightened public concerns about food safety.

In the overseas office equipment business, we recorded increased sales of new stapler products in Asia as well as in European and North American markets.

In the autostapler business, we are continuing to supply autostaplers and expendable supplies (staples) to the majority of copier and printer manufacturers both domestically and overseas.

During the six months, sales of the world's first "photo copier with a built-in plastic ring bookbinder," which can both photocopy and bind books, contributed to sales, but revenues from existing autostaplers, for both equipment and staples, fell as worries over a worldwide economic slowdown persisted.

Overall, the Office Equipment Division recorded only around the same level of sales as in the same period of the prior year, but income increased.



Industrial Equipment Division

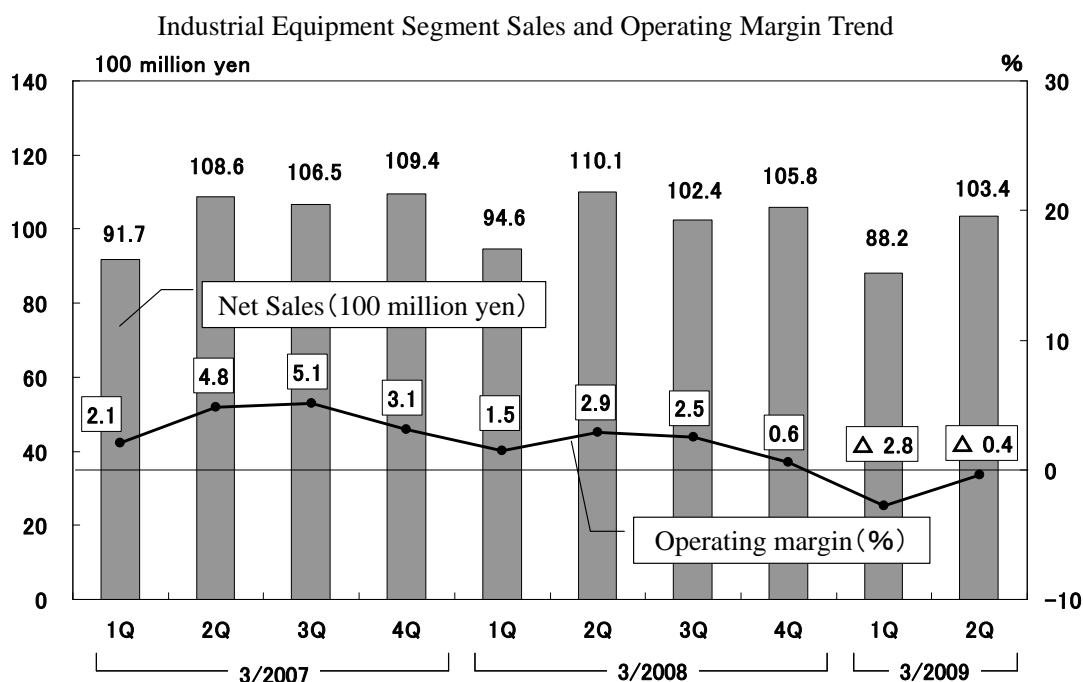
In the domestic industrial equipment business, as new housing starts remained at a low level, sales of our "rechargeable brushless impact driver," which is equipped with a lithium iron battery, contributed to sales, but both major and local building firms continued to refrain from purchasing nailers as during the previous period.

We twice raised prices to try and maintain profits in response to the rising prices for raw materials, including wire rods, which are used to make nails, staples, and other products.

In the housing environmental equipment business, revenue from ventilation systems fell as new condominium construction dropped, but overall revenues remained at the same level as in the previous period due to growth in sales of new product lines, which we are working to expand, including disposal systems and floor heating systems.

In the overseas industrial equipment business, we recorded increased sales in Europe of expendable tie wires for concrete rebar tying tools, a business area we are trying to grow after developing the products in-house, but a decline in the sales of nailers due to the major decrease in the number of housing starts in the United States and a fall in retail prices due to the appreciation of the yen resulted in a small decline in sales.

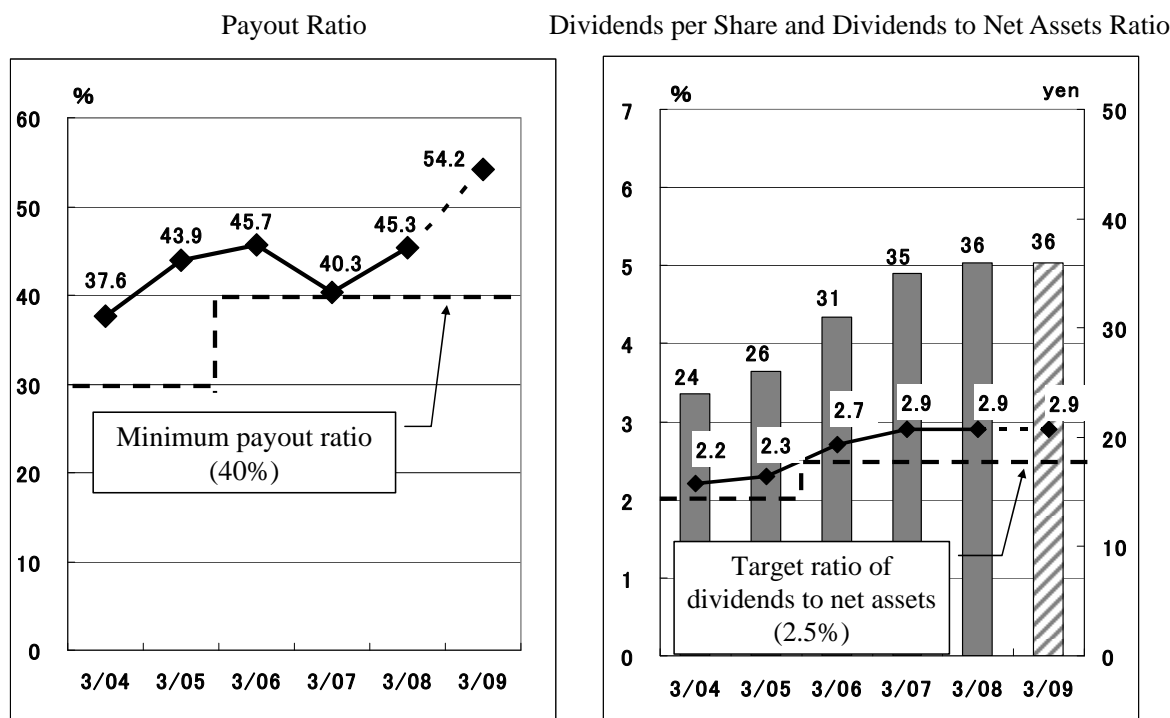
As a whole, the Industrial Equipment Division recorded reduced sales and reduced income.



(3) Dividends

The Company's basic dividend policy is to maintain a minimum dividend payout ratio of 40% and a target dividend to net assets ratio of 2.5%.

Although we are forecasting reduced sales and reduced income for the full fiscal year, we have taken into account our future investment plans and financial situation and, as a result, intend to maintain the prior fiscal year's annual dividend of ¥36 per share.



Note: Ratios for fiscal periods through the fiscal year ended March 31, 2005 are calculated based on parent company-only data.

2. Qualitative Information Pertaining to the Consolidated Financial Position

(Millions of yen, %)

	At September 30, 2008	Change from March 31, 2008	
Total assets	¥78,490	(1.5)%	¥(1,198)
Net assets	62,433	(1.0)	(637)
Shareholders' equity ratio (%)	79.4%	0.4pp	—

Regarding assets, current assets decreased by ¥2,054 million principally because although cash and cash deposits increased by ¥761 million, notes and accounts receivable—trade decreased by ¥1,490 million and marketable securities dropped by ¥1,297 million due to the redemption of bonds that matured and other factors. Fixed assets increased by ¥856 million, mainly due to an increase of ¥869 million in investment securities.

Regarding liabilities, current liabilities decreased by ¥956 million due to a ¥361 million decline in accrued bonus payments to employees and a ¥318 million decline in notes and accounts payable. Although fixed liabilities increased by ¥395 million due mainly to the application of "accounting standards for lease transactions," total liabilities decreased by ¥560 million.

Net assets decreased by ¥637 million due in part to decreases in revaluation differences on other marketable securities and in the foreign currency translation adjustment account.

3. Qualitative Information on Consolidated Earnings Forecasts

As turbulence in financial systems and securities markets is having knock-on effects on the real economy and we are seeing signs of a simultaneous global economic recession, we expect the Company's business environment to be extremely difficult due to the very rapid appreciation of the yen, a slowdown in the domestic economy, and falling demand in the domestic housing market.

As a result of these factors, we have made the following modifications to the forecast for the full fiscal year originally announced on April 25, 2008.

We now expect to achieve sales of ¥63.5 billion, operating income of ¥5.2 billion, ordinary income of ¥5.3 billion, and net income of ¥3.35 billion.

Quarterly Consolidated Financial Statements

1. Abbreviated Consolidated Balance Sheet

(Millions of yen)

	At September 30, 2008	At March 31, 2008	Change
ASSETS			
Current assets	¥33,039	¥35,094	¥(2,054)
Cash and cash deposits	6,997	6,236	761
Notes and accounts receivable—trade	13,528	15,019	(1,490)
Marketable securities	2,402	3,700	(1,297)
Finished merchandise	19	3	15
Finished products	5,319	5,345	(25)
Raw materials	1,710	1,831	(120)
Work in progress	695	733	(38)
Other	2,371	2,230	141
Allowance for doubtful accounts	(6)	(6)	0
Fixed assets	45,451	44,595	856
Tangible fixed assets	18,003	18,279	(276)
Intangible assets	206	237	(31)
Investments and other assets	27,241	26,078	1,163
Investment securities	21,822	20,953	869
Other investment	5,422	5,127	294
Allowance for doubtful accounts	(3)	(3)	—
Total assets	¥78,490	¥79,689	¥(1,198)
LIABILITIES			
Current liabilities	¥10,610	¥11,567	¥ (956)
Notes and accounts payable—trade	4,041	4,360	(318)
Short-term loans	2,176	2,232	(55)
Income taxes payable	772	917	(145)
Accrued bonuses to employees	1,180	1,541	(361)
Accrued bonuses to directors and corporate auditors	31	67	(36)
Other	2,407	2,447	(39)
Long-term liabilities	5,446	5,050	395
Long-term loans	163	132	30
Reserve for retirement benefits to employees	3,888	3,814	74
Reserve for retirement benefits to directors and corporate auditors	254	232	22
Negative goodwill	79	83	(3)
Other	1,059	787	271
Total liabilities	16,056	16,617	(560)
NET ASSETS			
Shareholders' equity	64,903	64,995	(91)
Common stock	12,367	12,367	—
Capital surplus	10,518	10,517	0
Retained earnings	42,076	42,152	(76)
Treasury stock	(59)	(43)	(16)
Revaluations and adjustments	(2,558)	(2,011)	(546)
Revaluation difference on other securities	385	759	(374)
Land revaluation difference	(2,804)	(2,804)	—
Foreign currency translation adjustment	(138)	34	(172)
Minority interests	88	87	1
Total net assets	62,433	63,071	(637)
Total liabilities and net assets	¥78,490	¥79,689	¥(1,198)

2. Abbreviated Consolidated Statement of Income

(Millions of yen)

	Fist six months ended September 30, 2008
Net sales	¥31,089
Cost of sales	19,592
Gross profit	11,497
Selling, general and administrative expenses	8,735
Employee compensation	2,574
Provision for accrued bonuses to employees	751
Provision for accrued bonuses to directors and corporate auditors	31
Retirement benefits to employees	452
Provision to reserve for retirement benefits to directors and corporate auditors	25
Packing and shipping costs	785
Sales promotion expenses	834
Depreciation and amortization	298
Other	2,980
Operating income	2,761
Non-operating income	299
Interest income	127
Dividend income	98
Amortization of negative goodwill	3
Other	68
Non-operating expenses	171
Interest expenses	28
Foreign exchange losses	105
Taxes and duties	13
Other	23
Ordinary income	2,889
Special losses	337
Losses on the disposal of fixed assets	12
Losses on the revaluation of inventories	144
Losses on the revaluation of investment securities	125
Special retirement benefits for employees	54
Income before income taxes and minority interests	2,552
Tax expenses	804
Minority interests	7
Net income	¥ 1,740

3. Abbreviated Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended September 30, 2008
I. Cash flows from operating activities	
Income before income taxes and minority interests	¥2,552
Depreciation expenses	1,229
Amortization of negative goodwill	(3)
Decrease in accrued bonuses to employees	(361)
Decrease in accrued bonuses to directors and corporate auditors	(36)
Increase in reserve for retirement benefits for employees, directors and corporate auditors	97
Interest and dividend income	(226)
Interest expenses	28
Effect of exchange rate changes	21
Losses from the disposal of fixed assets	12
Losses on the revaluation of investment securities	125
Decrease in notes and accounts receivable—trade	1,419
Decrease in inventory assets	63
Decrease in notes and accounts payable—trade	(191)
Decrease in consumption tax payable	(31)
Increase in other assets	(226)
Decrease in other liabilities	(52)
Subtotal	4,419
Interest and dividends received	228
Interest expenses paid	(28)
Corporate income taxes paid	(930)
Net cash provided by operating activities	3,689
II. Cash flows from investing activities	
Expenditures for the acquisition of marketable and investment securities	(2,650)
Proceeds from the redemption or sales of marketable and investment securities	2,306
Acquisition of fixed assets	(684)
Proceeds from the sales of fixed assets	5
Disbursement of loans	(61)
Recovery of loans	63
Net cash provided by investing activities	1,021
III. Cash flows from financing activities	
Proceeds from loans	50
Expenditure for the repayment of loans	(64)
Expenditure for the acquisition of treasury stock	(19)
Proceeds from the sale of treasury stock	4
Amount paid for dividend payments	(1,812)
Net cash used in financing activities	(1,842)
IV. Effect of exchange rate changes on cash and cash equivalents	(63)
V. Increase in cash and cash equivalents	761
VI. Cash and cash equivalents at beginning of period	6,236
VII. Balance of cash and cash equivalents at end of period	¥6,997

From this consolidated fiscal year, we are applying Accounting Standard for Quarterly Financial Reporting (Accounting Standards Board of Japan (ASBJ) Statement No. 12) and Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No. 14). We also produce our consolidated quarterly financial statements in accordance with "Rules for Quarterly Consolidated Financial Statement".

4. Notes on Assumptions Underlying the Definition of Ongoing Businesses

No related items

5. Segment Data

Consolidated Business Operations by Segment

Six months of the fiscal year ending March 31, 2009 (April 1, 2008 to September 30, 2008)

(Millions of yen)

	Office Equipment	Industrial Equipment	Total	Elimination/ Corporate	Consolidated
Net sales	¥11,916	¥19,173	¥31,089	—	¥31,089
Operating expenses	8,869	19,458	28,328	—	28,328
Operating income	3,046	(284)	2,761	—	2,761
Operating margin (%)	25.6%	(1.5)%	8.9%	—	8.9%

Note: Since the first quarter of the period under review, we have applied Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9, published July 5, 2006). As such, we have changed our valuation standards from the original cost method to the cost method, under which the values may be reduced following declines in profitability.

The impact of these changes on consolidated operating expenses during the first six months of the fiscal year, when compared to prior accounting methods, is not material for either office equipment or industrial equipment.

6. Notes on Significant Changes to Shareholders' Capital

No related items

(Supplementary Information)

Quarterly Consolidated Financial Statements

Abbreviated Consolidated Statement of Income

(Millions of yen, %)

	Six months ended September 30, 2008		Six months ended September 30, 2007		Fiscal year ended March 31, 2008	
Net sales	¥31,089	100.0%	¥32,462	100.0%	¥65,537	100.0%
Cost of sales	19,592	63.0	19,914	61.3	40,510	61.8
Gross profit	11,497	37.0	12,547	38.7	25,027	38.2
Selling, general and administrative expenses	8,735	28.1	9,057	27.9	18,175	27.7
Employee compensation	2,574		2,584		5,138	
Provision for accrued bonuses to employees	751		1,054		1,015	
Provision for accrued bonuses to directors and corporate auditors	31		34		67	
Retirement benefits to employees	452		366		779	
Provision to reserve for retirement benefits to directors and corporate auditors	25		24		70	
Packing and shipping costs	785		892		1,791	
Sales promotion expenses	834		806		1,665	
Depreciation and amortization	298		196		413	
Other	2,980		3,096		7,234	
Operating income	2,761	8.9	3,489	10.7	6,851	10.5
Non-operating income	299	1.0	256	0.8	511	0.8
Interest income	127		106		227	
Dividend income	98		83		131	
Amortization of negative goodwill	3		3		7	
Other	68		62		145	
Non-operating expenses	171	0.6	134	0.4	575	0.9
Interest expenses	28		27		51	
Foreign exchange losses	105		57		429	
Taxes and duties	13		9		19	
Other	23		40		75	
Ordinary income	2,889	9.3	3,611	11.1	6,787	10.4
Special income	—	—	20	0.1	20	0.0
Reversal of allowance for doubtful accounts	—		20		20	
Special losses	337	1.1	29	0.1	71	0.1
Losses on the disposal of fixed assets	12		29		58	
Losses on the revaluation of inventories	144		—		—	
Losses on the revaluation of investment securities	125		—		—	
Valuation loss on club memberships	—		—		12	
Special retirement benefits for employees	54		—		—	
Income before income taxes and minority interests	2,552	8.2	3,602	11.1	6,735	10.3
Tax expenses	804		1,445		2,714	
Minority interests	7		3		8	
Net income	¥ 1,740	5.6	¥ 2,154	6.6	¥ 4,013	6.1

Segment Data

Consolidated Business Operations by Segment

Six months of the fiscal year ending March 31, 2009 (April 1, 2008 to September 30, 2008)

(Millions of yen)

	Office Equipment	Industrial Equipment	Total	Elimination/ Corporate	Consolidated
Net sales	¥11,916	¥19,173	¥31,089	—	¥31,089
Operating expenses	8,869	19,458	28,328	—	28,328
Operating income	3,046	(284)	2,761	—	2,761
Operating margin (%)	25.6%	(1.5)%	8.9%	—	8.9%

Six months of the fiscal year ended March 31, 2008 (April 1, 2007 to September 30, 2007)

(Millions of yen)

	Office Equipment	Industrial Equipment	Total	Elimination/ Corporate	Consolidated
Net sales	¥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
Operating margin (%)	25.3%	2.2%	10.7%	—	10.7%

Second quarter of the fiscal year ending March 31, 2009 (July 1, 2008 to September 30, 2008)

(Millions of yen)

	Office Equipment	Industrial Equipment	Total	Elimination/ Corporate	Consolidated
Net sales	¥6,054	¥10,346	¥16,400	—	¥16,400
Operating expenses	4,454	10,386	14,840	—	14,840
Operating income	1,599	(39)	1,559	—	1,559
Operating margin (%)	26.4%	(0.4)%	9.5%	—	9.5%

Second quarter of the fiscal year ended March 31, 2008 (July 1, 2007 to September 30, 2007)

(Millions of yen)

	Office Equipment	Industrial Equipment	Total	Elimination/ Corporate	Consolidated
Net sales	¥5,949	¥11,011	¥16,960	—	¥16,960
Operating expenses	4,491	10,692	15,183	—	15,183
Operating income	1,458	319	1,777	—	1,777
Operating margin (%)	24.5%	2.9%	10.5%	—	10.5%

Year ended March 31, 2008 (April 1, 2007 to March 31, 2008)

(Millions of yen)

	Office Equipment	Industrial Equipment	Total	Elimination/ Corporate	Consolidated
Net sales	¥24,228	¥41,309	¥65,537	—	¥65,537
Operating expenses	18,161	40,524	58,686	—	58,686
Operating income	6,066	784	6,851	—	6,851
Operating margin (%)	25.0%	1.9%	10.5%	—	10.5%