

**Financial Report for the Third Quarter of
the Fiscal Year Ending March 31, 2011 (Japanese GAAP) (Consolidated)**

January 27, 2011

| | |
|---|--|
| Company name: | MAX CO., LTD. |
| Stock listing: | First Section of the Tokyo Stock Exchange |
| Stock code: | 6454 |
| Head office: | 6-6, Hakozaiki-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: | February 14, 2011 |
| Scheduled date to begin dividend payments: | — |
| Supplementary materials to the quarterly financial statements have been prepared: | Yes |
| Presentation will be held to explain the quarterly financial statements: | Yes (for securities analysts and fund managers) |

(Figures of less than ¥1 million have been omitted.)

**1. Results for the Third Quarter of the Fiscal Year Ending March 31, 2011
(April 1, 2010 to December 31, 2010)**

(1) Consolidated Operating Results

(Millions of yen, % denotes year-on-year change)

| | Nine months ended December 31, 2010 | | Nine months ended December 31, 2009 | |
|--|--|----------|--|----------|
| | Amount | % Change | Amount | % Change |
| Net sales | ¥39,502 | 11.8% | ¥35,326 | (22.9)% |
| Operating income | 2,868 | 172.4 | 1,052 | (75.1) |
| Ordinary income | 2,859 | 109.5 | 1,365 | (65.2) |
| Net income | 1,325 | 75.0 | 757 | (67.8) |
| Net income per share (yen) | ¥26.30 | — | ¥15.02 | — |
| Net income per share after full dilution (yen) | — | — | — | — |

(2) Consolidated Financial Position

(Millions of yen)

| | At December 31, 2010 | At March 31, 2010 |
|--------------------------------|----------------------|-------------------|
| Total assets | ¥79,726 | ¥77,464 |
| Net assets | 61,793 | 61,696 |
| Shareholders' equity ratio (%) | 76.0% | 79.5% |
| Net asset per share (yen) | ¥1,202.60 | ¥1,222.03 |

For reference: Shareholders' equity: ¥60,629 million (as of December 31, 2010); ¥61,615 million (as of March 31, 2010)

2. Dividends

| | 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, 2010 | ¥— | ¥— | ¥— | ¥36.00 | ¥36.00 |
| Year ending March 31, 2011 | — | — | — | | |
| Year ending March 31, 2011 (Est.) | | | | 36.00 | 36.00 |

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

**3. Forecast of Consolidated Operating Results for the Fiscal Year Ending March 31, 2011
(April 1, 2010 to March 31, 2011)**

(Millions of yen, % denotes year-on-year change)

| | Year ending March 31, 2011 | |
|----------------------------|----------------------------|----------|
| | Amount | % Change |
| Net sales | ¥53,000 | 9.7% |
| Operating income | 3,900 | 146.1 |
| Ordinary income | 4,000 | 100.1 |
| Net income | 2,100 | 86.6 |
| Net income per share (yen) | ¥41.65 | — |

Note: Whether the forecasts of consolidated operating results have been revised during the quarter under review: No

4. Others (For further details, please refer to the “2. Other Information” section of the Supplementary Materials on page 7.)

(1) Changes in important subsidiaries during the period: None

Included: —

Excluded: —

Note: These are the changes in special consolidated subsidiaries attendant with change in scope of consolidation during the period.

(2) Application of simplified accounting procedures or special accounting procedures: Yes

Note: These are the application of simplified accounting procedures or special accounting procedures in creating quarterly consolidated financial statements.

(3) Changes in principles, procedures, and presentation method of accounting

1. Changes attendant with revisions in accounting standards: Yes

2. Other changes aside from “1.” above: Yes

Note: These are the changes in principles, procedures, and presentation method of accounting in the preparation of the quarterly consolidated financial statements that are recorded in “Changes in material items that form the basis for the preparation of the quarterly consolidated financial statements.”

(4) Number of shares outstanding (common stock)

| | | | | |
|---|--|-------------------|---|-------------------|
| (a) Period-end number of shares outstanding (including treasury stock) | Third quarter of fiscal year ending March 31, 2011 | 50,500,626 shares | Fiscal year ended March 31, 2010 | 50,500,626 shares |
| (b) Period-end number of treasury stock | Third quarter of fiscal year ending March 31, 2011 | 85,632 shares | Fiscal year ended March 31, 2010 | 80,151 shares |
| (c) Average number of outstanding common shares through the third quarter (nine months) | Third quarter of fiscal year ending March 31, 2011 | 50,418,013 shares | Third quarter of fiscal year ended March 31, 2010 | 50,426,114 shares |

***Status of Performance of Quarterly Review Procedures**

This quarterly financial report is exempt from the quarterly review procedures based on Japan’s Financial Instruments and Exchange Law. At the time when this quarterly financial report was disclosed, the quarterly review procedures were in progress.

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

Forecasts shown on this page are based on information available on the date of publication. Actual performance may differ from forecasts due to various subsequent factors. For further information, please refer to “(3) Consolidated operating forecasts” on page 6.

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Qualitative Information / Financial Statements

1. Consolidated Operating Results

(1) Consolidated operating results through the third quarter

(a) Companywide consolidated operating results

(Millions of yen, %)

| | Nine months ended December 31, 2010 | Nine months ended December 31, 2009 | Increase year-on-year | |
|----------------------------|--|--|-----------------------|----------|
| | | | Amount | % Change |
| Net sales | ¥39,502 | ¥35,326 | ¥4,175 | 11.8% |
| Operating income | 2,868 | 1,052 | 1,815 | 172.4 |
| Ordinary income | 2,859 | 1,365 | 1,494 | 109.5 |
| Net income | 1,325 | 757 | 568 | 75.0 |
| Net income per share (yen) | ¥26.30 | ¥15.02 | ¥11.28 | — |
| Operating margin | 7.3% | 3.0% | 4.3pp | |

During the first nine months of the fiscal year (through the third quarter), although concerns remained about the fiscal crises in Europe and the effects of turmoil in financial markets, the world economy showed moderate recovery as a result of the implementation of fiscal and monetary policies in the United States and other countries as well as the continued expansion in the economies of emerging countries, including China.

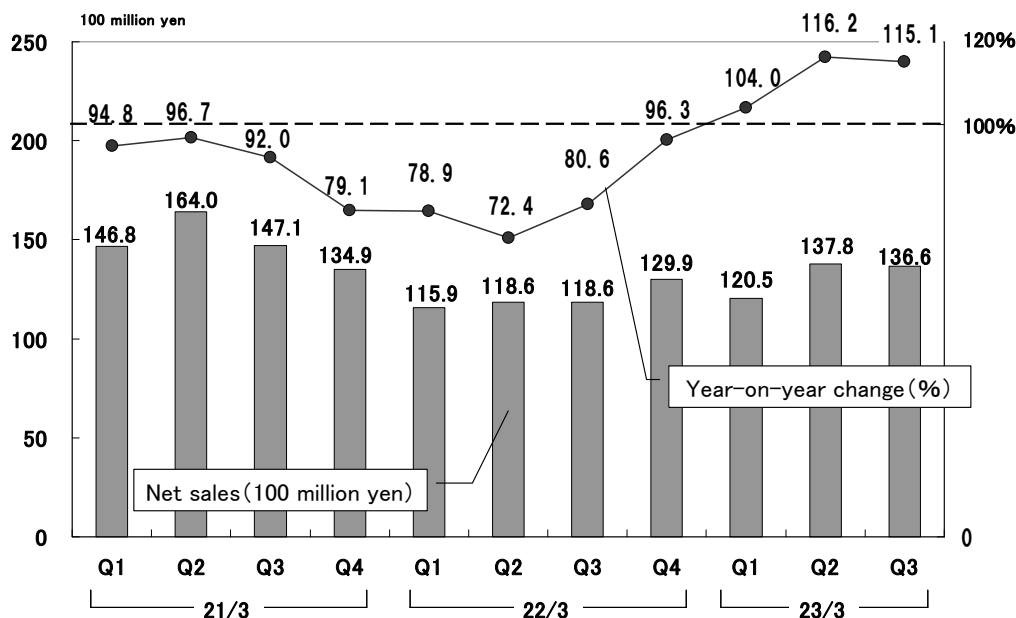
In Japan, the income and employment environments continued to be severe as the appreciation of the yen and deflationary trends persisted. However, because of the positive effects of government economic policies, personal consumption remained firm.

In the business environment surrounding the Company, as a result of the eco-point system for housing and tax measures for the purchase of housing, signs of recovery are emerging as the number of new housing starts, while still at a low level, has bottomed out and begun to rise.

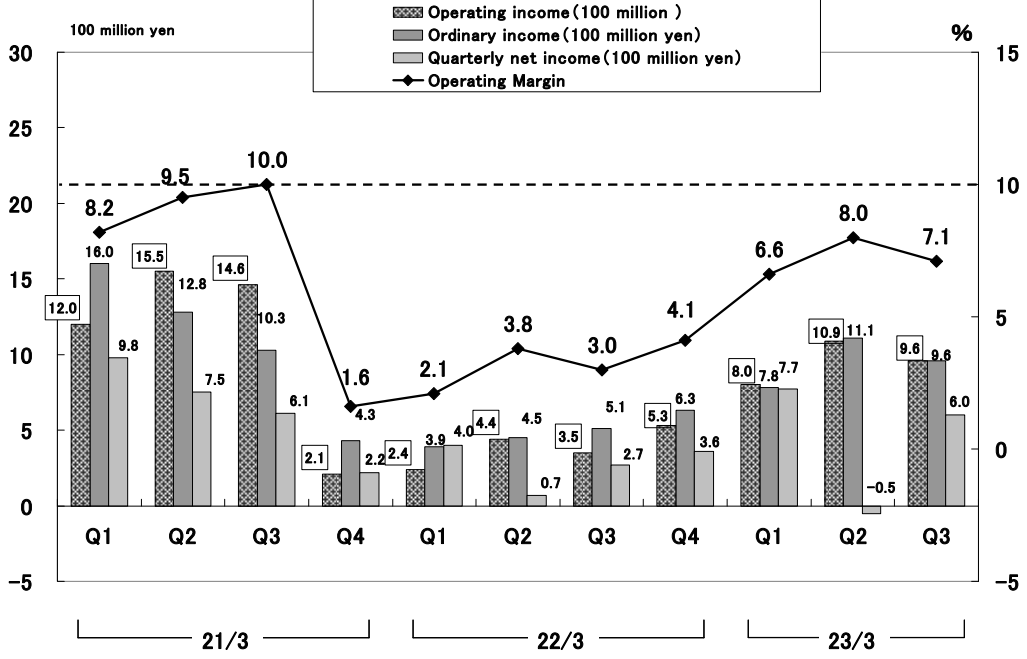
Amid these conditions, the Company maintained the management policy of “forming deeper links with customers and, thereby, gaining increased client confidence” and, by implementing measures to revitalize the Company’s organization, Companywide initiatives were undertaken to attain growth in business activities and improvement in earnings.

Owing to these initiatives, recovery in demand from corporations owing to improvement in their performance, and the bottoming out of the number of housing starts, both the office equipment and industrial equipment divisions reported increases in sales. In addition, Kawamura Cycle Co., Ltd., became a consolidated subsidiary from the period under review, and, because of these various developments, net sales through the third quarter rose 11.8% year on year, to ¥39,502 million. Operating income rose approximately 2.7 times, to ¥2,868 million, and the operating margin expanded 4.3 percentage points, to 7.3%. Ordinary income increased about 2.1 times, to ¥2,859 million, despite the effect of exchange rate changes due to appreciation of the yen. Net income rose 75.0% year on year through the third quarter, to ¥1,325 million, in spite of the reporting of a special loss in connection with the cost of product quality warranties of ¥1,182 million in the second quarter.

Quarterly Net Sales Trend and Changes Year-on-Year



Quarterly Earnings Trend



(b) Operating results by division

Office Equipment Division

(Millions of yen, %)

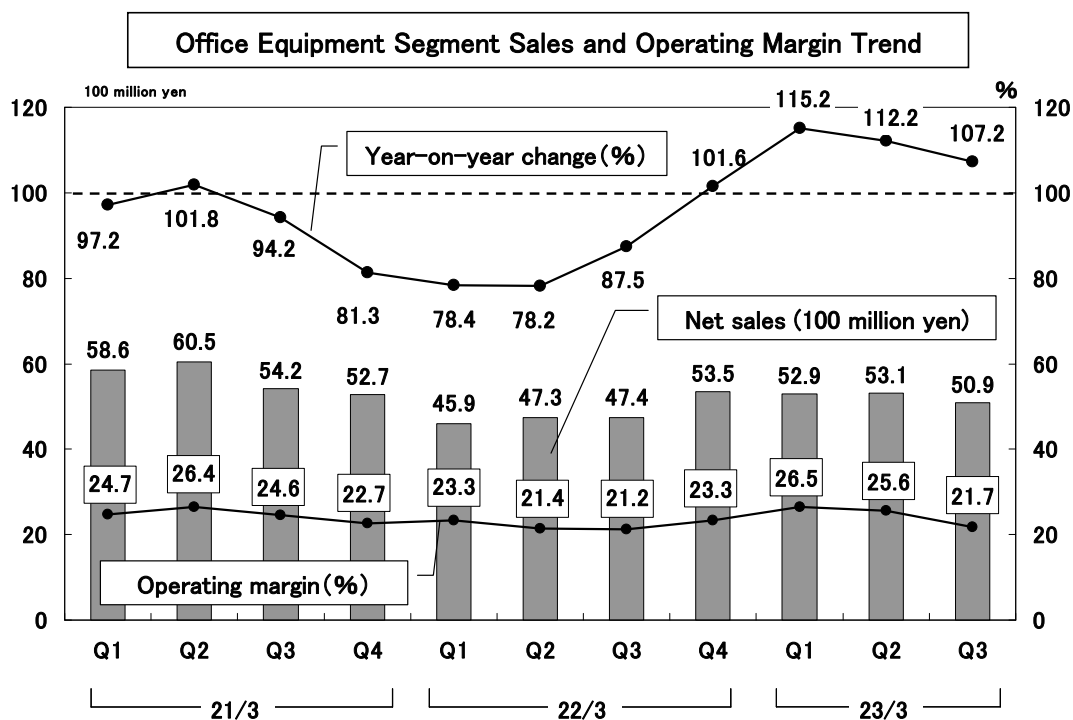
| | Nine months ended December 31, 2010 | Nine months ended December 31, 2009 | Increase year-on-year | |
|------------------|--|--|-----------------------|----------|
| | | | Amount | % Change |
| Net sales | ¥15,701 | ¥14,083 | ¥1,617 | 11.5% |
| Operating income | 3,868 | 3,090 | 777 | 25.2 |
| Operating margin | 24.6% | 21.9% | 2.7pp | |

In the office equipment division, sales through the end of the third quarter increased 11.5% year on year, to ¥15,701 million, operating income rose 25.2%, to ¥3,868 million, and the operating margin edged upward 2.7 percentage points, to 24.6%.

In the domestic office equipment business, demand from corporations recovered and sales of consumables, such as staples, increased. In addition, sales of “LETATWIN LM-390T/W,” new tube markers for electric equipment introduced in September, increased as demand rose along with recovery in private capital investment. In addition, as our label printers for food product labeling have been newly introduced in large chain stores, sales of the printers and print labels increased.

In the overseas office equipment business, demand in the Company’s principal Asian markets, including China, recovered, and sales of staples inscribed with the customers’ corporate name and new “LETATWIN” tube markers expanded.

In the autostapler business, the Company supplies autostaplers and staple consumables to almost all domestic and overseas copier manufacturers. Along with the expansion of the market for copiers in the emerging countries and recovery in markets of the countries of Europe and the Americas, sales of both autostaplers and consumables (staples) expanded.



Industrial Equipment Division

(Millions of yen, %)

| | Nine months ended December 31, 2010 | Nine months ended December 31, 2009 | Increase (decrease) year-on-year | |
|------------------|--|--|----------------------------------|----------|
| | | | Amount | % Change |
| Net sales | ¥22,082 | ¥21,242 | ¥839 | 4.0% |
| Operating loss | (1,192) | (2,037) | 845 | — |
| Operating margin | (5.4)% | (9.6)% | 4.2pp | |

In the industrial equipment division, sales through the end of the third quarter increased 4.0% year on year, to ¥22,082 million, and the division reported an operating loss of ¥1,192 million.

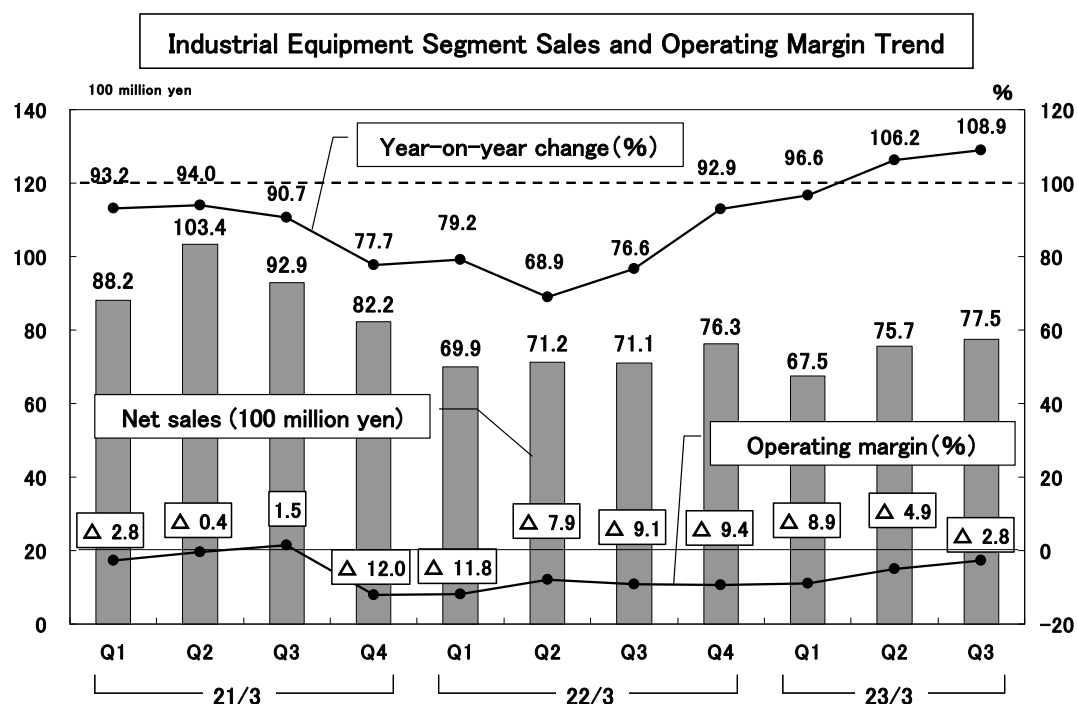
However, in the prior fiscal year, the Company conducted adjustments in the accounting periods of consolidated sales subsidiaries in Europe and the Americas to make these the same as the parent. To compare figures year on year on a real basis, we must subtract the sales, which amounted to ¥636 million, and the operating loss, which amounted to ¥27 million. After this readjustment, real sales increased 7.2%, to ¥1,475 million, and the operating loss showed an improvement of ¥818 million.

In the domestic industrial equipment business, the number of new owner-built and built-for-sale housing starts recovered, and sales of high-pressure pneumatic nailers and compressor equipment as well as consumables, including coil nails, rose. In addition, the Company accelerated its introduction of new Li-ion battery-powered tools to the market, including the PJ-ID143 brushless impact driver and the PJ-CS51 circular saw.

The housing environmental equipment business supplies products to construction companies and housing manufacturers that contribute to making living environments more pleasant. These include electric bathroom heater-dryers, ventilating systems, floor heating systems, and disposal systems.

Although new condominium starts have recently bottomed out and begun to rise, the Company's shipments of electric bathroom heater-dryers, which are the mainstay product in this business, occur between 6 and 12 months after construction begins. Therefore, the recovery in condominium starts was not reflected in the results for the period under review, and sales declined. In the floor heating systems business, the Company acquired all the shares of SunSunny Industry Co., Ltd., the pioneer in floor heating systems, in the previous fiscal year. As a result of this acquisition, the Company has expanded its lineup of these systems to include the full range of units from electric to hot water types and augmented its installation capabilities. This has enabled the Company to expand sales of these systems and has contributed to an overall increase in sales in this business.

In the overseas industrial equipment business, conditions in the housing markets in Europe and the Americas continued to be stagnant. However, the Company adopted lithium-ion batteries for its new products in the rebar-tying tool lineup and sales of these products increased, while sales of nailers in China expanded, thus leading to an overall increase in sales of this business. (These comments are based on financial results on a real basis after taking into account the changes in the accounting periods of consolidated sales subsidiaries in Europe and the Americas to make them the same as the parent.)



Other Division

(Millions of yen, %)

| | Nine months ended December 31, 2010 |
|------------------|--|
| Net sales | ¥1,718 |
| Operating income | 192 |
| Operating margin | 11.2% |

Kawamura Cycle Co., Ltd. became a consolidated subsidiary in June 2010 and became a new business division. Through the third quarter of the fiscal year ending March 31, 2011, sales of this division were ¥1,718 million and operating income was ¥192 million.

(2) Consolidated financial position

(Millions of yen, %)

| | At December 31, 2010 | Change from March 31, 2010 | |
|--------------------------------|-----------------------------|----------------------------|----------|
| | | Amount | % Change |
| Total assets | ¥79,726 | 2.9% | ¥2,262 |
| Net assets | 61,793 | 0.2 | 96 |
| Shareholders' equity ratio (%) | 76.0% | (3.5)pp | — |

Regarding assets, current assets at the end of the third quarter increased ¥2,134 million, compared with the end of the previous fiscal year (on March 31, 2010). This was due to an increase in notes and accounts receivable—trade of ¥301 million, a rise in inventories of ¥1,118 million, an increase in marketable securities of ¥121 million (accompanying a reclassification of investment securities and despite the maturing and redemption of some securities), and a rise of ¥634 million in other current assets. In addition, tangible fixed assets were up ¥2,100 million and other investments increased ¥346 million; however, as a result of a decline in investment securities of ¥2,278 million, fixed assets were up ¥128 million.

Regarding liabilities, current liabilities increased ¥1,536 million, despite a decline in income taxes payable of ¥1,006 million, because of an increase in notes and accounts payable—trade of ¥658 million, a rise in short-term loans of ¥779 million, and an increase in the provision for product quality warranties of ¥1,104 million. In addition, long-term liabilities rose ¥629 million, because of an increase in reserves for retirement benefits to employees as well as directors and corporate auditors of ¥459 million and other factors. As a consequence, total liabilities increased ¥2,166 million.

The principal factor influencing assets and liabilities was the inclusion of Kawamura Cycle Co., Ltd., within the scope of consolidation.

Note: Assets and liabilities of Kawamura Cycle Co., Ltd. were as follows:

Current assets: ¥2,976 million (with notes and accounts receivable—trade of ¥570 million, inventories of ¥902 million, etc.)

Fixed assets: ¥1,648 million (with tangible fixed assets of ¥1,462 million, etc.)

Current liabilities: ¥1,295 million (with notes and account payable—trade of ¥132 million, short-term loans of ¥829 million, etc.)

Long-term liabilities: ¥270 million (long-term loans of ¥42 million, reserves for retirement benefits of ¥40 million, etc.)

Among net assets, minority interests increased ¥1,082 million, but the revaluation difference on other securities declined ¥344 million. On the other hand, total shareholders' equity decreased ¥494 million despite the reporting of higher net income for the period under review because of the amount paid for dividends of ¥1,815 million and other factors. Net assets were up ¥96 million.

(3) Consolidated operating forecasts

(a) Consolidated operating forecasts for the fiscal year ending March 31, 2011 (April 1, 2010 to March 31, 2011)

(Millions of yen, %)

| | Fiscal year ending March 31, 2011 | Fiscal year ended March 31, 2010 | Increase (decrease) | |
|----------------------------|--------------------------------------|-------------------------------------|---------------------|----------|
| | | | Amount | % Change |
| Net sales | ¥53,000 | ¥48,321 | ¥4,678 | 9.7% |
| Operating income | 3,900 | 1,584 | 2,315 | 146.1 |
| Ordinary income | 4,000 | 1,998 | 2,001 | 100.1 |
| Net income | 2,100 | 1,125 | 974 | 86.6 |
| Net income per share (yen) | ¥41.65 | ¥22.31 | ¥19.34 | — |
| Operating margin | 7.4% | 3.3% | 4.1pp | |
| ROE | 3.4% | 1.8% | 1.6pp | |

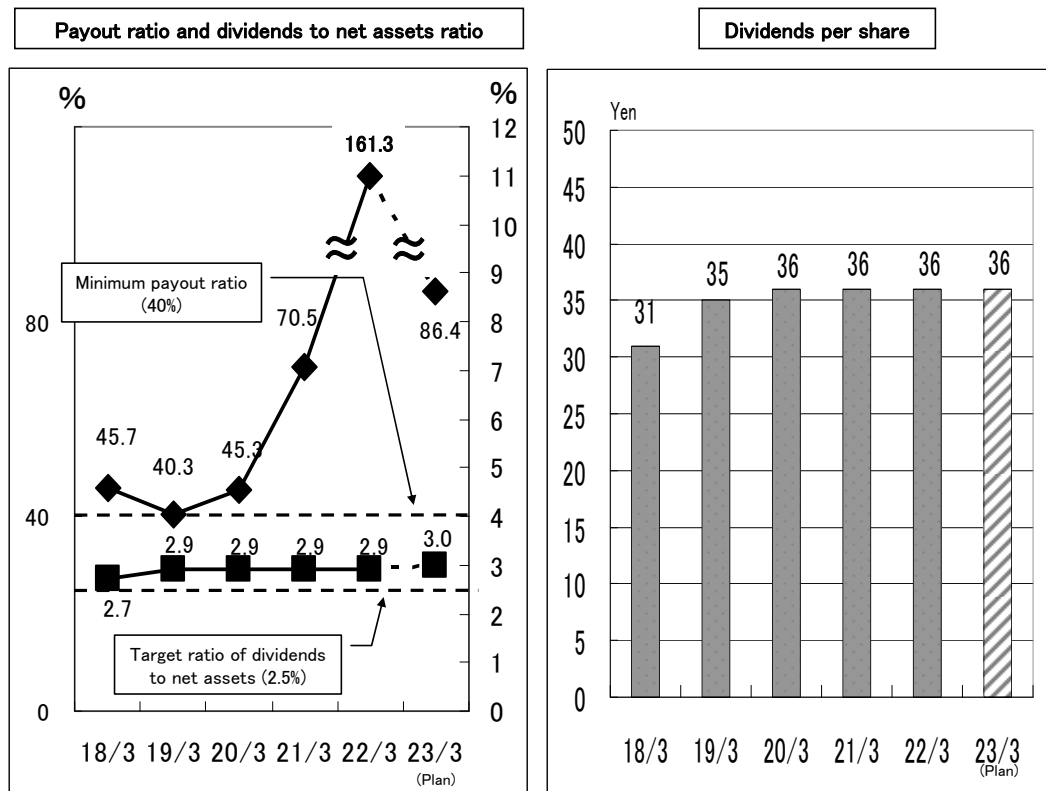
Trends in the domestic market require careful monitoring as a slowing of the pace of recovery in corporate profitability and other issues remain because of the effects of the appreciation of the yen and the diminishing positive impact of government policies. On the other hand, the operating environment for the Company's operations is expected to remain firm since the number of new housing starts, even though they remain at a low level, is showing recovery.

Amid these circumstances, in its forecast for consolidated operating performance for the full fiscal year (ending March 31, 2011), which was issued on October 28, 2010, the Company is expecting profitability to hold strong.

(b) 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%, based on consolidated accounts.

The Company's profitability is expected to recover during the current year; however, after taking account of the Company's financial position, the Company is scheduled to pay an annual dividend of ¥36 per share, the same as in the previous fiscal year.



2. Other Information

(1) Outline of changes in important subsidiaries (changes in special consolidated subsidiaries attendant with change in scope of consolidation)

Beginning with the first quarter, Kawamura Cycle Co., Ltd., has been included in the scope of consolidation following the acquisition of its shares.

(2) Outline of simplified accounting procedures or special accounting procedures

1) Method for evaluating inventories

In calculating the value of inventories on a consolidated basis at the end of the third quarter, the Company has omitted on-site inventory inspections and used reasonable methods that are based on the value of inventories determined through on-site inspection at the end of the second quarter.

2) Method of computation for depreciation of fixed assets

For assets depreciated by the declining-balance method, the amount of depreciation for the fiscal year on a consolidated basis is distributed proportionally by quarter.

3) Method of computation for deferred and accrued accounting item

For the other item in current liabilities, estimates are made using a reasonable method and assigned to each quarter.

4) Computation of taxes

Reasonable estimates are prepared based on income before income taxes and minority interests through the end of the third quarter and the effective tax rate after application of deferred tax accounting. The amount of income before income taxes and minority interests through the third quarter is multiplied by the said effective tax rate. Please note that the “deferred income taxes” is shown among income taxes.

5) Method of eliminating assets, liabilities, and transactions among consolidated subsidiaries

Method of eliminating assets and liabilities held among consolidated subsidiaries

When there appears to be a difference between such assets and liabilities, this difference is left unadjusted and then offset against assets and liabilities by a reasonable method.

Method of eliminating transactions among consolidated subsidiaries

When there is a difference between the amount of transactions and this difference is deemed not to be material, this amount is offset against the amount of the parent company.

(3) Outline of changes in principles, procedures, and presentation method of accounting

1) Application of “Accounting Standard for Asset Retirement Obligations”

Beginning with the first quarter of the fiscal year ending March 31, 2011 on a consolidated basis, “Accounting Standard for Asset Retirement Obligations” (Accounting Standards Board of Japan (ASBJ) Statement No. 18, issued on March 31, 2008) and “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21, issued on March 31, 2008) have been applied. As a result, operating income and ordinary income declined by ¥0 million, and income before income taxes and minority interests for the quarter was reduced by ¥23 million. Moreover, as a result of the application of this accounting standard, the change in asset retirement obligations was ¥26 million.

2) Application of “Accounting Standard for Business Combinations and Related Matters”

Beginning with the first quarter of the fiscal year ending March 31, 2011 on a consolidated basis, “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, issued on December 26, 2008) and “Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, issued on December 26, 2008) have been applied.

3) Changes in the fiscal years, etc., of consolidated subsidiaries

The fiscal year of consolidated subsidiary MAX (THAILAND) CO., LTD., ends on December 31. Previously, when the Company’s consolidated financial statements were prepared, balance sheets as of that date were used. For those material transactions that occurred between the subsidiary’s closing of accounts and the Company’s balance sheet date, adjustments necessary for consolidation were made. However, to enhance the accuracy of consolidated financial reporting, beginning with the first quarter under review, this method was changed, and a provisional closing of accounts was conducted as of the date of the quarterly closing of accounts. As a result of this provisional closing of accounts, the financial statements of MAX (THAILAND) CO., LTD., cover the 12 months from January 1, 2010, to December 31, 2010.

4) Changes in Methods of Presentation

Accompanying the application of revisions in certain rules for the presentation of financial statements, as contained in a cabinet order (Cabinet Office Ordinance No. 5, issued on March 24, 2009), which are based on the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, issued on December 26, 2008), the Company has included the item “Income before minority interests” in the consolidated financial statements beginning with the first quarter of the fiscal year ending March 31, 2011.

5) Provision for product quality warranties

Certain of the parts that the Company has procured from outside sources have proved to be substandard in quality. To provide for possible losses that may occur as a result of the performance of obligations to the market arising from the use of these substandard parts in Company products, the Company sets aside a reasonable provision for product quality warranties. As a result of this accounting policy, the Company reported a special loss of ¥1,182 million due to the cost of product quality warranties and reduced income before income taxes by this amount.

3. Consolidated Financial Statements

(1) Consolidated balance sheet

| | At December 31, 2010 | At March 31, 2010 |
|---|----------------------|-------------------|
| ASSETS | | |
| Current assets | | |
| Cash and deposits | 7,241 | 7,282 |
| Notes and accounts receivable-trade | 11,662 | 11,361 |
| Marketable securities | 4,132 | 4,010 |
| Finished merchandise and finished products | 4,068 | 3,656 |
| Work in progress | 886 | 657 |
| Raw materials | 1,924 | 1,447 |
| Other | 1,820 | 1,186 |
| Allowance for doubtful accounts | △4 | △3 |
| Total current assets | 31,732 | 29,598 |
| Fixed assets | | |
| Tangible fixed assets | 18,167 | 16,067 |
| Intangible fixed assets | 233 | 269 |
| Investments and other assets | | |
| Investment securities | 23,945 | 26,224 |
| Other | 5,664 | 5,317 |
| Allowance for doubtful accounts | △15 | △12 |
| Total investments and other assets | 29,593 | 31,529 |
| Total fixed assets | 47,994 | 47,865 |
| Total assets | 79,726 | 77,464 |
| LIABILITIES | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 3,762 | 3,104 |
| Short-term loans | 2,829 | 2,050 |
| Income taxes payable | 78 | 1,085 |
| Accrued bonuses to employees | 472 | 826 |
| Accrued bonuses to directors and corporate auditors | 27 | 27 |
| Provision for product quality warranties | 1,104 | - |
| Other | 2,805 | 2,451 |
| Total current liabilities | 11,081 | 9,545 |
| Long-term liabilities | | |
| Long-term loans | 192 | 150 |
| Reserve for retirement benefits to employees | 5,031 | 4,608 |
| Reserve for retirement benefits to directors and corporate auditors | 218 | 181 |
| Negative goodwill | 83 | 68 |
| Asset retirement obligations | 26 | - |
| Other | 1,300 | 1,213 |
| Total long-term liabilities | 6,852 | 6,222 |
| Total liabilities | 17,933 | 15,767 |
| NET ASSETS | | |
| Shareholders' equity | | |
| Common stock | 12,367 | 12,367 |
| Capital surplus | 10,517 | 10,518 |
| Retained earnings | 41,731 | 42,221 |
| Treasury stock | △86 | △81 |
| Total shareholders' equity | 64,531 | 65,025 |
| Revaluations and adjustments | | |
| Revaluation difference on other securities | △337 | 6 |
| Land revaluation difference | △2,804 | △2,804 |
| Foreign currency translation adjustment | △759 | △612 |
| Total revaluations and adjustments | △3,901 | △3,410 |
| Minority interests | 1,164 | 81 |
| Total net assets | 61,793 | 61,696 |
| Total liabilities and net assets | 79,726 | 77,464 |

(2) Consolidated statement of income

| | Nine months ended December 31, 2009 | Nine months ended December 31, 2010 |
|---|--|--|
| Net sales | ¥35,326 | ¥39,502 |
| Cost of sales | 22,960 | 24,420 |
| Gross profit | 12,365 | 15,081 |
| Selling, general and administrative expenses | | |
| Employee compensation | 3,709 | 3,909 |
| Provision for accrued bonuses to employees | 201 | 270 |
| Provision for accrued bonuses to directors and corporate auditors | 18 | 27 |
| Retirement benefit expenses | 1,141 | 961 |
| Provision to reserve for retirement benefits to directors and corporate | 33 | 31 |
| Packing and shipping costs | 930 | 1,098 |
| Sales promotion expenses | 832 | 1,025 |
| Depreciation and amortization | 399 | 410 |
| Provision of allowance for doubtful accounts | 4 | 27 |
| Other | 4,041 | 4,450 |
| Total selling, general and administrative expenses | 11,312 | 12,213 |
| Operating income | 1,052 | 2,868 |
| Non-operating income | | |
| Interest income | 225 | 228 |
| Dividend income | 96 | 104 |
| Equity in earnings of affiliates | - | 23 |
| Amortization of negative goodwill | 5 | 10 |
| Other | 158 | 107 |
| Total non-operating income | 486 | 473 |
| Non-operating expenses | | |
| Interest expenses | 34 | 38 |
| Taxes and duties | 15 | 15 |
| Foreign exchange losses | 76 | 354 |
| Loss on valuation of derivatives | - | 38 |
| Other | 47 | 35 |
| Total non-operating expenses | 173 | 482 |
| Ordinary income | 1,365 | 2,859 |
| Special income | | |
| Gain on step acquisitions | - | 81 |
| Gain on negative goodwill | - | 277 |
| Gain on sales of investment securities | - | 17 |
| Total special income | - | 377 |
| Special losses | | |
| Losses on sales of fixed assets | 0 | - |
| Losses on the disposal of fixed assets | 15 | 8 |
| Losses on business restructuring | 259 | 65 |
| Cost of product quality warranties | - | 1,182 |
| Impairment loss | - | 22 |
| Loss on adjustment for changes of accounting standard for asset retirement obligations | - | 23 |
| Total special losses | 275 | 1,302 |
| Income before income taxes and minority interests | 1,089 | 1,934 |
| Income taxes | 516 | 576 |
| Income taxes applicable to previous year | △190 | 17 |
| Total income taxes | 325 | 594 |
| Income before minority interests | 764 | 1,340 |
| Minority interests in income | 6 | 14 |
| Net income | 757 | 1,325 |

(3) Consolidated statement of cash flows

| | Nine months ended December 31, 2009 | Nine months ended December 31, 2010 |
|--|--|--|
| Cash flows from operating activities | | |
| Income before income taxes and minority interests | ¥1,089 | ¥1,934 |
| Depreciation and amortization | 1,597 | 1,458 |
| Amortization of negative goodwill | △5 | △10 |
| Impairment loss | - | 22 |
| Increase in allowance for doubtful accounts | 3 | 2 |
| Equity in (earnings) losses of affiliates | - | △23 |
| Losses (gains) on step acquisitions | - | △81 |
| Gains on negative goodwill | - | △277 |
| Increase (decrease) in accrued bonuses to employees | △185 | △420 |
| Increase (decrease) in accrued bonuses to directors and corporate auditors | △25 | △0 |
| Increase decrease in provision for product quality warranties | - | 1,104 |
| Increase in reserve for retirement benefits for employees, directors and corporate auditors | 562 | 422 |
| Interest and dividend income | △321 | △332 |
| Interest expenses | 34 | 38 |
| Loss on valuation of derivatives | - | 38 |
| Effect of exchange rate changes | △11 | 0 |
| Losses on the disposala of fixed assets | 15 | 8 |
| Losses on business restructuring | - | 65 |
| Losses on adjustment for changes of accounting standard for asset retirement obligations | - | 23 |
| Gains on sales of investment securities | - | △17 |
| Decrease in notes and accounts receivable-trade | 1,335 | 298 |
| Decrease (increase) in inventory assets | 1,657 | △392 |
| Increase (decrease) in notes and accounts payable-trade | △379 | 647 |
| Increase (decrease) in consumption tax payable | 81 | △182 |
| Decrease (increase) in other assets | 36 | △288 |
| Increase (decrease) in other liabilities | △128 | 158 |
| Subtotal | 5,355 | 4,195 |
| Interest and dividends received | 313 | 353 |
| Interest expenses paid | △34 | △38 |
| Corporate income taxes refund (paid) | 978 | △1,706 |
| Net cash provided by operating activities | 6,612 | 2,804 |
| Cash flows from investing activities | | |
| Expenditures for the acquisition of marketable and investment securities | △4,359 | △1,633 |
| Expenditures for the acquisition of stocks of subsidiaries | - | △512 |
| Proceeds from the sales redemption of marketable and investment securities | 1,000 | 3,272 |
| Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation | - | 135 |
| Purchase of investments in subsidiaries resulting in change in scope of consolidation | △361 | - |
| Acquisition of tangible fixed assets | △582 | △1,883 |
| Proceeds from the sales of tangible fixed assets | 1 | 1 |
| Expenditures for the acquisition of intangible fixed assets | △20 | △26 |
| Disbursement of loans | △132 | △76 |
| Recovery of loans | 137 | 131 |
| Proceeds from withdrawal of time deposits | - | 1,000 |
| Net cash provided by (used in) investing activities | △4,318 | 407 |
| Cash flows from financing activities | | |
| Proceeds from loans payable | 100 | 300 |
| Expenditure for the repayment of loans | - | △419 |
| Expenditure for the repayment of long-term loans | △17 | △35 |
| Expenditure for the acquisition of treasury stock | △9 | △6 |
| Proceeds from the sale of treasury stock | 0 | 1 |
| Amount paid for dividend payments | △1,814 | △1,811 |
| Expenditure for repayment of lease obligations | △192 | △172 |
| Net cash used in financing activities | △1,933 | △2,144 |
| Effect of exchange rate change on cash and cash equivalents | 12 | △108 |
| Increase in cash and cash equivalents | 373 | 958 |
| Cash and cash equivalents at beginning of period | 6,533 | 6,282 |
| Cash and cash equivalents at end of period | ¥6,907 | ¥7,241 |

(4) Notes on assumptions underlying the definition of ongoing businesses

No related items

(5) Segment data

Nine months ended December 31, 2009 (April 1, 2009 to December 31, 2009)

(Millions of yen)

| | Office Equipment | Industrial Equipment | Total | Elimination/ Corporate | Consolidated |
|---------------------------------|------------------|----------------------|---------|---------------------------|--------------|
| Sales to external customers | ¥14,083 | ¥21,242 | ¥35,326 | — | ¥35,326 |
| Intersegment sales or transfers | — | — | — | — | — |
| Total sales | ¥14,083 | ¥21,242 | ¥35,326 | — | ¥35,326 |
| Operating income (loss) | ¥ 3,090 | ¥ (2,037) | ¥ 1,052 | — | ¥ 1,052 |

Three months ended December 31, 2009 (October 1, 2009 to December 31, 2009)

(Millions of yen)

| | Office Equipment | Industrial Equipment | Total | Elimination/ Corporate | Consolidated |
|---------------------------------|------------------|----------------------|---------|---------------------------|--------------|
| Sales to external customers | ¥4,749 | ¥7,118 | ¥11,868 | — | ¥11,868 |
| Intersegment sales or transfers | — | — | — | — | — |
| Total sales | ¥4,749 | ¥7,118 | ¥11,868 | — | ¥11,868 |
| Operating income (loss) | ¥1,008 | ¥ (649) | ¥ 358 | — | ¥ 358 |

Supplementary information

Beginning with the first quarter of the fiscal year ending March 31, 2011 on a consolidated basis, the Company applied “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17, issued on March 27, 2009) and the “Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20, issued on March 21, 2008).

1) Summary of reporting segments

The Company’s reporting segments are business units for which separate financial statements are available. These statements are subject to periodic consideration by the Board of Directors and are used to make decisions regarding the allocation of management resources and evaluate the performance of those units.

The Company conducts its business activities through manufacturing and sales functions that are organized by product and service. The Company formulates business strategies for its products and services that cover both activities in Japan and overseas comprehensively.

Therefore, the Company’s operating segments are structured by its products and services, along the lines of its manufacturing and sales functions, and comprise the office equipment segment and the industrial equipment segment as reporting segments.

The office equipment segment manufactures and sells equipment and supplies for office use. The industrial equipment segment manufactures and sells machinery and tools for construction and equipment as well as fixtures for housing.

2) Sales and income (loss) by reporting segment

Nine months ended December 31, 2010 (April 1, 2010 to December 31, 2010)

(Millions of yen)

| | Reporting Segment | | | Other* | Consolidated |
|---------------------------------|-------------------|----------------------|---------|--------|--------------|
| | Office Equipment | Industrial Equipment | Total | | |
| Sales to external customers | ¥15,701 | ¥22,082 | ¥37,783 | ¥1,718 | ¥39,502 |
| Intersegment sales or transfers | — | — | — | — | — |
| Total sales | ¥15,701 | ¥22,082 | ¥37,783 | ¥1,718 | ¥39,502 |
| Segment income (loss) | ¥ 3,868 | ¥(1,192) | ¥ 2,676 | ¥ 192 | ¥ 2,868 |

Note: The “Other” classification is a business segment that is not included in other reporting segments and corresponds to the “nursing care and welfare equipment” business of Kawamura Cycle Co., Ltd.

Three months ended December 31, 2010 (October 1, 2010 to December 31, 2010)

(Millions of yen)

| | Reporting Segment | | | Other* | Consolidated |
|---------------------------------|-------------------|----------------------|---------|--------|--------------|
| | Office Equipment | Industrial Equipment | Total | | |
| Sales to external customers | ¥5,091 | ¥7,751 | ¥12,842 | ¥822 | ¥13,664 |
| Intersegment sales or transfers | — | — | — | — | — |
| Total sales | ¥5,091 | ¥7,751 | ¥12,842 | ¥822 | ¥13,664 |
| Segment income (loss) | ¥1,106 | ¥ (216) | ¥ 889 | ¥ 79 | ¥ 969 |

Note: The “Other” classification is a business segment that is not included in other reporting segments and corresponds to the “nursing care and welfare equipment” business of Kawamura Cycle Co., Ltd.

3) Principal factors accounting for the difference between income (loss) by reporting segment and amounts shown in the quarterly consolidated statements of income (Matters related to the adjustment of differences)

Nine months ended December 31, 2010 (April 1, 2010 to December 31, 2010)

(Millions of yen)

| Income | Amount |
|--|--------|
| Total of segments reported | ¥2,676 |
| Income of the “Other” classification | 192 |
| Operating income reported in the quarterly consolidated statements of income | ¥2,868 |

Three months ended December 31, 2010 (October 1, 2010 to December 31, 2010)

(Millions of yen)

| Income | Amount |
|--|--------|
| Total of segments reported | ¥889 |
| Income of the “Other” classification | 79 |
| Operating income reported in the quarterly consolidated statements of income | ¥969 |

4) Changes in reporting segments

Nine months ended December 31, 2010 (April 1, 2010 to December 31, 2010)

The Company has two reporting segments, “office equipment” and “industrial equipment;” however, beginning with the second quarter of this fiscal year, the Company has added an “Other” classification, aside from its two reporting segments, that contains the financial results of the “nursing and welfare equipment” business of Kawamura Cycle Co., Ltd.

This change has been implemented following the purchase of the shares of Kawamura Cycle Co., Ltd. during the first quarter of this fiscal year and its positioning by the Company as a consolidated subsidiary. Following this change, the Company will proceed with marketing of products and further development of nursing care related activities by working to realize synergies with Kawamura Cycle Co., Ltd. The Company will set new business management standards, and, by making the results of these business activities clear, will increase the usefulness of its segment information.

Accompanying these developments, the Company reported “negative goodwill” of ¥277 million (special income) in the consolidated accounts for the first quarter in its industrial equipment business. However, since the results of the nursing care and welfare equipment business of Kawamura Cycle Co., Ltd. are now reported in the “Other” classification, this amount (the negative goodwill) has been reported in the “Other” classification.

5) Impairment losses on fixed assets, goodwill, etc. by reporting segment

Three months ended December 31, 2010 (October 1, 2010 to December 31, 2010)

No related items

(6) Notes on significant changes to shareholders' equity

No related items